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2007 Broader Market Comparison - APS SES and Non-SES Remuneration

Department of Education, Employment and Workplace Relations

Data as at 31 December 2007

MERCER

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Executive Summary

Survey Purpose and Objectives

The Department of Education, Employment and Workplace Relations (DEEWR) commissioned Mercer to conduct the 2007 APS Remuneration Survey. The 2007 APS non-SES and SES Remuneration Surveys, plus the Broader Market Comparison, provide a comprehensive overview of remuneration trends and outcomes across the APS. These reports also provide information about remuneration in State and Territory public services and the wider market with a view to informing APS agencies in the determination of remuneration practices and policy.

More specifically, the 2007 APS Remuneration Survey seeks to provide:

- updated information and analysis of overall SES and non-SES remuneration by comparison with previous APS Remuneration Surveys
- detailed information about individual components of the total SES and non-SES remuneration packages and the total value of each package by classification and agency
- accurate estimates of the remuneration ranges for the classifications in each agency and the APS as a whole
- capacity for agencies to compare remuneration of their SES and non-SES employees with comparable positions in the private sector and State and Territory public services
- individual agency reports which allow each participating agency to compare their current data with APS-wide data.

It should be noted that the APS Remuneration Survey focuses on monetary benefits and does not take into account non-monetary benefits in its analysis.

The 2007 APS Remuneration Survey is based on a sample of remuneration data as at 31 December 2007 and payments/entitlements for the 2007 calendar year. The 2007 APS Remuneration Survey findings are presented in four reports: an SES Report, a Non-SES Report, a Broader Market Comparison Report and Individual Agency Reports.

Survey Participants and Methodology

In 2007, all APS agencies were invited by DEEWR to participate in the 2007 APS Remuneration Survey. A total of 48 agencies participated in the 2007 APS Remuneration Survey. Of these, 47 agencies participated in 2006 with one new agency participating in 2007. Participating agencies attended a survey briefing in December 2007 and completed relevant survey questionnaires.

Of the total 96,396 records submitted (out of an approximate total of 155,500 APS employees), 2,175 records were for SES employees of which 2,117 records were included in the SES survey remuneration database. Of the total 94,221 non-SES records, 29,307 were included in the non-SES survey remuneration database using a sampling framework developed by DEEWR, the Australian Bureau of Statistics and Mercer. When preparing Individual Agency Reports, all data submitted by each agency was used.

Sample size for both SES and non-SES groups are the largest in the history of conducting this survey, and represent an increase of 3.2% for SES employees and 8.3% for non-SES employees since 2006.

In order to ensure the accuracy of the data collected, Mercer performed several integrity checks internally. Where the data was not within expected values, Mercer returned the data to the relevant agency for confirmation and only included data once it had been confirmed. Nearly 2,000 calculations (such as the costing of individual packages and the main remuneration statistics quoted throughout this report) were then submitted to the Statistics Department of the University of New South Wales for review. Once the calculations were confirmed, Mercer finalised the dataset and commenced data analysis and reporting.

This survey has been conducted by Mercer who has been commissioned by DEEWR. Prior to releasing the final report, Mercer and DEEWR agreed all items to be included in the analyses. Mercer presented a summary of initial findings and then draft reports to DEEWR for review. However, Mercer retains full responsibility for the accuracy and integrity of all data presented in this report.

The remuneration information in the 2007 survey has been compared to the 2006 information in many cases. This analysis is presented throughout the report as the 2006 to 2007 movement, represented as a percentage. This refers to the change in the sample on sample data from the 2006 calendar year to the 2007 calendar year in all instances.

The methodology used to determine the Combined Public Service (CPS) data is identical to the 2006 report. The 2007 CPS analysis uses a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania[1]).

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[1] Unlike other State and Territory jurisdictions, Tasmania does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision.

Calculation of Statistics and Missing Data

The following approach has been used to represent missing, suppressed or 'zero' returns:

- where fewer than three agencies provide a component (i.e. data is suppressed to ensure confidentiality) the symbol '--' is used
- where no data is provided, a '-' is used
- where a zero value is returned, the number zero ('0') is shown.

To ensure confidentiality of information for small sample sizes, statistics will not be published unless the following criteria for both case numbers and agency numbers are met or exceeded:

- average and standard deviation – at least three records from three or more agencies
- Q1, median, Q3 – at least four records from four or more agencies
- maximum and minimum – more than 10 records from four or more agencies.

Definitions and explanations of remuneration items and statistical terms which are used throughout this report are provided in Appendix A.

Aim of This Report

The 2007 Broader Market Comparison – SES and Non-SES Remuneration report provides a detailed analysis of APS SES and non-SES remuneration against equivalent positions within State and Territory public services (combined public service) as well as the private sector. This approach involves comparing the actual remuneration levels for APS SES and non-SES employees against the published remuneration ranges of each State and Territory public service (excluding Tasmania in order to be consistent with previous surveys). South Australian SES remuneration data while included in previous surveys is not included in the current report as the 2007 data has not been published externally and therefore Mercer was unable to use this information.

In preparing this report, Mercer researched the published remuneration levels in each jurisdiction, and has also drawn from its extensive remuneration databases and consultant knowledge of SES and non-SES equivalent positions within both the public service and the private sector.

Comparative remuneration analyses against State and Territory public services (excluding Tasmania and SES-equivalent roles in South Australia) and the private sector are based on a comparison of work value levels and associated remuneration information applicable to comparable positions. Work value is a numerical measure of job size determined by assessing the responsibilities and accountabilities of a role. Use of this method enables fair and accurate comparisons to be drawn between the APS, other public services and the private sector, even though classification and remuneration structures are different. (Appendix A shows the Mercer work value points standards used for the APS classification structure).

This report should be read in conjunction with the APS SES and Non-SES Remuneration Survey reports.

Main Remuneration Findings

The detailed analysis of APS SES and non-SES Base Salary, Total Remuneration Package (TRP) and Total Reward (TR) against the Combined Public Service (CPS) and the private sector is contained in Sections 2 and 3 respectively. A summary of the main findings is outlined below.

Combined Public Service (CPS) – Base Salary

The CPS analysis uses a remuneration range spanning from the minimum to the maximum of the reported remuneration ranges across the relevant State and Territory jurisdictions. The CPS midpoint is the value half-way between the minimum and maximum. The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the CPS has broadly been maintained in 2007, as shown in Table 1.1.

Overall, the average median 2007 Base Salary movement across all non-SES classifications (excluding Graduates) was 3.5% compared to 4.0% in 2006. This compares to the overall CPS 2007 Base Salary midpoint movement of 3.7% for non-SES equivalent positions in other jurisdictions.

APS SES Base Salary has not been compared because most State jurisdictions manage SES remuneration on a TRP basis. Graduates have also not been included, as State public services classify graduates within their existing structures for professional or administrative roles.

Table 1.1 – Median Base Salary Comparisons for non-SES Classifications with the CPS Midpoint

Classification	APS Median 2007	Midpoint CPS 2007	Difference	Comparatio	
				2007	2006
APS 1	$36,040	$32,715	$3,325	0.91	0.89
APS 2	$40,786	$40,486	$300	0.99	0.97
APS 3	$46,542	$45,313	$1,229	0.97	0.96
APS 4	$52,812	$50,140	$2,672	0.95	0.95
APS 5	$58,825	$55,369	$3,456	0.94	0.95
APS 6	$68,000	$61,402	$6,598	0.90	0.91
EL 1	$84,875	$67,436	$17,439	0.79	0.81
EL 2	$105,299	$76,370	$28,929	0.73	0.74

Comparatios reflect APS set at 1.00.

As can be seen from Table 1.1, the CPS has slightly improved compared to the APS up to APS 3; APS 4 has remained the same, and the APS has improved its competitiveness against the CPS for APS 5 to EL 2 inclusive. The APS still has median Base Salary levels higher than the midpoint of the CPS across all classifications.

Combined Public Service (CPS) – Total Remuneration Package (TRP)

In terms of TRP, all non-SES classifications generally maintained their relative competitive positioning against the CPS, as detailed in Table 1.2. Overall, the median 2007 TRP movement across all non-SES classifications (excluding Graduates) was 3.6%. This compares to the overall CPS 2007 TRP midpoint movement of 3.7% for non-SES equivalent positions.

SES TRP has increased its competitive positioning slightly by around 1%. APS median TRP values for each SES band remain higher than their State/Territory public service counterparts. Overall, the median 2007 TRP movement across SES 1 to SES 3 was 5.4%, however the overall CPS 2007 TRP midpoint movement was 4.4% for SES equivalent positions. Please refer to Appendix B for further details of non-SES and SES comparisons against State public services for each classification/band.

Table 1.2 – Median APS TRP Comparisons with the CPS Midpoint

Classification	APS Median 2007	Midpoint CPS 2007	Difference	Comparatio 2007	Comparatio 2006
APS 1	$41,507	$36,101	$5,406	0.87	0.86
APS 2	$47,128	$44,676	$2,452	0.95	0.93
APS 3	$53,679	$50,002	$3,677	0.93	0.92
APS 4	$60,806	$55,328	$5,478	0.91	0.91
APS 5	$67,717	$61,098	$6,619	0.90	0.91
APS 6	$78,411	$67,756	$10,655	0.86	0.87
EL 1	$98,234	$74,414	$23,820	0.76	0.77
EL 2	$123,277	$84,272	$39,005	0.68	0.69
SES 1	$185,606	$163,445	$22,161	0.88	0.88
SES 2	$233,566	$205,341	$28,225	0.88	0.89
SES 3	$293,404	$268,493	$24,911	0.92	0.93

Comparatios reflect APS set at 1.00.

Combined Public Service (CPS) – Total Reward (TR)

This section provides summary information on APS SES employees only, as no State/Territory public services provide bonuses to non-SES equivalent positions, therefore a detailed comparison at the TR aggregate has not been undertaken. From a TR perspective, the SES competitiveness over the CPS increased slightly by an average of 2% (for SES 2) and 3% (for SES 3), as shown in Table 1.3.

Overall, median TR movement across SES 1 to SES 3 from 2006 to 2007 was 6.1%. This compares to the overall CPS 2006 to 2007 TR midpoint movement of 4.2% for equivalent SES bands. As can be seen in Table 1.3, median APS TR values for each SES band are around $22,000 to $34,000 higher than their combined State/Territory public service counterparts.

Table 1.3 – Median SES TR Comparisons with the CPS Midpoint

Classification	APS Median 2007	Midpoint CPS 2007	Difference	Comparatio	
				2007	2006
SES 1	$194,537	$172,322	$22,215	0.89	0.89
SES 2	$245,763	$211,200	$34,563	0.86	0.88
SES 3	$309,096	$282,167	$26,929	0.91	0.94

Comparatios reflect APS set at 1.00.

Private Sector – Base Salary

The relative competitive positioning of Base Salary for non-SES classifications in comparison to the private sector has decreased slightly in 2007 for APS 1 to APS 4 and has been broadly maintained for APS 5 to EL2, as shown in Tables 1.4 and 1.5 which compare non-SES Base Salary medians with private sector Q1 and median figures. Overall, the median 2007 Base Salary movement across all non-SES classifications (excluding Graduates) was 3.5%, which is lower than the private sector 2007 Base Salary movements of 4.6% at Q1 and the median for non-SES equivalent positions.

Table 1.4 – Median Base Salary Comparisons for non-SES Classifications with the Private Sector Q1

Classification	APS Median 2007	Private Sector Q1	Difference	Comparatio 2007	Comparatio 2006
APS 1	$36,040	$26,104	$9,936	0.72	0.70
APS 2	$40,786	$38,192	$2,594	0.94	0.91
APS 3	$46,542	$47,258	-$716	1.02	1.00
APS 4	$52,812	$56,324	-$3,512	1.07	1.06
APS 5	$58,825	$64,056	-$5,231	1.09	1.09
APS 6	$68,000	$72,978	-$4,978	1.07	1.07
EL 1	$84,875	$81,900	$2,975	0.96	0.97
EL 2	$105,299	$95,104	$10,195	0.90	0.91

Comparatios reflect APS set at 1.00.

As can be seen from Table 1.4, median Base Salary values for APS 1, APS 2, EL 1 and EL 2 classifications are higher than the Q1 Base Salary for equivalent positions in the private sector.

Table 1.5 – Median Base Salary Comparisons for non-SES Classifications with the Private Sector Median

Classification	APS Median 2007	Private Sector Median	Difference	Comparatio 2007	Comparatio 2006
APS 1	$36,040	$28,224	$7,816	0.78	0.76
APS 2	$40,786	$41,895	-$1,109	1.03	0.99
APS 3	$46,542	$52,148	-$5,606	1.12	1.10
APS 4	$52,812	$62,400	-$9,588	1.18	1.17
APS 5	$58,825	$71,861	-$13,036	1.22	1.22
APS 6	$68,000	$82,777	-$14,777	1.22	1.21
EL 1	$84,875	$93,694	-$8,819	1.10	1.11
EL 2	$105,299	$109,850	-$4,551	1.04	1.05

Comparatios reflect APS set at 1.00.

As can be seen from Table 1.5, the private sector median Base Salary values are higher than the corresponding APS median for all classifications except APS 1.

Graduates

In 2007, the median range of graduate Base Salaries in the private sector ranged from $44,494 to $52,000 across different job families, compared to the APS median of $45,902. In the private sector, Engineering, Human Resources/Industrial relations and Science graduates typically started at higher Base Salaries than graduates from other disciplines. On average, APS graduate Base Salaries ($46,611) are 2.9% below those in the private sector ($48,001), improving from 4.6% below in 2006.

Private Sector – Total Remuneration Package (TRP)

The relative competitive positioning of TRP for non-SES classifications in comparison to the private sector has decreased slightly in 2007 for APS 1 to APS 3 and has been broadly maintained for APS 4 to EL2, as shown in Tables 1.6 and 1.7. Competitiveness against the private sector decreases at the APS 6 and EL 1 and EL 2 classifications when considered at the TRP aggregate, due to additional benefits (such as vehicles) being more frequently offered in the private sector at these work value levels. Overall, the median 2007 TRP movement across all non-SES classifications (excluding Graduates) was 3.6%. This compares to the overall private sector 2007 TRP movements of 4.6% at Q1 and the median for non-SES equivalent positions.

SES TRP competitiveness has increased slightly against the private sector over the past 12 months. Overall, the median 2007 TRP movements in the APS across SES 1 to SES 3 was 5.4%. This is slightly higher than the overall comparative private sector 2007 TRP movements of 4.4% at Q1 and the median for SES equivalent positions.

Table 1.6 – Median APS TRP Comparisons with the Private Sector Q1

Classification	APS Median 2007	Private Sector Q1	Difference	Comparatio 2007	Comparatio 2006
APS 1	$41,507	$28,436	$13,071	0.69	0.67
APS 2	$47,128	$41,785	$5,343	0.89	0.86
APS 3	$53,679	$51,972	$1,707	0.97	0.95
APS 4	$60,806	$62,160	-$1,354	1.02	1.02
APS 5	$67,717	$72,811	-$5,094	1.08	1.08
APS 6	$78,411	$88,332	-$9,921	1.13	1.12
EL 1	$98,234	$106,264	-$8,030	1.08	1.08
EL 2	$123,277	$129,068	-$5,791	1.05	1.05
SES 1	$185,606	$169,370	$16,236	0.91	0.91
SES 2	$233,566	$240,430	-$6,864	1.03	1.04
SES 3	$293,404	$363,215	-$69,811	1.24	1.26

Comparatios reflect APS set at 1.00.

Table 1.7 – Median APS TRP Comparisons with the Private Sector Median

Classification	APS Median 2007	Private Sector Median	Difference	Comparatio 2007	Comparatio 2006
APS 1	$41,507	$30,737	$10,770	0.74	0.72
APS 2	$47,128	$45,863	$1,265	0.97	0.95
APS 3	$53,679	$57,415	-$3,736	1.07	1.05
APS 4	$60,806	$68,968	-$8,162	1.13	1.13
APS 5	$67,717	$81,641	-$13,924	1.21	1.21
APS 6	$78,411	$100,115	-$21,704	1.28	1.27
EL 1	$98,234	$121,479	-$23,245	1.24	1.24
EL 2	$123,277	$149,421	-$26,144	1.21	1.21
SES 1	$185,606	$201,071	-$15,465	1.08	1.08
SES 2	$233,566	$293,659	-$60,093	1.26	1.27
SES 3	$293,404	$449,336	-$155,932	1.53	1.56

Comparatios reflect APS set at 1.00.

Apart from APS 1 and APS 2, the APS TRP medians are lower than the medians in the private sector, and competitiveness against the private sector median has either remained similar or decreased marginally since 2006.

Private Sector – Total Reward (TR)

From a TR perspective, the competitive position of SES remuneration has increased by 2% for SES 2 and 3% for SES 3, and remained steady for SES 1. Overall, the median 2007 TR movement across SES 1 to SES 3 was 6.1%. This compares to the overall private sector 2007 TR movements of 4.4% at both Q1 and the median for SES equivalent positions.

Table 1.8 – Median SES TR Comparisons with the Private Sector Q1

Classification	APS Median 2007	Private Sector Q1 2007	Difference	Comparatio 2007	Comparatio 2006
SES 1	$194,537	$180,008	$14,529	0.93	0.93
SES 2	$245,763	$258,549	-$12,786	1.05	1.07
SES 3	$309,096	$406,973	-$97,877	1.32	1.35

Comparatios reflect APS set at 1.00.

Table 1.9 – Median SES TR Comparisons with the Private Sector Median

Classification	APS Median 2007	Private Sector Median 2007	Difference	Comparatio 2007	Comparatio 2006
SES 1	$194,537	$221,612	-$27,075	1.14	1.15
SES 2	$245,763	$329,914	-$84,151	1.34	1.37
SES 3	$309,096	$535,597	-$226,501	1.73	1.77

Comparatios reflect APS set at 1.00.

Tables 1.8 and 1.9 indicate that, from a TR perspective, remuneration for all SES bands is well below the private sector. The differential is due to actual bonuses paid to private sector executives being substantially higher than actual bonuses paid to SES employees.
Over the past few years, actual bonus payments for many private sector executives have been higher than normal, driven by the current economy and high levels of company profitability in many sectors.

Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES median motor vehicle values ($22,500 to $24,538 depending on SES band) are very competitive against private sector median vehicle values, (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis, and use novated leases for vehicles). For SES 2 and SES 3 equivalent roles, the private sector Q3 is significantly higher, due to the provision of high value vehicles.

SES median employer superannuation contributions (16.4% to 25.7% of Base Salary depending on SES band) are extremely competitive in comparison to median private sector employer superannuation contributions of 9% of Base Salary for all SES-equivalent roles.

As a proportion of TRP, SES average actual bonus payments of 5.0% to 5.8% are significantly lower than the private sector average payments of 13.8% to 34.8%. SES 1 to SES 3 average bonus payments as a proportion of TRP are approximately one-third to one-sixth of those paid in the private sector.

APS 1 to EL 2

Non-SES median employer superannuation contributions (15.3% to 15.4% of Base Salary depending on classification) are very competitively positioned in comparison to the private sector employer superannuation contributions which are 9% of Base Salary at the median for all APS classifications.

Only 1% of EL 1 and 2% of EL2 employees received a vehicle benefit in 2007. This is quite different to the trend in the private sector, as vehicles start to be provided in the salary packages of EL 1 and EL 2 equivalent positions. This is the main reason why the competitiveness of TRP for the EL 1 and EL 2 classifications with the private sector is significantly less than the EL 1 and EL 2 Base Salary competitiveness.

2

Relative Position of APS SES and Non-SES TRP with the Combined State/Territory Public Service

This section compares APS SES and non-SES TRP against the CPS. The CPS analysis utilises a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania and SES-equivalent roles in South Australia).

The CPS midpoint is derived by averaging the minimum and maximum of the ranges across the various public services. Mercer's analysis compares the APS median to the CPS midpoint. 2006 results have also been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and competitive positioning. The exclusion of SES-equivalent South Australia from this year's analysis does not affect the CPS midpoint as the remuneration ranges for SA have been positioned around the middle of other public services and therefore have not influenced the reported minimum or maximum.

APS SES Base Salary and TR values have not been compared to the CPS, because most State jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for APS non-SES classifications or non-SES equivalent positions in State public services, Mercer has undertaken a detailed comparative analysis against the CPS on the basis of TRP, but not on TR.

APS Graduate analysis has also been excluded as part of the CPS analysis, as new graduates in most jurisdictions are classified and remunerated within each State or Territory's existing grade and salary structures, even though they may be part of a graduate program.

The data used in the CPS analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. Similar to previous years, Mercer has adjusted the reported motor vehicle values of each jurisdiction to reflect a fair market value of the vehicle, ensuring the true TRP value of some jurisdictions are appropriately calculated and hence can be fairly compared to APS TRP values.

In undertaking the comparative analysis of SES bands and CPS equivalent positions, fixed term contract remuneration rates were used for CPS equivalent positions within the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, Victoria and Western Australia. Only Western Australia continue to have optional tenured employment arrangements for SES employees.

For detailed analysis on APS SES and non-SES TRP against individual public service jurisdictions, please refer to Appendix C.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 2.1 – Median SES TRP Comparisons with the CPS Midpoint

	SES 1	CPS	CR	SES 2	CPS	CR	SES 3	CPS	CR
2007	$185,606	$163,445	0.88	$233,566	$205,341	0.88	$293,404	$268,493	0.92
2006	$177,857	$156,544	0.88	$220,691	$196,683	0.89	$276,446	$257,185	0.93

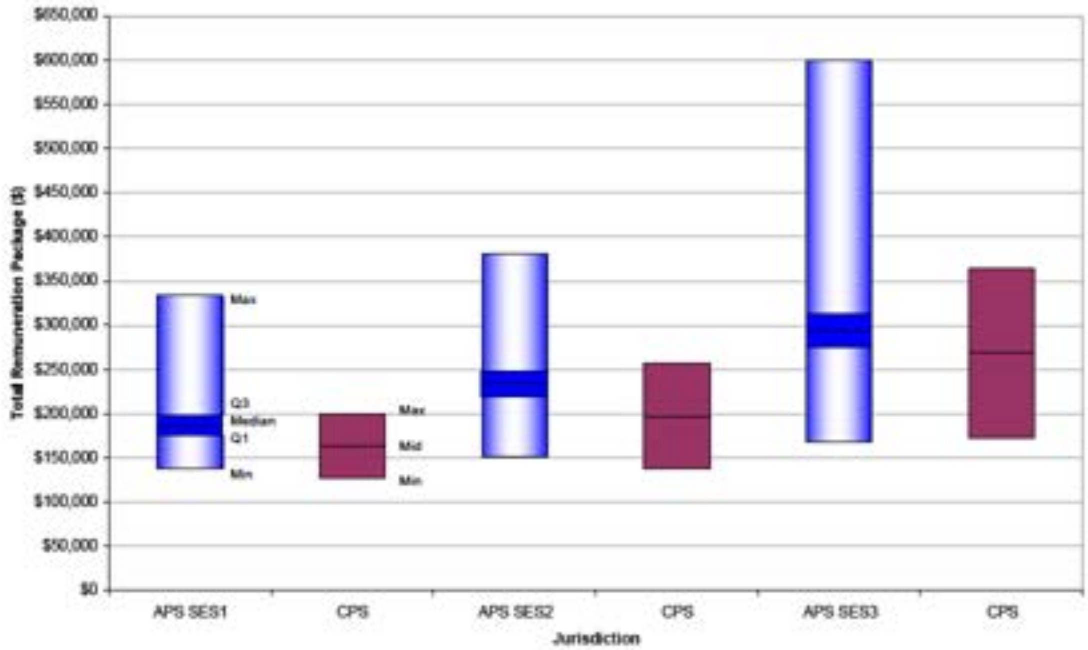
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.2 – Median SES TRP Movement Comparisons with the CPS Midpoint

	SES 1	CPS	SES 2	CPS	SES 3	CPS
	m	m	m	m	m	m
2007	4.4%	4.4%	5.8%	4.4%	6.1%	4.4%
2006	4.4%	3.7%	4.7%	2.7%	5.9%	2.6%

m = movement

Chart 2.1 – TRP Comparison in 2007 for SES 1 to SES 3



Tables 2.1 and 2.2 and Chart 2.1 show that:

- SES 1 to SES 3 TRP medians are positioned 12%, 12% and 8% respectively above the CPS midpoint (compared to 12%, 11% and 7% above in 2006)
- SES 1 to SES 3 employees whose TRP is above Q1 are very competitively positioned against the CPS midpoint
- SES 1 to SES 3 employees between Q1 and Q3 remain competitively positioned against the CPS midpoint, being rewarded within the upper half of the CPS range
- SES 1 to SES 3 employees below Q1 are well positioned against the lower half of the CPS range, with minimum TRP for SES 1 and SES 2 above the minimum of the corresponding CPS minimum
- in 2007, annual SES 2 and SES 3 TRP median movements were above midpoint movements for the corresponding CPS equivalent positions by (1.4 and 1.7% respectively) and annual SES 1 TRP median movement was the same as midpoint movement for the corresponding CPS equivalent.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 2.3 – Median APS 1 to APS 3 TRP Comparisons with the CPS Midpoint

	APS 1	CPS	CR	APS 2	CPS	CR	APS 3	CPS	CR
2007	$41,507	$36,101	0.87	$47,128	$44,676	0.95	$53,679	$50,002	0.93
2006	$40,570	$34,711	0.86	$46,141	$42,968	0.93	$52,356	$48,152	0.92

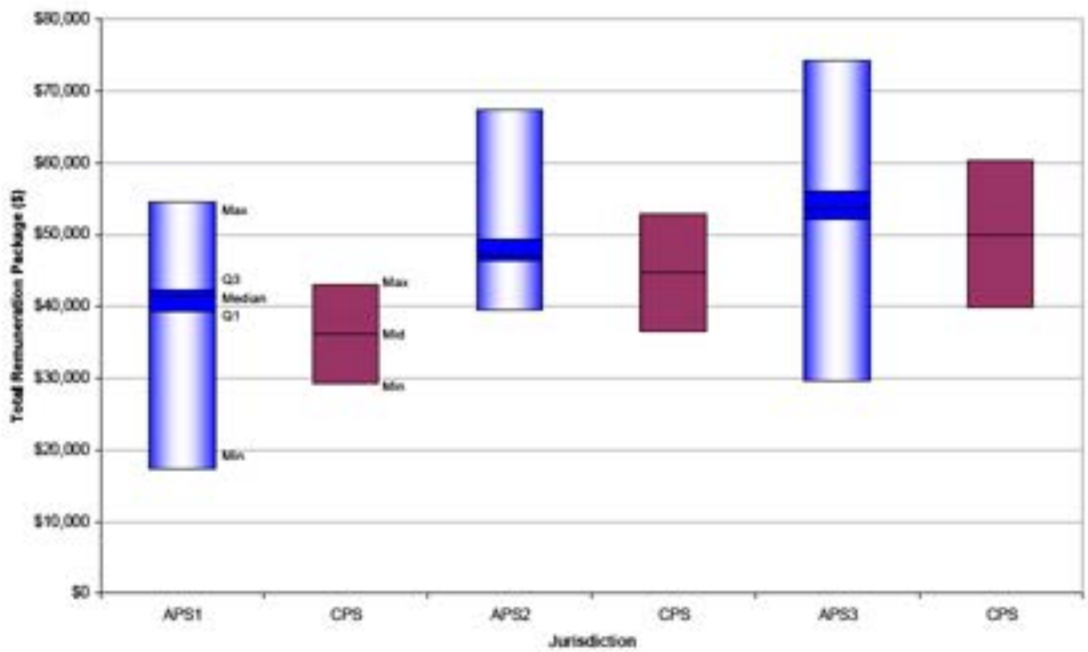
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the CPS Midpoint

	APS 1	CPS	APS 2	CPS	APS 3	CPS
	m	m	m	m	m	m
2007	2.3%	4.0%	2.1%	4.0%	2.5%	3.8%
2006	7.0%	4.0%	3.4%	3.7%	3.7%	3.6%

m = movement

Chart 2.2 – TRP Comparison in 2007 for APS 1 to APS 3



Tables 2.3 and 2.4 and Chart 2.2 show that:

- APS 1 to APS 3 TRP medians remain competitive against the CPS midpoints, although the competitive position has decreased slightly since 2006
- the majority of APS 1 employees are competitively positioned against the CPS, as less than 5% of APS 1 employees have a TRP below $30,000
- it is unlikely that any agency would be experiencing attraction/retention difficulties from other State/Territory public services for APS 1 to APS 3 employees due to remuneration factors.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 2.5 – Median APS 4 to APS 6 TRP Comparisons with the CPS Midpoint

	APS 4	CPS	CR	APS 5	CPS	CR	APS 6	CPS	CR
2007	$60,806	$55,328	0.91	$67,717	$61,098	0.90	$78,411	$67,756	0.86
2006	$58,395	$53,336	0.91	$64,717	$58,952	0.91	$75,536	$65,431	0.87

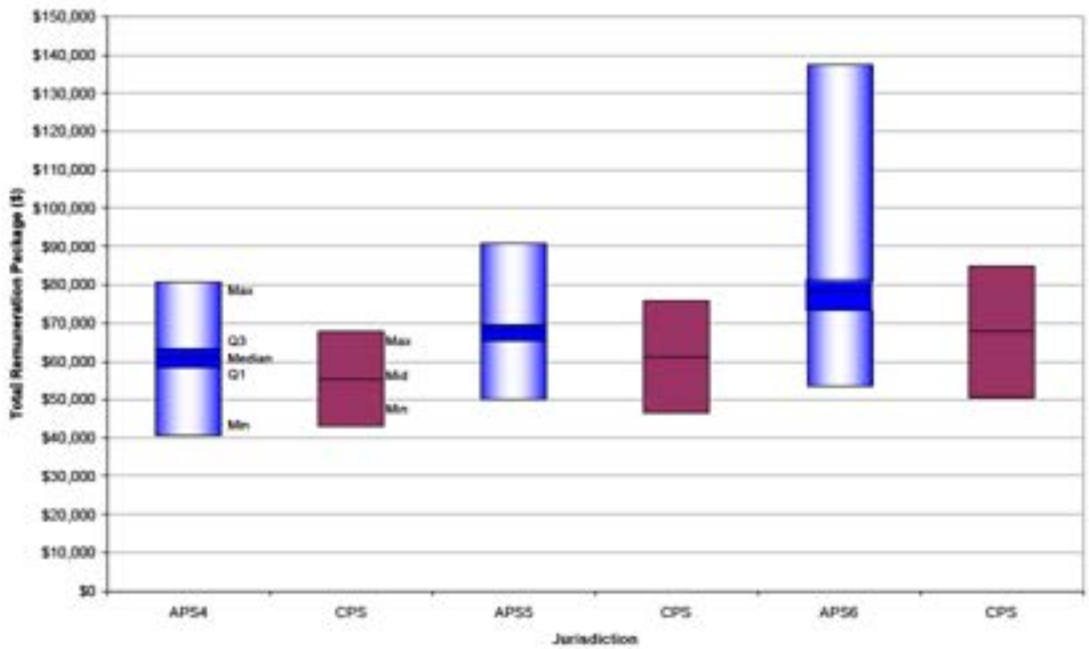
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the CPS Midpoint

	APS 4	CPS	APS 5	CPS	APS 6	CPS
	m	m	m	m	m	m
2007	4.1%	3.7%	4.6%	3.6%	3.8%	3.6%
2006	4.0%	3.5%	4.3%	3.5%	4.4%	3.4%

m = movement

Chart 2.3 – TRP Comparison in 2007 for APS 4 to APS 6



Tables 2.5 and 2.6 and Chart 2.3 show that:

- APS 4 to APS 6 TRP medians are positioned 9%, 10% and 14% respectively above the CPS midpoints. Competitive positioning has improved by approximately 1% since 2006
- APS 4 to APS 6 employees whose TRP is above Q1, are very competitively positioned in the upper half of the CPS range
- annual movements in the APS were higher (0.4%, 1.0% and 0.2% respectively) than movements across the CPS
- it is unlikely that any agencies would be experiencing attraction/retention difficulties from other State/Territory public services for APS 4 to APS 6 employees due to remuneration factors.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 2.7 – Median EL 1 and EL 2 TRP Comparisons with the CPS Midpoint

	EL 1	CPS	CR	EL 2	CPS	CR
2007	$98,234	$74,414	0.76	$123,277	$84,272	0.68
2006	$93,784	$71,911	0.77	$117,832	$81,506	0.69

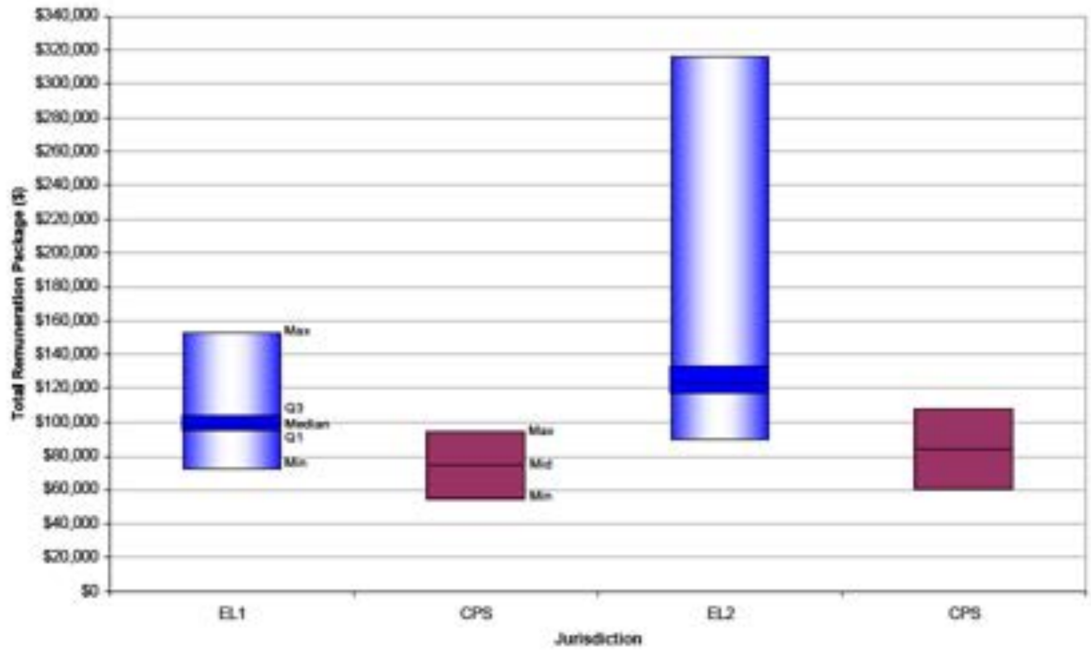
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the CPS Midpoint

	EL 1	CPS	EL 2	CPS
	m	m	m	m
2007	4.7%	3.5%	4.6%	3.4%
2006	4.4%	3.3%	3.5%	3.3%

m = movement

Chart 2.4 – TRP Comparison in 2007 for EL 1 and EL 2



Tables 2.7 and 2.8 and Chart 2.4 show that:

- EL 1 and EL 2 TRP medians are positioned 24% and 32% respectively above the corresponding CPS midpoints, which is a 1% improvement from 2006
- all EL 1 and EL 2 employees are very competitively positioned against the CPS. All
  EL 1 and EL 2 employees above Q1 exceed the maximum TRP of the corresponding CPS classifications
- annual EL 1 and EL 2 median movements are 1.2% above the midpoint movements of the corresponding CPS equivalent positions respectively
- similar to all non-SES classifications, any attraction/retention difficulties from other State/Territory public services for EL 1 and EL 2 classifications are unlikely to be due to remuneration factors.

3

Relative Position of SES and Non-SES Classifications with the Private Sector

This section compares SES and non-SES TRP against the private sector's general market. The general market is a national database, and represents Mercer's broadest and most comprehensive database covering a diverse range of organisations across all industries and job families (excluding public services).

SES Base Salary has not been compared because a high proportion of organisations in the private sector manage senior executive remuneration on a TRP basis. Similarly, as bonuses are not a significant feature for non-SES remuneration, Mercer has not undertaken a comparative analysis on the basis of TR.

Remuneration data has been drawn from the private sector's various quartiles (i.e. Q1, the median and Q3) utilising work value and the general market trendline. This enables a direct comparison against the APS' TRP. Results from 2006 have been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and changes in competitive positioning.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 3.1 – Median SES TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	SES 1	**Q1**	**CR**	**Median**	**CR**
2007	$185,606	$169,370	0.91	$201,071	1.08
2006	$177,857	$162,055	0.91	$192,385	1.08
	SES 2	**Q1**	**CR**	**Median**	**CR**
2007	$233,566	$240,430	1.03	$293,659	1.26
2006	$220,691	$230,346	1.04	$281,341	1.27
	SES 3	**Q1**	**CR**	**Median**	**CR**
2007	$293,404	$363,215	1.24	$449,336	1.53
2006	$276,446	$348,512	1.26	$431,147	1.56

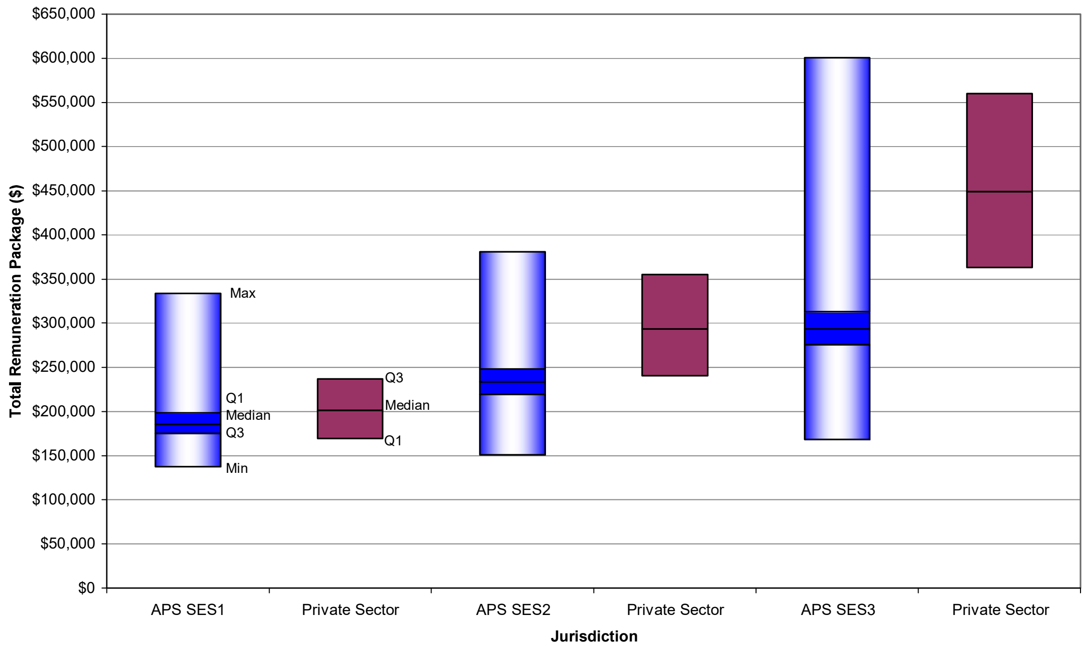
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.2 – Median SES TRP Movement Comparisons with the Private Sector

	SES 1	Private Sector		SES 2	Private Sector		SES 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2007	4.4%	4.5%	4.5%	5.8%	4.4%	4.4%	6.1%	4.2%	4.2%
2006	4.4%	4.3%	4.3%	4.7%	4.2%	4.2%	5.9%	4.3%	4.3%

m = movement

Chart 3.1 – TRP Comparison in 2007 for SES 1 to SES 3



Tables 3.1 and 3.2 and Chart 3.1 show that:

- SES 1 employees above Q1 are competitively positioned against the private sector, at levels between the lower quartile and median of this market. SES 1 TRP movements at 4.4% were slightly lower than private sector movements of 4.5% at Q1 and the median
- the SES 2 TRP median is 3% below Q1 of the private sector and 26% below the median, which is a 1% improvement in competitiveness from 2006. SES 2 TRP movements in 2007 were 1.4% higher than private sector TRP movements for the same period. Only SES 2 employees above Q3 could be described as 'market competitive'
- the SES 3 TRP median is 24% below the private sector Q1 and 53% below the median. This is a 2% to 3% improvement in competitiveness from 2006. This improvement is a reflection of the higher movements seen in the APS (6.1% compared to 4.2% in the private sector)

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 3.3 – Median APS 1 to APS 3 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 1	**Q1**	**CR**	**Median**	**CR**
2007	$41,507	$28,436	0.69	$30,737	0.74
2006	$40,570	$27,155	0.67	$29,353	0.72
	APS 2	**Q1**	**CR**	**Median**	**CR**
2007	$47,128	$41,785	0.89	$45,863	0.97
2006	$46,141	$39,909	0.86	$43,804	0.95
	APS 3	**Q1**	**CR**	**Median**	**CR**
2007	$53,679	$51,972	0.97	$57,415	1.07
2006	$52,356	$49,649	0.95	$54,848	1.05

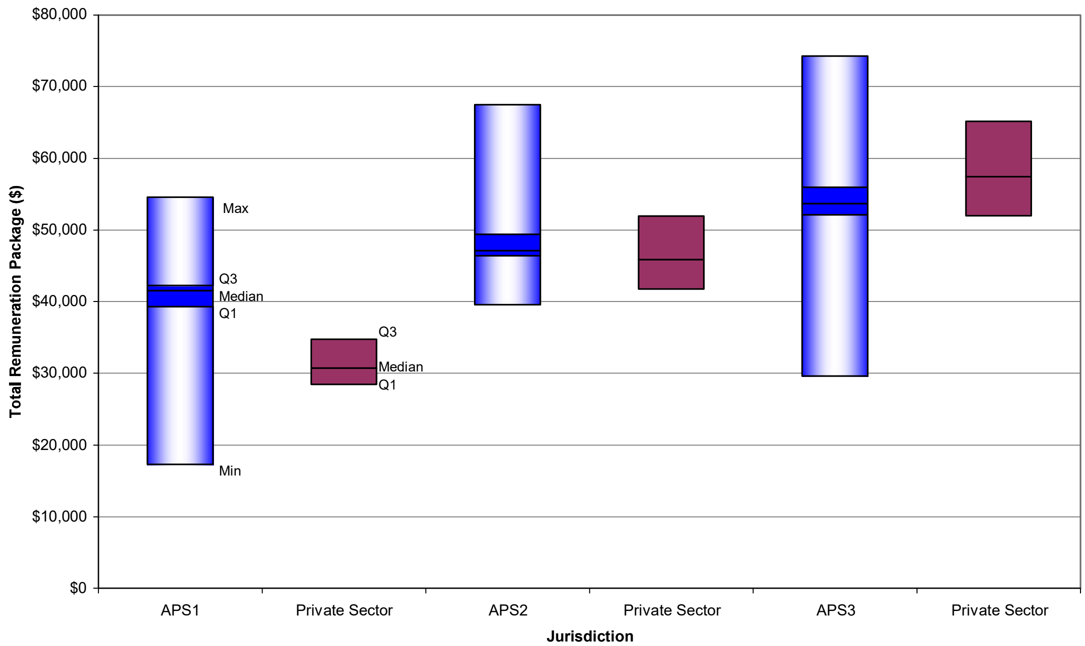
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the Private Sector

	APS 1	Private Sector		APS 2	Private Sector		APS 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2007	2.3%	4.7%	4.7%	2.1%	4.7%	4.7%	2.5%	4.7%	4.7%
2006	7.0%	2.6%	2.6%	3.4%	3.7%	3.7%	3.7%	4.0%	4.0%

m = movement

Chart 3.2 – TRP Comparison in 2007 for APS 1 to APS 3



Tables 3.3 and 3.4 and Chart 3.2 show that:

- APS 1 TRP is very competitively positioned against the private sector. Median remuneration is 31% above the private sector Q1 and 26% above the median. This competitiveness is associated with high Base Salary levels and high employer superannuation contributions. Competitiveness has decreased slightly since 2006 due to lower APS movements than market movements at these classifications
- APS 2 TRP is well aligned with the upper quartiles of remuneration in the private sector. Median TRP is 3% above median remuneration in the general market. Competitiveness has decreased slightly at the APS 2 level since 2006
- the APS 3 TRP median is 3% above Q1 of the private sector and 7% below the median, which is a slightly lower level of competitiveness to that in 2006. TRP movements were lower than general market movements (2.5% compared to 4.7% respectively)
- all three classifications remain competitively positioned against equivalent positions in the private sector

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 3.5 – Median APS 4 - APS 6 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 4	**Q1**	**CR**	**Median**	**CR**
2007	$60,806	$62,160	1.02	$68,968	1.13
2006	$58,395	$59,388	1.02	$65,893	1.13
	APS 5	**Q1**	**CR**	**Median**	**CR**
2007	$67,717	$72,811	1.08	$81,641	1.21
2006	$64,717	$69,666	1.08	$78,116	1.21
	APS 6	**Q1**	**CR**	**Median**	**CR**
2007	$78,411	$88,332	1.13	$100,115	1.28
2006	$75,536	$84,540	1.12	$95,817	1.27

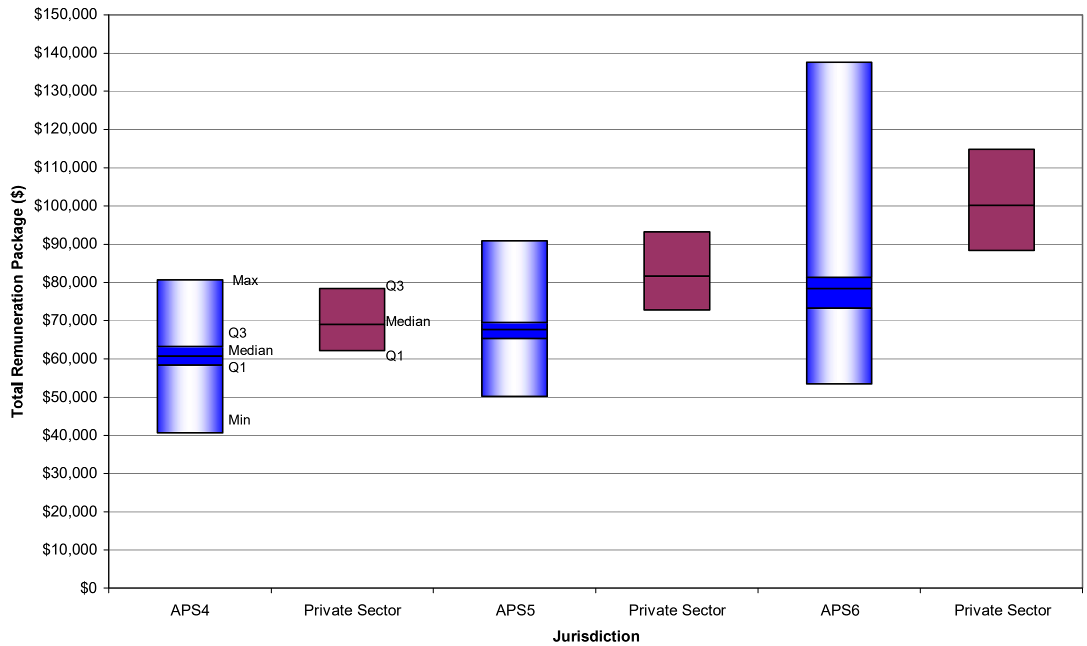
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector		APS	Private Sector	
	APS 4	**Q1**	**Median**	**APS 5**	**Q1**	**Median**	**APS 6**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2007	4.1%	4.7%	4.7%	4.6%	4.5%	4.5%	3.8%	4.5%	4.5%
2006	4.0%	4.3%	4.3%	4.3%	4.5%	4.5%	4.4%	4.6%	4.6%

m = movement

Chart 3.3 – TRP Comparison in 2007 for APS 4 to APS 6



Tables 3.5 and 3.6 and Chart 3.3 show that:

- the APS 4 TRP median is 13% below the median of the private sector, the APS 5 median is 21% below the private sector median and the APS 6 median is 28% below the private sector median, very similar differentials to those observed in 2006
- for these three classifications, only employees above Q3 could be described as being competitively positioned against the private sector
- 2007 movements at the APS 4 and APS 6 classification levels were slightly lower (0.6% to 0.7%) than general market movements and at the APS 5 classification the movement was 0.1% higher

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 3.7 – Median EL 1 and EL 2 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	EL 1	**Q1**	**CR**	**Median**	**CR**
2007	$98,234	$106,264	1.08	$121,479	1.24
2006	$93,784	$101,685	1.08	$116,245	1.24
	EL 2	**Q1**	**CR**	**Median**	**CR**
2007	$123,277	$129,068	1.05	$149,421	1.21
2006	$117,832	$123,550	1.05	$143,032	1.21

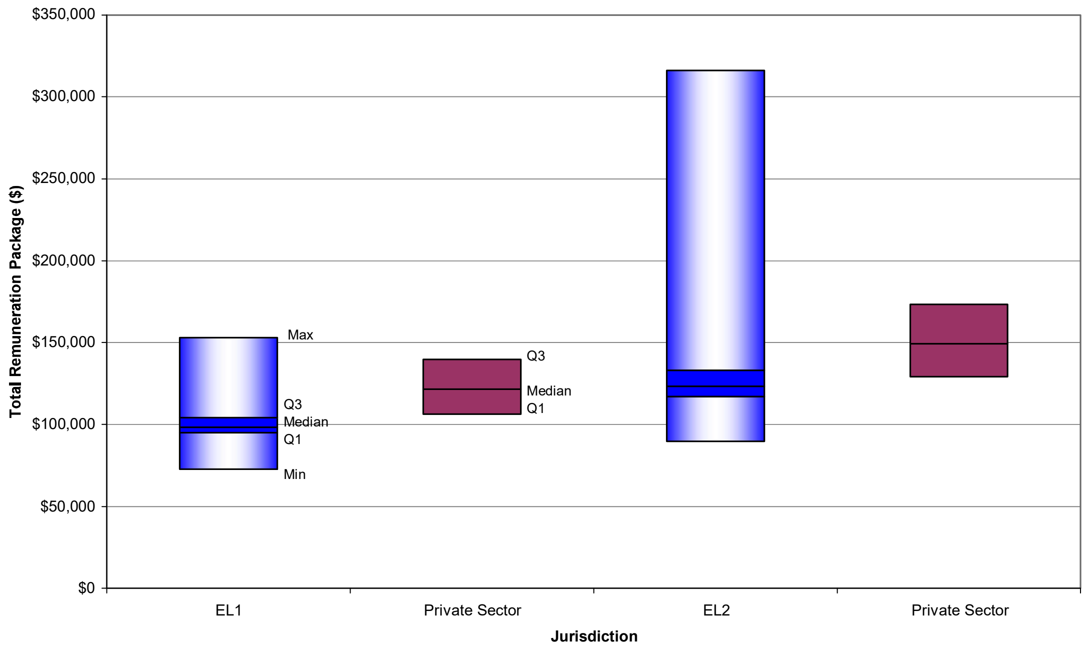
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector	
	EL 1	**Q1**	**Median**	**EL 2**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**
2007	4.7%	4.5%	4.5%	4.6%	4.5%	4.5%
2006	4.4%	4.5%	4.5%	3.5%	4.5%	4.5%

m = movement

Chart 3.4 – TRP Comparison in 2007 for EL 1 and EL 2



Tables 3.7 and 3.8 and Chart 3.4 show that:

- the EL 1 TRP median is 24% below the median of the private sector (as was the case in 2006). EL 1 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range. However, the 75% of EL 1 employees below Q3 have a TRP below the private sector Q1
- the EL 2 TRP median is 21% below the median of the private sector (which is the same as 2006). As is the case for EL 1 employees, only EL 2 employees above Q3 are competitively positioned against the private sector
- at EL 1 and EL 2 classifications, the level of reward competitiveness against the private sector has stayed relatively stable over the past few years.

Base Salary Analysis – Graduate

Table 3.9 – Private Sector Graduate Base Salary in 2006 and 2007 compared to the APS*

	Median		Average	
	2006	2007	2006	2007
APS Graduate Salaries	$43,412	$45,902	$43,810	$46,611
Accounting	$45,700	$45,750	$46,262	$47,621
Economics	$45,000	$45,000	$45,675	$47,017
Computer Science	$45,000	$46,000	$45,323	$48,157
Engineering	$48,000	$52,000	$47,794	$51,594
Human Resources/Industrial Relations	$45,000	$48,000	$44,793	$47,674
Marketing	$45,000	$45,000	$45,227	$46,667
Science	$48,000	$47,500	$47,339	$47,840
Business/Commerce	$45,000	$45,000	$45,066	$47,167
Social Sciences/Art	$45,000	$44,495	$44,923	$47,674
Master of Business Administration (MBA)	n/a	$47,250	n/a	$48,603

* 2007 figures sourced from Mercer's *Australian Benefits Review 2007/08* publication

Table 3.9 shows that:

- depending on the job family, in 2007 median graduate salaries in the private sector ranged from $44,495 to $52,000, compared with the 2006 median Base Salary range of $45,000 to $48,000
- Engineering, Human Resources/Industrial Relations and Science graduates started at higher salaries than graduates from other disciplines in 2007
- the APS average graduate Base Salary of $46,611 is 2.9% below the average of $48,001 across all job families in the private sector, an improvement from 4.6% below in 2006
- the APS average graduate Base Salary is also below the average of each job family group.

4

Summary of Key Findings

Combined Public Service (CPS) Comparisons

SES 1 to SES 3

- from a TRP perspective, all SES employees are competitively positioned when compared to the CPS
- the overall competitive positioning has improved slightly since 2006
- across all SES bands the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES 1 and 2 employees below Q1 are remunerated above the minimum of the corresponding CPS equivalent positions
- nearly all SES 3 employees are remunerated above the minimum of the corresponding CPS classification compared to all SES 3 employees being above in 2006. This is due to a 27.8% decrease in the minimum TRP value of SES 3 level.

APS 1 to APS 3

- from a TRP perspective, the majority of APS employees are competitively remunerated when compared to the CPS
- the overall competitive positioning has decreased slightly at APS 2 and APS 3 classifications since 2006
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent positions
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

APS 4 to APS 6

- from a TRP perspective, APS employees in these classifications are competitively remunerated when compared to the CPS
- the overall competitive positioning has improved by approximately 1% at the APS 5 and APS 6 classifications since 2006 and has been maintained at the APS 4 classification
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent classification

- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

EL 1 and EL 2

- from a TRP perspective, all APS EL employees are very competitively remunerated when compared to the CPS
- competitive positioning has improved by approximately 1% at the EL levels since 2006
- the 75% of EL employees above Q1 are remunerated above the maximum TRP remuneration of corresponding CPS classifications.

Private Sector Comparisons

SES 1 to SES 3

- SES 1 employees above Q1 are remunerated in line with the lower half of corresponding remuneration in the private sector. SES 1 employees above Q3 are very competitive against the general market
- SES 2 employees above Q3 are comparable to the private sector Q1 to Q3 range
- more than 75% of SES 3 employees have a TRP below the private sector Q1 benchmark
- the overall competitive positioning has been maintained at SES 1 and has improved slightly at SES 2 and SES 3 since 2006.

APS 1 to APS 3

- APS 1 employees above Q1 are remunerated well above the private sector Q3
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector
- APS 3 employees between Q1 and Q3 are remunerated in line with lower quartile remuneration in the private sector
- the overall competitive positioning has decreased slightly at APS 1, APS 2 and APS 3 classifications since 2006.

APS 4 to APS 6

- From a TRP perspective, APS 4 to APS 6 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- APS 4 to APS 6 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning is unchanged since 2006 for APS 4 and APS 5 classifications with a 1% decrease for APS 6 classification.

EL 1 and EL 2

- EL 1 and EL 2 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range (with many EL employees also being paid above the private sector Q3)
- EL 1 and EL 2 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning of APS TRP remuneration has been maintained at the EL classifications since 2006

- EL competitiveness against the private sector decreases from a TRP perspective (compared to other APS classifications), due to benefits such as motor vehicles being increasingly prevalent in the private sector for equivalent positions.

Graduates

- in 2007, the median range of graduate Base Salaries in the private sector ranged from $44,494 to $52,000 across different job families, compared to the APS median of $45,902
- Engineering, Human Resources/Industrial relations and Science graduates typically started at higher Base Salaries than graduates from other disciplines
- the average APS graduate Base Salaries ($46,611) is 2.9% below the private sector ($48,001), improving from 4.6% below in 2006.

Provision of Benefits and Bonuses – Private Sector

SES 1 to SES 3

- SES median motor vehicle values ($22,500 to $24,538 depending on SES band) are very competitive against private sector median vehicle values, (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis, and use novated leases for vehicles). For SES 2 and SES 3 equivalent roles, the private sector Q3 is significantly higher, due to the provision of high value vehicles.

- SES median employer superannuation contributions (16.4% to 25.7% of Base Salary depending on SES band) are extremely competitive in comparison to median private sector employer superannuation contributions of 9% of Base Salary for all SES-equivalent roles.

- As a proportion of TRP, SES average actual bonus payments of 5.0% to 5.8% are significantly lower than the private sector average payments of 13.8% to 34.8%. SES 1 to SES 3 average bonus payments as a proportion of TRP are approximately one-third to one-sixth of those paid in the private sector.

APS 1 to EL 2

- Non-SES median employer superannuation contributions (15.3% to 15.4% of Base Salary depending on classification) are very competitively positioned in comparison to the private sector employer superannuation contributions which are 9% of Base Salary at the median for all APS classifications.

- Only 1% of EL 1 and 2% of EL2 employees received a vehicle benefit in 2007. This is quite different to the trend in the private sector, as vehicles start to be provided in the salary packages of EL 1 and EL 2 equivalent positions. This is the main reason why the competitiveness of TRP for the EL 1 and EL 2 classifications with the private sector is significantly less than the EL 1 and EL 2 Base Salary competitiveness.

Appendix A

Definition of Terms

Remuneration Items

Base Salary

Base Salary represents full time equivalent annualised PAYG salary. It includes pre-tax employee superannuation contributions made by salary sacrifice and any additional salary sacrifice amounts for other benefits. It excludes all other cash components including bonuses and allowances.

Total Remuneration Package (TRP)

TRP is defined as Base Salary plus the value of any benefits such as superannuation and motor vehicles, plus FBT on all benefit items. It does not include any bonus payments.

Total Reward (TR)

TR is TRP plus bonus payments.

Bonuses

At a practical level, the terms “bonus” and “incentive” are often used interchangeably. For the purposes of consistency throughout the 2007 APS Remuneration Survey, performance-based payments have been referred to as ‘bonuses’ even though in the APS they may relate to the achievement of key performance indicators and hence meet the defining criteria of incentives. Performance-based bonuses in the private sector would more likely be referred to as incentives.

Statistical Terms

Midpoint

The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Comparatios

Comparatios (CR) are a representation of market relativity, and are commonly defined as the ratio between an actual remuneration rate and a comparable remuneration market/benchmark rate, and are expressed as an integer with two decimal places. APS data is defined as 1.00, with other jurisdictions' competitive positioning being assessed against the APS. For example, a jurisdiction's outcome of 0.92 would indicate that it is 8% below the APS (1.00).

Trendlines

Trendlines, as referred to in this report, are regression lines derived from work value points and the corresponding published rates of pay.

First Quartile / Q1

The first quartile or 25th percentile (Q1) is the midpoint of the lower half of the sample. That is, the first quartile is the score where 25% of the cases fall below and where 75% of the cases fall above.

Median

The median is the midpoint of a range of figures. It is calculated by sorting all the values into ascending order then locating the value where 50% of the cases fall below and where 50% of the scores fall above. The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Third Quartile / Q3

The third quartile or 75th percentile (Q3) is the midpoint of the upper half of the sample. That is, the third quartile is the score where 75% of the cases fall below and where 25% of the cases fall above.

Average

The average is the arithmetic mean, calculated by summing all values and dividing by the number of values.

Standard Deviation (SD)

SD is used to measure the spread of data from the average. The SD is sensitive to outliers, so where significant outliers are present, this can significantly increase the SD. The greater the spread of data, the higher the SD value.

APS Work Value Ranges

The work values used in this report have been determined using the Mercer job evaluation system. Indicative work value ranges for APS SES and non-SES classifications are presented in Table A.1. The APS SES and non-SES work value ranges are indicative only and are not based on a whole of APS calibration.

Table A.1 – SES and Non-SES Indicative Work Value Points Ranges[1]

Band/Level	Minimum	Midpoint	Maximum
APS 1	-	50	99
APS 2	100	130	159
APS 3	160	190	219
APS 4	220	250	279
APS 5	280	315	349
APS 6	350	390	429
EL 1	430	465	500
EL 2	501	576	650
SES 1	685	817	949
SES 2	950	1225	1499
SES 3	1500	1840	2179

[1]Work value ranges are indicative, based on the findings of a range of studies with individual agencies

The Mercer job evaluation system has been widely adopted to underpin classification and remuneration management systems in all public services across Australia. Organisations are attracted to job evaluation systems for many reasons, often related to a desire to establish more robust, transparent or systematic processes.

The high level of acceptance of this specific methodology in a public service context may have a number of explanations, but three are relevant for the purposes of this current survey:

- the universal nature of work value factors examined, supporting applicability to all job types
- the fact that the methodology was initially developed with the needs of both private and public sector organisations in mind, and has evolved within the changing public service context
- the incorporation of specific public service descriptors, definitions and standards which address work which is peculiar to the public service (e.g. policy roles, machinery of government requirements, statutory accountability).

It is the existence of work value benchmarks across the various services which enables the reasonable comparison of remuneration across jurisdictions for the purposes of this broader market analysis.

Appendix B

Relative Position of APS SES and Non-SES Classifications with Individual Public Service Jurisdictions

This section compares APS SES and non-SES TRP against individual public service jurisdictions. Table data compares the APS median to the individual public service jurisdiction's midpoint. 2006 results have been included for comparative purposes. In addition to the comparatio (CR) analysis, Mercer has also ranked (r) the positioning of the APS against the individual public service jurisdictions. Please note that comparatios are expressed on the basis of the APS being 1.00.

APS SES Base Salary and TR have not been compared because most jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for non-SES classifications or corresponding non-SES equivalent positions in individual public services, Mercer has undertaken the comparative analysis on the basis of TRP.

The data used in the individual public service jurisdiction analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. In essence, the individual public service jurisdiction analysis utilises each jurisdiction's reported remuneration range. Mercer has adjusted the reported motor vehicle values of each jurisdiction to ensure the true TRP values of some jurisdictions are appropriately aligned to the APS TRP values.

Tasmanian Public Service remuneration data has not been included in the current report and previous surveys, because they do not use a work value methodology to underpin the classification of non-SES equivalent positions. Relativities to APS classification and remuneration structures are therefore not able to be determined with sufficient precision. South Australian remuneration data while included in previous surveys is not included in the current report as the current data has not been published externally and Mercer was unable to obtain the data.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1

Table B.1 - Median SES 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	R	cr	r	cr	r	cr	r	cr	r
2007	1.00	2	0.99	3	1.00	1	0.96	4	0.73	7	n/a	n/a	0.84	6	0.84	5
2006	1.00	3	1.00	2	1.02	1	0.97	4	0.73	8	0.95	5	0.83	7	0.85	6

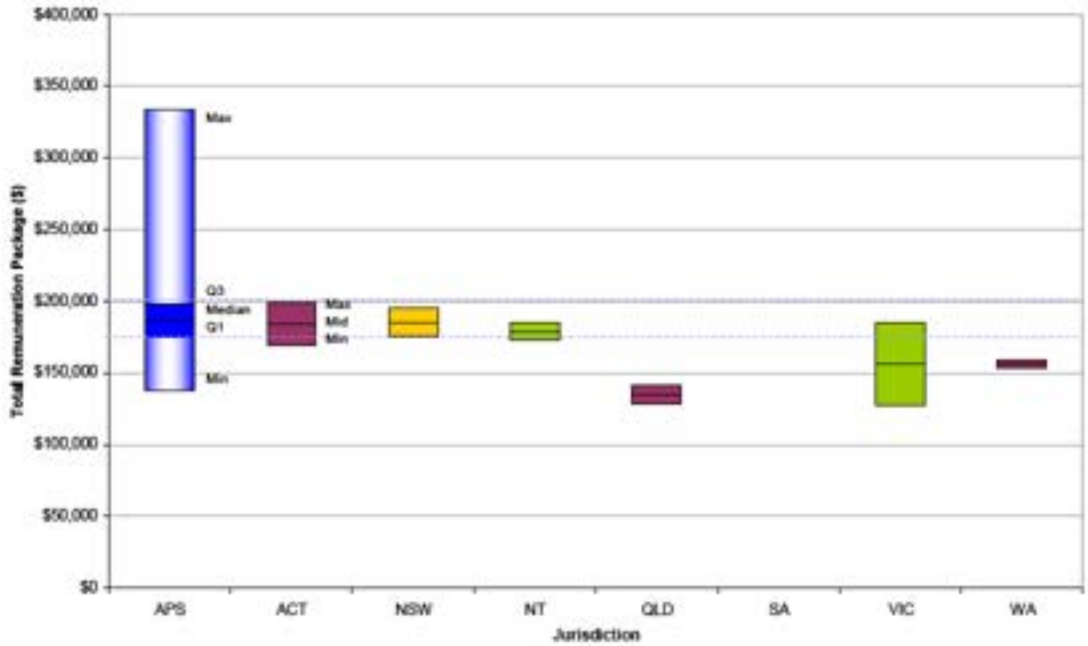
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data, not SES

Table B.2 - Median SES 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	R	m	r	m	r	m	r	m	r
2007	4.4%	2	3.4%	6	2.4%	7	3.6%	5	3.7%	4	n/a	n/a	6.0%	1	3.9%	3
2006	4.4%	3	4.7%	2	3.8%	4	2.7%	6	6.9%	1	3.3%	5	0.0%	8	2.1%	7

r = ranking m = movement. *Movement data for WA uses CEO data, not SES

Chart B.1 - TRP Comparison in 2007 - SES 1



Tables B.1 and B.2 and Chart B.1 show that:

- SES 1 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions
- annual SES 1 TRP median movements of 4.4% ranked second across all individual public service jurisdictions, and was 1.6% behind the highest movements recorded in Victoria.

Total Remuneration Package (TRP) Analysis – SES 2

Table B.3 – Median SES 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	2	1.02	1	0.96	3	0.9	4	0.75	7	n/a	n/a	0.76	6	0.88	5
2006	1.00	2	1.05	1	1.00	3	0.91	5	0.76	8	0.97	4	0.76	7	0.89	6

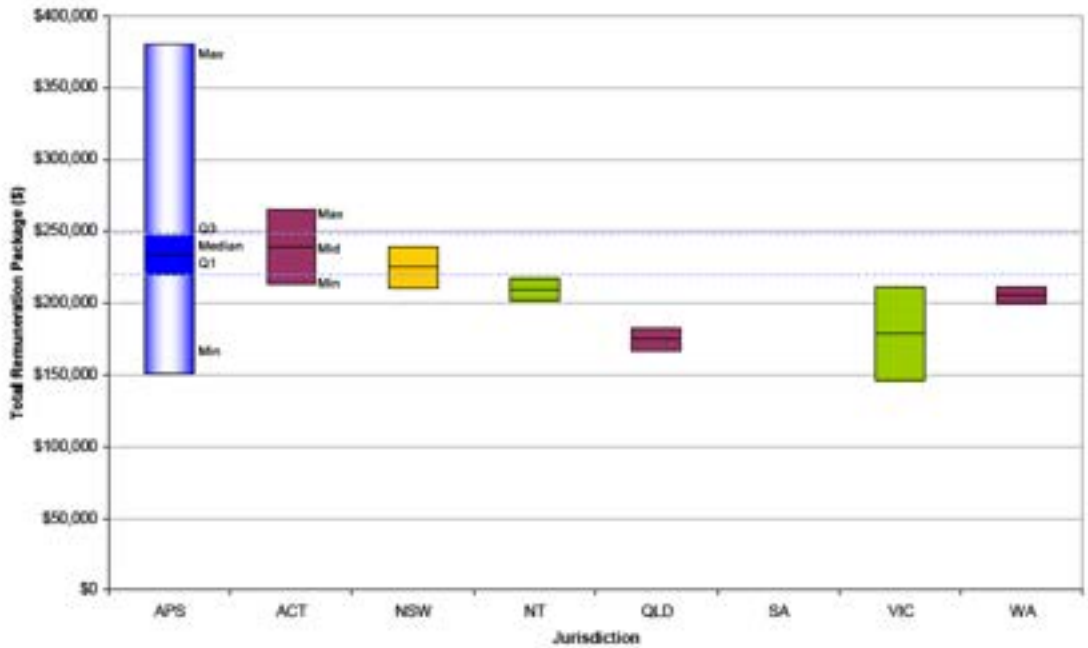
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data, not SES

Table B.4 – Median SES 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	5.8%	2	3.5%	6	2.4%	7	3.7%	4	3.6%	5	n/a	n/a	6.0%	1	4.0%	3
2006	4.7%	2	4.3%	3	3.8%	5	2.8%	7	3.8%	4	3.4%	6	0.0%	8	6.1%	1

r = ranking m = movement. *Movement data for WA uses CEO data, not SES

Chart B.2 – TRP Comparison in 2007 – SES 2



Tables B.3 and B.4 and Chart B.2 show that:

- SES 2 employees above Q3 are competitively positioned against all individual public service jurisdictions
- SES 2 employees between Q1 and Q3 are competitively positioned against NSW and NT, with the SES 2 TRP median ranked second behind the ACT (2% difference)
- annual SES 2 TRP median movements of 5.8% ranked second, (only marginally behind Victoria) across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – SES 3

Table B.5 – Median SES 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	2	1.10	1	0.97	3	0.87	5	0.80	6	n/a	n/a	0.72	7	0.95	4
2006	1.00	4	1.12	1	1.01	3	0.89	6	0.82	7	1.02	2	0.72	8	0.97	5

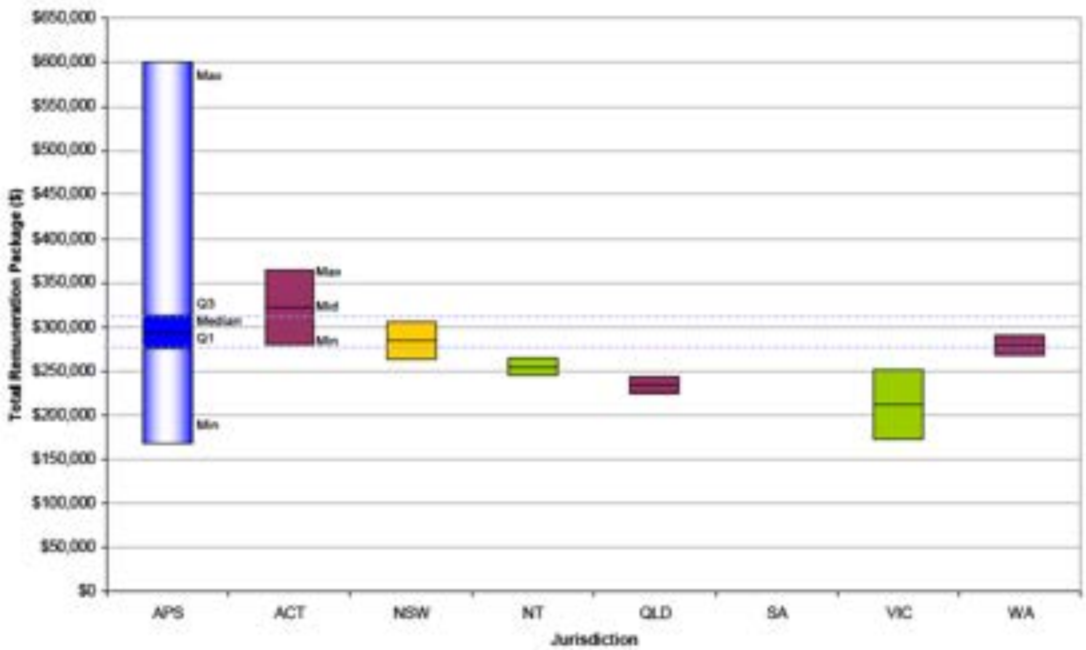
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00. Comparatio data for WA uses CEO data, not SES

Table B.6 – Median SES 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA*	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	6.1%	1	3.6%	5	2.4%	7	3.8%	4	3.5%	6	n/a	n/a	6.1%	2	4.1%	3
2006	5.9%	2	3.9%	3	3.9%	4	2.8%	6	1.4%	7	3.4%	5	0.0%	8	15.2%	1

r = ranking m = movement. *Movement data for WA uses CEO data, not SES

Chart B.3 – TRP Comparison in 2007 – SES 3



Tables B.5 and B.6 and Chart B.3 show that:

- SES 3 employees above Q3 receive comparable remuneration to that in the ACT. Remuneration between Q1 and Q3 is well positioned against NSW and is competitively positioned against all other jurisdictions
- the SES 3 TRP median ranked second behind ACT
- the SES 3 TRP median movement of 6.1% ranked first across all individual public service jurisdictions.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1

Table B.7 – Median APS 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	2	0.76	8	1.03	1	0.95	3	0.82	6	0.89	4	0.79	7	0.82	5
2006	1.00	2	0.75	8	1.01	1	0.94	3	0.80	6	0.88	4	0.79	7	0.80	5

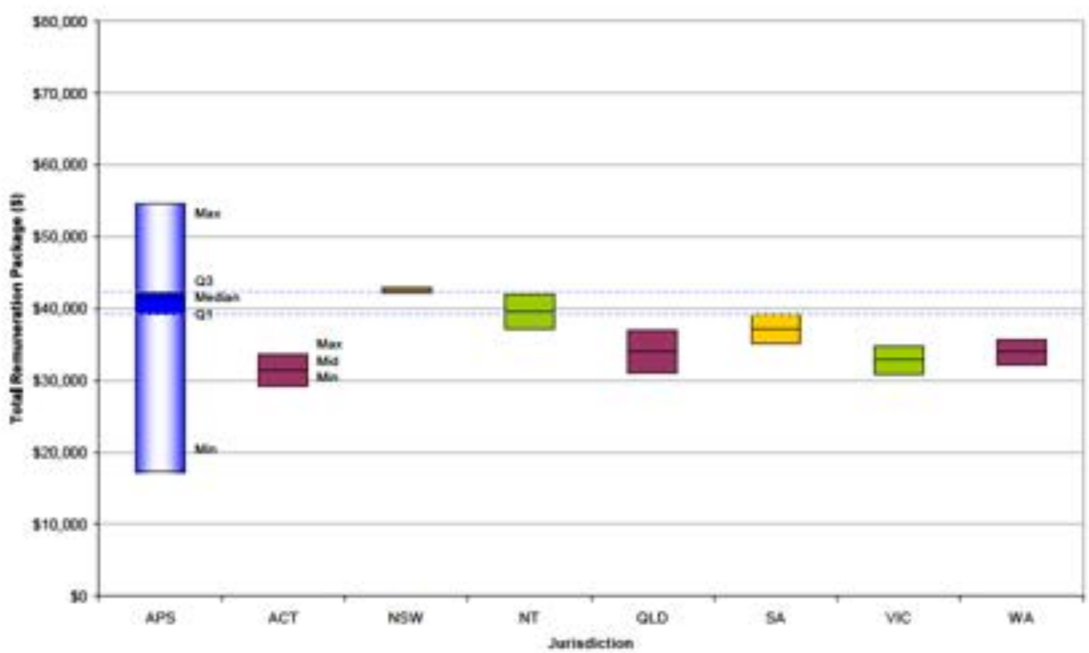
r = ranking cr = comparatio

Table B.8 – Median APS 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	2.3%	8	4.0%	3	4.0%	4	4.0%	5	4.8%	1	3.5%	6	3.0%	7	4.2%	2
2006	7.0%	1	4.0%	4	4.0%	3	3.1%	7	5.0%	2	3.5%	6	3.0%	8	3.7%	5

r = ranking m = movement

Chart B.4 – TRP Comparison in 2007 – APS 1



Tables B.7 and B.8 and Chart B.4 show that:

- the vast majority of APS 1 employees are competitively positioned against all individual public service jurisdictions, with the APS 1 TRP median positioned second behind NSW (by 3%)
- an annual movement of 2.3% at the median in the APS is the lowest of all jurisdictions. In 2006, APS was the highest of all jurisdictions with an annual movement of 7%

Total Remuneration Package (TRP) Analysis – APS 2

Table B.9 – Median APS 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	3	0.90	6	1.11	1	1.00	2	0.92	5	0.97	4	0.89	7	0.81	8
2006	1.00	2	0.89	6	1.09	1	0.99	3	0.90	5	0.96	4	0.88	7	0.80	8

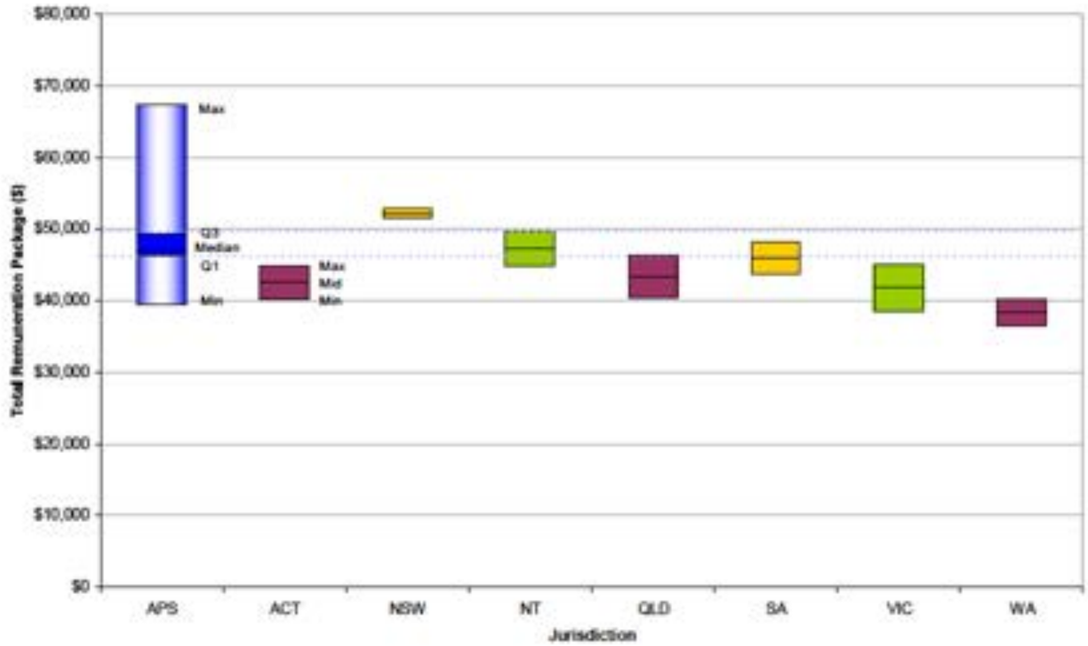
r = ranking cr = comparatio

Table B.10 – Median APS 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	2.1%	8	4.0%	2	4.0%	3	4.0%	4	4.5%	1	3.5%	6	3.0%	7	3.7%	5
2006	3.4%	5	4.0%	3	4.0%	2	3.1%	7	4.6%	1	3.5%	4	3.0%	8	3.2%	6

r = ranking m = movement

Chart B.5 – TRP Comparison in 2007 – APS 2



Tables B.9 and B.10 and Chart B.5 show that:

- APS 2 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 2 TRP median is ranked second behind NSW (by 11%) and is very similar to ACT. APS 2 employees below Q1 are well positioned against ACT, QLD and and WA
- the annual movement of 2.1% ranked the lowest across all individual public service jurisdictions. Compared to 2006, APS ranked fifth with an annual movement of 3.4%

Total Remuneration Package (TRP) Analysis – APS 3

Table B.11 – Median APS 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	2	0.95	5	1.11	1	0.99	3	0.94	6	0.98	4	0.90	7	0.78	8
2006	1.00	2	0.94	5	1.09	1	0.98	3	0.92	6	0.97	4	0.90	7	0.77	8

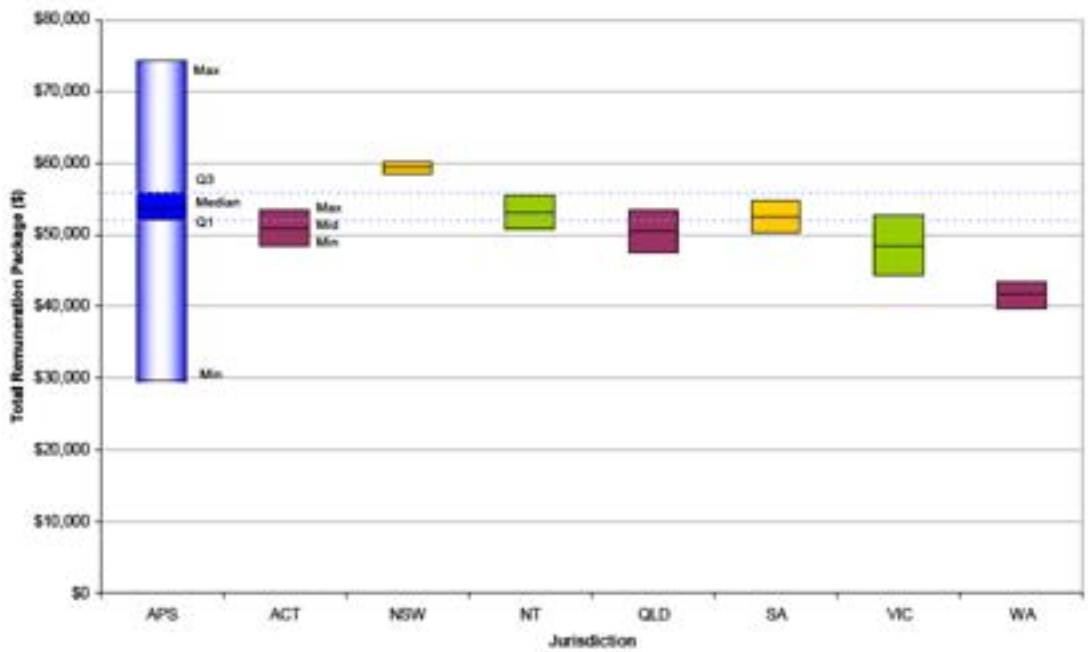
r = ranking cr = comparatio

Table B.12 – Median APS 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	2.5%	8	4.0%	2	4.0%	3	4.0%	4	4.4%	1	3.5%	5	3.0%	7	3.4%	6
2006	3.7%	4	4.0%	3	4.0%	2	3.0%	6	4.4%	1	3.5%	5	3.0%	7	2.9%	8

r = ranking m = movement

Chart B.6 – TRP Comparison in 2007 – APS 3



Tables B.11 and B.12 and Chart B.6 show that:

- APS 3 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 3 TRP median is ranked second, 11% behind NSW
- the annual movement of 2.5% ranked the lowest across all individual public service jurisdictions. Annual movement of 3.7% in 2006 ranked APS the fourth highest.

Total Remuneration Package (TRP) Analysis – APS 4

Table B.13 - Median APS 4 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	**r**	**cr**	**r**	**cr**	**r**	**cr**	**r**	**cr**	**r**	**cr**	**r**	**cr**	**r**	**cr**	**r**
2007	1.00	2	0.97	3	1.10	1	0.97	5	0.95	6	0.97	4	0.91	7	0.74	8
2006	1.00	2	0.98	4	1.10	1	0.97	5	0.95	6	0.98	3	0.92	7	0.75	8

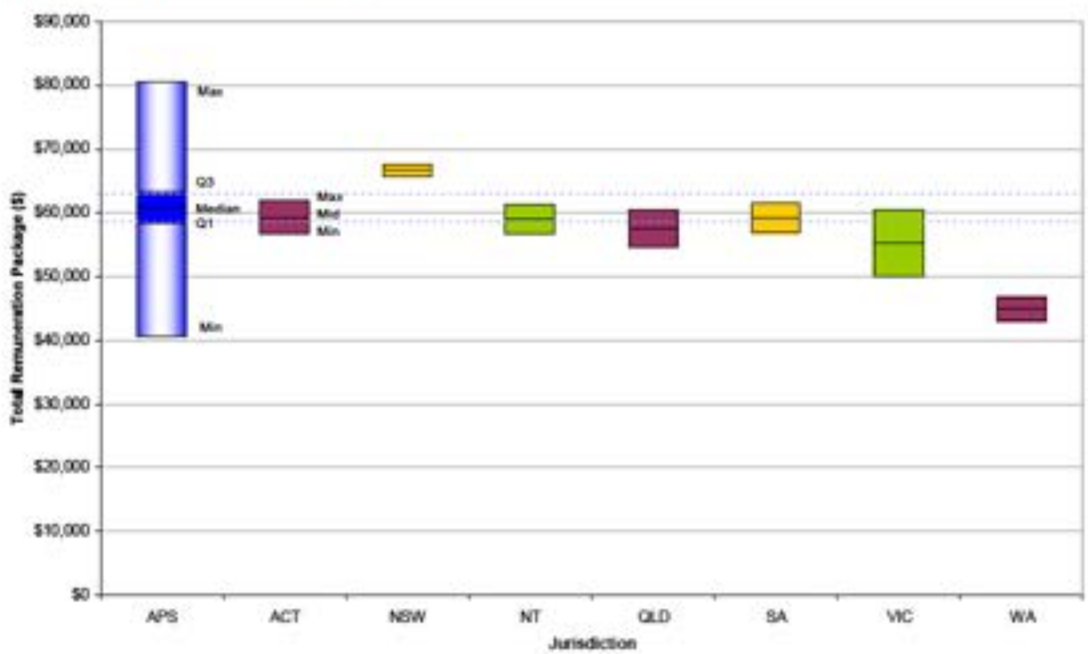
r = ranking cr = comparatio

Table B.14 - Median APS 4 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	**r**	**m**	**r**	**m**	**r**	**m**	**r**	**m**	**r**	**m**	**r**	**m**	**r**	**m**	**r**
2007	4.1%	2	4.0%	3	4.0%	4	4.0%	5	4.3%	1	3.5%	6	3.0%	8	3.2%	7
2006	4.0%	4	4.0%	3	4.0%	2	3.0%	6	4.3%	1	3.5%	5	3.0%	7	2.7%	8

r = ranking m = movement

Chart B.7 - TRP Comparison in 2007 - APS 4



Tables B.13 and B.14 and Chart B.7 show that:

- APS 4 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW. The APS 4 TRP median is ranked second, 10% behind NSW. This was the same for 2006.
- the annual movement of 4.1% ranked second across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 5

Table B.15 – Median APS 5 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	3	1.01	2	1.10	1	0.96	5	0.96	6	0.98	4	0.92	7	0.72	8
2006	1.00	3	1.02	2	1.11	1	0.97	5	0.97	6	0.99	4	0.94	7	0.73	8

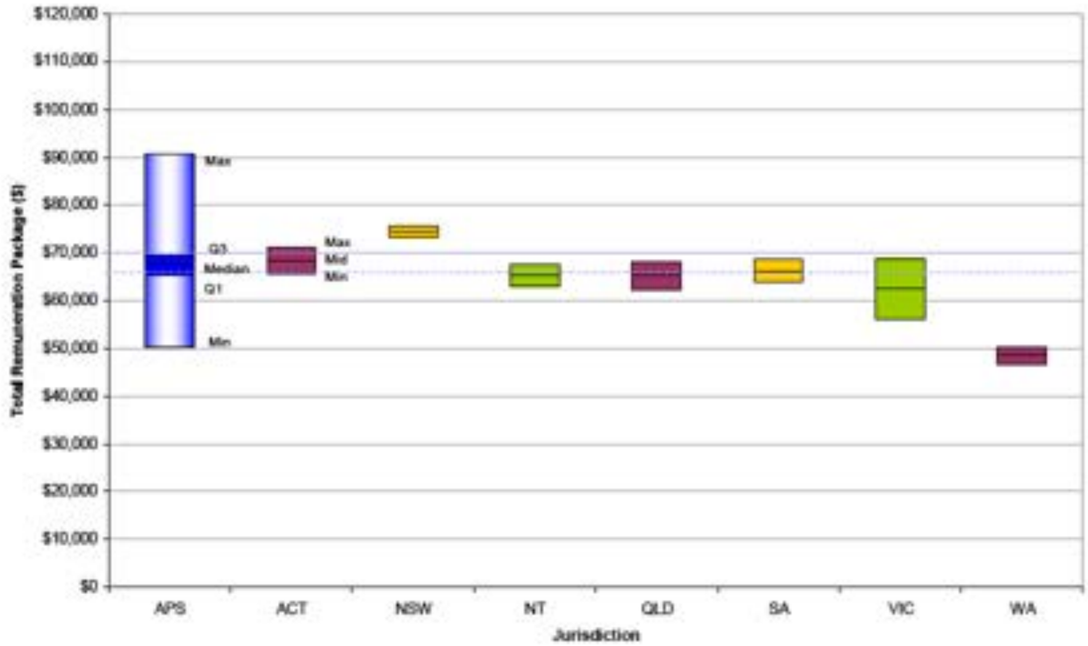
r = ranking cr = comparatio

Table B.16 – Median APS 5 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	4.6%	1	4.0%	3	4.0%	4	4.0%	5	4.2%	2	3.5%	6	3.0%	7	2.9%	8
2006	4.3%	1	4.0%	4	4.0%	3	3.0%	7	4.2%	2	3.5%	5	3.0%	6	2.5%	8

r = ranking m = movement

Chart B.8 – TRP Comparison in 2007 – APS 5



Tables B.15 and B.16 and Chart B.8 show that:

- APS 5 employees between Q1 and Q3 are well positioned against all individual public service jurisdictions with the exception of NSW. The APS 5 TRP median is ranked third, behind NSW (10%) and ACT (1%)
- the annual movement of 4.6% is the highest of all jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 6

Table B.17 – Median APS 6 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	3	1.00	2	1.07	1	0.93	6	0.94	5	0.95	4	0.90	7	0.67	8
2006	1.00	3	1.00	2	1.06	1	0.92	6	0.94	5	0.95	4	0.91	7	0.68	8

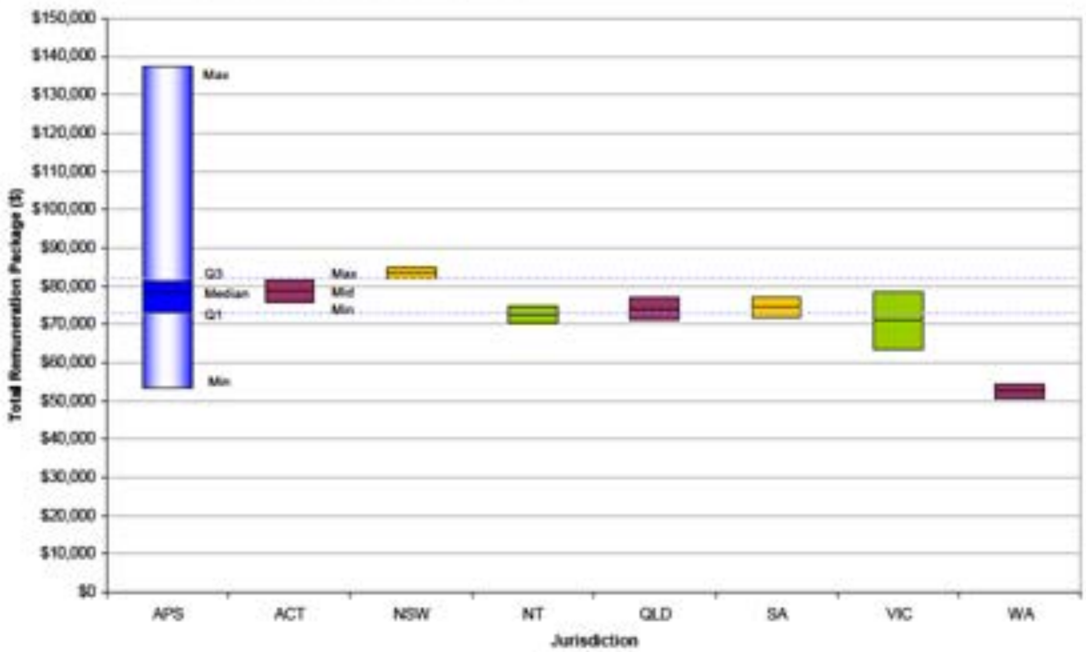
r = ranking cr = comparatio

Table B.18 – Median APS 6 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	3.8%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7	2.7%	8
2006	4.4%	1	4.0%	4	4.0%	3	3.0%	7	4.1%	2	3.5%	5	3.0%	6	2.3%	8

r = ranking m = movement

Chart B.9 – TRP Comparison in 2007– APS 6



Tables B.17 and B.18 and Chart B.9 show that:

- APS 6 employees above Q1 are well positioned against all individual public service jurisdictions. The APS TRP median is ranked second behind NSW (7% lower) and is on par with ACT
- the annual movement of 3.8% is the fifth highest across all public sector jurisdictions.

Total Remuneration Package (TRP) Analysis – EL 1

Table B.19 – Median EL 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	1	0.91	3	0.94	2	0.81	6	0.84	4	0.84	5	0.81	7	0.58	8
2006	1.00	1	0.91	3	0.95	2	0.82	7	0.85	5	0.85	4	0.82	6	0.59	8

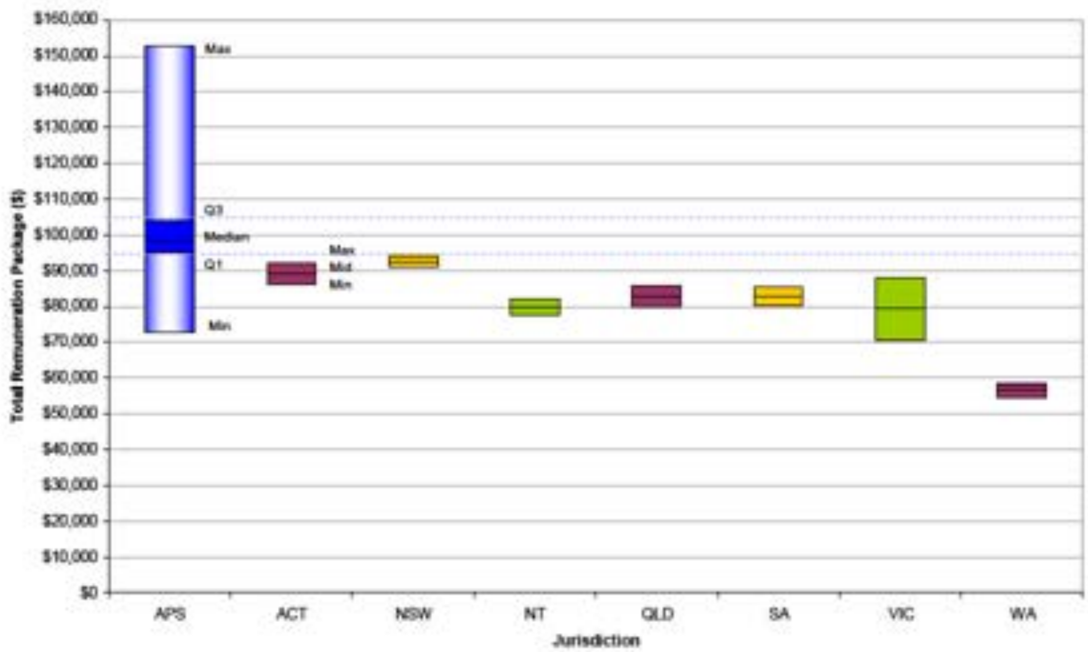
r = ranking cr = comparatio

Table B.20 – Median EL 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	4.7%	1	4.0%	3	4.0%	4	4.0%	5	4.0%	2	3.5%	6	3.0%	7	2.5%	8
2006	4.4%	1	4.0%	4	4.0%	3	3.0%	7	4.0%	2	3.5%	5	3.0%	6	2.1%	8

r = ranking m = movement

Chart B.10 – TRP Comparison in 2007 – EL 1



Tables B.19 and B.20 and Chart B.10 show that:

- EL 1 employees above Q1 have a higher TRP than the maximum of any other individual public service jurisdiction. The EL 1 TRP median ranked first, ahead of NSW and ACT by 6% and 9% respectively
- the EL 1 TRP median movement of 4.7% ranked highest across all individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – EL 2

Table B.21 – Median EL 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2007	1.00	1	0.85	3	0.86	2	0.74	7	0.78	4	0.77	5	0.74	6	0.51	8
2006	1.00	1	0.85	3	0.86	2	0.74	7	0.78	4	0.78	5	0.76	6	0.52	8

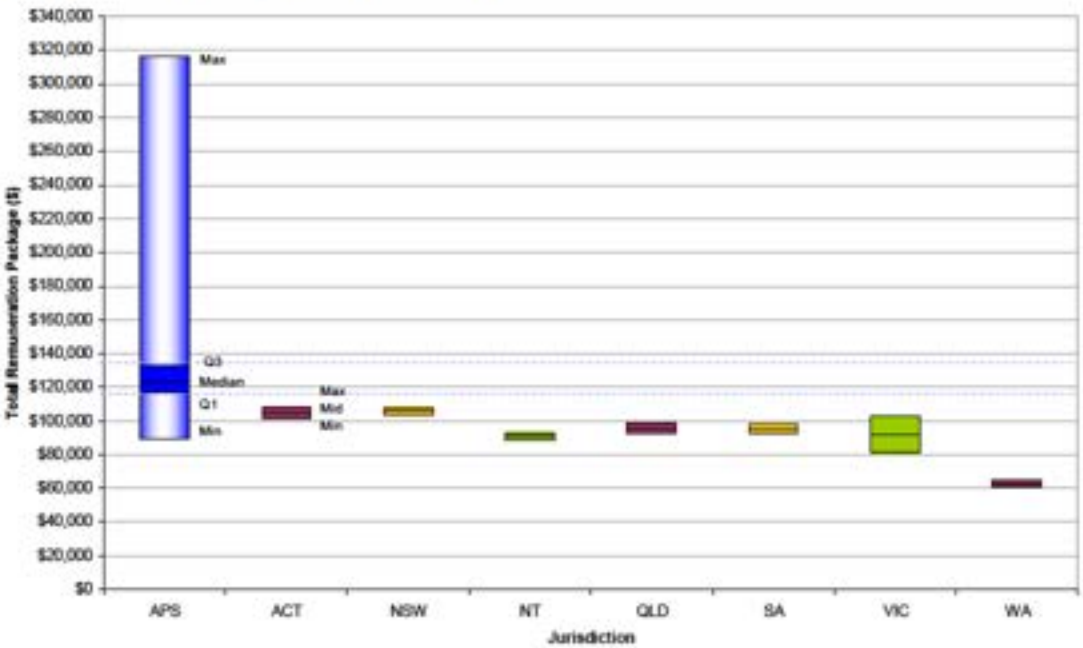
r = ranking cr = comparatio

Table B.22 – Median EL 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2007	4.6%	1	4.0%	2	4.0%	3	4.0%	4	3.9%	5	3.5%	6	3.0%	7	2.2%	8
2006	3.5%	4	4.0%	2	4.0%	1	2.9%	7	3.9%	3	3.5%	5	3.0%	6	1.9%	8

r = ranking m = movement

Chart B.11 – TRP Comparison in 2007 – EL 2



Tables B.21 and B.22 and Chart B.11 show that:

- EL 2 employees above Q1 are very competitively positioned, with Q1 TRP exceeding the maximum of any other individual public service jurisdiction. The EL 2 TRP median ranked first, ahead of NSW and ACT by 14% and 15% respectively
- the EL 2 TRP median movement of 4.6% ranked the highest across all individual public service jurisdictions.

Appendix C

Overview of Remuneration Practices in the Private Sector

The following section provides an overview of remuneration strategies, practices and policies observed in private sector organisations, including:

- a total remuneration approach – which incorporates salary packaging
- superannuation
- motor vehicles
- incentives.

Information sources for the analysis in this section include Mercer's publication the *2007/2008 Australian Benefits Review*, as well as analyses from Mercer's proprietary Job Evaluation and Remuneration database.

Total Remuneration Approach

A total remuneration approach is where an organisation calculates the remuneration costs associated with employing an individual over and above Base Salary. Calculating total employment cost (TRP as defined in the APS Remuneration Survey) enables the organisation and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of a similar size.

The following points provide key trends in relation to a total remuneration approach in the private sector:

- the percentage of organisations using a remuneration package approach remained stable over the last four years, at around 70%
- remuneration packaging is more commonly used for senior executives than any other staff category, a trend also seen in previous years
- the most common remuneration packaged items across all employee categories are company vehicles, employer and employee superannuation contributions, laptops and mobile phones
- a trend analysis shows that the flexibility in salary packaging across all staff categories has decreased by nearly 12% since Mercer's 2005 survey

- 73% of organisations who use a remuneration package approach provide their senior executive employees with the flexibility to choose the make up of their package. This reduces to 72% at the management level, 65% at the technical/professional level and 61% at the operations/support level (up from 48% for operations/support positions in 2006)
- the opportunity for employees to vary their package is primarily in the areas of superannuation and company vehicles, however, around 18% of organisations extend this flexibility to all benefits provided
- at least 45% of organisations surveyed require employees to take a minimum percentage of their remuneration package in cash, which is typically determined as a percentage of the employees' package. At the median, at least 50% of an employee's package must be taken in cash.

Superannuation

Superannuation continues to be an important part of the TRP approach adopted by the APS. However, as Table C.1 shows, the worth of superannuation as a benefit in the private sector is comparatively lower, as measured by a percentage of Base Salary.

Table C.1 – APS Superannuation as a Percentage of Base Salary Compared with the Private Sector Equivalent

Band	APS			Private Sector		
	Q1	Median	Q3	Q1	Median	Q3
APS 1 – 3	12.8%	15.3%	15.5%	9.0%	9.0%	10.0%
APS 4 – 6	14.6%	15.4%	15.9%	9.0%	9.0%	10.0%
EL 1 – 2	14.2%	15.3%	17.3%	9.0%	9.0%	10.0%
SES 1	14.2%	16.4%	26.1%	9.0%	9.0%	11.0%
SES 2	14.7%	24.0%	26.7%	9.0%	9.0%	12.0%
SES 3	19.5%	25.7%	27.6%	9.0%	9.0%	12.0%

Consistent with previous years, Table C.1 highlights that discernible differences exist between the private sector and the APS at all classifications in relation to superannuation, but particularly for EL 1 and above.

Key points in relation to superannuation are as follows:

- the incidence of organisations currently making superannuation contributions above the SGC rate has remained stable since 2004 at around 20% to 25% depending on classification/job type; with 44% of organisations not contributing above the 9% SGC rate
- the incidence of defined contribution funds has stayed relatively stable in the last four years with over 80% of organisations offering a defined contribution fund as the principal default fund to their employees in 2007
- the proportion of private sector organisations with defined benefit funds is between 13% to 15% depending on employee category. These funds are often managed on a maintenance only basis, with historical or frozen funds now closed to new members
- industry funds continue to be more common for operations/support employees than for other staff, with between 18% to 25% of organisations using such funds

- for employees who took up their option to change superannuation fund, just over a quarter of the organisations allow these employees to continue to access life and disability insurance in the default fund
- on average, employer superannuation contributions are between 10.0% and 11.1% of fund salary, with the average increasing slightly as job level increases
- it is not common for organisations to make employer contributions to superannuation dependent on the amount of employee contribution
- around three quarters of the organisations surveyed reported that employee contributions to the defined contribution superannuation fund were completely flexible and employees could select any amount to contribute themselves. The majority of organisations offer employees the opportunity to make additional voluntary contributions to the fund
- at the median, employees in defined benefit funds contribute 5% of their fund salary to the defined benefit fund
- nearly 50% of senior executives, management staff and technical/professional staff typically salary sacrifice their superannuation contributions from their pre-tax remuneration. Operations/support staff are less likely to make pre-tax contributions to defined benefit funds.

Motor Vehicles

Company vehicles are a traditional feature of remuneration in Australia in the private sector. The continued popularity of the company car reflects its relative cost effectiveness as a remuneration component (i.e. under the current FBT regime, benefit cars are valued concessionally for the purposes of FBT).

The following points are made in relation to motor vehicle practices in the private sector:

- 76% of organisations surveyed provide company benefit vehicles and/or novated lease benefit vehicles to employees
- there has been an increase in the provision of car allowances across different employee categories since 2006
- job facility vehicles are more likely to be available for technical/professional and operations/support staff (44% of organisations), compared to around only 17% of organisations providing job facility vehicles to senior executives and management
- operations/support staff remain the group least likely to be provided with a company benefit vehicle or car allowance.

Table C.2 – Vehicle Provision in the Private Sector

Vehicle Type	Senior Exec	Mgmt	Tech/Prof	Ops/Support
Company provided benefit vehicle	55%	47%	38%	19%
Novated lease benefit vehicle	64%	68%	65%	50%
Job facility vehicle	17%	27%	44%	44%
Car allowance	52%	50%	44%	23%

Note: Percentages may add to more than 100%, as each method was not mutually exclusive

- In 2007 a higher proportion of surveyed organisations do not impose any restrictions on the benefit vehicle type (around 60% compared to around 50% in 2006). Sales representatives remain the group most likely to be restricted to a specified make and model of benefit vehicle
- the most predominant method of financing benefit vehicles for all employee groups is a novated lease, a method that has been increasing in popularity. Prior to 2001, the most popular form of financing benefit vehicles was an operating lease maintained by the employer. This continues to be the most common method of financing benefit vehicles for sales staff
- most organisations providing benefit vehicles allocate their cost to the employee at all staff levels. In most cases, organisations adopt the same method to determine the remuneration cost of vehicles for all employees. Typically this is done by calculating the actual annual cost of the vehicle including all running, maintenance and associated costs.

Table C3 shows statistics relating to the purchase price of vehicles for different TRP ranges. As can be seen, the data indicates that benefit vehicles become more common, and more expensive, at the higher TRP ranges.

Table C3 – Vehicle Purchase Price in the Private Sector*

TRP Range	N	Purchase Price				%Rep
		Q1	Median	Q3	Average	
$30,001-$40,000	234	--	--	--	--	--
$40,001-$50,000	377	$11,000	$27,559	$36,000	$25,332	1
$50,001-$60,000	409	$28,978	$36,000	$36,000	$32,982	3
$60,001-$65,000	371	$28,599	$36,000	$36,000	$30,234	3
$65,001-$75,000	410	$31,242	$32,000	$35,000	$31,772	8
$75,001-$100,000	440	$31,773	$34,004	$35,000	$32,975	14
$100,001-$120,000	418	$31,600	$33,091	$36,000	$33,696	18
$120,001-$150,000	407	$32,191	$36,055	$41,000	$36,715	20
More than $150,000	407	$36,055	$43,926	$52,000	$48,241	21

*Based on Mercer's general remuneration database

Summary of Benefit Provision

Tables C.4 to C.9 present an analysis of actual private sector benefits and bonus payments for SES and non-SES equivalent positions. The benefits included are motor vehicles, car allowances, superannuation and actual bonuses.

In relation to the private sector data please note:

- data is effective as at December 2007
- superannuation is employer contribution only
- motor vehicle costs are based on the purchased price provided and are devised using the Mercer Car Formula. The formula was applied with the same assumptions as those applied to the APS Remuneration Survey
- car allowance values include actual *allowances*, as well as salary-sacrificed amounts to fund a motor vehicle's leasing and running costs
- actual bonus paid only includes zeros if the individual was noted as eligible for a bonus, but no bonus was given
- actual APS data for APS employees have been provided in the applicable table for comparison purposes
- some categories (at the lower classification levels) are not well populated in Mercer's private sector database, as detailed in the 'n' field.

Table C.4 – Benefit Provision in the Private Sector in 2007 for APS 1 to APS 3 Equivalent

	Q1	Median	Q3	Mean	n	APS 1 Med	APS 2 Med	APS 3 Med
Motor Vehicle Cost	$12,796	$15,004	$15,004	$13,379	169	--	--	--
Car Allowance	$10,000	$14,400	$16,800	$14,146	155	--	--	--
Superannuation	$3,456	$3,919	$4,983	$4,372	16,058	$5,330	$6,281	$7,144
Actual Bonus	$1,500	$2,250	$3,755	$3,269	5,830	$350	$0	$0

Table C.5 – Benefit Provision in the Private Sector in 2007 for APS 4 to APS 6 Equivalent

	Q1	Median	Q3	Mean	n	APS 4 Med	APS 5 Med	APS 6 Med
Motor Vehicle Cost	$9,737	$14,197	$15,919	$14,132	2,214	--	--	--
Car Allowance	$13,100	$16,800	$19,559	$16,198	4,876	--	--	--
Superannuation	$4,856	$6,240	$8,066	$6,753	40,072	$7,992	$8,886	$10,274
Actual Bonus	$2,800	$5,600	$10,000	$9,387	15,374	$0	$1,500	$2,761

Table C.6 – Benefit Provision in the Private Sector in 2007 for EL 1 and EL 2 Equivalent

	Q1	Median	Q3	Average	n	APS EL 1 Median	APS EL 2 Median
Motor Vehicle Cost	$11,344	$14,558	$17,184	$14,654	815	$23,483	$21,100
Car Allowance	$15,000	$18,500	$21,400	$18,051	2,931	--	$20,740
Superannuation	$8,212	$10,375	$12,686	$11,034	15,285	$12,824	$16,216
Actual Bonus	$6,279	$11,752	$18,826	$17,506	7,327	$3,754	$5,121

Table C.7 – Benefit Provision in the Private Sector in 2007 for SES 1 Equivalent

	Q1	Median	Q3	Average	n	APS SES 1 Median
Motor Vehicle Cost	$13,939	$16,938	$24,792	$18,984	258	$22,500
Car Allowance	$15,600	$24,094	$26,970	$23,688	730	$22,035
Superannuation	$12,315	$14,485	$17,698	$16,002	4,005	$22,562
Actual Bonus	$12,999	$20,545	$38,523	$32,301	1,916	$9,625

Table C.8 – Benefit Provision in the Private Sector in 2007 for SES 2 Equivalent

	Q1	Median	Q3	Average	n	APS SES 2 Median
Motor Vehicle Cost	$14,197	$18,502	$27,376	$20,596	91	$23,500
Car Allowance	$21,000	$28,600	$37,700	$29,883	210	$23,070
Superannuation	$15,753	$18,995	$24,386	$22,233	1,064	$39,286
Actual Bonus	$23,630	$39,114	$68,500	$63,377	627	$13,800

Table C.9 – Benefit Provision in the Private Sector in 2007 for SES 3 Equivalent

	Q1	Median	Q3	Average	n	APS SES 3 Median
Motor Vehicle Cost	$16,207	$22,430	$46,570	$30,740	23	$24,538
Car Allowance	$22,140	$30,000	$53,750	$39,807	18	$24,693
Superannuation	$22,418	$27,499	$35,716	$30,894	272	$55,151
Actual Bonus	$47,381	$79,112	$159,053	$159,682	98	$19,793

As can be seen from Tables C.4 to C.9:

- median superannuation is significantly higher across all APS classifications
- median bonuses across all APS classifications are significantly lower than the median private sector bonuses
- median vehicle costs (reflecting situations where an actual vehicle is provided to an employee) in the private sector appear low in comparison to car allowances, but have increased slightly since 2006. Mercer reports that an increasing proportion of organisations have adopted a budget approach (ie car allowance value), or have not separately identified a vehicle cost, as remuneration is managed by a TRP approach.

Incentive Practices in the Private Sector

Variable reward (i.e. short-term and long-term incentives) has long been an integral part of reward strategy in the private sector, given that it is a valuable tool in driving both individual performance and organisational outcomes.

In the private sector variable reward can be used to recognise and reinforce the behaviours and attitudes desired by the organisation, in order to underpin a strong culture and support the business strategy. In addition, variable reward is used to reward the achievement of activities and accountabilities considered necessary to fulfil the organisation's business strategy.

The survey data highlights that although many APS agencies incorporate performance bonuses into an employee's TR, the incidence of performance bonuses for non-SES classifications below APS 5 is low. Nevertheless, this does reflect a move toward a high performance culture through rewarding employee performance. Similarly, Mercer's *2007/2008 Australian Benefits Review* reports that, of those private sector organisations with an incentive plan operating, employees at all levels are generally able to participate.

In 2007, the levels of performance bonuses received by SES employees, as a proportion of TRP are shown in Table C.10. Non-SES performance bonus proportions have not been included because the majority of non-SES employees did not receive a performance bonus in 2007.

Table C.10 – Average Performance Bonus Payments as a Percentage of TRP in the APS and the Private Sector*

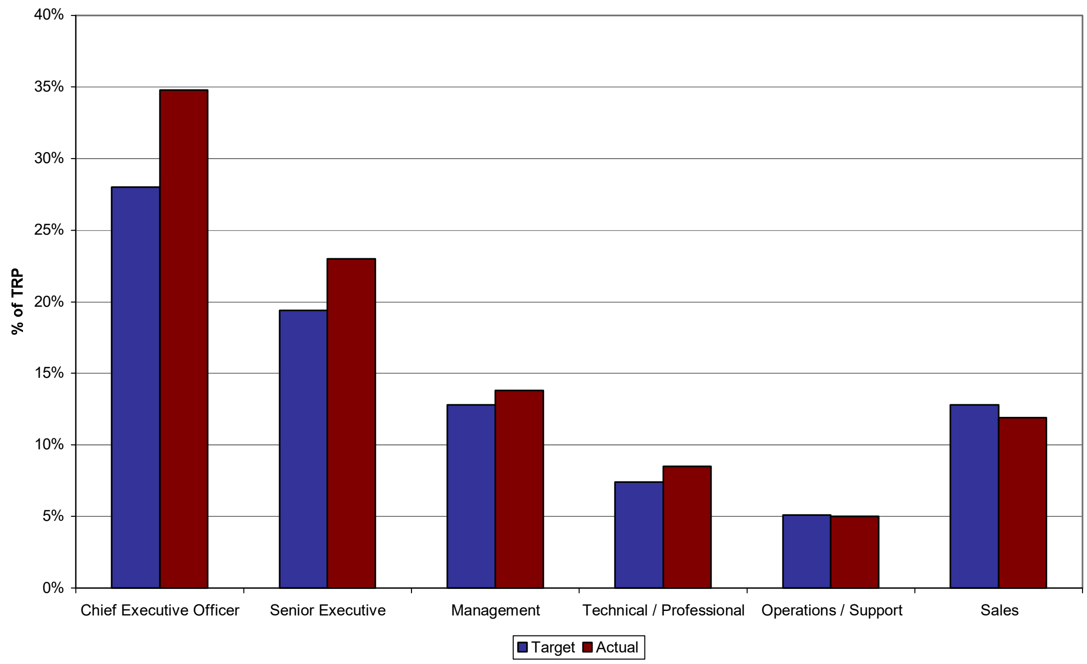
Band	APS Average Bonus %	Private Sector Average Bonus %
SES 1	5.0	13.8
SES 2	5.8	23.0
SES 3	5.8	34.8

*Based on Mercer's *Remuneration Forum* (March 2008 covering calendar year 2007)

Whilst Table C.10 illustrates only a small difference between performance bonuses (as a percentage of TRP) between SES 1 and SES 3, in the private sector incentive payments generally increase on a proportional basis with the classification of the employee. As can be seen in Table C10, actual incentive payments in 2007 in the private sector were significantly higher than the APS SES. Depending on the size of the organisation, average incentive payments ranged from ~14% of senior managers up to 35% for CEOs; with target levels being in the range 13% to 28% respectively. Maximum payment levels are roughly twice the on-target level.

Actual payouts in 2007 tended to be higher than target incentive levels, a finding which is not typical, (although this was also noted in 2006), which is associated with many companies achieving high levels of profitability. Chart C.4 shows average Target and Actual incentive payments in 2007 for different employee categories, expressed as a percentage of TRP.

Chart C.4 – Average Target and Actual Incentive Payments in 2007



In relation to private sector incentives:

- the majority of organisations in the survey group use base salary when determining payment as a percentage of remuneration
- on average, 82% of organisations reported the same or greater payouts compared to last year, with only an average of 18% of organisations reporting a decrease in payments – these figures were similar to 2006
- the majority of organisations surveyed (74%) place a cap on short-term incentive payments to employees. This cap is typically expressed as a percentage of the employee's remuneration, and ranges from 10% to 31% across all employee categories
- consistent with the APS, nearly all organisations surveyed pay bonuses in cash, while the practice of offering rewards in the form of a superannuation top-up or shares has remained similar to 2006 at 29%
- the majority of organisations (73% to 85%) use a formal performance appraisal or performance management process to measure performance for incentive payments, a similar proportion seen in previous years.

Table C.11 highlights the most commonly used measures to assess performance for senior executives, according to Mercer's *2007/2008 Australian Benefits Review*. The percentages shown in Table C.11 are very similar to the results in 2006.

Table C.11 – Most Commonly Used Performance Measures to assess Private Sector Executive Performance

Performance Measure	% of Organisations
Profit	75%
Revenue	53%
Cost Control	33%
Productivity	29%
Sales	30%
Customer Satisfaction	28%
Service levels	27%
OH&S Measures	19%
Market Share	18%
Employee training and development	12%
Work in progress	12%
Absenteeism	4%
Share price growth	10%
Total shareholder reward	8%
Earnings per share	7%

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Document 2: 2008 Broader Market Comparison - APS SES and Non-SES Remuneration

August 2009

2008 Broader Market Comparison - APS SES and Non-SES Remuneration

Department of Education, Employment and Workplace Relations

Data as at 31 December 2008

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Executive Summary

Survey Purpose and Objectives

The Department of Education, Employment and Workplace Relations (DEEWR) commissioned Mercer to conduct the 2008 Australian Public Service (APS) Remuneration Survey. The Survey of Senior Executive Service (SES) and non-SES remuneration plus the Broader Market Comparison provides a comprehensive overview of remuneration trends and outcomes across the APS, State and Territory public services, and the wider market. It should be noted that the Survey does not take into account non-monetary benefits beyond those which are incorporated in Total Remuneration Package (TRP) values.

More specifically, the 2008 APS Remuneration Survey seeks to provide:

- comparisons with previous APS Remuneration Surveys
- detailed information about individual remuneration components and the value of each remuneration package by classification and agency
- remuneration ranges for the classification in each agency and the APS as a whole
- capacity for an agency to compare its remuneration with comparable positions in the private sector, and State and Territory public services
- individual agency reports which allow each participating agency to compare its current data with APS-wide data.

The 2008 Survey is based on a sample of remuneration data as at 31 December 2008 and payments/entitlements for the 2008 calendar year. The Survey findings are presented in three reports: an SES Report; a Non-SES Report; and a Broader Market Comparison Report. Participating agencies are also provided with an Individual Agency Report.

Survey Participants and Methodology

All APS agencies were invited by DEEWR to participate in the 2008 APS Remuneration Survey. A total of 56 agencies participated in the 2008 Survey. Of these, 40 agencies participated in 2007, with 16 new agencies participating in 2008. Two survey briefings were held in December 2008, with 34 of the participating agencies attending. Further instructions were provided to all agencies after these briefings.

The 2008 sample size for the SES group increased by 5.0 per cent, but the sample size decreased by 0.6 per cent for the non-SES sample group.

Of the total 140,303 employee records submitted (out of an approximate total of 164,400 APS employees), 2,300 records were from SES employees, of which 2,223 records were included in the APS-wide SES survey remuneration database[1].

Of the remaining 138,003 non-SES records, 29,194 were included in the non-SES survey remuneration database, using a sampling framework developed by DEEWR, the Australian Bureau of Statistics and Mercer. When preparing agency reports, all data submitted by each agency was used. For further information in relation to survey participants and sample sizes, please refer to Appendix A.

To ensure the accuracy of the data collected, Mercer performed several integrity checks internally. Where the data was not within expected values, Mercer returned the data to the relevant agency for confirmation and only included the data once it had been confirmed. Nearly 2,000 calculations (such as the costing of individual packages and the main remuneration statistics quoted throughout this report) were then submitted to the statistics department of the University of New South Wales for review and verification. Once the calculations were confirmed, Mercer finalised the dataset and commenced data analysis and reporting.

Prior to releasing the final report, Mercer and DEEWR agreed on all items to be included in the analyses. Mercer presented a summary of initial findings and draft reports to DEEWR for review. However, Mercer retains full responsibility for the accuracy and integrity of all data presented in this report.

The remuneration information in the 2008 survey has been compared to the 2007 information in many cases. This analysis is presented throughout the report as the 2007 to 2008 movement, represented as a percentage. This refers to the change in the sample on sample data from the 2007 calendar year to the 2008 calendar year in all instances.

The methodology used to determine the Combined Public Service (CPS) data is identical to the 2007 report. The CPS analysis uses a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania[2]).

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[1] Some SES and non-SES records provided by agencies such as the Australian Electoral Commission and the Ministerial and Parliamentary Services Division of the Department of Finance and Deregulation (for employees employed under the MoPS Act) were excluded from the APS-wide remuneration databases, but were included in these agencys' Individual Agency Report.

[2] Unlike other State and Territory jurisdictions, Tasmania does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision.

Calculation of Statistics and Missing Data

The following approach has been used to represent missing, suppressed or 'zero' returns:

- where fewer than three agencies provide a component (i.e. data is suppressed to ensure confidentiality) the symbol '--' is used
- where no data is provided, a '-' is used
- where a zero value is returned, the number zero ('0') is shown.

To ensure confidentiality of information for small sample sizes, statistics have not been published unless the following criteria for both case numbers and agency numbers were met or exceeded:

- average and standard deviation – at least three records from three or more agencies
- Q1, median, Q3 – at least four records from four or more agencies
- maximum and minimum – more than 10 records from four or more agencies.

Definitions and explanations of remuneration items and statistical terms which are used throughout this report are provided in Appendix A.

Aim of this Report

The 2008 Broader Market Comparison Report provides a detailed analysis of APS SES and non-SES remuneration against equivalent positions within State and Territory public services (combined public service) as well as the private sector. This approach involves comparing the actual remuneration levels for APS SES and non-SES employees against the published remuneration ranges of each State and Territory public service (excluding Tasmania and Western Australia).

Comparative remuneration analyses against State and Territory public services and the private sector are based on a comparison of work value levels and associated remuneration information applicable to comparable positions. Work value is a numerical measure of job size, determined by assessing the responsibilities and accountabilities of a role. This enables fair and accurate comparisons to be drawn between the APS, other public services and the private sector, even though classification and remuneration structures are different. Shown in Appendix A are the Mercer work value points ranges used for the APS classification structure.

This report should be read in conjunction with the APS SES and non-SES Remuneration Survey Reports.

Change in Public Service Sample

In preparing this report, Mercer researched and analysed published remuneration levels in each jurisdiction, and has also drawn from its extensive remuneration databases and consultant knowledge of SES and non-SES equivalent positions within both the public service and the private sector.

In examining the published remuneration data for 2008, Mercer had certain queries regarding the Western Australian data. Although classification arrangements in Western Australia are determined on the basis of work value, non-SES positions are assessed using BiPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2008 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey. South Australian SES data, which was excluded from the 2007 survey, has been included in this year's analysis.

The CPS analysis uses the minimum and maximum reported remuneration ranges across the relevant State and Territory jurisdictions. The CPS midpoint is derived by averaging the minimum and maximum across the public services.

Mercer notes that the exclusion of the Western Australian non-SES data has distorted the 2007-2008 CPS non-SES midpoint movement. This is because the non-SES remuneration ranges for Western Australia in previous surveys were positioned at the minimum of other public services and therefore influenced the midpoint. Caution should therefore be exercised when interpreting the CPS non-SES movement, as it is more a reflection in the change in the CPS sample rather than actual 2007-2008 CPS remuneration movements. Separate analysis has examined year to year movement at midpoint for a common sample, excluding Western Australian data for the 2007 database and South Australian data for the 2008 analysis. The identified levels of movement are 3.6 per cent to 4.0 per cent across non-SES classification.

However, the exclusion of Western Australian SES data has not affected the 2007-2008 CPS SES midpoint movement, as its remuneration ranges in previous surveys were not the minimum or maximum values in the CPS. Similarly, the inclusion of South Australian SES data in this year's analysis also does not affect the CPS midpoint, as its remuneration ranges were not the minimum or maximum values in the CPS.

Main Remuneration Findings

The detailed analysis of APS SES and non-SES Base Salary, TRP and Total Reward (TR) against CPS and private sector data is contained in Sections 2 and 3 respectively. A summary of the main findings is outlined below.

Combined Public Service – Base Salary

The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the CPS has generally decreased by between 3 per cent and 9 per cent, as shown in Table 1.1. As Mercer has noted earlier, this is mainly due to the exclusion of the Western Australian non-SES data in the analysis, which has increased the corresponding CPS Base Salary midpoints across all classifications.

Although the CPS has improved competitiveness against the APS from APS 3 to EL 2, median APS Base Salary is still higher than the CPS midpoint across most classifications.

Overall, the average median 2008 APS Base Salary movement across all non-SES classifications (excluding Graduates) was 4.7 per cent, compared to 3.5 per cent in 2007. Due to the exclusion of Western Australian non-SES data, the overall CPS 2008 Base Salary midpoint movement was 10.6 per cent for non-SES equivalent positions in other jurisdictions. As noted earlier, the real 'common sample' movement was generally 3.6 per cent – below the equivalent APS movements for the same period.

Table 1.1 – APS Median Base Salary Comparisons with the CPS Midpoint (non-SES classifications)

Classification	APS Median 2008	CPS Midpoint 2008	Difference	Comparatio[1]	
				2008	2007
APS 1	$37,371	$34,024	$3,347	0.91	0.91
APS 2	$43,682	$42,902	$780	0.98	0.99
APS 3	$49,000	$49,072	-$72	1.00	0.97
APS 4	$55,343	$55,242	$101	1.00	0.95
APS 5	$61,000	$61,926	-$926	1.02	0.94
APS 6	$70,580	$69,639	$941	0.99	0.90
EL 1	$88,270	$77,351	$10,919	0.88	0.79
EL 2	$110,400	$88,771	$21,629	0.80	0.73

[1] Comparatio reflects APS set at 1.00.

APS SES Base Salary has not been compared because most State jurisdictions manage SES remuneration on a TRP basis. Graduates have also not been included, as State public services classify graduates within their existing structures for professional or administrative roles.

Combined Public Service – Total Remuneration Package (TRP)

In terms of TRP, classification APS 3 to EL 2 all decreased their relative competitive positioning by between 2 per cent and 9 per cent against the CPS, as detailed in Table 1.2. Mercer again notes that this is due to the exclusion of the Western Australian non-SES data in the analysis.

Overall, the average median 2008 APS TRP movement across all non-SES classifications (excluding Graduates) was 4.9 per cent, compared to 3.6 per cent in 2007. While the overall CPS 2008 TRP midpoint movement for non-SES equivalent positions in other jurisdictions was 10.6 per cent, the 'common sample' movement was the same as that for Base Salary (3.6 per cent).

APS SES TRP has increased its competitive positioning slightly by between 1 per cent and 3 per cent. APS median TRP values across all SES classifications are higher than their State/Territory public service counterparts. Overall, the median 2008 TRP movement across SES 1 to SES 3 was 6.6 per cent; however, the overall CPS 2008 TRP midpoint movement was 4.2 per cent for SES equivalent positions. Please refer to Appendix B for further details of non-SES and SES comparisons against State public services for each classification.

Table 1.2 – APS Median TRP Comparisons with the CPS Midpoint

Classification	APS Median 2008	CPS Midpoint 2008	Difference	Comparatio[1]	
				2008	2007
APS 1	$43,366	$37,544	$5,822	0.87	0.87
APS 2	$50,759	$47,341	$3,418	0.93	0.95
APS 3	$56,729	$54,150	$2,579	0.95	0.93
APS 4	$63,863	$60,958	$2,905	0.95	0.91
APS 5	$70,188	$68,334	$1,854	0.97	0.90
APS 6	$81,295	$76,844	$4,451	0.95	0.86
EL 1	$102,614	$85,354	$17,260	0.83	0.76
EL 2	$129,329	$97,955	$31,374	0.76	0.68
SES 1	$196,880	$170,465	$26,415	0.87	0.88
SES 2	$248,133	$213,991	$34,142	0.86	0.88
SES 3	$315,007	$279,600	$35,407	0.89	0.92

[1] Comparatio reflects APS set at 1.00.

Combined Public Sector – Total Reward (TR)

This section provides summary information on APS SES employees only, as no State/Territory public service provides bonuses to non-SES equivalent positions. A detailed comparison at the TR aggregate has therefore not been undertaken. Table 1.3 shows that - from a TR perspective – APS SES competitiveness over the CPS increased slightly for SES 1 (by 1 per cent) and SES 3 (by 2 per cent), but decreased by 1 per cent for SES 2.

Overall, median APS TR movement across SES 1 to SES 3 from 2007 to 2008 was 5.8 per cent. This compares to the overall CPS TR midpoint movement of 5.6 per cent for equivalent SES bands. As can be seen in Table 1.3, median APS TR values for each SES band are around $25,000 to $37,000 higher than their combined State/Territory public service counterparts.

Table 1.3 – APS Median TR Comparisons with the CPS Midpoint (SES classifications)

Classification	APS Median 2008	CPS Midpoint 2008	Difference	Comparatio[1]	
				2008	2007
SES 1	$202,110	$179,245	$22,865	0.89	0.89
SES 2	$257,512	$225,603	$31,909	0.88	0.86
SES 3	$330,337	$294,844	$35,493	0.89	0.91

[1] Comparatio reflects APS set at 1.00.

Private Sector – Base Salary

Tables 1.4 and 1.5 compare non-SES Base Salary medians with private sector Q1 and median figures. Overall, the median 2008 APS Base Salary movement across all non-SES classifications (excluding Graduates) was 4.7 per cent, which is slightly lower than the private sector 2008 Base Salary movements of 4.9 per cent at Q1 and the median for non-SES equivalent positions.

The relative competitive positioning of Base Salary for non-SES classifications in comparison to the private sector has generally been maintained in 2008.

Table 1.4 – APS Median Base Salary Comparisons with Private Sector Q1 (non-SES classifications)

Classification	APS Median 2008	Private Sector Q1	Difference	Comparatio[1]	
				2008	2007
APS 1	$37,371	$27,394	$9,977	0.73	0.72
APS 2	$43,682	$40,082	$3,600	0.92	0.94
APS 3	$49,000	$49,598	-$598	1.01	1.02
APS 4	$55,343	$59,113	-$3,770	1.07	1.07
APS 5	$61,000	$67,204	-$6,204	1.10	1.09
APS 6	$70,580	$76,540	-$5,960	1.08	1.07
EL 1	$88,270	$85,875	$2,395	0.97	0.96
EL 2	$110,400	$99,692	$10,708	0.90	0.90

[1] Comparatio reflects APS set at 1.00.

As can be seen from Table 1.4, median Base Salary values for APS 1, APS 2, EL 1 and EL 2 classifications are higher than the Q1 Base Salary for equivalent positions in the private sector.

Table 1.5 – APS Median Base Salary Comparisons with Private Sector Median (non-SES classifications)

Classification	APS Median 2008	Private Sector Median	Difference	Comparatio[1]	
				2008	2007
APS 1	$37,371	$29,618	$7,753	0.79	0.78
APS 2	$43,682	$43,967	-$285	1.01	1.03
APS 3	$49,000	$54,729	-$5,729	1.12	1.12
APS 4	$55,343	$65,491	-$10,148	1.18	1.18
APS 5	$61,000	$75,392	-$14,392	1.24	1.22
APS 6	$70,580	$86,816	-$16,236	1.23	1.22
EL 1	$88,270	$98,240	-$9,970	1.11	1.10
EL 2	$110,400	$115,148	-$4,748	1.04	1.04

[1] Comparatio reflects APS set at 1.00.

Private sector median Base Salary values in Table 1.5 are higher than the corresponding APS median for all classifications except APS 1.

Graduates

In 2007, the median range of graduate Base Salaries in the private sector ranged from $44,000 to $52,000 across different job families, compared to the APS median of $49,753. In the private sector, Engineering, Computer Science and Science graduates typically started at higher Base Salaries than graduates from other disciplines. On average, APS graduate Base Salaries ($50,844) are 8.4 per cent above those in the private sector ($46,915), significantly improving from 2.9 per cent below in 2007.

Private Sector – Total Remuneration Package (TRP)

The relative competitive positioning of APS TRP in comparison to the private sector has improved slightly for some classifications (APS 2, APS 3, SES 1, SES 2 and SES 3) and has decreased slightly for other classifications (APS 5, APS 6 and EL 1), as shown in Tables 1.6 and 1.7.

Competitiveness against the private sector decreases at the higher non-SES classifications when considered at the TRP aggregate, due to additional benefits (such as vehicles) being more frequently offered in the private sector at these work value levels. Overall, the median 2008 TRP movement across all non-SES classifications (excluding Graduates) was 4.9 per cent. Private sector TRP also increased by 4.9 per cent at Q1 and the median for non-SES equivalent positions.

SES TRP competitiveness has increased slightly against the private sector. Overall, the median 2008 SES TRP movement in the APS was 6.6 per cent. This is higher than the overall comparative private sector 2008 TRP movements of 4.7 per cent at Q1 and the median for SES equivalent positions.

Table 1.6 – APS Median TRP Comparisons with Private Sector Q1

Classification	APS Median 2008	Private Sector Q1	Difference	Comparatio[1]	
				2008	2007
APS 1	$43,366	$29,841	$13,525	0.69	0.69
APS 2	$50,759	$43,854	$6,905	0.86	0.89
APS 3	$56,729	$54,546	$2,183	0.96	0.97
APS 4	$63,863	$65,238	-$1,375	1.02	1.02
APS 5	$70,188	$76,325	-$6,137	1.09	1.08
APS 6	$81,295	$92,617	-$11,322	1.14	1.13
EL 1	$102,614	$111,418	-$8,804	1.09	1.08
EL 2	$129,329	$135,263	-$5,934	1.05	1.05
SES 1	$196,880	$177,500	$19,380	0.90	0.91
SES 2	$248,133	$251,868	-$3,735	1.02	1.03
SES 3	$315,007	$379,908	-$64,901	1.21	1.24

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 to APS 3 and SES 1, the APS TRP medians are lower than Q1 in the private sector.

Table 1.7 – APS Median TRP Comparisons with Private Sector Median

Classification	APS Median 2008	Private Sector Median	Difference	Comparatio[1]	
				2008	2007
APS 1	$43,366	$32,257	$11,109	0.74	0.74
APS 2	$50,759	$48,134	$2,625	0.95	0.97
APS 3	$56,729	$60,258	-$3,529	1.06	1.07
APS 4	$63,863	$72,383	-$8,520	1.13	1.13
APS 5	$70,188	$85,582	-$15,394	1.22	1.21
APS 6	$81,295	$104,971	-$23,676	1.29	1.28
EL 1	$102,614	$127,372	-$24,758	1.24	1.24
EL 2	$129,329	$156,593	-$27,264	1.21	1.21
SES 1	$196,880	$210,722	-$13,842	1.07	1.08
SES 2	$248,133	$307,628	-$59,495	1.24	1.26
SES 3	$315,007	$469,987	-$154,980	1.49	1.53

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 and APS 2, the APS TRP medians are lower than the medians in the private sector.

Private Sector – Total Reward (TR)

From a TR perspective, the competitive position of SES remuneration against the private sector Q1 has increased by 1 per cent for SES 1 and 4 per cent for SES 3, and remained the same for SES 2. Overall, the median 2008 TR movement across SES 1 to SES 3 was 5.8 per cent, compared with the overall private sector 2008 TR movements of 4.7 per cent at both Q1 and the median for SES equivalent positions.

Table 1.8 – APS Median TR Comparisons with Private Sector Q1 (SES classifications)

Classification	APS Median 2008	Private Sector Q1	Difference	Comparatio[1]	
				2008	2007
SES 1	$202,110	$188,648	$13,462	0.93	0.93
SES 2	$257,512	$270,849	-$13,337	1.05	1.05
SES 3	$330,337	$425,677	-$95,340	1.29	1.32

[1] Comparatio reflects APS set at 1.00.

Table 1.9 – APS Median TR Comparisons with Private Sector Median (SES classifications)

Classification	APS Median 2008	Private Sector Median	Difference	Comparatio[1]	
				2008	2007
SES 1	$202,110	$232,249	-$30,139	1.15	1.14
SES 2	$257,512	$345,609	-$88,097	1.34	1.34
SES 3	$330,337	$560,212	-$229,875	1.70	1.73

[1] Comparatio reflects APS set at 1.00.

Tables 1.8 and 1.9 indicate that - from a TR perspective - SES remuneration is well below the private sector, with the exception of SES 1 against the private sector Q1. The differential is due to actual bonuses paid to private sector executives being substantially higher than actual bonuses paid to APS SES employees.

Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES 1 and SES 2 median motor vehicle values ($23,625 and $24,500 respectively) are competitive against private sector median vehicle values (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis, and offer employees the option to use novated leases for vehicles). The SES 3 median motor vehicle value of $25,000 is significantly less than that provided to SES 3 equivalent roles in the private sector (~$34,600) and is even below the private sector Q1 (~$26,000).

SES median employer superannuation contributions (16 per cent to 25.2 per cent of Base Salary depending on SES band) are competitive in comparison to private sector employer superannuation contributions.

As a proportion of TRP, SES average actual bonus payments of 4.4 per cent to 5.1 per cent are significantly lower than the private sector average payments of 13 per cent to 31 per cent. SES average bonus payments as a proportion of TRP are approximately one-third to one-fifth of those paid in the private sector.

APS 1 to EL 2

Non-SES median employer superannuation contributions (15.4 per cent of Base Salary) are very competitively positioned in comparison to the private sector employer superannuation contributions, which are generally 9 per cent of Base Salary.

One per cent of EL 1 and 1 per cent of EL 2 employees received a vehicle benefit in 2008. This is quite different to the trend in the private sector, as vehicles start to be provided in the salary packages of EL 1 and EL 2 equivalent positions. This is the main reason why TRP competitiveness is significantly less than Base Salary competitiveness against the private sector for EL 1 and EL 2 employees.

2

Relative Position of APS SES and Non-SES TRP with the Combined State/Territory Public Service

This section compares APS SES and non-SES TRP against the CPS. The CPS analysis utilises a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania and Western Australia).

The CPS midpoint is derived by averaging the minimum and maximum of the ranges across the various public services. Mercer’s analysis compares the APS median to the CPS midpoint. Results from 2007 have also been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and competitive positioning.

APS SES Base Salary and TR values have not been compared to the CPS because most State jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for APS non-SES classifications or non-SES equivalent positions in State public services, Mercer has undertaken a detailed comparative analysis against the CPS on the basis of TRP, but not on TR.

APS Graduate analysis has also been excluded as part of the CPS analysis, as new graduates in most jurisdictions are classified and remunerated within their respective salary structures, even though they may be part of a graduate program.

The data used in the CPS analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. Similar to previous years, Mercer has adjusted the reported motor vehicle values of each jurisdiction to reflect a fair market value of the vehicle, ensuring the true TRP values are appropriately calculated and a fair comparison to APS TRP values provided.

In undertaking the comparative analysis of SES bands and CPS equivalent positions, fixed term contract remuneration rates were used for CPS equivalent positions within the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia and Victoria.

For detailed analysis on APS SES and non-SES TRP against individual public service jurisdictions, please refer to Appendix B.

CPS Sample Change

Classification arrangements in Western Australia for non-SES positions are determined on the basis of BiPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2008 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey. On the other hand, South Australian SES data, which was excluded from the 2007 survey, has been included in this year's analysis.

Mercer notes the exclusion of Western Australian non-SES data from this year's analysis has significantly influenced the CPS midpoint, as the non-SES remuneration ranges for Western Australia were previously positioned at the minimum of other public services, impacting the reported minimum CPS values. This has resulted in what appear to be 'unrealistic' increases in the CPS midpoints across all comparative grades.

Underlying CPS Remuneration Movements

To assess the true impact of the removal of Western Australia from the CPS sample, Mercer has revisited the 2007 data and removed Western Australia from that set to recalculate the 2007/2008 movements on a 'common sample' basis. Table 2.1 lists those actual Base Salary movements for each of the CPS non-SES classifications.

Table 2.1 – 2007/2008 CPS Median Base Salary Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2007	CPS Midpoint 2008	Increase (%)
APS 1	$32,715	$34,024	4.0%
APS 2	$41,420	$42,902	3.6%
APS 3	$47,378	$49,072	3.6%
APS 4	$53,336	$55,242	3.6%
APS 5	$59,790	$61,926	3.6%
APS 6	$67,237	$69,639	3.6%
EL 1	$74,684	$77,351	3.6%
EL 2	$85,711	$88,771	3.6%

Table 2.2 – 2007/2008 CPS Total Remuneration Package Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2007	CPS Midpoint 2008	Increase (%)
APS 1	$36,101	$37,544	4.0%
APS 2	$45,706	$47,341	3.6%
APS 3	$52,280	$54,150	3.6%
APS 4	$58,854	$60,958	3.6%
APS 5	$65,976	$68,334	3.6%
APS 6	$74,194	$76,844	3.6%
EL 1	$82,411	$85,354	3.6%
EL 2	$94,579	$97,955	3.6%

As can be seen from the data in the Tables above, the 'real' movement in CPS non-SES remuneration is between 3.6 per cent and 4.0 per cent.

- The exclusion of Western Australian SES data from this year's analysis does not affect the CPS midpoint, as the remuneration ranges for Western Australia in previous surveys were not the minimum or maximum values in the CPS, which therefore did not impact the reported minimum or maximum CPS values
- The inclusion of South Australian SES equivalents in this year's survey does not affect the CPS midpoint, as the remuneration ranges are positioned around the middle compared to other public services and therefore has not influenced the reported minimum or maximum CPS values.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 2.1 – APS Median SES TRP Comparisons with CPS Midpoint

	SES 1	CPS	CR[1]	SES 2	CPS	CR	SES 3	CPS	CR
2008	$196,880	$170,465	0.87	$248,133	$213,991	0.86	$315,007	$279,600	0.89
2007	$185,606	$163,445	0.88	$233,566	$205,341	0.88	$293,404	$268,493	0.92

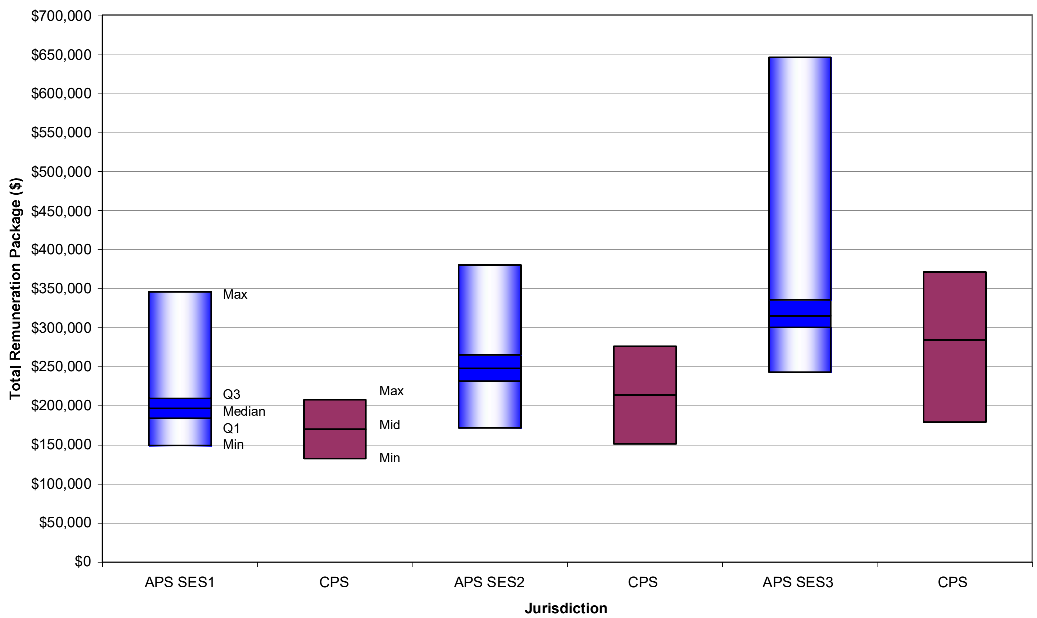
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.2 – APS Median SES TRP Movement Comparisons with CPS Midpoint

	SES 1	CPS	SES 2	CPS	SES 3	CPS
	m	m	m	m	m	m
2008	6.1%	4.3%	6.2%	4.2%	7.4%	4.1%
2007	4.4%	4.4%	5.8%	4.4%	6.1%	4.4%

m = movement

Chart 2.1 – TRP Comparison in 2008 for SES 1 to SES 3



Tables 2.1 and 2.2, and Chart 2.1, show that:

- overall SES competitive positioning has increased slightly compared to the CPS, with SES TRP medians positioned 13 per cent, 14 per cent and 11 per cent respectively above the CPS midpoint (compared to 12 per cent, 12 per cent and 8 per cent above in 2007)
- SES employees whose TRP is above Q1 are very competitively positioned against the CPS midpoint and are being rewarded within the upper half of the CPS range
- SES employees below Q1 are well positioned against the lower half of the CPS range, with minimum APS TRP above corresponding CPS minimum
- across all SES bands the majority of APS employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES TRP median movements were above midpoint movements for the corresponding CPS classification.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 2.3 – Median APS 1 to APS 3 TRP Comparisons with CPS Midpoint

	APS 1	CPS	CR[1]	APS 2	CPS	CR	APS 3	CPS	CR
2008	$43,366	$37,544	0.87	$50,759	$47,341	0.93	$56,729	$54,150	0.95
2007	$41,507	$36,101	0.87	$47,128	$44,676	0.95	$53,679	$50,002	0.93

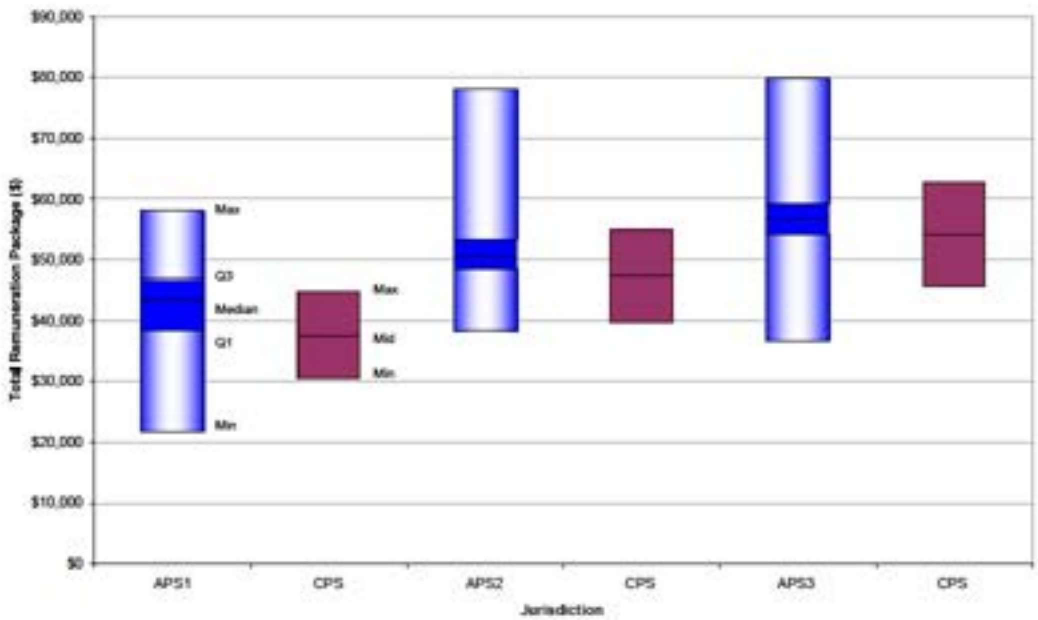
[1] CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.4 – Median APS 1 to APS 3 TRP Movement Comparisons with CPS Midpoint

	APS 1	CPS	APS 2	CPS	APS 3	CPS
	m	m	m	m	m	m
2008	4.5%	4.0%	7.7%	6.0%	5.7%	8.3%
2007	2.3%	4.0%	2.1%	4.0%	2.5%	3.8%

m = movement

Chart 2.2 – TRP Comparison in 2008 for APS 1 to APS 3



Tables 2.3 and 2.4, and Chart 2.2, show that:

- APS 1 to APS 3 TRP medians remain competitive against the CPS midpoints, with APS 1 competitiveness remaining the same, APS 2 competitiveness increasing by 2 per cent and APS 3 competitiveness decreasing by 2 per cent
- APS 1 to APS 3 employees whose TRP is above Q1 are being rewarded within the upper half of the CPS range
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications
- the majority of APS 1 to APS 3 employees above Q3 are remunerated above the maximum of the corresponding CPS classifications.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 2.5 – Median APS 4 to APS 6 TRP Comparisons with the CPS Midpoint

	APS 4	CPS	CR[1]	APS 5	CPS	CR	APS 6	CPS	CR
2008	$63,863	$60,958	0.95	$70,188	$68,334	0.97	$81,295	$76,844	0.95
2007	$60,806	$55,328	0.91	$67,717	$61,098	0.90	$78,411	$67,756	0.86

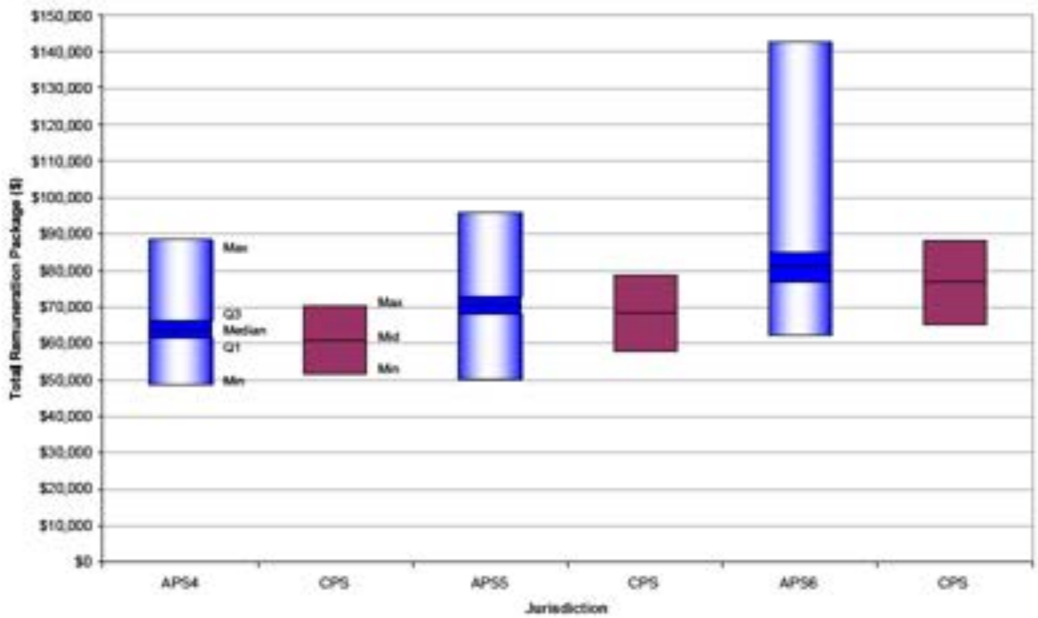
[1] CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the CPS Midpoint

	APS 4	CPS	APS 5	CPS	APS 6	CPS
	m	m	m	m	m	m
2008	5.0%	10.2%	3.6%	11.8%	3.7%	13.4%
2007	4.1%	3.7%	4.6%	3.6%	3.8%	3.6%

m = movement

Chart 2.3 – TRP Comparison in 2008 for APS 4 to APS 6



Tables 2.5 and 2.6, and Chart 2.3, show that:

- APS 4 to APS 6 TRP medians are positioned 5 per cent, 3 per cent and 5 per cent respectively above the CPS midpoints. Competitive positioning has decreased by between 4 per cent and 9 per cent since 2007. These decreases are partially due to the exclusion of the Western Australian public service from this year's non-SES analysis.
- APS 4 to APS 6 employees whose TRP is above Q1 are very competitively positioned in the upper half of the CPS range
- APS 4 to APS 6 employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 2.7 – Median EL 1 and EL 2 TRP Comparisons with the CPS Midpoint

	EL 1	CPS	CR	EL 2	CPS	CR
2008	$102,614	$85,354	0.83	$129,329	$97,955	0.76
2007	$98,234	$74,414	0.76	$123,277	$84,272	0.68

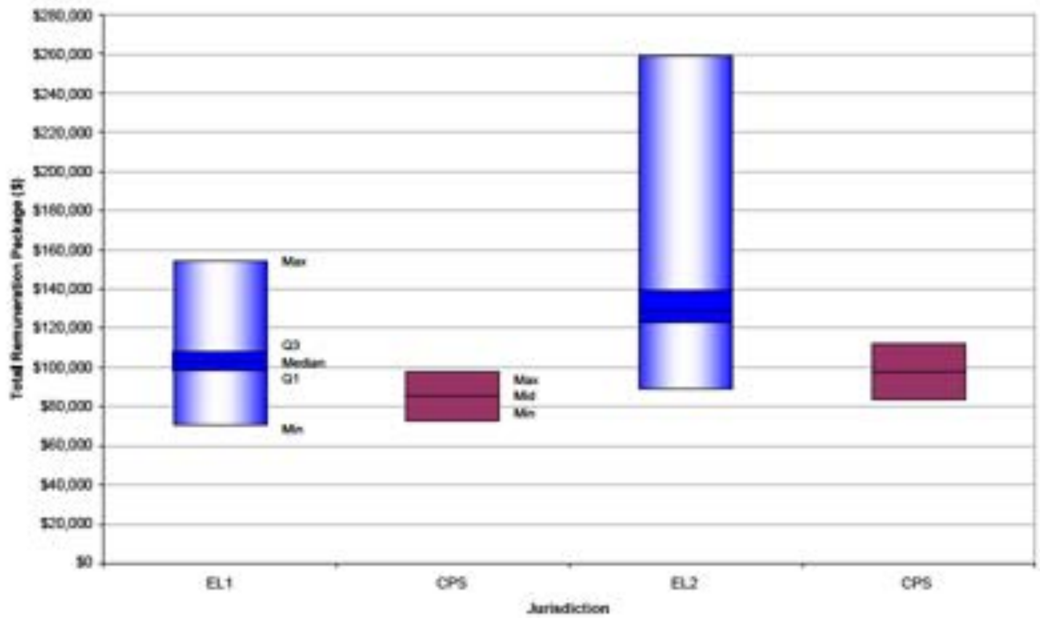
CR = comparatio. Comparatios reflect APS set at 1.00

Table 2.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the CPS Midpoint

	EL 1	CPS	EL 2	CPS
	m	m	m	m
2008	4.5%	14.7%	4.9%	16.2%
2007	4.7%	3.5%	4.6%	3.4%

m = movement

Chart 2.4 – TRP Comparison in 2007 for EL 1 and EL 2



Tables 2.7 and 2.8, and Chart 2.4, show that:

- EL 1 and EL 2 TRP medians are positioned 17 per cent and 24 per cent respectively above the corresponding CPS midpoints, which are 7 per cent and 8 per cent decrease from 2007. These decrease are partially due to the exclusion of the Western Australian public service in the 2008 analysis
- EL 1 and EL 2 employees are very competitively positioned against the CPS
- EL 1 and EL 2 employees above Q1 exceed the maximum TRP of the corresponding CPS classifications.

3

Relative Position of SES and Non-SES Classifications with the Private Sector

This section compares SES and non-SES TRP against the private sector's general market. The general market is a national database, and represents Mercer's broadest and most comprehensive database covering a diverse range of agencies across all industries and job families (excluding public services).

SES Base Salary has not been compared because a high proportion of agencies in the private sector manage senior executive remuneration on a TRP basis. Similarly, as bonuses are not a significant feature for non-SES remuneration, Mercer has not undertaken a comparative analysis on the basis of TR for non-SES classifications.

Remuneration data has been drawn from the private sector's various quartiles (i.e. Q1, the median and Q3), utilising work value and the general market trendline. This enables a direct comparison against the APS TRP. Results from 2007 have been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and changes in competitive positioning.

Appendix C provides an overview of remuneration practices in the private sector.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 3.1 – Median SES TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	SES 1	**Q1**	**CR**	**Median**	**CR**
2008	$196,880	$177,500	0.90	$210,722	1.07
2007	$185,606	$169,370	0.91	$201,071	1.08
	SES 2	**Q1**	**CR**	**Median**	**CR**
2008	$248,133	$251,868	1.02	$307,628	1.24
2007	$233,566	$240,430	1.03	$293,659	1.26
	SES 3	**Q1**	**CR**	**Median**	**CR**
2008	$315,007	$379,908	1.21	$469,987	1.49
2007	$293,404	$363,215	1.24	$449,336	1.53

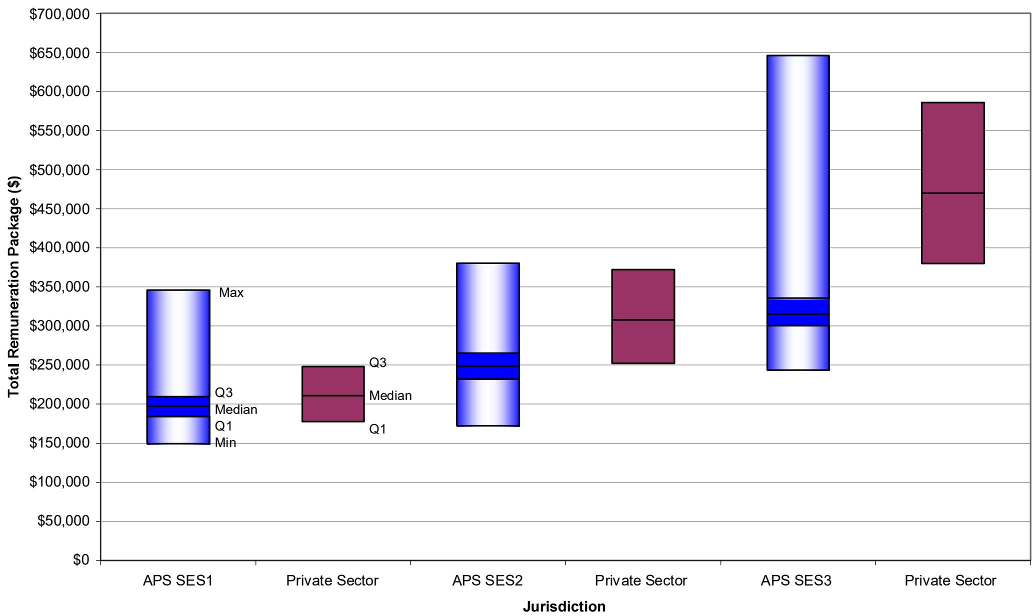
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.2 – Median SES TRP Movement Comparisons with the Private Sector

	SES 1	Private Sector		SES 2	Private Sector		SES 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2008	6.1%	4.8%	4.8%	6.2%	4.8%	4.8%	7.4%	4.6%	4.6%
2007	4.4%	4.5%	4.5%	5.8%	4.4%	4.4%	6.1%	4.2%	4.2%

m = movement

Chart 3.1 – TRP Comparison in 2008 for SES 1 to SES 3



Tables 3.1 and 3.2, and Chart 3.1, show that:

- the SES 1 TRP median is 10 per cent above the private sector Q1 but 7 per cent below the private sector median. SES 1 employees above Q1 are competitively positioned against the private sector, at levels between the lower quartile and median of this market. SES 1 TRP movements at 6.1 per cent were higher than private sector movements of 4.8 per cent at Q1 and the median
- the SES 2 TRP median is 2 per cent below the private sector Q1 and 24 per cent below the median. This represents improved competitiveness compared to 2007 of 1 per cent (at Q1) and 2 per cent (at Median). SES 2 TRP movements in 2007 were 6.2 per cent, higher than private sector movements of 4.8 per cent. Only SES 2 employees above Q3 could be described as 'market competitive'
- the SES 3 TRP median is 21 per cent below the private sector Q1 and 49 per cent below the median. This is a 3 per cent and 4 per cent improvement respectively in competitiveness from 2007. This improvement is a reflection of the higher movements seen in the APS (7.4 per cent compared to 4.6 per cent in the private sector). Despite this improvement more than 75 per cent of SES 3 employees have a TRP below the private sector Q1 benchmark.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 3.3 – Median APS 1 to APS 3 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 1	**Q1**	**CR**	**Median**	**CR**
2008	$43,366	$29,841	0.69	$32,257	0.74
2007	$41,507	$28,436	0.69	$30,737	0.74
	APS 2	**Q1**	**CR**	**Median**	**CR**
2008	$50,759	$43,854	0.86	$48,134	0.95
2007	$47,128	$41,785	0.89	$45,863	0.97
	APS 3	**Q1**	**CR**	**Median**	**CR**
2008	$56,729	$54,546	0.96	$60,258	1.06
2007	$53,679	$51,972	0.97	$57,415	1.07

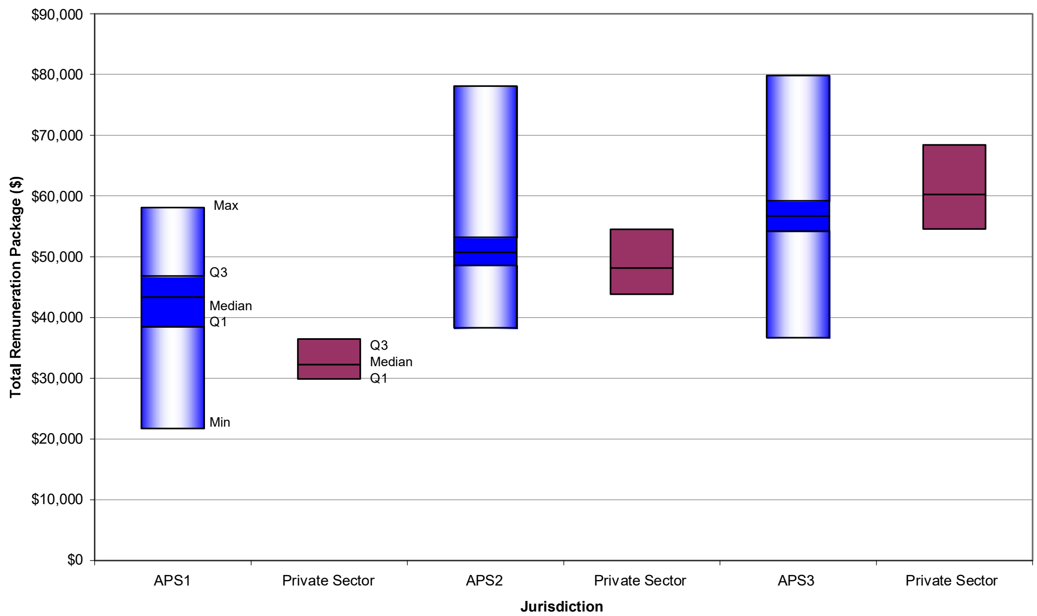
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the Private Sector

	APS 1	Private Sector		APS 2	Private Sector		APS 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2008	4.5%	4.9%	4.9%	7.7%	5.0%	5.0%	5.7%	5.0%	5.0%
2007	2.3%	4.7%	4.7%	2.1%	4.7%	4.7%	2.5%	4.7%	4.7%

m = movement

Chart 3.2 – TRP Comparison in 2008 for APS 1 to APS 3



Tables 3.3 and 3.4, and Chart 3.2, show that:

- APS 1 TRP is very competitively positioned against the private sector. APS 1 employees above Q1 are remunerated well above the private sector Q3. Median remuneration is 31 per cent above the private sector Q1 and 26 per cent above the median. This competitiveness is associated with high Base Salary levels and high employer superannuation contributions. Relative competitiveness has remained the same since 2007. APS 1 TRP movements of 4.5 per cent were less than general market movements of 4.9 per cent
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector. Competitiveness has increased by between 2 per cent and 3 per cent at the APS 2 level since 2007. APS 2 TRP movements of 7.7 per cent were higher than general market movements of 5.0 per cent
- APS 3 employees between Q1 and Q3 are remunerated in line with lower quartile remuneration in the private sector. The APS 3 TRP median is 4 per cent above the private sector Q1 and 6 per cent below the median, which is a slightly higher level of competitiveness compared to 2007. APS 3 TRP movements of 5.7 per cent were higher than general market movements of 5.0 per cent
- all three classifications remain competitively positioned against equivalent positions in the private sector.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 3.5 – Median APS 4 - APS 6 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 4	**Q1**	**CR**	**Median**	**CR**
2008	$63,863	$65,238	1.02	$72,383	1.13
2007	$60,806	$62,160	1.02	$68,968	1.13
	APS 5	**Q1**	**CR**	**Median**	**CR**
2008	$70,188	$76,325	1.09	$85,582	1.22
2007	$67,717	$72,811	1.08	$81,641	1.21
	APS 6	**Q1**	**CR**	**Median**	**CR**
2008	$81,295	$92,617	1.14	$104,971	1.29
2007	$78,411	$88,332	1.13	$100,115	1.28

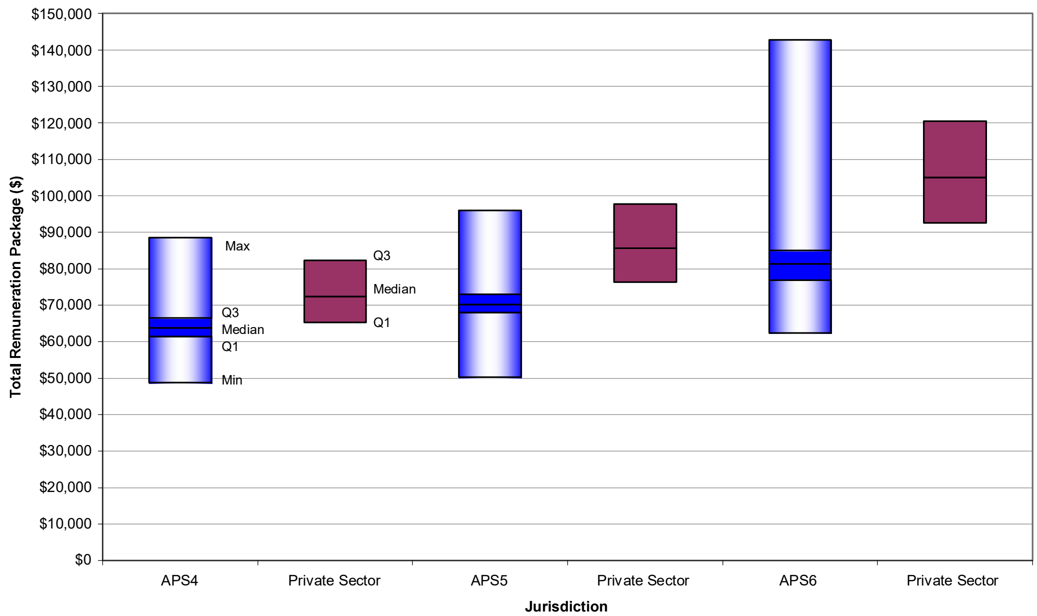
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector		APS	Private Sector	
	APS 4	**Q1**	**Median**	**APS 5**	**Q1**	**Median**	**APS 6**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2008	5.0%	5.0%	5.0%	3.6%	4.8%	4.8%	3.7%	4.9%	4.9%
2007	4.1%	4.7%	4.7%	4.6%	4.5%	4.5%	3.8%	4.5%	4.5%

m = movement

Chart 3.3 – TRP Comparison in 2008 for APS 4 to APS 6



Tables 3.5 and 3.6, and Chart 3.3, show that:

- APS 4 employees above Q3 are aligned with the private sector's Q1 to Q3 range. As in 2007, the APS 4 TRP median is 2 per cent below the private sector Q1 and 13 per cent below the private sector median. Relative competitiveness has remained the same. Both APS 4 and the general market had TRP movements of 5.0 per cent
- Only APS 5 employees above Q3 are competitive with equivalent private sector employees. The APS 5 TRP median is 9 per cent below the private sector Q1 and 22 per cent below the private sector median. Relative competitiveness has decreased by 1 per cent since 2007. APS 5 TRP increased by 3.6 per cent, lower than the general market movement of 4.8 per cent
- Only APS 6 employees above Q3 are competitively positioned against the private sector. The APS 6 TRP median is 14 per cent and 29 per cent below the private sector Q1 and median respectively. The competitiveness with the private sector has decreased by 1 per cent. The APS 6 TRP movement of 3.7 per cent is lower than general market movement of 4.8 per cent.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 3.7 – Median EL 1 and EL 2 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	EL 1	**Q1**	**CR**	**Median**	**CR**
2008	$102,614	$111,418	1.09	$127,372	1.24
2007	$98,234	$106,264	1.08	$121,479	1.24
	EL 2	**Q1**	**CR**	**Median**	**CR**
2008	$129,329	$135,263	1.05	$156,593	1.21
2007	$123,277	$129,068	1.05	$149,421	1.21

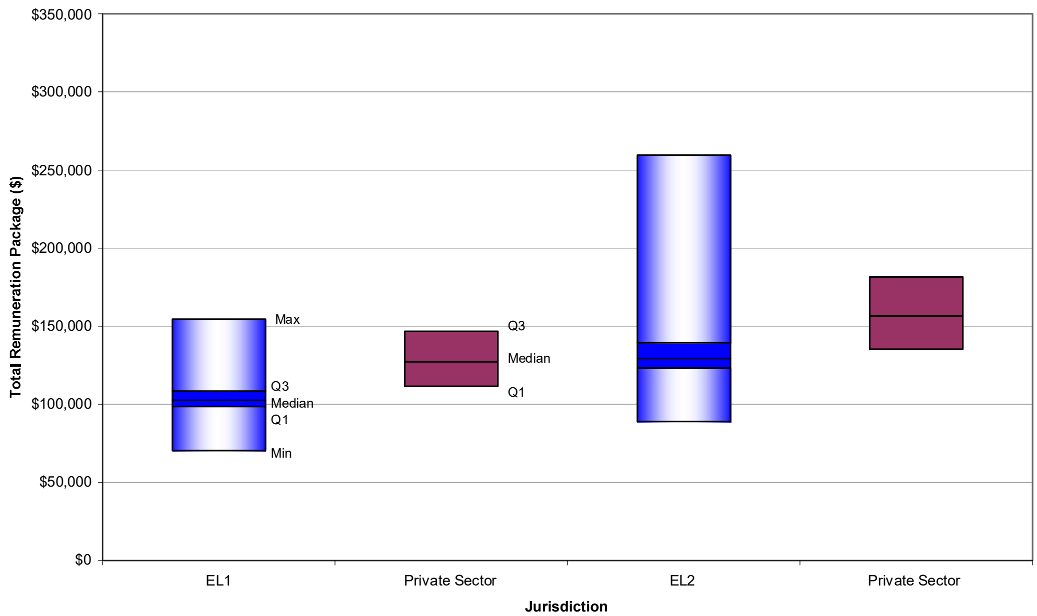
CR = comparatio. Comparatios reflect APS set at 1.00

Table 3.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector	
	EL 1	**Q1**	**Median**	**EL 2**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**
2008	4.5%	4.9%	4.9%	4.9%	4.8%	4.8%
2007	4.7%	4.5%	4.5%	4.6%	4.5%	4.5%

m = movement

Chart 3.4 – TRP Comparison in 2008 for EL 1 and EL 2



Tables 3.7 and 3.8, and Chart 3.4, show that:

- the EL 1 TRP median is 9 per cent and 24 per cent below the Q1 and median of the private sector respectively, which is similar to 2007. EL 1 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range. However, the 75 per cent of EL 1 employees below Q3 have a TRP below the private sector Q1. EL 1 TRP increased by 4.5 per cent, lower than the general market movement of 4.9 per cent
- the EL 2 TRP median is 5 per cent and 21 per cent below the Q1 and median of the private sector respectively, which is the same as in 2007. As is the case for EL 1 employees, only EL 2 employees above Q3 are competitively positioned against the private sector. Employees below Q3 are positioned below the private sector minimum. The EL 2 TRP increase of 4.9 per cent is slightly higher than the general market movement of 4.8 per cent
- at EL 1 and EL 2 classifications, the level of reward competitiveness against the private sector has stayed relatively stable over the past few years
- EL 1 and EL 2 competitiveness against the private sector decreases from a TRP perspective (compared with other APS classifications), due to benefits such as motor vehicles being increasingly prevalent in the private sector for classifications positions.

Base Salary Analysis – Graduate

Table 3.9 – Private Sector Graduate Base Salary in 2007 and 2008 compared to the APS*

	Median		Average	
	2007	2008	2007	2008
APS Graduate Salaries	$45,902	$49,753	$46,611	$50,844
Accounting	$45,750	$46,849	$47,621	$47,396
Economics	$45,000	$45,750	$47,017	$46,461
Computer Science	$46,000	$48,617	$48,157	$47,512
Engineering	$52,000	$52,000	$51,594	$51,569
Human Resources/Industrial Relations	$48,000	$45,000	$47,674	$46,324
Marketing	$45,000	$47,000	$46,667	$45,956
Science	$47,500	$48,617	$47,840	$47,354
Business/Commerce	$45,000	$45,000	$47,167	$45,295
Social Sciences/Art	$44,495	$45,000	$47,674	$45,893
Master of Business Administration (MBA)	$47,250	n/a	$48,603	n/a
Law	n/a	$44,000		$45,390

* 2008 figures sourced from Mercer's *Australian Benefits Review 2008* publication

Table 3.9 (or calculations based on this data) shows that:

- depending on the job family, in 2008 median graduate salaries in the private sector ranged from $44,000 to $52,000, which is similar to the 2007 median Base Salary range of $44,495 to $52,000
- Engineering, Computer Science and Science graduates started at higher salaries than graduates from other disciplines in 2008
- the APS average graduate Base Salary of $50,844 is 8.4 per cent above the average of $46,915 across all job families in the private sector, an improvement from 2.9 per cent below the private sector average in 2007
- the APS average graduate Base Salary is also above the average of each job family group, except for engineering. This was unlike the trend in 2007, where the APS average graduate Base Salary was below the average of each job family.

4

Summary of Key Findings

This section provides a summary of key findings of APS SES and non-SES TRP comparisons against the combined public service and the private sector's general market.

Combined Public Service (CPS) Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the CPS show that:

- APS SES employees are competitively positioned when compared to the CPS
- the overall competitive positioning has improved since 2007
- across all SES bands the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES employees below Q1 are generally remunerated above the minimum of the corresponding CPS classifications.
- SES TRP median movements were above midpoint movements for the corresponding CPS classifications.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the CPS show that:

- the majority of APS employees are competitively remunerated when compared to the CPS
- compared to 2007, APS 1 competitiveness has remained the same, APS 2 competitiveness has increased by 2 per cent and APS 3 competitiveness has decreased by 2 per cent
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classifications.
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the CPS show that:

- the majority of APS employees in these classifications are competitively remunerated when compared to the CPS
- the competitive positioning for APS 4 to APS 6 employees has decreased by between 4 per cent and 9 per cent since 2007, partially due to the exclusion of the Western Australian public service in 2008. Adjusted data supports that the actual underlying change is 3.6 per cent
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent classification
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

EL 1 and EL 2

- from a TRP perspective, the majority of APS EL 1 and EL 2 employees are very competitively remunerated when compared to the CPS
- competitive positioning has decreased by between 7 per cent and 8 per cent, partially due to the exclusion of the Western Australian public service in the 2008 analysis. Adjusted data supports that the actual underlying change is 3.6 per cent
- EL 1 and EL 2 employees above Q1 are remunerated above the maximum TRP remuneration of corresponding CPS classifications.

Private Sector Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the private sector show that:

- SES 1 employees above Q1 are remunerated in line with the lower half of corresponding remuneration in the private sector
- SES 2 employees above Q3 are comparable to the private sector Q1 to Q3 range
- more than 75 per cent of SES 3 employees have a TRP below the private sector Q1 benchmark
- the overall competitive positioning has improved slightly at all SES classifications since 2007.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the private sector show that:

- APS 1 employees above Q1 are remunerated well above the private sector Q3
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector
- APS 3 employees between Q1 and Q3 are remunerated in line with lower quartile remuneration in the private sector
- the overall competitive positioning has been maintained for APS 1, and has improved for APS 2 and APS 3.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the private sector show that:

- from a TRP perspective, APS 4 to APS 6 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- APS 4 to APS 6 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning is unchanged for APS 4, and has decreased by 1 per cent for APS 5 and APS 6 classifications.

EL 1 and EL 2

TRP comparisons for EL 1 and EL 2 employees with the private sector show that:

- EL 1 and EL 2 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- EL 1 and EL 2 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning of APS TRP remuneration has generally been maintained at the EL 1 and EL 2 classifications since 2007.

Graduates

TRP comparisons for Graduate employees with the private sector show that:

- in 2008, the median range of graduate Base Salaries in the private sector ranged from $44,000 to $52,000 across different job families, compared to the APS median of $49,753
- Engineering, Computer Science and Science graduates typically started at higher Base Salaries than graduates from other disciplines
- the average APS graduate Base Salaries ($50,844) is 8.4 per cent above the private sector ($46,915), significantly improving from 2.9 per cent below in 2007.

Provision of Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES 1 and SES 2 median motor vehicle values ($23,625 and $24,500 respectively) are competitive against private sector median vehicle values (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis, and use novated leases for vehicles). The SES 3 median motor vehicle value of $25,000 is significantly less than SES 3 equivalent roles in the private sector of ~$34,600.

SES median employer superannuation contributions (between 16 per cent and 25.2 per cent of Base Salary, depending on SES band) are competitive in comparison to private sector employer superannuation contributions.

As a proportion of TRP, SES average actual bonus payments of 4.4 per cent to 5.1 per cent are significantly lower than the private sector average payments of 13 per cent to 31 per cent. SES 1 to SES 3 average bonus payments as a proportion of TRP are approximately one-third to one-fifth of those paid in the private sector.

APS 1 to EL 2

Non-SES median employer superannuation contributions (15.4 per cent of Base Salary) are very competitively positioned in comparison to the private sector employer superannuation contributions, which are generally 9 per cent of Base Salary.

Only 1 per cent of EL 1 and 1 per cent of EL 2 employees received a vehicle benefit in 2008. This is quite different to the trend in the private sector, as vehicles are typically provided in the salary packages of many EL 1 and EL 2 equivalent positions. This is the main reason why TRP competitiveness is significantly less than Base Salary competitiveness against the private sector for EL 1 and EL 2 employees.

Appendix A

Definition of Terms

Remuneration Items

Base Salary

Base Salary represents full time equivalent annualised PAYG salary. It includes pre-tax employee superannuation contributions made by salary sacrifice and any additional salary sacrifice amounts for other benefits. It excludes all other cash components such as bonuses and allowances.

Bonuses

At a practical level, the terms ‘bonus’ and ‘incentive’ are often used interchangeably. For the purposes of consistency throughout the 2008 APS Remuneration Survey, performance-based payments have been referred to as ‘bonuses’ even though in the APS they are often related to achievement of key performance indicators and hence meet the defining criteria of incentives. Performance-based bonuses in the private sector would more likely be referred to as incentives.

Total Remuneration Package (TRP)

TRP is defined as Base Salary plus the value of any benefits such as superannuation and motor vehicles, plus FBT on all benefit items. It does not include any bonus payments.

Total Reward (TR)

TR is TRP plus bonus payments.

Statistical Terms

Average

The average is the arithmetic mean, calculated by summing all values and dividing by the number of values.

Comparatios

Comparatios (*CR*) are a representation of market relativity, and are commonly defined as the ratio between an actual remuneration rate and a comparable remuneration market/benchmark rate, and are expressed as an integer with two decimal places. APS data is defined as 1.00, with other jurisdictions' competitive positioning being assessed against the APS. For example, a jurisdiction's outcome of 0.92 would indicate that it is 8 per cent below the APS (1.00).

First Quartile / Q1

The first quartile or 25th percentile (*Q1*) is the midpoint of the lower half of the sample. That is, the first quartile is the point where 25 per cent of the cases fall below and where 75 per cent of the cases fall above.

Median

The median is the midpoint of a range of figures. It is calculated by sorting all the values into ascending order then locating the value where 50 per cent of the cases fall below and where 50 per cent of the cases fall above. The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Third Quartile / Q3

The third quartile or 75th percentile (*Q3*) is the midpoint of the upper half of the sample. That is, the third quartile is the point where 75 per cent of the cases fall below and where 25 per cent of the cases fall above.

Midpoint

The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Standard Deviation (SD)

SD is used to measure the spread of data from the average. The SD is sensitive to outliers, so where significant outliers are present this can significantly increase the SD. The greater the spread of data, the higher the SD value.

Trendlines

Trendlines, as referred to in this report, are regression lines derived from work value points and the corresponding published rates of pay.

APS Work Value Ranges

The work values used in this report have been determined using the Mercer job evaluation system. Indicative work value ranges for APS SES and non-SES classifications are presented in Table A.1. The APS SES and non-SES work value ranges are indicative only and are not based on a whole of APS calibration.

Table A.1 – SES and Non-SES Indicative Work Value Points Ranges[1]

Band/Level	Minimum	Midpoint	Maximum
APS 1	-	50	99
APS 2	100	130	159
APS 3	160	190	219
APS 4	220	250	279
APS 5	280	315	349
APS 6	350	390	429
EL 1	430	465	500
EL 2	501	576	650
SES 1	685	817	949
SES 2	950	1225	1499
SES 3	1500	1840	2179

[1]Work value ranges are indicative, based on the findings of a range of studies with individual agencies

The Mercer job evaluation system has been widely adopted to underpin classification and remuneration management systems in all public services across Australia. Agencies are attracted to job evaluation systems for many reasons, often related to a desire to establish more robust, transparent or systematic processes.

The high level of acceptance of this specific methodology in a public sector context may have a number of explanations, but three are relevant for the purposes of this survey:

- the universal nature of work value factors examined, supporting applicability to all job types
- the fact that the methodology was initially developed with the needs of both private and public sector agencies in mind, and has evolved within the changing public service context
- the incorporation of specific public service descriptors, definitions and standards which address work that is unique to the public service (e.g. policy roles, machinery of government requirements, statutory accountability).

Work value benchmarks across the various public services enable the reasonable comparison of remuneration across jurisdictions for the purposes of this broader market analysis.

Appendix B

Relative Position of APS SES and Non-SES Classifications with Individual Public Service Jurisdictions

This section compares APS SES and non-SES TRP against individual public service jurisdictions. Table data compares the APS median to the individual public service jurisdiction's midpoint. The 2007 results have been included for comparative purposes. In addition to the comparatio (*CR*) analysis, Mercer has also ranked (r) the positioning of the APS against the individual public service jurisdictions.

APS SES Base Salary and TR have not been compared because most jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for non-SES classifications or corresponding non-SES equivalent classifications in individual public services, Mercer has only undertaken the comparative analysis on the basis of TRP for non-SES classifications.

The data used in the individual public service jurisdiction analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. The individual public service jurisdiction analysis utilises each jurisdiction's reported remuneration range. Mercer has adjusted the reported motor vehicle values of each jurisdiction to ensure the true TRP values of jurisdictions are appropriately aligned to the APS TRP values.

Tasmanian public service remuneration data has not been included in the current report and previous surveys, because they do not use a work value methodology to underpin the classification of non-SES equivalent positions. Relativities to APS classification and remuneration structures are therefore not able to be determined with sufficient precision. Western Australian non-SES and SES remuneration data, while included in previous surveys, is not included in the current report as Mercer had some concerns with the data and will need to undertake a benchmarking exercise for the Western Australian public service in the future. South Australian SES data, while included in previous surveys, was excluded from last year's analysis and Mercer was unable to obtain the data. However, South Australian SES data has been included in the 2008 survey.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1

Table B.1 – Median SES 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	R	cr	r	cr	r	cr	r	cr	r
2008	1.00	1	0.98	2	0.98	3	0.95	4	0.72	7	0.93	5	0.82	6	n/a	n/a
2007	1.00	2	0.99	3	1.00	1	0.96	4	0.73	7	n/a	n/a	0.84	6	0.84	5

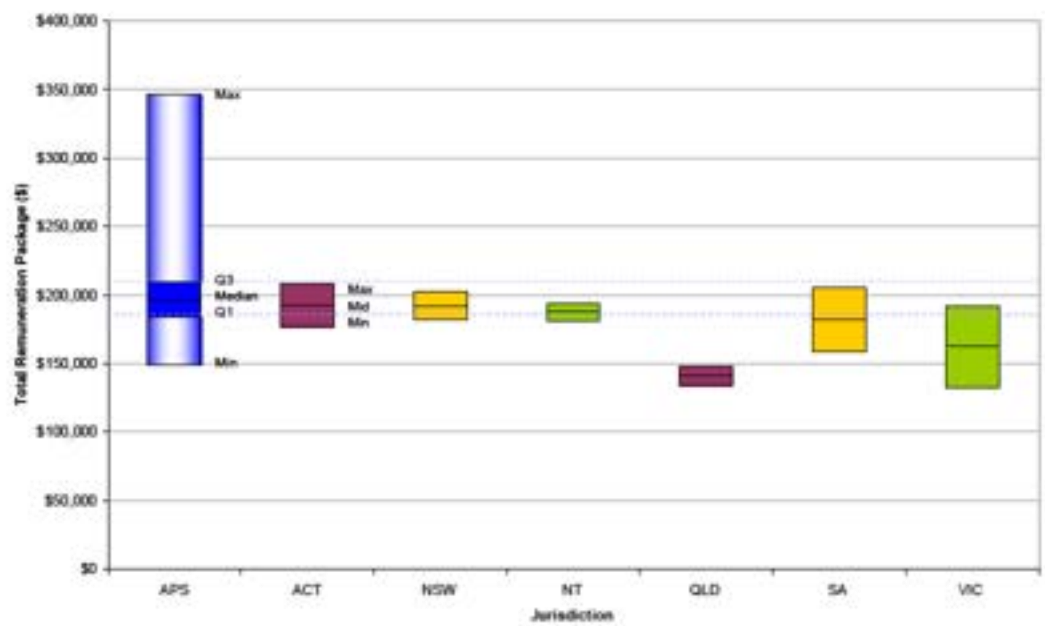
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00.

Table B.2 – Median SES 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	R	m	r	m	r	m	r	m	r
2008	6.1%	1	4.5%	3	3.6%	6	4.8%	2	4.5%	4	n/a	n/a	3.9%	5	n/a	n/a
2007	4.4%	2	3.4%	6	2.4%	7	3.6%	5	3.7%	4	n/a	n/a	6.0%	1	3.9%	3

r = ranking m = movement

Chart B.1 – TRP Comparison in 2008 – SES 1



Tables B.1 and B.2, and Chart B.1, show that:

- The APS had the highest SES 1 median TRP across all public services
- SES 1 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions
- The APS SES 1 TRP median movement of 6.1 per cent was the highest in comparison to other public service jurisdictions.

Total Remuneration Package (TRP) Analysis – SES 2

Table B.3 – Median SES 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	1.01	1	0.94	3	0.88	5	0.74	7	0.93	4	0.75	6	n/a	n/a
2007	1.00	2	1.02	1	0.96	3	0.9	4	0.75	7	n/a	n/a	0.76	6	0.88	5

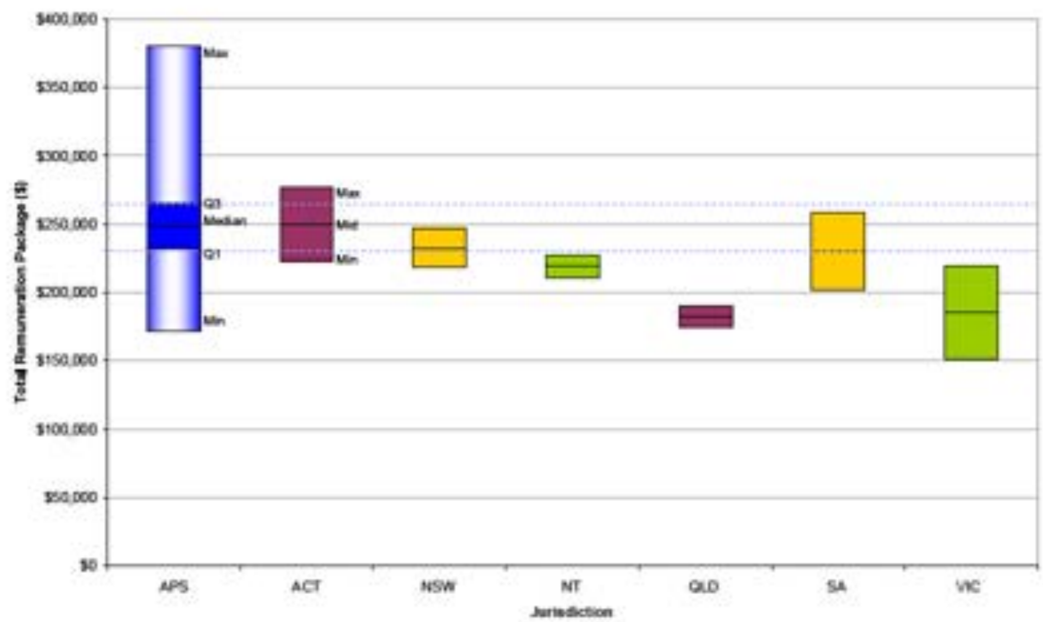
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00.

Table B.4 – Median SES 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	6.2%	1	4.4%	4	3.4%	6	4.7%	2	4.6%	3	n/a	n/a	3.8%	5	n/a	n/a
2007	5.8%	2	3.5%	6	2.4%	7	3.7%	4	3.6%	5	n/a	n/a	6.0%	1	4.0%	3

r = ranking m = movement.

Chart B.2 – TRP Comparison in 2008 – SES 2



Tables B.3 and B.4, and Chart B.2, show that:

- The APS had the second highest SES 2 median TRP, trailing the ACT by 1 per cent
- SES 2 employees between Q1 and Q3 are competitively positioned against all other state jurisdictions, except for the ACT
- SES 2 employees above Q3 are competitively positioned against the ACT
- as with SES 1, SES 2 TRP median movement of 6.2 per cent also ranked first in comparison with other individual public service jurisdictions.

Total Remuneration Package (TRP) Analysis – SES 3

Table B.5 – Median SES 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	1.07	1	0.93	4	0.85	5	0.78	6	0.96	3	0.70	7	n/a	n/a
2007	1.00	2	1.10	1	0.97	3	0.87	5	0.80	6	n/a	n/a	0.72	7	0.95	4

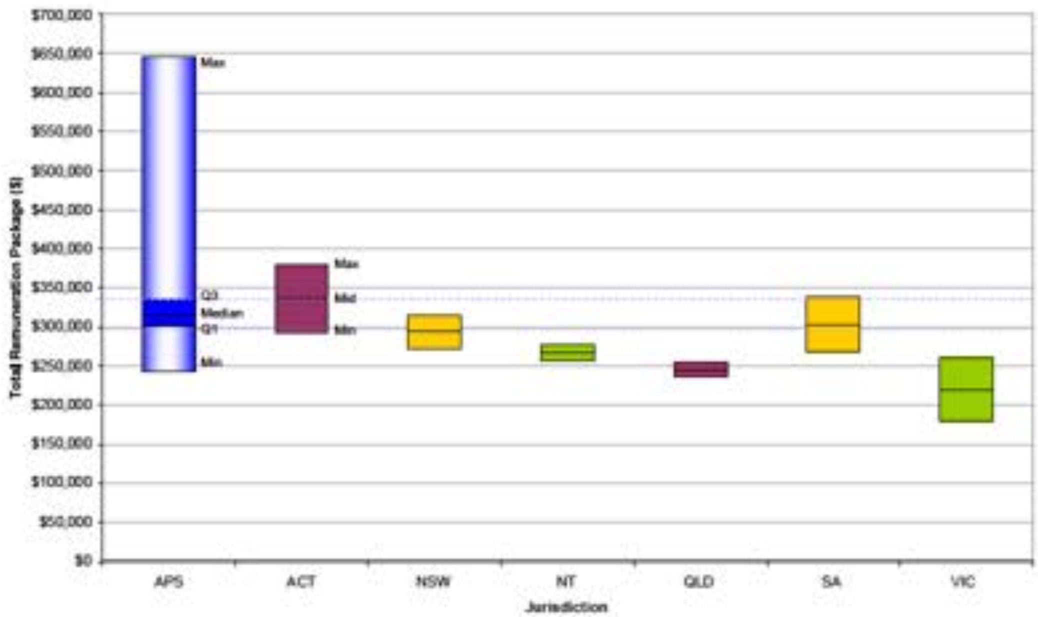
r = ranking cr = comparatio. *Comparatios reflect APS set at 1.00.

Table B.6 – Median SES 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	7.4%	1	4.3%	4	3.2%	6	4.6%	3	4.8%	2	n/a	n/a	3.6%	5	n/a	n/a
2007	6.1%	1	3.6%	5	2.4%	7	3.8%	4	3.5%	6	n/a	n/a	6.1%	2	4.1%	3

r = ranking m = movement.

Chart B.3 – TRP Comparison in 2008 – SES 3



Tables B.5 and B.6, and Chart B.3, show that:

- SES 3 median TRP ranked second behind the ACT by 7 per cent
- SES 3 employees above Q3 receive comparable remuneration to the upper range of the ACT
- The SES 3 TRP between Q1 and Q3 is well positioned against all other jurisdictions
- the SES 3 TRP median movement of 7.4 per cent ranked first across all individual public service jurisdictions.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1

Table B.7 – Median APS 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	0.75	7	1.02	1	0.95	3	0.82	5	0.89	4	0.78	6	n/a	n/a
2007	1.00	2	0.76	8	1.03	1	0.95	3	0.82	6	0.89	4	0.79	7	0.82	5

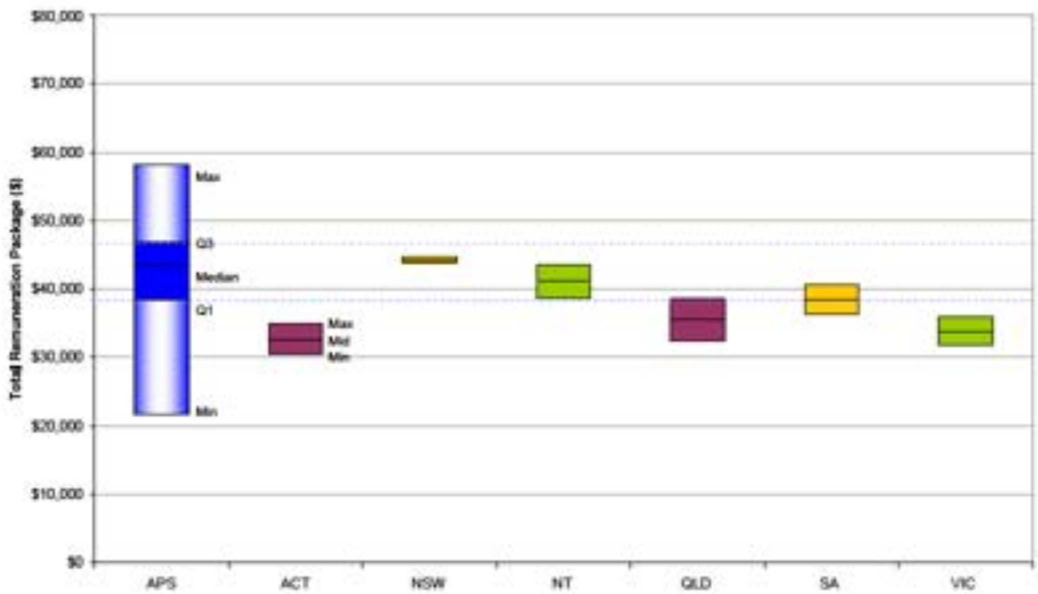
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.8 – Median APS 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	4.5%	2	4.0%	3	4.0%	4	4.0%	5	4.7%	1	3.5%	6	3.0%	7	n/a	n/a
2007	2.3%	8	4.0%	3	4.0%	4	4.0%	5	4.8%	1	3.5%	6	3.0%	7	4.2%	2

r = ranking m = movement

Chart B.4 – TRP Comparison in 2008 – APS 1



Tables B.7 and B.8, and Chart B.4, show that:

- the majority of APS 1 employees are competitively positioned against all individual public service jurisdictions, with the APS 1 median TRP positioned second behind NSW (by 2 per cent)
- the APS 1 median TRP moved by 4.5 per cent, the second highest movement across all jurisdictions. In 2007, the APS had the lowest movement of 2.3 per cent.

Total Remuneration Package (TRP) Analysis – APS 2

Table B.9 – Median APS 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	0.87	6	1.07	1	0.97	3	0.89	5	0.94	4	0.85	7	n/a	n/a
2007	1.00	3	0.90	6	1.11	1	1.00	2	0.92	5	0.97	4	0.89	7	0.81	8

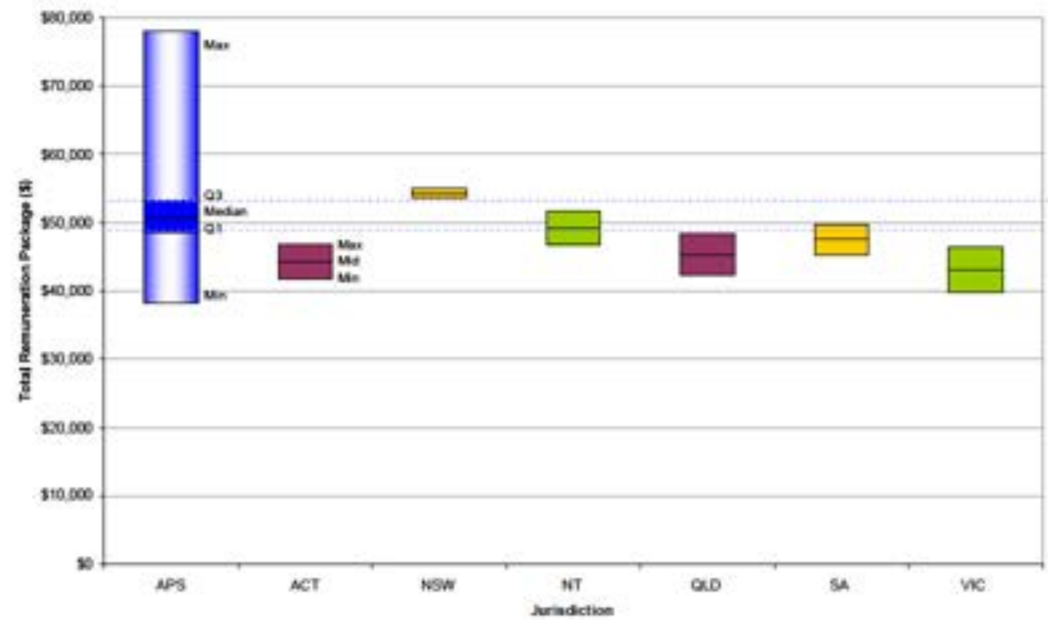
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.10 – Median APS 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	7.7%	1	4.0%	3	4.0%	4	4.0%	5	4.4%	2	3.5%	6	3.0%	7	n/a	n/a
2007	2.1%	8	4.0%	2	4.0%	3	4.0%	4	4.5%	1	3.5%	6	3.0%	7	3.7%	5

r = ranking m = movement

Chart B.5 – TRP Comparison in 2008 – APS 2



Tables B.9 and B.10, and Chart B.5, show that:

- the APS 2 median TRP ranked second behind NSW by 7 per cent
- APS 2 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 2 TRP above Q3 is competitive with NSW
- the APS 2 annual movement of 7.7 per cent ranked the highest. Compared to 2007, the APS movement of 2.1 per cent ranked the lowest.

Total Remuneration Package (TRP) Analysis – APS 3

Table B.11 – Median APS 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	0.93	5	1.09	1	0.97	3	0.93	6	0.96	4	0.88	7	n/a	n/a
2007	1.00	2	0.95	5	1.11	1	0.99	3	0.94	6	0.98	4	0.90	7	0.78	8

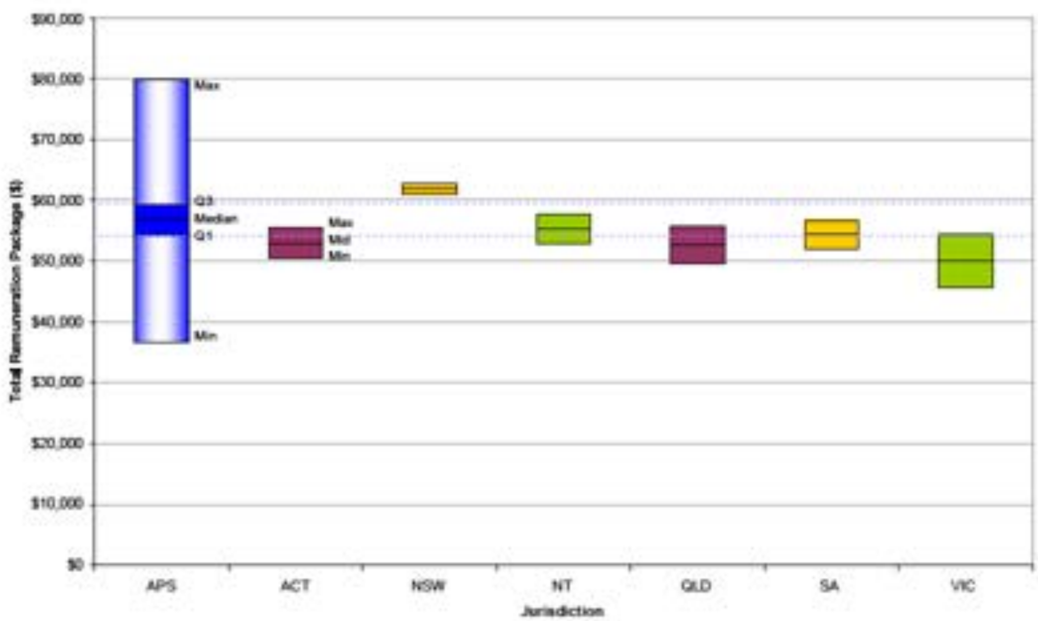
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.12 – Median APS 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	5.7%	1	4.0%	3	4.0%	4	4.0%	5	4.3%	2	3.5%	6	3.0%	7	n/a	n/a
2007	2.5%	8	4.0%	2	4.0%	3	4.0%	4	4.4%	1	3.5%	5	3.0%	7	3.4%	6

r = ranking m = movement

Chart B.6 – TRP Comparison in 2008 – APS 3



Tables B.11 and B.12, and Chart B.6, show that:

- the APS 3 median TRP ranked second, 9 per cent behind NSW
- APS 3 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 3 TRP above Q3 is competitive with NSW
- the APS 3 movement of 5.7 per cent ranked the highest across all individual public service jurisdictions. In 2007, APS movement of 2.5 per cent was the lowest.

Total Remuneration Package (TRP) Analysis – APS 4

Table B.13 – Median APS 4 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	2	0.97	3	1.09	1	0.96	4	0.94	6	0.96	5	0.89	7	n/a	n/a
2007	1.00	2	0.97	3	1.10	1	0.97	5	0.95	6	0.97	4	0.91	7	0.74	8

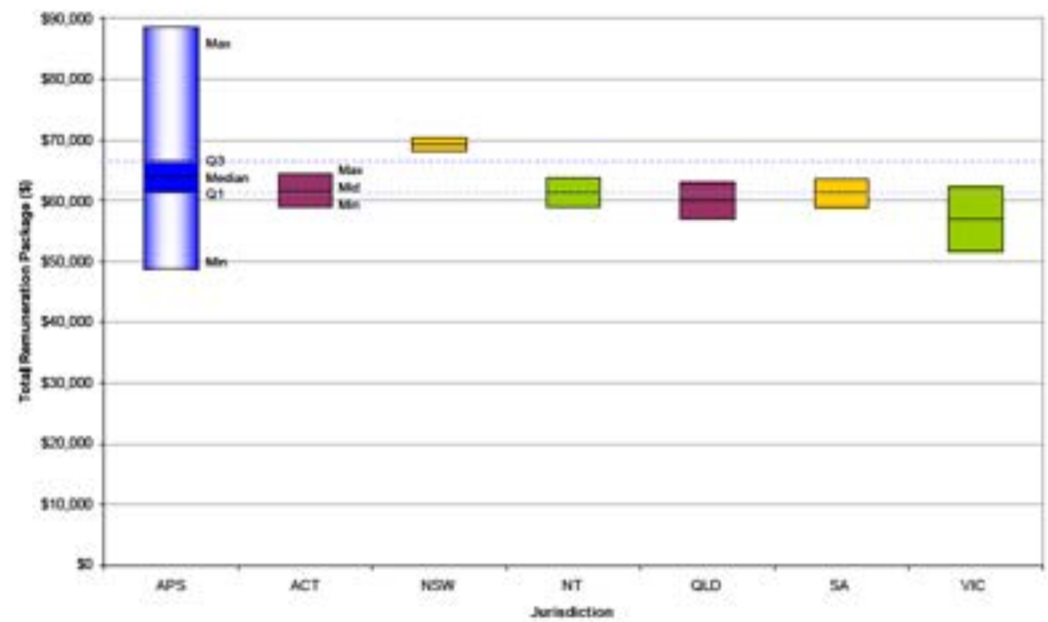
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.14 – Median APS 4 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	5.0%	1	4.0%	3	4.0%	4	4.0%	5	4.2%	2	3.5%	6	3.0%	7	n/a	n/a
2007	4.1%	2	4.0%	3	4.0%	4	4.0%	5	4.3%	1	3.5%	6	3.0%	8	3.2%	7

r = ranking m = movement

Chart B.7 – TRP Comparison in 2008 – APS 4



Tables B.13 and B.14, and Chart B.7, show that:

- as in 2007, the APS 4 median TRP ranked second, 9 per cent behind NSW
- APS 4 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 4 TRP above Q3 is competitive with NSW
- the APS 4 annual movement of 5.0 per cent ranked first across all individual public service jurisdictions, compared with being second ranked in 2007 (at 4.1 per cent).

Total Remuneration Package (TRP) Analysis – APS 5

Table B.15 – Median APS 5 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	3	1.01	2	1.10	1	0.97	6	0.97	5	0.98	4	0.92	7	n/a	n/a
2007	1.00	3	1.01	2	1.10	1	0.96	5	0.96	6	0.98	4	0.92	7	0.72	8

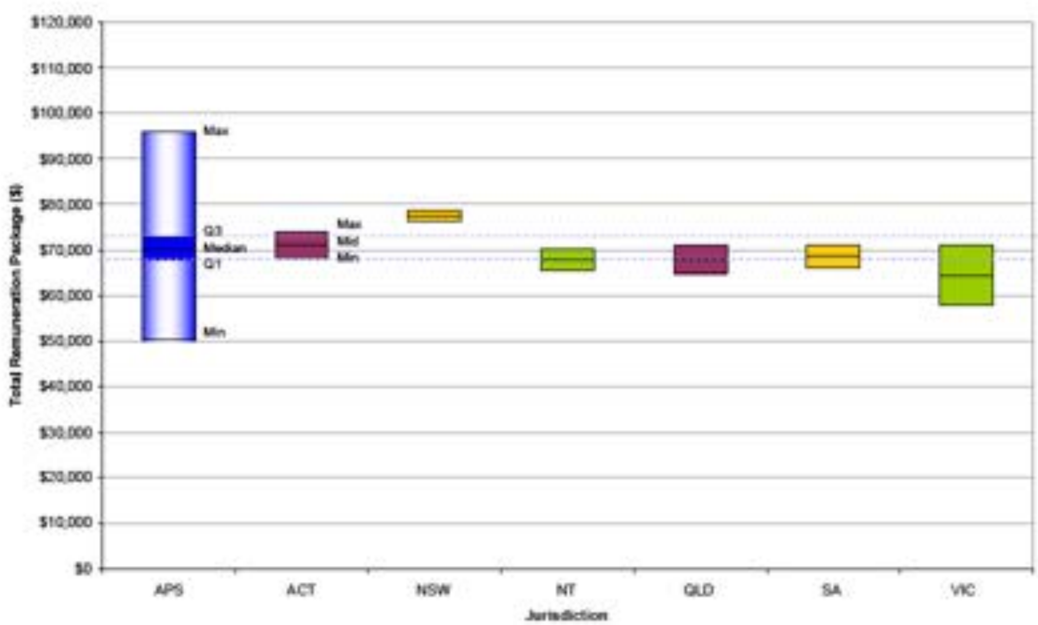
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.16 – Median APS 5 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	3.6%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7	n/a	n/a
2007	4.6%	1	4.0%	3	4.0%	4	4.0%	5	4.2%	2	3.5%	6	3.0%	7	2.9%	8

r = ranking m = movement

Chart B.8 – TRP Comparison in 2008 – APS 5



Tables B.15 and B.16, and Chart B.8, show that:

- the APS 5 median TRP ranked third, behind NSW (by 10 per cent) and the ACT (by 1 per cent)
- APS 5 employees between Q1 and Q3 are well positioned against all individual public service jurisdictions with the exception of NSW
- APS 5 TRP above Q3 is competitive with NSW
- the APS TRP movement of 3.6 per cent was ranked fifth, compared to the 2007 movement of 4.6 per cent which was the highest across jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 6

Table B.17 – Median APS 6 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	3	1.01	2	1.07	1	0.93	6	0.95	5	0.95	4	0.90	7	n/a	n/a
2007	1.00	3	1.00	2	1.07	1	0.93	6	0.94	5	0.95	4	0.90	7	0.67	8

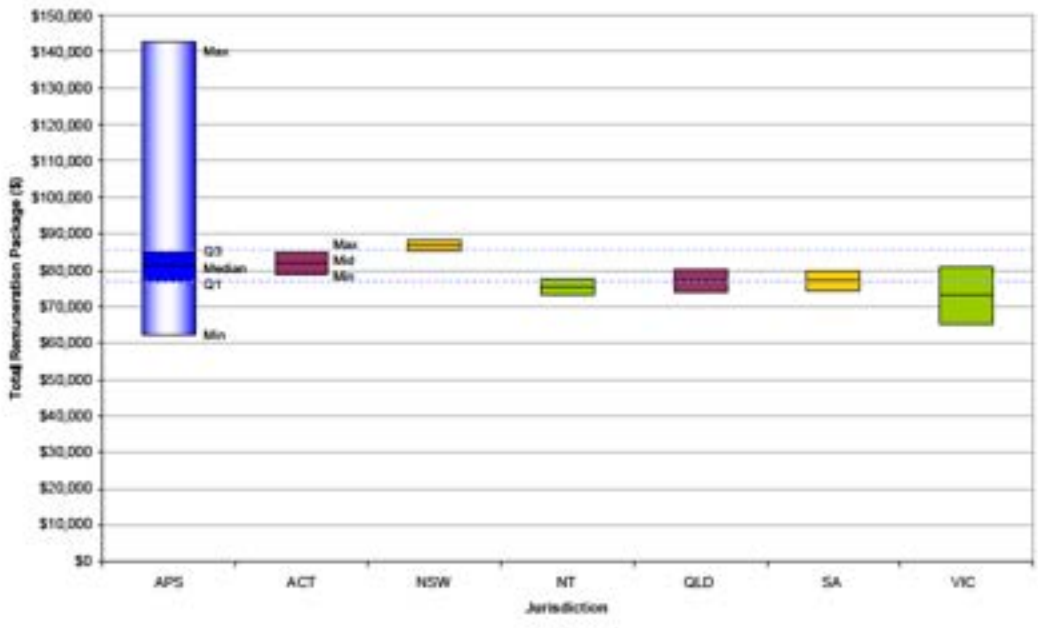
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.18 – Median APS 6 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	R
2008	3.7%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7	n/a	n/a
2007	3.8%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7	2.7%	8

r = ranking m = movement

Chart B.9 – TRP Comparison in 2008– APS 6



Tables B.17 and B.18, and Chart B.9, show that:

- the APS median TRP ranked third behind NSW (by 7 per cent) and the ACT (by 1 per cent)
- APS 6 employees between Q1 and the median are well positioned against all individual public service jurisdictions, except for NSW
- APS 6 TRP above Q3 is competitive with NSW
- the annual movement of 3.7 per cent is the fifth highest across all public sector jurisdictions. In 2007, the annual movement of 3.8 per cent was also ranked fifth.

Total Remuneration Package (TRP) Analysis – EL 1

Table B.19 – Median EL 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	1	0.90	3	0.94	2	0.81	6	0.84	4	0.83	5	0.80	7	n/a	n/a
2007	1.00	1	0.91	3	0.94	2	0.81	6	0.84	4	0.84	5	0.81	7	0.58	8

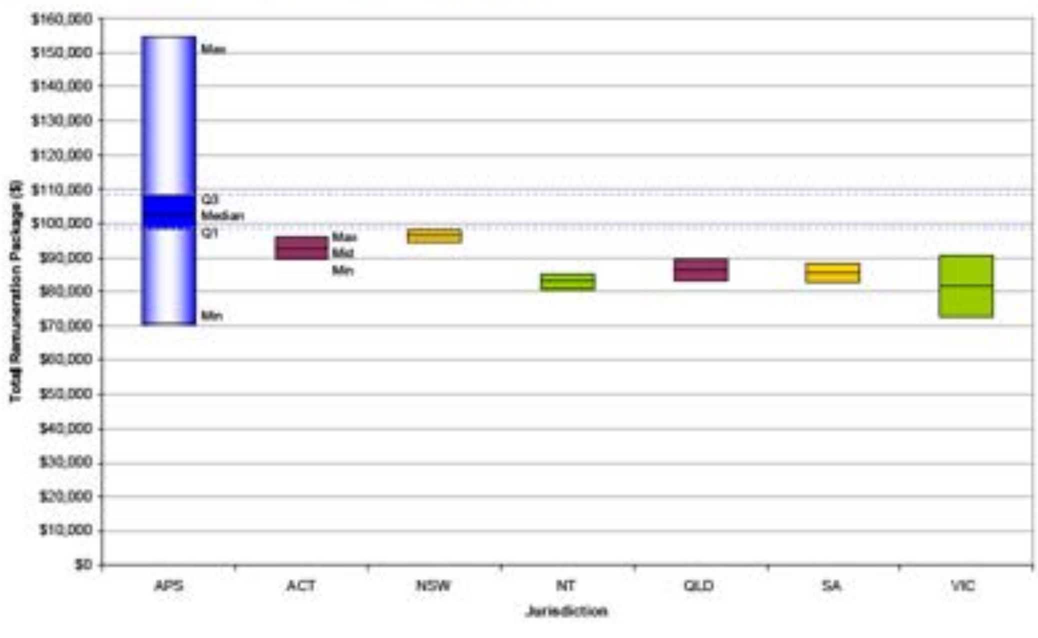
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.20 – Median EL 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	4.5%	1	4.0%	3	4.0%	4	4.0%	5	4.0%	2	3.5%	6	3.0%	7	n/a	n/a
2007	4.7%	1	4.0%	3	4.0%	4	4.0%	5	4.0%	2	3.5%	6	3.0%	7	2.5%	8

r = ranking m = movement

Chart B.10 – TRP Comparison in 2008 – EL 1



Tables B.19 and B.20, and Chart B.10, show that:

- the EL 1 median TRP ranked first, ahead of NSW and the ACT by 6 per cent and 10 per cent respectively
- EL 1 employees above Q1 have a higher TRP than the maximum of any other individual public service jurisdiction
- the EL 1 TRP median movement of 4.5 per cent ranked highest across all individual public service jurisdictions. This was similar to 2007 where the TRP movement of 4.7 per cent also ranked first.

Total Remuneration Package (TRP) Analysis – EL 2

Table B.21 – Median EL 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2008	1.00	1	0.84	3	0.85	2	0.73	7	0.77	4	0.76	5	0.73	6	n/a	n/a
2007	1.00	1	0.85	3	0.86	2	0.74	7	0.78	4	0.77	5	0.74	6	0.51	8

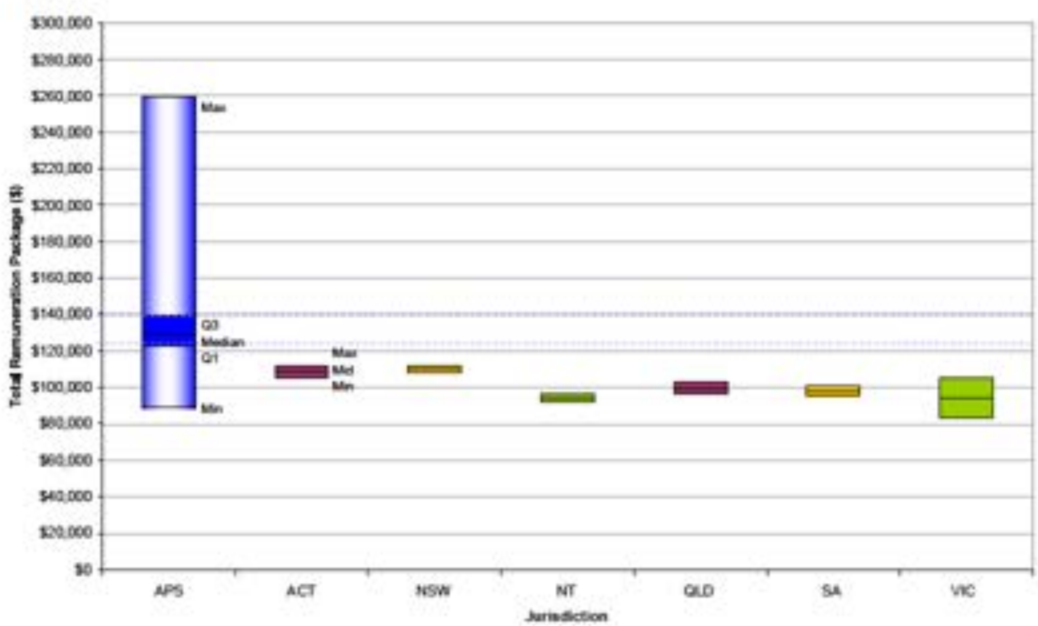
r = ranking cr = comparatio *Comparatios reflect APS set at 1.00.

Table B.22 – Median EL 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC		WA	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2008	4.9%	1	4.0%	2	4.0%	3	4.0%	4	3.9%	5	3.5%	6	3.0%	7	n/a	n/a
2007	4.6%	1	4.0%	2	4.0%	3	4.0%	4	3.9%	5	3.5%	6	3.0%	7	2.2%	8

r = ranking m = movement

Chart B.11 – TRP Comparison in 2008 – EL 2



Tables B.21 and B.22, and Chart B.11, show that:

- the EL 2 median TRP ranked first, ahead of NSW and the ACT by 15 per cent and 16 per cent respectively
- EL 2 employees above Q1 are very competitively positioned, with Q1 TRP exceeding the maximum of any other individual public service jurisdiction
- the EL 2 TRP median movement of 4.9 per cent ranked the highest across all individual public service jurisdictions. This was similar to 2007 where the TRP movement of 4.6 per cent also ranked first.

Appendix C

Overview of Remuneration Practices in the Private Sector

The following section provides an overview of remuneration strategies, practices and policies observed in private sector organisations, including:

- a total remuneration approach, which incorporates salary packaging
- superannuation
- motor vehicles
- incentives.

Information sources for the analysis in this section include Mercer's *Australian Benefits Review 2008*, as well as analyses from Mercer's proprietary Job Evaluation and Remuneration database.

Total Remuneration Approach

A total remuneration approach is where an organisation calculates the remuneration costs associated with employing an individual over and above Base Salary. Calculating total employment cost (TRP as defined in the APS Remuneration Survey) enables the organisation and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of a similar size.

The following points provide key trends in relation to a total remuneration approach in the private sector:

- the percentage of agencies using a remuneration package approach dropped marginally from where it was over the last four years (at around 70 per cent) to 66 per cent
- remuneration packaging is more commonly used for senior executives than any other staff category, a trend also seen in previous years
- the most common remuneration packaged items across all employee categories are laptops and personal digital assistants (PDAs), company vehicles, car parking, employer superannuation contributions (over and above the Superannuation Guarantee Contribution)
- 75 per cent of agencies who use a remuneration package approach provide their senior executive employees with the flexibility to choose the make up of their package. This reduces to 71 per cent at the management level, 66 per cent at the technical/professional level and 60 per cent at the operations/support level

- the opportunity for employees to vary their package is primarily in the areas of superannuation and company vehicles. However, around 15 per cent to 19 per cent of agencies extend this flexibility to all benefits provided to different levels of staff
- at least 35 per cent of agencies surveyed require employees to take a minimum percentage of their remuneration package in cash, which is typically determined as a percentage of the employees' package or according to the relevant award, enterprise agreement or individual contract.

Superannuation

Superannuation continues to be an important part of the TRP approach adopted by the APS. However, as Table C.1 shows, the worth of superannuation as a benefit in the private sector is comparatively lower and contributions are generally more aligned with the Superannuation Guarantee Contribution (SGC) legislation.

Table C.1 - APS Superannuation Compared with the Private Sector Equivalent

	APS Median	Private Sector Median
APS 1 – 3	$7,025	$4,150
APS 4 – 6	$9,550	$6,715
EL 1 – 2	$15,213	$10,812
SES 1	$23,485	$13,586
SES 2	$42,128	$19,575
SES 3	$56,929	$21,257

Key points in relation to superannuation are as follows:

- the incidence of agencies currently making superannuation contributions above the SGC rate for all employees is 22 per cent and, for certain employees, 31 per cent of organisations, with 47 per cent of agencies not contributing above the 9 per cent SGC rate
- the incidence of defined contribution funds has stayed relatively stable in the last four years with over 80 per cent of agencies offering a defined contribution fund as the principal default fund to their employees in 2008
- industry funds continue to be more common for operations/support employees than for other staff, with 30 per cent of agencies using such funds as the default option for this group
- for employees who took their option to exercise 'choice of fund', just over a quarter of agencies allow these employees to continue to access life and disability insurance in the default fund
- it is not common (only 12 per cent to 13 per cent) for agencies to make employer contributions to superannuation, dependent on the amount of employee contribution.
- around 82 per cent of agencies surveyed reported that employee contributions to the defined contribution superannuation fund were completely flexible and employees could select any amount to contribute themselves
- approximately 53 per cent of agencies surveyed allowed all employees the choice to make employee superannuation contributions from either pre-tax or post-tax remuneration.

Motor Vehicles

Company vehicles are a traditional feature of remuneration in Australia in the private sector. The continued popularity of the company car (see Table C.2 below) reflects its relative cost effectiveness as a remuneration component (i.e. under the current FBT regime, benefit cars are valued concessionally for the purposes of FBT).

Table C.2 – Vehicle Provision in the Private Sector

Vehicle Type	Senior Exec	Mgmt	Tech/Prof	Ops/Support
Company provided benefit vehicle	54%	44%	36%	20%
Novated lease benefit vehicle	66%	69%	64%	48%
Job facility vehicle	16%	25%	42%	45%
Car allowance	55%	55%	46%	24%

Note: Percentages may add to more than 100 per cent, as each method was not mutually exclusive

The following points are made regarding motor vehicle practices in the private sector:

- 73 per cent of agencies surveyed provide company benefit vehicles and/or novated lease benefit vehicles to employees
- novated leases continue to be a popular option for employers, with around half of all agencies offering the benefit to all employees
- car allowances are provided by around half of the agencies surveyed, most commonly to senior executives, managers and employees in technical and professional roles
- a greater choice in selecting the make and model of a tool-of-trade vehicle is available to employees selecting tool-of trade vehicles. The majority of agencies permit private use of these vehicles
- job facility vehicles are more likely to be available for technical/professional and operations/support staff (42 per cent to 45 per cent of organisations), compared to 16 per cent and 25 per cent of agencies providing job facility vehicles to senior executives and management respectively
- operations/support staff remain the group least likely to be provided with a company benefit vehicle or car allowance
- In 2008, between 45 per cent and 58 per cent of agencies did not impose any restrictions on the benefit vehicle type, depending on the employee group. Sales representatives remain the group most likely to be restricted to a specified make and model of benefit vehicle
- the most predominant method of financing benefit vehicles for all employee groups is a novated lease (55 per cent of organisations), a method that has been increasing in popularity. Prior to 2001, the most popular form of financing benefit vehicles was an operating lease maintained by the employer
- many agencies (40 per cent to 52 per cent) providing benefit vehicles allocate the cost to the employee at all staff levels. Typically this is done by calculating the actual annual cost of the vehicle including all running, maintenance and associated costs.

Table C.3 overleaf shows market data relating to typical annual car allowance rates.

Table C.3 – Vehicle Typical Annual Car Allowance Rates in the Private Sector

N=42-116	$ Annual Allowance			
	Q1	Median	Q3	Average
Senior Executives	$21,850	$25,000	$34,575	$28,855
Management	$18,000	$20,000	$24,000	$20,611
Technical/Professional	$15,125	$18,000	$20,000	$16,761
Operations/Support	$11,250	$15,750	$18,000	$14,104
Sales	$15,000	$17,472	$19,950	$16,791

Summary of Benefit Provision

Tables C.4 to C.9 present an analysis of actual private sector benefits and bonus payments for SES and non-SES equivalent positions. The benefits included are motor vehicles, car allowances, superannuation and actual bonuses.

In relation to the private sector data, please note:

- data is effective as at December 2008
- motor vehicle costs are based on the purchase price provided and are devised using the Mercer Car Formula. The formula was applied with the same assumptions as those applied to the APS Remuneration Survey
- car allowance values include actual *allowances*, as well as salary-sacrificed amounts to fund a motor vehicle's leasing and running costs
- actual bonus paid only includes zeros if the individual was noted as eligible for a bonus, but no bonus was given
- actual APS data for APS employees have been provided in the applicable table for comparison purposes
- some categories (at the lower classification) are not well populated in Mercer's private sector database, as detailed in the 'n' field.

Table C.4 – Benefit Provision in the Private Sector in 2008 for APS 1 to APS 3 Equivalent

	Q1	Median	Q3	Mean	n	APS 1 Med	APS 2 Med	APS 3 Med
Motor Vehicle Cost	$10,405	$14,646	$15,561	$14,519	517	--	--	--
Car Allowance	$12,500	$16,000	$19,575	$15,641	110	--	--	--
Superannuation	$3,600	$4,150	$5,168	$4,588	21,409	$5,629	$6,650	$7,372
Actual Bonus	$1,212	$2,358	$3,995	$3,530	7,227	$500	$0	$0

Table C.5 – Benefit Provision in the Private Sector in 2008 for APS 4 to APS 6 Equivalent

	Q1	Median	Q3	Mean	n	APS 4 Med	APS 5 Med	APS 6 Med
Motor Vehicle Cost	$12,151	$13,818	$17,517	$14,951	2,724	--	--	--
Car Allowance	$15,000	$17,800	$19,900	$17,213	3,276	--	--	--
Superannuation	$5,200	$6,715	$8,335	$7,146	35,485	$8,411	$9,286	$10,661
Actual Bonus	$3,022	$5,644	$10,800	$10,849	16,283	$1,148	$2,000	$2,871

Table C.6 – Benefit Provision in the Private Sector in 2008 for EL 1 and EL 2 Equivalent

	Q1	Median	Q3	Average	n	APS EL 1 Median	APS EL 2 Median
Motor Vehicle Cost	$12,000	$15,187	$18,126	$16,096	998	$23,555	$21,000
Car Allowance	$15,000	$19,326	$21,700	$18,812	2,121	$11,638	$22,000
Superannuation	$8,982	$10,812	$13,119	$11,503	13,104	$13,642	$17,064
Actual Bonus	$6,482	$11,985	$21,965	$21,306	8,608	$3,800	$5,403

Table C.7 – Benefit Provision in the Private Sector in 2008 for SES 1 Equivalent

	Q1	Median	Q3	Average	n	APS SES 1 Median
Motor Vehicle Cost	$14,969	$19,157	$21,468	$19,434	306	$23,625
Car Allowance	$18,000	$23,300	$27,780	$24,177	510	$22,856
Superannuation	$11,416	$13,586	$17,096	$15,204	4,356	$23,485
Actual Bonus	$14,571	$27,441	$48,156	$40,289	2,386	$8,004

Table C.8 – Benefit Provision in the Private Sector in 2008 for SES 2 Equivalent

	Q1	Median	Q3	Average	n	APS SES 2 Median
Motor Vehicle Cost	$19,286	$24,555	$30,667	$25,327	67	$24,500
Car Allowance	$20,750	$26,210	$35,802	$29,996	109	$24,920
Superannuation	$16,265	$19,575	$25,192	$23,577	916	$42,128
Actual Bonus	$23,277	$50,087	$94,421	$77,137	561	$12,600

Table C.9 – Benefit Provision in the Private Sector in 2008 for SES 3 Equivalent

	Q1	Median	Q3	Average	n	APS SES 3 Median
Motor Vehicle Cost	$26,038	$34,556	$40,907	$34,204	12	$25,000
Car Allowance	$23,300	$27,450	$43,000	$32,155	21	$25,727
Superannuation	$13,129	$21,257	$36,142	$30,511	120	$56,929
Actual Bonus	$45,693	$79,950	$134,448	$125,420	105	$15,564

As can be seen from Tables C.4 to C.9:

- median superannuation is significantly higher across all APS classifications
- median bonuses across all APS classifications are significantly lower than the median private sector bonuses
- median vehicle costs (reflecting situations where an actual vehicle is provided to an employee) in the private sector are lower in comparison to car allowances, but have increased from EL 1 onwards since 2007. Mercer reports that an increasing proportion of agencies have adopted a budget approach (i.e. car allowance value), or have not separately identified a vehicle cost, as remuneration is managed by a TRP approach.

Incentive Practices in the Private Sector

Variable reward (i.e. short-term and long-term incentives) has long been an integral part of reward strategy in the private sector, given that it is a valuable tool in driving both individual performance and organisational outcomes.

In the private sector, variable reward can be used to recognise and reinforce the behaviours and attitudes desired by the organisation in order to underpin a strong culture and support the business strategy. In addition, variable reward is used to reward the achievement of activities and accountabilities considered necessary to fulfil the organisation's business strategy.

The survey data highlights that although many APS agencies incorporate performance bonuses into an employee's TR, the incidence of performance bonuses for non-SES classifications below APS 5 is low. Nevertheless, this does reflect a move toward a high performance culture through rewarding employee performance. Similarly, Mercer's *Australian Benefits Review 2008* reports that, of those private sector agencies with an incentive plan in operation, only 40 per cent enforce a waiting period before new employees gain entry into that plan.

In 2008, the levels of performance bonuses received by SES employees as a proportion of TRP are shown in Table C.10. Non-SES performance bonus proportions have not been included as the majority of non-SES employees did not receive a performance bonus in 2008.

Table C.10 – Average Performance Bonus Payments as a Percentage of TRP in the APS and the Private Sector*

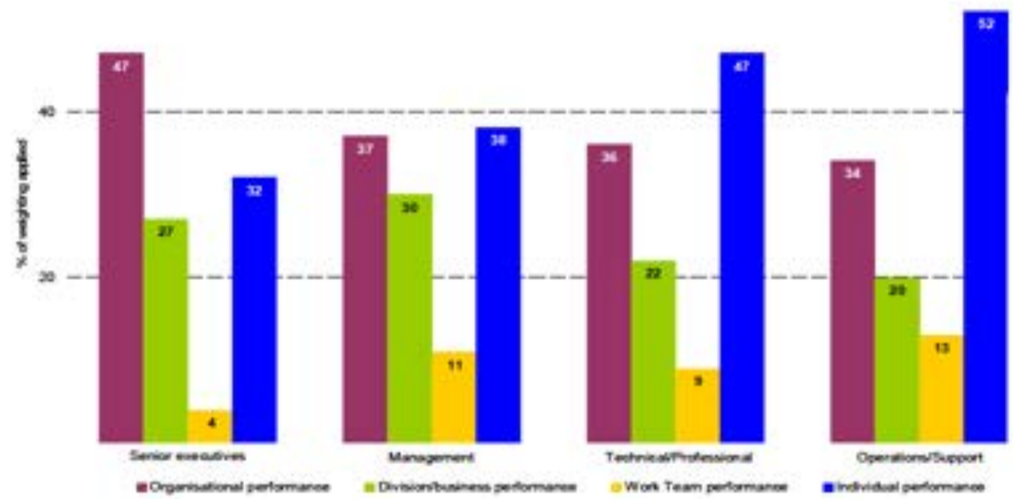
Classification	APS Average Bonus %	Private Sector Average Bonus %
SES 1	4.4%	13%
SES 2	5.1%	21%
SES 3	5.0%	31%

*Based on Mercer's *Remuneration Forum* (March 2009 covering calendar year 2008)

Whilst Table C.10 illustrates only a small difference between performance bonuses (as a percentage of TRP) between SES 1 and SES 3, in the private sector incentive payments generally increase on a proportional basis with the employee's classification level. As can be seen in Table C.9, actual incentive payments in 2008 in the private sector were significantly higher than the APS SES. Depending on the size of the organisation, average incentive payments ranged from ~13 per cent for senior managers up to 31 per cent for CEOs, with target levels being in the range 16 per cent to 36 per cent respectively. Maximum payment levels are roughly twice the on-target level.

Chart C.1 overleaf shows average weightings applied when measuring performance outcomes for different employee categories. Here we see the focus change from organisational performance for senior executives to a greater weighting on individual performance expected from operational/support employees.

Chart C.1 – Average Weightings when measuring Performance Outcomes



In relation to private sector incentives:

- the majority of agencies (69 per cent) in the survey group will budget for a minimum short-term incentive pool, regardless of business performance
- the majority of agencies surveyed (between 66 per cent and 73 per cent, depending upon employee group) place a cap on short-term incentive payments to employees. This cap is typically expressed as a percentage of the employee's remuneration, although a set dollar value and a percentage of the plan's funds are also used
- consistent with the APS, all private sector agencies surveyed pay bonuses in cash, while the practice of offering rewards in the form of a superannuation top-up or shares has increased from last year (38 per cent, up from 29 per cent)
- the majority of agencies (66 per cent to 74 per cent) use measured performance outcomes and/or performance against set criteria as the process to determine incentive payment amounts, a slightly lower proportion than was seen in previous years.

Table C.11 highlights the most commonly used measures to assess performance for senior executives, according to Mercer's *Australian Benefits Review 2008.*

Table C.11 – Most Commonly Used Performance Measures to assess Private Sector Executive Performance

Performance Measure	% of Organisations
Profit	65%
Revenue	46%
Cost Control	26%
Productivity	28%
Sales	37%
Customer Satisfaction	25%
Service levels	24%
OH&S Measures	14%
Market Share	15%
Employee training and development	9%
Work in progress	7%
Absenteeism	4%
Share price growth	5%
Total shareholder reward	6%
Earnings per share	4%

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Document 3: 2009 Broader Market Comparison - APS SES and Non-SES Remuneration

August 2010

2009 Broader Market Comparison - APS SES and Non-SES Remuneration

Department of Education, Employment and Workplace Relations

Data as at 31 December 2009

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Contents

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Executive Summary

Survey Purpose and Objectives

The Department of Education, Employment and Workplace Relations (DEEWR) commissioned Mercer (Australia) Pty Ltd (Mercer) to conduct the 2009 Australian Public Service (APS) Remuneration Survey[1]. The Survey of Senior Executive Service (SES) and non-SES remuneration plus the Broader Market Comparison provides a comprehensive overview of remuneration trends and outcomes across the APS, State and Territory public services, and the wider market. It should be noted that the Survey does not take into account non-monetary benefits beyond those which are incorporated in Total Remuneration Package (TRP) values.

More specifically, the 2009 APS Remuneration Survey seeks to provide:

- comparisons with previous APS Remuneration Surveys
- detailed information about individual remuneration components and the value of each remuneration package by classification and agency
- remuneration ranges for the classification in each agency and the APS as a whole
- capacity for an agency to compare its remuneration with comparable positions in the private sector, and State and Territory public services
- individual agency reports which allow each participating agency to compare its current data with APS-wide data.

The 2009 Survey is based on a sample of remuneration data as at 31 December 2009 and payments/entitlements for the 2009 calendar year. The Survey findings are presented in three reports: an SES Report; a Non-SES Report; and a Broader Market Comparison Report. Participating agencies are also provided with an Individual Agency Report.

[1] From 1 July 2010, a machinery of government change transferred responsibility for Australian Government workplace relations from DEEWR to the Australian Public Service Commission, including the contract for the commissioning of the APS Remuneration Survey.

Survey Participants

In 2009, all APS agencies were invited by DEEWR to participate in the 2009 APS Remuneration Survey. A total of 58 agencies participated in the 2009 Survey. Of these, 48 agencies participated in 2008, with 10 new agencies participating in 2009.

Of the total 142,200 employee records submitted (out of an approximate total of 161,200 APS employees), 2,379 records were from SES employees, of which 2,284 records were included in the APS-wide SES survey remuneration database.

Of the remaining 139,821 non-SES records, 118,292 were included in the non-SES survey remuneration database, using a sampling framework developed and refined by DEEWR, the Australian Bureau of Statistics (ABS) and Mercer. When preparing individual agency reports, all data submitted by each agency was used. For further information in relation to survey participants and sample sizes, please refer to Appendix A.

The 2009 sample size for the non-SES group increased by ~300 per cent, while the SES sample group only increased by ~3 per cent. This significant increase in the non-SES sample size reflected the change in the proportion of primary employment instruments under which APS employees were engaged and provides a more realistic cross-section of the overall workforce.

To ensure the accuracy of the data collected, Mercer performed several integrity checks. Where the data was not within expected values, Mercer returned the data to the relevant agency for confirmation and only included the data once it had been confirmed. In excess of 1,800 calculations (such as the costing of individual packages and the main remuneration statistics quoted throughout this report) were then submitted to the statistics department of the University of New South Wales for review and verification. Once the calculations were confirmed, Mercer finalised the dataset and commenced data analysis and reporting.

Prior to releasing the final report, Mercer and DEEWR agreed on all items to be included in the analyses. Mercer presented a summary of initial findings and draft reports to DEEWR for review. However, Mercer retains full responsibility for the accuracy and integrity of all data presented in this report.

Methodology and Aim of this Report

The 2009 Broader Market Comparison Report provides a detailed analysis of APS SES and non-SES remuneration against equivalent positions within State and Territory public services (combined public service) as well as the private sector. This involved:

- researching and analysing published remuneration levels in each jurisdiction, and also drawing from Mercer's extensive remuneration databases and consultant knowledge of SES and non-SES equivalent positions within both the public service and the private sector; and
- comparing the actual remuneration levels for APS SES and non-SES employees against the published remuneration ranges of each State and Territory public service (excluding Tasmania and Western Australia).

The methodology used to determine the Combined Public Service (CPS) data is identical to the 2008 report. The CPS analysis uses the minimum and maximum reported remuneration ranges across all State and Territory public services (excluding Tasmania and Western Australia). The CPS midpoint is derived by averaging the minimum and maximum across the public services.

Tasmania was excluded from the CPS analysis as it does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision. With regards to Western Australia, Mercer had certain queries regarding its published remuneration data. Although classification arrangements in Western Australia are determined on the basis of work value, non-SES positions are assessed using BIPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2009 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey, in line with the 2008 report.

Comparative remuneration analyses against State and Territory public services and the private sector are based on a comparison of work value levels and associated remuneration information applicable to comparable positions. Work value is a numerical measure of job size, determined by assessing the responsibilities and accountabilities of a role. This enables fair and accurate comparisons to be drawn between the APS, other public services and the private sector, even though classification and remuneration structures are different. Shown in Appendix A are the Mercer work value points ranges used for the APS classification structure.

The remuneration information in the 2009 survey has been compared to the 2008 information in many cases. This analysis is presented throughout the report as the 2008 to 2009 movement, represented as a percentage. This refers to the change in the sample on sample data from the 2008 calendar year to the 2009 calendar year in all instances.

This report should be read in conjunction with the APS SES and non-SES Remuneration Survey Reports.

Main Remuneration Findings

The detailed analysis of APS SES and non-SES Base Salary, TRP and Total Reward (TR) against CPS and private sector data is contained in Sections 2 and 3 respectively. A summary of the main findings is outlined below.

Combined Public Service – Base Salary

The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the CPS has increased across all non-SES classifications by between 2 per cent and 4 per cent, as shown in Table 1.1.

The increased competitiveness is more evident at lower classifications, with APS 1 and APS 2 increasing by 4 per cent since 2008. At the EL classifications, competitiveness increased by 2 per cent during the same period.

Overall, for 2008 to 2009, the average APS median Base Salary movement across all non-SES classifications (excluding Graduates) was 7.0 per cent, compared to 4.7 per cent in 2008.

Table 1.1 – APS Median Base Salary Comparisons with the CPS Midpoint (non-SES classifications)

Classification	APS Median 2009	CPS Midpoint 2009	Difference	Comparatio[1]	
				2009	2008
APS 1	$40,659	$35,178	$5,481	0.87	0.91
APS 2	$47,680	$44,808	$2,872	0.94	0.98
APS 3	$52,327	$51,088	$1,239	0.98	1.00
APS 4	$58,949	$57,368	$1,581	0.97	1.00
APS 5	$64,728	$64,172	$556	0.99	1.02
APS 6	$74,969	$72,022	$2,947	0.96	0.99
EL 1	$93,826	$79,872	$13,954	0.85	0.88
EL 2	$117,127	$91,490	$25,637	0.78	0.80

[1] Comparatio reflects APS set at 1.00.

APS SES Base Salary has not been compared because most State jurisdictions manage SES remuneration on a TRP basis. Graduates have also not been included, as State public services classify graduates within their existing structures for professional or administrative roles.

Combined Public Service – Total Remuneration Package (TRP)

In terms of TRP, all non-SES classifications increased their relative competitive positioning by between 2 per cent and 3 per cent against the CPS, as detailed in Table 1.2.

Overall, the average 2009 APS median TRP movement across all non-SES classifications (excluding Graduates) was 6.6 per cent, compared to 4.9 per cent in 2008, while the overall Combined Public Service (CPS) 2009 TRP midpoint movement for non-SES equivalent positions in other jurisdictions was 3.6 per cent.

APS SES 1 TRP has increased competitive positioning slightly by 1 per cent, while APS SES 2 and SES 3 have maintained their competitive positioning since 2008. APS median TRP values across all SES classifications are higher than their State/Territory public service counterparts. Overall, the average 2009 median TRP movement across SES 1 to SES 3 was 2.9 per cent; however, the overall CPS 2009 TRP midpoint movement was 2.5 per cent for SES equivalent positions. Please refer to Appendix B for further details of non-SES and SES comparisons against State public services for each classification.

Table 1.2 – APS Median TRP Comparisons with the CPS Midpoint

Classification	APS Median 2009	CPS Midpoint 2009	Difference	Comparatio[1]	
				2009	2008
APS 1	$46,304	$38,818	$7,486	0.84	0.87
APS 2	$54,963	$49,445	$5,518	0.90	0.93
APS 3	$60,197	$56,374	$3,823	0.94	0.95
APS 4	$67,798	$63,304	$4,494	0.93	0.95
APS 5	$75,133	$70,811	$4,322	0.94	0.97
APS 6	$86,391	$79,474	$6,917	0.92	0.95
EL 1	$109,466	$88,136	$21,330	0.81	0.83
EL 2	$136,310	$100,956	$35,354	0.74	0.76
SES 1	$203,136	$173,733	$29,403	0.86	0.87
SES 2	$254,222	$219,231	$34,991	0.86	0.86
SES 3	$325,125	$288,292	$36,833	0.89	0.89

[1] Comparatio reflects APS set at 1.00.

Combined Public Sector – Total Reward (TR)

This section provides summary information on APS SES employees only, as no State/Territory public service provides bonuses to non-SES equivalent positions. Table 1.3 shows that, from a TR perspective, APS SES competitiveness over the CPS decreased by 1 per cent for SES 3, maintained competitiveness for SES 2 and increased in competitiveness by 1 per cent for SES 1.

Overall, median APS TR movement across SES 1 to SES 3 from 2008 to 2009 was 1.7 per cent. This compares to the overall CPS TR midpoint movement of 2.7 per cent for equivalent SES bands. As can be seen in Table 1.3, median APS TR values for each SES band are around $24,000 to $32,000 higher than their combined State/Territory public service counterparts.

Table 1.3 – APS Median TR Comparisons with the CPS Midpoint (SES classifications)

Classification	APS Median 2009	CPS Midpoint 2009	Difference	Comparatio[1]	
				2009	2008
SES 1	$207,730	$183,795	$23,935	0.88	0.89
SES 2	$263,461	$230,978	$32,483	0.88	0.88
SES 3	$336,029	$303,930	$32,099	0.90	0.89

[1] Comparatio reflects APS set at 1.00.

Private Sector – Base Salary

Tables 1.4 and 1.5 compare non-SES Base Salary medians with private sector Q1 and median figures. Overall, the median 2009 APS Base Salary movement across all non-SES classifications (excluding Graduates) was 7.0 per cent, which is higher than the private sector 2009 Base Salary movements of 2.5 per cent at Q1 and 3.3 per cent at the median for non-SES equivalent positions.

The relative competitive positioning of Base Salary for non-SES classifications in comparison to the private sector has increased by between 3 per cent and 6 per cent since 2008.

Table 1.4 – APS Median Base Salary Comparisons with Private Sector Q1 (non-SES classifications)

Classification	APS Median 2009	Private Sector Q1	Difference	Comparatio[1]	
				2009	2008
APS 1	$40,659	$28,313	$12,346	0.70	0.73
APS 2	$47,680	$41,214	$6,466	0.86	0.92
APS 3	$52,327	$50,890	$1,437	0.97	1.01
APS 4	$58,949	$60,558	-$1,609	1.03	1.07
APS 5	$64,728	$68,777	-$4,049	1.06	1.10
APS 6	$74,969	$78,260	-$3,291	1.04	1.08
EL 1	$93,826	$87,743	$6,083	0.94	0.97
EL 2	$117,127	$101,779	$15,348	0.87	0.90

[1] Comparatio reflects APS set at 1.00.

As can be seen from Table 1.4, median Base Salary values for APS 1, APS 2, APS 3, EL 1 and EL 2 classifications are higher than the Q1 Base Salary for equivalent positions in the private sector.

Table 1.5 - APS Median Base Salary Comparisons with Private Sector Median (non-SES classifications)

Classification	APS Median 2009	Private Sector Median	Difference	Comparatio[1]	
				2009	2008
APS 1	$40,659	$30,609	$10,050	0.75	0.79
APS 2	$47,680	$45,437	$2,243	0.95	1.01
APS 3	$52,327	$56,559	-$4,232	1.08	1.12
APS 4	$58,949	$67,680	-$8,731	1.15	1.18
APS 5	$64,728	$77,910	-$13,182	1.20	1.24
APS 6	$74,969	$89,713	-$14,744	1.20	1.23
EL 1	$93,826	$101,517	-$7,691	1.08	1.11
EL 2	$117,127	$118,987	-$1,860	1.02	1.04

[1] Comparatio reflects APS set at 1.00.

Except for APS 1 and APS 2, private sector median Base Salary values in Table 1.5 are higher than the corresponding APS median for the remaining classifications.

Graduates

In 2009, the median range of Graduate Base Salaries in the private sector ranged from $45,000 to $55,500 across different job families, compared to the APS median of $51,370. In the private sector, Engineering, Human Resources/Industrial Relations and Science Graduates typically started at higher Base Salaries than Graduates from other disciplines. On average, APS Graduate Base Salaries ($51,462) are 4.3 per cent above those in the private sector ($49,320), less than the 2008 APS average of 8.4 per cent above the private sector.

Private Sector – Total Remuneration Package (TRP)

The relative competitive positioning of APS TRP in comparison to the private sector has increased for all non-SES classifications, SES 1 and SES 2, but has decreased for the SES 3 classification, as shown in Tables 1.6 and 1.7.

Competitiveness against the private sector decreases at the higher non-SES classifications when considered at the TRP aggregate, due to additional benefits (such as vehicles) being more frequently offered in the private sector at these work value levels. Overall, the median 2009 TRP movement across all non-SES classifications (excluding Graduates) was 6.6 per cent. This is higher than private sector TRP movements of 2.1 per cent at Q1 and 3.3 per cent at the median for non-SES equivalent positions.

SES TRP competitiveness has increased against the private sector Q1, with the exception of SES 3. Overall, the median 2009 SES TRP movement in the APS was 2.9 per cent. This is slightly higher than the overall comparative private sector 2008 TRP movements of 2.1 per cent at Q1 but lower than the 3.3 per cent at the median for SES equivalent positions.

Table 1.6 – APS Median TRP Comparisons with Private Sector Q1

Classification	APS Median 2009	Private Sector Q1	Difference	Comparatio[1]	
				2009	2008
APS 1	$46,304	$30,775	$15,529	0.66	0.69
APS 2	$54,963	$45,065	$9,898	0.82	0.86
APS 3	$60,197	$55,785	$4,412	0.93	0.96
APS 4	$67,798	$66,505	$1,293	0.98	1.02
APS 5	$75,133	$77,830	-$2,697	1.04	1.09
APS 6	$86,391	$94,357	-$7,966	1.09	1.14
EL 1	$109,466	$113,181	-$3,715	1.03	1.09
EL 2	$136,310	$137,175	-$865	1.01	1.05
SES 1	$203,136	$180,075	$23,061	0.89	0.90
SES 2	$254,222	$257,804	-$3,582	1.01	1.02
SES 3	$325,125	$404,576	-$79,451	1.24	1.21

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 to APS 4 and SES 1, the APS TRP medians are lower than Q1 in the private sector.

Table 1.7 – APS Median TRP Comparisons with Private Sector Median

Classification	APS Median 2009	Private Sector Median	Difference	Comparatio[1]	
				2009	2008
APS 1	$46,304	$33,335	$12,969	0.72	0.74
APS 2	$54,963	$49,743	$5,220	0.91	0.95
APS 3	$60,197	$62,273	-$2,076	1.03	1.06
APS 4	$67,798	$74,803	-$7,005	1.10	1.13
APS 5	$75,133	$88,438	-$13,305	1.18	1.22
APS 6	$86,391	$108,473	-$22,082	1.26	1.29
EL 1	$109,466	$131,621	-$22,155	1.20	1.24
EL 2	$136,310	$161,810	-$25,500	1.19	1.21
SES 1	$203,136	$217,743	-$14,607	1.07	1.07
SES 2	$254,222	$317,534	-$63,312	1.25	1.24
SES 3	$325,125	$485,043	-$159,918	1.49	1.49

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 and APS 2, the APS TRP medians are lower than the medians in the private sector.

Private Sector – Total Reward (TR)

From a TR perspective, the competitive position of SES remuneration against the private sector Q1 has decreased by 1 per cent for SES 1 and SES 2, and 14 per cent for SES 3. The significant change in competitiveness with the private sector at the SES 3 level is due to higher than average Total Reward increases for SES 3 equivalent positions at Q1 in the private sector. Overall, the median 2009 TR movement across SES 1 to SES 3 was 1.7 per cent, compared with the overall private sector 2009 TR movements of 6.3 per cent at Q1 and 3.3 per cent at the median for SES equivalent positions.

Table 1.8 – APS Median TR Comparisons with Private Sector Q1 (SES classifications)

Classification	APS Median 2009	Private Sector Q1	Difference	Comparatio[1]	
				2009	2008
SES 1	$207,730	$194,192	$13,538	0.93	0.93
SES 2	$263,461	$280,437	-$16,976	1.06	1.05
SES 3	$336,029	$478,062	-$142,033	1.42	1.29

[1] Comparatio reflects APS set at 1.00.

Table 1.9 – APS Median TR Comparisons with Private Sector Median (SES classifications)

Classification	APS Median 2009	Private Sector Median	Difference	Comparatio[1]	
				2009	2008
SES 1	$207,730	$239,987	-$32,257	1.16	1.15
SES 2	$263,461	$356,737	-$93,276	1.35	1.34
SES 3	$336,029	$578,159	-$242,130	1.72	1.70

[1] Comparatio reflects APS set at 1.00.

Tables 1.8 and 1.9 indicate that – from a TR perspective – SES remuneration is well below the private sector, with the exception of SES 1 against the private sector Q1. The differential is due to actual bonuses paid to private sector executives being substantially higher than actual bonuses paid to APS SES employees.

Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES 1 and SES 2 median motor vehicle values ($24,393 and $25,477 respectively) are competitive against private sector median vehicle values (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis, and use novated leases for vehicles). The SES 3 median motor vehicle value of $25,956 is also competitive against the private sector median, indicating motor vehicle costs in the private sector for SES 3 equivalent positions have decreased by 37 per cent since 2008 (when the SES 3 equivalent private sector motor vehicle cost was ~$34,600).

SES median employer superannuation contributions (of between 17 per cent and 20 per cent of Base Salary, depending on the SES band) are competitive in comparison to private sector employer superannuation contributions.

As a proportion of TRP, SES average actual bonus payments of 4.8 per cent to 5.8 per cent are significantly lower than private sector average payments of 11.6 per cent to 32.1 per cent. SES 1 to SES 3 average bonus payments as a proportion of TRP are approximately one-third to one-fifth of those paid in the private sector.

APS 1 to EL 2

Non-SES median employer superannuation contributions (15.4 per cent of Base Salary) are very competitively positioned in comparison to the private sector employer superannuation contributions, which are generally 9 per cent of Base Salary.

It was not common for EL 1 and EL 2 employees to receive a vehicle benefit in 2009. This is quite different to the trend in the private sector, as vehicles are typically provided in the salary packages of many EL 1 and EL 2 equivalent positions. This is the main reason why TRP competitiveness is significantly less than Base Salary competitiveness against the private sector for EL 1 and EL 2 employees.

2

Relative Position of APS SES and Non-SES TRP with the Combined State/Territory Public Service

This section compares APS SES and non-SES TRP against the CPS. The CPS analysis utilises a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania and Western Australia).

Tasmania was excluded from the CPS analysis as it does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision. With regards to Western Australia, Mercer had certain queries regarding its published remuneration data. Although classification arrangements in Western Australia are determined on the basis of work value, non-SES positions are assessed using BiPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2009 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey, in line with the 2008 report.

APS SES Base Salary and TR values have not been compared to the CPS because most State jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for APS non-SES classifications or non-SES equivalent positions in State public services, Mercer has undertaken a detailed comparative analysis against the CPS on the basis of TRP, but not on TR.

APS Graduate analysis has also been excluded as part of the CPS analysis, as new Graduates in most jurisdictions are classified and remunerated within their respective salary structures, even though they may be part of a graduate program.

The data used in the CPS analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. Similar to previous years, Mercer has adjusted the reported motor vehicle values of each jurisdiction to reflect a fair market value of the vehicle, ensuring the true TRP values are appropriately calculated and a fair comparison to APS TRP values provided.

In undertaking the comparative analysis of SES bands and CPS equivalent positions, fixed term contract remuneration rates were used for CPS equivalent positions within the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia and Victoria.

For detailed analysis on APS SES and non-SES TRP against individual public service jurisdictions, please refer to Appendix B.

CPS Remuneration Movements

Using the same State sample as last year, Mercer can calculate the CPS remuneration movements for 2008/2009 on a 'common sample' basis. Table 2.1 provides actual Base Salary movements for each of the CPS non-SES classifications.

Table 2.1 – 2008/2009 CPS Median Base Salary Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2008	CPS Midpoint 2009	Increase (%)
APS 1	$34,024	$35,178	3.4%
APS 2	$42,902	$44,808	4.4%
APS 3	$49,072	$51,088	4.1%
APS 4	$55,242	$57,368	3.8%
APS 5	$61,926	$64,172	3.6%
APS 6	$69,639	$72,022	3.4%
EL 1	$77,351	$79,872	3.3%
EL 2	$88,771	$91,490	3.1%

Table 2.2 – 2008/2009 CPS Total Remuneration Package Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2008	CPS Midpoint 2009	Increase (%)
APS 1	$37,544	$38,818	3.4%
APS 2	$47,341	$49,445	4.4%
APS 3	$54,150	$56,374	4.1%
APS 4	$60,958	$63,304	3.8%
APS 5	$68,334	$70,811	3.6%
APS 6	$76,844	$79,474	3.4%
EL 1	$85,354	$88,136	3.3%
EL 2	$97,955	$100,956	3.1%

As can be seen from the data in the Tables above, the movement in CPS non-SES remuneration is between 3.1 per cent and 4.4 per cent.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 2.3 – APS Median SES TRP Comparisons with CPS Midpoint

	SES 1	CPS	CR[1]	SES 2	CPS	CR	SES 3	CPS	CR
2009	$203,136	$173,733	0.86	$254,222	$219,231	0.86	$325,125	$288,292	0.89
2008	$196,880	$170,465	0.87	$248,133	$213,991	0.86	$315,007	$279,600	0.89

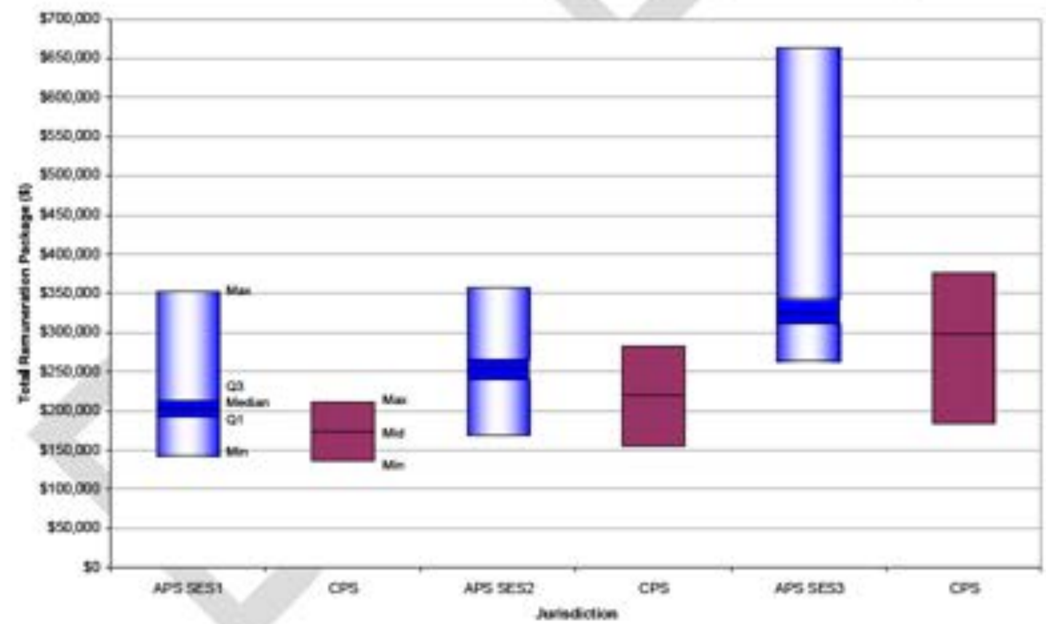
[1] CR = comparatio. Comparatio reflects APS set at 1.00.

Table 2.4 – APS Median SES TRP Movement Comparisons with CPS Midpoint

	SES 1	CPS	SES 2	CPS	SES 3	CPS
	m	m	m	m	m	m
2009	3.2%	1.9%	2.5%	2.4%	3.2%	3.1%
2008	6.1%	4.3%	6.2%	4.2%	7.4%	4.1%

m = movement

Chart 2.1 – TRP Comparison in 2009 for SES 1 to SES 3



Tables 2.3 and 2.4, and Chart 2.1, show that:

- overall SES competitive positioning has remained fairly stable compared to the CPS, with SES TRP medians positioned 14 per cent, 14 per cent and 11 per cent respectively above the CPS midpoint (compared to 13 per cent, 14 per cent and 11 per cent above in 2008)
- SES employees whose TRP is above Q1 are very competitively positioned against the CPS midpoint and are being rewarded within the upper half of the CPS range.
- SES employees below Q1 are well positioned against the lower half of the CPS range, with minimum APS TRP above corresponding CPS minimum

- across all SES bands the majority of APS employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES TRP median movements were above midpoint movements for the corresponding CPS classification.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 2.5 – Median APS 1 to APS 3 TRP Comparisons with CPS Midpoint

	APS 1	CPS	CR[1]	APS 2	CPS	CR	APS 3	CPS	CR
2009	$46,304	$38,818	0.84	$54,963	$49,445	0.90	$60,197	$56,374	0.94
2008	$43,366	$37,544	0.87	$50,759	$47,341	0.93	$56,729	$54,150	0.95

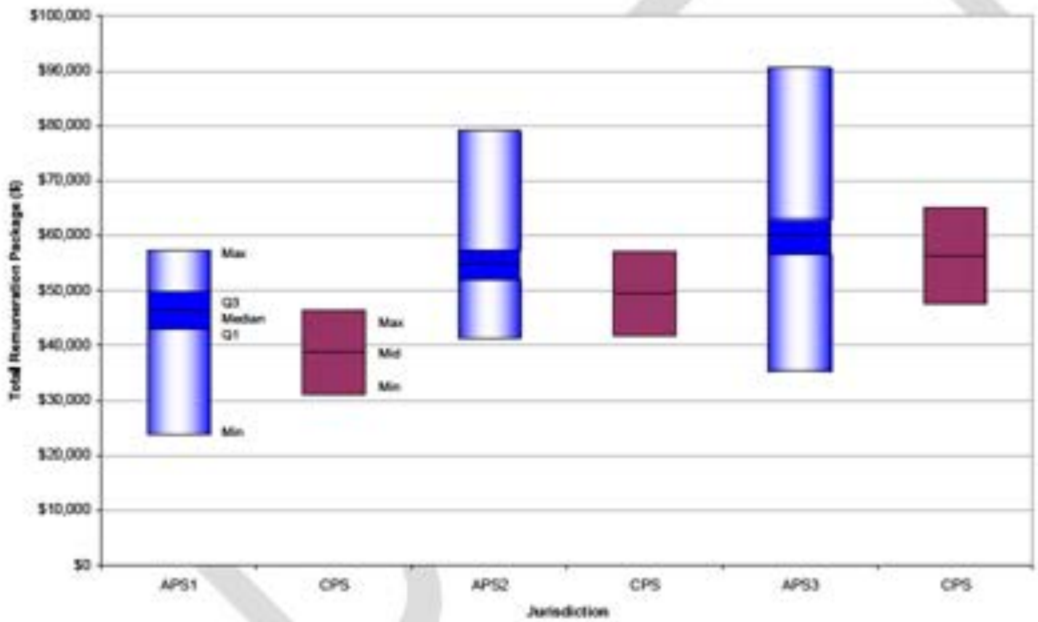
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.6 – Median APS 1 to APS 3 TRP Movement Comparisons with CPS Midpoint

	APS 1	CPS	APS 2	CPS	APS 3	CPS
	m	m	m	m	m	m
2009	6.8%	3.4%	8.3%	4.4%	6.1%	4.1%
2008	4.5%	4.0%	7.7%	6.0%	5.7%	8.3%

m = movement

Chart 2.2 – TRP Comparison in 2009 for APS 1 to APS 3



Tables 2.5 and 2.6, and Chart 2.2, show that:

- APS 1 to APS 3 TRP median movements are higher than CPS midpoint movements, with APS 1 and APS 2 competitiveness increasing by 3 per cent, and APS 3 competitiveness increasing by 1 per cent
- APS 1 to APS 3 employees whose TRP is above Q1 are being rewarded within the upper half of the CPS range
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications
- the majority of APS 1 to APS 3 employees above Q3 are remunerated above the maximum of the corresponding CPS classifications.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 2.7 – Median APS 4 to APS 6 TRP Comparisons with the CPS Midpoint

	APS 4	CPS	CR[1]	APS 5	CPS	CR	APS 6	CPS	CR
2009	$67,798	$63,304	0.93	$75,133	$70,811	0.94	$86,391	$79,474	0.92
2008	$63,863	$60,958	0.95	$70,188	$68,334	0.97	$81,295	$76,844	0.95

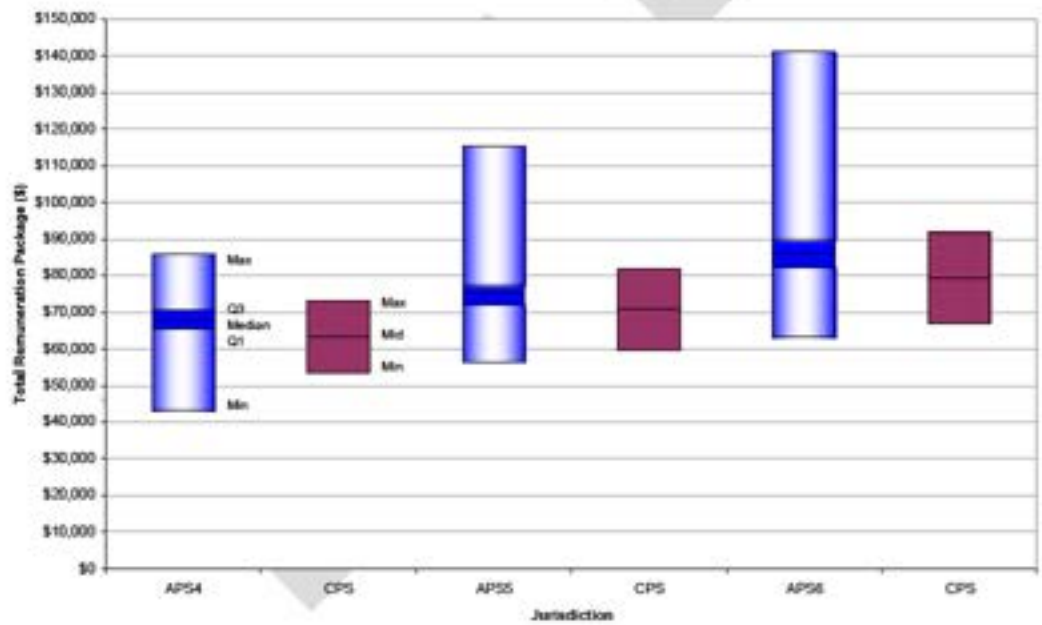
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.8 – Median APS 4 to APS 6 TRP Movement Comparisons with the CPS Midpoint

	APS 4	CPS	APS 5	CPS	APS 6	CPS
	m	m	m	m	m	m
2009	6.2%	3.8%	7.0%	3.6%	6.3%	3.4%
2008	5.0%	10.2%	3.6%	11.8%	3.7%	13.4%

m = movement

Chart 2.3 – TRP Comparison in 2009 for APS 4 to APS 6



Tables 2.7 and 2.8, and Chart 2.3, show that:

- APS 4 to APS 6 TRP medians are positioned 7 per cent, 6 per cent and 8 per cent respectively above the CPS midpoints. Competitive positioning has increased by between 2 per cent and 3 per cent since 2008
- APS 4 to APS 6 employees whose TRP is above Q1 are very competitively positioned in the upper half of the CPS range
- APS 4 to APS 6 employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 2.9 – Median EL 1 and EL 2 TRP Comparisons with the CPS Midpoint

	EL 1	CPS	CR[1]	EL 2	CPS	CR
2009	$109,466	$88,136	0.81	$136,310	$100,759	0.74
2008	$102,614	$85,354	0.83	$129,329	$97,955	0.76

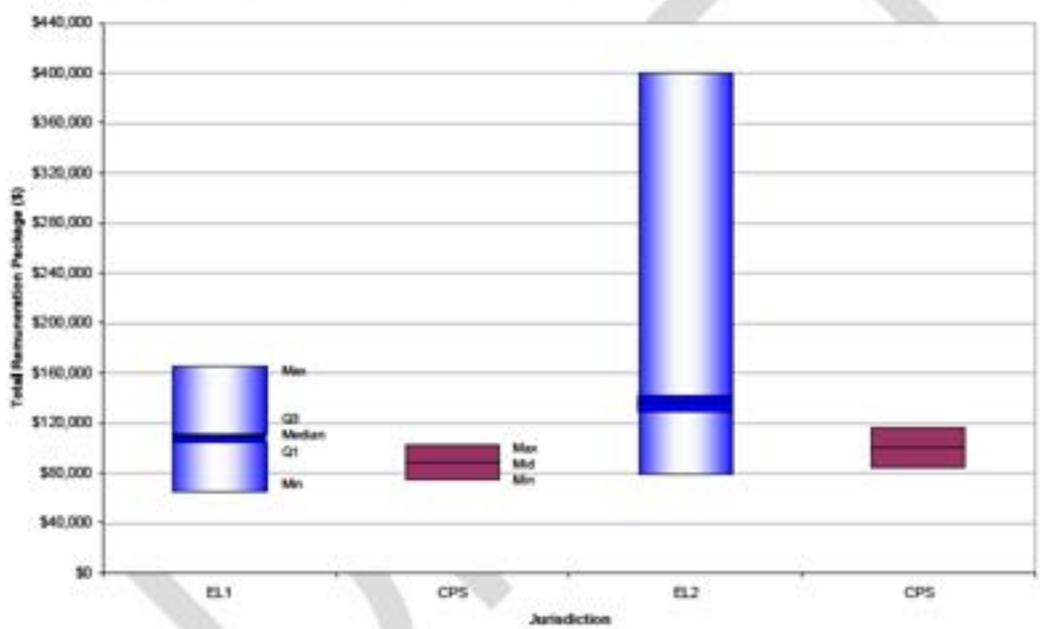
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.10 – Median EL 1 and EL 2 TRP Movement Comparisons with the CPS Midpoint

	EL 1	CPS	EL 2	CPS
	m	m	m	m
2009	6.7%	3.3%	5.4%	3.1%
2008	4.5%	14.7%	4.9%	16.2%

m = movement

Chart 2.4 – TRP Comparison in 2009 for EL 1 and EL 2



Tables 2.9 and 2.10, and Chart 2.4, show that:

- EL 1 and EL 2 TRP medians are positioned 19 per cent and 26 per cent respectively above the corresponding CPS midpoints, a 2 per cent increase in competitiveness from 2008 for both EL 1 and EL 2
- the maximum of EL 2 has increased significantly since 2008, due to the inclusion of two individuals hired on special salaries
- EL 1 and EL 2 employees are very competitively positioned against the CPS
- EL 1 and EL 2 employees above Q1 exceed the maximum TRP of the corresponding CPS classifications.

3

Relative Position of SES and Non-SES Classifications with the Private Sector

This section compares SES and non-SES TRP against the private sector's general market. The general market is a national database, and represents Mercer's broadest and most comprehensive database covering a diverse range of agencies across all industries and job families (excluding public services).

SES Base Salary has not been compared because a high proportion of agencies in the private sector manage senior executive remuneration on a TRP basis. Similarly, as bonuses are not a significant feature for non-SES remuneration, Mercer has not undertaken a comparative analysis on the basis of TR for non-SES classifications.

Remuneration data has been drawn from the private sector's various quartiles (i.e. Q1, the median and Q3), utilising work value and the general market trendline. This enables a direct comparison against the APS TRP. Results from 2008 have been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and changes in competitive positioning.

Appendix C provides an overview of remuneration practices in the private sector.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 3.1 – Median SES TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	SES 1	**Q1**	**CR**[1]	**Median**	**CR**
2009	$203,136	$180,075	0.89	$217,743	1.07
2008	$196,880	$177,500	0.90	$210,722	1.07
	SES 2	**Q1**	**CR**	**Median**	**CR**
2009	$254,222	$257,804	1.01	$317,534	1.25
2008	$248,133	$251,868	1.02	$307,628	1.24
	SES 3	**Q1**	**CR**	**Median**	**CR**
2009	$325,125	$404,576	1.24	$485,043	1.49
2008	$315,007	$379,908	1.21	$469,987	1.49

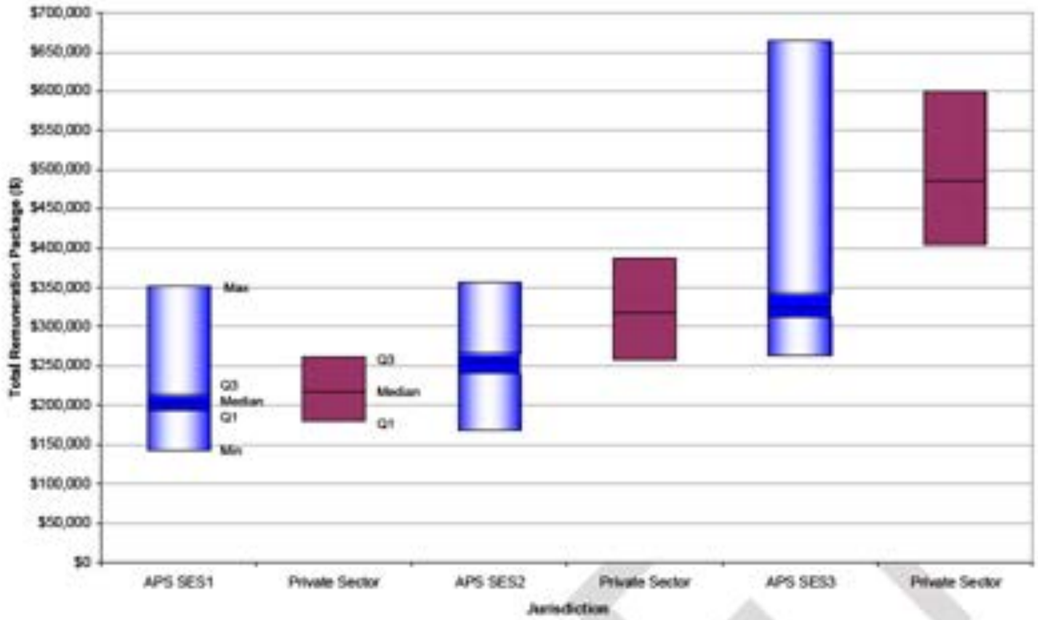
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.2 – Median SES TRP Movement Comparisons with the Private Sector

	SES 1	Private Sector		SES 2	Private Sector		SES 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	m	m	m	m	m	m	m	m
2009	3.2%	1.5%	3.3%	2.5%	2.4%	3.2%	3.2%	6.5%	3.2%
2008	6.1%	4.8%	4.8%	6.2%	4.8%	4.8%	7.4%	4.6%	4.6%

m = movement

Chart 3.1 – TRP Comparison in 2009 for SES 1 to SES 3



Tables 3.1 and 3.2, and Chart 3.1, show that:

- the SES 1 TRP median is 11 per cent above the private sector Q1 but 7 per cent below the private sector median. SES 1 employees at Q1 and Q3 are reasonably positioned somewhere between the lower quartile and median of the private sector market. SES 1 TRP movements at 3.2 per cent were above private sector movements of 1.5 per cent at Q1, and slightly below private sector movements of 3.3 per cent at the median
- the SES 2 TRP median is 1 per cent below the private sector Q1 and 25 per cent below the median. This represents slightly increased competitiveness compared to 2008 of 1 per cent at Q1, and slightly decreased competitiveness at the median. SES 2 TRP movements in 2009 were 2.5 per cent, higher than private sector movements of 2.4 per cent at Q1, but lower than private sector movements of 3.2 per cent at the median. As with previous years, only SES 2 employees above Q3 could be described as 'market competitive'
- the SES 3 TRP median is 24 per cent below the private sector Q1 and 49 per cent below the median. This is a 3 per cent decrease in competitiveness at Q1 from 2008; however, competitiveness at the private sector median has remained the same. This decreased competitiveness against Q1 of the private sector is a reflection of the higher movements seen in Q1 of the private sector (6.5 per cent in the private sector compared to 3.2 per cent in the APS). This decrease in year on year competitiveness has further contributed to the positioning of over 75 per cent of SES 3 employees with a TRP below the private sector Q1 benchmark.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 3.3 – Median APS 1 to APS 3 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 1	**Q1**	**CR**[1]	**Median**	**CR**
2009	$46,304	$30,775	0.66	$33,335	0.72
2008	$43,366	$29,841	0.69	$32,257	0.74
	APS 2	**Q1**	**CR**	**Median**	**CR**
2009	$54,963	$45,065	0.82	$49,743	0.91
2008	$50,759	$43,854	0.86	$48,134	0.95
	APS 3	**Q1**	**CR**	**Median**	**CR**
2009	$60,197	$55,785	0.93	$62,273	1.03
2008	$56,729	$54,546	0.96	$60,258	1.06

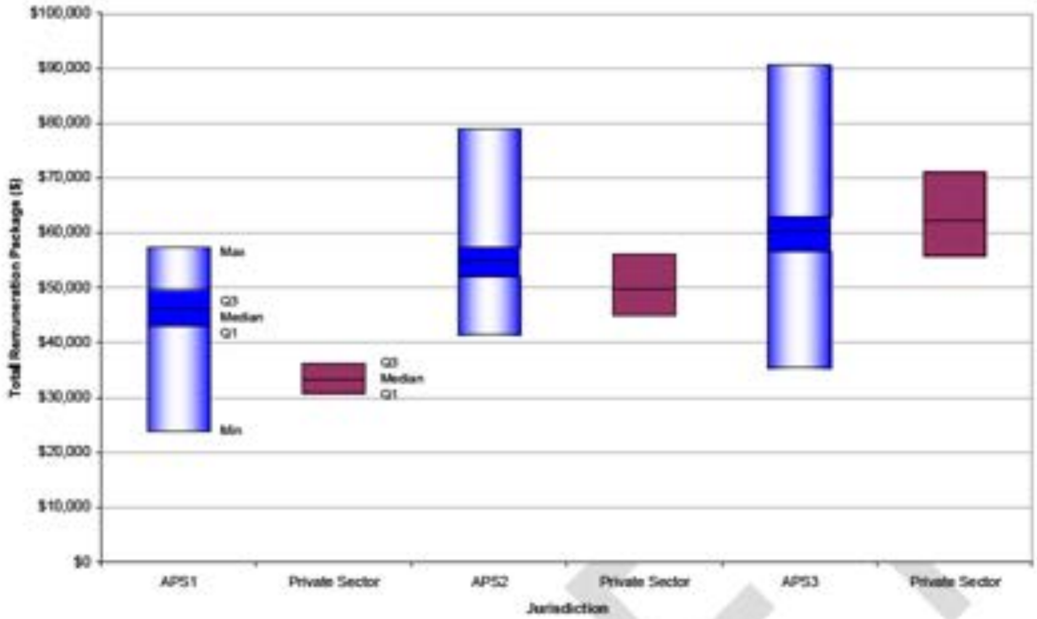
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.4 – Median APS 1 to APS 3 TRP Movement Comparisons with the Private Sector

	APS 1	Private Sector		APS 2	Private Sector		APS 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**	**m**	**m**	**m**
2009	6.8%	3.1%	3.3%	8.3%	2.8%	3.3%	6.1%	2.3%	3.3%
2008	4.5%	4.9%	4.9%	7.7%	5.0%	5.0%	5.7%	5.0%	5.0%

m = movement

Chart 3.2 – TRP Comparison in 2009 for APS 1 to APS 3



Tables 3.3 and 3.4, and Chart 3.2, show that:

- APS 1 TRP is very competitively positioned against the private sector. APS 1 employees above Q1 are remunerated well above the private sector Q3. Median remuneration is 34 per cent above the private sector Q1 and 28 per cent above the median. This competitiveness is associated with high Base Salary levels and high employer superannuation contributions. Relative competitiveness has increased slightly since 2008. APS 1 TRP movements of 6.8 per cent were above general market movements of 3.1 and 3.3 per cent
- APS 2 employees between Q1 and Q3 are remunerated in line with the median to Q3 remuneration range in the private sector. Competitiveness has increased by 4 per cent at the APS 2 level since 2008. APS 2 TRP movements of 8.3 per cent were well above general market movements of 2.8 per cent and 3.3 per cent
- APS 3 employees between Q1 and Q3 are remunerated in line with the Q1 to median remuneration range in the private sector. The APS 3 TRP median is 7 per cent above the private sector Q1 and 3 per cent below the median, which is a higher level of competitiveness compared to 2008. APS 3 TRP movements of 6.1 per cent were higher than general market movements of 2.3 per cent and 3.3 per cent
- all three classifications remain competitively positioned against equivalent positions in the private sector.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 3.5 – Median APS 4 to APS 6 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 4	Q1	CR[1]	Median	CR
2009	$67,798	$66,505	0.98	$74,803	1.10
2008	$63,863	$65,238	1.02	$72,383	1.13
	APS 5	Q1	CR	Median	CR
2009	$75,133	$77,830	1.04	$88,438	1.18
2008	$70,188	$76,325	1.09	$85,582	1.22
	APS 6	Q1	CR	Median	CR
2009	$86,391	$94,357	1.09	$108,473	1.26
2008	$81,295	$92,617	1.14	$104,971	1.29

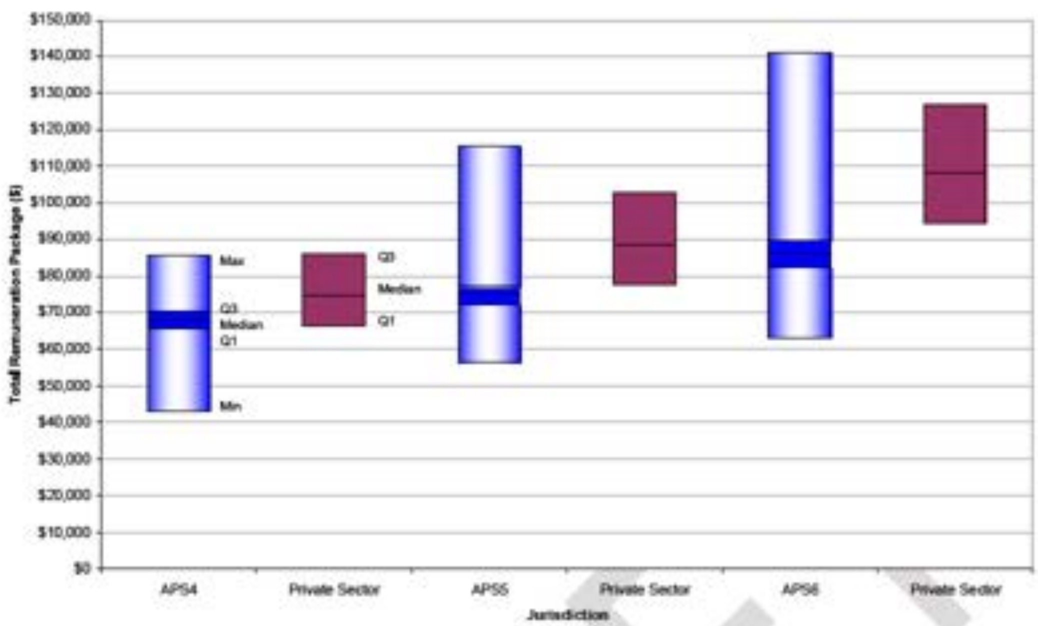
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector		APS	Private Sector	
	APS 4	Q1	Median	APS 5	Q1	Median	APS 6	Q1	Median
	m	m	m	m	m	m	m	m	m
2009	6.2%	1.9%	3.3%	7.0%	2.0%	3.3%	6.3%	1.9%	3.3%
2008	5.0%	5.0%	5.0%	3.6%	4.8%	4.8%	3.7%	4.9%	4.9%

m = movement

Chart 3.3 – TRP Comparison in 2009 for APS 4 to APS 6



Tables 3.5 and 3.6, and Chart 3.3, show that:

- APS 4 employees above Q3 are aligned with the private sector's Q1 to Q3 range. The APS 4 TRP median is 2 per cent above the private sector Q1 and 10 per cent below the private sector median. Relative competitiveness has increased by 3 per cent to 4 per cent due to higher APS movements (6.2 per cent) than general market movements (1.9 per cent and 3.3 per cent)
- Only APS 5 employees above Q3 are competitive with equivalent private sector employees. The APS 5 TRP median is 4 per cent below the private sector Q1 and 18 per cent below the private sector median. Relative competitiveness has increased by 4 per cent to 5 per cent since 2008 as a result of higher APS movements of 7.0 per cent, compared with general market movements of 2.0 per cent and 3.3 per cent
- Only APS 6 employees above Q3 are competitively positioned against the private sector. The APS 6 TRP median is 9 per cent and 26 per cent below the private sector Q1 and median respectively. The APS 6 TRP movement of 6.3 per cent is higher than general market movements of 1.9 per cent and 3.3 per cent. This has increased competitiveness with the private sector by 3 per cent to 5 per cent.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 3.7 – Median EL 1 and EL 2 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	EL 1	**Q1**	**CR**[1]	**Median**	**CR**
2009	$109,466	$113,181	1.03	$131,621	1.20
2008	$102,614	$111,418	1.09	$127,372	1.24
	EL 2	**Q1**	**CR**	**Median**	**CR**
2009	$136,310	$137,175	1.01	$161,810	1.19
2008	$129,329	$135,263	1.05	$156,593	1.21

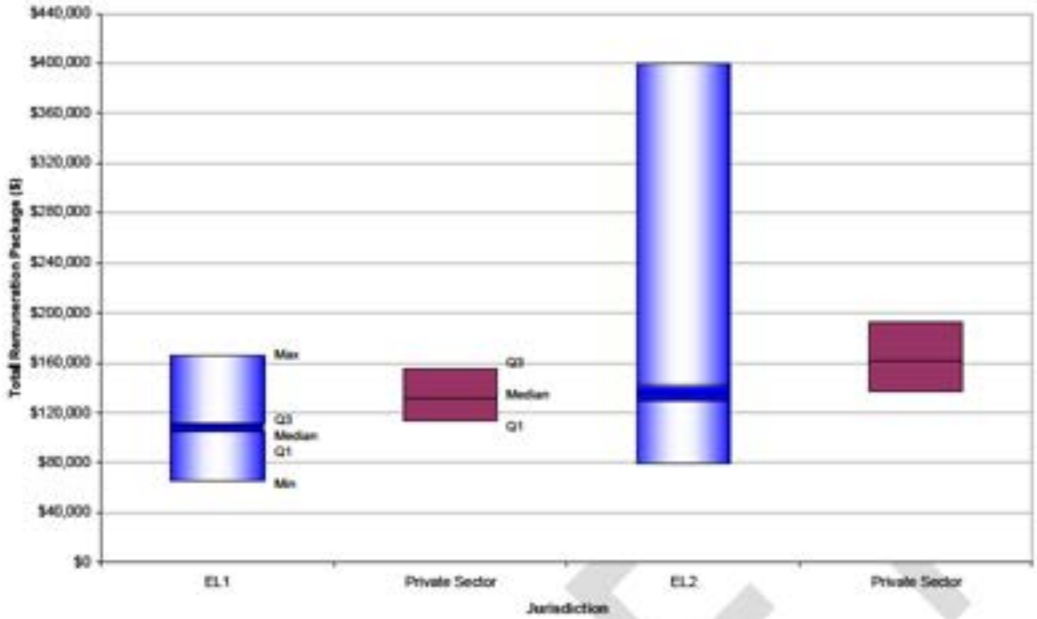
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.8 – Median EL 1 and EL 2 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector	
	EL 1	**Q1**	**Median**	**EL 2**	**Q1**	**Median**
	m	**m**	**m**	**m**	**m**	**m**
2009	6.7%	1.6%	3.3%	5.4%	1.4%	3.3%
2008	4.5%	4.9%	4.9%	4.9%	4.8%	4.8%

m = movement

Chart 3.4 – TRP Comparison in 2009 for EL 1 and EL 2



Tables 3.7 and 3.8, and Chart 3.4, show that:

- the EL 1 TRP median is 3 per cent and 20 per cent below the Q1 and median of the private sector respectively, which is more competitive than in 2008. EL 1 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range. However, the 75 per cent of EL 1 employees below Q3 have a TRP below the private sector Q1. EL 1 TRP increased by 6.7 per cent, lower than general market movements of 1.6 per cent and 3.3 per cent
- the EL 2 TRP median is 1 per cent and 19 per cent below the Q1 and median of the private sector respectively, which is more competitive than in 2008. As is the case for EL 1 employees, only EL 2 employees above Q3 are competitively positioned against the private sector. Employees at the median and Q3 are aligned with Q1 of the private sector. The EL 2 TRP increase of 5.4 per cent is higher than general market movements of 1.4 per cent and 3.3 per cent
- at EL 1 and EL 2 classifications, the level of reward competitiveness against the private sector has stayed relatively stable over the last few years, but appears to have increased in competitiveness over the past year
- EL 1 and EL 2 competitiveness against the private sector decreases from a TRP perspective (compared with other APS classifications), due to benefits such as motor vehicles being increasingly prevalent in the private sector for higher level positions.

Base Salary Analysis – Graduate

Table 3.9 – Private Sector Graduate Base Salary in 2008 and 2009 compared to the APS*

	Median		Average	
	2008	2009	2008	2009
APS Graduate Salaries	$49,753	$51,370	$50,844	$51,462
Accounting	$46,849	$49,500	$47,396	$50,216
Economics	$45,750	$46,000	$46,461	$47,917
Computer Science	$48,617	$48,500	$47,512	$48,952
Engineering	$52,000	$55,500	$51,569	$55,473
Human Resources/Industrial Relations	$45,000	$50,000	$46,324	$48,756
Marketing	$47,000	$48,000	$45,956	$48,455
Science	$48,617	$50,562	$47,354	$50,158
Business/Commerce	$45,000	$47,000	$45,295	$47,928
Social Sciences/Art	$45,000	$45,000	$45,893	$47,413
Law	$44,000	$45,000	$45,390	$47,934

* 2009 figures sourced from Mercer's *Australian Benefits Review 2009* publication

Table 3.9 (and calculations based on this data) shows that:

- depending on the job family, in 2009 median Graduate salaries in the private sector ranged from $45,000 to $55,500, higher than the 2008 median Base Salary range of $44,000 to $52,000
- Engineering, Human Resources/Industrial Relations and Science Graduates started at higher salaries than Graduates from other disciplines in 2009
- the APS average Graduate Base Salary of $51,462 is 4.3 per cent above the average of $49,320 across all job families in the private sector, less than the 2008 APS average of 8.4 per cent above the private sector
- the APS average Graduate Base Salary is also above the average of each job family group, except for Engineering, as was the case in 2008.

4

Summary of Key Findings

This section provides a summary of key findings of APS SES and non-SES TRP comparisons against the combined public service and the private sector's general market.

Combined Public Service (CPS) Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the CPS show that:

- APS SES employees are competitively positioned when compared to the CPS
- the overall competitive positioning has remained fairly stable since 2008
- across all SES bands the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES employees below Q1 are well positioned against the lower half of the corresponding CPS range
- SES TRP median movements were above midpoint movements for the corresponding CPS classifications.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the CPS show that:

- the majority of APS employees are competitively remunerated when compared to the CPS
- compared to 2008, APS 1 to APS 3 competitiveness has increased, by between 1 per cent and 3 per cent
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classifications
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the CPS show that:

- the majority of APS employees in these classifications are competitively remunerated when compared to the CPS
- the competitive positioning for APS 4 to APS 6 employees has increased by between 2 per cent and 3 per cent since 2008
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent classification
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

EL 1 and EL 2

TRP comparisons for EL 1 and EL 2 employees with the CPS show that:

- from a TRP perspective, the majority of APS EL 1 and EL 2 employees are very competitively remunerated when compared to the CPS
- competitive positioning for EL 1 and EL 2 has increased by 2 per cent since 2008
- EL 1 and EL 2 employees above Q1 are remunerated above the maximum TRP remuneration of corresponding CPS classifications.

Private Sector Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the private sector show that:

- SES 1 employees around Q1 are remunerated in line with the lower half of corresponding remuneration in the private sector
- SES 2 employees above Q3 are comparable to the private sector Q1 to Q3 range
- more than 75 per cent of SES 3 employees have a TRP below the private sector Q1 benchmark
- the overall competitive positioning at the median has remained fairly stable at all SES classifications since 2008.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the private sector show that:

- APS 1 employees above Q1 are remunerated well above the private sector Q3
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector
- APS 3 employees between Q1 and Q3 are remunerated in line with the Q1 to median remuneration range in the private sector
- the overall competitive positioning has increased for APS 1, APS 2 and APS 3 since 2008.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the private sector show that:

- from a TRP perspective, APS 4 to APS 6 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- APS 4 to APS 6 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning has increased for APS 4, APS 5 and APS 6 since 2008.

EL 1 and EL 2

TRP comparisons for EL 1 and EL 2 employees with the private sector show that:

- EL 1 and EL 2 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- EL 1 and EL 2 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning of APS TRP remuneration has increased for the EL 1 and EL 2 classifications since 2008.

Graduates

TRP comparisons for Graduate employees with the private sector show that:

- in 2009, the median range of Graduate Base Salaries in the private sector ranged from $45,000 to $55,500 across different job families, compared to the APS median of $51,370
- Engineering, Human Resources/Industrial Relations and Science Graduates typically started at higher Base Salaries than Graduates from other disciplines
- the average APS Graduate Base Salary ($51,462) is 4.3 per cent above the private sector ($49,320), decreasing from 8.4 per cent above in 2008.

Provision of Benefits and Bonuses – Private Sector

SES 1 to SES 3

While SES median motor vehicle values and employer superannuation contributions are competitive with the private sector, SES average actual bonus payments is significantly below private sector practice.

APS 1 to EL 2

Non-SES median employer superannuation contributions are very competitive against the private sector.

As it was uncommon for APS EL 1 and EL 2 employees to receive a vehicle benefit, TRP competitiveness against the Private Sector is significantly less than Base Salary competitiveness.

Appendix A

Definition of Terms

Confidentiality

Mercer is aware of the confidential nature of the information provided and stresses that we appreciate and protect this.

Mercer's commitment to ensuring confidentiality is exemplified clearly by the following factors:

- to protect confidentiality, for APS-wide statistics where fewer than three agencies provide a component, no data is shown. In these circumstances, this is indicated by the symbol '--', while the 'per cent Rep' column will indicate the percentage of the sample provided with the component
- Mercer reserves the right not to change the names of recipients of our surveys unless authorised to do so in writing. This is to prevent confidential survey information being provided to unauthorised personnel.

For the calculation of APS-wide statistics, several criteria—including the number of records and the number of agencies—were adopted to preserve confidentiality, as shown below:

- average – at least three records from at least three agencies
- Q1, median, Q3 – four or more records from four or more agencies
- maximum and minimum – more than 10 records from four or more agencies.

The above APS-wide criteria were used in the preparation of this report, as well as the SES Remuneration Survey Report, non-SES Remuneration Survey Report, and the Individual Agency Reports.

Missing Data

The following approach has been used to represent missing, suppressed or 'zero' returns:

- where fewer than three agencies provide a component (i.e. data is suppressed to ensure confidentiality) the symbol '--' is used
- where no data is provided, a '-' is used
- where a zero value is returned, the number zero ('0') is shown.

Remuneration Items

Base Salary

Base Salary represents full time equivalent annualised PAYG salary. It includes pre-tax employee superannuation contributions made by salary sacrifice and any additional salary sacrifice amounts for other benefits. It excludes all other cash components such as bonuses and allowances.

Bonuses

At a practical level, the terms 'bonus' and 'incentive' are often used interchangeably. For the purposes of consistency throughout the 2009 APS Remuneration Survey, performance-based payments have been referred to as 'bonuses' even though in the APS they are often related to achievement of key performance indicators and hence meet the defining criteria of incentives. Performance-based bonuses in the private sector would more likely be referred to as incentives.

Total Remuneration Package (TRP)

TRP is defined as Base Salary plus the value of any benefits such as superannuation and motor vehicles, plus FBT on all benefit items. It does not include any bonus payments.

Total Reward (TR)

TR is TRP plus bonus payments.

Statistical Terms

Average

The average is the arithmetic mean, calculated by summing all values and dividing by the number of values.

Comparatio

Comparatios (CR) are a representation of market relativity, and are commonly defined as the ratio between an actual remuneration rate and a comparable remuneration market/benchmark rate, and are expressed as an integer with two decimal places. APS data is defined as 1.00, with other jurisdictions' competitive positioning being assessed against the APS. For example, a jurisdiction's outcome of 0.92 would indicate that it is 8 per cent below the APS (1.00).

First Quartile / Q1

The first quartile or 25^{th} percentile (Q1) is the midpoint of the lower half of the sample. That is, the first quartile is the point where 25 per cent of the cases fall below and where 75 per cent of the cases fall above.

Median

The median is calculated by sorting all the values into ascending order then locating the value where 50 per cent of the cases fall below and where 50 per cent of the cases fall above.

Third Quartile / Q3

The third quartile or 75^{th} percentile (Q3) is the midpoint of the upper half of the sample. That is, the third quartile is the point where 75 per cent of the cases fall below and where 25 per cent of the cases fall above.

Midpoint

The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Standard Deviation (SD)

SD is used to measure the spread of data from the average. The SD is sensitive to outliers, so where significant outliers are present this can significantly increase the SD. The greater the spread of data, the higher the SD value.

Symbols

The symbol ~ means 'approximately'.

Within $\pm$10 per cent refers to a range between 90 per cent and 110 per cent of a figure.

Trendlines

Trendlines, as referred to in this report, are regression lines derived from work value points and the corresponding published rates of pay.

APS Work Value Ranges

The work values used in this report have been determined using the Mercer job evaluation system. Indicative work value ranges for APS SES and non-SES classifications are presented in Table A.1. The APS SES and non-SES work value ranges are indicative only and are not based on a whole of APS calibration.

Table A.1 – SES and Non-SES Indicative Work Value Points Ranges[1]

Band/Level	Minimum	Midpoint	Maximum
APS 1	-	50	99
APS 2	100	130	159
APS 3	160	190	219
APS 4	220	250	279
APS 5	280	315	349
APS 6	350	390	429
EL 1	430	465	500
EL 2	501	593	684
SES 1	685	817	949
SES 2	950	1225	1499
SES 3	1500	1840	2179

[1] Work value ranges are indicative, based on the findings of a range of studies with individual agencies

The Mercer CED job evaluation system has been widely adopted to underpin classification and remuneration management systems in all public services across Australia. Agencies are attracted to job evaluation systems for many reasons, often related to a desire to establish more robust, transparent or systematic processes.

The high level of acceptance of this specific methodology in a public sector context may have a number of explanations, but three are relevant for the purposes of this survey:

- the universal nature of work value factors examined, supporting applicability to all job types
- the fact that the methodology was initially developed with the needs of both private and public sector agencies in mind, and has evolved within the changing public service context
- the incorporation of specific public service descriptors, definitions and standards which address work that is unique to the public service (e.g. policy roles, machinery of government requirements, statutory accountability).

Work value benchmarks across the various public services enable the reasonable comparison of remuneration across jurisdictions for the purposes of this broader market analysis.

Appendix B

Relative Position of APS SES and Non-SES Classifications with Individual Public Service Jurisdictions

This section compares APS SES and non-SES TRP against individual public service jurisdictions. Table data compares the APS median to the individual public service jurisdiction's midpoint. The 2008 results have been included for comparative purposes. In addition to the comparatio (CR) analysis, Mercer has also ranked (r) the positioning of the APS against the individual public service jurisdictions.

APS SES Base Salary and TR have not been compared because most jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for non-SES classifications or corresponding non-SES equivalent classifications in individual public services, Mercer has only undertaken the comparative analysis on the basis of TRP for non-SES classifications.

The data used in the individual public service jurisdiction analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. The individual public service jurisdiction analysis utilises each jurisdiction's reported remuneration range. Mercer has adjusted the reported motor vehicle values of each jurisdiction to ensure the true TRP values of jurisdictions are appropriately aligned to the APS TRP values.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1

Table B.1 – Median SES 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	1	0.96	3	0.97	2	0.95	4	0.71	7	0.92	5	0.82	6
2008	1.00	1	0.98	2	0.98	3	0.95	4	0.72	7	0.93	5	0.82	6

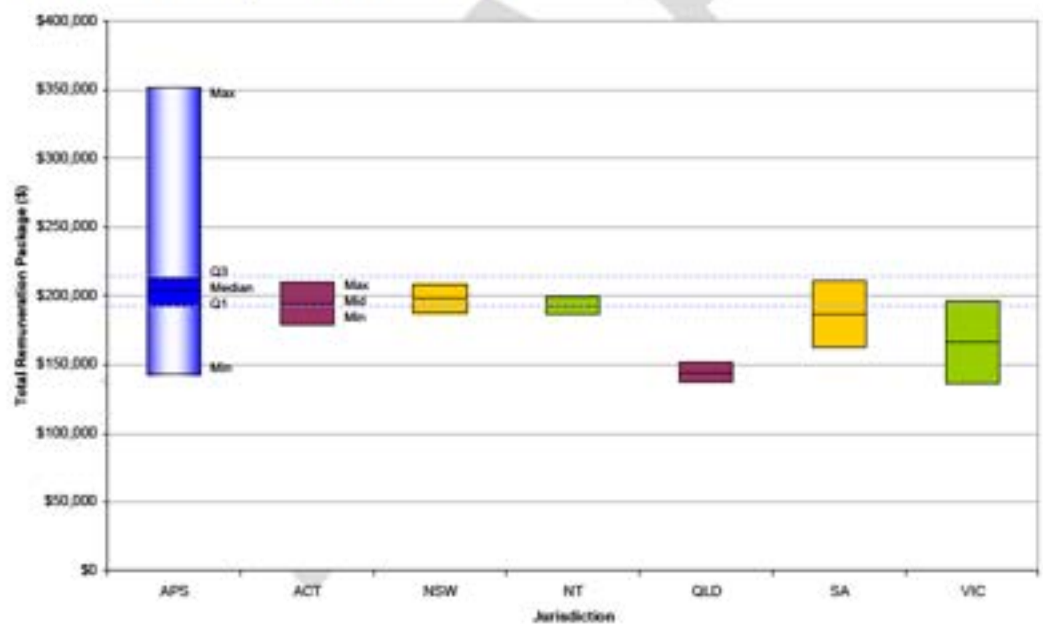
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.2 – Median SES 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	3.2%	1	1.3%	7	3.1%	2	3.0%	3	2.5%	6	2.6%	5	2.6%	4
2008	6.1%	1	4.5%	3	3.6%	6	4.8%	2	4.5%	4	n/a	n/a	3.9%	5

r = ranking m = movement.

Chart B.1 – TRP Comparison in 2009 – SES 1



Tables B.1 and B.2, and Chart B.1, show that:

- the APS had the highest SES 1 median TRP across all public services
- SES 1 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions
- the APS SES 1 TRP median movement of 3.2 per cent was the highest in comparison to other public service jurisdictions.

Total Remuneration Package (TRP) Analysis – SES 2

Table B.3 - Median SES 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	1.00	1	0.94	3	0.89	5	0.74	8	0.93	4	0.75	7
2008	1.00	2	1.01	1	0.94	3	0.88	5	0.74	7	0.93	4	0.75	6

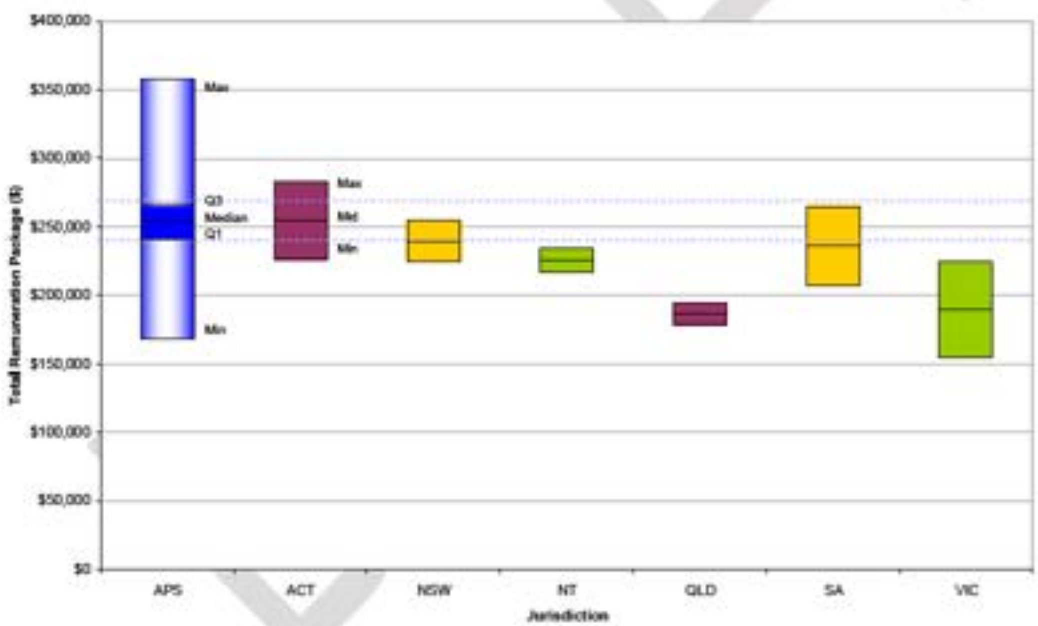
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.4 - Median SES 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	2.5%	5	2.0%	7	3.1%	1	3.0%	2	2.4%	6	2.6%	4	2.6%	3
2008	6.2%	1	4.4%	4	3.4%	6	4.7%	2	4.6%	3	n/a	n/a	3.8%	5

r = ranking m = movement.

Chart B.2 - TRP Comparison in 2009 - SES 2



Tables B.3 and B.4, and Chart B.2, show that:

- the APS had the second highest SES 2 median TRP, trailing the ACT by less than 1 per cent
- SES 2 employees between Q1 and Q3 are competitively positioned against all other state jurisdictions
- SES 2 employees above Q3 are competitively positioned against the ACT
- SES 2 TRP median movement of 2.5 per cent ranked fifth in comparison with other individual public service jurisdictions, a significantly decreased ranking when compared to 2008 where APS TRP movement was ranked first.

Total Remuneration Package (TRP) Analysis – SES 3

Table B.5 - Median SES 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	1.06	1	0.93	4	0.85	6	0.77	7	0.96	3	0.69	8
2008	1.00	2	1.07	1	0.93	4	0.85	5	0.78	6	0.96	3	0.70	7

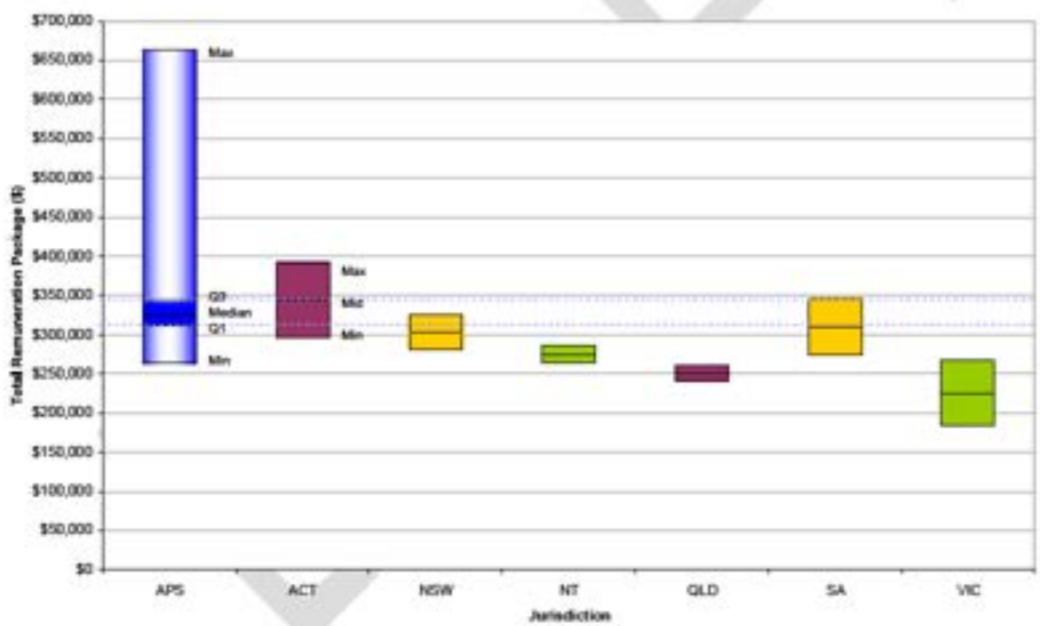
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.6 - Median SES 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	3.2%	1	2.5%	6	3.0%	2	3.0%	3	2.4%	7	2.6%	5	2.6%	4
2008	7.4%	1	4.3%	4	3.2%	6	4.6%	3	4.8%	2	n/a	n/a	3.6%	5

r = ranking m = movement.

Chart B.3 - TRP Comparison in 2009 - SES 3



Tables B.5 and B.6, and Chart B.3, show that:

- SES 3 median TRP ranked second behind the ACT by 6 per cent
- SES 3 employees above Q3 receive comparable remuneration to the upper range of the ACT
- the SES 3 TRP between Q1 and Q3 is well positioned against all other jurisdictions
- the SES 3 TRP median movement of 3.2 per cent ranked first across all individual public service jurisdictions.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1

Table B.7 – Median APS 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	1	0.72	7	0.99	2	0.91	3	0.81	5	0.85	4	0.76	6
2008	1.00	2	0.75	7	1.02	1	0.95	3	0.82	5	0.89	4	0.78	6

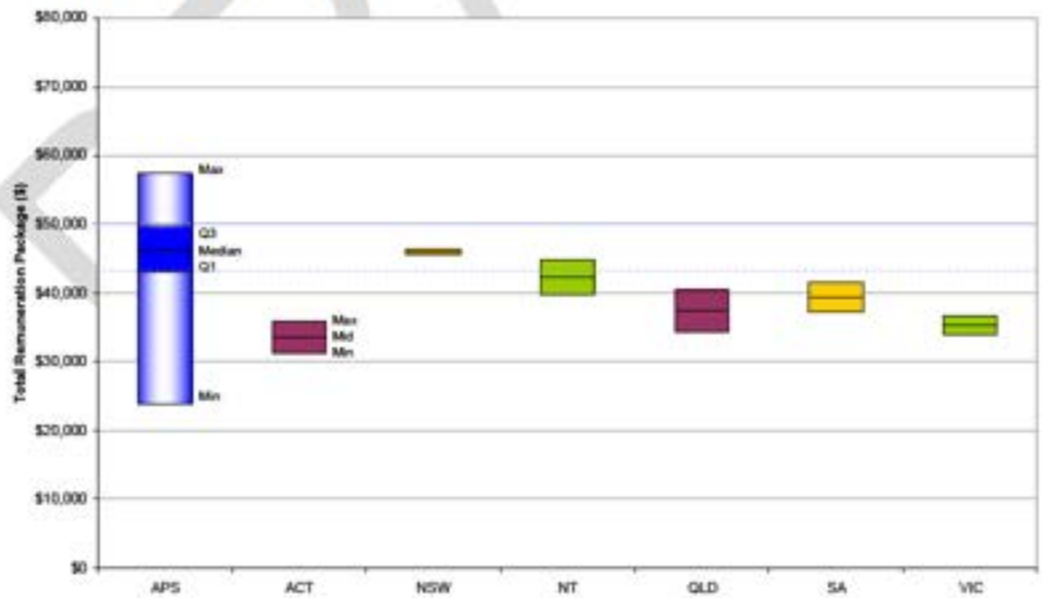
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.8 – Median APS 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	6.8%	1	2.5%	7	4.0%	4	3.0%	5	5.1%	2	2.5%	6	4.2%	3
2008	4.5%	2	4.0%	3	4.0%	4	4.0%	5	4.7%	1	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.4 – TRP Comparison in 2009 – APS 1



Tables B.7 and B.8, and Chart B.4, show that:

- the majority of APS 1 employees are competitively positioned against all individual public service jurisdictions, with the APS 1 median TRP ranked first, leading NSW by 1 per cent
- the 2009 APS 1 median TRP moved by 6.8 per cent, the highest movement across all jurisdictions. In 2008, the APS had the second highest movement of 4.5 per cent.

Total Remuneration Package (TRP) Analysis – APS 2

Table B.9 - Median APS 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	0.83	6	1.03	1	0.92	3	0.86	5	0.89	4	0.81	7
2008	1.00	2	0.87	6	1.07	1	0.97	3	0.89	5	0.94	4	0.85	7

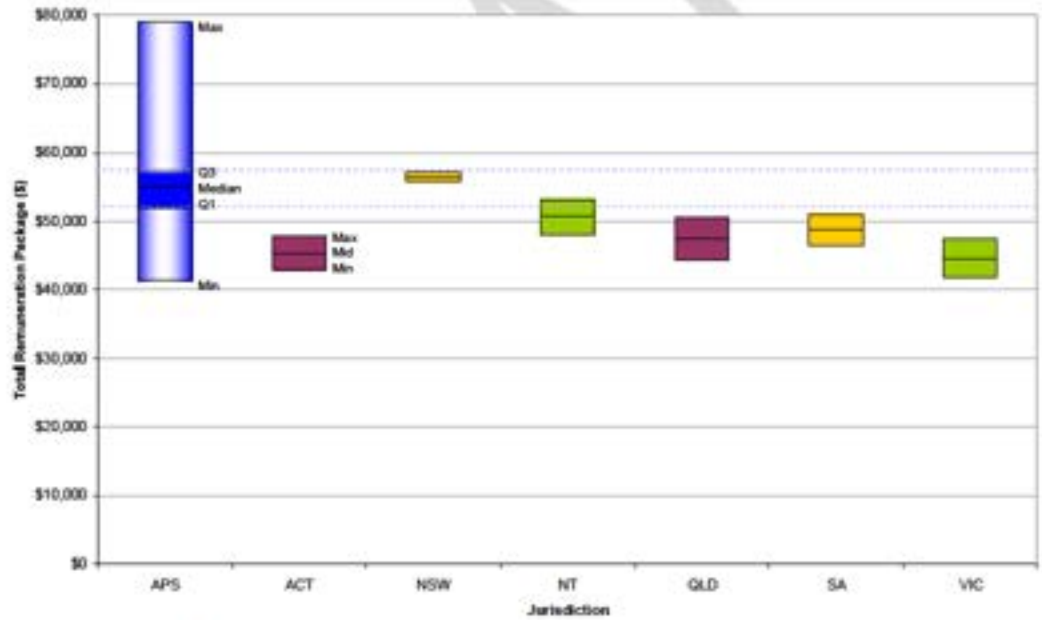
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.10 – Median APS 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	8.3%	1	2.5%	7	4.0%	3	3.0%	5	4.9%	2	2.5%	6	3.4%	4
2008	7.7%	1	4.0%	3	4.0%	4	4.0%	5	4.4%	2	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.5 – TRP Comparison in 2009 – APS 2



Tables B.9 and B.10, and Chart B.5, show that:

- the APS 2 median TRP ranked second behind NSW by 3 per cent
- APS 2 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions
- the APS 2 TRP above Q3 is above the maximum NSW TRP range
- the APS 2 annual movement of 8.3 per cent ranked the highest, maintaining its ranking from 2008.

Total Remuneration Package (TRP) Analysis – APS 3

Table B.11 – Median APS 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	0.90	6	1.07	1	0.95	3	0.92	5	0.93	4	0.86	7
2008	1.00	2	0.93	5	1.09	1	0.97	3	0.93	6	0.96	4	0.88	7

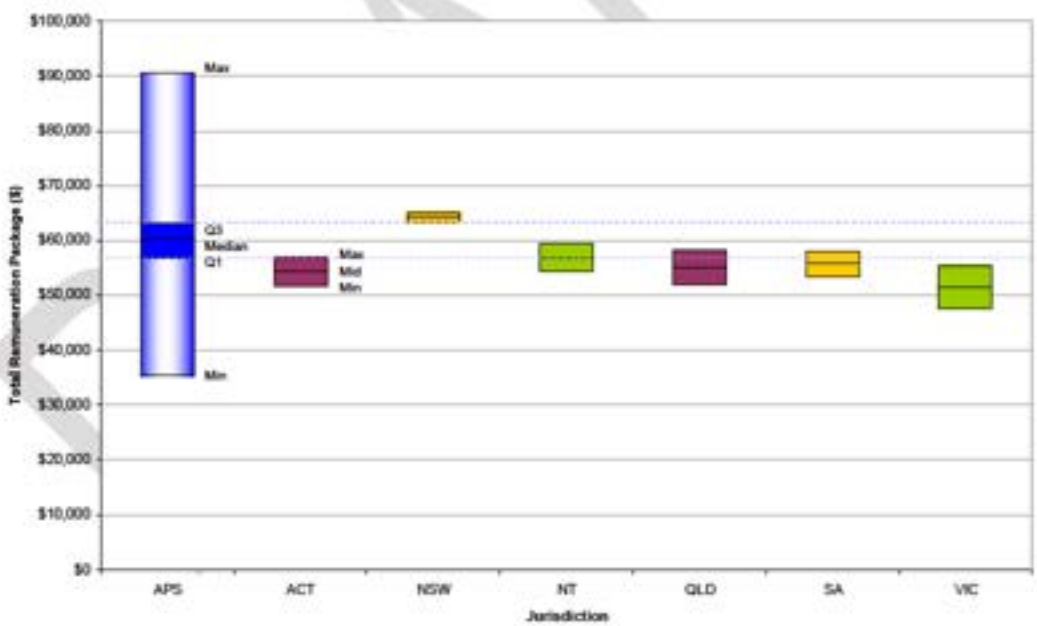
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.12 – Median APS 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	6.1%	1	2.5%	7	4.0%	3	3.0%	5	4.8%	2	2.5%	6	3.0%	4
2008	5.7%	1	4.0%	3	4.0%	4	4.0%	5	4.3%	2	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.6 – TRP Comparison in 2009 – APS 3



Tables B.11 and B.12, and Chart B.6, show that:

- the APS 3 median TRP ranked second, seven per cent behind NSW
- APS 3 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 3 TRP above Q3 is competitive with NSW
- the APS 3 movement of 6.1 per cent ranked the highest across all individual public service jurisdictions, maintaining its ranking from 2008.

Total Remuneration Package (TRP) Analysis – APS 4

Table B.13 – Median APS 4 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	0.93	3	1.06	1	0.93	4	0.93	5	0.93	6	0.86	7
2008	1.00	2	0.97	3	1.09	1	0.96	4	0.94	6	0.96	5	0.89	7

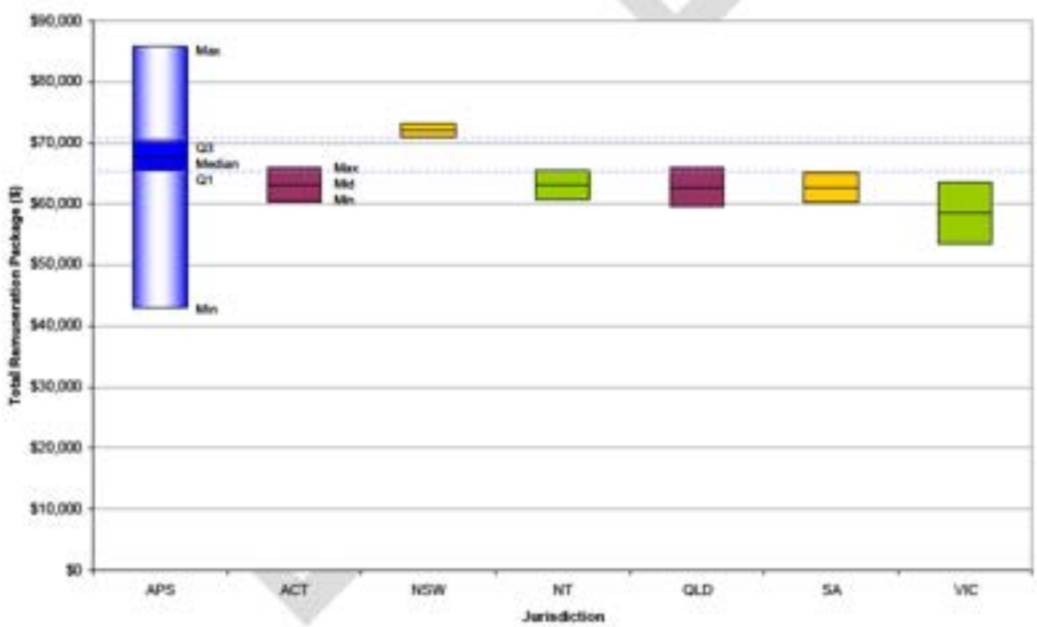
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.14 – Median APS 4 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	6.2%	1	2.5%	7	4.0%	3	3.0%	4	4.7%	2	2.5%	6	2.7%	5
2008	5.0%	1	4.0%	3	4.0%	4	4.0%	5	4.2%	2	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.7 – TRP Comparison in 2009 – APS 4



Tables B.13 and B.14, and Chart B.7, show that:

- as in 2008, the 2009 APS 4 median TRP ranked second, 6 per cent behind NSW
- APS 4 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 4 TRP above Q3 is competitive with NSW
- the APS 4 annual movement of 6.2 per cent ranked first across all individual public service jurisdictions, maintaining its ranking from 2008.

Total Remuneration Package (TRP) Analysis – APS 5

Table B.15 – Median APS 5 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	0.97	3	1.07	1	0.93	6	0.95	4	0.94	5	0.88	7
2008	1.00	3	1.01	2	1.10	1	0.97	6	0.97	5	0.98	4	0.92	7

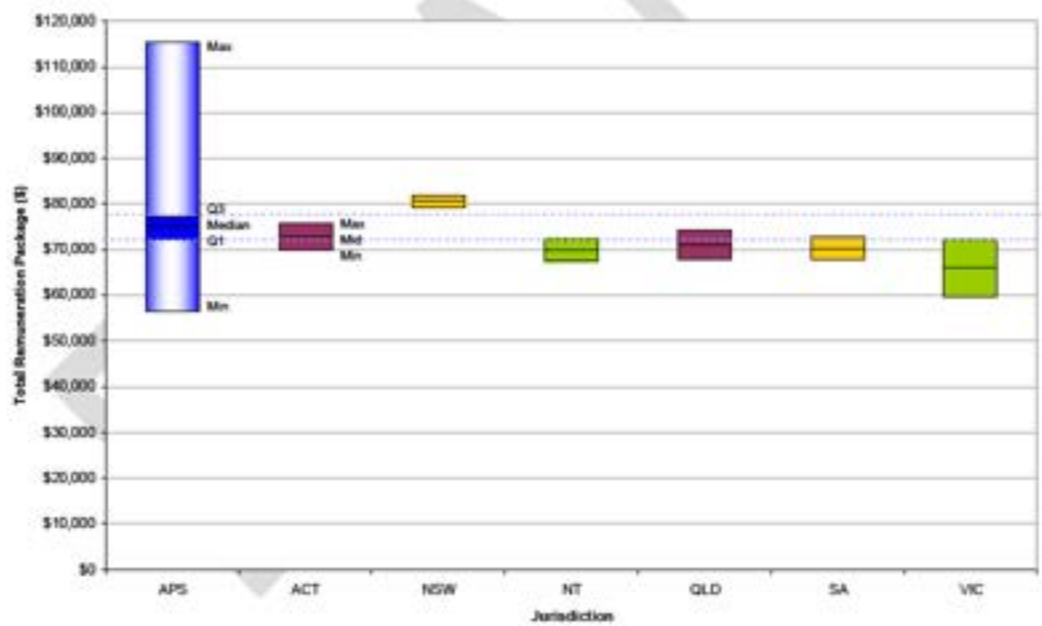
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.16 – Median APS 5 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	7.0%	1	2.5%	7	4.0%	3	3.0%	4	4.6%	2	2.5%	6	2.5%	5
2008	3.6%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.8 – TRP Comparison in 2009 – APS 5



Tables B.15 and B.16, and Chart B.8, show that:

- the 2009 APS 5 median TRP ranked second, behind NSW by 7 per cent
- APS 5 employees between Q1 and Q3 are well positioned against all individual public service jurisdictions with the exception of NSW
- APS 5 TRP above Q3 is competitive with NSW
- the APS TRP movement of 7 per cent was ranked first, compared to the 2008 movement of 3.6 per cent which was ranked fifth across all jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 6

Table B.17 – Median APS 6 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	2	0.97	3	1.05	1	0.90	6	0.93	4	0.92	5	0.87	7
2008	1.00	3	1.01	2	1.07	1	0.93	6	0.95	5	0.95	4	0.90	7

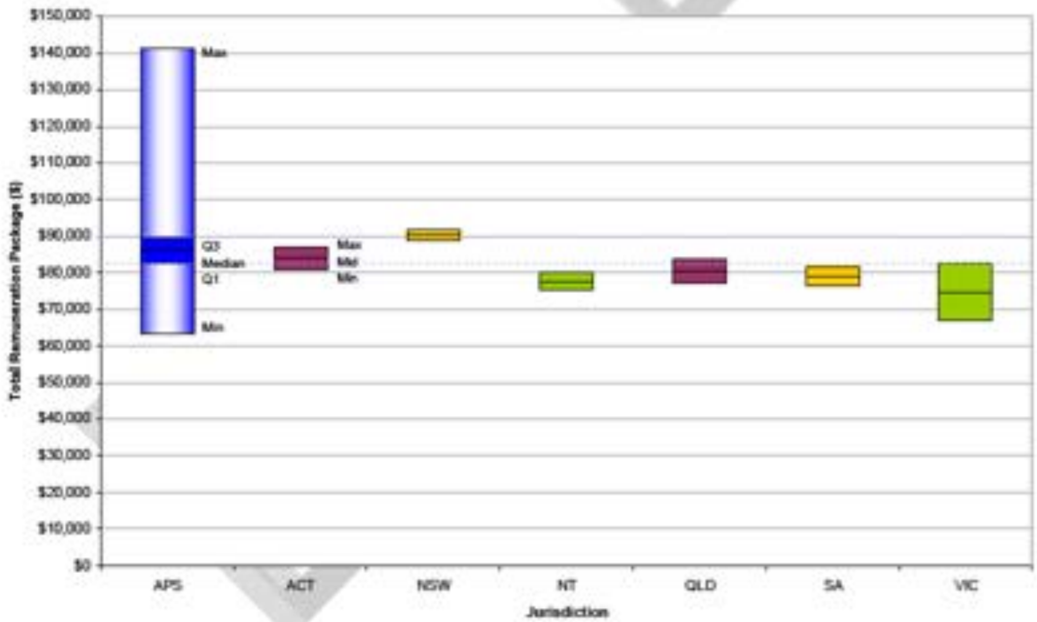
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.18 – Median APS 6 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	6.3%	1	2.5%	6	4.0%	3	3.0%	4	4.6%	2	2.5%	5	2.3%	7
2008	3.7%	5	4.0%	2	4.0%	3	4.0%	4	4.1%	1	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.9 – TRP Comparison in 2009– APS 6



Tables B.17 and B.18, and Chart B.9, show that:

- the APS 6 median TRP ranked second, behind NSW by 5 per cent
- APS 6 employees between Q1 and the median are well positioned against all individual public service jurisdictions, except for NSW
- APS 6 TRP above Q3 is competitive with NSW
- the annual movement of 6.3 per cent is the highest ranked across all public sector jurisdictions. In 2008, the APS 6 annual movement of 3.7 per cent was ranked fifth.

Total Remuneration Package (TRP) Analysis – EL 1

Table B.19 – Median EL 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	1	0.87	3	0.91	2	0.78	6	0.82	4	0.80	5	0.76	7
2008	1.00	1	0.90	3	0.94	2	0.81	6	0.84	4	0.83	5	0.80	7

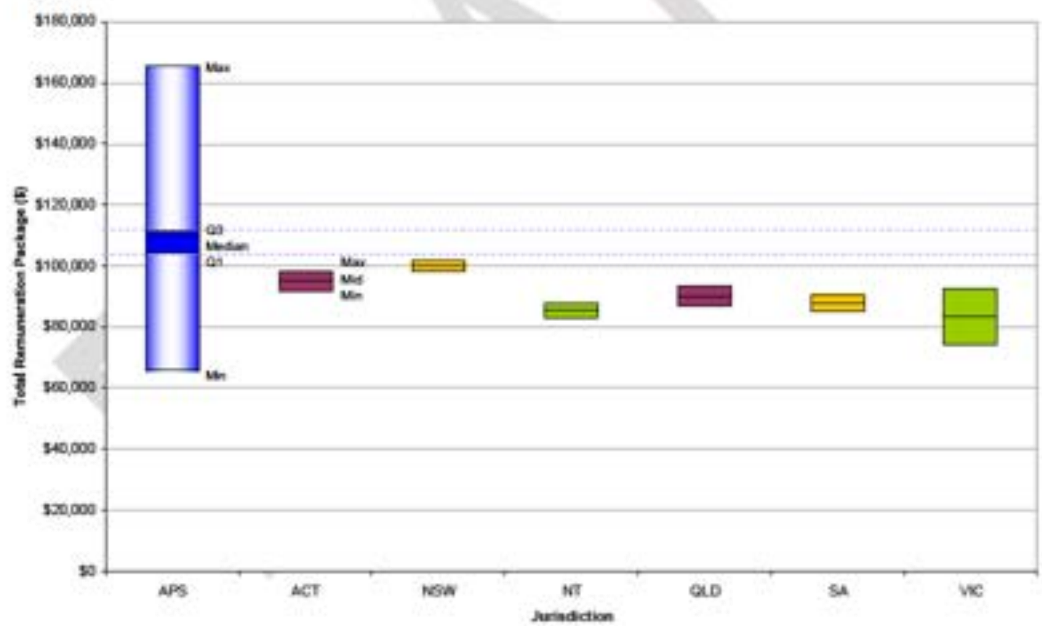
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.20 – Median EL 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	6.7%	1	2.5%	6	4.0%	3	3.0%	4	4.5%	2	2.5%	5	2.1%	7
2008	4.5%	1	4.0%	3	4.0%	4	4.0%	5	4.0%	2	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.10 – TRP Comparison in 2009 – EL 1



Tables B.19 and B.20, and Chart B.10, show that:

- the EL 1 median TRP ranked first, ahead of NSW and the ACT by 9 per cent and 13 per cent respectively
- EL 1 employees above Q1 have a higher TRP than the maximum of any other individual public service jurisdiction
- the EL 1 TRP median movement of 6.7 per cent ranked highest across all individual public service jurisdictions, maintaining its ranking from 2008

Total Remuneration Package (TRP) Analysis – EL 2

Table B.21 – Median EL 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2009	1.00	1	0.82	3	0.84	2	0.71	6	0.76	4	0.74	5	0.71	7
2008	1.00	1	0.84	3	0.85	2	0.73	7	0.77	4	0.76	5	0.73	6

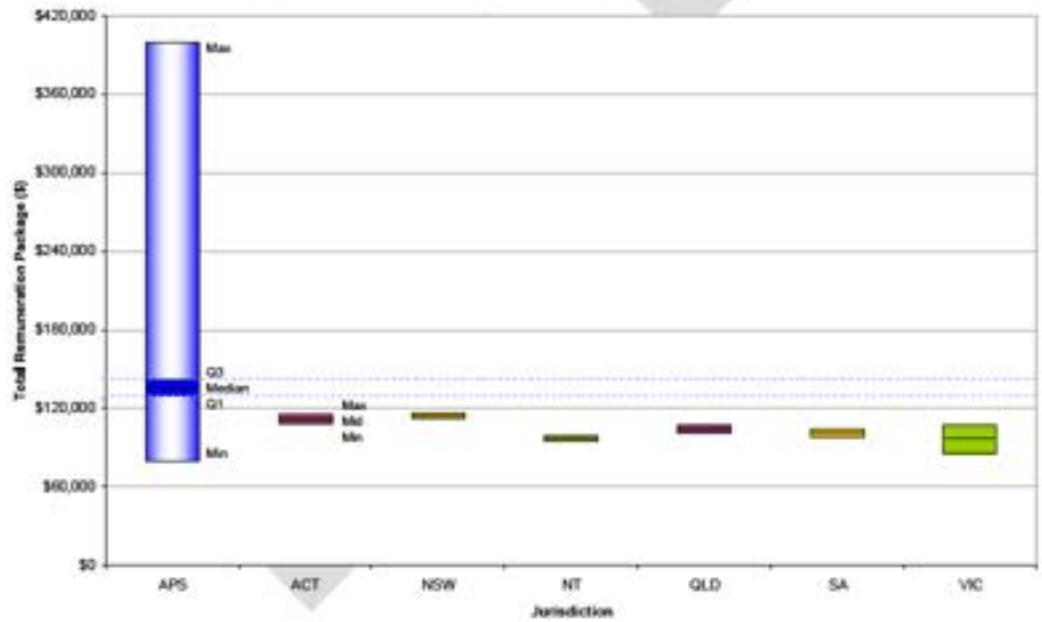
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.22 – Median EL 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2009	5.4%	1	2.5%	6	4.0%	3	3.0%	4	4.5%	2	2.5%	5	1.9%	7
2008	4.9%	1	4.0%	2	4.0%	3	4.0%	4	3.9%	5	3.5%	6	3.0%	7

r = ranking m = movement

Chart B.11 – TRP Comparison in 2009 – EL 2



Tables B.21 and B.22, and Chart B.11, show that:

- the EL 2 median TRP ranked first, ahead of NSW and the ACT by 16 per cent and 18 per cent respectively
- EL 2 employees above Q1 are very competitively positioned, with Q1 TRP exceeding the maximum of any other individual public service jurisdiction
- the EL 2 TRP median movement of 5.4 per cent ranked the highest across all individual public service jurisdictions, maintaining its ranking from 2008.

Appendix C

Overview of Remuneration Practices in the Private Sector

The following section provides an overview of remuneration strategies, practices and policies observed in private sector organisations, including:

- a total remuneration approach, which incorporates salary packaging
- superannuation
- motor vehicles
- incentives.

Information sources for the analysis in this section include Mercer's *Australian Benefits Review 2009*, Mercer's *Executive Incentive Plans 2009*, as well as analyses from Mercer's proprietary Job Evaluation and Remuneration database.

Total Remuneration Approach

A total remuneration approach is where an organisation calculates the remuneration costs associated with employing an individual over and above Base Salary. Calculating total employment cost (TRP as defined in the APS Remuneration Survey) enables the organisation and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of a similar size.

The following points provide key trends in relation to a total remuneration approach in the private sector:

- the percentage of organisations using a remuneration package approach has remained fairly consistent since 2008, with 67 per cent and 64 per cent of organisations offering senior executives and managers the option of flexible remuneration packaging respectively. The prevalence of remuneration packaging decreases for technical/professional (58 per cent) and operations/support staff (54 per cent)
- there is an increasing trend with organisations stipulating the minimum cash component of the remuneration package (i.e. the component of the package that cannot be salary sacrificed, and must be taken in cash) for those employees using flexible remuneration packaging. This requirement is less prevalent for senior executives (28 per cent) and managers (30 per cent), and slightly more common for technical/professional staff (31 per cent) and operations/support staff (32 per cent)

- for those organisations specifying a minimum cash component of the remuneration package, this value ranges from 30 per cent to 50 per cent, with an average of 44.4 per cent across all employee groups.

Superannuation

Superannuation continues to be an important part of the TRP approach adopted by the APS. However, as Table C.1 shows, the worth of superannuation as a benefit in the private sector is comparatively lower and contributions are generally more aligned with the Superannuation Guarantee Contribution (SGC) legislation.

Table C.1 – APS Superannuation Compared with the Private Sector Equivalent

	APS Median	Private Sector Median
APS 1 – 3	$7,743	$4,645
APS 4 – 6	$10,411	$6,695
EL 1 – 2	$15,405	$10,124
SES 1	$25,383	$14,085
SES 2	$34,264	$13,750
SES 3	$48,521	$15,272

Key points in relation to superannuation are as follows:

- the incidence of organisations currently making superannuation contributions above the SGC rate for senior executives is 30 per cent, 26 per cent for managers and technical/professional employees, and 24 per cent for operations/support staff. The majority of organisations do not contribute above the 9 per cent SGC rate
- the incidence of defined contribution funds is becoming less common, due to the increase in popularity of industry funds. In 2009, 57 per cent to 60 per cent of organisations across all employee groups offered a defined contribution fund (either master trust or stand alone) as the principal default fund to their employees, decreasing from over 80 per cent in 2008
- industry funds continue to be more common for operations/support employees than for other staff, with 28 per cent of organisations using such funds as the default option for this group
- for employees who took their option to exercise 'choice of fund', 28 per cent of organisations allow these employees to continue to access life and disability insurance in the default fund
- it is not common (only 13 per cent to 15 per cent) for organisations to make employer contributions to superannuation dependent on the amount of employee contribution
- around 84 per cent of organisations surveyed reported that employee contributions to the defined contribution superannuation fund were completely flexible and employees could select any amount to contribute themselves
- approximately 59 per cent to 60 per cent of organisations surveyed allowed all employees the choice to make employee superannuation contributions from either pre-tax or post-tax remuneration.

Motor Vehicles

Company vehicles are a traditional feature of remuneration in Australia in the private sector. The continued popularity of the company car (see Table C.2 below) reflects its relative cost effectiveness as a remuneration component (i.e. under the current FBT regime, benefit cars are valued concessionally for the purposes of FBT).

Table C.2 – Vehicle Provision in the Private Sector

Vehicle Type	Senior Exec	Mgmt	Tech/Prof	Ops/Support
Company provided benefit vehicle	54%	50%	31%	34%
Novated lease benefit vehicle	83%	84%	80%	73%
Job facility vehicle	11%	19%	36%	35%
Car allowance	49%	48%	39%	19%

Note: Percentages may add to more than 100 per cent, as each method was not mutually exclusive

The following points are made regarding motor vehicle practices in the private sector:

- company benefit vehicles are declining in popularity, with 55 per cent of organisations surveyed providing benefit vehicles to senior executives, and 50 per cent providing benefit vehicles to managers. The prevalence of benefit vehicles for lower level employees decreases further to 31 per cent for technical/professional staff, and 34 per cent for operations/support staff
- novated leases are increasing in popularity, with over 70 per cent of organisations surveyed providing all employee groups with a novated lease. Prevalence is greater for senior executives (83 per cent) and managers (84 per cent), with technical/professional staff (80 per cent) and operations/support staff (73 per cent) also being provided access to novated leases
- car allowances are provided to senior executives and managers by around half of the organisations surveyed, and, to a lesser extent, technical/professional staff. Operations/support staff are least likely to receive a fixed car allowance as a benefit item
- over half of all organisations surveyed (55 per cent to 69 per cent) provide employees receiving a benefit vehicle unlimited choice of vehicle make and model, as long as the vehicle is within the employee's remuneration package limit
- some organisations impose some general restrictions on the choice of benefit vehicle, such as being from the standard company fleet, and not permitting sports cars or second hand cars. However over half of all organisations surveyed place no restrictions on benefit vehicle choice
- there are greater limitations placed on employees selecting a tool-of-trade vehicle, with the majority of organisations surveyed (73 per cent to 95 per cent) restricting an employee's tool-of-trade vehicle selection to the standard company vehicle fleet
- the most predominant method of financing benefit vehicles for all employee groups is a novated lease (54 per cent to 73 per cent of organisations), a method that has been increasing in popularity. Prior to 2001, the most popular form of financing benefit vehicles was an operating lease maintained by the employer
- many organisations (41 per cent to 51 per cent) providing benefit vehicles allocate the cost to the employee, and the employee salary sacrifices the cost of the vehicle in pre-tax dollars. Typically this is done by calculating the actual annual cost of the vehicle including all running, maintenance and associated costs.

Table C.3 shows market data relating to typical annual car allowance rates.

Table C.3 – Vehicle Typical Annual Car Allowance Rates in the Private Sector

N=41-47	$ Annual Allowance			
	Q1	Median	Q3	Average
Senior Executives	$20,000	$30,000	$34,250	$29,245
Management	$15,828	$21,400	$25,154	$21,359
Technical/Professional	$14,850	$18,000	$21,458	$18,207
Operations/Support	$11,500	$14,700	$19,528	$15,152

Summary of Benefit Provision

Tables C.4 to C.9 present an analysis of actual private sector benefits and bonus payments for SES and non-SES equivalent positions. The benefits included are motor vehicles, car allowances, superannuation and actual bonuses.

In relation to the private sector data, please note:

- data is effective as at December 2009
- motor vehicle costs are based on the purchase price provided and are devised using the Mercer Car Formula. The formula was applied with the same assumptions as those applied to the APS Remuneration Survey
- car allowance values include actual allowances, as well as salary-sacrificed amounts to fund a motor vehicle's leasing and running costs
- actual bonus paid only includes zeros if the individual was noted as eligible for a bonus, but no bonus was given
- actual data for APS employees have been provided in the applicable table for comparison purposes
- some categories (at the lower classification) are not well populated in Mercer's private sector database, as detailed in the 'n' field.

Table C.4 – Benefit Provision in the Private Sector in 2009 for APS 1 to APS 3 Equivalent

	Q1	Median	Q3	Mean	n	APS 1 Med	APS 2 Med	APS 3 Med
Motor Vehicle Cost	$9,422	$12,826	$15,957	$13,156	1062	--	--	--
Car Allowance	$13,085	$17,662	$19,000	$15,815	381	--	--	--
Superannuation	$3,870	$4,645	$5,719	$5,029	20483	$6,167	$7,379	$7,936
Actual Bonus	$1,529	$3,044	$5,407	$5,108	6849	$500	$500	$546

Table C.5 – Benefit Provision in the Private Sector in 2009 for APS 4 to APS 6 Equivalent

	Q1	Median	Q3	Mean	n	APS 4 Med	APS 5 Med	APS 6 Med
Motor Vehicle Cost	$8,939	$12,090	$15,793	$12,930	3545	--	--	--
Car Allowance	$16,000	$18,900	$20,900	$18,526	3525	--	--	--
Superannuation	$5,022	$6,695	$8,757	$6,862	33260	$8,990	$10,153	$11,609
Actual Bonus	$2,951	$5,193	$9,674	$8,352	19130	$611	$665	$777

Table C.6 – Benefit Provision in the Private Sector in 2009 for EL 1 and EL 2 Equivalent

	Q1	Median	Q3	Average	n	APS EL 1 Median	APS EL 2 Median
Motor Vehicle Cost	$8,464	$13,795	$17,980	$13,814	883	$26,313	$23,883
Car Allowance	$18,575	$20,000	$24,000	$20,973	1550	--	$20,904
Superannuation	$5,793	$10,124	$13,745	$10,473	9266	$14,522	$18,150
Actual Bonus	$6,223	$11,974	$20,783	$17,828	6200	$970	$2,866

Table C.7 – Benefit Provision in the Private Sector in 2009 for SES 1 Equivalent

	Q1	Median	Q3	Average	n	APS SES 1 Median
Motor Vehicle Cost	$14,133	$21,399	$21,664	$18,733	326	$24,393
Car Allowance	$20,900	$25,000	$30,774	$26,236	341	$24,393
Superannuation	$10,620	$14,085	$21,001	$16,926	2414	$25,383
Actual Bonus	$14,293	$28,291	$50,117	$42,338	1676	$8,955

Table C.8 – Benefit Provision in the Private Sector in 2009 for SES 2 Equivalent

	Q1	Median	Q3	Average	n	APS SES 2 Median
Motor Vehicle Cost	$15,448	$21,664	$23,506	$21,156	66	$25,477
Car Allowance	$19,000	$25,000	$39,000	$30,346	96	$25,477
Superannuation	$6,410	$13,750	$24,728	$18,456	788	$34,264
Actual Bonus	$17,100	$36,961	$91,746	$73,179	622	$14,078

Table C.9 – Benefit Provision in the Private Sector in 2009 for SES 3 Equivalent

	Q1	Median	Q3	Average	n	APS SES 3 Median
Motor Vehicle Cost	$14,436	$21,664	$38,578	$25,186	20	$25,956
Car Allowance	$17,000	$30,000	$35,000	$30,322	11	$25,956
Superannuation	$12,457	$15,272	$28,763	$26,490	216	$48,521
Actual Bonus	$61,848	$100,360	$158,501	$146,903	182	$20,114

As can be seen from Tables C.4 to C.9:

- median superannuation is significantly higher across all APS classifications
- median bonuses across all APS classifications are significantly lower than the median private sector bonuses
- median vehicle costs (reflecting situations where an actual vehicle is provided to an employee) in the private sector are generally lower in comparison to car allowances, but have increased from EL 1 onwards since 2008.

Incentive Practices in the Private Sector

Variable reward (i.e. short-term and long-term incentives) has long been an integral part of reward strategy in the private sector, given that it is a valuable tool in driving both individual performance and organisational outcomes.

In the private sector, variable reward can be used to recognise and reinforce the behaviours and attitudes desired by the organisation in order to underpin a strong culture and support the business strategy. In addition, variable reward is used to reward the achievement of activities and accountabilities considered necessary to fulfil the organisation's business strategy.

The survey data highlights that although many APS agencies incorporate performance bonuses into an employee's TR, the incidence of performance bonuses for non-SES classifications below EL classifications is low. Additionally, eligibility for performance bonuses in 2009 has decreased from APS 3 onwards by between 47 per cent and 63 per cent, when compared to 2008.

The levels of performance bonuses received by SES employees in 2008 as a proportion of TRP are shown in Table C.10. Non-SES performance bonus proportions have not been included as the majority of non-SES employees did not receive a performance bonus in 2009.

Table C.10 – Average Performance Bonus Payments as a Percentage of TRP in the APS and the Private Sector*

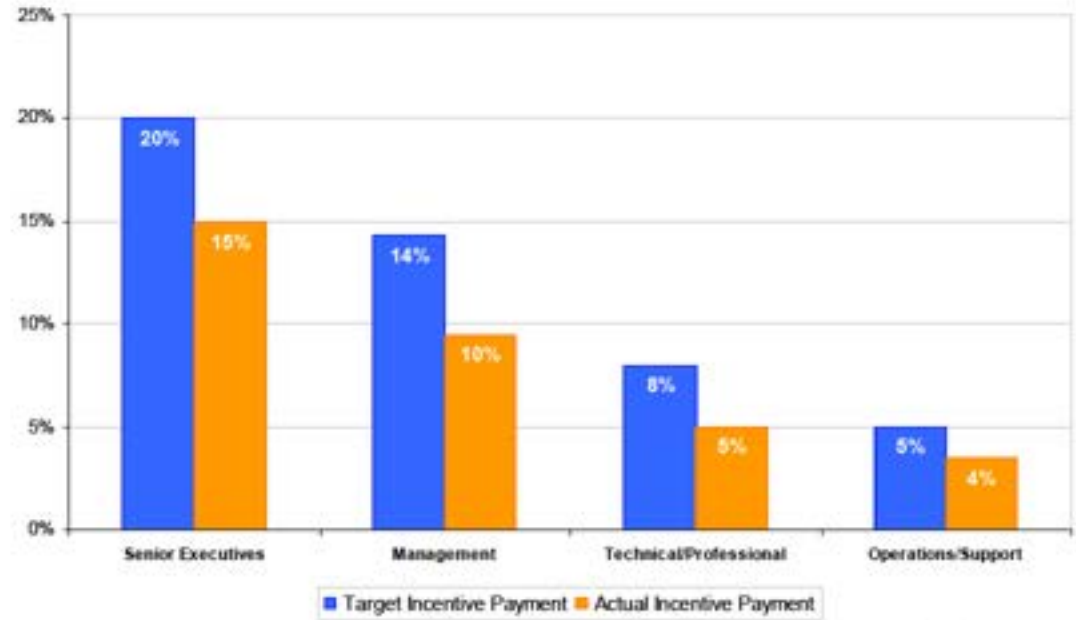
Classification	APS Average Bonus %	Private Sector Average Bonus %
SES 1	4.8%	11.6%
SES 2	5.6%	20.0%
SES 3	5.8%	32.1%

* Based on Mercer's *Remuneration Forum* (March 2010 covering calendar year 2009)

Whilst Table C.10 illustrates only a small difference between performance bonuses (as a percentage of TRP) between SES 1 and SES 3, in the private sector incentive payments generally increase on a proportional basis with the employee's classification level. As can be seen in Table C.10, actual incentive payments in 2009 in the private sector were significantly higher than the APS SES.

Chart C.1 overleaf shows target and actual incentive payments for different employee categories. It is clear that actual incentives are typically less than the target incentive level, suggesting that in 2009 many employees did not achieve expected performance outcomes, and received less than target incentive payments.

Chart C.1 – Target and Actual Incentive Payments by Staff Category



In relation to private sector incentives:

- the majority of organisations (53 per cent to 57 per cent) in the survey group will budget for a minimum short-term incentive pool, regardless of business performance
- the majority of organisations surveyed (between 77 per cent and 79 per cent, depending upon employee group) place a cap on short-term incentive payments to employees. This cap is typically expressed as a percentage of the employee's remuneration, although a set dollar value and a percentage of the plan's funds are also used
- the majority of agencies (89 per cent to 93 per cent) use a formal appraisal or performance management process to determine incentive payment amounts, a higher proportion than was seen in previous years. Additional tools used to measure performance include managerial discretion, 360 degree feedback, and a quantitative measurement system.

Table C.11 highlights the most commonly used measures to assess performance for senior executives, according to Mercer's *Executive Incentive Plans 2009*. This data indicates the increased prevalence and importance of non-financial performance measures (such as people management, process improvement and customer service measures) for executives in the private sector, in conjunction with profit- and growth-based financial measures.

Table C.11 – Most Commonly Used Performance Measures to Assess Private Sector Executive Performance

Performance Measure	% of Organisations
Financial Measures	
Non-financial performance based	59%
Profit-based (e.g. EPS)	41%
Growth-based (e.g. revenue/sales)	41%
Return-based (e.g. ROE)	14%
Value-based (e.g. TSR, share price growth)	10%
Non-Financial Measures	
People management	53%
Process improvements	41%
Customer service	39%
Safety/environmental	36%
Business development	27%
Innovation	24%
Learning and development	23%
Employee satisfaction	18%

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Document 4: 2010 Broader Market Comparison - APS SES and Non-SES Remuneration

August 2011

2010 Broader Market Comparison - APS SES and Non-SES Remuneration

Australian Public Service Commission

Data as at 31 December 2010

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To ensure the confidentiality of all data, a minimum number of observations is required in order for statistics to be displayed. Three organisations must report at least three observations for a variable in order for the mean to be displayed. Four organisations and four observations are required for display of the median. Four organisations reporting at least four observations are required to display 25th and 75th Percentiles. Where there has been insufficient data for analysis, this has been indicated with "-".

Variances may exist in survey data. Data may fluctuate slightly from year to year due to changes in the participant base. It is also important to note that within a sample, a significant amount of data may be reported by one organisation. It is also possible for data to change drastically from year to year due to internal departmental and agency related factors and economic conditions.

The information and data contained in this report are for information purposes only and are not intended nor implied to be a substitute for professional advice. In no event will Mercer be liable to you or to any third party for any decision made or action taken in reliance of the results obtained through the use of the information and/or data contained or provided in this report.

Mercer is providing this survey information to the participants to permit them to make independent decisions regarding salaries and benefits. Mercer has taken appropriate steps in collecting and disseminating this information in order to avoid information about particular Departments or organisations being disclosed.

Contents

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Executive Summary

Survey Purpose and Objectives

The Australian Public Service Commission (APSC) commissioned Mercer (Australia) Pty Ltd (Mercer) to conduct the 2010 Australian Public Service (APS) Remuneration Survey. The Survey of Senior Executive Service (SES) and non-SES remuneration plus the Broader Market Comparison provides a comprehensive overview of remuneration trends and outcomes across the APS, State and Territory public services, and the wider market. It should be noted that the Survey does not take into account non-monetary benefits beyond those which are incorporated in Total Remuneration Package (TRP) values.

More specifically, the 2010 APS Remuneration Survey seeks to provide:

- comparisons with previous APS Remuneration Surveys
- detailed information about individual remuneration components and the value of each remuneration package by classification and agency
- remuneration ranges for the classification in each participating APS agency and the APS as a whole
- capacity for an agency to compare its remuneration with comparable positions in the private sector, and State and Territory public services
- individual agency reports which allow each participating agency to compare its current data with APS-wide data.

The 2010 Survey is based on a sample of remuneration data as at 31 December 2010 and payments/entitlements for the 2010 calendar year. The Survey findings are presented in three reports: an SES Report; a Non-SES Report; and a Broader Market Comparison Report. Participating agencies are also provided with an Individual Agency Report.

Survey Participants

Last year a government decision mandated that all agencies participate in the 2010 APS Remuneration Survey. A total of 105 agencies participated in 2010 and, of these, 57 also participated in 2009 (one agency that participated in 2009 did not participate in 2010). For 2010, a total of 96 agencies provided SES data, an increase of 38 over 2009. Two survey briefings were held in January 2011 and further instructions were provided to all agencies after the briefings.

Of the total 154,282 employee records submitted (out of an approximate total of 161,200 APS employees), 2,620 records were from SES employees, of which 2,612 records were included in the APS-wide SES survey remuneration database[1].

Of the remaining 151,662 non-SES records, 130,153 were included in the non-SES survey remuneration database, using a sampling framework developed to minimise any possible "skewing" from particularly large agencies. When preparing individual agency reports, all data submitted by each agency was used. For further information in relation to survey participants and sample sizes, please refer to Appendix A.

The 2010 sample size for the non-SES group increased by ~10 per cent, while the SES sample group increased by ~14 per cent.

To ensure the accuracy of the data collected, Mercer performed several integrity checks. Where the data was not within expected values, Mercer returned the data to the relevant agency for confirmation and only included the data once it had been confirmed. In excess of 1,800 calculations (such as the costing of individual packages and the main remuneration statistics quoted throughout this report) were then submitted to the statistics department of the University of New South Wales for review and verification. Once the calculations were confirmed, Mercer finalised the dataset and commenced data analysis and reporting.

Prior to releasing the final report, Mercer and APSC agreed on all items to be included in the analyses. Mercer presented a summary of initial findings and draft reports to APSC for review. However, Mercer retains full responsibility for the accuracy and integrity of all data presented in this report.

[1] The Australian Electoral Commission provided SES records which were excluded from the APS-wide remuneration database because their SES employees are employed under different legislation.

Methodology and Aim of this Report

The 2010 Broader Market Comparison Report provides a detailed analysis of APS SES and non-SES remuneration against equivalent positions within State and Territory public services (combined public service) as well as the private sector. This involved:

- researching and analysing published remuneration levels in each jurisdiction, and also drawing from Mercer's extensive remuneration databases and consultant knowledge of SES and non-SES equivalent positions within both the public service and the private sector; and
- comparing the actual remuneration levels for APS SES and non-SES employees against the published remuneration ranges of each State and Territory public service (excluding Tasmania and Western Australia).

The methodology used to determine the Combined Public Service (CPS) data is identical to the 2009 report. The CPS analysis uses the minimum and maximum reported remuneration ranges across all State and Territory public services (excluding Tasmania and Western Australia). The CPS midpoint is derived by averaging the minimum and maximum across the public services.

As in previous years, Tasmania was excluded from the CPS analysis as it does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision. With regards to Western Australia, Mercer had certain queries regarding its published remuneration data. Although classification arrangements in Western Australia are determined on the basis of work value, non-SES positions are assessed using BiPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2010 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey, in line with the 2008 and 2009 reports.

Comparative remuneration analyses against State and Territory public services and the private sector are based on a comparison of work value levels and associated remuneration information applicable to comparable positions. Work value is a numerical measure of job size, determined by assessing the responsibilities and accountabilities of a role. This enables fair and accurate comparisons to be drawn between the APS, other public services and the private sector, even though classification and remuneration structures are different. Shown in Appendix A are the Mercer work value points ranges used for the APS classification structure.

The remuneration information in the 2010 survey has been compared to the 2009 information in many cases. This analysis is presented throughout the report as the 2009 to 2010 movement, represented as a percentage. This refers to the change in the sample on sample data from the 2009 calendar year to the 2010 calendar year in all instances.

This report should be read in conjunction with the APS SES and non-SES Remuneration Survey Reports.

Main Remuneration Findings

The detailed analysis of APS SES and non-SES Base Salary, TRP and Total Reward (TR) against CPS and private sector data is contained in Sections 2 and 3 respectively. A summary of the main findings is outlined below.

Combined Public Service – Base Salary

The relative competitive positioning of Base Salary for all non-SES classifications in comparison to the CPS has generally decreased across most non-SES classifications by between 1 per cent and 2 per cent, as shown in Table 1.1.

The level of competitiveness remained the same for APS 3 and APS 6, with APS 1 decreasing by 2 per cent since 2009. For all other classification levels, competitiveness decreased by 1 per cent.

Overall, for 2009 to 2010, the average APS median Base Salary movement across all non-SES classifications (excluding Graduates) was 3.4 per cent, compared to 7.0 per cent in 2009.

Table 1.1 – APS Median Base Salary Comparisons with the CPS Midpoint (non-SES classifications)

Classification	APS Median 2010	CPS Midpoint 2010	Difference	Comparatio[1]	
				2010	2009
APS 1	$41,148	$36,585	$4,563	0.89	0.87
APS 2	$49,233	$46,703	$2,530	0.95	0.94
APS 3	$54,577	$53,249	$1,328	0.98	0.98
APS 4	$61,299	$59,794	$1,505	0.98	0.97
APS 5	$67,017	$66,885	$132	1.00	0.99
APS 6	$77,824	$75,067	$2,757	0.96	0.96
EL 1	$97,275	$83,249	$14,026	0.86	0.85
EL 2	$120,840	$95,359	$25,481	0.79	0.78

[1] Comparatio reflects APS set at 1.00.

APS SES Base Salary has not been compared because most State jurisdictions manage SES remuneration on a TRP basis. Graduates have also not been included, as State public services classify graduates within their existing structures for professional or administrative roles.

Combined Public Service – Total Remuneration Package (TRP)

In terms of TRP, the relative competitive positioning for all non-SES classifications moved by between +/- 1 per cent against the CPS, as detailed in Table 1.2.

Overall, the average 2010 APS median TRP movement across all non-SES classifications (excluding Graduates) was 3.5 per cent, compared to 6.6 per cent in 2009, while the overall CPS 2010 TRP midpoint movement for non-SES equivalent positions in other jurisdictions was 4.2 per cent, up from 3.6 per cent in 2009. APS median TRP values across all non-SES classifications are higher than CPS values.

APS SES 1 and SES 3 have increased their TRP competitive positioning slightly by 1 per cent, while APS SES 2 has maintained its competitive positioning since 2009. Similar to previous years, APS median TRP values across all SES classifications are higher than their State/Territory public service counterparts. Overall, the average 2010 median TRP movement across SES 1 to SES 3 was 3.3 per cent, slightly higher than the 2.9 per cent in 2009. 2010 CPS movements were lower than APS movements, at 2.5 per cent for SES equivalent positions. Please refer to Appendix B for further details of non-SES and SES comparisons against State public services for each classification.

Table 1.2 – APS Median TRP Comparisons with the CPS Midpoint

Classification	APS Median 2010	CPS Midpoint 2010	Difference	Comparatio[1] 2010	Comparatio[1] 2009
APS 1	$47,546	$40,370	$7,176	0.85	0.84
APS 2	$56,933	$51,534	$5,399	0.91	0.90
APS 3	$63,238	$58,757	$4,481	0.93	0.94
APS 4	$70,347	$65,980	$4,367	0.94	0.93
APS 5	$77,483	$73,805	$3,678	0.95	0.94
APS 6	$89,882	$82,833	$7,049	0.92	0.92
EL 1	$112,788	$91,862	$20,926	0.81	0.81
EL 2	$140,397	$105,224	$35,173	0.75	0.74
SES 1	$210,175	$179,144	$31,031	0.85	0.86
SES 2	$262,680	$224,839	$37,841	0.86	0.86
SES 3	$335,335	$293,719	$41,616	0.88	0.89

[1] Comparatio reflects APS set at 1.00.

Combined Public Sector – Total Reward (TR)

This section provides summary information on APS SES employees only, as no State/Territory public service provides bonuses to non-SES equivalent positions. Table 1.3 shows that, from a TR perspective, APS SES 1 has maintained competitiveness while SES 2 and SES 3 have decreased in competitiveness by 1 per cent.

The overall median APS TR movement across SES 1 to SES 3 from 2009 to 2010 was 1.7 per cent, which was the same as the 2008 to 2009 movement. The 2009 to 2010 CPS overall SES movements are higher at 2.4 per cent. Median APS TR values for each SES band are around $24,000 to $30,800 higher than their combined State/Territory public service counterparts.

Table 1.3 – APS Median TR Comparisons with the CPS Midpoint (SES classifications)

Classification	APS Median 2010	CPS Midpoint 2010	Difference	Comparatio[1]	
				2010	2009
SES 1	$213,017	$189,027	$23,990	0.88	0.88
SES 2	$266,763	$236,812	$29,951	0.89	0.88
SES 3	$340,627	$309,820	$30,807	0.91	0.90

[1] Comparatio reflects APS set at 1.00.

Private Sector – Base Salary

Tables 1.4 and 1.5 compare non-SES Base Salary medians with private sector Q1 and median figures. Overall, the median 2010 APS Base Salary movement across all non-SES classifications (excluding Graduates) was 3.4 per cent, which is lower than the private sector 2010 Base Salary movements of 4.2 per cent at both Q1 and the median for non-SES equivalent positions.

The relative competitive positioning of Base Salary for all non-SES classifications have either decreased or remained the same in comparison to the private sector, with the majority of classifications decreasing in competitiveness by between 1 per cent and 2 per cent since 2009.

Table 1.4 – APS Median Base Salary Comparisons with Private Sector Q1 (non-SES classifications)

Classification	APS Median 2010	Private Sector Q1	Difference	Comparatio[1]	
				2010	2009
APS 1	$41,148	$29,507	$11,641	0.72	0.70
APS 2	$49,233	$42,931	$6,302	0.87	0.86
APS 3	$54,577	$52,998	$1,579	0.97	0.97
APS 4	$61,299	$63,058	-$1,759	1.03	1.03
APS 5	$67,017	$71,628	-$4,611	1.07	1.06
APS 6	$77,824	$81,515	-$3,691	1.05	1.04
EL 1	$97,275	$91,403	$5,872	0.94	0.94
EL 2	$120,840	$106,037	$14,803	0.88	0.87

[1] Comparatio reflects APS set at 1.00.

As can be seen from Table 1.4, median Base Salary values for APS 1, APS 2, APS 3, EL 1 and EL 2 classifications are higher than the Q1 Base Salary for equivalent positions in the private sector.

Table 1.5 – APS Median Base Salary Comparisons with Private Sector Median (non-SES classifications)

Classification	APS Median 2010	Private Sector Median	Difference	Comparatio[1]	
				2010	2009
APS 1	$41,148	$31,900	$9,248	0.78	0.75
APS 2	$49,233	$47,330	$1,903	0.96	0.95
APS 3	$54,577	$58,902	-$4,325	1.08	1.08
APS 4	$61,299	$70,475	-$9,176	1.15	1.15
APS 5	$67,017	$81,140	-$14,123	1.21	1.20
APS 6	$77,824	$93,446	-$15,622	1.20	1.20
EL 1	$97,275	$105,752	-$8,477	1.09	1.08
EL 2	$120,840	$123,965	-$3,125	1.03	1.02

[1] Comparatio reflects APS set at 1.00.

Except for APS 1 and APS 2, private sector median Base Salary values in Table 1.5 are higher than the corresponding APS median for the remaining classifications.

Graduates

In 2010, the median range of Graduate Base Salaries in the private sector ranged from $50,000 to $55,500 across different job families, compared to the APS median of $53,040. In the private sector, Engineering, Human Resources/Industrial Relations and Economics Graduates typically started at higher Base Salaries than Graduates from other disciplines. On average, APS Graduate Base Salaries ($54,012) are 3.7 per cent above those in the private sector ($52,973).

Private Sector – Total Remuneration Package (TRP)

The relative competitive positioning of APS TRP in comparison to the private sector has either decreased or remained the same against the private sector Q1, with the exception of APS 3. Where competitiveness has decreased, this ranges from 1 per cent to 2 per cent. Overall, the median 2010 non-SES TRP movement in the APS was 3.3 per cent, lower than the overall comparative private sector TRP movement of 4.1 per cent at both the Q1 and median for non-SES equivalent positions.

Competitiveness against the private sector decreases at the higher non-SES classifications when considered at the TRP aggregate, due to additional benefits (such as vehicles) being more frequently offered in the private sector at these work value levels.

SES TRP competitiveness against the private sector Q1 has remained the same at SES 1 but has decreased by 1 per cent for SES 2 and SES 3 levels.

Table 1.6 – APS Median TRP Comparisons with Private Sector Q1

Classification	APS Median 2010	Private Sector Q1	Difference	Comparatio[1]	
				2010	2009
APS 1	$47,546	$32,070	$15,476	0.67	0.66
APS 2	$56,933	$46,944	$9,989	0.82	0.82
APS 3	$63,238	$58,098	$5,140	0.92	0.93
APS 4	$70,347	$69,251	$1,096	0.98	0.98
APS 5	$77,483	$81,037	-$3,554	1.05	1.04
APS 6	$89,882	$98,248	-$8,366	1.09	1.09
EL 1	$112,788	$117,906	-$5,118	1.05	1.03
EL 2	$140,397	$142,937	-$2,540	1.02	1.01
SES 1	$210,175	$187,619	$22,556	0.89	0.89
SES 2	$262,680	$268,200	-$5,520	1.02	1.01
SES 3	$335,335	$420,614	-$85,279	1.25	1.24

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 to APS 4 and SES 1, the APS TRP medians are lower than Q1 in the private sector.

Table 1.7 – APS Median TRP Comparisons with Private Sector Median

Classification	APS Median 2010	Private Sector Median	Difference	Comparatio[1]	
				2010	2009
APS 1	$47,546	$34,738	$12,808	0.73	0.72
APS 2	$56,933	$51,816	$5,117	0.91	0.91
APS 3	$63,238	$64,854	-$1,616	1.03	1.03
APS 4	$70,347	$77,892	-$7,545	1.11	1.10
APS 5	$77,483	$92,083	-$14,600	1.19	1.18
APS 6	$89,882	$112,945	-$23,063	1.26	1.26
EL 1	$112,788	$137,116	-$24,328	1.22	1.20
EL 2	$140,397	$168,608	-$28,211	1.20	1.19
SES 1	$210,175	$226,864	-$16,689	1.08	1.07
SES 2	$262,680	$330,336	-$67,656	1.26	1.25
SES 3	$335,335	$504,271	-$168,936	1.50	1.49

[1] Comparatio reflects APS set at 1.00.

Apart from APS 1 and APS 2, the APS TRP medians are lower than the medians in the private sector.

Private Sector – Total Reward (TR)

From a TR perspective, the competitive position of SES remuneration against the private sector Q1 has decreased by 2 per cent for SES 1, 3 per cent for SES 2 and 4 per cent for SES 3.

Overall, the median 2010 TR movement across SES 1 to SES 3 was 1.7 per cent, compared with the overall private sector 2009 TR movement of 4.1 per cent at both the Q1 and median for SES equivalent positions.

Table 1.8 – APS Median TR Comparisons with Private Sector Q1 (SES classifications)

Classification	APS Median 2010	Private Sector Q1	Difference	Comparatio[1] 2010	Comparatio[1] 2009
SES 1	$213,017	$202,327	$10,690	0.95	0.93
SES 2	$266,763	$291,745	-$24,982	1.09	1.06
SES 3	$340,627	$497,016	-$156,389	1.46	1.42

[1] Comparatio reflects APS set at 1.00.

Table 1.9 – APS Median TR Comparisons with Private Sector Median (SES classifications)

Classification	APS Median 2010	Private Sector Median	Difference	Comparatio[1] 2010	Comparatio[1] 2009
SES 1	$213,017	$250,040	-$37,023	1.17	1.16
SES 2	$266,763	$371,117	-$104,354	1.39	1.35
SES 3	$340,627	$601,080	-$260,453	1.76	1.72

[1] Comparatio reflects APS set at 1.00.

Tables 1.8 and 1.9 indicate that – from a TR perspective – SES remuneration is well below the private sector, with the exception of SES 1 against the private sector Q1. The differential is partially due to actual bonuses paid to private sector executives being substantially higher than actual bonuses paid to APS SES employees.

Benefits and Bonuses – Private Sector

SES 1 to SES 3

SES 1, 2 and 3 median motor vehicle values ($25,186, $26,500 and $27,005 respectively) are highly competitive against private sector median vehicle values (although it should be noted that an increasing number of Mercer's private sector clients do not separately itemise the vehicle cost, as they manage remuneration on a TRP basis and use novated leases for vehicles). Median motor vehicle value for equivalent SES 1 and SES 3 positions in the private sector decreased significantly by 40 per cent and 24 per cent respectively since 2009.

SES median employer superannuation contributions (of between 16.3 per cent and 17.2 per cent of Base Salary, depending on the SES band) are competitive in comparison to private sector employer superannuation contributions. Compared to 2009, the SES superannuation contribution range has decreased, where it was previously 17 per cent to 20 per cent.

As a proportion of TRP, SES average actual bonus payments of 4.2 per cent to 5.2 per cent are significantly lower than private sector average payments of 12.1 per cent to 30 per cent.

Table 1.10 – Comparison of APS and Private Sector Bonus Payments

Classification	APS Average Bonus %	Private Sector Average Bonus %
SES 1	4.2%	12.1%
SES 2	5.2%	20.0%
SES 3	4.3%	30.0%

APS 1 to EL 2

Non-SES median employer superannuation contributions (15.4 per cent to 15.6 per cent of Base Salary) are very competitively positioned in comparison to the private sector employer superannuation contributions, which are generally 9 per cent of Base Salary.

Similar to previous years, it was not common for EL 1 and EL 2 employees to receive a vehicle benefit in 2010. This is unlike the trend in the private sector, where vehicles are typically provided in the salary packages of many EL 1 and EL 2 equivalent positions. Consequently, TRP competitiveness is significantly less than Base Salary competitiveness against the private sector for EL 1 and EL 2 employees.

2

Relative Position of APS SES and Non-SES TRP with the Combined State/Territory Public Service

This section compares APS SES and non-SES TRP against the CPS. The CPS analysis utilises a remuneration range spanning the minimum to the maximum of the reported remuneration ranges across all State and Territory public services (excluding Tasmania and Western Australia).

As in previous years, Tasmania was excluded from the CPS analysis as it does not use a work value methodology to underpin the classification of non-SES equivalent positions; hence relativities to the APS cannot be determined with sufficient precision. With regards to Western Australia, Mercer had certain queries regarding its published remuneration data. Although classification arrangements in Western Australia are determined on the basis of work value, non-SES positions are assessed using BiPERS work value methodology. Transition to Mercer CED point value equivalents can be achieved on, at best, an indicative basis. To ensure the integrity and validity of the 2010 survey data, Mercer has excluded Western Australian non-SES and SES remuneration data from this survey, in line with the 2008 and 2009 reports.

APS SES Base Salary and TR values have not been compared to the CPS because most State jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for APS non-SES classifications or either non-SES or SES equivalent positions in State public services, Mercer has undertaken a detailed comparative analysis against the CPS on the basis of TRP, but not on TR.

APS Graduate analysis has also been excluded as part of the CPS analysis, as new Graduates in most jurisdictions are classified and remunerated within their respective salary structures, even though they may be part of a graduate program.

The data used in the CPS analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. Similar to previous years, Mercer has adjusted the reported motor vehicle values of each jurisdiction to reflect a fair market value of the vehicle, ensuring the true TRP values are appropriately calculated and a fair comparison to APS TRP values provided.

In undertaking the comparative analysis of SES bands and CPS equivalent positions, fixed term contract remuneration rates were used for CPS equivalent positions within the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia and Victoria.

For detailed analysis on APS SES and non-SES TRP against individual public service jurisdictions, please refer to Appendix B.

CPS Remuneration Movements

Using the same State sample as last year, Mercer can calculate the CPS remuneration movements for 2009/2010 on a 'common sample' basis. Table 2.1 provides actual Base Salary movements for each of the CPS non-SES classifications.

Table 2.1 – 2009/2010 CPS Median Base Salary Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2009	CPS Midpoint 2010	Increase (%)
APS 1	$35,178	$36,585	4.0%
APS 2	$44,808	$46,703	4.2%
APS 3	$51,088	$53,249	4.2%
APS 4	$57,368	$59,794	4.2%
APS 5	$64,172	$66,885	4.2%
APS 6	$72,022	$75,067	4.2%
EL 1	$79,872	$83,249	4.2%
EL 2	$91,490	$95,359	4.2%

Table 2.2 – 2009/2010 CPS Total Remuneration Package Common Sample Comparison (non-SES classifications)

Classification	CPS Midpoint 2009	CPS Midpoint 2010	Increase (%)
APS 1	$38,818	$40,370	4.0%
APS 2	$49,445	$51,534	4.2%
APS 3	$56,374	$58,757	4.2%
APS 4	$63,304	$65,980	4.2%
APS 5	$70,811	$73,805	4.2%
APS 6	$79,474	$82,833	4.2%
EL 1	$88,136	$91,862	4.2%
EL 2	$100,956	$105,224	4.2%

As can be seen from the data in the Tables above, the movement in CPS non-SES remuneration is between 4 per cent and 4.2 per cent. The 2009-2010 movement is more consistent across the various classification levels when compared with the 2008-2009 movement of between 3.1 per cent and 4.4 per cent.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 2.3 – APS Median SES TRP Comparisons with CPS Midpoint

	SES 1	CPS	CR[1]	SES 2	CPS	CR	SES 3	CPS	CR
2010	$210,175	$179,144	0.85	$262,680	$224,839	0.86	$335,335	$293,719	0.88
2009	$203,136	$173,733	0.86	$254,222	$219,231	0.86	$325,125	$288,292	0.89

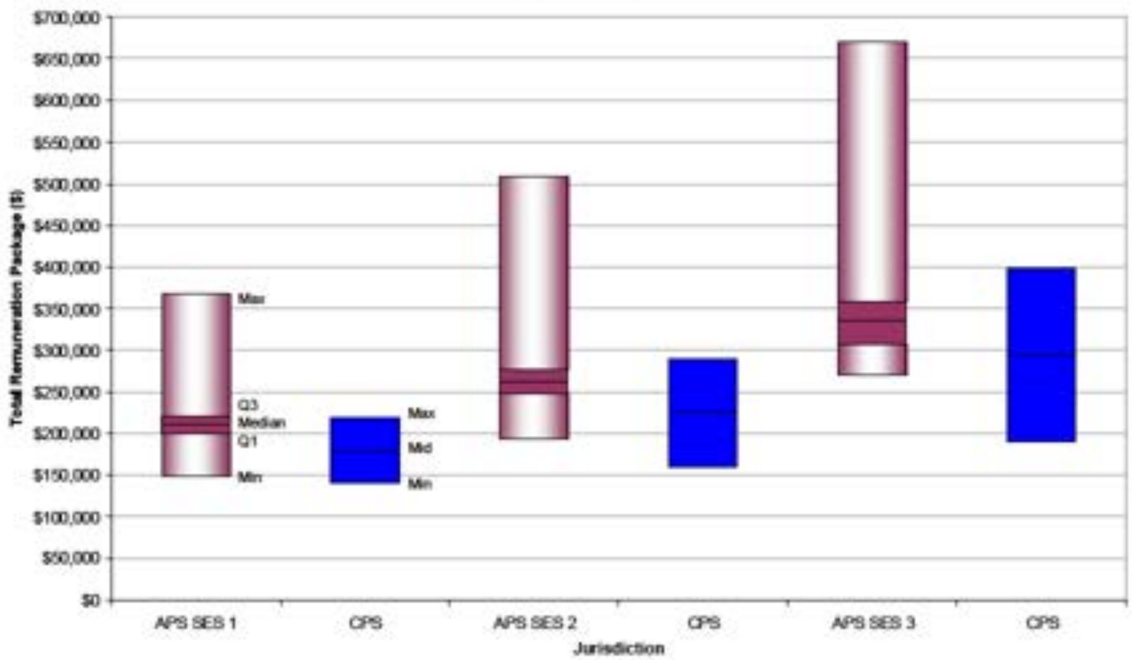
[1] CR = comparatio. Comparatio reflects APS set at 1.00.

Table 2.4 – APS Median SES TRP Movement Comparisons with CPS Midpoint

	SES 1	CPS	SES 2	CPS	SES 3	CPS
	m	m	m	m	m	m
2010	3.5%	3.1%	3.3%	2.6%	3.1%	1.9%
2009	3.2%	1.9%	2.5%	2.4%	3.2%	3.1%

m = movement

Chart 2.1 – TRP Comparison in 2010 for SES 1 to SES 3



Tables 2.3 and 2.4, and Chart 2.1, show that:

- overall SES competitive positioning has remained fairly stable compared to the CPS, with SES TRP medians positioned 15 per cent, 14 per cent and 12 per cent respectively above the CPS midpoint (compared to 14 per cent, 14 per cent and 11 per cent above in 2009)
- similar to 2009, SES employees whose TRP is above Q1 are very competitively positioned against the CPS midpoint and are being rewarded within the upper half of the CPS range
- SES TRP median movements were above midpoint movements for the corresponding CPS classification
- SES employees below Q1 are well positioned against the lower half of the CPS range, with minimum APS TRP above corresponding CPS minimum

- the majority of SES employees above Q3 are remunerated above the maximum of the corresponding CPS classification.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 2.5 - Median APS 1 to APS 3 TRP Comparisons with CPS Midpoint

	APS 1	CPS	CR[1]	APS 2	CPS	CR	APS 3	CPS	CR
2010	$47,546	$40,370	0.85	$56,933	$51,534	0.91	$63,238	$58,757	0.93
2009	$46,304	$38,818	0.84	$54,963	$49,445	0.90	$60,197	$56,374	0.94

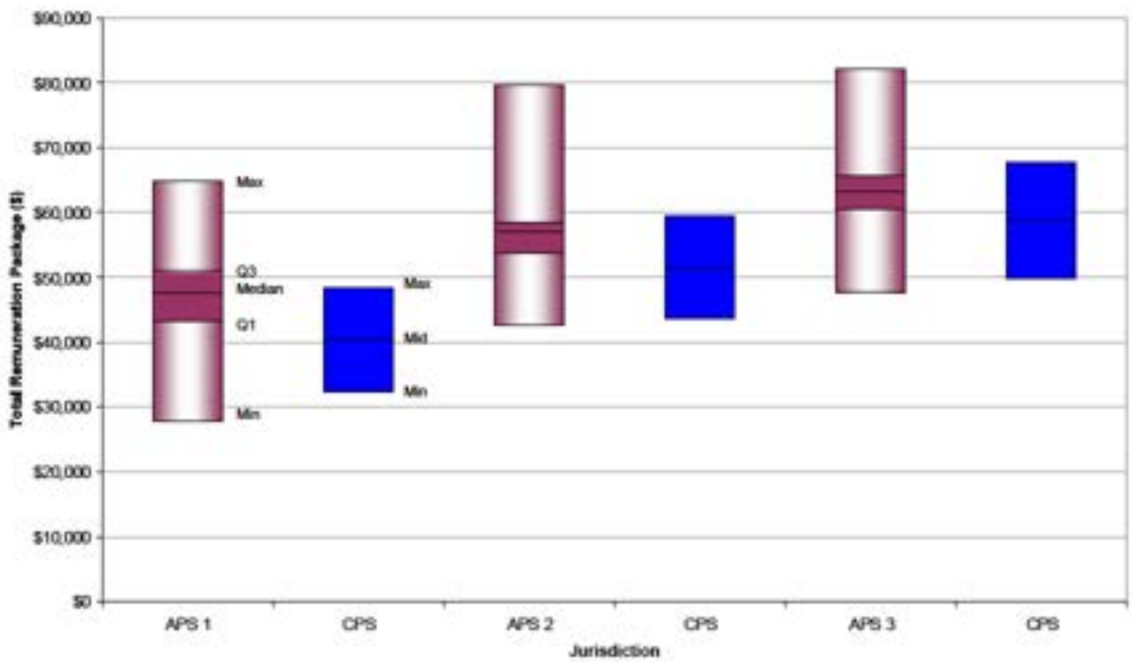
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.6 - Median APS 1 to APS 3 TRP Movement Comparisons with CPS Midpoint

	APS 1	CPS	APS 2	CPS	APS 3	CPS
	m	m	m	m	m	m
2010	2.7%	4.0%	3.6%	4.2%	5.1%	4.2%
2009	6.8%	3.4%	8.3%	4.4%	6.1%	4.1%

m = movement

Chart 2.2 - TRP Comparison in 2010 for APS 1 to APS 3



Tables 2.5 and 2.6, and Chart 2.2, show that:

- APS 1 and APS 2 TRP median movements are lower than CPS midpoint movements, with competitiveness decreasing by 1 per cent. APS 3 TRP median movements are higher than the CPS midpoint movement, with competitiveness increasing by 1 per cent
- APS 1 to APS 3 employees whose TRP is above Q1 are being rewarded within the upper half of the CPS range
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications

- the majority of APS 1 to APS 3 employees above Q3 are remunerated above the maximum of the corresponding CPS classifications.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 2.7 - Median APS 4 to APS 6 TRP Comparisons with the CPS Midpoint

	APS 4	CPS	CR[1]	APS 5	CPS	CR	APS 6	CPS	CR
2010	$70,347	$65,980	0.94	$77,483	$73,805	0.95	$89,882	$82,833	0.92
2009	$67,798	$63,304	0.93	$75,133	$70,811	0.94	$86,391	$79,474	0.92

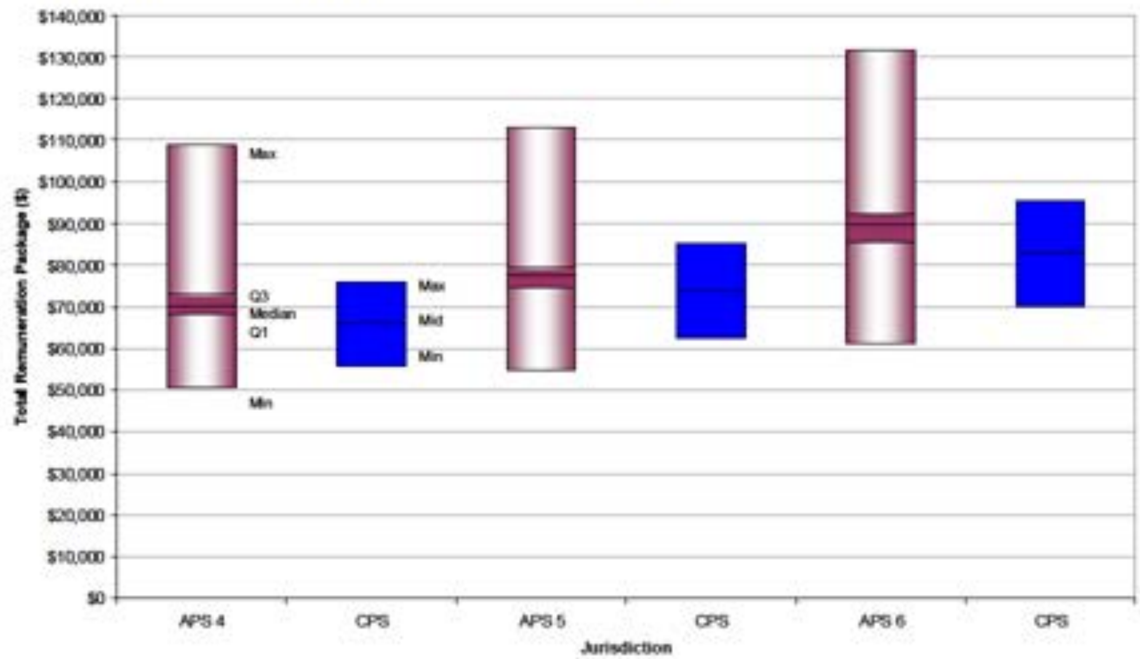
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.8 - Median APS 4 to APS 6 TRP Movement Comparisons with the CPS Midpoint

	APS 4	CPS	APS 5	CPS	APS 6	CPS
	m	m	m	m	m	m
2010	3.8%	4.2%	3.1%	4.2%	4.0%	4.2%
2009	6.2%	3.8%	7.0%	3.6%	6.3%	3.4%

m = movement

Chart 2.3 - TRP Comparison in 2010 for APS 4 to APS 6



Tables 2.7 and 2.8, and Chart 2.3, show that:

- APS 4 to APS 6 TRP median movements are lower than CPS midpoint movements, with competitive positioning decreasing by 1 per cent for APS 4 and APS 5 and remaining the same for APS 6

  The resulting position is that the APS 4 to APS 6 TRP medians are 6 per cent, 5 per cent and 8 per cent respectively above the CPS midpoints
- APS 4 to APS 6 employees whose TRP is above Q1 are very competitively positioned in the upper half of the CPS range
- APS 4 to APS 6 employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications

- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 2.9 - Median EL 1 and EL 2 TRP Comparisons with the CPS Midpoint

	EL 1	CPS	CR[1]	EL 2	CPS	CR
2010	$112,788	$91,862	0.81	$140,397	$105,224	0.75
2009	$109,466	$88,136	0.81	$136,310	$100,759	0.74

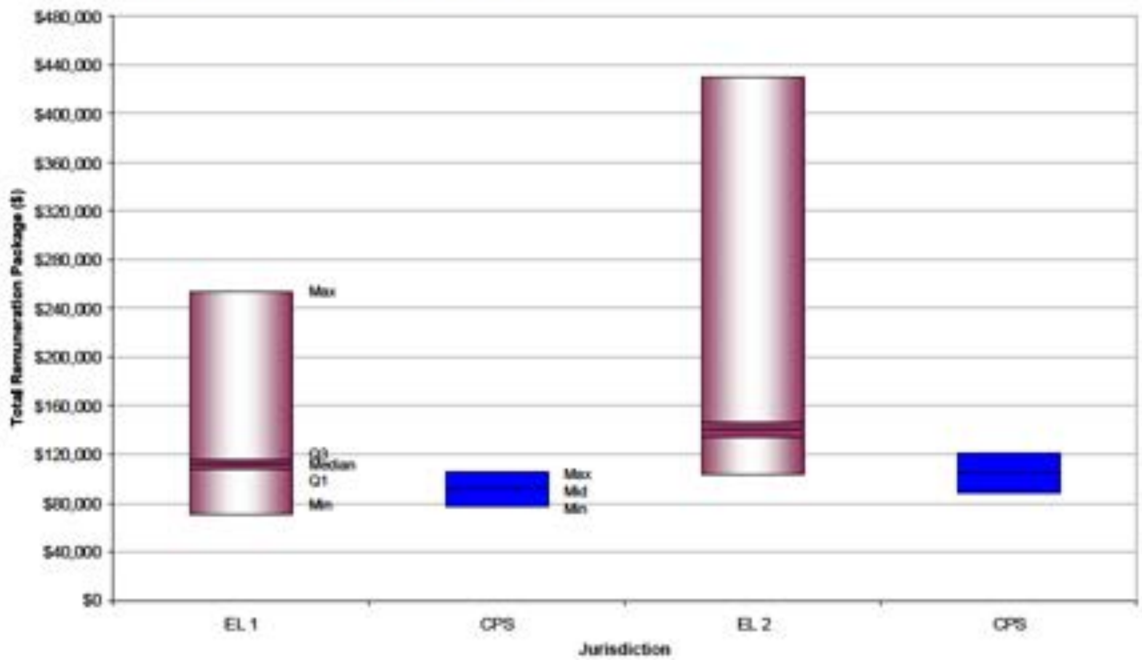
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 2.10 - Median EL 1 and EL 2 TRP Movement Comparisons with the CPS Midpoint

	EL 1	CPS	EL 2	CPS
	m	m	m	m
2010	3.0%	4.2%	3.0%	4.4%
2009	6.7%	3.3%	5.4%	3.1%

m = movement

Chart 2.4 - TRP Comparison in 2010 for EL 1 and EL 2



Tables 2.9 and 2.10, and Chart 2.4, show that:

- competitive positioning of EL 1 TRP median has remained the same against the CPS while it has decreased by 1 per cent for EL 2 TRP, EL 1 and EL 2 TRP medians are positioned 19 per cent and 25 per cent respectively above the corresponding CPS midpoints
- EL 1 and EL 2 employees are highly competitively positioned against the CPS
- EL 1 and EL 2 employees at the Q1 are paid higher than the maximum TRP of the corresponding CPS classifications.

3

Relative Position of SES and Non-SES Classifications with the Private Sector

This section compares SES and non-SES TRP against the private sector's general market. The general market is a national database, and represents Mercer's broadest and most comprehensive database covering a diverse range of agencies across all industries and job families (excluding public services).

SES Base Salary has not been compared because a high proportion of agencies in the private sector manage senior executive remuneration on a TRP basis. Similarly, as bonuses are not a significant feature for non-SES remuneration, Mercer has not undertaken a comparative analysis on the basis of TR for non-SES classifications.

Remuneration data has been drawn from the private sector's various quartiles (i.e. Q1, the median and Q3), utilising work value and the general market trendline. This enables a direct comparison against the APS TRP. Results from 2009 have been included in many of the tables for comparative purposes, enabling the assessment of year on year movements and changes in competitive positioning.

Appendix C provides an overview of remuneration practices in the private sector.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1 to SES 3

Table 3.1 - Median SES TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	SES 1	**Q1**	**CR[1]**	**Median**	**CR**
2010	$210,175	$187,619	0.89	$226,864	1.08
2009	$203,136	$180,075	0.89	$217,743	1.07
	SES 2	**Q1**	**CR**	**Median**	**CR**
2010	$262,680	$268,200	1.02	$330,336	1.26
2009	$254,222	$257,804	1.01	$317,534	1.25
	SES 3	**Q1**	**CR**	**Median**	**CR**
2010	$335,335	$420,614	1.25	$504,271	1.50
2009	$325,125	$404,576	1.24	$485,043	1.49

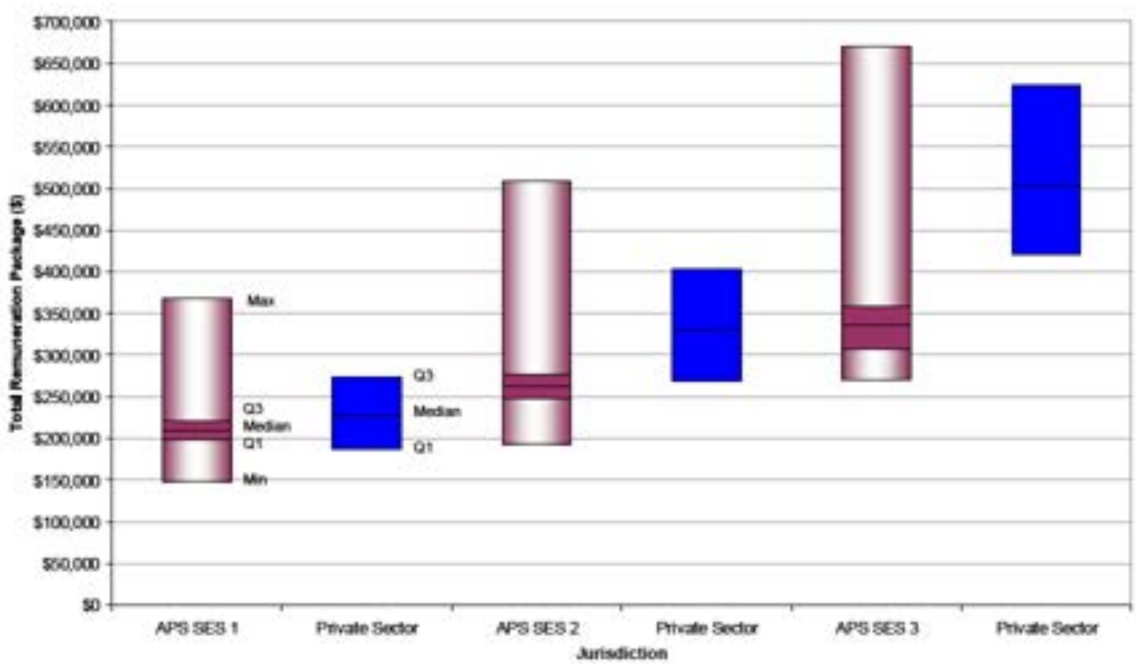
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.2 - Median SES TRP Movement Comparisons with the Private Sector

	SES 1	Private Sector		SES 2	Private Sector		SES 3	Private Sector	
	Median	**Q1**	**Median**	**Median**	**Q1**	**Median**	**Median**	**Q1**	**Median**
	m	m	m	m	m	m	m	m	m
2010	3.5%	4.2%	4.2%	3.3%	4.0%	4.0%	3.1%	4.0%	4.0%
2009	3.2%	1.5%	3.3%	2.5%	2.4%	3.2%	3.2%	6.5%	3.2%

m = movement

Chart 3.1 - TRP Comparison in 2010 for SES 1 to SES 3



Tables 3.1 and 3.2, and Chart 3.1, show that:

- the SES 1 TRP median is 11 per cent above the private sector Q1 but 8 per cent below the private sector median. SES 1 employees at Q1 and Q3 are reasonably positioned somewhere between the lower quartile and median of the private sector market. The SES 1 TRP movement of 3.5 per cent was below the private sector movements of 4.2 per cent at both Q1 and the median
- the SES 2 TRP median is 2 per cent below the private sector Q1 and 26 per cent below the median. This represents slightly decreased competitiveness compared to 2009 of 1 per cent at both Q1 and the median. The median SES 2 TRP movement in 2010 was 3.3 per cent, lower than private sector movements of 4 per cent at both Q1 and the median. As with previous years, only SES 2 employees above Q3 could be described as ‘market competitive’
- the SES 3 TRP median is 25 per cent below the private sector Q1 and 50 per cent below the median. This represents a 1 per cent decrease in competitiveness at both Q1 and the median from 2009. This decreased competitiveness is due to slightly higher movements seen in the private sector (4 per cent in the private sector compared to 3.1 per cent in the APS). This decrease in year on year competitiveness continues to contribute to the positioning of over 75 per cent of SES 3 employees with a TRP below the private sector Q1 benchmark.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1 to APS 3

Table 3.3 - Median APS 1 to APS 3 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 1	**Q1**	**CR[1]**	**Median**	**CR**
2010	$47,546	$32,070	0.67	$34,738	0.73
2009	$46,304	$30,775	0.66	$33,335	0.72
	APS 2	**Q1**	**CR**	**Median**	**CR**
2010	$56,933	$46,944	0.82	$51,816	0.91
2009	$54,963	$45,065	0.82	$49,743	0.91
	APS 3	**Q1**	**CR**	**Median**	**CR**
2010	$63,238	$58,098	0.92	$64,854	1.03
2009	$60,197	$55,785	0.93	$62,273	1.03

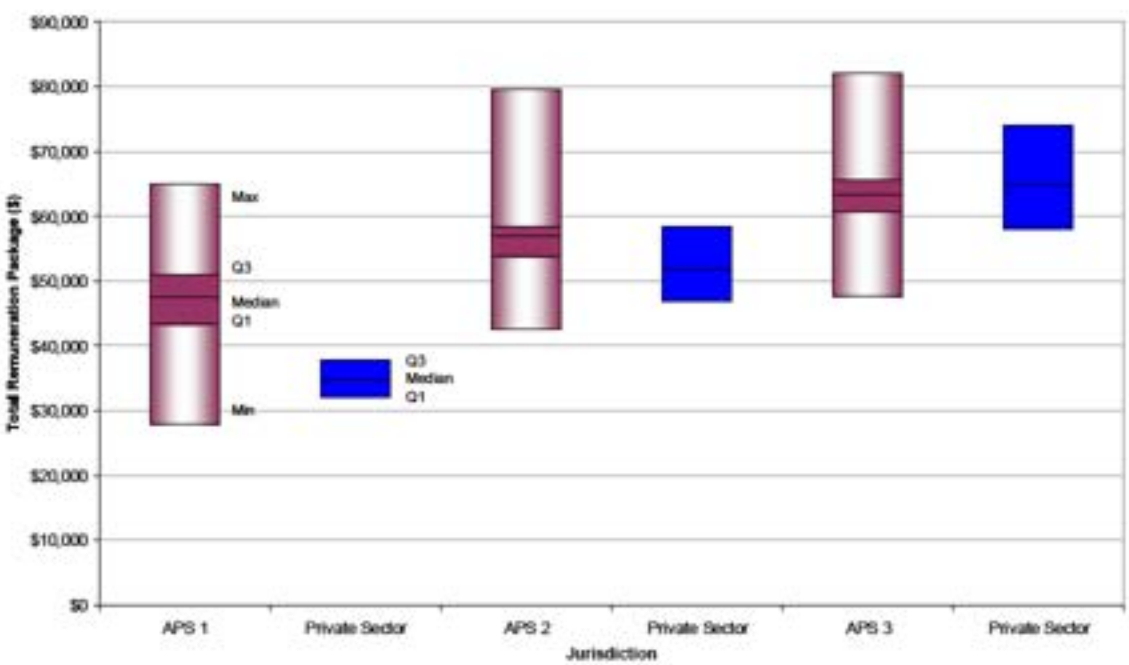
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.4 - Median APS 1 to APS 3 TRP Movement Comparisons with the Private Sector

	APS 1	Private Sector		APS 2	Private Sector		APS 3	Private Sector	
	Median	Q1	Median	Median	Q1	Median	Median	Q1	Median
	m	m	m	m	m	m	m	m	m
2010	2.7%	4.2%	4.2%	3.6%	4.2%	4.2%	5.1%	4.1%	4.1%
2009	6.8%	3.1%	3.3%	8.3%	2.8%	3.3%	6.1%	2.3%	3.3%

m = movement

Chart 3.2 - TRP Comparison in 2010 for APS 1 to APS 3



Tables 3.3 and 3.4, and Chart 3.2, show that:

- although relative competitiveness has decreased slightly by 1 per cent since 2009, APS 1 TRP continues to be highly competitively positioned against the private sector. The slight decrease in competitiveness is due to a lower APS 1 TRP movement (2.7 per cent) compared to general market movements of 4.2 per cent at both Q1 and the median. APS 1 employees above Q1 are remunerated well above the private sector Q3, with median remuneration 33 per cent and 27 per cent above the private sector Q1 and median respectively. This competitiveness is due to high Base Salaries and employer superannuation contributions
- remuneration competitiveness for APS 2 employees relative to the private sector has remained the same since 2009. APS 2 employees between Q1 and Q3 are remunerated in line with the median to Q3 remuneration range in the private sector. APS 2 TRP movement of 3.6 per cent was below general market movements of 4.2 per cent
- the APS 3 TRP median is 8 per cent above the private sector Q1 and 3 per cent below the median, which is a similar level of competitiveness compared to 2009. APS 3 employees between Q1 and Q3 are remunerated in line with the Q1 to median remuneration range in the private sector. APS 3 TRP movement of 5.1 per cent was higher than general market Q1 and median movements of 4.1 per cent
- all three classifications remain competitively positioned against equivalent positions in the private sector.

Total Remuneration Package (TRP) Analysis – APS 4 to APS 6

Table 3.5 – Median APS 4 to APS 6 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	APS 4	**Q1**	**CR[1]**	**Median**	**CR**
2010	$70,347	$69,251	0.98	$77,892	1.11
2009	$67,798	$66,505	0.98	$74,803	1.10
	APS 5	**Q1**	**CR**	**Median**	**CR**
2010	$77,483	$81,037	1.05	$92,083	1.19
2009	$75,133	$77,830	1.04	$88,438	1.18
	APS 6	**Q1**	**CR**	**Median**	**CR**
2010	$89,882	$98,248	1.09	$112,945	1.26
2009	$86,391	$94,357	1.09	$108,473	1.26

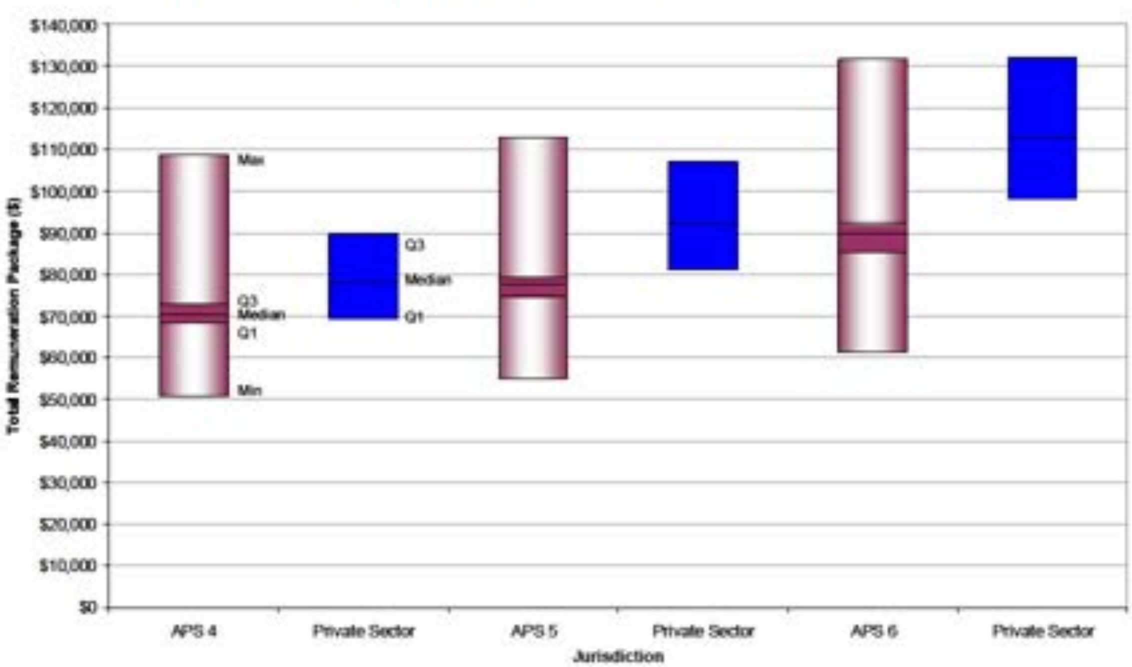
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.6 – Median APS 4 to APS 6 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector		APS	Private Sector	
	APS 4	**Q1**	**Median**	**APS 5**	**Q1**	**Median**	**APS 6**	**Q1**	**Median**
	m	m	m	m	m	m	m	m	m
2010	3.8%	4.1%	4.1%	3.1%	4.1%	4.1%	4.0%	4.1%	4.1%
2009	6.2%	1.9%	3.3%	7.0%	2.0%	3.3%	6.3%	1.9%	3.3%

m = movement

Chart 3.3 – TRP Comparison in 2010 for APS 4 to APS 6



Tables 3.5 and 3.6, and Chart 3.3, show that:

- private sector movements of 4.1 per cent were slightly higher than the median APS 4 TRP movement at 3.8 per cent. The APS 4 TRP median is 2 per cent above the private sector Q1 and 11 per cent below the private sector median. Relative competitiveness is similar to that of 2009. APS 4 employees above the median are aligned with the private sector's Q1 to Q3 range. Approximately 50 per cent of APS 4 employees are paid below the private sector Q1
- the APS 5 TRP median is positioned 5 per cent below the private sector Q1 and 19 per cent below the private sector median. Relative competitiveness has decreased by 1 per cent since 2009 as a result of a lower APS movement of 3.1 per cent, compared with general market movements at Q1 and median of 4.1 per cent. Only APS 5 employees above Q3 are competitive with equivalent private sector employees
- the APS 6 TRP median is 9 per cent and 26 per cent below the private sector Q1 and median respectively. The APS 6 TRP movement of 4 per cent is similar to general market movements of 4.1 per cent, maintaining competitiveness with the private sector. Only APS 6 employees above Q3 are competitively positioned against the private sector.

Total Remuneration Package (TRP) Analysis – EL 1 and EL 2

Table 3.7 - Median EL 1 and EL 2 TRP Comparisons with the Private Sector

	APS Median	Private Sector			
	EL 1	**Q1**	**CR**[1]	**Median**	**CR**
2010	$112,788	$117,906	1.05	$137,116	1.22
2009	$109,466	$113,181	1.03	$131,621	1.20
	EL 2	**Q1**	**CR**	**Median**	**CR**
2010	$140,397	$142,937	1.02	$168,608	1.20
2009	$136,310	$137,175	1.01	$161,810	1.19

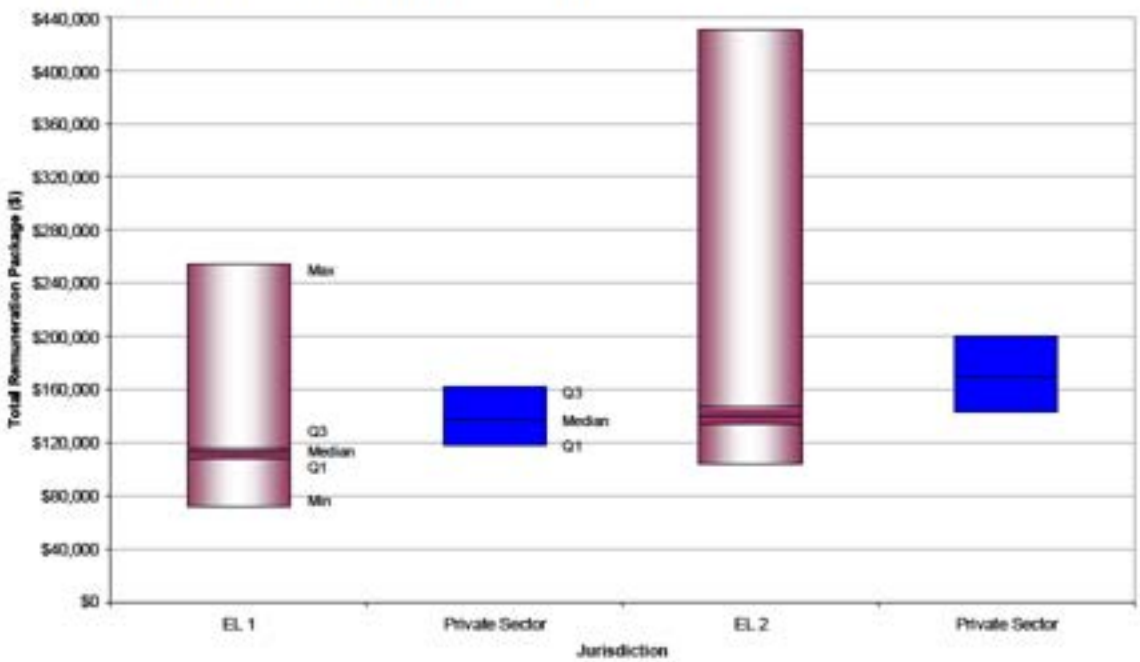
[1] CR = comparatio. Comparatio reflects APS set at 1.00

Table 3.8 - Median EL 1 and EL 2 TRP Movement Comparisons with the Private Sector

	APS	Private Sector		APS	Private Sector	
	EL 1	**Q1**	**Median**	**EL 2**	**Q1**	**Median**
	m	m	m	m	m	m
2010	3.0%	4.2%	4.2%	3.0%	4.2%	4.2%
2009	6.7%	1.6%	3.3%	5.4%	1.4%	3.3%

m = movement

Chart 3.4 - TRP Comparison in 2010 for EL 1 and EL 2



Tables 3.7 and 3.8, and Chart 3.4, show that:

- the EL 1 TRP median is 5 per cent and 22 per cent below the Q1 and median of the private sector respectively, representing a 2 per cent decrease in competitiveness compared to 2009. This decrease in competitiveness is due to a lower EL 1 TRP increase (of 3 per cent) relative to the general market movement of 4.2 per cent. Only EL 1 employees above Q3 are competitively positioned against the private sector

- the EL 2 TRP median is 2 per cent and 20 per cent below the Q1 and median of the private sector respectively, which is 1 percent less competitive than in 2009. This slight decrease in competitiveness is consistent with lower EL 2 TRP increases (of 3 per cent) than private sector movements (of 4.2 per cent). As is the case for EL 1 employees, only EL 2 employees above Q3 are competitively positioned against the private sector. APS EL 2 employees at Q3 are aligned with Q1 of the private sector
- EL 1 and EL 2 competitiveness against the private sector decreases from a TRP perspective (compared with other APS classifications), due to benefits such as motor vehicles being increasingly prevalent in the private sector for higher level positions.

Base Salary Analysis – Graduate

Table 3.9 – Private Sector Graduate Base Salary in 2009 and 2010 compared to the APS*

	Median		Average	
	2009	2010	2009	2010
APS Graduate Salaries	$51,370	$53,040	$51,462	$54,012
Accounting	$49,500	$50,000	$50,216	$50,695
Economics	$46,000	$52,000	$47,917	$51,894
Computer Science	$48,500	$51,465	$48,952	$52,212
Engineering	$55,500	$55,500	$55,473	$57,788
Human Resources/Industrial Relations	$50,000	$52,000	$48,756	$51,967
Marketing	$48,000	$50,000	$48,455	$50,736
Science	$50,562	$50,200	$50,158	$51,679
Business/Commerce	$47,000	$51,500	$47,928	$50,667
Social Sciences/Art	$45,000	$51,930	$47,413	$51,881
Law	$45,000	$51,100	$47,934	$51,212

* 2010 figures sourced from Mercer's *Australian Benefits Review 2010* publication

Table 3.9 (and calculations based on this data) shows that:

- depending on the job family, in 2010 median Graduate salaries in the private sector ranged from $50,000 to $55,500. This was compared to $45,000 to $55,500 in 2009
- the median APS Graduate salary increased by 3.3 per cent, compared to a range of -0.7 per cent (Science) to 15.4 per cent (Social Sciences/ Art)
- Engineering, Human Resources/Industrial Relations and Economics Graduates started at higher salaries than Graduates from other disciplines in 2010
- the APS average Graduate Base Salary of $54,012 is 3.7 per cent above the average of $52,073 across all job families in the private sector
- the APS average Graduate Base Salary is also above the average of each job family group, except for Engineering, as was the case in previous years.

4

Summary of Key Findings

This section provides a summary of key findings of APS SES and non-SES TRP comparisons against the combined public service and the private sector's general market.

Combined Public Service (CPS) Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the CPS show that:

- APS SES employees received higher remuneration increases than their CPS counterparts
- SES bands are competitively positioned against the CPS, with a slight increase in positioning for SES 1 and SES 3 and no change for SES 2
- across all SES bands the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classification
- SES employees below Q1 are well positioned against the lower half of the corresponding CPS range.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the CPS show that:

- APS 1 and APS 2 employees had lower increases than their CPS counterparts, however APS 3 employees had higher increases
- compared to 2009, while APS 1 and APS 2 competitiveness decreased by 1 per cent , APS 3 competitiveness increased by 1 per cent
- the majority of APS employees are competitively remunerated when compared to the CPS
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS classifications
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the CPS show that:

- APS employees received lower remuneration increases compared to their CPS counterparts
- the competitive positioning for APS 4 to APS 6 employees has remained the same or decreased slightly (1 per cent) since 2009
- the majority of APS employees in these classifications are competitively remunerated when compared to the CPS
- the majority of employees above Q3 are remunerated above the maximum of the corresponding CPS equivalent classification
- employees below Q1 are generally remunerated in line with the lower half of corresponding CPS classifications.

EL 1 and EL 2

TRP comparisons for EL 1 and EL 2 employees with the CPS show that:

- APS EL 1 and EL 2 employees had lower remuneration increases than their CPS counterparts
- the majority of APS EL 1 and EL 2 employees are very competitively remunerated against the CPS
- competitive positioning for EL 1 has remained the same but has decreased by 1 per cent for EL 2 since 2009
- EL 1 and EL 2 employees above Q1 are remunerated above the maximum TRP remuneration of corresponding CPS classifications.

Private Sector Comparisons

SES 1 to SES 3

TRP comparisons for SES 1 to SES 3 employees with the private sector show that:

- SES 1 employees around Q1 are remunerated in line with the lower half of corresponding remuneration in the private sector
- only SES 2 employees above the median are competitive with the private sector
- more than 75 per cent of SES 3 employees have a TRP below the private sector Q1 benchmark
- the overall competitive positioning at the median has remained similar at all SES classifications since 2009.

APS 1 to APS 3

TRP comparisons for APS 1 to APS 3 employees with the private sector show that:

- APS 1 employees above Q1 are remunerated significantly above the private sector Q3
- APS 2 employees between Q1 and Q3 are remunerated in line with upper quartile remuneration in the private sector
- APS 3 employees between Q1 and Q3 are remunerated in line with the Q1 to median remuneration range in the private sector
- the overall competitive positioning has remained similar compared to 2009.

APS 4 to APS 6

TRP comparisons for APS 4 to APS 6 employees with the private sector show that:

- APS 4 employees above Q1 are competitively positioned against the private sector's Q1 to Q3 range
- For APS 5 and APS 6 employees, only those above Q3 are competitive with the private sector
- the overall competitive positioning has remained similar for APS 4 to APS 6 employees since 2009, either remaining the same or decreasing slightly by 1 per cent.

EL 1 and EL 2

TRP comparisons for EL 1 and EL 2 employees with the private sector show that:

- EL 1 and EL 2 employees above Q3 are competitively positioned against the private sector's Q1 to Q3 range
- EL 1 and EL 2 employees with a TRP below Q3 are positioned at or below Q1 of the private sector
- the overall competitive positioning of APS TRP remuneration has decreased by between 1 per cent and 2 per cent since 2009.

Graduates

TRP comparisons for Graduate employees with the private sector show that:

- in 2010, the median range of Graduate Base Salaries in the private sector ranged from $50,000 to $55,500 across different job families, compared to the APS median of $53,040
- Engineering, Human Resources/Industrial Relations and Economics Graduates typically started at higher Base Salaries than Graduates from other disciplines
- the APS average Graduate Base Salary of $54,012 is 3.7 per cent above the average of $52,073 across all job families in the private sector.

Provision of Benefits and Bonuses – Private Sector

SES 1 to SES 3

While SES median motor vehicle values and employer superannuation contributions are competitive with the private sector, SES average actual bonus payments are significantly below private sector practice.

APS 1 to EL 2

Non-SES median employer superannuation contributions are very competitive against the private sector.

As it was uncommon for APS EL 1 and EL 2 employees to receive a vehicle benefit, TRP competitiveness against the Private Sector is significantly less than Base Salary competitiveness.

Appendix A

Definition of Terms

Confidentiality

Mercer is aware of the confidential nature of the information provided and stresses that we appreciate and protect this.

Mercer's commitment to ensuring confidentiality is exemplified clearly by the following factors:

- to protect confidentiality, for APS-wide statistics where fewer than three agencies provide a component, no data is shown. In these circumstances, this is indicated by the symbol '--', while the 'per cent Rep' column will indicate the percentage of the sample provided with the component
- Mercer reserves the right not to change the names of recipients of our surveys unless authorised to do so in writing. This is to prevent confidential survey information being provided to unauthorised personnel.

For the calculation of APS-wide statistics, several criteria—including the number of records and the number of agencies—were adopted to preserve confidentiality, as shown below:

- average – at least three records from at least three agencies
- Q1, median, Q3 – four or more records from four or more agencies
- maximum and minimum – more than 10 records from four or more agencies.

The above APS-wide criteria were used in the preparation of this report, as well as the SES Remuneration Survey Report, non-SES Remuneration Survey Report, and the Individual Agency Reports.

Missing Data

The following approach has been used to represent missing, suppressed or 'zero' returns:

- where fewer than three agencies provide a component (i.e. data is suppressed to ensure confidentiality) the symbol '--' is used
- where no data is provided, a '-' is used
- where a zero value is returned, the number zero ('0') is shown.

Remuneration Items

Base Salary

Base Salary represents full time equivalent annualised PAYG salary. It includes pre-tax employee superannuation contributions made by salary sacrifice and any additional salary sacrifice amounts for other benefits. It excludes all other cash components such as bonuses and allowances.

Bonuses

At a practical level, the terms ‘bonus’ and ‘incentive’ are often used interchangeably. For the purposes of consistency throughout the APS Remuneration Survey, performance-based payments have been referred to as ‘bonuses’ even though in the APS they are often related to achievement of key performance indicators and hence meet the defining criteria of incentives. Performance-based bonuses in the private sector would more likely be referred to as incentives.

Total Remuneration Package (TRP)

TRP is defined as Base Salary plus the value of any benefits such as superannuation and motor vehicles, plus FBT on all benefit items. It does not include any bonus payments.

Total Reward (TR)

TR is TRP plus bonus payments.

Statistical Terms

Average

The average is the arithmetic mean, calculated by summing all values and dividing by the number of values.

Comparatio

Comparatios (CR) are a representation of market relativity, and are commonly defined as the ratio between an actual remuneration rate and a comparable remuneration market/benchmark rate, and are expressed as an integer with two decimal places. APS data is defined as 1.00, with other jurisdictions’ competitive positioning being assessed against the APS. For example, a jurisdiction’s outcome of 0.92 would indicate that it is 8 per cent below the APS (1.00).

First Quartile/Q1

The first quartile or 25th percentile (Q1) is the midpoint of the lower half of the sample. That is, the first quartile is the point where 25 per cent of the cases fall below and where 75 per cent of the cases fall above.

Median

The median is calculated by sorting all the values into ascending order then locating the value where 50 per cent of the cases fall below and where 50 per cent of the cases fall above.

Third Quartile/Q3

The third quartile or 75th percentile (Q3) is the midpoint of the upper half of the sample. That is, the third quartile is the point where 75 per cent of the cases fall below and where 25 per cent of the cases fall above.

Midpoint

The midpoint is calculated by summing the minimum and maximum values of a range of figures and dividing this value by two.

Standard Deviation (SD)

SD is used to measure the spread of data from the average. The SD is sensitive to outliers, so where significant outliers are present this can significantly increase the SD. The greater the spread of data, the higher the SD value.

Symbols

The symbol ~ means ‘approximately’.

Within ±10 per cent refers to a range between 90 per cent and 110 per cent of a figure.

Trendlines

Trendlines, as referred to in this report, are regression lines derived from work value points and the corresponding published rates of pay.

APS Work Value Ranges

The work values used in this report have been determined using the Mercer job evaluation system. Indicative work value ranges for APS SES and non-SES classifications are presented in Table A.1. The APS SES and non-SES work value ranges are indicative only and are not based on a whole of APS calibration.

Table A.1 – SES and Non-SES Indicative Work Value Points Ranges[1]

Band/Level	Minimum	Midpoint	Maximum
APS 1	-	50	99
APS 2	100	130	159
APS 3	160	190	219
APS 4	220	250	279
APS 5	280	315	349
APS 6	350	390	429
EL 1	430	465	500
EL 2	501	593	684
SES 1	685	817	949
SES 2	950	1,225	1,499
SES 3	1,500	1,840	2,179

[1] Work value ranges are indicative, based on the findings of a range of studies with individual agencies

The Mercer CED job evaluation system has been widely adopted to underpin classification and remuneration management systems in all public services across Australia. Agencies are attracted to job evaluation systems for many reasons, often related to a desire to establish more robust, transparent or systematic processes.

The high level of acceptance of this specific methodology in a public sector context may have a number of explanations, but three are relevant for the purposes of this survey:

- the universal nature of work value factors examined, supporting applicability to all job types
- the fact that the methodology was initially developed with the needs of both private and public sector agencies in mind, and has evolved within the changing public service context
- the incorporation of specific public service descriptors, definitions and standards which address work that is unique to the public service (e.g. policy roles, machinery of government requirements, statutory accountability).

Work value benchmarks across the various public services enable the reasonable comparison of remuneration across jurisdictions for the purposes of this broader market analysis.

Appendix B

Relative Position of APS SES and Non-SES Classifications with Individual Public Service Jurisdictions

This section compares APS SES and non-SES TRP against individual public service jurisdictions. Table data compares the APS median to the individual public service jurisdiction's midpoint. The 2009 results have been included for comparative purposes. In addition to the comparatio (CR) analysis, Mercer has also ranked (r) the positioning of the APS against the individual public service jurisdictions.

APS SES Base Salary and TR have not been compared because most jurisdictions manage SES remuneration on a TRP basis. Similarly, as bonuses are not a significant feature of reward for non-SES classifications or corresponding non-SES equivalent classifications in individual public services, Mercer has only undertaken the comparative analysis on the basis of TRP for non-SES classifications.

The data used in the individual public service jurisdiction analysis is based on work value and a regression analysis of the reported ranges for each jurisdiction. The individual public service jurisdiction analysis utilises each jurisdiction's reported remuneration range. Mercer has adjusted the reported motor vehicle values of each jurisdiction to ensure the true TRP values of jurisdictions are appropriately aligned to the APS TRP values.

SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – SES 1

Table B.1 – Median SES 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	1	0.96	3	0.98	2	0.95	4	0.71	7	0.91	5	0.82	6
2009	1.00	1	0.96	3	0.97	2	0.95	4	0.71	7	0.92	5	0.82	6

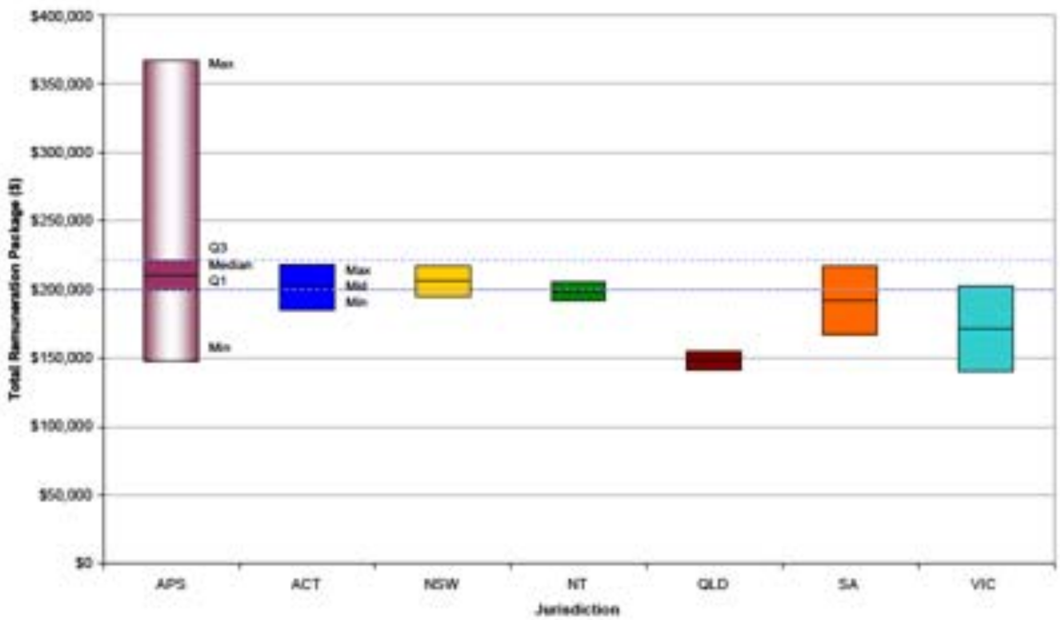
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.2 – Median SES 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.5%	2	3.4%	3	4.0%	1	3.0%	5	2.6%	7	2.8%	6	3.0%	4
2009	3.2%	1	1.3%	7	3.1%	2	3.0%	3	2.5%	6	2.6%	5	2.6%	4

r = ranking m = movement.

Chart B.1 – TRP Comparison in 2010 – SES 1



Tables B.1 and B.2, and Chart B.1, show that:

- the APS had the highest SES 1 median TRP across all public services
- SES 1 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions
- the APS SES 1 TRP median movement of 3.5 per cent was ranked second in comparison to other public service jurisdictions, a slight decrease in ranking when compared to 2009 where APS TRP movement was ranked first.

Total Remuneration Package (TRP) Analysis – SES 2

Table B.3 - Median SES 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	1	1.00	2	0.95	3	0.88	5	0.73	7	0.92	4	0.75	6
2009	1.00	2	1.00	1	0.94	3	0.89	5	0.74	7	0.93	4	0.75	6

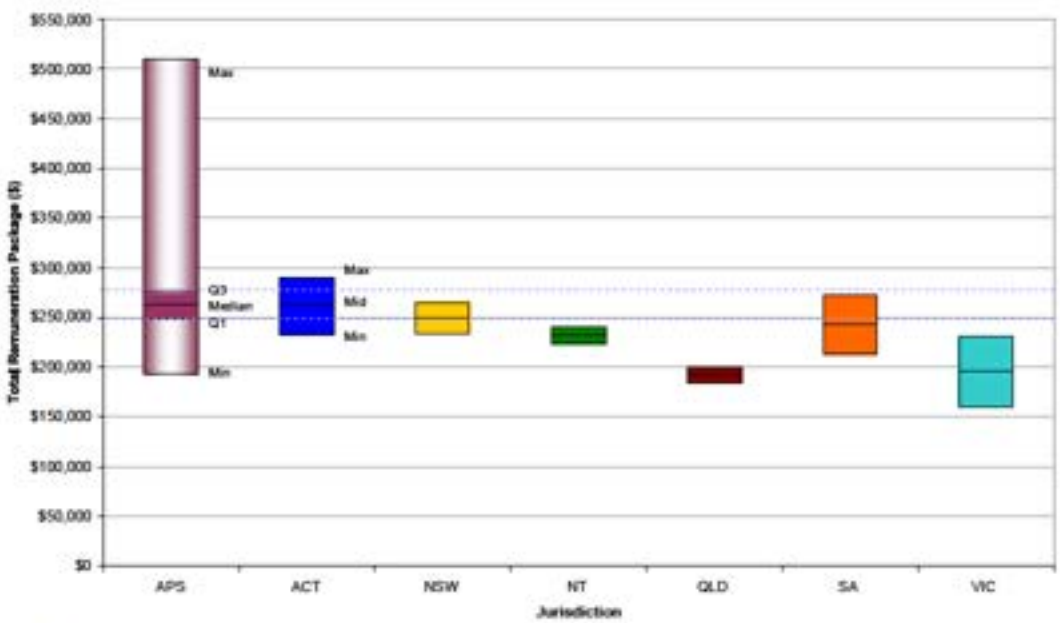
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.4 - Median SES 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.3%	2	2.7%	7	4.0%	1	3.0%	4	2.8%	5	2.7%	6	3.0%	3
2009	2.5%	5	2.0%	7	3.1%	1	3.0%	2	2.4%	6	2.6%	4	2.6%	3

r = ranking m = movement.

Chart B.2 - TRP Comparison in 2010 - SES 2



Tables B.3 and B.4, and Chart B.2, show that:

- the APS had the highest SES 2 median TRP compared to all other public services
- SES 2 employees between Q1 and Q3 are competitively positioned against all other state jurisdictions
- SES 2 TRP median movement of 3.3 per cent ranked second in comparison with other individual public service jurisdictions, behind NSW.

Total Remuneration Package (TRP) Analysis – SES 3

Table B.5 – Median SES 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	1.05	1	0.94	4	0.84	5	0.77	6	0.95	3	0.69	7
2009	1.00	2	1.06	1	0.93	4	0.85	5	0.77	6	0.96	3	0.69	7

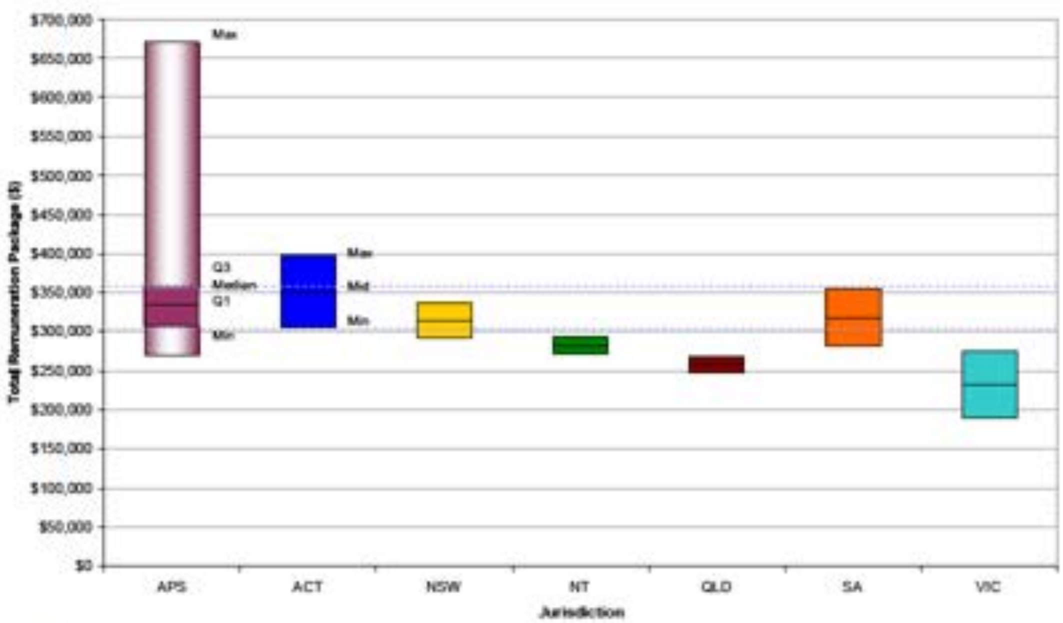
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.6 – Median SES 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	M	r	m	r	m	r	m	r	m	r
2010	3.1%	2	2.2%	7	4.0%	1	3.0%	3	2.9%	5	2.7%	6	3.0%	4
2009	3.2%	1	2.5%	6	3.0%	2	3.0%	3	2.4%	7	2.6%	5	2.6%	4

r = ranking m = movement.

Chart B.3 – TRP Comparison in 2010 – SES 3



Tables B.5 and B.6, and Chart B.3, show that:

- the APS SES 3 median TRP ranked second behind the ACT by 5 per cent
- APS SES 3 employees above Q3 receive comparable remuneration to the upper range of the ACT
- the SES 3 TRP between Q1 and Q3 is well positioned against all other jurisdictions
- the SES 3 TRP median movement of 3.1 per cent ranked second across all individual public service jurisdictions, following NSW at 4.0 per cent.

Non-SES Remuneration Analysis

Total Remuneration Package (TRP) Analysis – APS 1

Table B.7 – Median APS 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.73	7	1.01	1	0.92	3	0.82	5	0.85	4	0.78	6
2009	1.00	1	0.72	7	0.99	2	0.91	3	0.81	5	0.85	4	0.76	6

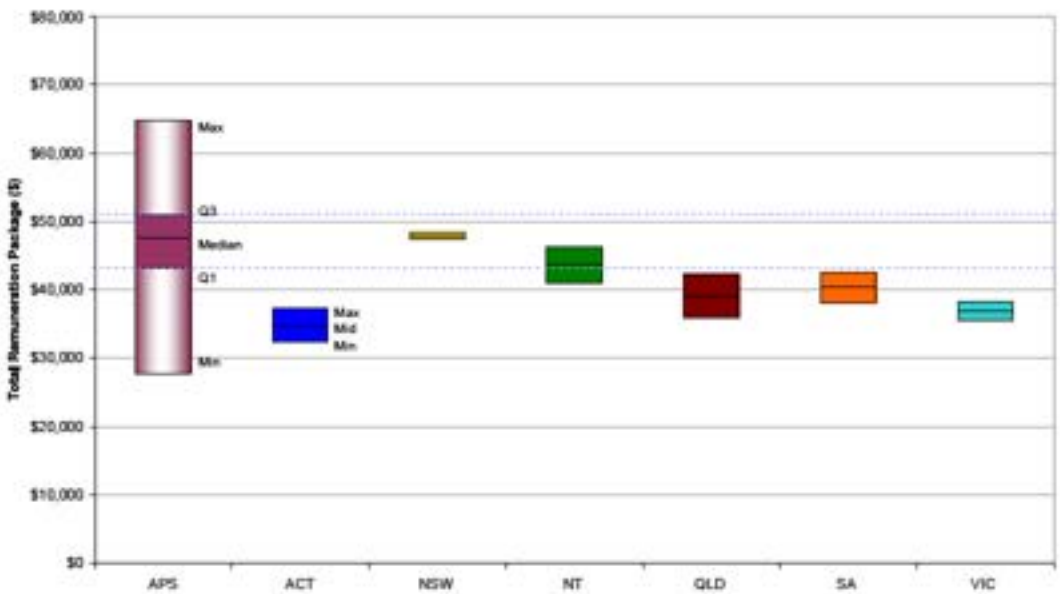
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.8 – Median APS 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	2.7%	6	4.0%	4	4.0%	3	3.2%	5	4.7%	1	2.5%	7	4.5%	2
2009	6.8%	1	2.5%	7	4.0%	4	3.0%	5	5.1%	2	2.5%	6	4.2%	3

r = ranking m = movement

Chart B.4 – TRP Comparison in 2010 – APS 1



Tables B.7 and B.8, and Chart B.4, show that:

- the majority of APS 1 employees are competitively positioned against all individual public service jurisdictions, with the APS 1 median TRP ranking second, following NSW by 1 per cent
- the 2010 APS 1 median TRP moved by 2.7 per cent, the second lowest movement across all jurisdictions. In 2009, the APS had the highest movement of 6.8 per cent.

Total Remuneration Package (TRP) Analysis – APS 2

Table B.9 – Median APS 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.83	6	1.03	1	0.92	3	0.87	5	0.88	4	0.82	7
2009	1.00	2	0.83	6	1.03	1	0.92	3	0.86	5	0.89	4	0.81	7

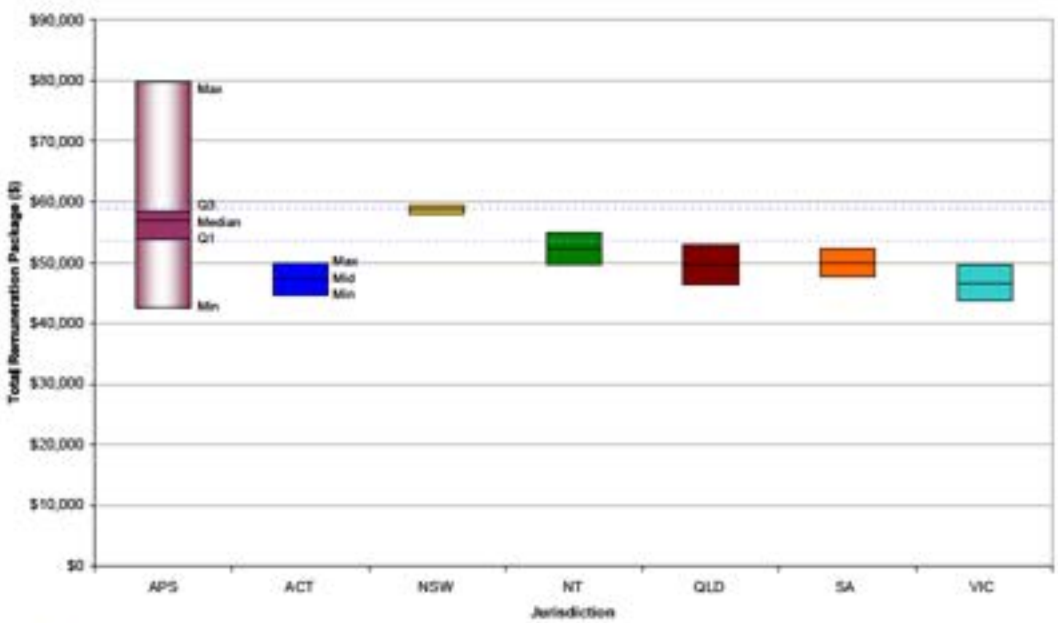
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.10 – Median APS 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.6%	5	4.0%	4	4.0%	3	3.1%	6	4.5%	2	2.5%	7	4.5%	1
2009	8.3%	1	2.5%	7	4.0%	3	3.0%	5	4.9%	2	2.5%	6	3.4%	4

r = ranking m = movement

Chart B.5 – TRP Comparison in 2010 – APS 2



Tables B.9 and B.10, and Chart B.5, show that:

- as in 2009, the APS 2 median TRP ranked second behind NSW by 3 per cent
- APS 2 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions, except for NSW
- the APS 2 TRP above Q3 is competitive with the NSW TRP range
- the APS 2 annual movement of 3.6 per cent ranked fifth, decreasing from its first rank from 2009, with an annual movement of 8.3 per cent.

Total Remuneration Package (TRP) Analysis – APS 3

Table B.11 – Median APS 3 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.89	6	1.06	1	0.93	3	0.91	4	0.90	5	0.85	7
2009	1.00	2	0.90	6	1.07	1	0.95	3	0.92	5	0.93	4	0.86	7

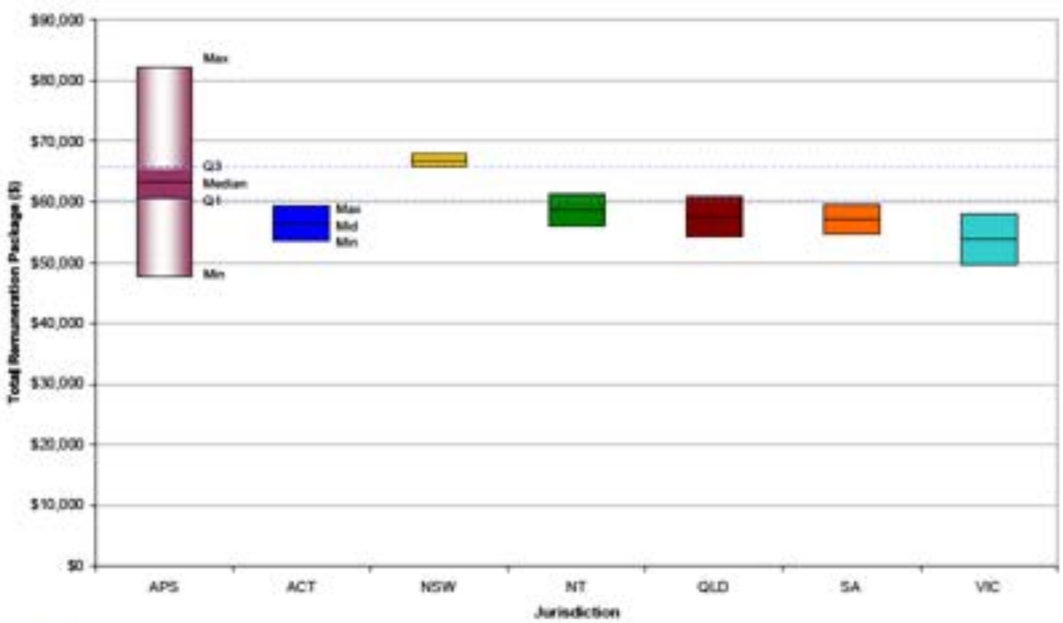
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.12 – Median APS 3 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	5.1%	1	4.0%	5	4.0%	4	3.1%	6	4.3%	3	2.5%	7	4.5%	2
2009	6.1%	1	2.5%	7	4.0%	3	3.0%	5	4.8%	2	2.5%	6	3.0%	4

r = ranking m = movement

Chart B.6 – TRP Comparison in 2010 – APS 3



Tables B.11 and B.12, and Chart B.6, show that:

- as in 2009, the APS 3 median TRP ranked second, 6 per cent behind NSW
- APS 3 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 3 TRP above Q3 is competitive with NSW
- the APS 3 movement of 5.1 per cent ranked the highest across all individual public service jurisdictions, maintaining its ranking from 2009.

Total Remuneration Package (TRP) Analysis – APS 4

Table B.13 – Median APS 4 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.93	3	1.07	1	0.92	5	0.93	4	0.91	6	0.87	7
2009	1.00	2	0.93	3	1.06	1	0.93	4	0.93	5	0.93	6	0.86	7

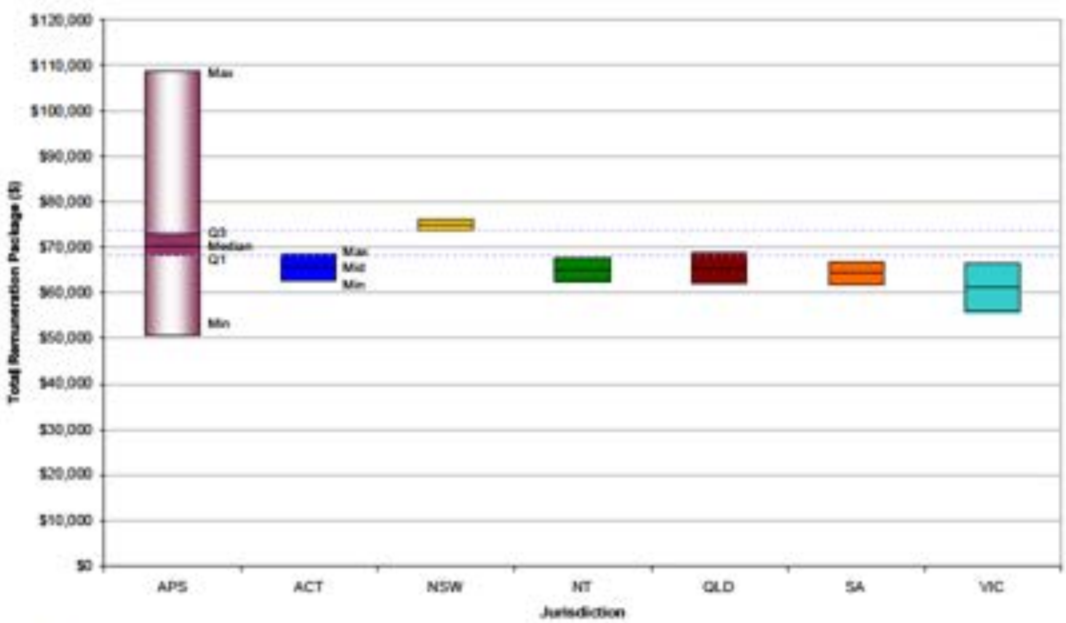
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.14 – Median APS 4 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.8%	5	4.0%	4	4.0%	3	3.0%	6	4.2%	2	2.5%	7	4.5%	1
2009	6.2%	1	2.5%	7	4.0%	3	3.0%	4	4.7%	2	2.5%	6	2.7%	5

r = ranking m = movement

Chart B.7 – TRP Comparison in 2010 – APS 4



Tables B.13 and B.14, and Chart B.7, show that:

- the 2010 APS 4 median TRP ranked second, 7 per cent behind NSW
- as in 2009, APS 4 employees between Q1 and Q3 are competitively positioned against all individual public service jurisdictions with the exception of NSW
- the APS 4 TRP above Q3 is competitive with NSW
- the APS 4 annual movement of 3.8 per cent ranked fifth across all individual public service jurisdictions, compared to the 2009 movement of 6.2 per cent which was ranked first.

Total Remuneration Package (TRP) Analysis – APS 5

Table B.15 – Median APS 5 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.98	3	1.08	1	0.93	6	0.95	4	0.93	5	0.89	7
2009	1.00	2	0.97	3	1.07	1	0.93	6	0.95	4	0.94	5	0.88	7

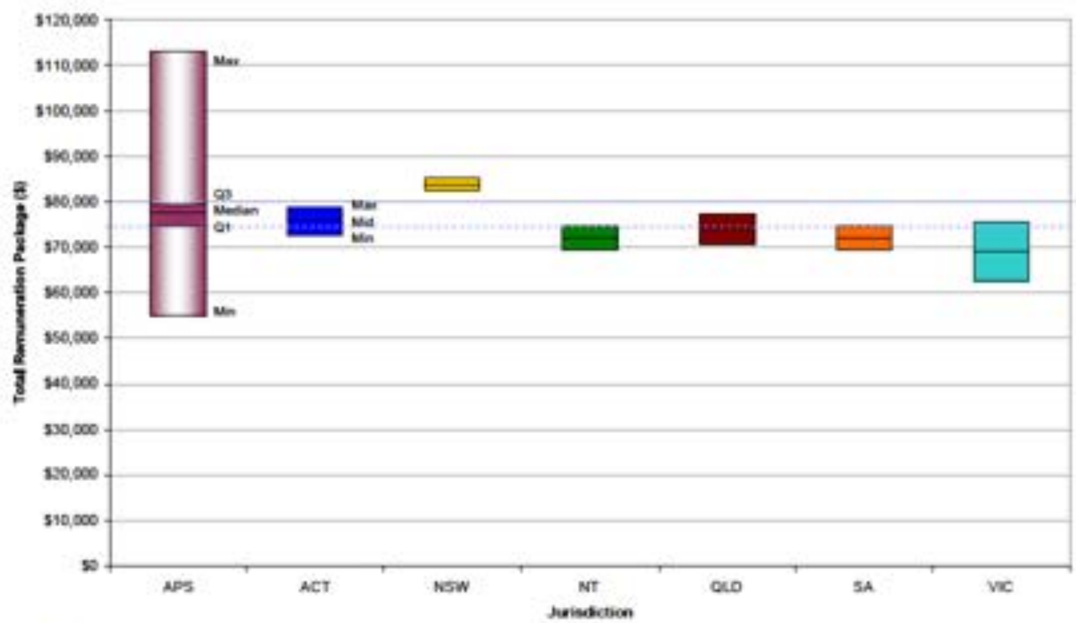
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.16 – Median APS 5 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.1%	5	4.0%	4	4.0%	3	3.0%	6	4.1%	2	2.5%	7	4.5%	1
2009	7.0%	1	2.5%	7	4.0%	3	3.0%	4	4.6%	2	2.5%	6	2.5%	5

r = ranking m = movement

Chart B.8 – TRP Comparison in 2010 – APS 5



Tables B.15 and B.16, and Chart B.8, show that:

- the 2010 APS 5 median TRP ranked second, behind NSW by 8 per cent
- APS 5 employees between Q1 and Q3 are well positioned against all individual public service jurisdictions with the exception of NSW
- APS 5 TRP above Q3 is competitive with NSW
- the APS TRP movement of 3.1 per cent was ranked fifth, compared to the 2009 movement of 7 per cent which was ranked first across all jurisdictions.

Total Remuneration Package (TRP) Analysis – APS 6

Table B.17 – Median APS 6 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	2	0.97	3	1.05	1	0.89	6	0.93	4	0.90	5	0.87	7
2009	1.00	2	0.97	3	1.05	1	0.90	6	0.93	4	0.92	5	0.87	7

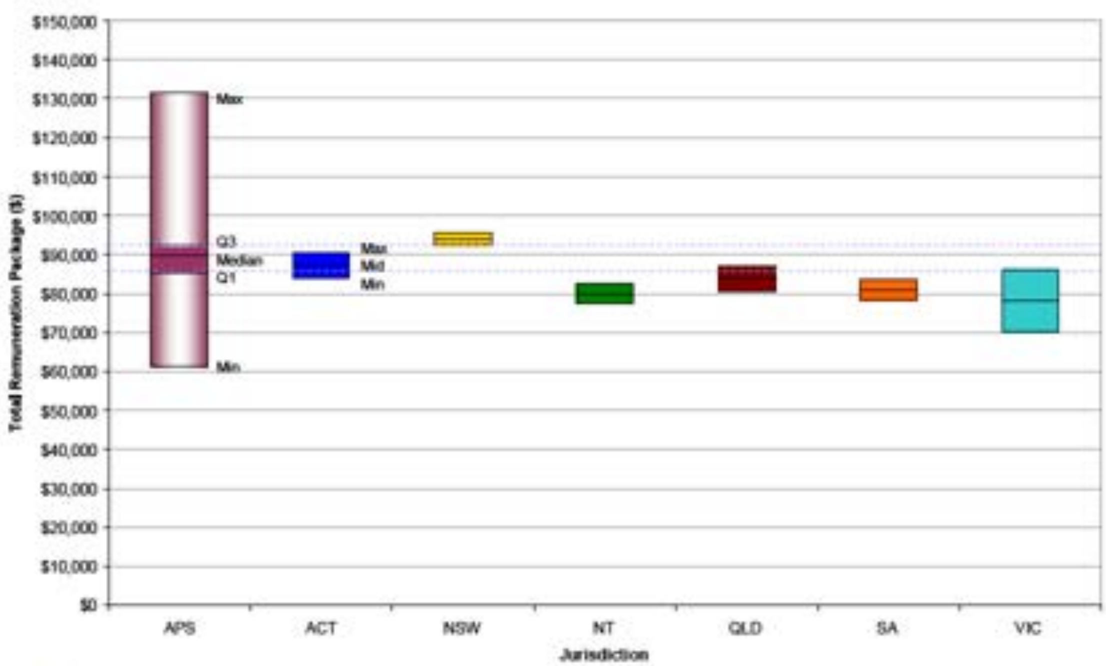
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.18 – Median APS 6 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	4.0%	3	4.0%	5	4.0%	4	3.0%	6	4.1%	2	2.5%	7	4.5%	1
2009	6.3%	1	2.5%	6	4.0%	3	3.0%	4	4.6%	2	2.5%	5	2.3%	7

r = ranking m = movement

Chart B.9 – TRP Comparison in 2010– APS 6



Tables B.17 and B.18, and Chart B.9, show that:

- as in 2009, the APS 6 median TRP ranked second, behind NSW by 5 per cent
- APS 6 employees between Q1 and the median are well positioned against all individual public service jurisdictions, except for NSW
- APS 6 TRP above Q3 is competitive with NSW
- the annual movement of 4 per cent was ranked third across all public sector jurisdictions, behind Victoria and Queensland. In 2009, the APS 6 annual movement of 6.3 per cent was ranked first.

Total Remuneration Package (TRP) Analysis – EL 1

Table B.19 – Median EL 1 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	1	0.88	3	0.92	2	0.78	6	0.83	4	0.80	5	0.77	7
2009	1.00	1	0.87	3	0.91	2	0.78	6	0.82	4	0.80	5	0.76	7

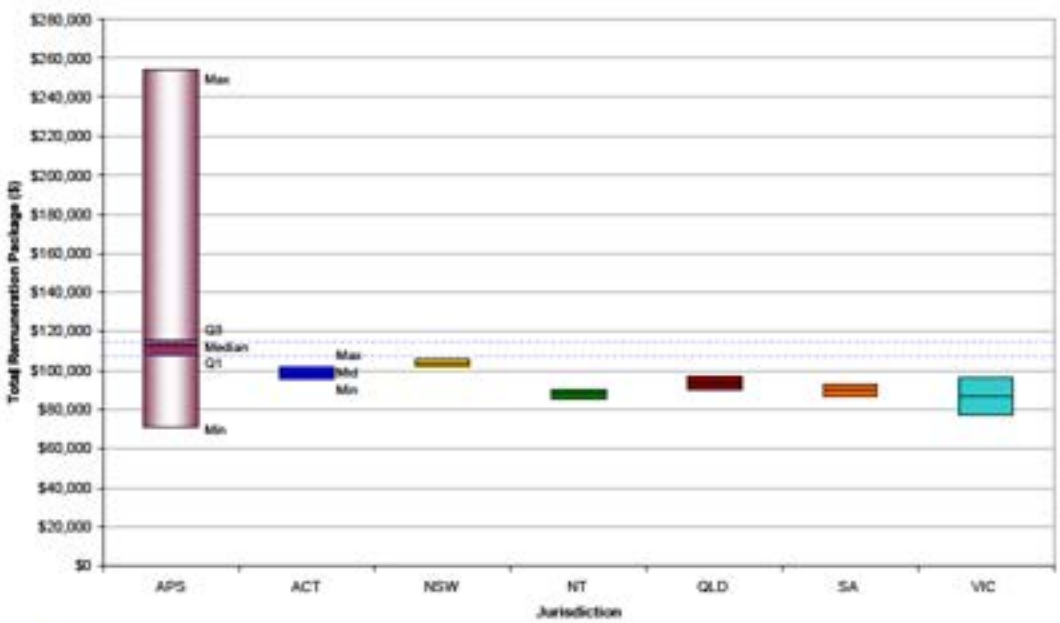
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.20 – Median EL 1 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.0%	5	4.0%	4	4.0%	3	3.0%	6	4.0%	2	2.5%	7	4.5%	1
2009	6.7%	1	2.5%	6	4.0%	3	3.0%	4	4.5%	2	2.5%	5	2.1%	7

r = ranking m = movement

Chart B.10 – TRP Comparison in 2010 – EL 1



Tables B.19 and B.20, and Chart B.10, show that:

- the EL 1 median TRP ranked first, ahead of NSW and the ACT by 8 per cent and 12 per cent respectively
- EL 1 employees above Q1 have a higher TRP than the maximum of any other individual public service jurisdiction
- the EL 1 TRP movement of 3 per cent was ranked fifth, compared to the 2009 movement of 6.7 per cent which was ranked first across all jurisdictions.

Total Remuneration Package (TRP) Analysis – EL 2

Table B.21 – Median EL 2 TRP Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r	cr	r
2010	1.00	1	0.83	3	0.85	2	0.71	7	0.77	4	0.74	5	0.72	6
2009	1.00	1	0.82	3	0.84	2	0.71	6	0.76	4	0.74	5	0.71	7

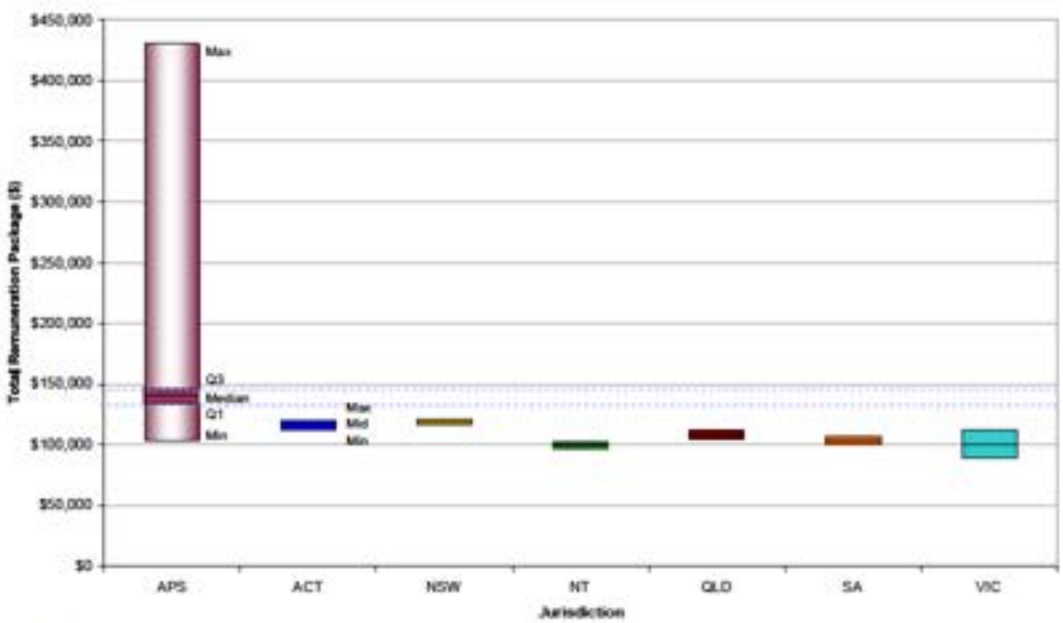
r = ranking cr = comparatio. Comparatio reflects APS set at 1.00.

Table B.22 – Median EL 2 TRP Movement Comparisons with Individual Public Service Jurisdictions

	APS		ACT		NSW		NT		QLD		SA		VIC	
	m	r	m	r	m	r	m	r	m	r	m	r	m	r
2010	3.0%	5	4.0%	3	4.0%	2	2.9%	6	3.9%	4	2.5%	7	4.5%	1
2009	5.4%	1	2.5%	6	4.0%	3	3.0%	4	4.5%	2	2.5%	5	1.9%	7

r = ranking m = movement

Chart B.11 – TRP Comparison in 2010 – EL 2



Tables B.21 and B.22, and Chart B.11, show that:

- the EL 2 median TRP ranked first, ahead of NSW and the ACT by 15 per cent and 17 per cent respectively
- EL 2 employees above Q1 are very competitively positioned, with Q1 TRP exceeding the maximum of any other individual public service jurisdiction
- the EL 2 TRP median movement of 3 per cent ranked the fifth across all individual public service jurisdictions, decreasing its fist ranking from 2009 when the annual movement was 5.4 per cent.

Appendix C

Overview of Remuneration Practices in the Private Sector

The following section provides an overview of remuneration strategies, practices and policies observed in private sector organisations, including:

- a total remuneration approach, which incorporates salary packaging
- superannuation
- motor vehicles
- incentives.

Information sources for the analysis in this section include Mercer's *Australian Benefits Review 2010*, *Market Issues Survey January 2011*, Mercer's *Executive Incentive Plans 2010,* as well as analyses from Mercer's proprietary Job Evaluation and Remuneration database.

Total Remuneration Approach

A total remuneration approach is where an organisation calculates the remuneration costs associated with employing an individual over and above Base Salary. Calculating total employment cost (TRP as defined in the APS Remuneration Survey) enables the organisation and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of a similar size.

The following points provide key trends in relation to a total remuneration approach in the private sector:

- fifty-eight per cent and 56 per cent of organisations offer senior executives and managers the option of flexible remuneration packaging respectively. The prevalence of remuneration packaging decreases for technical/professional (51 per cent) and operations/support staff (46 per cent)
- of those offering flexibility, more than a quarter impose a minimum on the amount of the package which must be taken as cash. This requirement is more prevalent for operations/support staff (30 per cent), compared to 26 per cent for senior executives and 28 per cent for managers and technical/professional staff. At the median, the minimum sits at 50 per cent of the remuneration package
- for those organisations specifying a minimum cash component of the remuneration package, this value ranges from 30 per cent to 58 per cent, with an average of 45.6 per cent across all employee groups.

Superannuation

Superannuation continues to be an important part of the TRP approach adopted by the APS. However, as Table C.1 shows, the worth of superannuation as a benefit in the private sector is comparatively lower and contributions are generally more aligned with the Superannuation Guarantee Contribution (SGC) legislation.

Table C.1 - APS Superannuation Compared with the Private Sector Equivalent

	APS Median	Private Sector Median
APS 1 – 3	$8,197	$4,448
APS 4 – 6	$10,804	$7,120
EL 1 – 2	$16,134	$9,753
SES 1	$26,671	$14,461
SES 2	$35,731	$17,530
SES 3	$48,041	$24,886

Key points in relation to superannuation are as follows:

- the incidence of organisations currently making superannuation contributions above the SGC rate is 24 per cent for senior executives, 21 per cent for managers and technical/professional employees, and 20 per cent for operations/support staff
- of those organisations paying above the statutory 9 per cent, the contributions rate ranges between 11.6 per cent and 12.8 per cent at the average. These higher payments are most prominent within the pharmaceutical, hi-tech and construction industry groups
- the median superannuation contribution rate therefore sits at 9 per cent. With the recommended changes in legislation to be implemented slowly over the next decade, this figure could potentially slowly increase to 12 per cent as the legislation comes into place
- after changes in legislation in July 2008, organisations are now required to pay superannuation on ordinary time earnings, which includes allowances and bonus/commission payments. Organisations have the option to either pay superannuation on top of the allowance or bonus payment, or to take the superannuation out of the payment amount. Around 60 per cent of respondents pay SG contributions in addition to bonus/commission payments and in addition to car allowances
- in 2010, 64 per cent to 68 per cent of organisations across all employee groups offered a defined contribution fund (either master trust or standalone) as the principal default fund to their employees, increasing from 57 per cent to 60 per cent in 2009
- industry funds continue to be more common for operations/support employees than for other staff, with 26 per cent of organisations using such funds as the default option for this group, compared to 20 per cent to 22 per cent for other employee categories
- forty-three per cent to 45 per cent of organisations fully subsidise the payment of insurance costs and administration costs associated with the superannuation fund
- at the median, only 15 per cent of organisations actively exercise their choice of fund
- it is not common (only 15 per cent to 16 per cent) for organisations to make employer contributions to superannuation dependent on the amount of employee contribution
- around 84 per cent of organisations surveyed reported that employee contributions to the defined contribution superannuation fund were completely flexible and employees could select any amount to contribute themselves
- approximately 60 per cent to 62 per cent of organisations surveyed allowed all employees the choice to make employee superannuation contributions from either pre-tax or post-tax remuneration.

Motor Vehicles

Company vehicles are a traditional feature of remuneration in Australia in the private sector. The continued popularity of the company car (see Table C.2 below) reflects its relative cost effectiveness as a remuneration component (i.e. under the current FBT regime, benefit cars are valued concessionally for the purposes of FBT).

Table C.2 – Vehicle Provision in the Private Sector

Vehicle Type	Senior Exec	Mgmt	Tech/Prof	Ops/Support
Company provided benefit vehicle	52%	48%	34%	23%
Novated lease benefit vehicle	86%	84%	82%	72%
Job facility vehicle	11%	17%	30%	30%
Car allowance	53%	53%	46%	24%

Note: Percentages may add to more than 100 per cent, as each method was not mutually exclusive

The following points are made regarding motor vehicle practices in the private sector:

- company benefit vehicles are declining in popularity, with 52 per cent of organisations surveyed providing benefit vehicles to senior executives, and 48 per cent providing benefit vehicles to managers. The prevalence of benefit vehicles for lower level employees decreases further to 34 per cent for technical/professional staff, and 23 per cent for operations/support staff
- novated leases are increasing in popularity, with over 70 per cent of organisations surveyed providing all employee groups with a novated lease. Prevalence is greater for senior executives (86 per cent) and managers (84 per cent), with technical/professional staff (82 per cent) and operations/support staff (72 per cent) also being provided access to novated leases
- car allowances are provided to senior executives and managers by around half of the organisations surveyed, and, to a slightly lesser extent, technical/professional staff. Only about a quarter of operations/support staff in the surveyed organisations are likely to receive a fixed car allowance as a benefit item
- the majority of organisations surveyed (59 per cent to 70 per cent) provide employees receiving a benefit vehicle unlimited choice of vehicle make and model, as long as the vehicle is within the employee's remuneration package limit
- the majority of organisations (57 per cent to 62 per cent) surveyed do not have any restrictions on the choice of benefit vehicle, while the remaining organisations impose some general restrictions, such as being from the standard company fleet, and not permitting sports cars or second hand cars
- there are greater limitations placed on employees selecting a tool-of-trade vehicle, with the majority of organisations surveyed (73 per cent to 91 per cent) restricting an employee's tool-of-trade vehicle selection to the standard company vehicle fleet
- the most common method of financing benefit vehicles for all employee groups is a novated lease (58 per cent to 69 per cent of organisations)
- many organisations (47 per cent to 56 per cent) providing benefit vehicles allocate the cost to the employee, and the employee salary sacrifices the cost of the vehicle in pre-tax dollars. Typically, this is done by calculating the actual annual cost of the vehicle including all running, maintenance and associated costs.

Table C.3 shows market data relating to typical annual car allowance rates.

Table C.3 – Vehicle Typical Annual Car Allowance Rates in the Private Sector

N=41-47	$ Annual Allowance			
	Q1	Median	Q3	Average
Senior Executives	$20,768	$30,000	$36,375	$31,685
Management	$18,155	$21,500	$25,377	$21,711
Technical/Professional	$15,000	$18,240	$21,415	$18,119
Operations/Support	$13,725	$16,000	$19,095	$16,033

Summary of Benefit Provision

Tables C.4 to C.9 present an analysis of actual private sector benefits and bonus payments for SES and non-SES equivalent positions. The benefits included are motor vehicles, car allowances, superannuation and actual bonuses.

In relation to the private sector data, please note:

- data is effective as at December 2010
- motor vehicle costs are based on the purchase price provided and are devised using the Mercer Car Formula. The formula was applied with the same assumptions as those applied to the APS Remuneration Survey
- car allowance values include actual allowances, as well as salary-sacrificed amounts to fund a motor vehicle's leasing and running costs
- actual bonus paid only includes zeros if the individual was noted as eligible for a bonus, but no bonus was received
- actual data for APS employees has been provided in the applicable table for comparison purposes
- some categories (at the lower classification) are not well populated in Mercer's private sector database, as detailed in the 'n' field.

Table C.4 – Benefit Provision in the Private Sector in 2010 for APS 1 to APS 3 Equivalent

	Q1	Median	Q3	Mean	n	APS 1 Med	APS 2 Med	APS 3 Med
Motor Vehicle Cost	$9,577	$11,977	$18,263	$14,868	291	--	--	--
Car Allowance	$15,600	$17,000	$20,000	$16,628	286	--	--	
Superannuation	$3,801	$4,448	$5,469	$4,838	15,933	$6,398	$7,732	$8,450
Actual Bonus	$1,250	$2,800	$4,870	$4,440	6,463	$665	$665	$665

Table C.5 – Benefit Provision in the Private Sector in 2010 for APS 4 to APS 6 Equivalent

	Q1	Median	Q3	Mean	n	APS 4 Med	APS 5 Med	APS 6 Med
Motor Vehicle Cost	$8,438	$12,117	$16,624	$13,431	3,025	--	--	--
Car Allowance	$15,500	$18,500	$21,299	$18,609	3,321	--	--	--
Superannuation	$5,629	$7,120	$9,000	$7,674	31,383	$9,323	$10,482	$12,121
Actual Bonus	$2,725	$5,201	$9,245	$8,439	21 556	$0	$681	$796

Table C.6 – Benefit Provision in the Private Sector in 2010 for EL 1 and EL 2 Equivalent

	Q1	Median	Q3	Average	n	APS EL 1 Median	APS EL 2 Median
Motor Vehicle Cost	$11,979	$13,308	$19,694	$16,023	884	$25,802	$24,000
Car Allowance	$18,000	$20,500	$24,500	$20,638	1,663	--	$23,504
Superannuation	$6,403	$9,753	$12,982	$10,283	10,615	$15,281	$18,978
Actual Bonus	$4,317	$10,969	$20,479	$16,314	7,553	$993	$2,466

Table C.7 – Benefit Provision in the Private Sector in 2010 for SES 1 Equivalent

	Q1	Median	Q3	Average	n	APS SES 1 Median
Motor Vehicle Cost	$6,819	$12,866	$20,302	$15,125	227	$25,186
Car Allowance	$22,063	$27,000	$34,000	$28,770	411	$24,553
Superannuation	$10,611	$14,461	$18,906	$16,116	2,593	$26,671
Actual Bonus	$9,640	$22,952	$46,545	$36,172	1,889	$7,972

Table C.8 – Benefit Provision in the Private Sector in 2010 for SES 2 Equivalent

	Q1	Median	Q3	Average	n	APS SES 2 Median
Motor Vehicle Cost	$6,819	$20,482	$29,558	$19,946	46	$26,500
Car Allowance	$20,000	$26,000	$37,400	$30,561	115	$26,100
Superannuation	$14,461	$17,530	$26,534	$23,436	502	$35,731
Actual Bonus	$19,080	$37,724	$92,928	$74,417	712	$12,768

Table C.9 – Benefit Provision in the Private Sector in 2010 for SES 3 Equivalent

	Q1	Median	Q3	Average	n	APS SES 3 Median
Motor Vehicle Cost	$14,952	$16,454	$24,694	$19,524	11	$27,005
Car Allowance	$22,260	$38,000	$54,373	$34,976	19	$27,902
Superannuation	$14,461	$24,886	$38,417	$32,870	102	$48,041
Actual Bonus	$57,222	$97,062	$151,481	$126,955	165	$7,000

As can be seen from Tables C.4 to C.9:

- median superannuation is significantly higher across all APS classifications
- median bonuses across all APS classifications are significantly lower than the median private sector bonuses
- median vehicle costs (reflecting situations where an actual vehicle is provided to an employee) in the private sector are generally lower in comparison to car allowances
- SES median vehicle costs are higher than the private sector median.

Incentive Practices in the Private Sector

Variable reward (i.e. short-term and long-term incentives) has long been an integral part of reward strategy in the private sector, given that it is a valuable tool in driving both individual performance and organisational outcomes.

In the private sector, variable reward can be used to recognise and reinforce the behaviours and attitudes desired by the organisation in order to underpin a strong culture and support the business strategy. In addition, variable reward is used to reward the achievement of activities and accountabilities considered necessary to fulfil the organisation's business strategy.

The survey data highlights that although many APS agencies incorporate performance bonuses into an employee's TR, the incidence of performance bonuses for non-SES classifications below EL classifications is low. Additionally, eligibility for performance bonuses in 2010 has generally decreased when compared to 2009.

The levels of performance bonuses received by SES employees in 2010 as a proportion of TRP are shown in Table C.10. Non-SES performance bonus proportions have not been included, as the majority of non-SES employees did not receive a performance bonus in 2010.

Table C.10 – Average Performance Bonus Payments as a Percentage of TRP in the APS and the Private Sector*

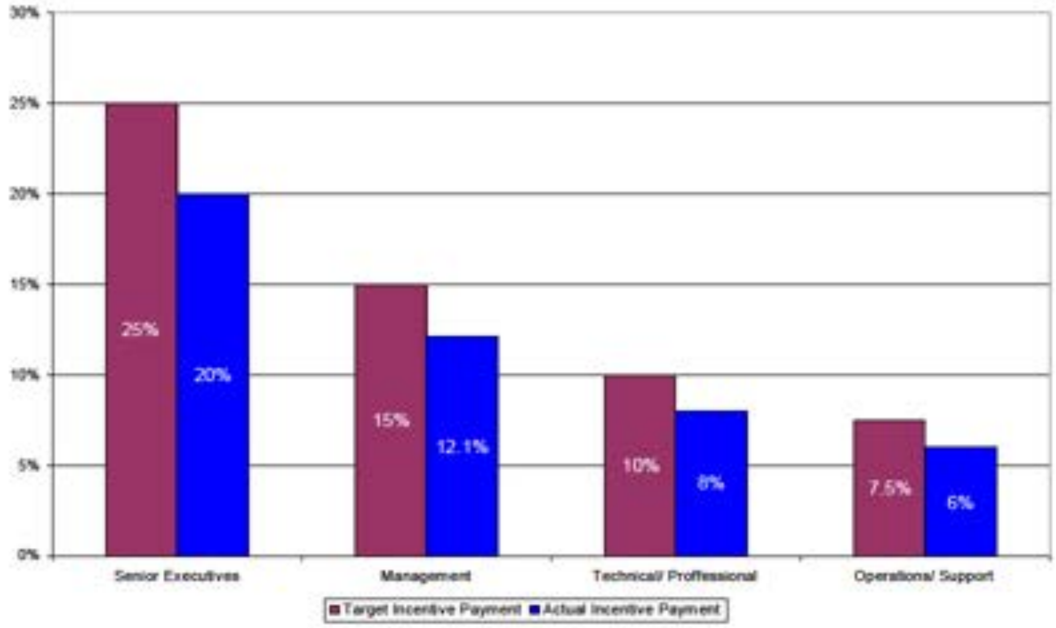
Classification	APS Average Bonus %	Private Sector Average Bonus %
SES 1	4.2%	12.1%
SES 2	5.2%	20.0%
SES 3	4.3%	30.0%

* Based on Mercer's Market Issues Survey January 2011

Whilst Table C.10 illustrates only a small difference between performance bonuses (as a percentage of TRP) between APS SES 1, SES 2 and SES 3, in the private sector incentive payments generally increase on a proportional basis with the employee's classification level. As can be seen in Table C.10, actual incentive payments in 2010 in the private sector were significantly higher than the APS SES.

Chart C.1 overleaf shows target and actual median incentive payments for different employee categories, based on findings of Mercer's January 2011 *Market Issues Survey*. It is clear that actual incentives are typically less than the target incentive level, suggesting that in 2010 many employees did not achieve expected performance outcomes and received less than target incentive payments.

Chart C.1 – Target and Actual Incentive Payments by Staff Category



In relation to private sector incentives:

- the majority of organisations (52 per cent to 55 per cent) in the survey group budget the funding for short-term incentives as a separate item, rather than it being self-funded through increased profits or revenue
- the majority of organisations surveyed (between 77 per cent and 80 per cent, depending upon employee group) place a cap on short-term incentive payments to employees. This cap is typically expressed as a percentage of the employee's remuneration, although a set dollar value and a percentage of the plan's funds are also used
- the majority of companies (90 per cent to 94 per cent) use a formal appraisal or performance management process to determine incentive payment amounts. Additional tools used to measure performance include managerial discretion, 360 degree feedback, and a quantitative measurement system
- at the executive and senior management level, approximately one third of organisations provide a choice over how the short-term reward is paid. This practice is less prevalent for technical/professional employees (29 per cent) and operations/support staff (25 per cent)
- the majority of surveyed organisations (78 per cent to 86 per cent) feel their short-term incentive program is somewhat effective, if not very effective.

Table C.11 highlights the most commonly used measures to assess performance for executives, according to Mercer's *Executive Incentive Plans 2010*. This data indicates the increased prevalence and importance of non-financial performance measures (such as people management, process improvement and customer service measures) for executives in the private sector, in conjunction with profit- and growth-based financial measures.

Table C.11 – Most Commonly Used Performance Measures to Assess Private Sector Executive Performance

Performance Measure	% of Organisations (depending on executive level)
Financial Measures	
Non-financial performance based	45% - 53%
Financial individual performance based	31% - 36%
Profit-based (e.g. EPS)	44% - 49%
Value-based (e.g. TSR, share price growth)	7% - 9%
Return-based (e.g. ROE)	9% - 10%
Growth-based (e.g. revenue/sales)	41% - 43%
Non-financial company based	13% - 18%
Non-Financial Measures	
Individual projects	36% - 48%
People management	48% - 52%
Customer service	32% - 39%
Process improvements	29% - 41%
Safety/environmental	39% - 42%
Business development	31% - 46%
Innovation	27% - 28%
Employee satisfaction	23% - 26%
Learning and development	21% - 27%

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