

# **2003 APS SES Remuneration Survey**

Department of Employment &  
Workplace Relations

Data as at December 2003.

Revised version released October 2004

## **MERCER**

Human Resource Consulting

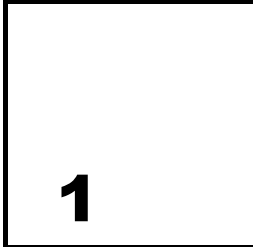
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## **Executive Summary**

All Australian Public Service (APS) agencies were invited to participate in the 2003 SES remuneration survey. Forty-nine agencies provided data for inclusion in the remuneration section of this report, compared with fifty-one in 2002. Although two fewer agencies contributed data for the 2003 survey, the number of SES employees surveyed was 1,574 in 2003, compared with 1,438 in 2002. For the 2003 survey, 84% of ongoing SES employees are represented (based on 1,872 SES employees as at 30 June 2003 – State of the Service Report 2002-2003).

Forty-nine agencies provided data for the Remuneration Policy section of the survey, although the actual agencies included in the sample were slightly different from the Remuneration Survey.

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

## Remuneration Items - Findings

The aggregated data tables are contained in the section of this report titled Findings - Remuneration Items (p.17), a summary of which is found below.

**Table I**  
**SES Remuneration Summary - Survey Average**

<b>Band<sup>1</sup></b>	<b>Base Salary</b>	<b>Total Remuneration Package<sup>2</sup></b>	<b>Actual Incentive Payments<sup>3</sup></b>	<b>Total Reward<sup>4,5</sup></b>
SES1	\$110,930	\$155,004	\$6,622	\$161,002
SES2	\$137,389	\$187,957	\$8,986	\$196,385
SES3	\$170,788	\$231,709	\$12,048	\$242,121

1. SES Band or equivalent.
2. Total Remuneration Package includes Base Salary, superannuation, motor vehicles and other fixed benefits paid to SES employees incl all applicable FBT.
3. Actual incentive payments received during the year ending 31 December 2003.
4. Total Reward is the Total Remuneration Package plus any incentive payments.
5. 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.

**Table II**  
**SES Remuneration Summary - Survey Median**

<b>Band1</b>	<b>Base Salary</b>	<b>Total Remuneration Package<sup>2</sup></b>	<b>Actual Incentive Payments<sup>3</sup></b>	<b>Total Reward<sup>4,5</sup></b>
SES1	\$109,000	\$154,097	\$5,424	\$160,553
SES2	\$137,088	\$187,959	\$8,219	\$196,019
SES3	\$170,000	\$229,147	\$11,608	\$240,947

1. SES Band or equivalent.
2. Total Remuneration Package includes Base Salary, superannuation, motor vehicles and other fixed benefits paid to SES employees incl all applicable FBT.
3. Actual incentive payments received during the year ending 31 December 2003.
4. Total Reward is the Total Remuneration Package plus any incentive payments.
5. 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.

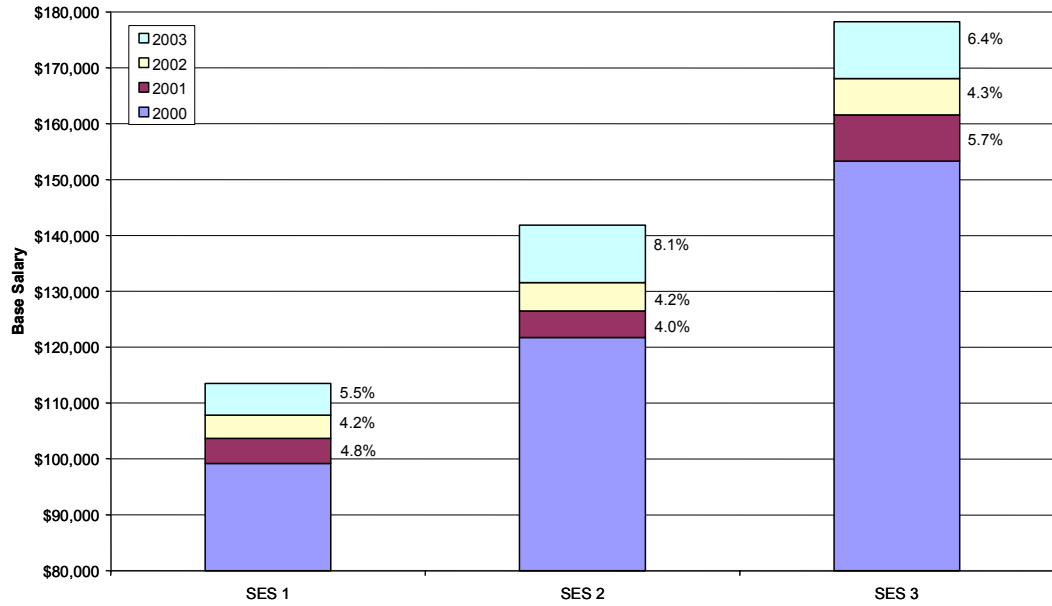
## Sample on Sample Movements

The following data is based on sample on sample movements which provide a measure of the overall movements over the survey period. Sample on sample movements are 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.

Figures A, B and C show the median percentage increase in **Base Salary**, **Total Remuneration Package (TRP)** and **Total Reward (TR)** between 2000 and 2003.

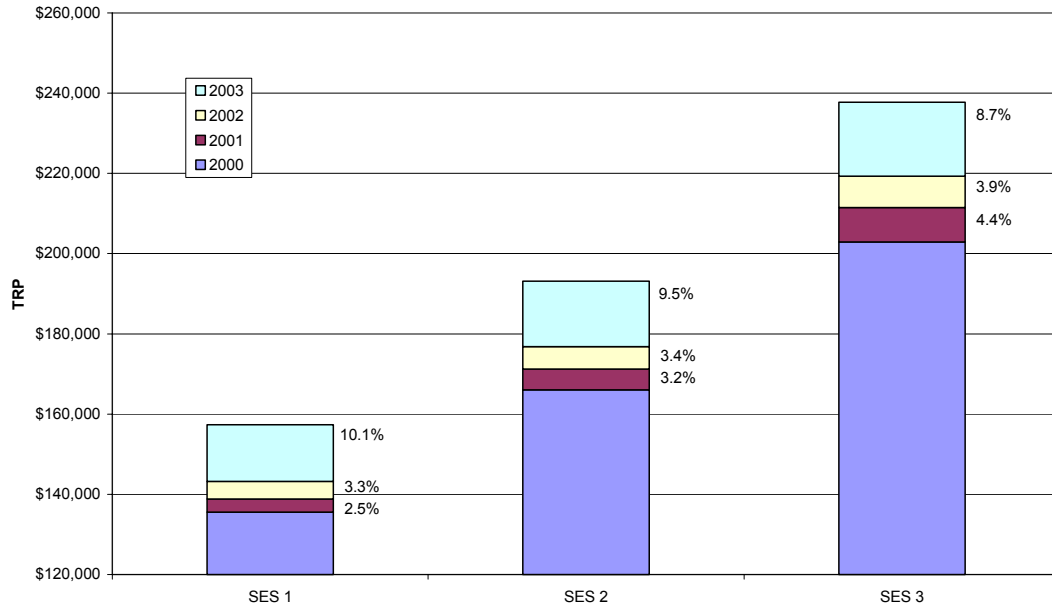
**Figure A**

**Median SES Base Salary Movements (2000-2003)**



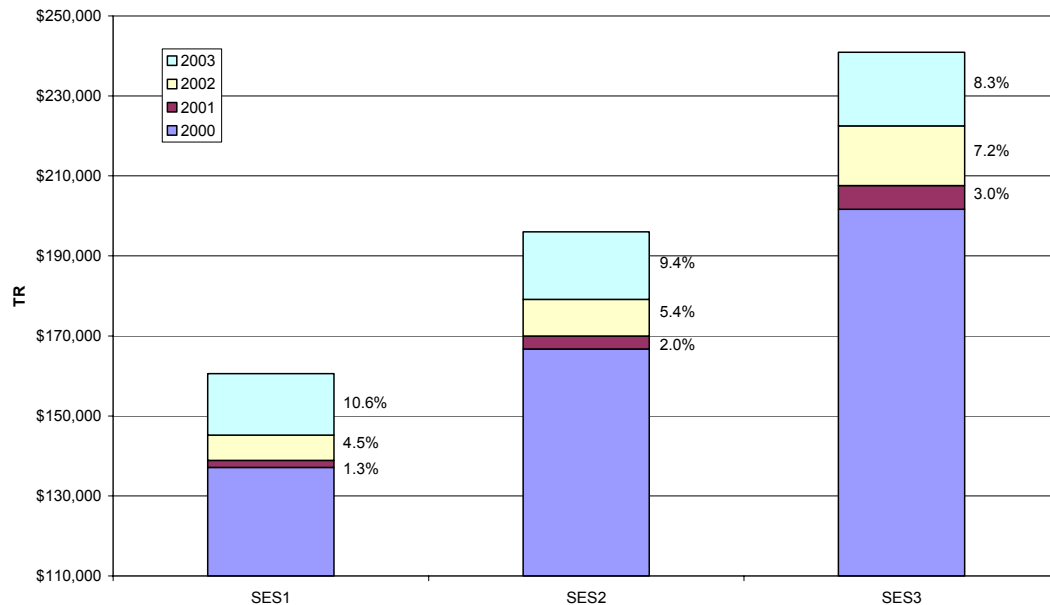
**Figure B**

**Median SES TRP Movements (2000-2003)**



**Figure C**

**Median TR Movements (2000 - 2003)**



As shown in Figure A, there was more variation in Base Salary increases between SES1, 2 and 3 than in previous years. Figures B and C show that at the Total Remuneration Package level, comparisons with 2002 highlight notably higher remuneration increases across all bands, whilst at the Total Reward level, notably higher increases were noted at SES1 and SES2.

Please note these increases are sample on sample remuneration movements for each of the SES Bands.

The TRP increases in 2003 were relatively higher than past years. This is partly attributable to changes in the survey methodology for costing cars and significant increases in reported levels of superannuation contribution. In previous surveys, car values were provided by agencies, using individual (agency-defined) methods of calculating the benefit value. In the 2003 survey, to ensure a level of consistency in approach, cars were valued using a market-based formula taking into account the purchase price of the vehicle and average interest and running costs. In addition a modification to the definition of superannuation was implemented for the 2003 survey. Due to these changes, sample on sample Base Salary movements are a more accurate indicator of underlying remuneration movements in 2003.

Please refer to Section 2: **Introduction – Survey Methodology (p.6)** for more information on the change in methodology.

## **Average Movements Per Annum from 1996 to 2003**

- The average sample on sample increase for median Base Salary from 1996 to 2003 is 5.1% p.a. for SES1, 5.5% p.a. for SES2 and 6.0% p.a. for SES3.
- The average sample on sample increase for median Total Remuneration Package from 1996 to 2003 is 5.0% p.a. for SES1, 5.3% p.a. for SES2 and 5.7% p.a. for SES3. Please note that when 2002-2003 increases are excluded (to minimise the impact of the methodological change for costing cars, and the definitional change to superannuation), the average increases between 1996 and 2002 are 4.0%, 4.5% and 5.1% for SES1, SES2 and SES3 respectively.

## **Size of Agency and Remuneration Levels**

Consistent with the findings in 2002, analysis indicate that there does not appear to be a correlation between the size of an agency (budget for departmental items and number of employees) and associated remuneration levels.

## **Remuneration Policy Findings**

The major findings from the Findings - Remuneration Policy (p. 29) section include:

### **Communication of Executive Remuneration Strategy**

80% of the organisations surveyed stated that they have a formal executive remuneration strategy that is communicated to executives (8% more than in 2002). In addition, 78% of agencies surveyed said their formal remuneration strategy forms the basis for program design and pay decisions. This result indicates the commitment by agencies to the communication of remuneration strategies and practices, and also reaffirms the use of more sophisticated remuneration practices in the APS.

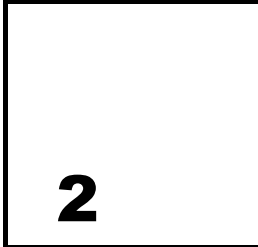
### **Remuneration Mix and Total Remuneration Approach**

- The reported split between TRP and performance pay has remained consistent with 2002. The majority of agencies do not plan to make any changes to their remuneration mix in 2004.
- Despite 73% of agencies indicating use of a "Total Remuneration" approach to remuneration management (i.e. including all remuneration costs), Base Salary continues to be the most common definition of remuneration used by agencies to calculate a range of remuneration items (eg. leave, employer superannuation contributions, notice period on termination).
- However, when agencies budget for remuneration, 68% use TRP as a basis for calculation, compared with 29% in 2002. This indicates that agencies are increasingly acknowledging the total cost of remuneration and its importance in budget setting.

## **Remuneration Benchmarking**

Most of the agencies included in the 2003 survey benchmarked TRP data above the median of their selected market reference group. Given the consistency with which agencies are targeting more competitive market positions, overall TRP movements may be expected to increase as the majority of the sample continues to pull remuneration levels up.





## **Introduction**

The Department of Employment & Workplace Relations (DEWR) has commissioned Mercer Human Resource Consulting (Mercer) to conduct a survey on remuneration for Senior Executive Service (SES) employees within the Australian Public Service (APS).

## **Survey Methodology**

In 2003, all APS agencies were invited by DEWR to participate in the 2003 APS remuneration survey. Agencies that indicated their interest in participating were subsequently invited to attend a survey briefing in December 2003.

Following the briefing, Mercer emailed each of the participating agencies a survey kit, containing the following separate survey documents:

- SES Remuneration Questionnaire;
- non-SES Remuneration Questionnaire; and
- Human Resources Policies and Practices Questionnaire.

Also included in the survey kit was a detailed set of instructions for completing the questionnaires and a data input spreadsheet for the remuneration surveys.

There was variation in the participant groups for the Remuneration component and the HR Policies and Practices component of the survey. Due to different analysis and reporting timeframes, a number of agencies submitted data for the Remuneration component, but were unable to submit data for the HR Policies and Practices component of the survey by the required deadline. Tables 3, 4 and 5 on pages 11 through 13 provide details of participant group membership.

## Data Analysis

### Validation

Agencies submitted a dataset on Excel spreadsheets provided by Mercer. Each dataset was validated using the following steps:

1. Each record checked for a valid input for each compulsory field.
2. Each field checked that entry provided corresponded with the instructions.
3. Outlier analysis was undertaken for Base Salary using *Boxplots (Tukey Method)*.  
Note: Records were classified as outliers if they were greater than the *upper whisker* or less than the *lower whisker*. These ranges were set at 2.5 times the *inter-quartile range* on either side of the median.
4. Records that were flagged as outliers, or had questionable amounts in other collection fields or data input errors, were returned to the agencies for verification and/or correction.
5. Outliers that were verified or corrected by the agencies were then included into the overall dataset for analysis.
6. The overall dataset was finalised only after all verifications and corrections were received.
7. Once all data was validated Mercer did not exclude submitted records from the overall sample, unless authorised by DEWR.

### Analysis

The analyses undertaken by Mercer were based on the reports required by DEWR. The majority of the statistical analysis undertaken is descriptive in nature (i.e. frequencies, means, median, percentiles).

No additional statistical analyses (such as tests of significance between groups) were performed in analysing the data.

Please note that where a range is provided for “n” (the number of agencies or individuals providing data for a specific question/item), it reflects that not all respondents provided data for each possible option. This is most likely the result of some participating agencies not having staff at all SES levels, resulting in the non-applicability of some response categories.

### Missing Data

Please note the following approach is 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 dash (“-”) is used; and
- Where a zero value is returned, the number zero (“0”) is shown in the table.

## Methodological Changes in 2003

The majority of survey items were analysed consistently with the approach used in the 2002 survey. However, there were some changes to the analysis and/or terminology used for the following items:

- motor vehicles;
- incentive payments; and
- superannuation.

As a result, when referencing the 2003 remuneration movements, we recommend that agencies pay particular attention to the movements in Base Salary, as these are a more accurate representation of the underlying remuneration movement in the sample.

These changes are discussed in more detail below.

### **Motor Vehicle Value Calculation**

In previous years, motor vehicles have been valued using the agency-calculated benefit value of each vehicle provided, regardless of the method of calculation. This meant that where a number of agencies were providing employees with the same vehicle, the reported value of the vehicle (benefit value) may be very different.

In order to provide a consistent methodology for valuing motor vehicles to remuneration packages, in 2003 all cars were costed using the Mercer Car Formula (2003) based on the purchase price as provided by the contributing agencies (more detail on the Mercer Car Formula is shown below). Please note that where the purchase price was not available, agencies were able to submit the benefit value as per their own calculation formula, however this occurred in less than 5% of the sample.

The impact of the change in methodology means that in 2003, motor vehicle values have increased, recognising that the Mercer Car Formula is overall producing a higher benefit value than individual agency calculation methods. This also inflates the sample on sample increases in TRP and TR, as these aggregates include the benefit value of vehicles.

## Mercer Car Formula

The Mercer Car Formula is a market-based methodology for valuing the package cost of a motor vehicle, taking into account lease costs, running costs and Fringe Benefits Tax. The formula applies a number of consistent assumptions to all vehicles to enable data comparisons. The assumptions on which the 2003/2004 formula is based are shown below.

**Table 1**  
**Key Assumptions in the 2003 Mercer Car Formula**

Mercer Car Formula 2003 Assumptions	
Cost of funds <sup>1</sup>	8.0%
Depreciation <sup>2</sup>	19.31%
Annual kilometres <sup>3</sup>	16,000
Depreciation limit <sup>4</sup>	\$57,009
Changeover period <sup>5</sup>	3 years
Registration and insurance <sup>6</sup>	\$1,279
Corporate tax rate <sup>4</sup>	30%
Cost of petrol (cents per litre) <sup>7</sup>	89.59

1. Three-year rolling average, calculated using bank interest rates from five financiers for the current and two previous years
2. Three-year rolling average based on disposal prices of four representative car models for the current and two previous years
3. Average annual kilometres travelled based on ongoing market monitoring
4. Set by the Australian Tax Office
5. Most frequently used changeover period, based on market observation
6. Weighted average of registration, third-party and comprehensive insurance for the five mainland states.
7. Weighted average cost in the eight Australian capital cities as at 1 March 2003

## Incentives Terminology

In previous surveys, agencies were asked to provide data for “on-target” incentive amounts. Feedback from the 2002 survey indicated that there was some confusion around this terminology, and several agencies had interpreted this as “maximum”. As a result of this feedback, the 2003 survey asked agencies to provide data on the maximum performance bonus incentive, defined as “*the maximum dollar amount that the employee could have received by virtue of a performance bonus or incentive in the 2003 calendar year.*”

While the feedback received suggests that the revised definition is consistent with the data that had been provided in 2002, the change in definition may mean that the data provided in 2003 is different (for at least some participants) than that provided in previous years. We therefore recommend that year on year comparisons of maximum performance bonus incentive are made with due caution.

## **Revision of Superannuation Definition**

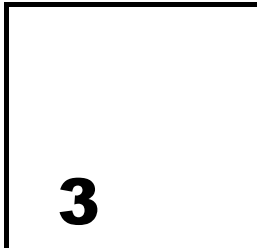
Based on the high number of queries regarding superannuation during data collection for the 2002 survey, in 2003 the definition of superannuation was refined to make it easier to understand. Both the previous and the revised definitions are shown below.

**Table 2**

**Definition of Superannuation for Remuneration Survey – 2002 and 2003**

<b>2002 Survey Definition</b>	<b>2003 Survey Definition (revised)</b>
Agency superannuation contribution: The dollar amount the agency contributes to the superannuation fund on behalf of the individual, including the superannuation guarantee and ESPC. <b>Do not include any employee salary sacrifice superannuation.</b>	Agency superannuation contribution: The dollar amount paid in the 2003 calendar year for the employer contribution (based on your agency specific contribution rate as advised by DOFA) plus the productivity component (EPSC) OR the superannuation guarantee.

We note that the particularly high increases in the reported superannuation in the 2003 survey (compared with previous years) suggest that this data may have been reported incorrectly in the past. Comparisons with previous year's data should be made with due caution.



### Survey Participants

Of the forty-nine agencies contributing to the SES Remuneration survey, forty-five also contributed to the HR Policies and Practices survey. An additional three agencies contributed to the HR Policies and Practices survey but did not contribute to the SES Remuneration survey. While there have been some changes to the overall sample year to year (i.e. agencies dropping out or being added to the sample), the impact of this is likely to be minimal given the numbers of employees involved. However, the impact of changes to the composition of the sample has not been tested as part of the survey.

The agencies contributing to each section of the survey are shown in the tables below.

**Table 3**  
**Participants - 2003 SES Remuneration and HR Policies and Practices Surveys**

<b>Contributors to both the SES Remuneration and HR Policies and Practices Surveys</b>	<b>2002 Contributor</b>	<b>2001 Contributor</b>
Aboriginal and Torres Strait Islander Services	✓	✓
Attorney-General's Department	✓	✓
AusAID	✓	✓
Australian Broadcasting Authority	✓	✓
Australian Bureau of Statistics	✓	✓
Australian Communications Authority	✓	✓
Australian Competition & Consumer Commission	✓	✓
Australian Customs Service	✓	✓
Australian Institute of Family Studies		
Australian National Audit Office	✓	✓
Australian Public Service Commission	✓	✓
Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)	✓	✓
Australian Securities and Investments Commission		✓
Centrelink	✓	✓
Comcare	✓	✓
Commonwealth Grants Commission		✓

<b>Contributors to both the SES Remuneration and HR Policies and Practices Surveys</b>	<b>2002 Contributor</b>	<b>2001 Contributor</b>
Comsuper	✓	✓
Defence Housing Authority		
Department of Agriculture, Fisheries & Forestry	✓	✓
Department of Communications, Information Technology & the Arts	✓	✓
Department of Defence	✓	✓
Department of Education, Science & Training	✓	✓
Department of Employment & Workplace Relations	✓	✓
Department of Family & Community Services	✓	✓
Department of Foreign Affairs and Trade	✓	✓
Department of Health & Ageing	✓	✓
Department of Immigration & Multicultural & Indigenous Affairs	✓	✓
Department of Industry, Tourism & Resources <sup>1</sup>	✓	✓
Department of Prime Minister & Cabinet	✓	✓
Department of the Environment & Heritage		
Department of the House of Representatives	✓	✓
Department of the Treasury	✓	✓
Department of Transport & Regional Services	✓	✓
Department of Veterans' Affairs	✓	✓
Insolvency & Trustee Service Australia	✓	✓
National Archives of Australia		✓
National Library of Australia	✓	✓
National Occupational Health & Safety Commission	✓	✓
National Oceans Office		
National Office for the Information Economy	✓	✓
Office of Film & Literature Classification	✓	✓
Office of National Assessments	✓	✓
Office of Parliamentary Counsel	✓	✓
Office of the Employment Advocate	✓	✓
Productivity Commission	✓	✓

1. Also incorporates data for IP Australia

**Table 4**  
**Participants - 2003 SES HR Policies and Practices Component Only**

<b>Contributors to SES HR Policies and Practices Component Only</b>	<b>2002 Contributor</b>	<b>2001 Contributor</b>
Human Rights & Equal Opportunity Commission		
Office of the Federal Privacy Commissioner		
Australian Electoral Commission		

**Table 5**  
**Participants - 2003 SES Remuneration Survey Only**

Contributors to SES Remuneration Survey Only	2002 Contributor	2001 Contributor
Australian Taxation Office	✓	✓
Department of Finance and Administration	✓	✓
Australian Crime Commission (formerly National Crime Authority)	✓	✓
Office of Renewable Energy Regulator		

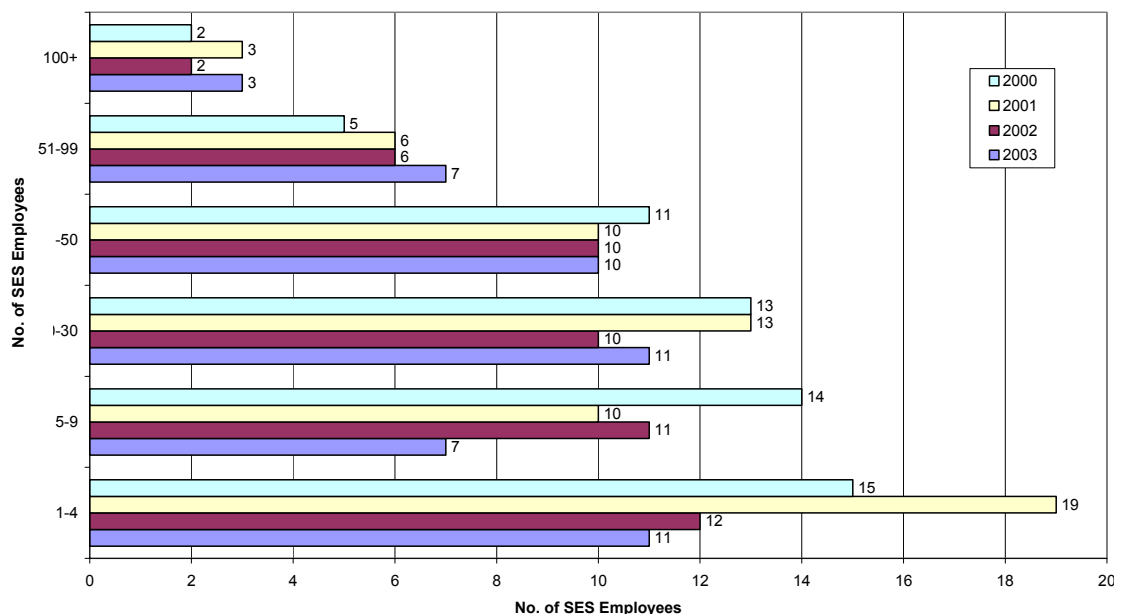
### Participant Profile - Remuneration Survey

Forty-nine agencies participated in the survey covering 1,574 SES employees. This represents around 84% of the 1,872 ongoing SES staff as at 30 June 2003 (State of the Service Report 2002-2003). The number of SES employees in each participating agency is shown in Table 6 overleaf, with Figure 1 highlighting the number of agencies and number of SES employees participating in the survey compared with previous years.

All APS SES employees are covered by Australian Workplace Agreements (AWAs). The survey does not cover statutory office holders covered by Remuneration Tribunal determinations.

**Figure 1**

Number of SES Employees - Participating Agencies



Of the forty-nine agencies participating, only ten agencies (20%) had more than fifty SES employees. 59% of agencies surveyed had thirty or less SES employees, 20% had between thirty-one and fifty SES employees, and only three agencies (6%) had one hundred or more SES employees.



**Table 6**  
**Number of SES Employees by Agency**

Agency	Number of SES Employees		
	2003	2002	2001
Aboriginal and Torres Strait Islander Services	28	17	21
Attorney-General's Department	48	44	43
AusAID	15	16	17
Australian Broadcasting Authority	5	5	5
Australian Bureau of Statistics	36	35	33
Australian Communications Authority	10	9	10
Australian Competition & Consumer Commission	17	15	15
Australian Crime Commission (formerly National Crime Authority)	15	13	14
Australian Customs Service	32	33	30
Australian Institute of Family Studies	1	*	*
Australian National Audit Office	21	21	19
Australian Public Service Commission	5	5	6
Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)	2	3	5
Australian Securities and Investments Commission	35	*	*
Australian Taxation Office	176	151	171
Centrelink	86	82	80
Comcare	6	6	5
Commonwealth Grants Commission	3	*	*
Comsuper (Commonwealth Superannuation Administration)	5	3	4
Defence Housing Authority	3	*	*
Department of Agriculture, Fisheries & Forestry	58	57	63
Department of Communications, Information Technology & the Arts	26	25	44
Department of Defence	100	90	103
Department of Education, Science & Training	40	40	31
Department of Employment & Workplace Relations	63	55	47
Department of Family & Community Services	49	46	86
Department of Finance and Administration	55	50	55
Department of Foreign Affairs and Trade	166	160	148
Department of Health & Ageing	77	43	60
Department of Immigration & Multicultural & Indigenous Affairs	49	41	31
Department of Industry, Tourism & Resources	65	66	77
Department of Prime Minister & Cabinet	36	26	30
Department of the Environment & Heritage (formerly Environment Australia)	31	50	47
Department of the House of Representatives	4	3	4
Department of the Treasury	62	61	41
Department of Transport & Regional Services	37	41	38
Department of Veterans' Affairs	28	9	32

Agency	Number of SES Employees		
	2003	2002	2001
Insolvency & Trustee Service Australia	5	5	5
National Archives of Australia	3	*	*
National Library of Australia	7	8	8
National Occupational Health & Safety Commission	3	2	3
National Oceans Office	1	*	*
National Office for the Information Economy	13	15	13
Office of Film & Literature Classification	1	1	3
Office of National Assessments	8	6	5
Office of Parliamentary Counsel	14	15	11
Office of Renewable Energy Regulator	1	*	*
Office of the Employment Advocate	4	4	1
Productivity Commission	19	20	18

\* Agency did not participate in the survey in this year

The following table shows the number and proportion of employees included in the survey in each SES band.

**Table 7**  
**Number of Participating SES Employees by Band**

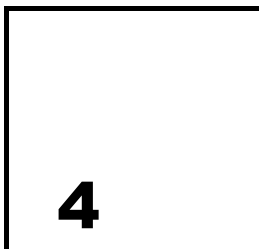
Band	Count				Percentage			
	2003	2002	2001	2000	2003	2002	2001	2000
SES1	1158	1057	1154	1066	73.6%	73.5%	73%	73.7%
SES2	335	296	343	300	21.3%	20.6%	21.7%	20.7%
SES3	81	85	84	80	5.1%	5.9%	5.3%	5.5%
Total	1574	1438	1581	1446	100.0%	100.0%	100.0%	100.0%

As highlighted in Table 7, the proportion of SES employees at each SES level in 2000, 2001, 2002 and 2003 has remained relatively stable.

Table 8 indicates how participating employees were distributed across locations in 2003. Consistent with previous years, the majority of the surveyed employees are located in Canberra.

**Table 8**  
**Number of Participating SES Employees by Location**

Location	Count			Total
	SES1	SES2	SES3	
ACT	863	265	61	1189
NSW	71	10	0	81
NT	9	1	0	10
QLD	45	5	0	50
SA	18	6	2	26
TAS	6	1	0	7
VIC	78	18	2	98
WA	14	0	0	14
Overseas	54	29	16	99
<b>Total</b>	<b>1158</b>	<b>335</b>	<b>81</b>	<b>1574</b>



## Findings – Remuneration Items

This section summarises the findings for Base Salary, Total Remuneration Package (TRP), bonus/incentive payments and Total Reward (TR). A detailed presentation of the distribution of Base Salary, TRP and bonus/incentive payments is shown in **Section 8: Distribution Charts (p. 75)**.

### 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 and allowances.

Table 9 provides a summary of sample-on-sample average and median Base Salary movements from 2002 to 2003.

**Table 9**  
**Sample on Sample Base Salary Comparison (2002 to 2003)**

Band	Average Base Salary			Median Base Salary		
	2002 (\$)	2003 (\$)	Movement (%)	2002 (\$)	2003 (\$)	Movement (%)
SES1	\$103,221	\$110,930	7.5%	\$103,340	\$109,000	5.5%
SES2	\$129,437	\$137,389	6.1%	\$126,843	\$137,088	8.1%
SES3	\$161,410	\$170,788	5.8%	\$159,812	\$170,000	6.4%

Median Base Salary remuneration movements (between 2002 and 2003) ranged between 5.5% and 8.1% for SES employees.

The higher average movements for SES1 (compared with median movements), indicates that a number of these employees were paid comparatively higher at the Base Salary level, thus moving the overall average up.

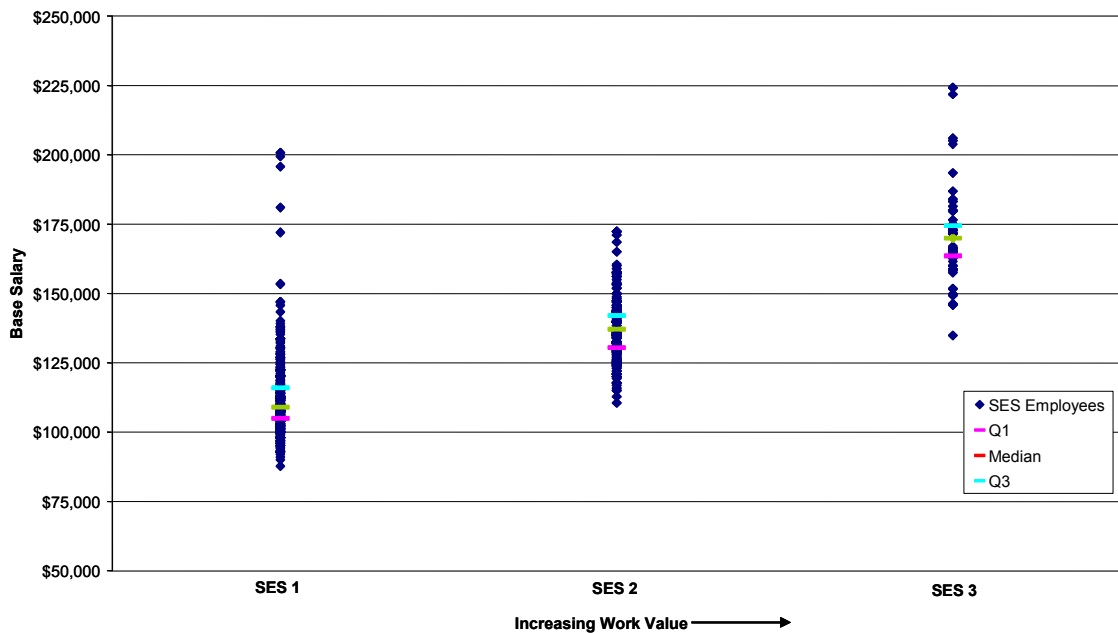
Conversely, where the average movement is lower than the median movement (SES2 and SES3), this indicates that a number of employees in these bands were paid comparatively lower at the Base Salary level, moving the overall average down.

Figure 2 shows the spread of Base Salary at each SES level.

In particular, the positioning of Q1, Median and Q3, suggests that the majority of positions are remunerated between \$105,000 - \$115,000 at SES1, \$130,000 - \$142,000 at SES2, and \$163,000 - \$174,000 at SES3. Refer to *Section 8: Distribution charts (p.75)*.

**Figure 2**

**Notional Base Salary Distribution**



## Total Remuneration Package

Total Remuneration Package (TRP) represents the total of:

- Base Salary;
- Superannuation (including EPSC amounts);
- Annual remuneration value of motor vehicles (including parking and FBT); and
- Other fixed benefit items.

TRP excludes business-related on-costs such as workers compensation premiums or payroll tax.

Table 10 provides a summary of sample-on-sample average and median TRP movements for SES employees.

**Table 10**  
**Total Remuneration Package Comparison (2002 to 2003)<sup>1</sup>**

Band	Average TRP			Median TRP		
	2002 (\$)	2003 (\$)	Movement (%)	2002 (\$)	2003 (\$)	Movement (%)
SES1	\$139,195	\$155,004	11.4%	\$139,948	\$154,097	10.1%
SES2	\$171,069	\$187,957	9.9%	\$171,672	\$187,959	9.5%
SES3	\$211,204	\$231,709	9.7%	\$210,725	\$229,147	8.7%

1. 2002-2003 TRP movements are impacted by changes in methodology in 2003 (refer p. 8)

Particularly high movements in TRP in 2003 are, in part, the result of changes to the survey methodology in valuing cars to remuneration packages, and revision of the definition of superannuation.

In 2003, all cars were valued to the TRP using the same formula, based on the assumption that the employee purchases the car and that it is packaged as part of the TRP. While this provides a consistent approach across the survey group, allowing accurate comparisons, it has increased the car values since 2002 and therefore inflated the overall movement of TRP.

In regard to superannuation, the survey definition was refined in 2003, leading to a substantial increase in the values reported.

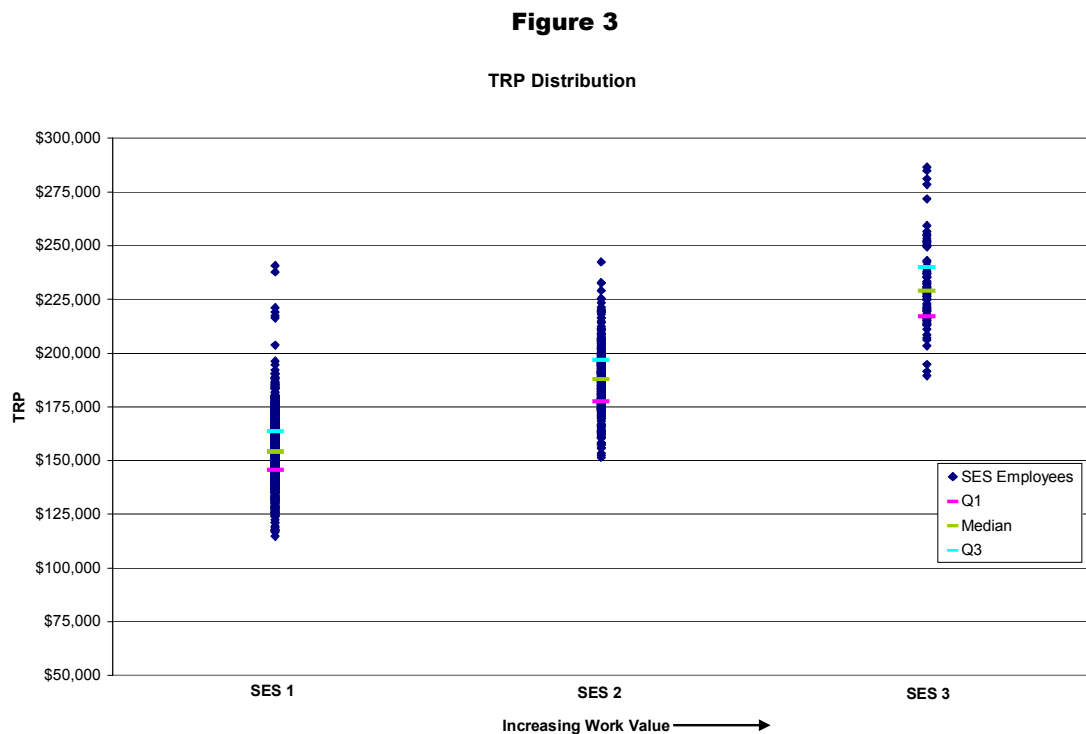
More information on both of these changes is included in Section 2: Introduction (p. 6).

In assessing the impact of these changes on the overall percentage movement of TRP, we have taken into account the following movements:

- Average increases in the value of motor vehicles from 2002 to 2003 of 16.7%, 16.4% and 13.7% for SES1, SES2 and SES3 respectively; and
- Increases in the average superannuation value of 21.5% 22.5% and 22.1% for SES1, SES2 and SES3 respectively.

At the average, when we isolate these increases (i.e. leave these values stable from 2002 to 2003), the TRP movements from 2002 to 2003 are 6.5% for SES1, 5.4% for SES2 and 5.7% for SES3. **However, please note that this approach does not take into account other changes in the data from year to year, and as such provides an indicative movement only.** Table 27 provides average annual increases as reported by agencies, and these indicate movements in the range 4.6% to 5.3%.

Figure 3 shows the spread of TRP at each SES level, with a significant proportion of positions remunerated between \$145,000 and \$163,000 at SES1, \$176,000 and \$196,000 at SES2, \$205,000 and \$240,000 at SES3.



## Bonus/Incentive Payments

The majority (87%) of agencies reported that they provide performance-based incentives for their SES employees, with around 91% of eligible employees receiving an incentive payment in 2003 (compared with 88% in 2002). Average actual incentive payments for SES employees ranged between 6% and 7% of Base Salary.

In the 2003 survey, the questionnaire was amended to use different terminology around incentives. The questionnaire in 2003 asked agencies to provide Maximum Performance Bonus information, rather than on-Target Incentives. As a result of this change, there is no comparison with data from previous years. Please refer to **Section 2: Introduction (p. 6)** for more information on this change.

Table 11 shows the value of incentive payments actually received by eligible SES employees compared with their maximum incentive. The maximum incentive amount is the dollar or percentage amount per annum that the SES employee could possibly achieve. The actual payment is generally linked to performance appraisal results, which take into account the achievement of business objectives, position objectives and/or team objectives.

**Table 11**  
**Comparison of Actual Incentive Paid with Maximum Incentive**

Band	Maximum <sup>1</sup> Incentives Average (\$)		Actual Incentives <sup>2</sup> Average (\$)		Actual Incentives as % of TRP (%) <sup>2</sup>	
	2003	2002 <sup>3</sup>	2003	2002	2003	2002
SES1	\$9,849	-	\$6,622	\$6,042	4.3%	4.2%
SES2	\$10,789	-	\$8,986	\$8,616	4.8%	4.9%
SES3	\$13,027	-	\$12,048	\$12,161	5.3%	6.5%

1. Average maximum incentive opportunity
2. Refers to actual incentive received
3. This data was not collected in the 2002 survey

Of the 91.3% of SES employees who actually received an incentive, 12.7% took their incentive payments as an increase in salary. This compares with 2.4% of SES employees who took their incentive payment as an increase in salary in 2002.

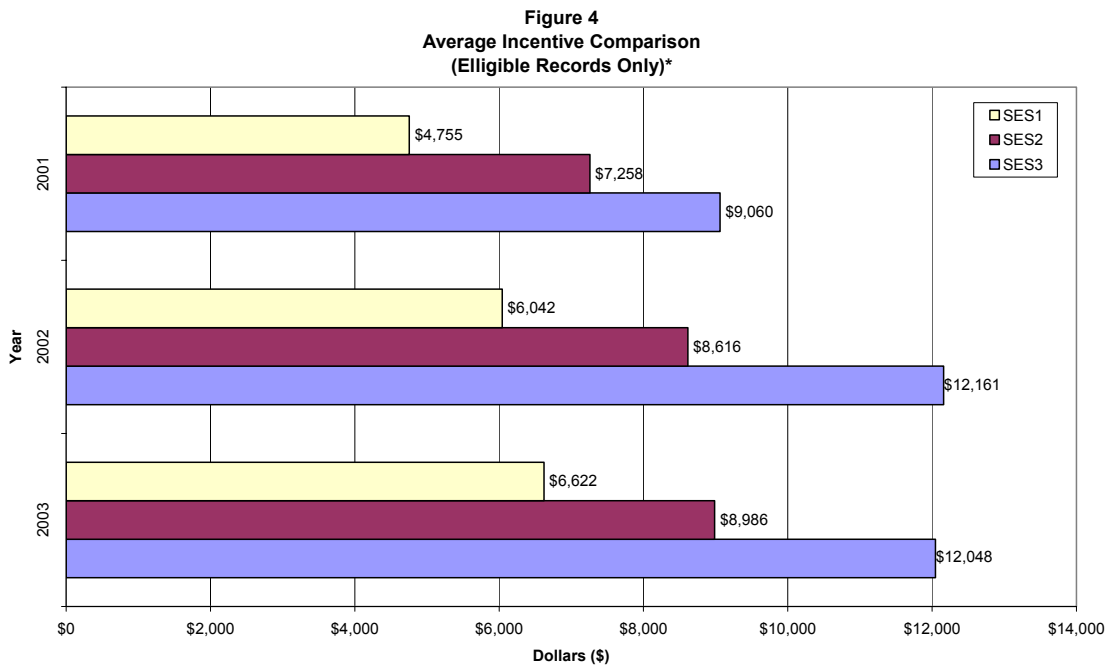
More detail on incentive payments and other forms of variable pay in the APS can be found in the section of this report titled *Section 5: Findings – Remuneration Policy (p. 29)*.

Figures 4 and 5 show the average and median actual incentives received by eligible SES employees between 2001 and 2003. Consistent with market practice, as the level of the executive increases so too does the incentive received. Please note that the data included in Figures 4 and 5 includes those incumbents who were eligible but did not receive an incentive payment (i.e. data reported as zero).

2003 results show slightly higher average incentive payments for SES1 and SES2 employees compared with 2002 (9.7% and 4.3% respectively). However, for SES3 employees, average incentive payments have decreased 0.9% since 2002.

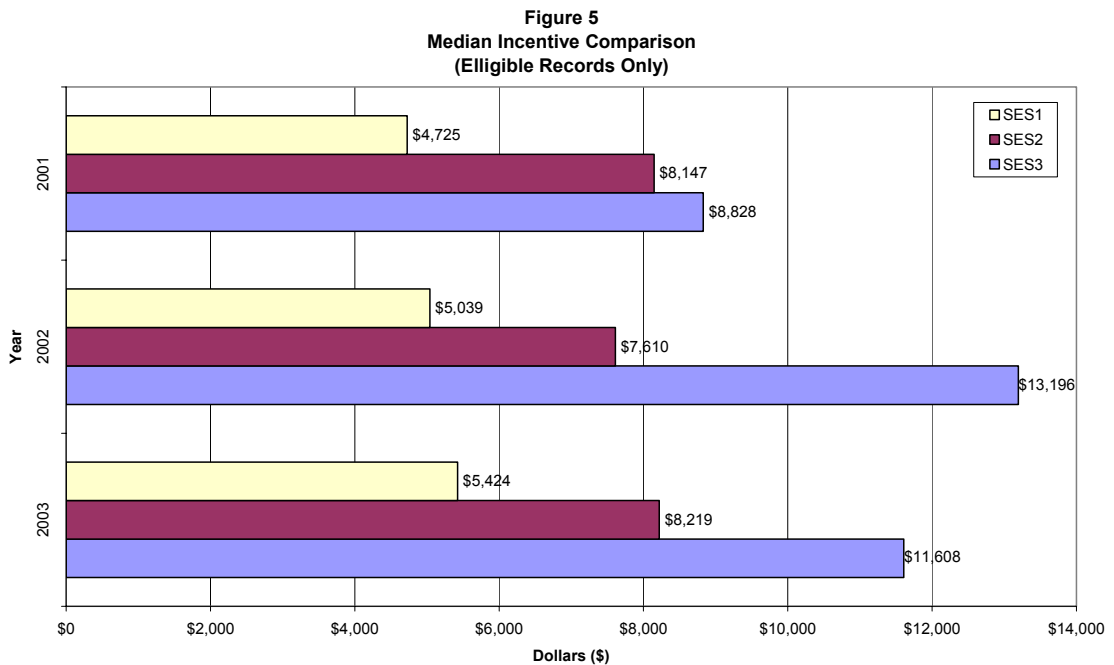


**Figure 4**



\* This data includes all employees who were eligible to receive an incentive payment in 2003, regardless of whether an actual payment was received.

**Figure 5**



\* This data includes all employees who were eligible to receive an incentive payment in 2003, regardless of whether an actual payment was received.

Comparisons at the median level show that the median incentive between 2002 and 2003 at SES1 and SES2 has increased (7.6% and 7.3% respectively), and decreased at SES3 (-13.5%).

As expected, when we look only at those individuals who **did** receive an incentive (Table 12), the average and median values in 2003 are slightly above those presented in Figures 4 and 5.

**Table 12**  
**Median & Average Incentives for Those Who Received a Payment**

Band	Median Incentive		Average Incentive	
	2002	2003	2002	2003
SES1	\$5,701	\$6,000	\$6,834	\$7,314
SES2	\$8,593	\$8,382	\$9,580	\$9,700
SES3	\$13,399	\$12,660	\$13,898	\$13,177

Table 13 shows the incentive payment received as a proportion of Base Salary and TRP, for eligible employees.

**Table 13**  
**Proportion of Incentive Payment (to Base Salary and TRP)**

Band	Avg. Proportion of Base Salary		Avg. Proportion of TRP	
	2002	2003	2002	2003
SES1	5.5%	6.0%	4.0%	4.3%
SES2	6.6%	6.6%	4.9%	4.8%
SES3	7.4%	7.2%	5.7%	5.3%

As is evident from Table 13, SES1 employees received proportionately higher incentive payments in 2003 compared with 2002. SES2 and SES3 employees received proportionally lower or similar incentive payments compared with 2002.

## Retention Bonus

Special 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.

The majority (96.6%) of SES employees are not eligible for a retention bonus, and only 22% of agencies have employees who are eligible to receive a retention payment. Of those eligible, the majority (84.9%) were paid a retention bonus in 2003. Only a small proportion of SES employees (3.8%) who received a retention bonus took it as an increase in salary (and received it over a whole year).

The average retention bonus for SES1 employees was \$9,150 and \$10,521 for SES2. On average, this represents 5.9% and 5.6% of average TRP respectively. No SES3 employees were paid retention bonuses in 2003.

## Total Reward

Total Reward (TR) represents the sum of TRP and actual incentive payments. Figures 6 and 7 show average and median TR for SES employees between 2000 and 2003.

Please note that TR levels and movements presented here are also impacted by the changes in methodology for the 2003 survey. For more information on the impact of these changes refer to *Section 2: Introduction (p. 6)*.

**Figure 6**

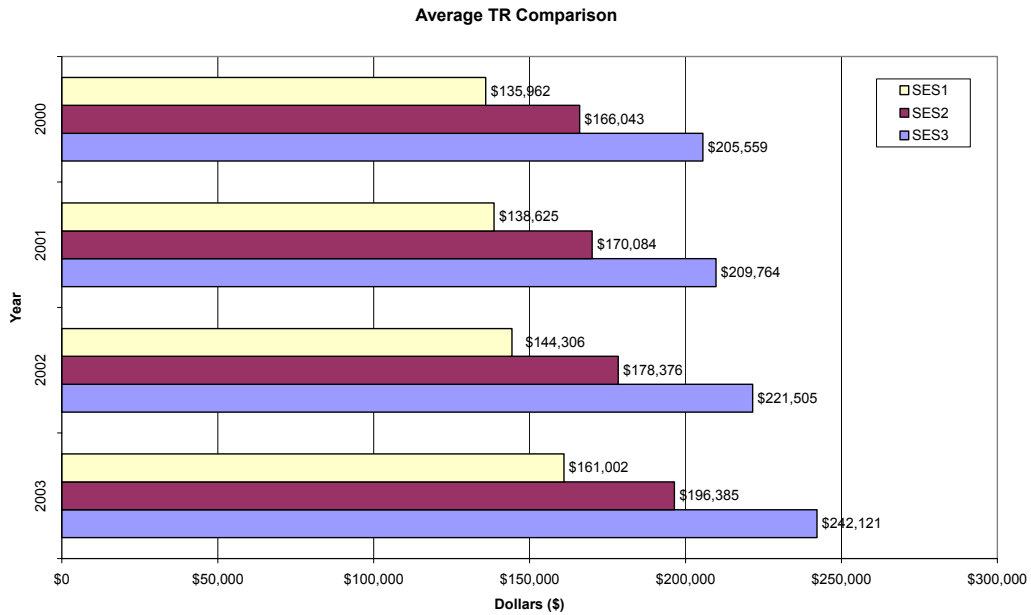
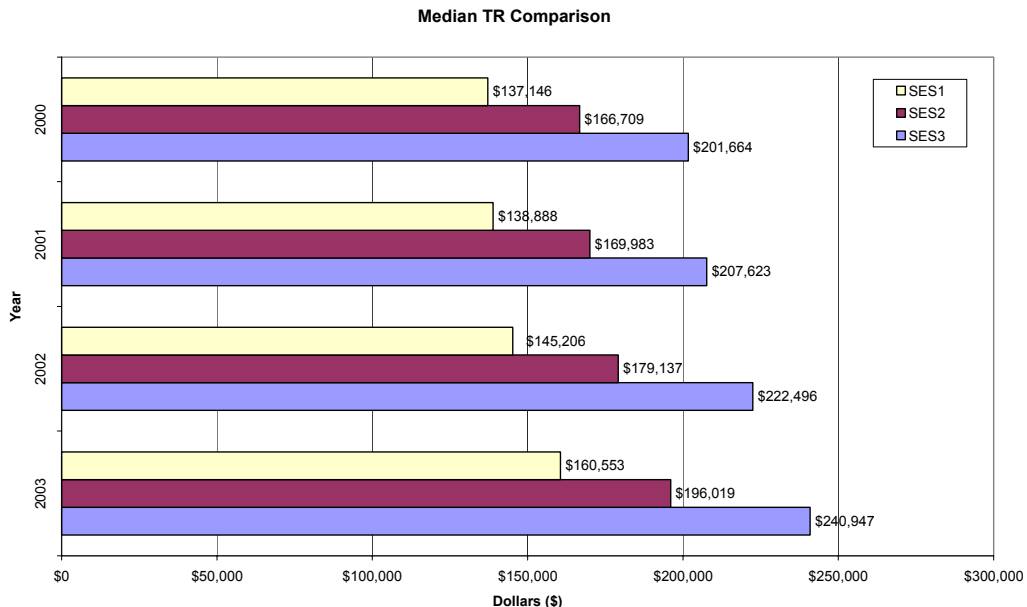


Figure 6 shows that on average, TR has steadily increased for SES employees between 2000 and 2003. On average, the percentage increases between 2002 and 2003 were 11.6% at SES1, 10.1% at SES2, and 9.3% at SES3.

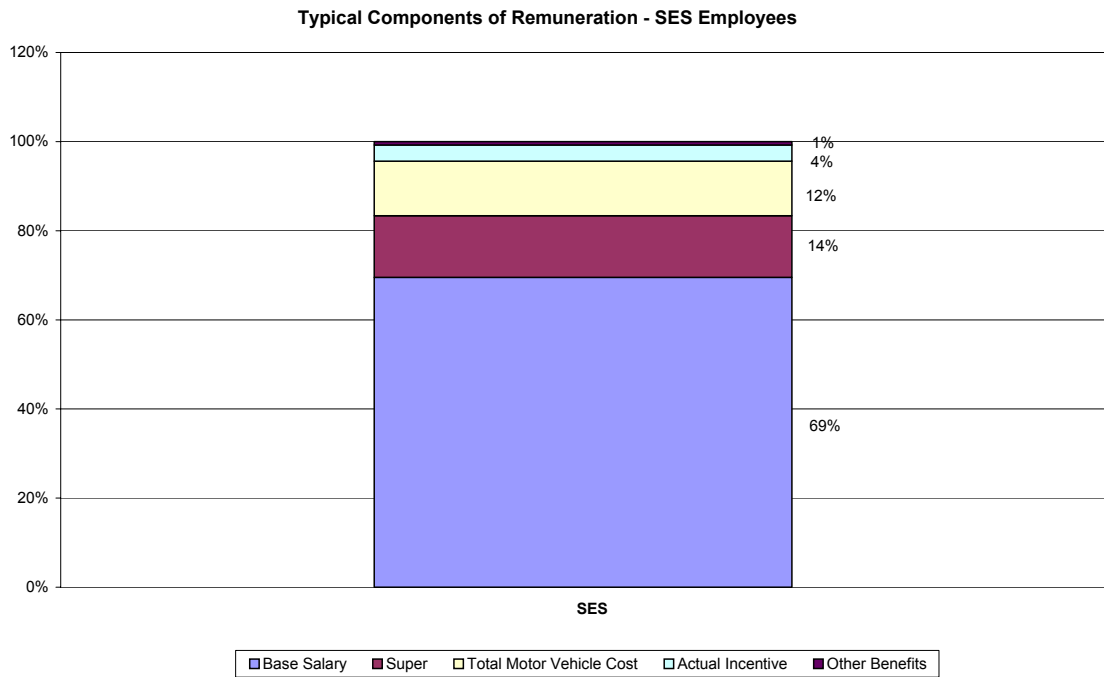
**Figure 7**



Consistent with the average TR comparison, Figure 7 shows that TR has increased at the median levels for SES employees between 2000 and 2002. The median percentage increases between 2002 and 2003 were 10.6% at SES1, 9.4% at SES2, and 8.3% at SES3.

Figure 8 illustrates graphically the typical breakdown of remuneration components for APS SES employees.

**Figure 8**



## Motor Vehicles

Motor vehicles are a traditional feature of remuneration in Australia, with their continued popularity reflecting their relative cost effectiveness as a remuneration component. It is often more tax effective for an employee to receive a vehicle as part of their TRP and incur the concessional fringe benefits tax (FBT), than receive the equivalent in salary on which they incur income tax.

Please note parking allowances and any associated Fringe Benefits Tax (FBT) are also included in the *Motor Vehicles* remuneration item.

The majority of SES employees continue to have a motor vehicle as part of their package. Table 14 presents quartile and average motor vehicle costs, using the revised methodology and including parking and FBT.

**Table 14**  
**Motor Vehicle Costs<sup>1</sup> (including Parking and FBT)**

Band	Q1	Median	Q3	Average
SES1	\$18,600	\$21,592	\$23,885	\$21,509
SES2	\$18,600	\$21,645	\$24,400	\$21,849
SES3	\$19,600	\$22,735	\$26,659	\$22,929
2003 Overall	\$18,600	\$21,611	\$24,071	\$21,657

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

In 2003, the methodology used in the survey for calculating the benefit value of motor vehicles was changed to apply a consistent approach across the sample group. For details on the change in methodology please refer to *Section 2: Introduction (p. 6)*. As a result of the changed calculation approach, a comparison with previous surveys is inappropriate.

However, Table 15 presents the median motor vehicle cost in 2002 compared with 2003, in order to illustrate the difference, which is primarily impacted by the change in methodology.

**Table 15**  
**Median Motor Vehicle Cost<sup>1</sup> - 2002 to 2003**

Band	2002	2003	% movement
SES1	\$18,500	\$21,592	16.7%
SES2	\$18,600	\$21,645	16.4%
SES3	\$20,000	\$22,735	13.7%
Overall	\$18,600	\$21,611	16.2%

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

## Superannuation

Table 16 compares median and average superannuation between 2002 and 2003. Please note that the superannuation is defined as the employer contribution plus the Employer Productivity Superannuation Contribution (EPSC) component or the superannuation guarantee.

**Table 16**  
**Median Superannuation Comparison – 2002 to 2003**

Band	Median Superannuation		% Movement	Average Superannuation		% Movement
	2003	2002		2003	2002	
SES1	\$22,772	\$19,300	18.0%	\$22,123	\$18,202	21.5%
SES2	\$29,824	\$24,452	22.0%	\$27,917	\$22,787	22.5%
SES3	\$36,262	\$30,881	17.4%	\$36,018	\$29,506	22.1%

We note the considerable increase in superannuation (both at the median and average) from 2002 to 2003. This increase may be a result of a change in the wording of the survey question relating to superannuation (refer to *Section 2: Introduction, p. 6*).

The particularly high increases in the reported superannuation in the 2003 survey (compared with previous years) suggest that this data may have been reported incorrectly in the past. Comparisons with previous year's data are therefore not appropriate in 2003.

Consistent with 2002, Figure 9 shows that the majority of SES employees are members of either the PSS or CSS superannuation funds. 65% of SES employees surveyed are in the CSS, 34% in the PSS and 1% of SES employees are covered by a fund other than CSS or PSS. In 2002, these percentages were 69%, 30% and 1% respectively.

**Figure 9**

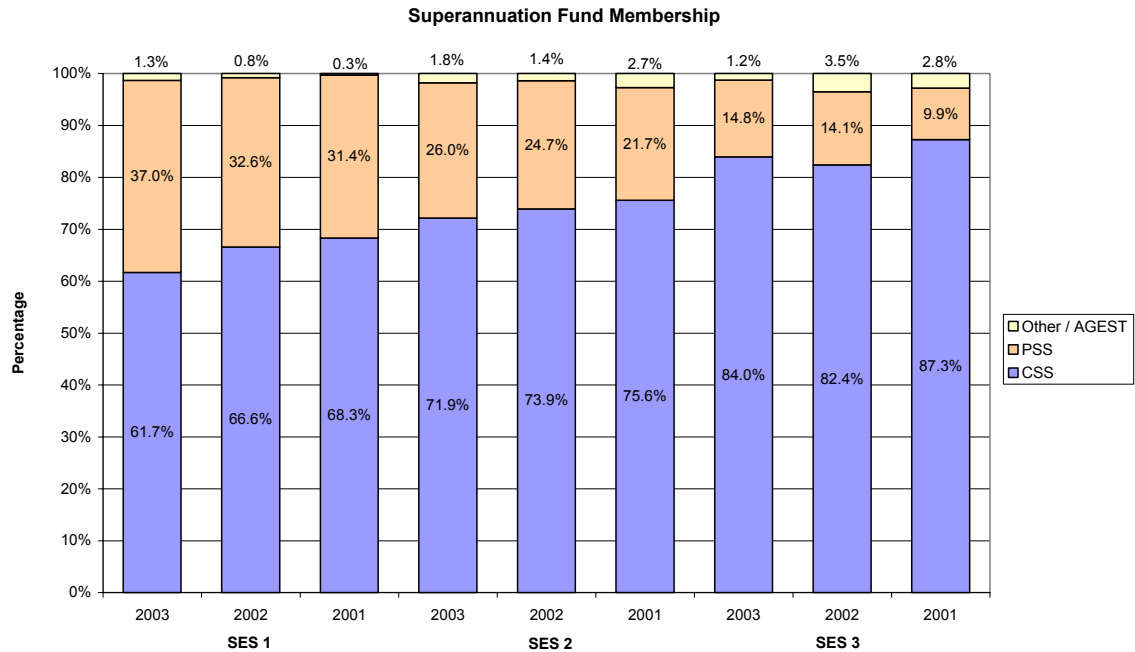


Table 17 shows the average superannuation value between the CSS, PSS and “other” superannuation funds in 2003. As depicted, average CSS superannuation values are greater than PSS and “other” across all SES levels.

**Table 17**  
**Average Fund Superannuation (\$)**

Band	CSS	PSS	Other <sup>1</sup>
SES1	\$26,368	\$15,390	\$12,605
SES2	\$31,977	\$18,138	\$11,280
SES3	\$38,094	\$22,922	-

1. Includes AGEST and other Superannuation funds

# 5

## **Findings – Remuneration Policy**

Forty-eight agencies submitted data for the SES Remuneration Policy and Practices survey. The list of participants is included in Section 3: *Survey Participants (p. 11)*.

### **Communication of Executive Remuneration Strategy**

Essential to any organisation is a well-developed executive remuneration strategy which reflects an organisation's objectives. A remuneration strategy is not developed in isolation, but flows down from the organisation's broader HR strategy and business strategy and should therefore include performance measures that:

- align with organisational strategies;
- are linked to stakeholder interests; and
- motivate the desired behaviours.

In 2003, 82% of the agencies surveyed stated that they have a formal executive remuneration strategy that is communicated to executives (10% higher than in 2002). Furthermore, 77% of agencies surveyed said their formal remuneration strategy forms the basis for program design and pay decisions (2% less than in 2002). This result is testament to the continuing commitment of agencies to the communication of remuneration strategies and practices, and to the use of more sophisticated remuneration practices in the APS.

### **Remuneration Strategy Focus**

In 2003, the proportion of agencies that had performance pay arrangements in place (89%) outweighed the proportion that had retention pay strategies (21%).



In 2003, agencies showed a strengthened commitment to using a combined TRP and performance pay strategy compared to 2002, and a move away from separate TRP and performance-only pay strategies (Table 18).

**Table 18**  
**Focus of Remuneration Strategy (% of Agencies)**

	<b>2003</b> <b>(n=44)</b>	<b>2002</b> <b>(n=50)</b>	<b>2001</b> <b>(n=50)</b>	<b>2000</b> <b>(n=51)</b>
Total remuneration package (TRP)	32%	60%	44%	47%
Performance pay (incentives)	5%	26%	22%	20%
TRP and performance pay	61%	48%	56%	65%
Retention payments	2%	6%	7%	10%

\* These figures reflect incidence; they do not sum to 100% vertically.

## Remuneration Mix

The remuneration mix pertains to the mix between fixed pay, variable reward and non-financial reward. In general, the mix of financial rewards relates largely to an individual's impact on organisational performance, with the proportion of incentive pay increasing as the level of the executive increases.

The requirement for agencies across all public service jurisdictions to improve performance, and the move towards performance-based employment contracts for executives has been paramount to the development of performance-based cultures within the wider public service.

Incentive payments in the APS are generally linked to performance levels in the short term. Performance-driven cultures see performance incentives as a means of rewarding high-performing individuals.

As part of the remuneration policy focus for the agencies surveyed, data was collected on the total reward split between TRP and performance pay for the year to 31 December 2003. Table 19 shows the average results.

**Table 19**  
**Average Reward Split**

	<b>SES1</b> <b>(n=36-44)</b>	<b>SES2</b> <b>(n=29-34)</b>	<b>SES3</b> <b>(n=24-27)</b>
TRP	89%	86%	87%
Performance pay	11%	13%	11%

\* These figures reflect average; they do not sum to 100% vertically.

\* The sample sizes differ depending on the category, with the minimum and maximum samples sizes provided above.

Table 19 shows a very similar division between TRP and performance pay for SES1 to 3. In 2002, the same pattern was found, where the proportion of performance pay relative to TRP was consistent across SES levels. Furthermore, this trend supported the 2002 claim that 82% of agencies plan not to make any changes to their remuneration mix in 2003. This year, 89% of agencies found their remuneration mix adequate, and indicated no plans to change it in the coming year.

## Executive Remuneration Benchmarking

To facilitate the management of remuneration, organisations generally have:

- a pay policy in regard to the selection of appropriate market(s) for remuneration comparison purposes; and
- a targeted pay policy position (eg 25th percentile, median, etc).

Of those agencies who are using the benchmarking process, a general overview of their target position against the relevant peer group is provided in Table 20. For example, when referencing the DEWR remuneration survey group, agencies state they generally position themselves at the median (50<sup>th</sup> percentile) for benchmarking incentives, and between the 60<sup>th</sup> and 75<sup>th</sup> percentiles for benchmarking TRP, across SES levels.

**Table 20**  
**Remuneration Benchmarking Comparator Groups – Median Target Percentile Reported**

	SES1		SES2		SES3	
	TRP	Inc <sup>1</sup>	TRP	Inc <sup>1</sup>	TRP	Inc <sup>1</sup>
DEWR remuneration survey group	60th (n=32)	50th (n=22)	75th (n=25)	50th (n=16)	75th (n=19)	50th (n=13)
Select public sector agencies	75th (n=24)	50th (n=17)	75th (n=17)	50th (n=11)	75th (n=13)	50th (n=9)
Use published survey data	50th (n=7)	50th (n=6)	70th (n=5)	60th (n=4)	60th (n=4)	-
Reflect non SES increases	75th (n=7)	-	75th (n=5)	-	-	-

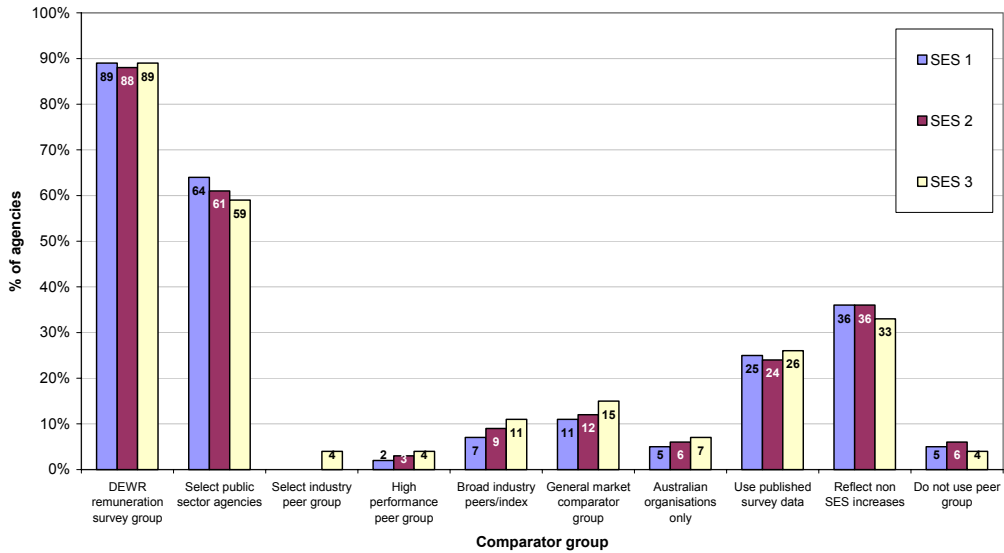
1. Refers to incentives

90% of agencies reported that they do not plan to make any changes to these target percentiles in 2004. Given the consistency with which agencies are targeting competitive market positions (i.e. positions above the median or 50<sup>th</sup> percentile), TRP movements may be expected to increase as the majority of the sample continues to pull remuneration levels up.

Figures 10 and 11 show the percentage of agencies comparing themselves against various comparator groups when considering TRP and incentive pay decisions respectively. Unchanged from 2002 is the large proportion of agencies that see their main peer groups to be the DEWR remuneration survey group and select public sector agencies.

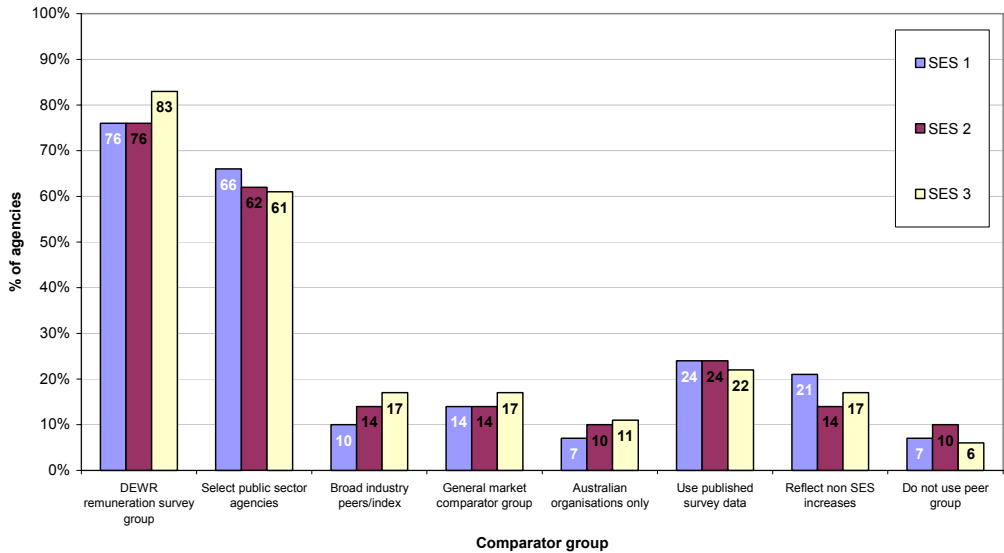
**Figure 10**

**TRP Comparator Groups**



**Figure 11**

**Incentive Comparator Groups**



## Attraction and Retention

Table 21 below shows agencies' perceptions of their main competitors for talent at each SES level. Other agencies in the Commonwealth Public Sector continue to be the main competitors in terms of attraction and retention.

**Table 21**  
**Key Competitors for the Attraction & Retention of Talent (% of Agencies)**

	<b>SES1 (n=44)</b>	<b>SES2 (n=33)</b>	<b>SES3 (n=25)</b>
Commonwealth public sector	96%	94%	92%
Other public sector (State or Local government)	59%	55%	48%
Government Business Enterprises	39%	42%	36%
Private sector	34%	36%	32%
Other	7%	6%	4%

Tables 22 and 23 show the minimum and maximum TRP amounts for agencies' salary bands across each classification level, as defined in the respondents' remuneration policies. Please note that these are not necessarily actual amounts paid.

At SES1 and 2, there is around a 20% difference between minimum and maximum average TRP amounts, and a 15% difference at SES3. Such a spread indicates agencies are using the remuneration range to manage and reward individual performance, competence and accountabilities, while also taking into account external market pressures. Such an approach is likely to improve the attraction and retention of key talent within the APS.

**Table 22**  
**Minimum TRP Amounts as Defined in Remuneration Policy**

	<b>Q1</b>	<b>Median</b>	<b>Q3</b>	<b>Average</b>
SES1 (n=33)	\$104,175	\$123,740	\$137,000	\$111,644
SES2 (n=25)	\$120,000	\$152,235	\$162,079	\$129,981
SES3 (n=20)	\$153,825	\$186,014	\$204,688	\$160,608

**Table 23**  
**Maximum TRP Amounts as Defined in Remuneration Policy**

	Q1	Median	Q3	Average
SES1 (n=30)	\$130,114	\$147,366	\$161,932	\$133,509
SES2 (n=22)	\$148,750	\$174,504	\$201,606	\$158,663
SES3 (n=17)	\$182,955	\$218,717	\$230,800	\$184,147

## Total Remuneration Approach

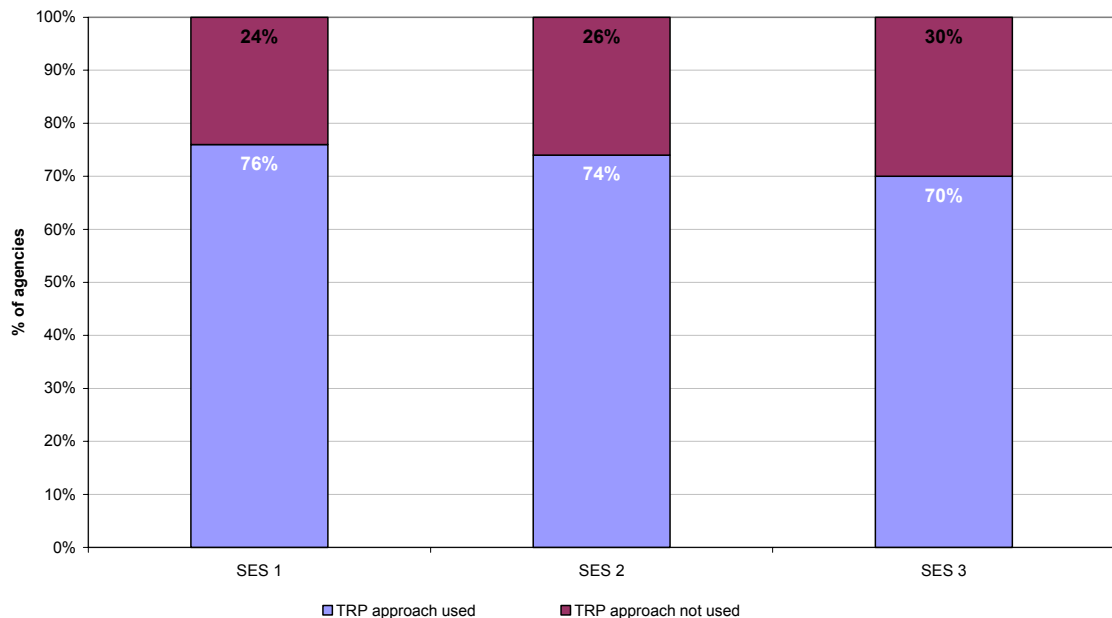
A total remuneration approach exists where an agency calculates the costs associated with employing an individual beyond Base Salary. Within the APS the package is described as a Total Remuneration Package (TRP).

Calculating the 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 2003, 73% of agencies reported using a TRP approach to managing remuneration.

As Figure 12 shows, in 2003 76% of agencies reported that they use a total remuneration approach for their SES1 employees, 74% for their SES2 and 70% for their SES3 employees. This result is almost identical to that reported in 2002, when agencies reported using a TRP approach for 76% of SES1 employees, 74% of SES2 employees, and 69% of SES3 employees.

**Figure 12**

**Incidence of a Total Remuneration Package Approach**



## Package Flexibility

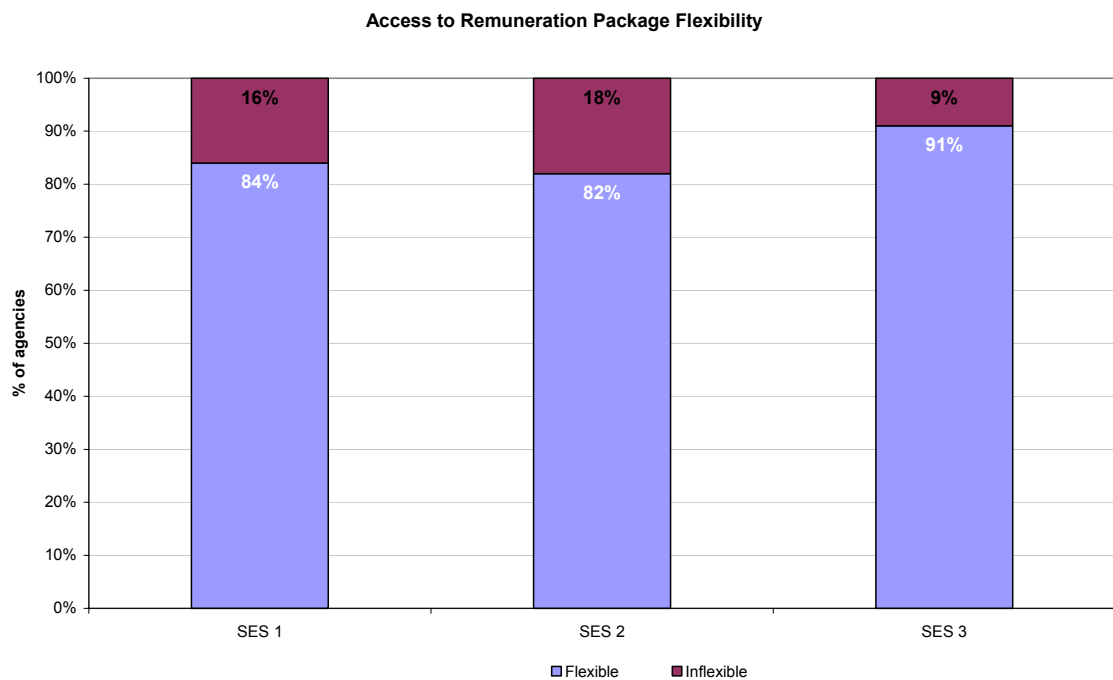
Flexible packaging exists where employees exercise some discretion in the composition of their remuneration packages. In most cases, this allows individual staff to salary sacrifice (i.e. to choose the mix and value of remuneration items so long as the cost does not exceed the allocated TRP, and all tax liabilities are met). This additional feature results in a flexible remuneration package as distinct from a remuneration package with a fixed set of benefits. Flexible packaging can motivate employees, in addition to helping agencies attract employees without having to offer the highest level of remuneration.

Flexible packaging:

- can provide additional financial benefit to individuals at no extra cost to the employer; and
- provides increased lifestyle-driven choices for individuals (eg. an employee may choose a higher value of superannuation contributions and a lower-valued packaged car).

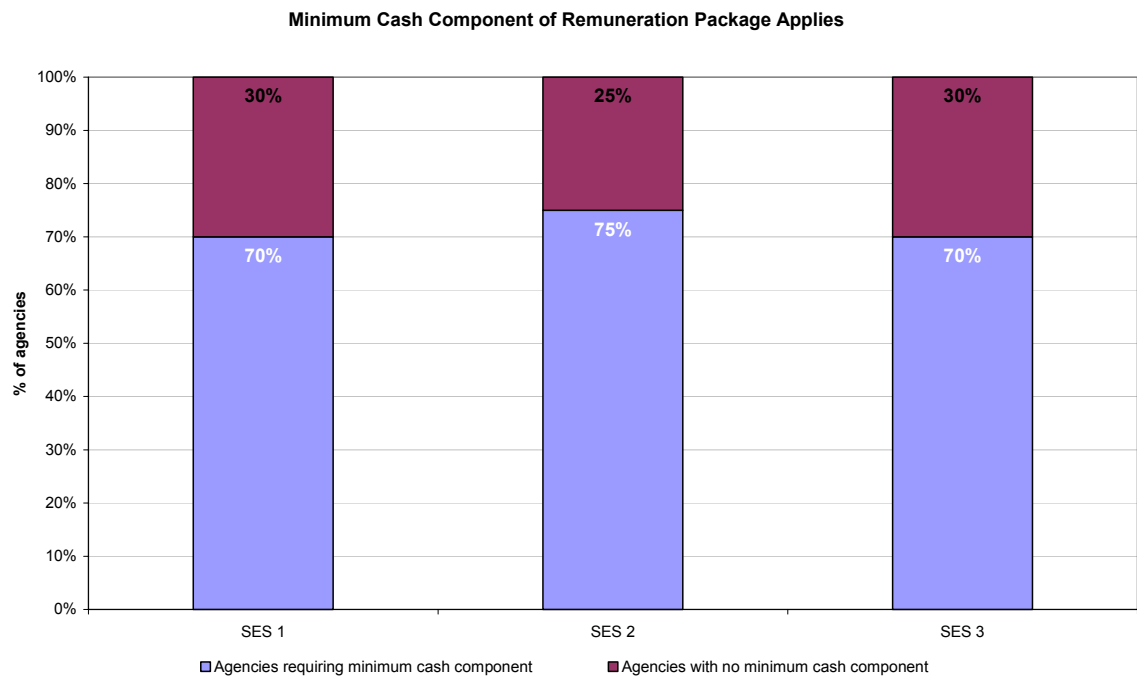
Consistent with previous survey findings, Figure 13 illustrates that the majority of SES employees are given flexibility to vary the composition of their TRP.

**Figure 13**



As shown in Figure 14, at the SES1 level, 70% of agencies require executives to take a minimum amount of their TRP in cash. This is also true of 75% of agencies at SES2 and 70% of agencies at SES3.

**Figure 14**



The data presented in Table 24 suggests that where a minimum cash component applies, the median requirement is 50% of TRP across all SES levels. The average minimum cash component required is 51%, 49% or 47% of TRP for SES1, SES2 and SES3 respectively.

**Table 24**  
**Remuneration Package Cash Minimum (% of employee's package)**

	<b>Median</b>	<b>Average</b>
SES1 (n=23)	50%	51%
SES2 (n=17)	50%	49%
SES3 (n=13)	50%	47%

Table 25 shows the benefit items that employees are able to include in their remuneration packages, (regardless of employee preference to take up the benefit), and whether employees are required to salary sacrifice these benefits.

**Table 25**  
**Provision of Remuneration Package Items**

	Item is Available		Item is costed to Remuneration Package <sup>1</sup>	
	%	Count	%	Count
Employer superannuation contribution (over and above PSS/CSS schemes) (n=15)	67%	10	67%	10
Employee superannuation contributions (over and above PSS/CSS schemes) (n=29)	93%	27	41%	12
Motor vehicle (n=38)	97%	37	71%	27
Motor vehicle options or upgrades (n=17)	94%	16	71%	12
Second motor vehicle (n=15)	93%	14	53%	8
Parking (n=20)	90%	18	75%	15
Laptop (n=29)	100%	29	17%	5
Mobile phone (n=26)	100%	26	23%	6
Professional association membership (n=24)	92%	22	38%	9
Club/gym subscriptions (n=11)	91%	10	46%	5
Health insurance (n=9)	100%	9	33%	3
Financial planning (n=13)	92%	12	46%	6
Payment of private telephone accounts (n=11)	82%	9	55%	6
Dependent's education expenses (school fees) (n=4)	100%	4	50%	2
Self-education expense (n=13)	100%	13	54%	7
Child care (n=7)	100%	7	43%	3
Spouse travel (n=8)	75%	6	50%	4
Internet connection at home (n=22)	91%	20	36%	8
Rental assistance (n=4)	100%	4	25%	1
Airline club membership (n=28)	89%	25	36%	10
Home office (n=16)	94%	15	44%	7
Other <sup>2</sup> (n=4)	100%	4	25%	1

1. That is, the item is salary sacrificed by employees

2. Other includes cost of work related papers/periodicals, uniforms, disability/incomes protection insurance and work related travel expenses.



Consistent with the results in 2002, employee superannuation contributions, motor vehicles (including options or upgrades), laptops, mobile phones, professional memberships and airline club memberships are the most popular benefits available for SES employees to package.

## Definition of Remuneration

There are varying practices relating to how remuneration is defined for the purpose of calculating certain benefit items and remuneration components. The two common definitions used are:

- Base Salary; and
- Total Remuneration Package.

Agency practice in using these definitions to calculate a range of benefit and remuneration items is shown in Table 26.

**Table 26**  
**Basis of Calculating Benefit Entitlements & Remuneration Items (% of Agencies)**

	Base Salary	TRP
Leave (n=45)	98%	2%
Employer super contributions (n=43)	98%	2%
Pay in lieu (n=44)	98%	2%
Notice period on termination (n=44)	100%	-
Severance payments on redundancy (n=45)	100%	-
Incentive payments (n=36)	94%	6%
Remuneration budgeting for the agency (n=41)	32%	68%
Remuneration increases for individuals (n=42)	88%	12%

As Table 26 shows, using Base Salary as the definition of remuneration is far more prevalent than using TRP when calculating most benefit entitlements and remuneration items, except in the case of remuneration budgeting for the agency (68% report using TRP for this purpose compared with 29% in 2002).

In 2003, 43% of agencies reported that their remuneration policy allows an employee to negotiate a superannuation salary which differs from the employee's Base Salary, compared with only 19% last year. This suggests that agencies are becoming more flexible with the definition of remuneration for superannuation purposes.

## Remuneration Budgets and Increases

The 2003 survey asked participants to report average actual increases in TRP passed on to SES employees at their 2003 remuneration review. The results are shown in Table 27 below.

**Table 27**  
**Average Reported Total Remuneration Package Increases in 2003**

	Q1	Median	Q3	Average
SES1 (n=45)	3.5%	4.0%	5.5%	4.9%
SES2 (n=34)	3.5%	4.0%	5.1%	4.6%
SES3 (n=26)	4.0%	4.1%	6.4%	5.3%

At the median, average reported TRP increases in 2003 were similar to those reported in 2002. At the average, reported increases were lower in 2003 than in 2002, although are still above the median, indicating a higher proportion of larger increases.

The percentage increases reported in Table 27 are below actual movements between 2002 and 2003 (as reported in *Section 4: Findings Remuneration Items, p. 17*). The following may be contributing factors to the variation between actual results and reported values:

- a change in the methodology for valuing cars to remuneration packages has increased the TRP movements reported in the Remuneration Survey. The change in car value is not taken into account when agencies report the actual increases that have been passed on to SES employees;
- revision of the survey definition for superannuation has led to an increase in reported values, although the actual cost of the provision of superannuation is unlikely to have changed significantly. The data in Table 27 will not have been impacted by the change in superannuation definition to the same extent as actual values reported for survey TRP.
- the survey question asks agencies to provide the average increase in TRP passed on in the 2003 remuneration review, and therefore relies on contributors to estimate or calculate an average percentage increase;
- there are some differences in the sample group between the remuneration survey and the HR Policies and Practices survey (as detailed in *Section 3: Survey Participants, p. 11*) and this could explain differences between the results in the two surveys. For example, if those participants in the HR Policies and Practices survey passed on considerably lower increases than those participating in the Remuneration survey. Alternatively, the inclusion in the Remuneration survey (and exclusion in the HR Policies and Practices survey) of agencies that passed on particularly high increases in 2003 could increase the differences between the sample groups.

Average and median budgeted remuneration movements to 2006 are shown in Table 28.

**Table 28**  
**Average and Median Budgeted Total Remuneration Package Increases**

	2004 (n=22-40)		2005 (n=16-30)		2006 (n=11-23)	
	Average	Median	Average	Median	Average	Median
SES1	3.6%	4.0%	3.3%	4.0%	3.1%	4.0%
SES2	3.5%	4.0%	3.2%	4.0%	3.0%	4.0%
SES3	3.6%	4.0%	2.9%	4.0%	2.5%	4.0%

\* The sample sizes differ depending on the category, with the minimum and maximum samples sizes provided above.

The information presented above indicates that:

- the average projected TRP remuneration increase over each of the next three years for SES levels ranges from 2.5% to 3.6%;
- the median projected TRP remuneration increase over each of the next three years for all SES levels is consistently at 4.0%.

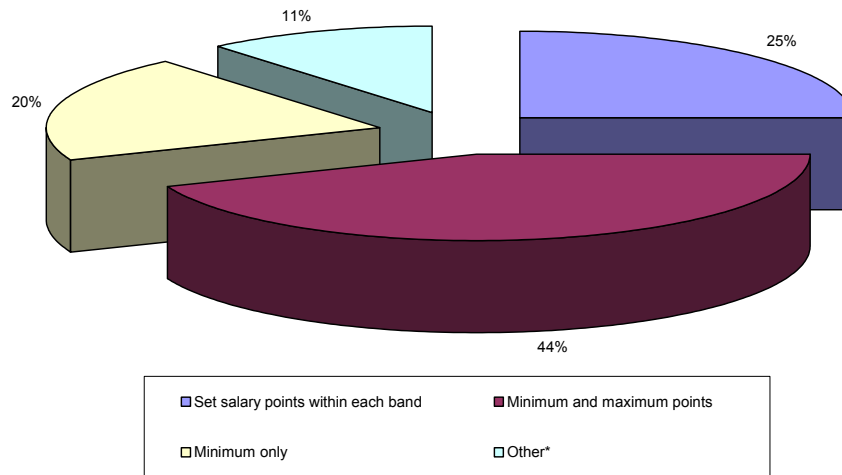
The differences between the average and median forecast increases can be explained by progressively smaller forecasted increases provided by a number of agencies (reducing the average).

## Salary Points

Figure 15 shows that agencies most commonly set Base Salary using minimum and maximum points or use set salary points within each band. Of the agencies using set salary points, 50% reported that individuals advance to the next pay point in addition to receiving a salary increase (i.e. receive an agency-wide salary increment in addition to being progressed to the next salary point), compared with 29% in 2002, and 43% in 2001.

**Figure 15**

How Agencies set Base Salary



\* Other includes as determined by the Secretary

### Annual Remuneration Review Process

Table 29 presents the overall proportion of agencies with an annual review process, an approval process or grievance procedures. Table 30 shows the timing of remuneration reviews for agencies who conduct them.

**Table 29**  
**Annual Review Processes**

	<b>% of Agencies</b>
Annual remuneration review process for SES employees	80%
Approval process for determining individual remuneration increases	91%
Grievance procedure for SES annual remuneration review process (formal and informal)	87%

**Table 30**  
**Timing of Remuneration Reviews (% of Agencies)**

	<b>SES1 (n=34)</b>	<b>SES2 (n=29)</b>	<b>SES3 (n=23)</b>
Yearly, at the same time for all or most SES employees	82%	83%	87%
Yearly, on employee's anniversary of commencement or birthday	-	-	-
Half-yearly	9%	10%	13%
Every 18-24 months	-	-	-
Other	9%	6%	-

\* The sample sizes differ depending on the category, with the minimum and maximum samples sizes provided above.

We note that the majority of agencies participating in the survey had an annual review process and the information in Table 30 suggests that this is most commonly undertaken at the same time each year for all or most SES employees. The prevalence of half-yearly remuneration reviews has increased since 2002, with 11% of agencies in 2003 reporting half-yearly reviews, compared with only 4% in 2002.

Most of the participating agencies also reported an approval process for determining individual remuneration increases and a formal or informal grievance procedure in place for employees who are dissatisfied with the outcome of their annual remuneration review. This highlights the continuing emphasis placed on establishing workplace relations that value communication, consultation, co-operation and input from employees on matters that affect their workplace.

## Executive Performance Management and TRP

With the increased incidence of performance-based contracts for executives and the move towards cultures of high-performance, agencies have been putting increased emphasis on the development and implementation of performance management systems.

This section describes how agencies are assessing performance, and those performance indicators that influence the review of TRP.

99% of the participating agencies have a formal goal setting and performance appraisal process in place for SES employees.

As shown in Table 31, when assessing performance, the majority of participating agencies continue to use key performance indicators (KPIs) to assess their organisational results and executive performance, with approximate equal weighting given to the use of the balanced scorecard and financial measures across SES levels.

**Table 31**  
**Methods for Performance Assessment (% of Agencies)**

	SES1		SES2		SES3	
	2003 n=44	2002 n=49	2003 n=35	2002 n=37	2003 n=27	2002 n=28
Balanced Scorecard	14%	16%	11%	16%	15%	21%
Key Performance Indicators	96%	88%	94%	95%	93%	96%
Financial Measures	16%	16%	14%	16%	22%	21%
Other <sup>1</sup>	25%	29%	20%	16%	26%	25%

\* Other may include advice to Ministers and productivity.  
 Note: These figures reflect incidence; they do not sum vertically.

## SES Starting Salaries

Table 32 shows how APS agencies determine starting salaries for SES employees based on the results from the 2003 survey.

**Table 32**  
**Determining SES Starting Salaries (% of Agencies)**

	<b>SES1</b> <b>(n=45)</b>	<b>SES2</b> <b>(n=35)</b>	<b>SES3</b> <b>(n=27)</b>
At the discretion of the Secretary	51%	49%	44%
Using market data from remuneration surveys	4%	6%	4%
In line with others in the agency in the same SES band	20%	17%	15%
Job evaluation	7%	9%	7%
At the minimum of the SES band	18%	20%	22%
Other	-	-	7%

Overall, in just under 51% of agencies, SES starting salaries are determined at the discretion of the Secretary; compared with 80% in 2002. The use of market data from remuneration surveys and job evaluation have decreased across all SES levels since 2002.

## Motor vehicles

Table 33 shows how APS agencies determine motor vehicle costs for SES employees, compared with responses in 2002.

**Table 33**  
**Determining Motor Vehicle Costs (% of Agencies)**

	<b>SES1</b>		<b>SES2</b>		<b>SES3</b>	
	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>	<b>2003</b>	<b>2002</b>
	<b>n=44</b>	<b>n=49</b>	<b>n=36</b>	<b>n=38</b>	<b>n=29</b>	<b>n=29</b>
Using a formula or estimated value (eg Mercer car formula)	30%	27%	29%	24%	25%	24%
Using the actual annual costs of the vehicle (lease cost) excluding running, maintenance and other associated costs	11%	2%	11%	3%	11%	0%
Using the actual annual costs of the vehicle (lease cost) including running, maintenance and other associated costs	57%	55%	57%	61%	61%	62%
Other	2%	4%	3%	3%	4%	3%

Similar to previous years' findings, the inclusive definition of actual annual cost of the vehicle continues to be the most popular method for determining motor vehicle costs, followed by the Mercer or equivalent car formulae. However, we note that use of the exclusive definition of actual annual cost has increased at all SES levels since 2002.

The number of agencies not costing vehicles to remuneration was itself not a response option in 2003; however, by definition, it is addressed by the "Other" item. If respondents this year used "Other" to record the practice of not including the cost of vehicles to remuneration, then it can be said that the practice of not costing vehicles has remained relatively constant since 2002.

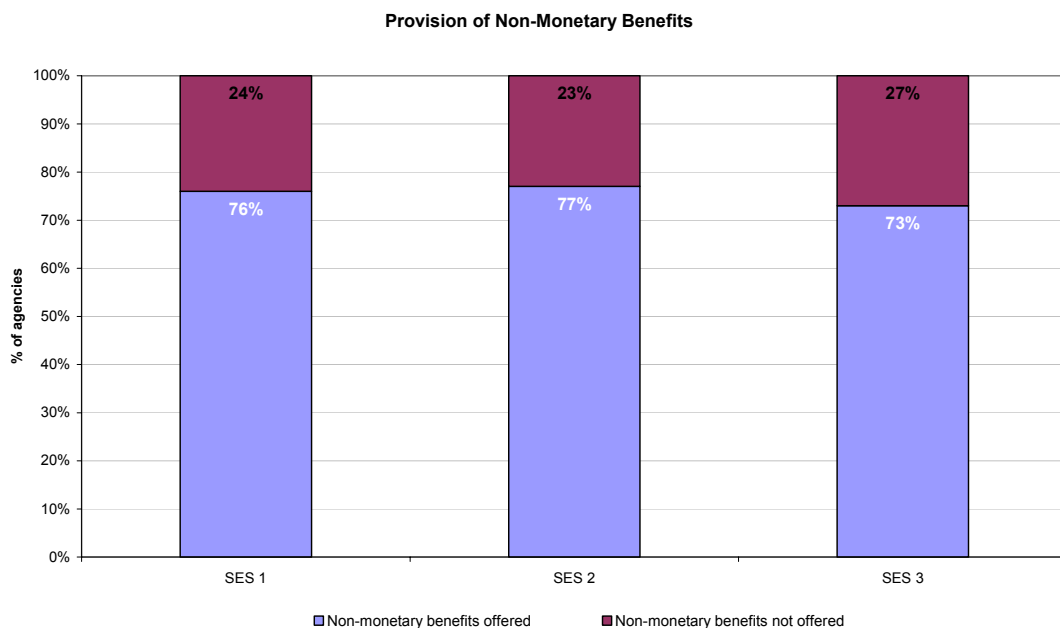
## Non-Monetary Benefits

The use of non-monetary benefits continues to be a popular tool in the market for rewarding employees. Non-monetary rewards can offer organisations a high return for minimal investment, and are generally used to reward behaviours that are aligned with business outcomes or broader organisational objectives, in order to provide a more holistic rewards package.

Indeed, successful organisations today recognise the need to provide a positive work context and growth opportunities, which are seen as critical reward elements for retaining key talent. This is even more pertinent in the public service environment, given the constraints on the market competitiveness of remuneration.

Figure 16 demonstrates that well over half of the agencies in the survey group offer non-monetary benefits to employees across SES levels. Table 34 details the non-monetary benefits available.

**Figure 16**





**Table 34**  
**Non-monetary Benefits Available to Employees (% of Agencies)**

	<b>SES1 (n=35)</b>	<b>SES2 (n=27)</b>	<b>SES3 (n=20)</b>
Purchased leave	89%	89%	90%
Additional leave	23%	22%	30%
Study tours/sabbaticals	20%	26%	30%
International exchange	6%	7%	10%
Other <sup>1</sup>	14%	19%	15%

1. Other includes business class travel.

As shown in Table 34, purchased leave continues to be the most popular non-monetary benefit, with its availability remaining relatively consistent with 2002 results. Additional leave also remains popular, although its availability has decreased across all SES levels since 2002.

## Variable Reward

A key part of developing a remuneration strategy involves deciding on the balance between fixed remuneration (TRP) and variable reward. Whilst fixed pay continues to remain the predominant component of executive packages in the APS (as shown in Table 19), incentive plans or other forms of variable reward are perceived as an important tool to assist agencies to improve organisational capability, meet broad organisational objectives, and deliver high quality policy advice and program administration.

Variable reward ties individual remuneration to organisation goals by making payment of the reward contingent upon the success of the individual, group or organisation. The following section highlights the range of factors and issues currently impacting on the structure, implementation and payment levels of variable reward.

The survey looks at the following items in regard to variable pay:

- eligibility;
- incidence;
- entry qualifications;
- performance measures;
- performance mix;
- payment vehicle;
- payment frequency; and
- plan funding.

We will also look at retention payments as well as incentive performance pay, in more detail.

## SES Retention Payments

Retention payments are made to some SES employees 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 arrangements which reward employees for achieving specific performance objectives. As expected, Figure 17 shows that the proportion of agencies with policies that provide for retention payments is low at all SES levels.

This low eligibility is by virtue of the fact that retention payments tend to be used as an alternative means of competing with market remuneration levels, particularly for employees with specialised skills, strong leadership capabilities, and those possessing significant intellectual capital. In 2003, only 3.4% of SES employees were eligible for a retention bonus (see *Section 4: Findings – Remuneration Items, p. 24*).

**Figure 17**

Eligibility for Retention Payment Arrangements

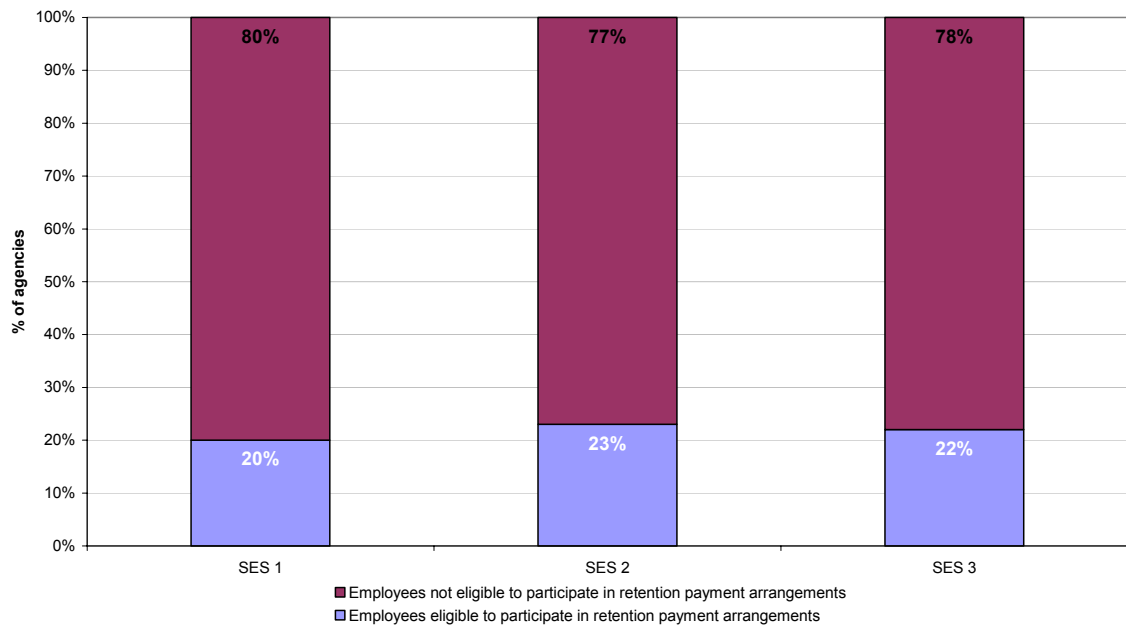


Table 35 below shows the criteria used to determine the offer of a retention bonus. Of the 22% of agencies with employees eligible to participate in retention payment arrangements, the most common criteria reported was the specialist skills required

**Table 35**  
**Retention Bonus Criteria (% of Agencies)**

	<b>SES1 (n=9)</b>	<b>SES2 (n=8)</b>	<b>SES3 (n=6)</b>
Critical to a project	44%	50%	50%
Specialist skills required	67%	63%	67%
Retain staff (eg pending corporatisation, sale or relocation)	56%	50%	67%
Other <sup>1</sup>	11%	13%	17%

1. Other includes at the Secretary's discretion.

For these agencies with eligible SES employees (22%), Table 36 indicates the timing of retention payments.

**Table 36**  
**Timing of Retention Payments (% of Agencies)**

	<b>SES1</b>		<b>SES2</b>		<b>SES3</b>	
	<b>2003 n=9</b>	<b>2002 n=12</b>	<b>2003 n=8</b>	<b>2002 n=11</b>	<b>2003 n=6</b>	<b>2002 n=9</b>
On completion of a milestone (eg. project)	33%	25%	38%	27%	50%	22%
At a point in time (eg. a defined period continuous employment)	89%	58%	88%	55%	83%	56%
Other <sup>1</sup>	11%	<sup>2</sup>	13%	<sup>2</sup>	17%	<sup>2</sup>

1. Other includes fortnightly.

2. Other<sup>1</sup> was not an option in the 2002 survey

The majority of agencies with employees eligible for retention payments did not cap payments. However, we note the small sample of agencies included in this group (10).

Where retention payments were made in 2003, the majority were provided as a cash lump sum.

Table 37 below shows that allocating a set amount of money in the budget is the most common form of funding of the reward pool for retention payments.

**Table 37**  
**Creation of a Pool of Funds for Retention Payments (% of Agencies)**

	SES1 (n=9)	SES2 (n=8)	SES3 (n=6)
A set amount of money is allocated in the budget	44%	50%	50%
Money is allocated from other budgets	33%	38%	33%
Other <sup>1</sup>	22%	13%	17%

1. Other includes paid from general funds.

### 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 in the general market include the *incentive matrix*, *performance scorecard* and *balanced scorecard*.

### Incidence

The majority of SES employees are eligible to participate in an incentive plan (91%). Figure 18 indicates the eligibility by SES level.

**Figure 18**

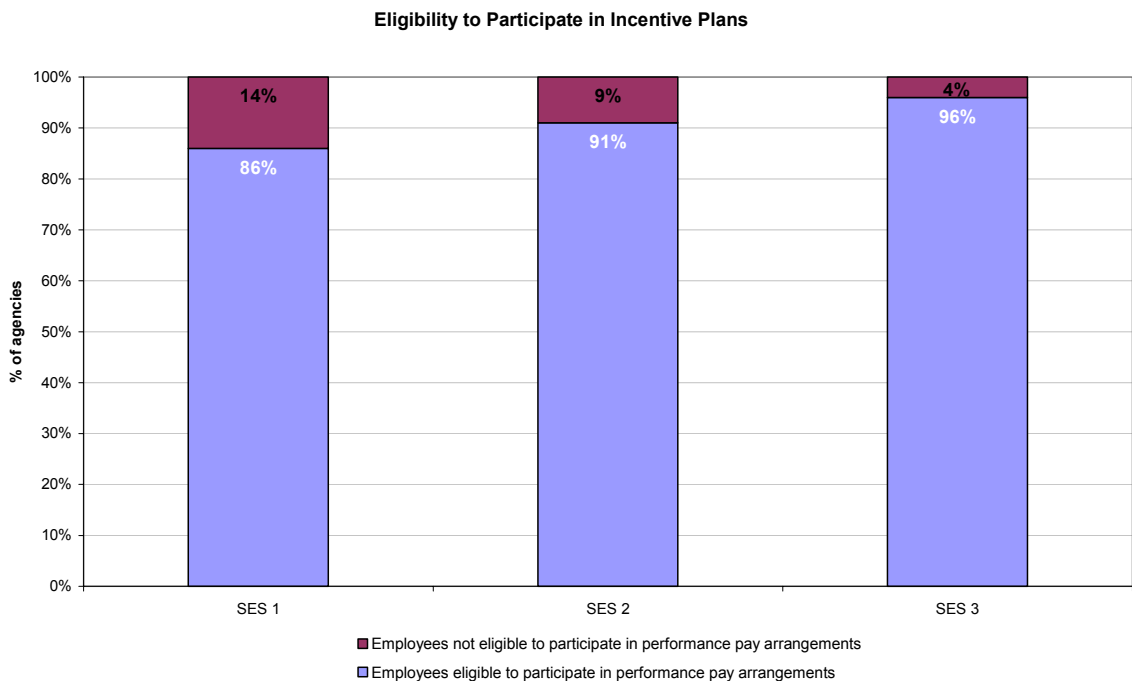


Table 38 below shows that across all SES levels, the most common entry qualification for performance payments is the employee meeting specific performance criteria, followed by a required period of employment and the agency meeting performance criteria.

**Table 38**  
**Entry Qualifications for Performance Pay Arrangements (% of Agencies)**

	<b>SES1 (n=39)</b>	<b>SES2 (n=32)</b>	<b>SES3 (n=26)</b>
After a required period of employment	46%	44%	46%
At required level of remuneration	3%	-	-
For specific grades or levels only	-	-	-
On employee meeting performance criteria	80%	78%	77%
On agency meeting performance criteria	23%	19%	15%
No entry qualifications	18%	19%	19%
Other <sup>1</sup>	5%	6%	4%

1. Other includes once AWA is in place.

### Performance Measures

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 are typically geared to meet the cultural and business needs of individual agencies. As such, they can be as varied as the survey group. Table 39 lists the most commonly used performance measures for APS SES employees.

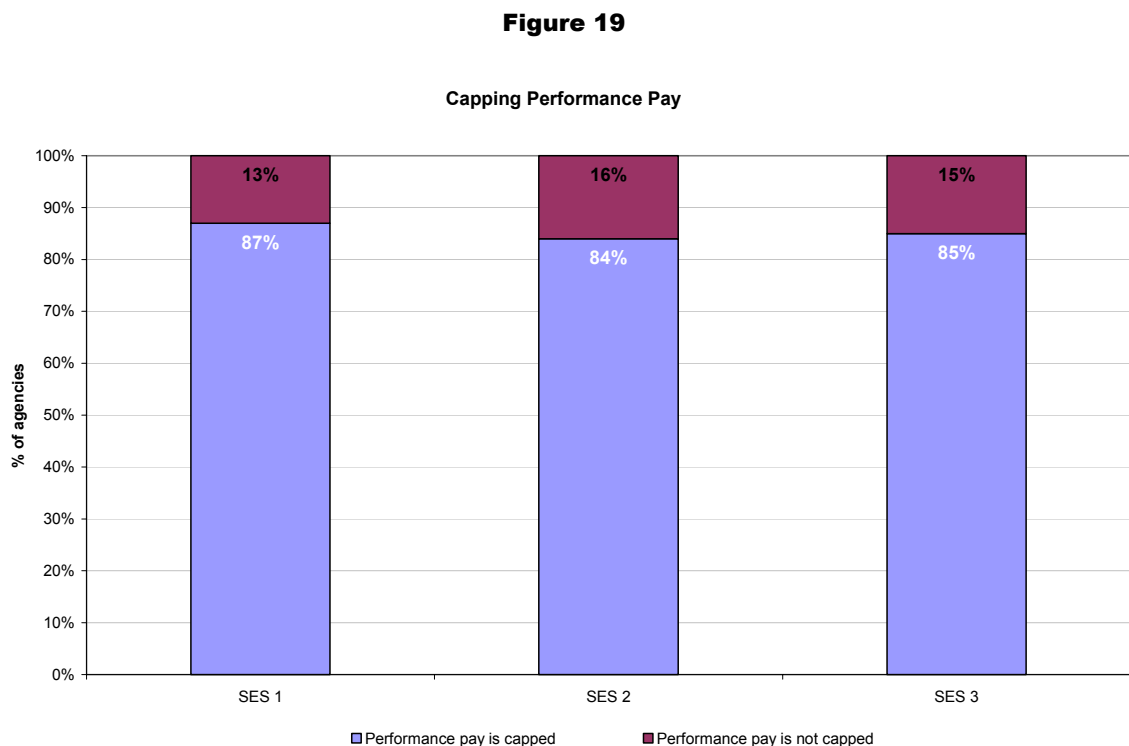
**Table 39**  
**Typical Performance Measures (% of Agencies)**

	<b>SES1 (n=39)</b>	<b>SES2 (n=32)</b>	<b>SES3 (n=26)</b>
Key business indicators	90%	88%	85%
Leadership	87%	91%	92%
Productivity	69%	69%	69%
Service levels	56%	50%	46%
Work in progress	56%	59%	58%
Customer satisfaction	46%	34%	31%
Employee training and development (eg skills acquisition)	26%	25%	27%
Revenue	15%	6%	8%
Absenteeism	8%	6%	4%
Occupational health and safety measures (eg time lost to injury)	8%	6%	8%
Other <sup>1</sup>	13%	16%	15%

1. Other includes demonstrated behaviours/values.

The most commonly reported performance outcomes linked to performance pay continue to be leadership, key business indicators, and productivity. The ongoing importance of leadership as a key performance measure in the APS highlights work force planning initiatives and the need within the APS to ensure a pool of potential leaders from which future executives can be selected. Also of note is the emphasis on key business indicators and service levels, which reflects the APS' focus on achieving results and managing performance.

Figure 19 below shows that, in 2003, the majority of agencies imposed a cap on the maximum incentive bonus payout, with the proportion being around 85% across all levels.



For eligible SES employees, the performance pay cap is largely determined as a percentage of an employee's remuneration.

**Table 40**  
**How the Performance Pay Cap is Determined (% of Agencies)**

	<b>SES1 (n=34)</b>	<b>SES2 (n=28)</b>	<b>SES3 (n=23)</b>
Percentage of bonus pool	-	-	-
Percentage of employee's remuneration	71%	71%	78%
Dollar value	21%	21%	17%
Discretionary	6%	7%	4%
Other	3%	-	-

### Performance Mix

The comparative influence of corporate, business unit and individual performance on incentive payouts is shown in Table 41 below. The achievement of individual goals is a key determinant of incentive payouts.

**Table 41**  
**Relative Influence of Performance on Incentive Payments (Median % Influence)**

	<b>SES1</b> <b>(n=13-36)</b>	<b>SES2</b> <b>(n=10-31)</b>	<b>SES3</b> <b>(n=9-25)</b>
Agency	33%	32%	42%
Unit/group	33%	42%	33%
Individual	69%	70%	70%

\* The sample sizes differ depending on the category, with the minimum and maximum samples sizes provided above.

### Payment Vehicle

Table 42 shows the various mechanisms in place for the distribution of performance payments. Most part or whole performance payments are distributed as a cash lump sum, while an increase in Base Salary forms part of the payment in between 16% to 23% of cases. Superannuation top-ups as a payment mechanism have remained the same at SES1 however they have decreased by 1% at SES2 and by 4% at SES3.

**Table 42**  
**Reward Mechanisms for Performance Payments (% of Agencies)**

	<b>SES1</b> <b>(n=39)</b>	<b>SES2</b> <b>(n=32)</b>	<b>SES3</b> <b>(n=26)</b>
Cash lump sum	95%	94%	92%
Increase in base salary	18%	16%	23%
Superannuation top-up	8%	9%	8%
Non-cash benefits	-	-	-
Other	3%	3%	4%

## Frequency

Incentive payments are commonly paid on an annual basis, as Table 43 below shows.

**Table 43**  
**Frequency of Performance Payments (% of Agencies)**

	<b>SES1 (n=39)</b>	<b>SES2 (n=32)</b>	<b>SES3 (n=26)</b>
Annually	90%	91%	89%
Bi-annually	8%	6%	8%
Quarterly	3%	3%	4%
Monthly	-	-	-
Irregularly, whenever targets are met	-	-	-

## Funding the Incentive Plan

A reward pool is usually created in order to fund an incentive plan. Table 44 below shows that the most common approach for agencies to fund performance pay plans is to allocate a set amount of money in the budget.

**Table 44**  
**Funding the Incentive Plan (% of Agencies)**

	<b>SES1 (n=39)</b>	<b>SES2 (n=32)</b>	<b>SES3 (n=26)</b>
A set amount of money is allocated in the budget	74%	69%	69%
Creation of a performance pay pool by exceeding efficiency dividend	-	-	-
Money is reallocated from other budgets	5%	6%	4%
A reduction of TRP increases	3%	3%	4%
Determined by the level of financial gain/control achieved during the plan period (eg reduction in costs)	-	-	-
Other	18%	22%	23%



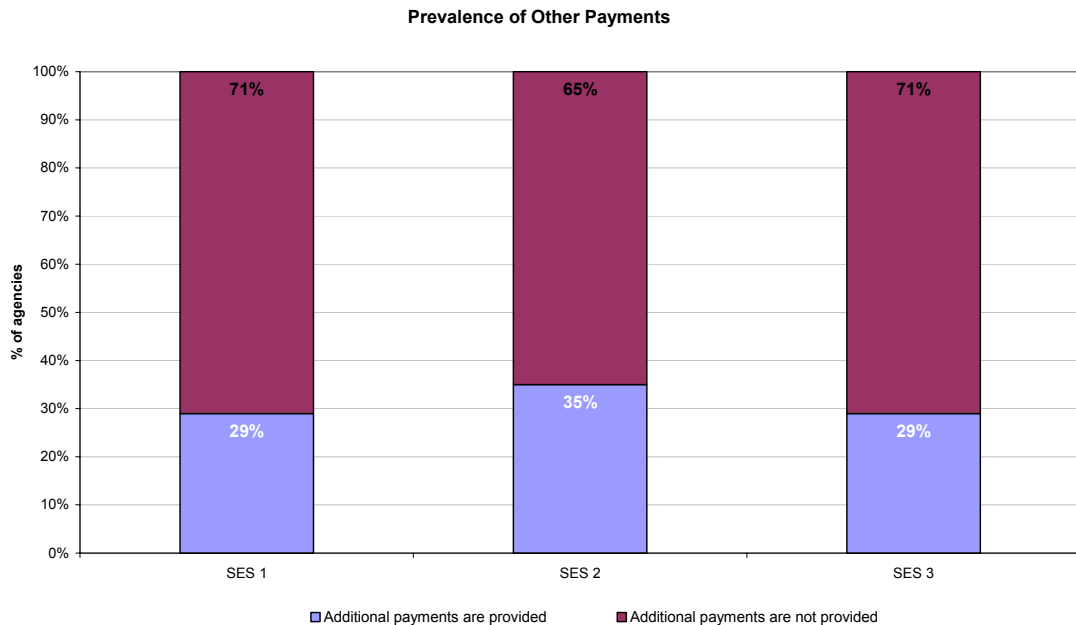
## Other Payments

Most agencies do not provide additional payments beyond Base Salary and incentive arrangements. However, where additional payments are provided, they typically include:

- Job and skills responsibilities loading/allowance;
- First Aid Allowance;
- Personal premiums and task loading allowance;
- Foreign Language Proficiency Allowance;
- Job Level Premium;
- Responsibility & skills supplement, maintenance of previous level of remuneration; and
- Supplementary remuneration in lieu of performance pay.

Figure 20 looks at whether additional payments (in addition to Base Salary and incentive payments) are provided in recognition of particular attributes, skills, expertise or experience.

**Figure 20**



Where “other payments” are available, an average of 80% (compared with 83% in 2002) of agencies generally provide these on an ongoing basis (Table 45).

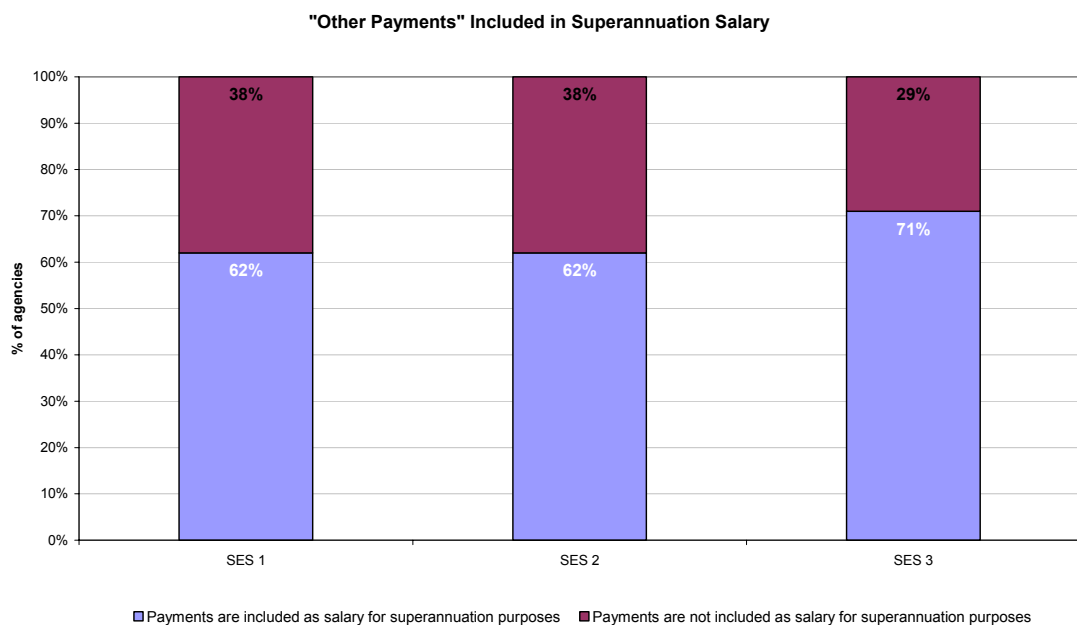
**Table 45**  
**Payment Structure for “other” Payments (% of Agencies)**

	<b>SES1 (n=13)</b>	<b>SES2 (n=13)</b>	<b>SES3 (n=7)</b>
One-off bonuses	8%	8%	-
Ongoing (eg in the nature of an allowance)	77%	77%	86%
Other*	15%	15%	14%

\* Other includes paid annually.

As Figure 21 below shows, around 62% to 71% of “other” payments were included as salary for superannuation purposes (compared with 52% in 2002).

**Figure 21**



Where agencies offer “other payments”, it is most common for all employees to be eligible to receive them.

## Australian Workplace Agreements (AWAs)

The following tables show the proportion of SES AWAs that expired and were renegotiated during 2003, and the proportion due to expire in the following years.

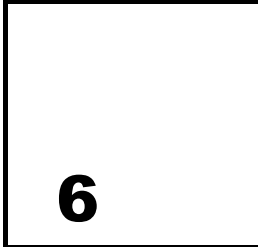
**Table 46**  
**Proportion of AWAs Expired and Renegotiated in 2003**

	<b>% of agencies</b>
SES1 (n=42)	62%
SES2 (n=33)	58%
SES3 (n=25)	60%

**Table 47**  
**Proportion of AWAs Due to Expire 2004 – 2006**

	<b>2004</b>	<b>2005</b>	<b>2006</b>
SES1 (n=24-36)	69%	68%	63%
SES2 (n=19-26)	62%	67%	58%
SES3 (n=15-20)	55%	69%	47%

\* The sample sizes differ depending on the category, with the minimum and maximum sample sizes provided above.



## **Time Series Analysis**

The following section contains time series analysis for the main components of remuneration, based on the results of previous surveys. When reviewing the time series data, it is important to take into account:

- changes in the composition of the sample (i.e. the agencies participating from one survey period to the next) from year to year, and the impact this may have on the data. For example, where a large agency with a tendency toward higher payment joins the sample, the year on year comparisons may be inflated;
- amendments to the survey methodology that impact on the analysis of data from one survey period to the next, making comparison between years inappropriate. For changes in the methodology in 2003, please refer to Section 2: Introduction (p. 6); and
- changes to the survey questions from one year to the next may impact the results, particularly regarding policy questions. For example, where a question specifies that respondents may choose more than one response, incidence is likely to be higher than in the previous year where the question was clearly defined as being a 'forced choice'.

In 2003, a change to the methodology for costing cars has artificially inflated the movements in the following remuneration items:

- Motor vehicles;
- TRP; and
- TR.

Revisions to the definition of superannuation may have corrected previous understatements of the value of superannuation, however it may have resulted in artificially high movements in the following remuneration items:

- Superannuation;
- TRP; and
- TR.

Finally, changes to the terminology used to define incentives (from 'on-target' to 'maximum') means year on year comparisons for this measure are unreliable. However, actual incentive payments for 2003 can still be compared to results from previous surveys.

In the case of the Base Salary and TRP time series analyses, historical data is available from 1996. Other analyses have been limited to data from 1999 as relevant details regarding incentive payments and package components are not available from earlier surveys.

## Base Salary

Table 48 presents Median Base Salary values from 1996 to 2003. Table 49 presents the year on year and overall corresponding percentage movement.

**Table 48**  
**Median Base Salary (1996 to 2003)**

<b>Band</b>	<b>October 1996<sup>1</sup></b>	<b>December 1998<sup>2</sup></b>	<b>December 1999<sup>3</sup></b>	<b>December 2000<sup>4</sup></b>	<b>December 2001<sup>5</sup></b>	<b>December 2002<sup>6</sup></b>	<b>December 2003<sup>7</sup></b>
SES1	\$80,818	\$87,441	\$88,900	\$94,679	\$99,178	\$103,340	\$109,000
SES2	\$99,609	\$106,055	\$108,998	\$117,000	\$121,737	\$126,843	\$137,088
SES3	\$120,193	\$127,021	\$132,212	\$145,000	\$153,286	\$159,812	\$170,000

1. Based on the 1996 APS wide rates as at October 1996
2. The 1998 survey is 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
5. The 2001 survey is based on data as at 31 December 2001
6. The 2002 survey is based on data as at 31 December 2002
7. The 2003 survey is based on data as at 31 December 2003

**Table 49**  
**Movements in Median Base Salary (1996 to 2003)**

<b>Band</b>	<b>96/98<sup>1</sup></b>	<b>98/99</b>	<b>99/00</b>	<b>00/01</b>	<b>01/02</b>	<b>02/03</b>	<b>Overall 96/03</b>
SES1	8.2%	1.7%	6.5%	4.8%	4.2%	5.5%	34.9%
SES2	6.5%	2.8%	7.3%	4.0%	4.2%	8.1%	37.6%
SES3	5.7%	4.1%	9.7%	5.7%	4.3%	6.4%	41.4%

Please note that this represents a 26-month increase

The average sample on sample increase for median Base Salary from 1996 to 2003 is 5.1% p.a. for SES1, 5.5% p.a. for SES2 and 6.0% p.a. for SES3.

## Total Remuneration Package

Table 50 shows the shifts in actual TRP since 1996, while Table 51 shows the percentage increases for the same period. Please note that the 2002/2003 movements are impacted by the changes in motor vehicle costing and reported superannuation values.

**Table 50**  
**Median Total Remuneration Package (1996 to 2003)**

<b>Band</b>	<b>October 1996<sup>1</sup></b>	<b>December 1998<sup>2</sup></b>	<b>December 1999<sup>3</sup></b>	<b>December 2000<sup>4</sup></b>	<b>December 2001<sup>5</sup></b>	<b>December 2002<sup>6</sup></b>	<b>December 2003<sup>7</sup></b>
SES1	\$115,308	\$120,952	\$123,649	\$132,287	\$135,541	\$139,948	\$154,097
SES2	\$137,839	\$144,773	\$148,365	\$160,882	\$166,041	\$171,672	\$187,959
SES3	\$164,566	\$173,410	\$179,757	\$194,309	\$202,884	\$210,725	\$229,147

1. Based on the 1996 APS wide rates as at October 1996
2. The 1998 survey is 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
5. The 2001 survey is based on data as at 31 December 2001
6. The 2002 survey is based on data as at 31 December 2002
7. The 2003 survey is based on data as at 31 December 2003. Methodological changes were applied in the 2003 Survey that impact TRP levels and movements (see Section 2: Introduction, p. 8).

**Table 51**  
**Percentage Change in Median Total Remuneration Package (1996 to 2003)**

<b>Band</b>	<b>96/98<sup>1</sup></b>	<b>98/99</b>	<b>99/00</b>	<b>00/01</b>	<b>01/02</b>	<b>02/03<sup>2</sup></b>	<b>Overall 96/03</b>
SES1	4.9%	2.2%	7.0%	2.5%	3.3%	10.1%	33.6%
SES2	5.0%	2.5%	8.4%	3.2%	3.4%	9.5%	36.4%
SES3	5.4%	3.7%	8.1%	4.4%	3.9%	8.7%	39.2%

1. Please note that this represents a 26-month increase
2. Methodological changes were applied in the 2003 Survey that impact TRP levels and movements (see Section 2: Introduction, p. 8).

Overall, the average sample on sample increase for median TRP from 1996 to 2003 is 5.0% p.a. for SES1, 5.3% p.a. for SES2 and 5.7% p.a. for SES3.

If movements between 2002 and 2003 are excluded, to minimise the impact of the change in car valuation methodology and superannuation, the average increases are 4.0%, 4.5% and 5.1% for SES1, SES2 and SES3 respectively.

It should be noted, however, that such average values are only indicative. Underlying movements in Base Salary and flow-on increases to superannuation would have occurred irrespective of methodological or departmental changes.

## Incentive/Bonus Payments

Overall, the percentage of eligible employees receiving a bonus payment has ranged from 58% in 1999 to 91% in 2003 (shown in Table 52).

**Table 52**  
**Percentage of Eligible Employees Receiving a Bonus Payment (1999 to 2003)**

<b>Band</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
Overall	58%	80%	71%	88%	91%

Table 53 shows the shifts in median actual incentive payments since 1999, while Table 54 presents the percentage increases for the same period. Please note that this data includes only records where an incentive payment was made (i.e. it excludes \$0 data records).

**Table 53**  
**Median Actual Incentive (1999 to 2003)**

<b>Band</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
SES1	\$4,606	\$4,656	\$5,181	\$5,701	\$6,000
SES2	\$5,937	\$6,316	\$9,015	\$8,593	\$8,382
SES3	\$9,959	\$15,889	\$14,333	\$13,399	\$12,660

**Table 54**  
**Percentage Change in Median Actual Incentive (1999 to 2003)**

<b>Band</b>	<b>99/00</b>	<b>00/01</b>	<b>01/02</b>	<b>02/03</b>	<b>Overall 99/03</b>
SES1	1.1%	11.3%	10.0%	5.2%	30.3%
SES2	6.4%	42.7%	-4.7%	-2.5%	41.2%
SES3	59.5%	-9.8%	-6.5%	-5.5%	27.1%

We note that movements in the median actual incentive have varied year on year, without showing a clear trend. This is likely to be a result of variations in both individual and organisational performance year on year.

## Total Reward

Total Reward (TR) represents the sum of TRP and actual incentive payments. Table 55 presents median Total Reward from 1999 to 2003 and Table 56 shows the associated percentage movements.

**Table 55**  
**Median Total Reward (1999 to 2003)**

<b>Band</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003<sup>1</sup></b>
SES1	\$127,146	\$137,146	\$138,888	\$145,206	\$160,553
SES2	\$153,158	\$166,709	\$169,983	\$179,137	\$196,019
SES3	\$187,515	\$201,664	\$207,623	\$222,496	\$240,947

1. Methodological changes were applied in the 2003 Survey that impact TRP levels and movements (see Section 2: Introduction, p. 8).

**Table 56**  
**Percentage Change in Median Total Reward (1999 to 2003)**

<b>Band</b>	<b>99/00</b>	<b>00/01</b>	<b>01/02</b>	<b>02/03<sup>1</sup></b>	<b>Overall 99/03</b>
SES1	7.9%	1.3%	4.5%	10.6%	26.3%
SES2	8.8%	2.0%	5.4%	9.4%	28.0%
SES3	7.5%	3.0%	7.2%	8.3%	28.5%

1. Methodological changes were applied in the 2003 Survey that impact TRP levels and movements (see Section 2: Introduction, p. 8).

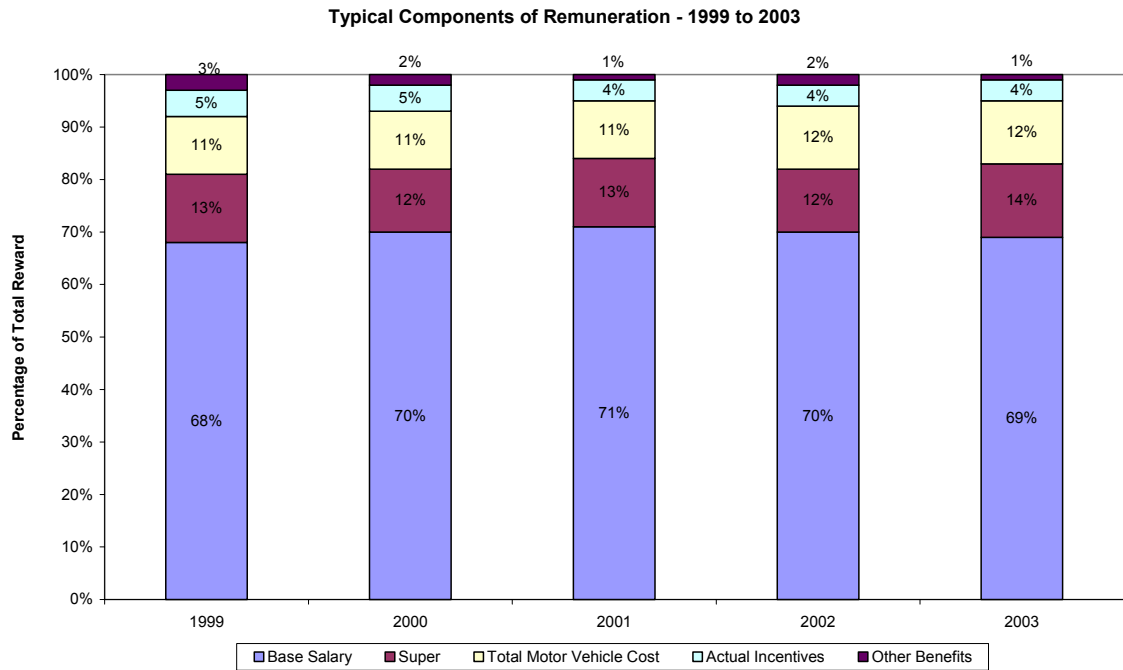
Movements in TR have shown more variance than comparative movements in TRP from 1999 to 2003. This is most likely a result of the associated variance in actual bonus/incentive payments.



## Components of Remuneration

The components of Total Remuneration have remained relatively consistent, even with the increase in car values and superannuation in 2003. Figure 22 presents a comparison of the typical components of total remuneration from 1999 to 2003. Comprehensive data is not consistently available prior to 1999.

**Figure 22**



## Motor Vehicles

Based on the results of previous surveys, median motor vehicle costs since 1999 (using the individual agencies method of valuation) have not moved in a consistent pattern, with year on year movements ranging from -5.9% to 7.9% (shown in Tables 57 and 58).

**Please note that the data collected in the 2003 survey is based on a different costing methodology in previous years, and as such year on year comparisons should be made with caution.** Please refer to *Section 2: Introduction (p. 8)* for a detailed description of the change in methodology and its impact.

**Table 57**  
**Median Motor Vehicle Costs<sup>1</sup> (including Parking and FBT) – 1999 - 2003**

Band	1999	2000	2001	2002	2003 <sup>2</sup>
SES1	\$16,800	\$17,934	\$18,000	\$18,500	\$21,592
SES2	\$17,282	\$18,497	\$17,398	\$18,600	\$21,645
SES3	\$17,850	\$19,252	\$20,500	\$20,000	\$22,735

1. Cost to SES employees package, not actual value of vehicle
2. Methodological changes were applied in the 2003 survey that impact the costing of motor vehicles to the package and impact year n year movements (See Section 2: Introduction, p. 8)

**Table 58**  
**Percentage Change in Median Motor Vehicle Costs<sup>1</sup> (including Parking and FBT) – 1999 - 2003**

Band	99/00	00/01	01/02	02/03 <sup>2</sup>	Overall 99/03 <sup>2</sup>
SES1	6.7%	0.4%	2.8%	16.7%	28.5%
SES2	7.0%	-5.9%	6.9%	16.4%	25.2%
SES3	7.9%	6.5%	-2.4%	13.7%	27.4%

1. Cost to SES employees package, not actual value of vehicle
2. Methodological changes were applied in the 2003 survey that impact the costing of motor vehicles to the package and impact year n year movements (See Section 2: Introduction, p. 8)

## Superannuation

Table 59 presents median superannuation values from 1999 to 2003. Table 60 provides the associated percentage increase for the same period.

**Please note that the data reported in the 2003 survey has been impacted by a revision of the survey definition of superannuation, and this has substantially increased the reported value.** As such, year on year comparisons should be made with reference to *Section 2: Introduction (p. 8)* where the change and its impact are detailed.

**Table 59**  
**Median Superannuation Value – 1999 to 2003**

Band	1999	2000	2001	2002	2003 <sup>1</sup>
SES1	\$18,025	\$19,208	\$19,144	\$19,300	\$22,772
SES2	\$21,981	\$23,903	\$23,989	\$24,452	\$29,824
SES3	\$27,334	\$28,743	\$30,297	\$30,881	\$36,262

1. Methodological changes were applied in the 2003 survey that impact the package value and year to year movements in Superannuation (See Section 2: Introduction, p. 8)

**Table 60**  
**Increase in Median Superannuation Value – 1999 to 2003**

Band	99/00	00/01	01/02	02/03 <sup>1</sup>	Overall 99/03 <sup>1</sup>
SES1	6.6%	-0.3%	0.8%	18.0%	26.3%
SES2	8.7%	0.4%	1.9%	22.0%	35.7%
SES3	5.2%	5.4%	1.9%	17.4%	32.7%

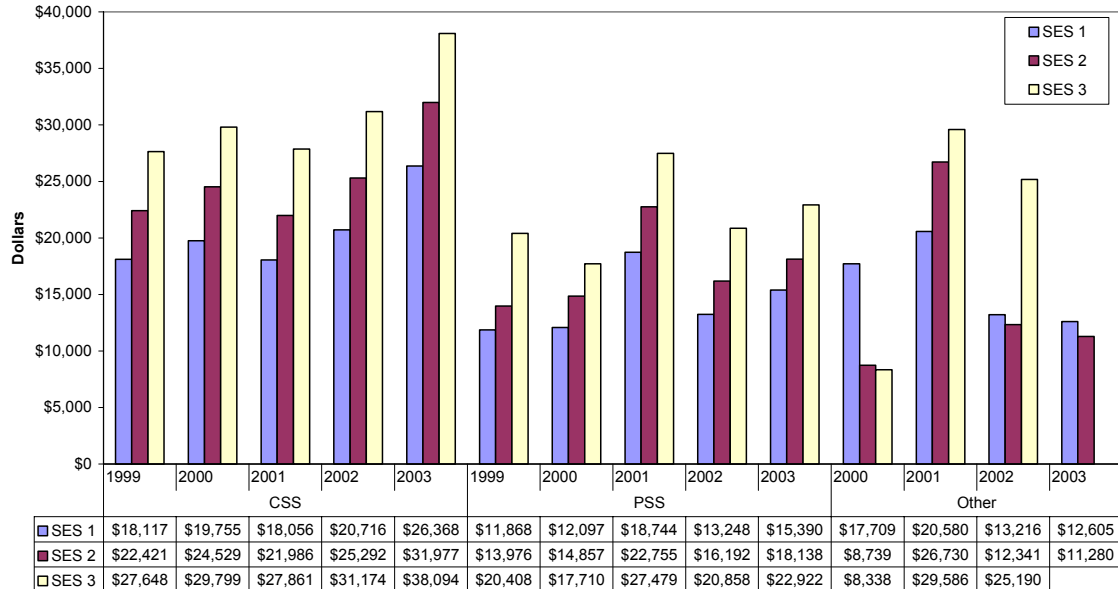
1. Methodological changes were applied in the 2003 survey that impact the package value and year to year movements in Superannuation (See Section 2: Introduction, p. 8)

As shown in the tables above, median superannuation values have moved around -0.3% to 8.7% from 1999 to 2002, with a significant increase in 2003 due to the revised definition.

Figure 23 below presents the average superannuation value by fund, from 1999 to 2003

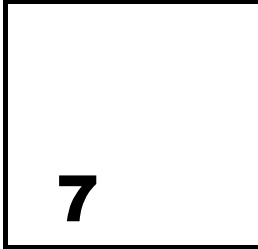
**Figure 23**

**Average Superannuation Value - 1999 to 2003**



As shown in Figure 23, average superannuation within the CSS fund has consistently been higher than for all SES levels, with the exception of 2001.

No average data has been provided for the other category at the SES3 level for 2003. There was only one instance of fund coverage other than the PSS or CSS funds on the 2003 survey.



## Detailed Remuneration Survey Findings

Data from the remuneration survey is shown in two forms:

- analysed by individual; and
- 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 the following example of how the two analyses are calculated.

**Example Calculations**

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.

## Analysed by Individual

SES Band 1 Number of Individuals = 1158	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	105,000	109,000	115,972	110,930	71.8%	69.2%	1,158
Agency Super Contribution	15,923	22,772	26,972	22,123	14.1%	13.6%	1,158
Motor Vehicle (Incl FBT & Parking)	18,600	21,592	23,885	21,509	13.9%	13.3%	1,111
Other Benefits	2,063	2,705	3,375	3,575	2.2%	2.1%	426
Total Remuneration Package	145,815	154,097	163,698	155,004	100.0%	96.3%	1,158
Actual Incentive	3,637	5,424	9,838	6,622	4.3%	4.0%	1,004
Total Reward	150,841	160,553	170,990	161,002	103.9%	100.0%	1,158

SES Band 2 Number of Individuals = 335	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	130,439	137,088	142,006	137,389	73.2%	70.2%	335
Agency Super Contribution	20,984	29,824	33,189	27,917	14.8%	14.2%	335
Motor Vehicle (Incl FBT & Parking)	18,600	21,645	24,400	21,849	11.7%	11.2%	325
Other Benefits	2,069	3,250	4,000	4,470	2.3%	2.2%	109
Total Remuneration Package	177,499	187,959	196,776	187,957	100.0%	95.7%	335
Actual Incentive	4,191	8,219	13,142	8,986	4.8%	4.5%	299
Total Reward	184,621	196,019	207,230	196,385	104.5%	100.0%	335

SES Band 3 Number of Individuals = 81	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	163,510	170,000	174,467	170,788	73.8%	70.7%	81
Agency Super Contribution	31,493	36,262	41,123	36,018	15.4%	14.8%	81
Motor Vehicle (Incl FBT & Parking)	19,600	22,735	26,659	22,929	9.9%	9.5%	80
Other Benefits	2,123	3,375	5,453	6,529	2.7%	2.6%	28
Total Remuneration Package	216,992	229,147	239,963	231,709	100.0%	95.7%	81
Actual Incentive	6,383	11,608	17,872	12,048	5.3%	4.9%	70
Total Reward	227,101	240,947	254,925	242,121	104.5%	100.0%	81

## Analysed by Agency

SES Band 1 Number of Agencies = 49	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	105,599	107,981	112,923	109,647	72.8%	70.3%	49
Agency Super Contribution	18,987	20,942	23,260	21,076	13.9%	13.4%	49
Motor Vehicle (Incl FBT & Parking)	19,161	20,881	23,222	21,270	14.0%	13.5%	46
Other Benefits	1,934	3,375	5,000	3,976	2.6%	2.5%	19
Total Remuneration Package	146,911	151,434	157,049	151,002	100.0%	96.4%	49
Actual Incentive	4,509	6,890	8,010	6,606	4.3%	4.1%	43
Total Reward	151,240	157,483	162,812	156,570	103.7%	100.0%	49

SES Band 2 Number of Agencies = 36	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	129,910	133,278	139,649	135,621	73.3%	70.1%	36
Agency Super Contribution	25,836	27,407	30,410	27,846	15.0%	14.3%	36
Motor Vehicle (Incl FBT & Parking)	19,663	22,867	24,628	22,144	11.9%	11.4%	34
Other Benefits	2,254	3,250	5,000	3,879	2.0%	1.9%	15
Total Remuneration Package	177,854	183,637	189,294	185,348	100.0%	95.6%	36
Actual Incentive	6,102	9,000	12,071	9,339	5.0%	4.7%	33
Total Reward	187,180	191,897	200,311	193,956	104.6%	100.0%	36

SES Band 3 Number of Agencies = 25	Q1	Median	Q3	Average	Avg % of TRP	Avg % of TR	No. Recv.
	(\$)				(%)		(Count)
Base Salary	161,802	169,300	178,067	171,967	73.6%	70.3%	25
Agency Super Contribution	33,375	36,553	40,677	36,850	15.7%	15.0%	25
Motor Vehicle (Incl FBT & Parking)	20,230	23,052	26,776	23,502	10.1%	9.6%	25
Other Benefits	2,251	4,429	8,321	5,737	2.4%	2.3%	10
Total Remuneration Package	221,229	231,917	245,833	233,728	100.0%	95.4%	25
Actual Incentive	9,573	12,717	16,042	13,188	5.7%	5.3%	23
Total Reward	236,111	244,675	257,004	244,960	104.8%	100.0%	25



## 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 for Departmental Items – Agency’s budget for Departmental items for the 2002/2003 financial year (Departmental items are those assets, liabilities, revenues and expenses in relation to an agency or authority that are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services). This does not include Administered items;
- Total number of employees – the number of Full Time Equivalent (FTE) staff employed by the agency; and
- Specialisation – the area or job family to which the SES employee 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; and
- determining whether remuneration practices are consistent with similar agencies.

Consistent with 2002, the following Tables show that there **does not appear to be a correlation** between the size of an agency (budget for departmental items and number of employees), and associated remuneration levels.

### Budget for Departmental Items

SES Band 1	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than \$40m	102,646	107,565	110,339	107,793	140,448	148,233	157,117	147,712	67
\$40m to less than \$100m	105,288	110,323	114,072	110,613	142,795	150,205	158,339	151,352	93
\$100m to less than \$250m	104,196	107,473	120,000	113,039	146,621	152,225	163,491	155,655	271
\$250m to less than \$500m	100,880	105,000	109,000	105,849	141,113	148,952	155,367	147,555	230
\$500m or more	107,981	115,000	115,972	113,001	149,657	161,273	168,350	159,758	332

SES Band 2	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than \$40m	129,004	133,034	139,122	133,396	175,155	183,194	191,702	181,473	16
\$40m to less than \$100m	130,906	133,500	139,702	136,336	179,601	182,717	192,705	186,055	24
\$100m to less than \$250m	128,356	134,345	143,699	136,402	178,096	191,158	198,386	188,792	69
\$250m to less than \$500m	128,000	132,133	137,229	133,959	173,788	180,207	188,440	182,082	71
\$500m or more	136,343	139,708	140,542	138,378	178,102	191,114	197,958	190,012	129

SES Band 3	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than \$40m	#	#	#	#	#	#	#	#	2
\$40m to less than \$100m	172,636	173,934	176,475	177,831	228,831	236,494	243,051	236,412	7
\$100m to less than \$250m	154,689	166,636	184,163	173,748	214,929	233,648	254,760	236,576	18
\$250m to less than \$500m	158,930	166,000	171,500	166,895	215,898	224,773	230,203	223,891	19
\$500m or more	164,914	172,964	172,964	170,456	217,226	229,004	242,312	232,401	35

## Number of Employees

SES Band 1	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than 100	96,384	103,945	106,003	103,152	126,466	145,487	151,701	140,313	23
100 to 500	105,288	109,220	113,973	110,215	143,174	149,826	158,502	151,280	139
500 to 1000	107,325	109,414	122,381	112,237	149,393	157,103	163,672	156,734	164
1000 to 5000	103,408	108,478	115,972	109,826	143,610	150,841	161,704	152,624	533
Greater than 5000	#	#	#	#	#	#	#	#	134

SES Band 2	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than 100	129,728	135,382	141,382	135,341	169,905	185,894	193,917	182,984	9
100 to 500	130,780	132,000	139,702	135,667	179,180	181,587	191,888	184,654	29
500 to 1000	132,551	135,200	145,829	140,732	180,616	191,330	198,661	191,804	55
1000 to 5000	128,271	137,229	139,708	134,593	175,752	184,568	194,013	184,855	176
Greater than 5000	#	#	#	#	#	#	#	#	40

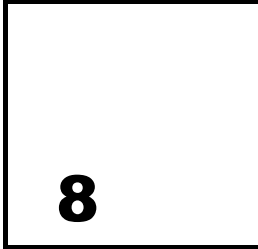
SES Band 3	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Less than 100	-	-	-	-	-	-	-	-	0
100 to 500	166,510	173,000	175,738	174,379	229,240	235,323	241,841	235,791	9
500 to 1000	166,007	175,200	205,775	185,521	219,833	235,600	272,640	242,676	12
1000 to 5000	160,675	169,274	172,964	166,424	215,941	227,428	235,279	226,999	48
Greater than 5000	#	#	#	#	#	#	#	#	12

## Specialisation

SES Band 1	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Specialisation	Q1	Median	Q3	Avg.	Q1	Median	Q3	
Audit	110,560	112,163	116,857	112,909	145,395	154,931	167,695	156,622	20
Communications	104,521	112,254	120,462	115,867	140,991	156,853	163,874	158,050	10
Corporate Services	106,495	112,163	120,266	114,360	151,901	160,380	171,397	161,668	48
Economist	#	#	#	#	#	#	#	#	2
Finance	102,481	112,163	130,184	120,329	141,953	152,251	162,959	156,074	27
Human Resources	100,003	107,473	114,101	109,979	143,692	149,307	163,411	151,358	9
Information Technology	109,750	116,460	120,275	116,657	152,096	162,282	175,175	162,600	54
Legal	107,473	112,494	116,400	111,355	147,052	159,021	167,966	155,639	70
Management (Generalist)	105,000	109,000	115,972	109,931	147,085	154,620	163,474	155,125	547
Medical	-	-	-	-	-	-	-	-	0
Policy Development	106,494	109,110	115,979	111,610	144,295	153,343	163,497	154,060	174
Scientist	-	-	-	-	-	-	-	-	0
Other	107,668	115,850	120,266	115,793	147,200	162,557	175,846	161,674	67

SES Band 2	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Specialisation	Q1	Median	Q3	Avg.	Q1	Median	Q3	
Audit	#	#	#	150,610	#	#	#	207,135	6
Communications	#	#	#	#	#	#	#	#	1
Corporate Services	135,954	140,088	146,315	141,316	178,157	188,629	201,473	189,620	10
Economist	-	-	-	-	-	-	-	-	0
Finance	131,417	136,145	141,822	136,088	170,521	177,960	193,295	182,160	8
Human Resources	#	#	#	#	#	#	#	#	2
Information Technology	132,754	137,889	151,930	141,198	174,538	186,381	219,159	193,952	8
Legal	132,551	136,800	143,400	137,849	177,789	192,949	195,997	189,880	19
Management (Generalist)	130,000	139,708	139,708	136,429	177,989	189,306	196,683	188,068	173
Medical	#	#	#	135,006	#	#	#	180,721	3
Policy Development	131,040	135,200	143,623	138,692	179,641	186,897	197,171	188,326	41
Scientist	#	#	#	#	#	#	#	#	10
Other	125,401	137,294	148,300	137,518	170,355	184,769	192,447	185,932	18

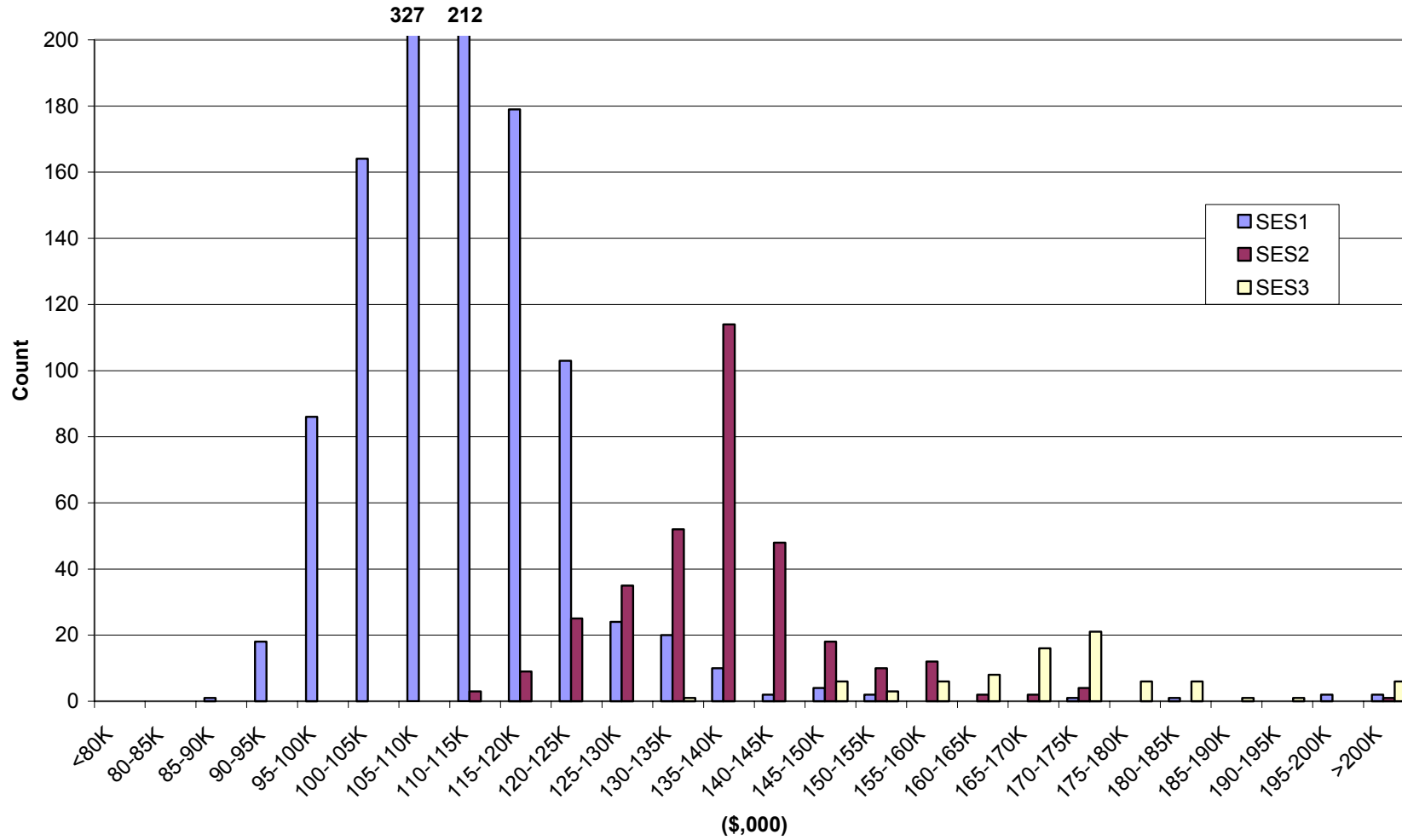
SES Band 3 Specialisation	Base Salary (\$)				Total Remuneration Pkg (\$)				No. Recv.
	Q1	Median	Q3	Avg.	Q1	Median	Q3	Avg.	
Audit	-	-	-	-	-	-	-	-	0
Communications	-	-	-	-	-	-	-	-	0
Corporate Services	#	#	#	#	#	#	#	#	3
Economist	-	-	-	-	-	-	-	-	0
Finance	#	#	#	#	#	#	#	#	1
Human Resources	-	-	-	-	-	-	-	-	0
Information Technology	#	#	#	#	#	#	#	#	1
Legal	#	#	#	#	#	#	#	#	1
Management (Generalist)	165,045	171,500	172,964	168,685	218,173	229,004	237,123	229,672	51
Medical	-	-	-	-	-	-	-	-	0
Policy Development	165,680	170,167	209,867	184,092	230,808	237,309	261,051	244,205	10
Scientist	#	#	#	#	#	#	#	#	4
Other	#	#	#	164,992	#	#	#	222,106	3



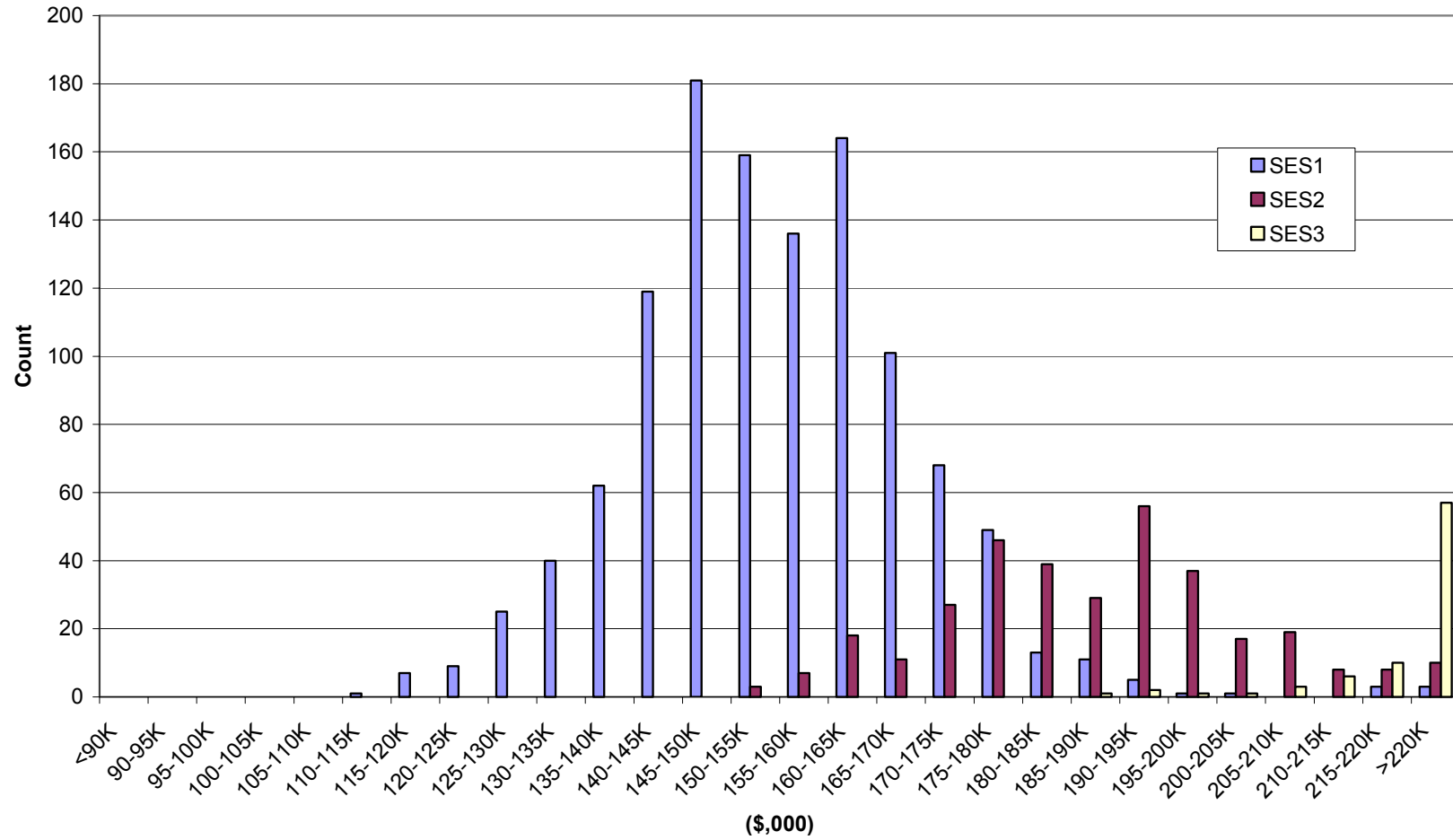
## **Distribution Charts**

Figure 24

Base Salary Distribution

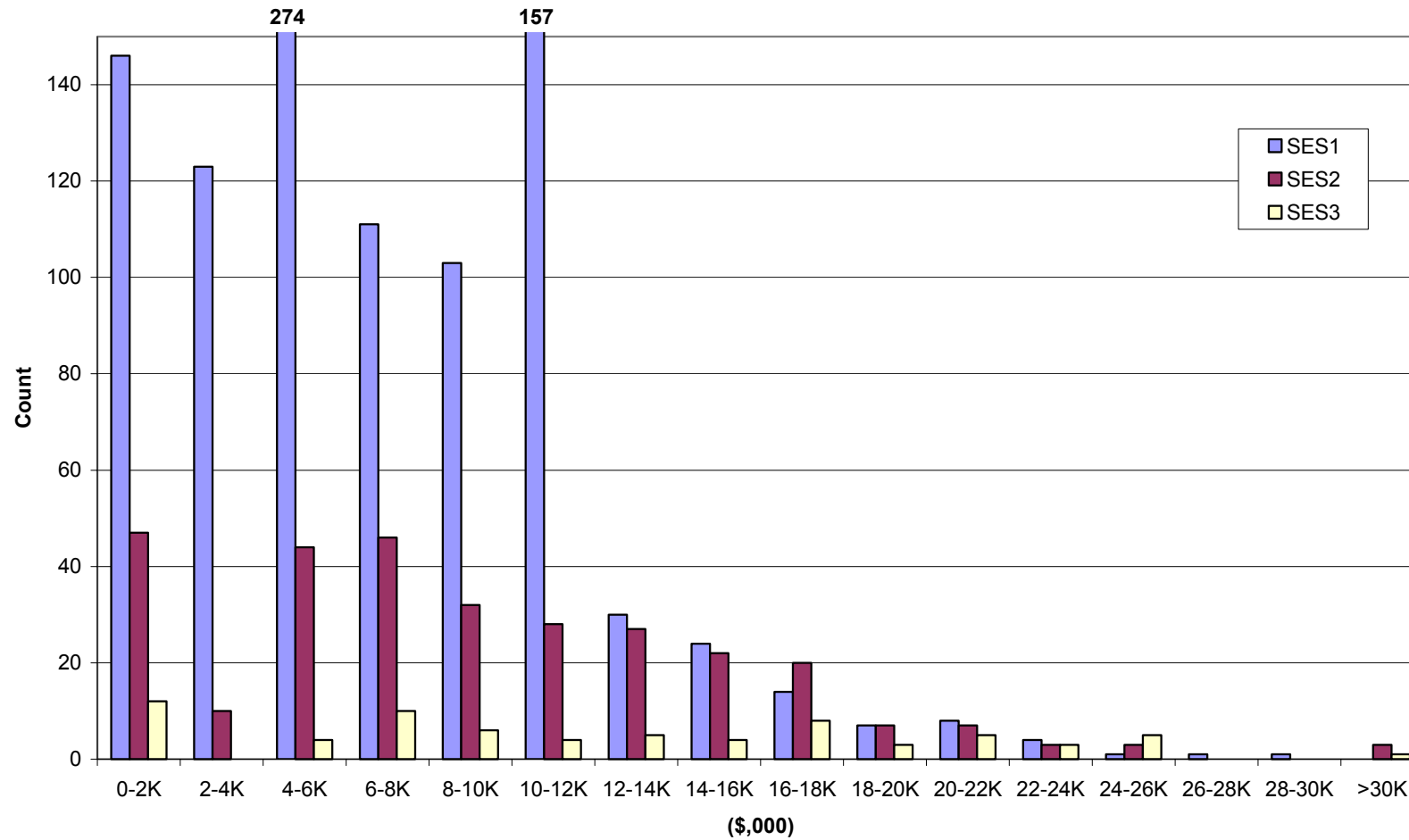


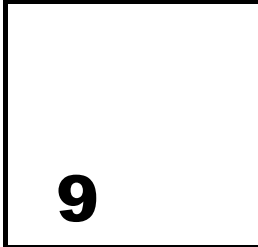
**Figure 25**  
**TRP Distribution**





**Figure 26**  
**Actual Incentives Distribution**





## **Reference Material**

### **Confidentiality**

Mercer 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'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 the symbol '#', while the *No. Recv* column will indicate the number of the sample provided with the component;
- where only three agencies provide a component, only average values will be presented, regardless of the number of individual incumbents; and
- 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 by unauthorised personnel.

## Why the columns don't add up

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

<b>Raw data - incumbents</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
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

<b>Analysis by individual</b>	<b>Q1</b>	<b>Median</b>	<b>Q3</b>	<b>Average</b>	<b>No. Recv</b>
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 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.

The four statistics measure the value of the component only for those individuals eligible to receive it (for example, where the incumbent was eligible for an incentive payment but did not receive anything). Where incumbents are ineligible to receive a particular item they will not be included in the analysis. 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.

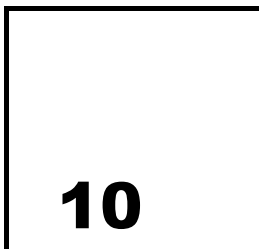
Percentile ranks and an average are provided, and most agencies have a chosen market position that relates to one of these figures. This breadth of data has the following advantages:

- 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; and
- 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 quartile and average values to determine whether relatively high or low values are impacting on the data.

## Missing Data

Please note the following approach is 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 dash ("-") is used; and
- Where a zero value is returned, the number zero ("0") is shown in the table.



## Glossary of Terms

### 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, and allowances.

### 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 a component. If one agency inputs data on three positions, but only one of the position incumbents receives a car, this will only count as *1 recv* in the profile report.

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