
APS SES Remuneration Survey

Department of Employment,
Workplace Relations and Small
Business

Revised version May 2001

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Executive Summary

All APS agencies were invited to participate in the 2000 SES salary survey. Sixty agencies have provided data for inclusion in this report. This is an increase of 11 agencies (or 22%) on the previous survey. Despite the increase in contributing agencies, there was a slight decrease in the number of SES employees surveyed, with 1,448 in the 1999 survey compared with 1,446 in the 2000 survey.

This year's survey report contains two sections, one outlining the remuneration findings of the survey and the other containing SES remuneration policy findings.

The aggregated data tables are contained in the section of this report titled *Remuneration Results* a summary of which is found below.

Table 1
SES remuneration summary¹ - Survey average

Band ²	Base Salary	Total Remuneration Package ³	Actual Incentive Payments ⁴	Total Reward ^{5,6}
Dollars				
SES 1	94,822	131,725	5,905	135,962
SES 2	117,395	160,542	8,050	166,043
SES 3	145,764	195,537	15,127	205,559

Table 2
SES remuneration summary¹ - Survey median

Band ²	Base Salary	Total Remuneration Package ³	Actual Incentive Payments ⁴	Total Reward ^{5,6}
Dollars				
SES 1	94,679	132,287	4,656	137,146
SES 2	117,000	160,882	6,316	166,709
SES 3	145,000	194,309	15,889	201,664

¹ The figures are based on the number of SES employees who have received the benefit. For example, if 15 SES employees had received an incentive payment the value for incentives would be based on those 15 SES employees.

² SES Band or equivalent.

³ Total Remuneration Package includes Base Salary, superannuation, motor vehicles and other entitlements paid to SES employees.

⁴ Actual incentive payments received during the year ending 31 December 2000.

⁵ Total Reward is the Total Remuneration Package plus any incentive payments.

⁶ The calculations of Total Remuneration Package and Total Reward, are made separately for each incumbent, and then ranked. Thus, the median/average Total Reward figure, for example, is not the sum of all the medians/averages of each component included in Total Reward (i.e. not the sum of each row). It is the median/average figure for the Total Reward of all incumbents, regardless of how many or what value of remuneration components they received.

In comparison to the 1999 survey results:

- median SES **Base Salaries** have increased by between 6.5% and 9.7% - \$5,779 (6.5%) for SES 1, \$8,002 (7.3%) for SES 2 and \$12,788 (9.7%) for SES 3.
- median SES **Total Remuneration Packages** have increased by between 7.0% and 8.4% - \$8,638 (7.0%) for SES 1, \$12,517 (8.4%) for SES 2 and \$14,552 (8.1%) for SES 3.

These increases are sample on sample remuneration movements for each of the SES Bands.

Sample on sample movements provide a measure of the overall movements over the survey period. The movements are calculated by dividing the 2000 median by the 1999 median (and so on) to derive the percentage increase, hence “sample on sample”.

Sample on sample movements may be affected by changes in the composition of the database. For example, the inclusion within the sample of new high-paying agencies may skew the data upwards. Nevertheless, sample on sample movements provide a useful representation of movements in the overall APS SES remuneration market.

Since 1996 the following sample on sample increases in Median Base Salary and Total Remuneration Package have been observed:

Table 3
Median Base Salary

Band	October 1996 ¹	mvnt ⁵	December 1998 ²	mvnt	December 1999 ³	mvnt	December 2000 ⁴
	Dollars	%	Dollars	%	Dollars	%	Dollars
SES 1	80,818	8.2	87,441	1.7	88,900	6.5	94,679
SES 2	99,609	6.5	106,055	2.8	108,998	7.3	117,000
SES 3	120,193	5.7	127,021	4.1	132,212	9.7	145,000

¹ The 1996 Base Salary data is based on the 1996 APS wide rates. Figures from the DOFA payroll system as at February 1997 were used as a basis for estimating the number of SES employees and their actual pay points.

² The 1998 survey was based on data as at 31 December 1998. 23 agencies participated in the survey, covering 1,135 SES employees.

³ The 1999 survey was based on data as at 31 December 1999. Forty-nine agencies participated in the survey, covering 1,448 SES employees.

⁴ The 2000 survey was based on data as at 31 December 2000. Sixty agencies participated in the survey, covering 1,446 SES employees.

⁵ The shift from 1996 to 1998 is a two year increase

The average sample on sample increase for the median Base Salary from 1996 to 2000 is 4.3% p.a. for SES 1, 4.4% p.a. for SES 2 and 5.2% p.a. for SES 3.

Table 4
Median Total Remuneration Package

Band	October 1996 ¹	mvnt ⁵	December 1998 ²	mvnt	December 1999 ³	mvnt	December 2000 ⁴
	Dollars	%	Dollars	%	Dollars	%	Dollars
SES 1	115,308	4.9	120,952	2.2	123,649	7.0	132,287
SES 2	137,839	5.0	144,773	2.5	148,365	8.4	160,882
SES 3	164,566	5.4	173,410	3.7	179,757	8.1	194,309

¹ The 1996 Base Salary data is based on the 1996 APS wide rates. Figures from the DOFA payroll system as at February 1997 were used as a basis for estimating the number of SES employees and their actual pay points.

² The 1998 survey was based on data as at 31 December 1998. 23 agencies participated in the survey, covering 1,135 SES employees.

³ The 1999 survey was based on data as at 31 December 1999. Forty-nine agencies participated in the survey, covering 1,448 SES employees.

⁴ The 2000 survey was based on data as at 31 December 2000. Sixty agencies participated in the survey, covering 1,446 SES employees.

⁵ The shift from 1996 to 1998 is a two year increase

- The average sample on sample increase for the median Total Remuneration Package from 1996 to 2000 is 3.7% p.a. for SES 1, 4.2% p.a. for SES 2 and 4.5% p.a. for SES 3.
- The average movement for Total Remuneration Package over the same 4-year period is 5.9% p.a. for private sector executives.

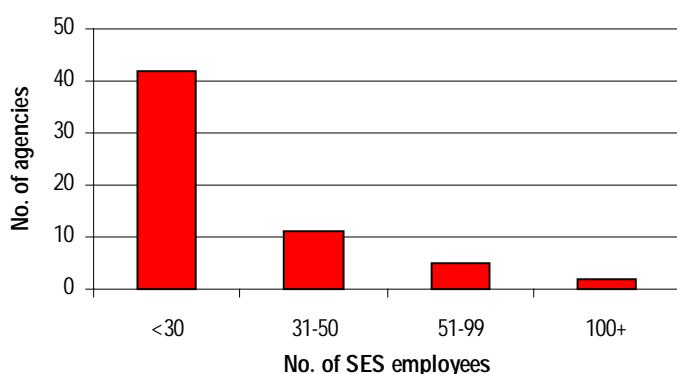
Introduction

The Department of Employment, Workplace Relations and Small Business (DEWRSB) commissioned Mercer Cullen Egan Dell (MCED) to conduct a survey of Senior Executive Service (SES) employees' remuneration within the Australian Public Service (APS).

Sixty (60) agencies participated in this survey covering 1,446 SES employees. The number of SES employees in each participating agency is shown in Table 7.

The survey does not cover those SES employees covered by Remuneration Tribunal determinations. Nearly all APS SES employees are covered by Australian Workplace Agreements (AWAs).

Figure 1
Number of SES employees - Participating Agencies



Of the sixty agencies participating, only seven agencies (12%) have more than 50 SES employees. Seventy percent of agencies surveyed had 30 or less SES employees, eighteen percent with between 30 and 50 SES employees and only two agencies (3%) with 100 or more SES employees.

Table 5
Number of SES employees by Band

Band	SES employees			
	2000	1999	2000	1999
	Count		%	
SES 1	1,066	1,050	73.7	72.5
SES 2	300	328	20.7	22.7
SES 3	80	70	5.5	4.8
Total	1,446	1,448	100.0	100.0

We can see from Table 5 that some fairly large shifts in the distribution of SES employees have occurred since 1999. For example, the number of SES 3 employees surveyed has increased 14% from 70 in 1999 to 80 in 2000. Conversely, the number of SES 2 employees surveyed has fallen 9% from 328 in 1999 to 300 in 2000. This change in distribution may affect the overall results, especially when using sample on sample movements as the indicator of remuneration shifts from one year to the next.

Table 6
Number of SES employees by Location

Location	SES employees				2000 %	1999
	SES 1	SES 2	SES 3	Total		
	Count					
ACT	806	233	65	1,104	76.3	74.3
NSW	62	15	2	79	5.5	6.4
Victoria	69	16	7	92	6.4	7.0
Queensland	35	3	-	38	2.6	2.8
SA	16	5	1	22	1.5	1.7
WA	14	1	-	15	1.0	1.4
Tasmania	4	3	-	7	0.5	0.5
NT	6	1	-	7	0.5	0.5
Overseas	50	23	5	78	5.4	5.4
Unspecified	4	-	-	4	0.3	-
Total	1,066	300	80	1,446	100.0	100.0

The majority of SES employees were located in Canberra. The proportion located in Canberra is slightly higher than in the 1999 survey, but still around 75%. The remainder of SES employees were located in regional offices or overseas.

Figure 2
Distribution of SES employees by Location

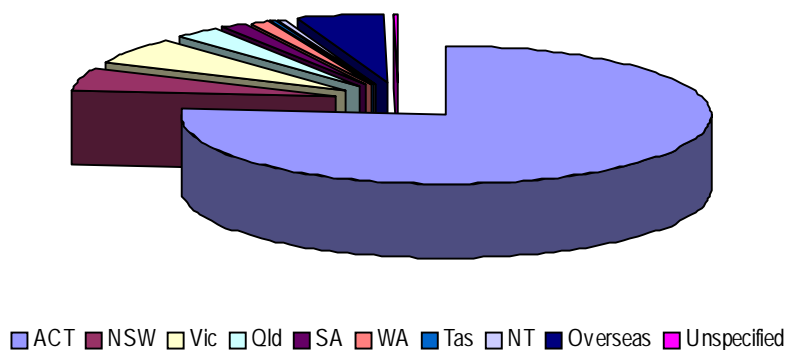


Table 7
Number of SES employees by Agency¹

Agency	Number of SES employees	
	2000	1999 ⁶
Aboriginal and Torres Strait Islander Commission	25	22
Attorney General's Department	35	48
AusAid	17	-
Australia New Zealand Food Authority	4	-
Australian Broadcasting Authority	4	6
Australian Bureau of Statistics	31	33
Australian Centre for International Agricultural Research	3	-
Australian Communications Authority	9	9
Australian Competition and Consumer Commission	12	15
Australian Customs Service	29	27
Australian Electoral Commission	6	6
Australian Greenhouse Office	8	-
Australian National Audit Office	17	19
Australian Radiation Protection and Nuclear Safety Agency	5	-
Australian Securities and Investments Commission	18	20
Australian Taxation Office	150	130
Australian Transaction Reports and Analysis Centre	2	2
Australian War Memorial	3	3
Centrelink	51	55
Comcare Australia	5	5
Commonwealth Director of Public Prosecutions	25	24
Commonwealth Grants Commission	4	4
Department of Agriculture Fisheries & Forestry	64	62
Department of Communications, Information Technology and the Arts	23	38
Department of Defence ^{3,4}	78	88
Department of Education, Training and Youth Affairs	30	28
Department of Employment Workplace Relations and Small Business	51	48
Department of Family and Community Services	42	44
Department of Finance and Administration	47	-
Department of Foreign Affairs and Trade ²	140	139
Department of Health and Aged Care	81	71
Department of Immigration & Multicultural Affairs	35	28

Agency	Number of SES employees	
	2000	1999 ⁶
Department of Industry, Science & Resources ⁵	68	66
Department of Prime Minister and Cabinet	34	32
Department of the House of Representatives	5	5
Department of the Parliamentary Library	2	2
Department of the Senate	6	6
Department of the Treasury	38	36
Department of Transport and Regional Services	37	37
Department of Veteran's Affairs	32	33
Environment Australia	47	48
Federal Court of Australia	8	-
Insolvency and Trustee Service of Australia	5	-
Joint House Department	3	3
National Archives of Australia	3	-
National Crime Authority	17	16
National Library of Australia	7	-
National Museum of Australia	4	-
National Native Title Tribunal	3	-
National Office for the Information Economy	8	-
Office of Asset Sales and IT Outsourcing	10	9
Office of Film and Literature Classification	2	-
Office of National Assessments	6	-
Office of Parliamentary Counsel	10	-
Office of the Commonwealth Ombudsman	4	4
Office of the Employment Advocate	5	5
Productivity Commission	19	19
Professional Services Review	1	-
Public Service & Merit Protection Commission	6	8
ScreenSound Australia	2	-

¹ Includes Parliamentary Departments

² DFAT figure includes diplomatic corps and other overseas based SES (or equivalent) employees.

³ Reported on 80% of SES employees

⁴ Includes Defence Science and Technological Research Organisation

⁵ Includes SES employees from Australian Geological Survey Organisation

⁶ Reflects SES numbers for agencies that participated in both the 1999 and 2000 surveys

Findings – Remuneration Items

The following section summarises findings for SES Salary band ranges, Base Salary, Total Remuneration Package (TRP), Bonus/Incentive payments and Total Reward (TR).

Salary Band Ranges

Table 8

Salary Band Ranges – 2000

Band	Minimum Salary		Maximum Salary	
	Lowest	Highest	Lowest	Highest
Dollars				
SES 1	68,228	112,511	78,295	125,000
SES 2	74,927	120,297	101,217	135,000
SES 3	97,712	165,000	112,389	185,000

10 agencies stated they had no minimum starting point for each band range, 7 agencies reported that they had no maximum value set. 4 agencies had no defined band range minimum or maximum. Table 9 shows the widening of the salary band maxima and minima since the decentralisation of remuneration management in the APS in 1996.

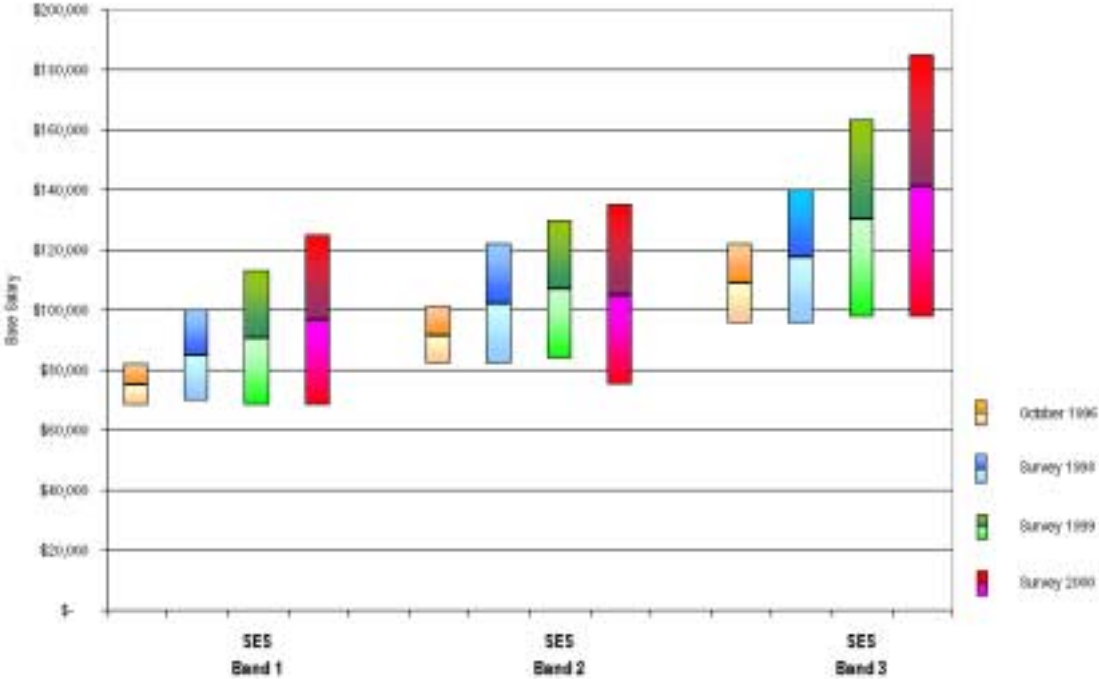
Table 9

Salary Band comparison (1996 to 2000)

Band		October	Survey	Survey	Survey
		1996	1998	1999	2000
Dollars					
SES 1	Min	68,228	69,593	68,228	68,228
	Max	82,120	100,000	112,888	125,000
	Range	13,892	30,407	44,660	56,772
SES 2	Min	81,856	81,856	83,493	74,927
	Max	101,217	122,000	130,000	135,000
	Range	19,361	40,144	46,507	60,073
SES 3	Min	95,493	95,496	97,403	97,712
	Max	122,136	140,000	163,200	185,000
	Range	26,643	44,504	65,797	87,288

The significant widening of salary band ranges since 1996 can be confirmed graphically in figure 3.

Figure 3
Salary Band comparison (1996 to 2000)



Base Salary

Base Salary represents the full time equivalent annualised PAYE salary. It *includes* post-tax employee superannuation contributions and any additional car post-tax salary sacrifice amount. It *excludes* all other cash components including bonus, commission, allowances, and other ‘sacrificed’ amounts.

Whilst agencies have set wider salary ranges, the actual salaries paid are clustered at the upper ends of the ranges. The average ratio of actual salary to Band maximum was 0.96, that is, 96% of SES employees in agencies who have published salary ranges, are paid at the maximum of the range for that particular agency.

Table 10
Base Salary Comparison (1999 to 2000)

Band	Average Base Salary			Median Base Salary		
	1999	2000	Movement	1999	2000	Movement
	Dollars		%	Dollars		%
SES 1	89,261	94,822	6.2	88,900	94,679	6.5
SES 2	109,746	117,395	7.0	108,998	117,000	7.3
SES 3	136,794	145,764	6.6	132,212	145,000	9.7

Median increases for senior management across all industries is 4.8% for Base Salary during, the period 1999 to 2000. For the private sector only, the across industry movement (median) is 5.0% (source: *Mercer Cullen Egan Dell Quarterly Salary Review December 2000*).

Table 11 shows the shifts in Median Base Salary since 1996.

Table 11
Median Base Salary (1996 to 2000)

Band	October 1996 ¹	December 1998 ²	December 1999 ³	December 2000 ⁴
Dollars				
SES 1	80,818	87,441	88,900	94,679
SES 2	99,609	106,055	108,998	117,000
SES 3	120,193	127,021	132,212	145,000

¹ Based on the 1996 APS wide rates as at October 1996.

² The 1998 survey was based on data as at 31 December 1998.

³ The 1999 survey is based on data as at 31 December 1999.

⁴ The 2000 survey is based on data as at 31 December 2000.

The average sample on sample increase for the median Base Salary from 1996 to 2000 is 4.3% p.a. for SES 1, 4.4% p.a. for SES 2 and 5.2% p.a. for SES 3.

Total Remuneration Package

Total Remuneration Package (TRP) represents the total of:

- Base Salary
- Superannuation (including EPSC amounts)
- Motor Vehicles (including parking and FBT)
- Other fixed benefit items

Table 12

Total Remuneration Package Comparison (1999 to 2000)

Band	Average TRP			Median TRP		
	1999	2000	Movement	1999	2000	Movement
	Dollars		%	Dollars		%
SES 1	124,438	131,725	5.9	123,649	132,287	7.0
SES 2	149,701	160,542	7.2	148,365	160,882	8.4
SES 3	183,599	195,537	6.5	179,757	194,309	8.1

Median increases for senior management across all industries is 5.4% for Total Remuneration Package, during the period 1999 to 2000. For the private sector only, the median increase is 5.6% (source: *Mercer Cullen Egan Dell Top Management Remuneration Review 2000*).

Table 13 shows the shifts in Median TRP since 1996.

Table 13

Median Total Remuneration Package (1996 to 2000)

Band	October 1996 ¹	December 1998 ²	December 1999 ³	December 2000 ⁴
Dollars				
SES 1	115,308	120,952	123,649	132,287
SES 2	137,839	144,773	148,365	160,882
SES 3	164,566	173,410	179,757	194,309

¹ Based on the 1996 APS wide rates as at October 1996.

² The 1998 survey was based on data as at 31 December 1998.

³ The 1999 survey is based on data as at 31 December 1999.

⁴ The 2000 survey is based on data as at 31 December 2000.

The average sample on sample increase for the median Total Remuneration Package from 1996 to 2000 is 3.7% p.a. for SES 1, 4.2% p.a. for SES 2 and 4.5% p.a. for SES 3. The average movement for TRP over the same 4-year period is 5.9% p.a. for the private sector.

Bonus/Incentive Payments

The majority (84%) of agencies reported that they provide performance-based incentives for their SES employees with 80% of eligible employees actually receiving an incentive. This compares with 84% and 58% in 1999 respectively. Actual incentive payments for SES employees ranged from 0% up to 32% of Base Salary.

Table 16 shows the value of incentive payments actually received by SES employees compared with their target and maximum incentive. The target incentive amount is the dollar or percentage amount per annum that the SES employee would receive should they meet their 'target' performance criteria. The target is generally linked to achievement of business objectives. However, targets can also be linked to performance appraisal results, achievement of position objectives and/or the achievement of team objectives.

For example, an incentive plan may be structured to pay a 5% p.a. bonus should the incumbent 'meet all their objectives' although pay anywhere between 0% and 10% depending on actual performance.

Table 14

Comparison of actual incentive paid with target/maximum incentive

Band	Average Incentive					
	Target	Proportion of TRP	Maximum	Proportion of TRP	Actual	Proportion of TRP
	Dollars	%	Dollars	%	Dollars	%
SES 1	5,531	4.0	12,611	9.9	5,905	4.5
SES 2	6,643	4.0	15,794	10.0	8,050	5.1
SES 3	9,254	4.4	19,708	10.1	15,127	7.8

From Table 14, it is clear that, on average, actual incentive payments are above the target incentive. It is also clear that, on average, actual incentive payments are short of the maximum incentive achievable. The average amount of incentive actually paid to SES employees is around 5% of TRP. This compares with a target figure of 4% of TRP up to a maximum of approximately 10%. These figures are consistent with the 1999 findings.

Only 4% of eligible SES employees achieved their maximum incentive, whilst 49% achieved their target or greater, but less than their maximum. 20% of eligible SES employees did not receive an incentive.

More detail on incentive payments and other forms of variable pay in the APS can be found in the section of this report titled *Findings – Remuneration Policy*.

Table 15
 Bonus/Incentive Comparison (1999 to 2000)

Band	Average Incentive			Median Incentive		
	1999	2000	Movement	1999	2000	Movement
	Dollars		%	Dollars		%
SES 1	5,921	5,905	-0.3	4,606	4,656	1.1
SES 2	7,732	8,050	4.1	5,937	6,316	6.4
SES 3	10,864	15,127	39.2	9,959	15,889	59.5

The median increase in incentive payments in the private sector is 4.9% (source: *Mercer Cullen Egan Dell Top Management Remuneration Review 2000/2001*).

Table 16
 Proportion of Incentive Payment (to Base Salary and TRP)

Band	Average		Average	
	Proportion of BS		Proportion of TRP	
	1999	2000	1999	2000
	%			
SES 1	6.6	6.2	4.8	4.5
SES 2	7.0	6.9	5.1	5.1
SES 3	8.0	10.4	6.0	7.8

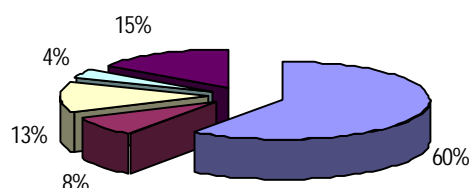
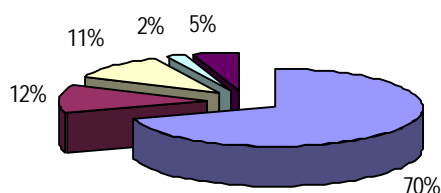
Overall, the average level of incentive payment made to SES employees has increased since 1999. The increase is mainly seen for SES 3 employees. Indeed, the average proportion of both Base Salary and TRP has decreased slightly for SES 1 employees.

For senior executives in the private sector, incentive payments are typically in the order of 10 – 25% of TRP, with an average of around 20%. The average proportion of Base Salary is approximately 30%. These figures demonstrate that incentive payments for SES employees are still significantly below their private sector counterparts.

Total Reward

Total Reward (TR) represents the sum of Total Remuneration Package and actual Incentive payments. Figure 4 illustrates graphically the typical breakdown of remuneration components for APS SES employees and senior executives in the private sector.

Figure 4
Typical components of remuneration



■ Base Salary ■ Super ■ Motor Vehicle ■ Other Benefits ■ Actual Incentive

■ Base Salary ■ Super ■ Motor Vehicle ■ Other Benefits ■ Actual Incentive

APS SES remuneration components

Private sector senior executive remuneration

When compared with senior executives in the private sector, the breakdown of components is slightly different. There is clearly a heavier emphasis on Base Salary in the APS whilst private sector remuneration places more emphasis on incentive or variable pay. Given the relatively recent introduction of variable pay in the APS, the outcome of this comparison is not surprising.

Table 17
Total Reward Comparison (1999 to 2000)

Band	Average Total Reward			Median Total Reward		
	1999	2000	Movement	1999	2000	Movement
	Dollars		%	Dollars		%
SES 1	127,955	135,962	6.3	127,146	137,146	7.9
SES 2	154,015	166,043	7.8	153,158	166,709	8.8
SES 3	189,962	205,559	8.2	187,515	201,664	7.5

Median increases for senior management across all industries is 6.7% for Total Reward, during the period 1999 to 2000. For the private sector only, the median increase is 6.9% (source: *Mercer Cullen Egan Dell Top Management Remuneration Review 2000/2001*).

Motor vehicles

The majority of SES employees had a motor vehicle as part of the their package. Most SES employees elected to take the motor vehicle rather than take cash in lieu. For consistency with previous surveys, parking allowances and any associated Fringe Benefits Tax (FBT) is also included in the *Motor Vehicles* remuneration item.

Most agencies participated in the Executive Vehicle Scheme (EVS), although the cash-in-lieu value available to SES employees differed markedly between agencies.

There does not appear to be any major shift in the value of motor vehicles for SES employees.

Table 18
Motor Vehicle costs¹ (including parking and FBT)

Band	Motor Vehicle Values			
	Q1	Median	Q3	Average
Dollars				
SES 1	14,964	17,934	19,252	17,476
SES 2	16,254	18,497	19,386	17,973
SES 3	17,282	19,252	20,897	19,320
2000 Overall	15,340	17,934	19,252	17,684
1999 Overall	15,218	17,195	18,651	16,634

¹ Cost to SES employees package, not actual value of vehicle

Superannuation

As expected the majority of SES employees are members of either PSS or CSS funds. 74.3% of SES employees surveyed are in the CSS, 24.8% in the PSS and 1.0% of SES employees were covered by a fund other than CSS or PSS. Interestingly the proportion of SES 3 in a fund other than the CSS or PSS has increased from 2.9% in 1999 to 5.0% in 2000.

The superannuation figures presented below contain the Employer Productivity Superannuation Contributions (EPSC) component of superannuation.

Table 19
Superannuation Funds

Band	Proportion			Average value		
	CSS	PSS	Other	CSS	PSS	Other
%			Dollars			
SES 1	72.8	26.7	0.5	19,755	12,097	17,709
SES 2	78.3	20.0	1.7	24,529	14,857	8,739
SES 3	78.8	16.3	5.0	29,799	17,710	8,338

The average difference between the two major funds is \$7,658 (\$6,249 in 1999) for SES Band 1, \$9,672 (\$8,445) for SES Band 2 and \$12,089 (\$7,241) for SES Band 3.

Table 20
Comparison of Superannuation Funds (1999 to 2000)

Band	1999 average		2000 average		Difference	
	CSS	PSS	CSS	PSS	CSS	PSS
	Dollars				%	
SES 1	18,117	11,868	19,755	12,097	9.0	1.9
SES 2	22,421	13,976	24,529	14,857	9.4	6.3
SES 3	27,648	20,408	29,799	17,710	7.8	-13.2

Other Entitlements

The benefits provided to SES employees are wide ranging and vary substantially by agency, but are within a narrow band of value (circa 2% of TRP) compared to the major benefit items of cash, motor vehicles and superannuation. More information on remuneration policy including salary packaging is shown in the section titled *Findings – Remuneration policy*.

Findings – Remuneration Policy

Executive remuneration strategy

Communication

A well-developed executive remuneration strategy is vital for any organisation. An executive remuneration strategy reflects an organisation’s objectives and supports the structure, decision making process and risk/reward orientation. A remuneration strategy is not developed in isolation, but cascades down from the organisation’s broader HR strategy, business strategy and corporate mission and should thus incorporate performance measures that align with organisational strategies and are linked to stakeholder value.

Communication to executives is essential for organisational success and should address the value of their total remuneration package, the agency’s remuneration strategy and performance goals, the pay to performance relationships and required actions for success.

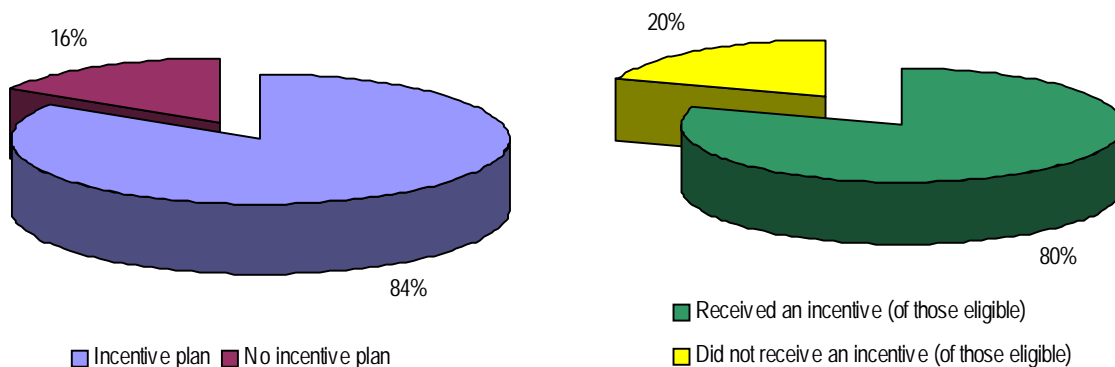
Of the agencies surveyed the majority (62%) stated that they have a formal executive remuneration strategy that is communicated to executives. 61% of agencies surveyed said their formal remuneration strategy forms the basis for program design and pay decisions.

Incidence of incentive plans as part of total rewards

While a soundly based fixed pay structure (TRP) is the foundation of integrated executive reward, fixed pay alone will not meet the remuneration needs of most agencies. Incentive plans or other forms of variable reward are an integral part of the executive remuneration mix in the general market and, lately, in the public sector as well.

Organisations which rely solely on fixed pay structures tend to become ‘locked in’ to (relatively small) market movement increases, coupled with small incremental performance based progressions through total remuneration package ranges. This seemingly conservative approach to remuneration management often discriminates against outstanding performers. The majority (84%) of agencies surveyed have an incentive bonus plan in place for their SES employees (see Figure 5). This relates to approximately 90% of SES employees surveyed. Of those employees who were eligible, 80% received an incentive payment.

Figure 5
Incidence of incentive bonus plan



Remuneration strategy focus

The majority of agencies, as seen in Table 21, take a balanced approach to their remuneration strategy focus placing emphasis on total remuneration package (TRP) and incentive bonuses or performance pay.

Table 21
Focus of remuneration strategy

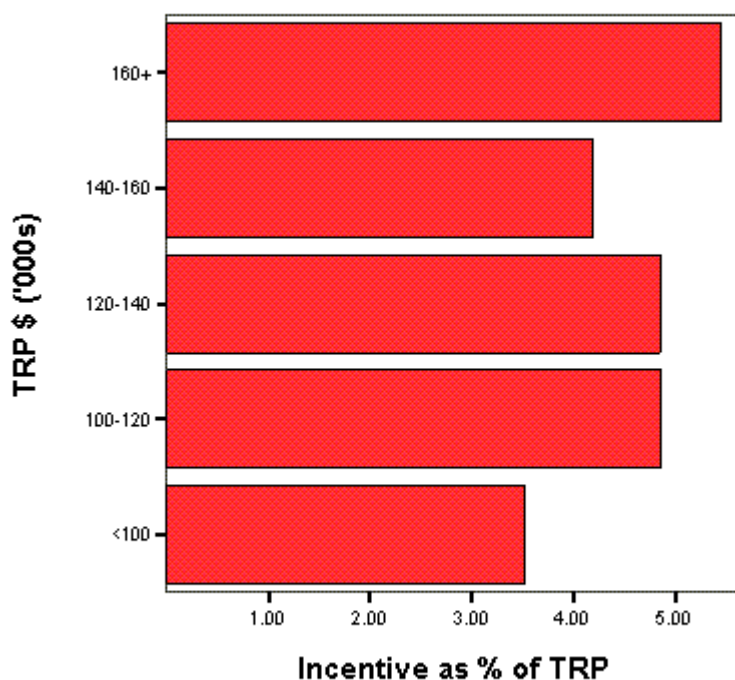
n=51	% of agencies
TRP	47
Performance Pay	20
TRP & Performance Pay	65
Retention Pay	10

Remuneration mix

In the general market there has been a significant shift in the structure of executive pay packages over the last 20 years. In the early eighties the executive remuneration environment focused on providing a wide range of benefit items, including motor vehicles, higher levels of superannuation, mortgage payments and school fee payments. The practice was an effective tax minimisation strategy until 1986 when Fringe Benefits Tax was introduced. Despite reduced tax advantages, the provision of benefit items to employees is still an important aspect of the Australian remuneration culture.

There has been a rapid growth in the provision of incentive payments to executives. Initially, these were relatively conservative add-on payments to reward executives for a good performance in the short-term. Today, there is a trend toward some proportion of pay being 'at risk'. Variable pay opportunities are offered as an alternative to very high levels of fixed pay. Incentive payments in the APS are much more significant than they used to be and are generally linked to performance levels in the short term. As part of the remuneration policy focus for the agencies surveyed, we asked what they would target as their breakdown between total remuneration package and incentive bonus. As shown in Figure 6, the incentive received remains constant as the level of TRP increases. This is not consistent with findings in the private sector where as the level of TRP rises, so to does the proportion of incentives paid.

Figure 6
Proportion of performance pay by TRP level



Executive remuneration benchmarking

Of the agencies surveyed only 9% are not using a peer group as part of their remuneration benchmarking process. Of those who are using the benchmarking process, a general overview of what peer groups are used is provided in Table 4.

Table 22
Remuneration benchmarking comparator groups

n=53	% of agencies
DEWRSB remuneration survey group	74
Selected Public Sector agencies	56
Other survey data	36
Reflect non-SES increases in agency	34
Australian organisations only	17
General Manager peer group	15
Broad industry peers group	11
Do not use comp peer group	9
Selected industry peer group	6
High performance peer group	2

Benchmarking — percentile positioning against comparator groups

The results in Tables 23–25 show that the majority of agencies are comparing to a percentile positioning of the median or above. Only a small proportion of the sample is positioning against the 25th percentile or below.

By definition, only half a comparator group can in fact be positioned above median. Increasingly, Mercer Cullen Egan Dell is seeing agencies choose to use median as the target positioning for total remuneration package, with positioning above that achieved through incentives.

Table 23
Remuneration positioning for SES1

	% of agencies	
	TRP n=35	Perf. Pay n=20
90th percentile	23	15
75th percentile	29	35
62nd percentile	17	15
50th percentile	23	20
25th percentile	3	10
Other ¹	6	-

¹ Other includes positioning midway between 25th and 50th percentile.

Table 24
Remuneration positioning for SES 2

	% of agencies	
	TRP n=27	Perf. Pay n=12
90th percentile	26	25
75th percentile	26	33
62nd percentile	19	8
50th percentile	19	25
25th percentile	4	8
Other ¹	7	-

¹ Other includes positioning midway between 25th and 50th percentile.

Table 25
Remuneration positioning for SES 3

	% of agencies	
	TRP n=19	Perf. Pay n=9
90th percentile	26	11
75th percentile	31	33
62nd percentile	21	11
50th percentile	16	33
25th percentile	5	11
Other	-	-

The vast majority of agencies (97%) are not planning to change the percentile positioning they currently have against their peer groups. The 3% of agencies that are planning to change their target percentile positioning relative to their peer groups are looking to have a higher positioning. The reasoning behind this is to better attract and retain their executives while focusing more on the ‘at risk’ factors of executive pay.

Remuneration Packaging

A remuneration package approach exists where an agency calculates the costs associated with employing an individual over and above base salary. The package may be defined as ‘Total Remuneration Package’ or TRP. TRP includes: base salary, other cash allowances and payments, employer superannuation contributions, the benefit value of motor vehicles and the value of other fringe benefits (e.g. telephone expenses).

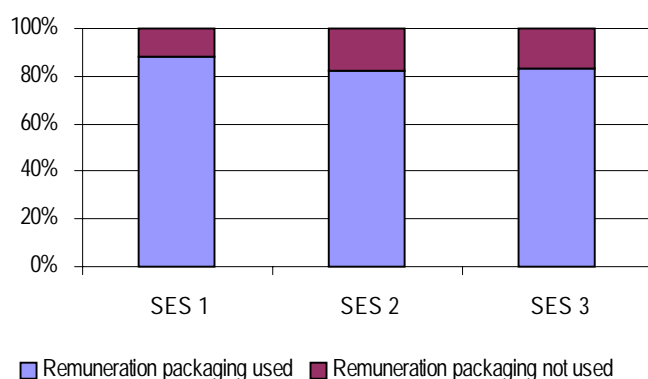
Remuneration packages **exclude** business-related on-costs such as workers compensation premiums or payroll tax.

Remuneration package approach

Contemporary reward strategies include the concept of the remuneration package. Calculating total remuneration package (TRP) enables the agency and its employees to understand the full value of remuneration and make valid remuneration comparisons between jobs of similar size.

In 2000, 89% of agencies reported the availability of remuneration packaging or salary sacrifice of benefit items for their SES 1 employees, 82% for their SES 2 and 83% for their SES 3 employees. These figures are similar to the figures for 1999.

Figure 7
Incidence of remuneration packaging (n=53)



Typical remuneration packages — by employee category

There are wide ranges of benefits agencies can provide to employees. Some agencies include these benefits in the calculation of the remuneration package, i.e. the employee sacrifices salary to receive the benefit. Other agencies provide these benefits in addition to the employee’s package.

The following table shows which benefit items are most commonly available to SES employees (generally on a salary sacrifice basis).

Table 26

Remuneration package items available to SES employees (generally on a salary sacrifice basis)

	% of agencies		
	SES 1 n=48	SES 2 n=34	SES 3 n=23
Employee salary sacrifice superannuation	44	35	29
Performance Pay	79	85	83
Motor vehicle	98	97	96
Motor vehicle options or upgrades	44	53	54
Second motor vehicle	31	32	38
Parking	48	47	46
Laptop	58	62	58
Mobile phone	73	79	83
Professional association membership	52	47	46
Club or gym subscriptions	23	29	25
Health insurance and expenses	19	21	21
Health evaluation or medical checks	8	12	8
Life insurance	19	24	25
Total and permanent disablement insurance	25	24	25
Salary continuance insurance	21	21	21
Mortgage subsidy	6	9	8
Home, personal or investment loans	8	12	8
Financial planning	31	29	29
Payment of private telephone accounts	15	21	13
Dependants' education expenses	13	15	13
Self education expenses	29	27	25
Reimbursement of non business expenses	2	3	-
Child care	21	21	25
Private travel	2	3	4
Spouse travel	31	38	38
Internet connection at home	38	44	42
Rental assistance	6	9	13
Airline club membership	65	71	71
Home office	38	41	38
Other ¹	4	6	13

¹ Other includes: newspapers, magazines

Package flexibility

Allowing employees the flexibility to vary their remuneration package offers them a number of advantages and may be considered a benefit in itself.

Flexible packaging:

- provides employees with an opportunity to tailor their own reward to suit their lifestyle and needs. For example, an employee may choose a higher value of superannuation contributions and a lower-valued packaged car
- can be a motivating factor for employees who are able to make informed decisions about their reward packages
- may provide additional financial benefits to employees who take advantage of the concessional taxation arrangements for cars and superannuation, without extra cost to the employer
- is a way for agencies to recognise the achievements of high performing employees with rewards tailored to the individual
- can provide agencies with a competitive edge in attracting and retaining staff.

The survey data shows:

- a continuing trend of more agencies offering employees the flexibility to choose their own mix of benefits.
- over 80% of agencies that use a remuneration packaging approach to compensation provide their senior executive staff with the flexibility to choose the make-up of their package.
- the opportunity for employees to vary their package is primarily in the areas of motor vehicles. However, a substantial percentage of agencies extend this flexibility to all benefits provided.
- in 2000, at least 50% of agencies surveyed require employees to take a minimum percentage of their remuneration package in cash. Those agencies that do have a cash minimum typically determine this minimum as a percentage of the employee's package. At the median, the minimum cash limit of the package is 50% for all levels of SES.

Figure 8
Package flexibility

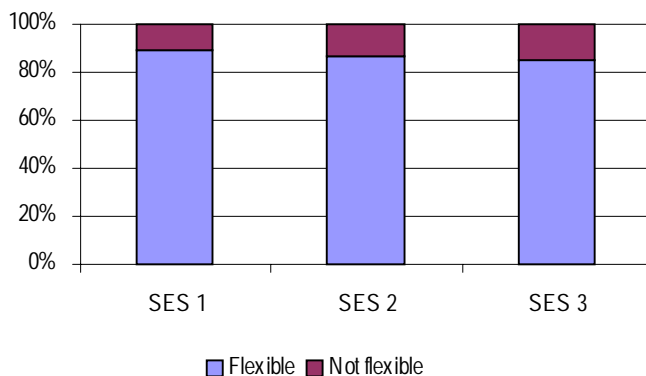


Table 27
Extent of flexibility

	% of agencies		
	SES 1 n=43	SES 2 n=31	SES 3 n=21
Superannuation	33	23	27
Motor vehicle	56	45	50
All benefits	54	61	55
Parking	14	10	5
Insurance	9	13	9
Variable reward only	12	3	5

Table 28
Remuneration package cash minimum

n=11-24	% of employees package			
	Q1	Median	Q3	Average
SES 1	50	50	58	53
SES 2	50	50	58	53
SES 3	50	50	50	51

Allocation of fringe benefits tax liability

Non-cash benefits (and some allowances) are generally subject to fringe benefits tax (FBT), payable by the employer at a rate of 48.5%.

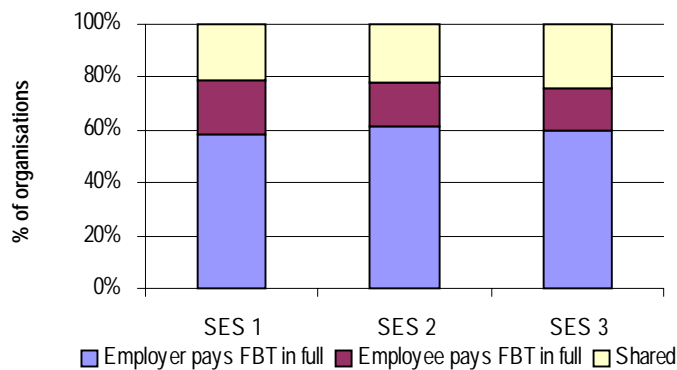
Various benefits are treated differently for the purposes of FBT. Benefits such as health insurance, mortgage repayments and private expenses attract the full rate of FBT. Other benefits such as protective clothing and laptop computers are exempt from FBT. Special FBT valuation rules apply to benefits such as cars.

Over the past few years there has been a noticeable trend for agencies to shift at least some of the burden of FBT costs into the employee's remuneration package.

Table 29
Allocation of FBT liability – 2000

	% of employees package		
	SES 1 n=48	SES 2 n=36	SES 3 n=25
FBT will be paid in full by the employer	58	61	60
FBT will be totally costed to the employee's remuneration package	21	17	16
FBT will be shared between the employee and the employer	21	22	24

Figure 9
Allocation of FBT liability in 2000



Definition of remuneration

The different definitions of remuneration used by agencies to calculate a range of remuneration items is shown in the following table. The definitions used are described below:

- **Base salary only** - excluding the value of benefits.
- **Base salary plus variable reward** payment and other regular payments such as allowances, overtime and over-award payments.
- **A notional salary** figure which includes an estimate of the value of all benefits.
- **Total Remuneration Package** - includes the value of all benefit items plus the cost of FBT.

Table 30
Definitions of remuneration used to calculate remuneration items

n=41-50	% of agencies			TRP
	Base Salary	Base Salary + perf. pay	Notional Salary	
Severance payments on redundancy	88	4	-	8
Notice period on termination	84	7	-	9
Leave	82	4	4	10
Employee salary sacrifice superannuation contributions	81	5	5	10
Employer superannuation contributions	78	8	6	8
Variable reward payments	78	7	5	10
Remuneration increases for individuals	70	6	10	14
Remuneration budgeting for the agency	22	7	9	63

Table above shows the definitions used by agencies that have a policy of remuneration packaging. The most common definition for all agencies is base salary.

Remuneration budgets

Average increases budgeted for 2001 to 2003 by survey group members are shown in the following table.

The 2000 survey asked respondents to indicate the average remuneration increases that have been budgeted through to 2003.

A number of key trends were evident from the survey data.

- 3% - 4% is the projected remuneration increases over each of the next three years for all SES levels.
- The distribution of remuneration increases in the survey group as a whole is very narrow. However, the range of increases anticipated by individual agencies is wide, from a low of no increase to a high of 20%.

Table 31
Average budgeted SES remuneration increases

n=15-44	Budgeted % increase		
	SES 1	SES 2	SES 3
2001	3.8	3.5	3.5
2002	3.5	4.0	3.5
2003	3.3	3.8	3.0

Timing of remuneration reviews

The majority of agencies have an annual review process for SES employees.

Table 32
Timing of remuneration reviews

	% of agencies		
	SES 1 n=37	SES 2 n=31	SES 3 n=21
Yearly, at the same time for all or most employees	70	74	76
Yearly, on employee's anniversary of commencement or birthday	3	-	-
Half-yearly	3	3	5
Every 18–24 months	16	16	19
Irregularly	5	3	-
Other ¹	3	3	-

¹ Other includes: every two years, on a case by case basis, after employee has been on same salary point for a year,

The majority of agencies in the sample undertake remuneration reviews annually in the same period for all employees.

The average proportion of agencies expecting their SES employees to receive no increases in 2001 applies in the following cases:

- 8.9% of SES 1 (n=45)
- 6.1% of SES 2 (n=33)
- 9.1% of SES 3 (n=22)

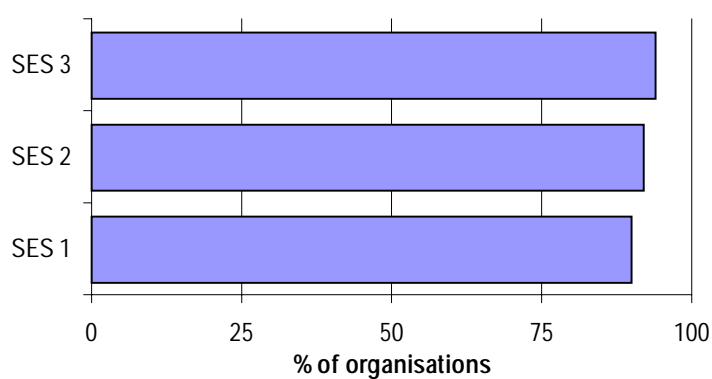
- Around 80% of agencies in the survey group have a formal process in place for individual remuneration reviews for SES employees.
- Around an average of 90% of agencies have a grievance procedure in place for employees who are dissatisfied with the outcome of their remuneration review. This figure includes both formal and informal processes.

Executive performance management and total remuneration package

Performance management is a relevant feature of an SES remuneration strategy. This section is intended to give a general overview of how APS agencies are assessing performance and what performance influences the review of total remuneration package.

The majority of agencies reported that they use a formal goal setting and performance appraisal process for their executives. A breakdown by SES level is reported in Figure 11.

Figure 10
Agencies using a formal goal setting and performance appraisal process (n=27-52)



When assessing performance achievement the majority of agencies surveyed use key performance indicators (KPIs) to assess their organisation results and executive performance, as shown in Table 33.

Table 33
Methods for performance assessment

	% of agencies		
	SES 1 n=49	SES 2 n=35	SES 3 n=24
Financial measures	18	9	17
KPIs	84	83	83
Balanced scorecard	20	23	17
Other ¹	18	11	21

¹ Other includes: SES leadership capability framework, as per individual performance agreements, organisational values, organisational goals

SES starting salaries

Table 34 shows how APS agencies determine starting salaries for SES employees.

Table 34
Determining SES starting salaries

	% of agencies		
	SES 1 n=52	SES 2 n=37	SES 3 n=25
At the discretion of the Secretary	83	76	72
Using market data from remuneration surveys	12	11	16
In line with others in the agency in the same SES band	33	30	28
Job evaluation	10	5	8
At the minimum of the SES band	17	16	20
Other ¹	6	8	16

¹ Other includes: by negotiation, dependent on salary in previous position

Agency vehicles

This section provides an analysis of current agency practice for determining motor vehicle costs. Table 35 shows how APS agencies determine motor vehicle costs for SES employees.

Table 35
Determining motor vehicle costs

	% of agencies		
	SES 1 n=52	SES 2 n=39	SES 3 n=28
Using a formula or estimated value (e.g. Mercer Cullen Egan Dell car formula)	23	23	21
Using the actual annual costs of the vehicle (lease cost) excluding running, maintenance and other associated costs	10	13	11
Using the actual annual cost of the vehicle (lease cost) including running, maintenance and other associated costs	52	56	57
Vehicle costs are not costed to remuneration	8	3	4
Other ¹	8	5	7

¹ Other includes: estimation of 'cash out value', EVS figure

The most common method for determining motor vehicle costs is by using the actual annual cost of the vehicle including running, maintenance and other associated costs.

Variable Reward

Introduction

The purpose of this analysis of variable reward is to highlight the range of factors and issues currently impacting on the structure, implementation and payment levels of such plans. The following items have been surveyed:

- eligibility
- targets
- performance triggers
- entry qualifications
- payment criteria
- link to performance
- plan funding
- payment options and frequency.

In this section, we cover both retention payments as well as incentive bonus or performance payments.

SES Retention Payments

Retention payments are made to some SES staff as a means of retaining that employee for the duration of a project or for a particular period of time. They are different to performance pay or incentive plans which reward employees for the achieving specific performance objectives.

The following table highlights the perceived competition of survey contributors for each SES level. Clearly other APS agencies are the main competitors for SES talent. Interestingly, APS agencies are increasingly attracting staff from and losing staff to the private sector.

Table 36
Perceived competitors

	% of agencies		
	SES 1 n=52	SES 2 n=38	SES 3 n=29
Other APS agencies	90	87	93
Other Public Sector	56	66	52
GBEs	37	42	45
Private sector	40	40	48
Other ¹	2	-	-

¹ Other includes: industries/job families relevant to agency

Eighteen percent of SES 1 employees are eligible to participate in an agency retention pay plan. This increases to 22% for SES 2 and 35% for SES 3. The basis on which these retention pay plans are made is shown in Table 37.

Table 37
Basis of retention payments

	% of agencies		
	SES 1 n=8	SES 2 n=8	SES 3 n=7
On completion of a milestone (e.g. project)	50	57	57
At a point in time (e.g. after x months continuous employment)	63	57	57
Other ¹	12	14	14

¹ Other includes: performance ratings in critical positions, if the loss of employee will impact in material way on outcomes of agency

Most APS agencies place a cap on the maximum retention payments. A cap on retention payments applies in the following cases:

- 44% of SES 1 (n=9)
- 50% of SES 2 (n=8)
- 44% of SES 3 (n=9)

Payment of retention bonuses is usually in the form of cash, with one agency providing the payment in the form of an increase in Base Salary.

Retention payments are usually funded through an agencies specific budget or by reallocating funds from other budgets.

SES Incentive Payments

Performance pay or incentive plans reward employees for the extent to which they achieve specific performance outcomes. Performance targets can be financial, such as revenue or non-financial, such as customer satisfaction levels. Examples of performance pay plans include the incentive matrix, performance scorecard and balanced scorecard.

The survey results confirm continuation of a significant trend toward the use of incentive bonus as a key element of executive remuneration. Approximately 90% of SES employees surveyed are eligible to participate in an incentive or performance pay plan.

Entry Qualifications

The majority of agencies have no entry qualifications. The Table 38 highlights the entry qualifications to their incentive plans.

Table 38
Entry qualifications – Incentive plans

	% of agencies		
	SES 1 n=43	SES 2 n=32	SES 3 n=23
Yes, after required period of employment	35	38	30
Yes, on employee meeting performance criteria	54	53	57
Yes, on agency meeting performance criteria	7	6	4
No entry qualifications	37	38	39
Other ¹	2	3	4

¹ Other includes: meeting organisational behavioural goals

Performance Outcomes

APS agencies use a variety of measures to assess the performance of SES employees. Performance measures are typically related to the specific circumstances of the agency and its employees, and therefore can be as varied as the survey group. Table 39 below lists the most commonly used performance measures for APS SES employees.

Table 39
Commonly used performance measures

	% of agencies		
	SES 1 n=42	SES 2 n=32	SES 3 n=23
Revenue	7	-	9
Customer satisfaction	43	47	39
Service levels	43	47	44
Productivity	50	53	48
Absenteeism	2	-	-
Work in progress	41	41	48
Employee training and development	26	25	30
Key business indicators	79	78	83
Leadership	69	75	74
Occupational health and safety measures	7	3	4
Other ¹	12	16	17

¹ Other includes: expectations of agency head, effective people management, adherence to code of conduct, promotion of APS values, behavioural attributes

Most APS agencies place a cap on the maximum incentive bonus payout.

A cap on incentive payments applies in the following cases: 86% of SES 1, 79% of SES 2 and 84% of SES 3.

Threshold targets set an overall minimum level of organisational performance before incentive bonus plans will give a return to participants. This adjusts the incentive bonus plan for those times when organisational performance is poor and payouts are not affordable. Including minimum thresholds for business unit and individual performance also ensures that these areas of performance are not neglected by participants but the participants also know that return will be paid for performance levels that are beyond these thresholds.

14% of agencies had a performance threshold that the agency had to achieve before individuals received a payout.

Performance mix

The relative influence of corporate, business unit and individual performance on incentive payouts is shown in table below.

Table 40
Relative influence of performance on incentive payments

	Influence of performance		
	SES 1 n=38	SES 2 n=30	SES 3 n=21
Agency	7	6	10
Unit/Group	13	13	10
Individual	77	80	80
Other	3	1	-

The results in Table 40 show that the relative importance and weighting of these goals will vary depending on the nature and the level of the role performed by the executive.

Payment vehicle

Over 95% of cases, part or total incentive payments are made in the form of cash, while an increase in Base Salary forms part of the payment in between 21% and 33% of cases. These results are shown in Table 41.

Table 41
Payment vehicle

	% of agencies		
	SES 1 n=42	SES 2 n=34	SES 3 n=24
Cash	98	97	96
Superannuation top-up	-	-	-
Increase in base salary	21	21	33

Frequency

The frequency of incentive payments is outlined below.

Table 42
Frequency of incentive payments

	% of agencies		
	SES 1 n=43	SES 2 n=33	SES 3 n=23
Annually	91	91	87
Quarterly	2	3	4
Irregularly	2	3	4
Other ¹	5	3	4

¹ Other includes: twice-yearly

Funding the incentive plan

To fund an incentive plan a reward pool is usually created. The table below shows how reward pools are created in the survey group.

Table 43
Funding the incentive plan

	% of agencies		
	SES 1 n=40	SES 2 n=33	SES 3 n=22
Set amount allocated to budget	80	79	77
Efficiency Dividend	2	3	5
Reallocation of other budget	8	9	9
Reduction TRP	2	-	-
Other ¹	8	9	9

¹ Other includes: from general funds, 'efficiency dividend

The majority of APS agencies budget a set amount when creating a reward pool for their incentive plan.

Remuneration Survey Results

Data is shown in two forms:

- analysed by individual
- analysed by agency

The two analyses provide different views of the market. Understanding the method of calculation used in each profile will assist in deciding which one is more relevant to use.

The number of individuals or agencies on which the profile is based (sample size) is shown in the top left-hand corner of each table. In the **analysis by agency**, the sample size is the number of agencies inputting data for that Band. In the table **analysed by individual**, the sample size is the number of individuals on which the data is based.

Therefore, if one agency provides data on 3 individuals for a Band, in the analysis by agency table that input is averaged, and counted as 1, while in the analysed by individual table, that input is counted as 3 separate pieces of data.

It is recommended that the **analysis by individual** profile generally be used in preference to the **analysis by agency** data. In doing so, it is assumed the market is made up of a set of individuals rather than a group of agencies. To understand the difference, it is useful to look at an example of how the two analyses are calculated:

Agency	Incumbent	Base Salary	Agency average
A	1	22,000	25,100
	2	24,300	
	3	29,000	
B	1	19,000	20,250
	2	21,500	
C	1	24,000	24,000
D	1	23,000	25,000
	2	26,000	
	3	26,000	

Analysis by agency

Sample size: 4	Q1	Median	Q3	Average
	22,000	24,000	26,000	23,867

Analysis by individual

Sample size: 9	Q1	Median	Q3	Average
	23,063	24,500	25,025	23,588

The averaging process used in the **analysis by agency** table will tend to limit the variance within the data. The **analysis by individual** table will often show a greater spread of data, because it is based on each individual piece of data.

However, there may be instances where discretion is needed. In some instances, for example, the market rate analysed by individual may be heavily weighted to only a few agencies. This can even result in Q1, Median and Q3 rates being the same.

Depending on the survey group and the Band, this information can be helpful in highlighting a particular agency with a large group of employees in that Band. If there are concerns about such data, contact should be made with one of our consultants for help in analysing these trends.

Analysed by Individual

SES Band 1	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 1,066		Dollars				%	Count
Base Salary	91,951	94,679	97,930	94,822	72.2	69.9	1,066
Superannuation	14,769	19,208	20,558	17,698	13.4	13.0	1,066
Motor Vehicles	14,964	17,934	19,252	17,476	13.2	12.8	1,037
Travel	1,850	2,000	4,145	2,879	2.1	2.1	283
Other Fringe Benefits	317	593	3,087	1,613	1.2	1.2	952
Total Remuneration Package	125,499	132,287	139,377	131,725	100.0	97.0	1,066
Actual Incentive	3,416	4,656	8,342	5,905	4.5	4.2	765
Total Reward	128,825	137,146	143,319	135,962		100.0	1,066

SES Band 2	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 300		Dollars				%	Count
Base Salary	113,025	117,000	121,982	117,395	73.3	70.9	300
Superannuation	20,629	23,903	25,657	22,331	13.8	13.4	300
Motor Vehicles	16,254	18,497	19,386	17,973	11.2	10.8	294
Travel	1,942	3,251	4,733	3,690	2.2	2.1	104
Other Fringe Benefits	376	789	3,087	2,106	1.3	1.2	274
Total Remuneration Package	152,626	160,882	167,241	160,542	100.0	96.8	300
Actual Incentive	4,602	6,316	11,404	8,050	5.1	4.8	205
Total Reward	157,684	166,709	175,196	166,043		100.0	300

SES Band 3	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of individuals: 80		Dollars				%	Count
Base Salary	135,000	145,000	150,221	145,764	74.6	71.0	80
Superannuation	23,324	28,743	31,897	26,761	13.7	13.0	80
Motor Vehicles	17,282	19,252	20,897	19,320	10.0	9.5	80
Travel	1,850	3,251	5,725	3,527	1.7	1.6	31
Other Fringe Benefits	197	1,546	3,189	2,514	1.2	1.2	74
Total Remuneration Package	181,449	194,309	202,695	195,537	100.0	95.3	80
Actual Incentive	12,554	15,889	17,080	15,127	7.8	7.2	53
Total Reward	190,735	201,664	219,897	205,559		100.0	80

Analysed by Agency

SES Band 1	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 59	Dollars				%		Count
Base Salary	92,316	94,333	96,506	94,364	72.9	71.1	59
Superannuation	16,164	17,237	19,044	17,284	13.2	12.9	59
Motor Vehicles	14,481	17,112	19,158	17,185	13.1	12.8	57
Travel	1,945	2,721	3,450	2,853	2.2	2.1	16
Other Fringe Benefits	360	636	3,087	1,729	1.3	1.3	51
Total Remuneration Package	126,139	131,417	135,335	129,867	100.0	97.5	59
Actual Incentive	3,906	5,270	7,081	5,618	4.3	4.1	41
Total Reward	129,468	134,206	139,249	133,260		100.0	59

SES Band 2	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 45	Dollars				%		Count
Base Salary	113,108	115,247	117,986	115,504	73.5	71.1	45
Superannuation	20,439	21,957	23,726	21,635	13.7	13.2	45
Motor Vehicles	15,670	18,407	19,376	18,048	11.5	11.1	45
Travel	1,916	3,035	3,808	3,646	2.2	2.2	14
Other Fringe Benefits	405	767	3,087	1,855	1.1	1.1	39
Total Remuneration Package	152,288	157,587	160,649	157,360	100.0	96.8	45
Actual Incentive	5,361	8,110	10,298	8,312	5.3	4.9	33
Total Reward	157,023	164,290	168,212	162,769		100.0	45

SES Band 3	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
Number of agencies: 32	Dollars				%		Count
Base Salary	135,000	142,268	149,714	145,113	75.2	72.1	32
Superannuation	23,354	27,391	29,966	26,026	13.4	12.9	32
Motor Vehicles	16,439	19,411	21,035	19,352	10.1	9.7	32
Travel	1,850	1,942	3,456	2,649	1.3	1.3	9
Other Fringe Benefits	185	520	3,164	2,082	1.0	1.0	28
Total Remuneration Package	181,303	190,964	199,113	193,006	100.0	95.8	32
Actual Incentive	11,321	14,779	18,858	13,896	7.3	6.6	22
Total Reward	188,316	200,465	214,349	201,724		100.0	32

Analysis of data by various parameters

These tables present summary remuneration information (showing Base Salary and Total Remuneration Package) for each survey agency, analysed by parameters that identify particular segments of the survey group. These parameters include:

- Budget/turnover – the annual budget or turnover of the agency
- Total number of employees – the number of FTE staff employed by the agency
- Specialisation – the area or job family to which the SES officer is best described to belong to.

These analyses are useful for:

- identifying trends and differences in the data
- isolating particular types of agencies which may impact on the data
- determining whether remuneration practices are consistent with similar agencies

Annual Budget/Turnover

SES Band 1	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	93,432	97,500	98,200	96,962	127,396	133,417	135,082	132,004	35
\$40m to less than \$100m	91,966	92,981	95,000	93,812	121,002	128,373	133,680	127,836	104
\$100m to less than \$250m	93,019	96,387	99,683	96,357	116,427	128,209	131,911	124,856	37
\$250m to less than \$500m	91,467	94,000	95,260	92,543	122,414	131,812	134,206	130,011	18
\$500m or more	91,806	95,000	98,215	95,304	125,367	132,619	140,684	132,201	648

SES Band 2	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	108,765	115,890	124,000	117,279	147,413	157,570	165,376	156,843	7
\$40m to less than \$100m	111,897	114,400	119,350	114,530	144,589	151,730	161,537	153,366	39
\$100m to less than \$250m	108,000	114,500	121,917	114,970	149,651	151,802	161,957	153,098	9
\$250m to less than \$500m	-	-	-	-	-	-	-	-	1
\$500m or more	115,000	117,269	125,000	119,031	154,737	161,915	169,165	162,201	164

SES Band 3	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Budget/Turnover	Dollars								
Less than \$40m	-	-	-	-	-	-	-	-	1
\$40m to less than \$100m	136,262	147,000	170,085	154,113	178,420	199,083	214,028	201,940	15
\$100m to less than \$250m	-	-	-	-	-	-	-	-	2
\$250m to less than \$500m	-	-	-	-	-	-	-	-	-
\$500m or more	131,725	146,488	153,668	147,042	181,801	196,277	209,213	196,667	38

There appears to be a slight correlation between annual budget/revenue and remuneration levels.

Number of Employees

SES Band 1	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	92,115	94,496	102,677	96,984	122,495	131,028	137,627	130,386	54
100 to 500	92,981	95,000	97,500	95,121	125,054	131,083	135,118	129,685	90
500 to 1000	90,163	93,500	99,500	95,365	122,361	130,708	136,403	130,501	80
1000 to 5000	91,042	94,523	98,326	95,245	125,584	133,183	139,576	132,200	287
Greater than 5000	92,250	96,167	96,411	94,790	124,633	130,242	140,714	131,260	331

SES Band 2	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	107,315	117,000	130,261	119,098	146,306	157,570	176,556	160,057	17
100 to 500	108,000	115,195	117,000	113,447	147,958	152,944	160,610	153,628	26
500 to 1000	108,572	114,077	121,500	114,737	142,360	156,312	165,180	152,991	22
1000 to 5000	113,100	116,480	120,097	116,617	154,440	158,951	165,120	157,808	71
Greater than 5000	117,269	119,601	128,414	121,206	156,066	167,025	180,611	165,861	84

SES Band 3	Base Salary				Total Remuneration Package				No. Recv.
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
No. of employees	Dollars								
Less than 100	131,150	155,077	181,518	155,628	170,753	192,001	255,974	206,168	6
100 to 500	136,262	145,000	145,000	140,769	176,191	189,549	198,661	187,179	7
500 to 1000	136,500	142,500	148,319	142,126	170,084	181,160	192,002	181,847	6
1000 to 5000	128,411	137,503	146,657	141,285	177,062	186,597	197,136	188,839	20
Greater than 5000	150,221	153,668	170,043	161,096	207,945	213,415	220,640	214,893	17

Excluding agencies with less than 100 employees, there appears to be a slight correlation between number of employees and TRP levels.

Specialisation

SES Band 1	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Specialisation	Dollars								
Accounting	94,995	102,932	106,233	101,675	135,882	139,571	143,873	137,677	18
Communications	93,246	93,246	99,847	95,636	118,479	126,952	131,822	125,107	10
Corporate Services	92,000	94,842	99,683	95,607	124,347	132,342	136,672	131,055	46
Finance	91,388	96,465	98,733	94,151	124,877	131,742	141,336	132,143	12
Human Resources	91,316	97,894	97,930	94,575	128,408	135,619	141,490	135,100	9
IT	91,875	95,000	99,310	95,031	128,656	132,769	140,477	134,075	39
Legal	92,981	93,000	98,000	94,718	122,214	127,504	131,869	127,400	62
Management (generalist)	91,806	94,460	98,000	94,286	128,313	133,775	138,429	133,348	305
Medical	112,511	112,511	117,801	118,475	147,058	155,721	162,901	159,376	17
Operational Management	90,958	94,000	96,387	94,145	120,550	127,357	132,282	126,784	173
Other	91,875	96,167	96,411	94,635	125,382	133,824	140,970	131,652	218
Policy Development	92,000	93,979	95,000	93,295	126,117	133,677	139,377	131,959	157

SES Band 2	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Specialisation	Dollars								
Accounting	130,605	134,087	141,467	135,386	167,688	174,191	177,638	173,172	4
Communications	113,777	114,742	119,541	116,020	145,066	156,144	165,280	155,497	4
Corporate Services	113,667	115,000	120,000	116,450	148,168	158,951	161,239	156,794	7
Finance	106,129	116,811	120,347	114,429	144,058	151,698	178,042	157,933	4
Human Resources	-	-	-	-	-	-	-	-	1
IT	116,468	122,612	133,909	124,673	154,298	161,896	169,179	161,770	5
Legal	107,251	112,000	119,425	112,986	144,189	153,514	159,455	151,408	21
Management (generalist)	113,436	117,000	121,444	117,489	155,225	161,380	168,180	162,031	92
Medical	-	-	-	-	-	-	-	-	2
Operational Management	115,000	119,462	124,810	118,023	150,400	160,945	167,394	159,712	32
Other	113,436	117,269	128,414	119,291	154,160	167,025	176,189	163,564	83
Policy Development	110,407	115,000	115,471	114,087	151,766	157,012	165,702	157,796	45

SES Band 3	Base Salary				Total Remuneration Package				No. Recv
	Q1	Median	Q3	Average	Q1	Median	Q3	Average	
Specialisation	Dollars								
Accounting	-	-	-	-	-	-	-	-	1
Communications	-	-	-	-	-	-	-	-	
Corporate Services	-	-	-	-	-	-	-	-	2
Finance	-	-	-	-	-	-	-	-	1
Human Resources	-	-	-	-	-	-	-	-	
IT	-	-	-	-	-	-	-	-	1
Legal	-	-	-	136,493	-	-	-	176,519	3
Management (generalist)	133,500	142,868	145,376	141,926	182,092	194,094	200,266	193,550	29
Medical	-	-	-	-	-	-	-	-	1
Operational Management	-	-	-	154,196	-	-	-	216,661	3
Other	136,322	150,000	151,945	146,363	178,000	197,496	209,213	195,072	25
Policy Development	133,005	141,312	158,297	145,199	179,357	193,288	208,514	194,137	14

It is evident that there is some relationship between specialisation and remuneration. Medical specialists appear to have higher remuneration (particularly for SES Band 1).

Please note that to maintain anonymity and avoid individual incumbent data being shown, market data for each remuneration item is only presented when 3 or more incumbents are shown.

Reference Material

Confidentiality

Mercer Cullen Egan Dell is aware of the confidential nature of the information provided and stress that we appreciate and protect this.

Under no circumstances, do we disclose any specific information or data to any third party. Our commitment in this regard is exemplified clearly by the following factors:

- Mercer Cullen Egan Dell's Information Group is a respected research facility which has been producing salary surveys for over 30 years
- there is no identification on the salary input sheets except an agency number. This is our only way of identifying agencies for administrative purposes
- to protect confidentiality, where fewer than three agencies provide a component, no data can be shown. In these circumstances, this is indicated by a 'dash', while the no. recv column will indicate the number of the sample provided with the component
- Mercer Cullen Egan Dell 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 by unauthorised personnel.

Method of analysis

Each data table has seven columns of data:

- first quartile (Q1)
- median
- third quartile (Q3)
- average
- average percentage of TRP
- average percentage of TR
- no. reporting (no. recv).

The meaning of these terms are explained in the Glossary at the end of this section.

In the **analysed by individual** profile, the **no. recv** figure shows the number of individuals who receive the component.

In the above example, if one of the four staff in Agency A receives a car allowance, as does the staff member at Agency C and no such allowance is paid to staff in Agencies B and D, the **analysed by individual** profile, will show **no. recv** as 2 (or two out of ten).

In the **analysed by agency** profile the **no. recv** figure would be 2 as two of the four agencies provide a car allowance, to at least some employees.

In the **analysed by individual** profile four statistics (Q1, Median, Q3, Average) that measure the cost of the particular component only for those incumbents receiving it. That is, they do not include zero values for those who do not receive the component.

Why the columns don't add up

It is worthwhile reviewing the method used to calculate the statistics.

Raw data - incumbents	A	B	C	D	E
Salary	35,000	36,250	37,750	39,200	42,500
Superannuation	1,750	1,813	3,775	1,176	2,215
Leave Loading	471	488	508	528	-
Car allowance	6,000	-	700	4,000	-
Total Remuneration Package	43,221	38,550	42,733	44,904	44,625
Incentive bonus	10,000	250	3,765	-	-
Total Reward	53,221	38,800	46,498	44,904	44,625

Analysis by individual	Q1	Median	Q3	Average	No. Rec
Salary	36,250	37,750	39,200	38,140	5
Superannuation	1,463	1,813	2,950	2,128	5
Leave Loading	484	498	513	499	4
Car allowance	-	-	-	3,567	3
Total Remuneration Package	42,733	43,221	44,625	42,807	5
Incentive bonus	-	-	-	4,672	3
Total Reward	44,625	44,904	46,498	45,610	5

The calculations of Total Remuneration Package and Total Reward, are made separately for each incumbent, and then ranked. Thus, the median Total Reward figure, for example, is not the sum of all the medians of each component included in Total Reward (i.e. not the sum of the column). It is the median figure for the Total Reward of all incumbents, regardless of how many or what value of remuneration components they received.

It would be an extreme coincidence if, for example, the median Base Salary and median Total Reward shown were the actual details for any particular individual.

The four statistics measure the value of the component only for those individuals receiving it. Because of this, the figures given on different lines of the profile cannot simply be added to check the totals shown.

Using the data

Some idea of the data spread can be gained in the following way:

- if the average for a component is much higher than the median and closer to the third quartile, it means a few agencies paid very highly in relation to the rest for this component
- if the average is close to the first quartile, a few agencies paid much lower than the majority for this component
- if the average is close to the median, as many agencies paid high as paid low, and the data is approximately normally distributed.

Percentile ranks and an average are provided, and most agencies have a chosen market position that relates to one of these figures. This breadth of data has the following advantages:

- It allows data that falls above and below an organisation's chosen market position to be taken into account. That is, it can be of use for establishing ranges or individual pay rates according to skill or performance.
- It allows the highs and lows of individual remuneration rates to be taken into account.
- Even if remuneration is set according to a specific market position, the range of statistics shown enables comparison of, for example, average and median values, and so determine whether relatively high or low values are impacting on the data.

Glossary of terms

Base Salary [BS]

Base Salary represents the full time equivalent annualised PAYE salary. It *includes* post-tax employee superannuation contributions and any additional car post-tax salary sacrifice amount. It *excludes* all other cash components including bonus, commission, allowances and other ‘sacrificed’ amounts.

Total Remuneration Package [TRP]

Base Salary plus the total of the following items:

- Superannuation (including the EPSC component)
- Motor Vehicles (including parking and FBT)
- Other fixed benefit items

Total Reward [TR]

Total Remuneration Package plus actual annual incentive/bonus payments.

Statistical Terms

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 above which 50% of the scores fall and below which 50% of the scores fall.

First and third quartile (Q1 and Q3)

After calculating the median, the first quartile is the midpoint of the lower half of the sample and the third quartile is the mid point of the upper half of the sample. That is, the first quartile is the score below which 25% of the cases fall and above which 75% fall, and the third quartile is the score below which 75% of cases fall and above which 25% fall.

Percentile

A percentile is a variable dividing the distribution of a set of scores into one hundred equal parts. Hence, at the 83rd percentile, 83% of the sample fall below this point and 17% of the sample are above it.

Average percentage of TRP and TR

The average of TRP and TR are included to illustrate the percentage breakdown of each component in TRP and TR.

No. recv

The *no. recv* figure is the number of the sample reporting to a component. If one agency inputs data on three positions, but only one of them receives a car, this will only count as *1 recv* in the profile report.