

REVIEW OF NSW PUBLIC SERVICE REMUNERATION FOR THE NSW PUBLIC SERVICE COMMISSION

15 APRIL 2015

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1

Executive Summary

Introduction

This report details the outcomes of a comparative analysis of remuneration within the NSW Public Service following a recommendation of the NSW Commission of Audit on Public Sector Management (Commission of Audit) 2012.

Specifically, the main objective of the remuneration review was to address the Commission of Audit recommendation, that ‘...the Public Service Commission should undertake a remuneration comparison for NSW public sector classifications and executives, similar to that undertaken by the Australian Public Service Commission’s Broader Market Comparison’. This review also aimed to address the following statements that were made in the Commission of Audit report¹²:

- An analysis of non-executive employee salaries would be useful to inform workforce strategies for the administrative and clerical classification scale, as well as for executives.
- Employees up to Grade 11/12 are generally considered to be remunerated more than their counterparts in the private sector; however people in more senior grades are paid significantly less than in the private sector.
- Terms and conditions of employment more generally must also be considered in any comparisons.
- Solid data is scarce and that should be rectified to enable well informed decision making.

In order to achieve these aims and objective, Mercer, in collaboration with the NSW Public Service Commission (PSC), undertook a series of comparative analyses and work value investigations to gain a thorough understanding of the comparability of remuneration.

Approach

The approach to the review was twofold: first, from a remuneration framework perspective, and second, from a grading or work value perspective. These two approaches were interlinked in that when comparing remuneration it was also important to investigate whether the grading of roles within the service was reflective of actual work undertaken, given that the grade attributed to a role directly determines the level of remuneration received.

¹ NSW Commission of Audit Interim Report, Public Sector Management, 24 January 2012, p. 73.

² NSW Commission of Audit Interim Report, Public Sector Management, 24 January 2012, p. 73.

The Commission of Audit referred to roles covered by the Administrative and Clerical Officers grading scale. However, PSC sought to more comprehensively investigate positions (at all levels) across the Service, which perform similar roles, are common across agencies, and which capture specialist skills that are used across the Service. As such, six specific Awards and determinations were included in the scope of the review³.

The two elements of the approach to the review are summarised below.

Remuneration Frameworks

The first approach involved comparing NSW non-executive and executive grading and remuneration frameworks with similar frameworks that are applied in other Australian public service jurisdictions (refer to Section 6 of this report). The remuneration positioning of the NSW public service was compared to the positioning of other Australian public service jurisdictions and relative to the general market. Comparative analyses also took into consideration remuneration applied within the NSW Public Service itself. Specifically, four non-executive grading and remuneration frameworks that encompass similar roles across the Service were compared. Broader market and cost of living influences on salary differentials across jurisdictions were also considered and discussed in the context of the remuneration position findings. In addition to addressing the main objective of this report, these analyses provided insight into two of the report's key aims: determining whether non-executive employees are remunerated above the general market and whether executive NSW public service employees are remunerated significantly below their private sector counterparts (Sections 6 and 7).

In addition to reviewing remuneration at a cross jurisdictional and framework level, the actual remuneration of roles across the NSW public service was examined to understand how remuneration is currently positioned within the framework itself. A key aim of these analyses was to determine how remuneration within each NSW grade or Award is distributed and to highlight where, if at all, remuneration pressure existed within specific grades or Awards (Section 8).

Work Value

The second approach involved two methodological work value investigations to analyse whether the grade levels assigned to (predominantly) non-executive roles across the NSW public service accurately reflected the actual work required of the role. A number of executive roles were included in these investigations to provide context to the roles being supervised. These analyses were an extension of the aforementioned remuneration framework perspective approach. Specifically, it was important to garner insight into the accuracy of grade determination for Mercer to accurately assess whether remuneration pressure exists and whether NSW public

³ It is important to note that senior officer grades, as well as a number of other classifications and grades in other Awards, will not be part of the structure of the NSW Public Service as the relevant provisions of the GSE Act are implemented.

service employees are fairly remunerated on the basis of the work they are required to perform (Sections 9 & 10).

Broader Terms and Conditions

As indicated in the Commission of Audit report, when investigating and comparing remuneration positioning it is essential that the terms and conditions of the employment offering are taken into consideration. The final analyses carried out for the purpose of this report compared the known terms and conditions that comprise the total employment offerings of public service jurisdictions throughout Australia, including NSW, as well as within the general market (Section 11).

Contextual Background

In addition to detailing the outcomes of the above-mentioned analyses, this report provides the reader with background and contextual information to aid understanding and interpretation of the data contained within it. Section 3 defines key terms used throughout the report. Section 4 provides an overview of the key principles and concepts associated with classification and remuneration and Section 5 outlines the work value and remuneration methodologies that were applied to the data and which enabled cross-framework comparisons. Readers with conceptual or detailed knowledge of remuneration principles and practices may choose to proceed directly to the analytical outcomes which begin in **Section 6, Remuneration Framework Review**.

It is important to note that throughout the report Mercer makes a number of observations. These observations serve to frame the review findings such that they address the aforementioned Commission of Audit report statements. Mercer's observations also provide insight into possible policy or supplementary investigations that may be valuable in further addressing the Commission of Audit report statements. Mercer qualifies our observations in this report by noting:

- there are significant differences in remuneration policy and practice across the jurisdictions
- the comparative remuneration analysis for the various classification levels across the jurisdictions is underpinned by the Mercer CED job evaluation (work value) methodology (MCED)
- public service remuneration data was sourced from publicly available information, previous Mercer consulting assignments, and the NSW Public Service Commission⁴
- the primary source of grade classification and actual remuneration data for the review was the Workforce Profile dataset collected by the PSC, census date 19 June 2014
- general market remuneration data was sourced from Mercer databases, publicly available information, and Mercer reports, including *Australian Benefits Review* (August 2014)⁵ and

⁴ Refer to **Appendix K** for an overview of public service remuneration data sources used in comparative analysis.

⁵ The Mercer Australian Benefits Review (ABR) is the Australian employer's guide to current market practice and emerging trends in remuneration and benefits management. For the 2014 edition of ABR, Mercer collected information from incumbents of 353 organisations.

Inside Employees Minds Research (2011)⁶ public service jurisdiction and general market remuneration comparisons are based on Total Fixed Remuneration (TFR)

Findings & Observations

Overall, the analysis showed that NSW public service remuneration was positioned third highest out of eight jurisdictions⁷, the APS and WA being positioned higher at both the non-executive and executive levels. This observation is in aggregate (overall positioning across the entire work value spectrum), however actual positioning varies between jurisdictions when observed at specific work values. For non-executive roles, NSW public service remuneration aligns with or exceeds the 25th percentile of general market rates of pay up to approximately 400 MCED work value points (Grade 7/8). Positions that typically sit within this grade include project officers, policy officers, analysts and HR advisors. Beyond that point, NSW public service rates of pay for non-executive roles increasingly fall below the 25th percentile of general market rates of pay as work value increases (as grade level increases). The same relationship is found for executive roles, with the lower work value (lower grade) roles generally aligning with the 25th percentile of the general market up to approximately 1200 MCED work value points (middle of Band 2) then increasingly falls below the 25th percentile as work value increases, resulting in remuneration levels for the most senior executive roles (Band 4) being paid considerably less than general market counterparts for roles of equivalent work value.

Potential mobility issues were revealed among the non-executive population due to the variation in grading structures and remuneration levels for roles performing similar work across the Service. The number of grade levels varied among the non-executive structures under review, from seven levels within the A&C structure to fifteen grades within the Environment structure. The variation in breadth of work value bands for each grade was also evident which suggests that there requires a greater increase in work value points to progress to a higher grade one structure than in is in another.

Other key findings include:

⁶ Mercer's *Inside Employees Minds Research* (2011) was a survey that was conducted from Q4 2010 to Q2 2011 among 30,000 workers in 17 markets worldwide.

⁷ Australian Public Service (APS), Australian Capital Territory (ACT), New South Wales (NSW), Northern Territory (NT), Queensland (QLD), South Australia (SA), Victoria (VIC) and Western Australia (WA).

Remuneration Comparative Positioning

Every public service jurisdiction in Australia has at least one framework on which to base classification and remuneration decisions. Each framework is slightly different and there is no one single common framework or structure. In undertaking the review it was therefore necessary to identify and develop a common basis on which to logically make remuneration comparisons possible. For the purpose of the review, Mercer adopted a work value approach, based on the Mercer MCED job evaluation methodology, to facilitate a cross jurisdictional analysis on a like-for-like basis. Remuneration comparisons were also made on a Total Fixed Remuneration⁸ basis. Therefore the remuneration comparative analysis does not include non-fixed components of the remuneration package, such as performance pay for executives, as these non-fixed or performance based components are discretionary, can vary considerably from year to year, may apply to individuals or specific positions and therefore cannot be applied to framework structures as a whole. Several analyses were undertaken to compare NSW non-executive and executive grading and remuneration frameworks with seven other Australian public jurisdictions. Analyses were also undertaken to compare four non-executive grading and remuneration frameworks across the NSW public service itself. Specific findings include:

- Grading and remuneration frameworks across jurisdictions and within the NSW public service vary considerably, in terms of number of grades, work value spans within grades, remuneration ranges associated with grades, and remuneration levels for roles of similar work value.
- All public service jurisdictions tend to pay within a similar band width relative to the general market, with public service remuneration aligned with the general market at lower non-executive and executive grades, and becoming increasingly below general market rates of pay as work value increases within those categories. The exception to this is the APS, which remains aligned with general market rates of pay (predominantly at the 25th percentile) throughout their executive and non-executive structures.
- NSW has the third highest public service remuneration position⁹, behind APS and WA. APS remuneration, in comparison to NSW, ranges from 7% higher rates of pay at the non-executive level to 18% higher rates of pay at the executive level. WA remuneration is between 4% higher than NSW rates of pay at the non-executive level and 3% higher than NSW rates of pay at the executive level.
- NSW public service non-executive remuneration, in line with most other jurisdictions, is aligned with general market rates of pay at the median and 25th percentile of the market at lower grade levels, however falls below the general market 25th percentile as work value increases above approximately 400 MCED points (Grade 7/8 onwards).

⁸ **Total Fixed Remuneration (TFR)** consists of base salary plus the value of all fixed cash and non-cash benefits provided (including superannuation, applicable leave loading, vehicle allowances, and salary sacrifice benefits) plus the cost of Fringe Benefits Tax. TFR does not include any incentive/bonus or variable allowance payments

⁹ Based on Total Fixed Remuneration.

- NSW public service executive pay falls increasingly below the general market 25th percentile as work value increases (Band 2 onwards); a trend that is common to all public service jurisdictions except APS.
- NSW public service remuneration does not include car allowance benefit, which is a feature of all other jurisdiction's fixed remuneration package at the executive level.
- NSW does not offer any performance pay or variable reward opportunity outside the remuneration framework ranges, similar to SA, NT, ACT, WA and QLD SES positions. QLD CEO remuneration provides for an at-risk component of 0-15% TFR, VIC executives are eligible for performance pay of 0-17% TFR, and in APS, performance pay is not typical, but where it occurs, is capped at 15% base salary.

Remuneration Positioning and Cost of Living

In order to fully understand the comparativeness of the NSW public service's non-executive and executive pay positioning relative to the other public service jurisdictions and the general market, Mercer also examined contextual factors that may influence remuneration positioning, including cost of living and broader market indices. This analysis revealed:

- NSW has the highest cost of living of all jurisdictions and the third highest remuneration. Home rentals in Sydney are higher than any other Australian capital city, which has the potential to impact the 'spendable' income of employees living in rented accommodation in Sydney.
- NSW public service remuneration movements (as a whole) have exceeded local costs of living movements (excluding housing) but have been similar with wage price index (WPI)¹⁰ increases within NSW.
- NSW executive salary movement exceeded the consumer price index (CPI)¹¹ for Sydney but did not keep pace with WPI movements in NSW over the same period.

Mercer notes that whilst NSW public service remuneration appears to be highly positioned relative to other public service jurisdictions (behind only APS and WA), given NSW's comparatively higher costs of living, this positioning could be considered reflective of these circumstances. The positioning of NSW public service remuneration is also consistent with the relative positioning of remuneration in the broader market. However, Mercer also notes that NSW employees in more senior grades are paid significantly less than their private sector counterparts and increasingly so as their seniority rises. This finding provides evidence to

¹⁰ Wage price index (WPI) measures changes in the price of labour services resulting from market pressures, and is unaffected by changes in the quality or quantity of worked performed.

¹¹ Consumer price index (CPI) is a primary measure of inflation which accounts for price changes and inflation that affects the end consumer. CPI is a reflection of the retail costs of goods and services over a specific period of time.

support the Commission of Audit's statement that "*employees ...in more senior grades are (generally considered to be) paid significantly less than in the private sector.*"

In summary, Mercer considers that the positioning of NSW public service remuneration relative to other public service jurisdictions may be more relevant than private sector positioning in determining what constitutes fair and comparable pay. This is particularly relevant when sourcing senior executive roles at the Secretary and, to a lesser extent, Deputy Secretary level from other jurisdictions. Mercer further observes that it may be beneficial for the NSW public service to conduct an investigation into employee turnover at the executive level to determine whether the declining level of alignment with private sector remuneration is contributing to the loss of key talent at the leadership level. This information, in addition to keeping up-to-date information on the relative remuneration positioning with other jurisdictions may assist the NSW public service to determine their most appropriate remuneration position.

Grading and Actual Work Value Comparison Outcomes

In assessing whether grade determinations assigned to roles within the NSW public service accurately reflect the actual work being undertaken by role incumbents Mercer carried out two Actual Work Value Evaluation exercises: a desktop-based exercise and an interview-based exercise. Collectively, the findings indicated:

- The majority of roles evaluated (between 70-80%) were assigned to grade levels that were aligned to their actual NSW public service grade level.
- 20% of roles evaluated in the desktop exercise and 29% of roles evaluated in the interview exercise were potentially mis-graded.
- Roles identified as mis-graded were more likely to be over-graded than under-graded (between 18%-25%).
- Particular job families, including Project Management and Finance & Accounting, were evaluated as having a greater prevalence of potentially mis-graded roles than other job families, such as Policy.

Overall, the results revealed that a substantial number of roles (over 20%) may be mis-graded. Mercer, however, notes that there may be contextual factors that have contributed to these findings including:

- The variance in employment structures and job evaluation instruments (such as role descriptions, work value methodologies, Award structures, points to grade tables etc.,) used throughout the sector when classifying roles may impact the accuracy by which role grade levels within the sector are applied.
- The accuracy of actual work value assessments can be influenced by factors such as the extent to which agencies may overstate work activity on role descriptions, leading to a higher work value assessment than that required of the role. Conversely, the work value may be understated relative to each role's actual grade level due to the difficulty some incumbents experience when describing the actual work they do.

Nonetheless, the consistency of the results between the two Actual Work Value Exercises indicates that grading inconsistencies exist and this may indicate that there is actual misclassification occurring that could require further investigation by the PSC. Based on Mercer experience, focus in the following areas are advised prior to conducting additional investigations:

- Continue the ongoing initiative to address role documentation quality and consistency issues, which has included the introduction of generic role descriptions and role description guidelines.
- Consider standardising points to grade tables utilised across agencies for specific Awards.
- Consider adopting a consistent approach and methodology to role evaluation or work value assessment determinations.
- Consider implementing improvements to process governance and the determination of quality standards to support the consistency and transparency of role grading decisions.

Mercer notes that by ensuring agencies across the sector employ standardised methods to document and evaluate roles, the PSC will be able to pinpoint instances of mis-grading with greater accuracy.

Public Service Terms and Conditions of Employment Comparison Outcomes

Remuneration is only one factor critical to consider when comparing the positioning of the NSW public service with other public service jurisdictions and the general market. The Commission of Audit's report also suggested the broader terms and conditions of employment be considered. Previous Mercer research indicates that base pay, work flexibility, and opportunities for training and career advancement are important components of the employment package that drives employee satisfaction and engagement¹²¹³. However, this research also indicates that employers frequently do not have accurate knowledge about the terms and conditions that are most valued by their employees.

In this review, Mercer aimed to determine whether the terms and conditions offered by the NSW public service were comparable with the employment offerings of other public service jurisdictions and the general market. Overall, the comparative analyses revealed that the NSW public service offers a range of employment benefits and, in many areas, its benefit program is on par or potentially more attractive to current and potential employees than the benefit programs offered by other public service jurisdictions and the general market. Specifically, the findings indicated:

¹² Source: Mercer, Inside Employees Minds Research (2011). The survey was conducted from Q4 2010 to Q2 2011 among 30,000 workers in 17 markets worldwide.

¹³ Source: Mercer, Inside Employees Minds Research (2011). The survey was conducted from Q4 2010 to Q2 2011 among 30,000 workers in 17 markets worldwide.

- Whilst all jurisdictions provide for flexible working hours, NSW public service offers a number of benefits that set them apart from other jurisdictions and the general market including additional compensation for travel time to locations other than normal work location, additional paid sick/personal leave entitlements, greater pay to employees who work overtime Monday-Saturday, and full payment of fees for training courses that benefit the public service.
- NSW public service is comparable to other public service jurisdictions and the general market in regard to the number of hours full-time employees are required to work and the reimbursement of work-related travel expenses.
- NSW public service lags behind their public service counterparts in regard to the amount of additional leave that can be purchased by employees and the amount 'other parent' leave that can be taken.

At the Executive level:

- NSW is in line with practices of most jurisdictions in terms of not providing leave loading for executives. The exceptions are QLD and WA which do offer leave loading to executives.
- NSW does not offer motor vehicle arrangements for executives, whereas all other public service jurisdictions do. Motor vehicle benefits are also commonplace for executives within the general market, being offered by 91% of organisations surveyed.
- Four out of eight jurisdictions offer the opportunity for performance pay. NSW does not offer performance pay, which may affect its competitiveness when compared to the jurisdictions and the general market that do.
- Salary packaging arrangements are offered by all jurisdictions. NSW is seen to be more competitive than VIC who only offers a very restricted list of items that can be packaged.
- NSW falls behind other jurisdictions and the general market in its offering of certain non-cash benefit items including mobile phones and laptops.
- NSW's policy of not providing attraction and retention allowances is broadly in line with other jurisdictions (except for VIC and WA) and the general market. Its location and relocation allowances however, are on par with other jurisdictions.

Whilst it is important to be competitive and to ensure employee offerings are in line with those offered by competitors, the NSW public service may need to consider whether adding additional benefits to their offering will have a greater influence on achieving and maintaining employee satisfaction.

Summary

This report provides a detailed understanding of how NSW public service non-executive and executive remuneration frameworks compare with those in other jurisdictions and within the general market. Collectively the analyses carried out and documented in this report address the Commission of Audit's recommendation that '...the Public Service Commission should undertake a remuneration comparison for NSW public sector classifications and executives, similar to that undertaken by the Australian Public Service Commission's Broader Market

Comparison'. The analyses also addressed the additional remuneration statements that were made in the Commission of Audit report, including how such a review may be used to inform workforce strategies within the Service.

As an example of this, at the non-executive level within NSW, the variation in grading and remuneration frameworks covering positions across agencies performing similar work with similar work values highlights potential barriers to mobility across the Service. This issue was observed in the review when comparing four non-executive frameworks. In considering the large number of industrial instruments in use across the Service, further investigation in this area may provide further insight into the real impact of multiple grading and remuneration structures on key workforce issues such as mobility.

The report provides detailed comparative data to enable well informed decision making as required by the Commission of Audit. It indicates, for example, that executive employees are paid significantly less than their private sector counterparts as well as providing data which indicates the total employee proposition on offer to all employees is competitive with, and in some areas better than, the remuneration and benefit packages offered by other public service jurisdictions and the general market.

Whilst this review identified a number of areas of concern that may be worthy of further exploration, overall this report now provides the PSC with quantitative data that will allow the PSC to make well-informed, strategic recommendations about the NSW Public Service remuneration positioning and broader employment offer.

2

Introduction

In 2013 the NSW Public Service Commission (PSC) initiated a project seeking to understand the comparative value of NSW public service remuneration, both within and outside government, and more specifically between the NSW public service and other public service jurisdictions in Australia.

The review was to provide the NSW Government with reliable information on current remuneration positioning, taking into account the consistency in which grading of roles appropriately reflect the actual value of work undertaken.

Mercer Consulting (Australia) Pty Ltd (Mercer) was engaged to work in partnership with PSC to undertake this review.

Context

The primary catalyst for this project was a recommendation from the NSW Commission of Audit on Public Sector Management (Commission of Audit) 2012 which, whilst addressing a much broader scope, recommended that '...the Public Service Commission should undertake a remuneration comparison for NSW public sector classifications and executives, similar to that undertaken by the Australian Public Service Commission's Broader Market Comparison'.¹⁴

The Commission of Audit report also stated the following¹⁵:

- An analysis of non-executive employee salaries would be useful to inform workforce strategies for the administrative and clerical classification scale, as well as for executives.
- Employees up to Grade 11/12 are generally considered to be remunerated more than their counterparts in the private sector; however people in more senior grades are paid significantly less than in the private sector.
- Terms and conditions of employment more generally must also be considered in any comparisons.
- Solid data is scarce and that should be rectified to enable well informed decision making.

¹⁴ NSW Commission of Audit Interim Report, Public Sector Management, 24 January 2012, p. 73.

¹⁵ NSW Commission of Audit Interim Report, Public Sector Management, 24 January 2012, pp.72-73.

Scope

The specific objective of this review was to gain a thorough understanding of the current remuneration positioning of the NSW Public Service by:

- analysing the relativity and positioning of the NSW remuneration framework structures against other public sector jurisdictions and the private sector
- reviewing whether role grade determinations are reflective of the actual work being undertaken by a role and noting the extent to which roles may have been incorrectly graded
- addressing the above mentioned recommendations by the Commission of Audit
- identifying any potential key policy considerations that may benefit from further investigation.

To inform this review, Mercer has undertaken a comparative analysis of work value relativities and remuneration levels for specific non-executive and executive classification levels across the service. The work value analysis focuses primarily on non-executive positions within specific job families that have similar scope and responsibility across the NSW Public Service. The remuneration comparative analysis focuses on comparable grading structures in other jurisdictions, as well as the 25th percentile of the Australian General Market.¹⁶

Although the Commission of Audit recommendations referred to roles covered by the Administrative and Clerical grading scale, this review examined roles covered by the following six Awards and determinations to ensure comprehensive coverage of comparable roles performing similar work across the Service:

- Senior Executive Service (SES) & Chief Executives, SOORT Determination
- Crown Employees (Senior Officers Salaries) Award 2012
- Crown Employees (Administrative and Clerical Officers – Salaries) Award 2007 (A&C Award)
- Crown Employees (Department of Finance and Services) Award 2012
- Crown Employees (Departmental Officers) Award
- Crown Employees (Office of Environment and Heritage and the office of Environment Protection Authority) General Award.

These Awards and determinations provide coverage of positions (at all levels) that are generic to occupational groups, are common across agencies, and capture specialist skills that are used across the Service.

The SES and CE SOORT Determination, and the Crown Employees Awards relating to Senior Officers and Administrative and Clerical Officers were compared with equivalent Awards and

¹⁶ Data sourced from the Mercer National General Market database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records.

determinations in 8 of 9 Australian jurisdictions (excluding Tasmania). The A&C Award was the only Award covering non-executive roles that was compared at a jurisdictional level. This Award covers the most common and generic roles in the public service within Australia, and is therefore the most appropriate for inter-jurisdictional comparisons.

Roles covered by the Crown Employees Awards relating to the Department of Finance and Services, Departmental Officers and Office of the Environment and Heritage and Environmental Protection Authority were compared within a NSW context only as there are no equivalent Awards in place in all other jurisdictions.

Report Outline

This report presents Mercer's independent analysis, findings and observations regarding NSW's comparative remuneration positioning and grade determination practices. Specifically, this report covers:

Section 3: Terminology used within this report

Section 4: Conceptual Overview of Remuneration Practices

- i. Grading or Classification Structure
- ii. Remuneration Framework
- iii. Pay Policy Position
- iv. Typical Market Positioning

Section 5: Methodology and Approach

- i. Work Value Methodology
- ii. MCED Job Evaluation Methodology
- iii. Remuneration Data Comparisons
- iv. Identifying in-scope data
- v. Review Approach

Section 6: Remuneration Framework Review

- i. Comparative Analysis of Non-Executive Jurisdictional Remuneration Frameworks
- ii. Comparative Analysis of NSW Non-Executive Remuneration Frameworks
- iii. Comparative Analysis of Executive Jurisdictional Frameworks

Section 7: Remuneration Positioning and Influences

- i. Pay Policy Influences
- ii. Cost of Living
- iii. Broader Economic Influences and Market Indices

Section 8: NSW Remuneration Analysis

- i. Remuneration Positioning within Grade
- ii. Job Family Differentials

Section 9: Actual Work Value Exercise (Desktop based)

- i. Approach
- ii. Findings
- iii. Summary

Section 10: Actual Work Value Exercise (Interview based)

- i. Approach
- ii. Findings
- iii. Summary

Section 11: Total Employment Offering Comparative Analysis

- i. Changes to EVP Over Time
- ii. Employees Views on Work
- iii. EVP Trends and Offerings
- iv. Benefits in the NSW Public Service – A Jurisdictional and General Market Comparison

3

Terminology used within this report

The **25th percentile** - (also known as Q1) - is the position in the general market where 25% of organisations pay less and 75% of organisations pay more for a similarly sized role.

The **50th percentile** - (also known as the median or Q2) - is the position where 50% of organisations pay less and 50% of organisations pay more for a similarly sized role.

The **75th percentile** - (also known as Q3) - is the position where 75% of organisations pay less and 25% of organisations pay more for a similarly sized role.

ANZSCO refers to the Australian and New Zealand Standard Classification of Occupations code, and is a classification system that provides for the standardised collection, analysis, and dissemination of occupation data. It was developed jointly by the Australian Bureau of Statistics (ABS), Statistics New Zealand and the Department of Education, Employment and Workplace Relations (DEEWR) for use in the collection, publication and analysis of occupation statistics. It is currently used within the NSW Public Service Workforce Profile collection.

Classification Creep relates to the systemic grading of roles to higher levels within a grading structure or framework without a commensurate increase in actual work value or capability.

Employee Value Proposition relates to factors that contribute to an employee's decision to join and keep working for an employer. It comprises material rewards, intangible rewards, career value and organisation reputation.

Executive refers to a position specifically covered by an Executive, Chief Executive or Senior Executive Service Award or Determination.

Framework refers to a formal structure that defines grade levels, salary ranges and other components of remuneration, for example superannuation, for employees paid in accordance with a particular industrial instrument.

MCED Job Evaluation Methodology is a system designed to measure the relative size of positions and expresses the worth of a position in terms of numerical points (work value). Work value is determined by assessing roles using three key factors applicable to job roles (Expertise, Judgement, and Accountability).

The **Mercer National General Market** refers to all data within the Mercer remuneration database (covering all industries, sectors and job families) and provides an overall representation of remuneration within the market. The database is updated quarterly from regular incoming information and currently contains in excess of 330,000 individual records data from over 800 Australian organisations.

Non-Executive refers to a position specifically covered by a non-executive level Award¹⁷.

Paylines are regressed lines of work value and remuneration data constructed from Mercer's extensive remuneration databases. They enable the estimation of market remuneration data for roles of the same size, i.e. roles with the same work value points.

Total Employment Offering refers to the remuneration, benefits, conditions, career and development opportunities provided by an organisation.

Total Fixed Remuneration (TFR) – also known as Total Employment Cost (TEC) - consists of base salary plus the value of all fixed cash and non-cash benefits provided (including superannuation, applicable leave loading, vehicle allowances, and salary sacrifice benefits) plus the cost of Fringe Benefits Tax. TFR does not include any incentive/bonus or variable allowance payments over and above those specified above.

Trendline refers to the linear line-of-best-fit between a series of data points within a graph. It provides a visual representation of the gradient of salary progression within a grading and remuneration framework and is typically used for comparing inter-jurisdictional frameworks. It does not refer to a historical trend.

Work Value refers to the numerical points attributed to a position through assessment of role responsibilities, scale and scope of accountabilities as measured by a job evaluation methodology. It provides a consistent point of reference in which to compare positions.

¹⁷ For the purposes of this review, Senior Officer positions were considered within the Executive analysis, however APS grades EL1 and EL2 have been included in the non-executive comparisons at the request of the NSW PSC.

4

Conceptual Overview of Grading and Remuneration Frameworks

This section provides a high level conceptual overview of grading and remuneration principles and is intended to provide a fundamental overview of key concepts for readers who may not be familiar with remuneration strategy and management. A more detailed overview of the development of remuneration strategy, including the creation of grading and remuneration frameworks is provided in **Appendix A**.

Framework: Defined

For the purposes of the review, 'framework' refers to a formal structure that defines grade levels, salary ranges and other components of remuneration, for example superannuation, for employees paid in accordance with a particular industrial instrument.

Elements of Remuneration Framework Structures

Remuneration management structures typically comprise two key elements; a grading structure (or classification framework) and a remuneration framework. These are summarised below:

Grading Structure

The objective of a grading or classification structure is to group together positions of similar size, or work value, in order to provide a logical basis for:

- Remuneration management
- Career management
- Job and organisation design.

Grading structures are created by applying a number of design principles, typically underpinned by job evaluation methodology, work level standards, and/or capability frameworks. These frameworks underpin grading structures and approaches to remuneration setting in all Australian public sector jurisdictions, as well as many private sector organisations. **Appendix A** highlights a selection of design principles commonly considered when creating grading structures and summarises their defining characteristics.

A grading structure provides a framework in which roles can be clustered into groups of similar complexity then allocated into a hierarchy of grades. It does not imply that all positions within each grade are identical or of identical value; it simply reflects the comparable levels of

complexity across a group of positions. It provides a transparent administrative structure which facilitates defensible and consistent grade determination of roles across an organisation.

Grading frameworks are usually tailored to fit specific organisational needs or sector attributes. For example, segregating executive and non-executive roles, or applying bespoke grading structures for different work force segments. Grading structures typically require ongoing review to ensure that any changes to organisational business or operating structures continue to be supported by the framework.

Remuneration Framework

A remuneration framework works in conjunction with a grading structure in that it sets a remuneration range for each grade level within the structure. The remuneration framework provides a consistent approach by which an organisation can apply remuneration decisions. Figure 4.0 below illustrates how these frameworks work together. For example, a role assessed as having a work value between 251 and 360 points would be appointed to Grade 3 and paid within the range \$73,900 to \$105,300.

Figure 4.0: Example Grading and Remuneration Framework

Grade	Work Value Point Ranges			Remuneration Ranges		
	Min	Mid	Max	Min	Mid	Max
1	100	125	150	\$44,400	\$50,700	\$57,000
2	151	201	250	\$57,100	\$67,200	\$77,300
3	251	306	360	\$73,900	\$89,600	\$105,300
4	361	441	520	\$106,800	\$129,400	\$152,000
5	521	611	700	\$146,100	\$177,100	\$208,100
6	701	821	940	\$187,900	\$227,800	\$267,700
7	941	1071	1200	\$232,000	\$290,000	\$348,000
8	1201	1351	1500	\$289,800	\$362,200	\$434,600

The remuneration ranges that are set within a framework are based on an underlying remuneration policy position.

Remuneration Policy Positioning

Remuneration policy positions are determined by defining a number of organisation specific criteria, taking into account a number of internal and external labour market and other factors that may impact what would be considered fair (or competitive) remuneration for that particular organisation. Some of these factors include:

- competitive pressure within the industry/sector
- relevant industrial Agreements or Awards
- calibre and availability of skills required
- the importance of intrinsic vs extrinsic rewards
- willingness and capacity of the organisation to pay.

Consequently, organisations across all sectors and industries may choose to position their reward policy at different levels, resulting in a range of remuneration positions (typically set at the 25th, 50th or 75th percentile¹⁸) within the broader market.

Once a remuneration policy position is determined, market data is typically collected from a number of sources (for example, industry based surveys, remuneration consultants, industry associations) and this data is used to benchmark competitive remuneration ranges and to establish the organisation's remuneration policy.

Typical Market Remuneration Positioning

One of the largest influencing factors on remuneration levels is the industry or sector in which the role or organisation operates within.

Within the public sector, wages policies and other legislative instruments define parameters within which remuneration decisions must be made. In recent years this has had the effect of constraining Tribunal and remuneration policy makers in their ability to implement flexible remuneration practices, and in some jurisdictions has required increased emphasis on productivity gains and offsets. In addition, the highly unionised nature of the Public Service (relative to union membership in the private sector) adds further complexity and constraint to the sector's ability to construct or influence remuneration policy positioning relative to the broader market.

¹⁸ The 25th percentile (or Q1) is the position at which 25% of organisations pay less for positions of equivalent work value and 75% pay more.

The 50th percentile (median or Q2) is the position at which 50% of organisations pay less for positions of equivalent work value and 50% pay more.

The 75th percentile (or Q3) is a more competitive pay position and is the position at which 75% of organisations pay less for positions of equivalent work value and 25% pay more.

Private sector organisations, although similarly impacted by economic and other business constraints, are not necessarily subject to the same level of restraint as those imposed by government. Whilst the private sector is subject to legislation requiring compliance with minimum levels of remuneration (for example, *The Fair Work Act 2009*), these organisations have greater ability to develop and implement revenue or wealth generating business strategies to support competitive wages growth, or to divest non-profitable operations to reduce costs. In addition, private sector organisations by their very nature operate within a much more competitive environment and are therefore more exposed to movements in the remuneration market.

Consequently, public sector organisations are subject to greater limitations than private sector organisations in their ability to influence their individual organisational remuneration strategy and positioning.

Typically, public service executive remuneration tends to cluster within the lower quartile of the market (at or below the 25th percentile). There tends to be wider variability of non-executive remuneration within public sector organisations, with remuneration levels falling between the 25th and 75th percentiles of the general market¹⁹. Figure C in Appendix A provides an overview of local or internal factors as well as external or industry factors which can impact and influence remuneration positioning within the market.

The remuneration policy position assists in setting the remuneration ranges for each grade within a classification framework.

The contextual frame of reference provided in this section summarises the key principles Mercer applies to the development and review of remuneration management strategy. It provides a consistent model to compare and benchmark remuneration policies and structures within the NSW public service relative to comparator organisations and underpins Mercer's approach to this review.

¹⁹ Typical market remuneration positioning relative to MCED work value.

5

Methodology and Approach

This section outlines the work value and remuneration methodology applied in this review to enable cross-framework comparisons.

Work Value Methodology

Every public service jurisdiction in Australia has (at least one) framework on which to base classification and remuneration decisions. As each of these is slightly different, there is no single common structure or framework across the jurisdictions which permit a direct comparison of classification or remuneration levels. In undertaking this review it was therefore necessary to identify and develop a common basis on which to logically make these comparisons possible. For the purpose of this review, Mercer adopted a work value approach, based on the Mercer CED Job Evaluation methodology (MCED) to facilitate a cross jurisdictional analysis on a like-for-like basis.

The MCED methodology, summarised in detail below, has been used as the common basis by which benchmark comparisons have been made in this review, along with grade classification levels within each jurisdiction. The MCED methodology has been widely used in both the public and private sectors in Australia for many years and has broad acceptance as a reliable methodology for determining the relative work value of many different types of jobs ranging from senior executives, management, professionals, administrative and technical and blue-collar occupations. The MCED methodology formally underpins classification frameworks to varying degrees in most Australian jurisdictions. Specifically, the methodology underpins the classification of:

- 100% of public service roles within Queensland and the Northern Territory
- 100% of public service executive roles within ACT (enacted through legislation); varying degrees at the non-executive level (subject to Enterprise Agreements)
- All executive roles within Western Australia, including Directors General and Heads of Agencies, Chief Executives of Local Government, and selected roles under the Health Act (including hospital and health service executives)
- 100% senior executive service roles within South Australia.

Within NSW, MCED is one of three methodologies able to be used for determining work value (Hay and OCR being the other two). In the APS, the MCED methodology is used to advise on and determine grade classification of both executive and non-executive roles in a number of agencies, however there is no formal requirement to use the methodology, therefore the degree of coverage in these jurisdictions is difficult to determine. In addition:

- APS, Victoria and Tasmania do not formally use MCED points to underpin their classification structures
- South Australia and Western Australia use MCED points for SES levels but do not formally use them for levels below SES

In jurisdictions where MCED is not formally used, Mercer has constructed notional work value structures based on prior work in these jurisdictions (Victoria circa 2004, APS 1998 – 2010, WA 1999, SA circa 2002). Table 5.0 identifies jurisdictions and role levels where formal and notional structures have been used by Mercer in this review.

Table 5.0: Use of Formal and Notional MCED-based Structures by Jurisdiction

MCED Work Value Grade Boundaries	NSW	QLD	ACT	NT	SA	WA	APS	VIC
Executive	Formal	Formal*	Formal	Formal	Formal	Formal	Notional	Notional
Non-Executive	Formal	Formal	Formal	Formal	Notional	Notional	Notional	Notional

*SES structure formal, CE structure notional

Work value boundaries were not able to be constructed for Tasmania's structure due to the unavailability of sufficient data, hence Tasmania has been excluded from the framework review.

MCED Job Evaluation Methodology

The Mercer Cullen Egan Dell (MCED) job evaluation system, established in the 1960s, is robust and universal points factor evaluation system. The MCED methodology is designed to objectively determine the relative ranking of positions within an organisation by measuring the relative size of roles and expressing the worth of a role in a single score; 'work value points'.

The result of an evaluation using the MCED system can provide:

- A reliable basis for pay position
- An objective reference for the evaluation of the requirements of a role
- A framework for promotion and succession planning
- An objective reference to solve titling issues
- A means for external comparisons.

Work value points are determined by assessing three factors, under-pinned by eight subfactors that are considered to be common to all positions. A high level overview of the factors assessed within the MCED methodology and their defining components is provided overleaf in Table 5.1.

Table 5.1: Components of MCED Job Evaluation Methodology

FACTOR	SUBFACTOR	COMPONENTS
Expertise	• Knowledge & Experience	- Nature - Extent - Depth
	• Breadth	- Spread and diversity of tasks - Scope/scale of the role - Geographic breadth - Variety and nature of products/services - Need for integration of activities/policies
	• Interpersonal Skills	- Skill in dealing with people and resolving organisational conflicts
Judgement	• Job Environment	- Clarity of goals, guidelines, policies - Nature and variety of tasks, methods
	• Reasoning	- Need for judgement, problem solving and creativity
Accountability	• Independence & Influence	- Freedom to decide, commit resources, independence in decision making - Nature and variety of tasks, methods - Scope to determine strategy, methods
	• Impact	- Key results influenced by primary objectives for the job - Impact on financial parameters or the scope and impact of advice/service
	• Involvement	- Extent to which “buck stops here” and if accountability is complete or shared

Precise use of the MCED job evaluation methodology involves comparing the key requirements of a role with detailed descriptions of work characteristics as defined within each factor of the methodology, to find the level within each of the subfactors that most accurately describes the characteristics of the role being evaluated. The eight subfactors are based on a systems approach to understanding positions and the methodology provides a systematic, defensible basis for grading positions within a job classification system.

Appendix B provides further information of the MCED job evaluation methodology for reference.

Remuneration Data Comparisons

Consistent with the methodological application of work value, remuneration ranges for all frameworks were adjusted for consistency for each jurisdiction, where necessary, to allow for comparisons. Specifically, each jurisdictional framework was modified to reflect Total Fixed Remuneration (TFR) figures. TFR consists of base salary plus the value of all fixed cash and non-cash benefits provided (which includes superannuation, applicable leave loading, vehicle allowances, and salary sacrifice benefits) plus the cost of Fringe Benefits Tax. TFR does not include any incentive/bonus or variable allowance payments over and above those specified above.

Where required, these adjustments include:

- 9.25%²⁰ superannuation (12.5% Queensland²¹)
- 17.5% leave loading
- Car and FBT allowances for SES and CEs²²

Remuneration data provided in this report is effective as at 19 June 2014.

Appendix C provides details of the NSW classification and remuneration frameworks included in this review.

Appendix D provides details of the jurisdictional frameworks included in this review. The structure for Tasmania has been included for reference only.

²⁰ Note that the superannuation guarantee rate increased to 9.5% effective 1 July 2014. Data in this report is effective as at 19 June 2014.

²¹ Subject to employee contribution of 5%.

²² Note that NSW SES remuneration bands do not include car allowance as car allowances are not a feature of the NSW executive remuneration framework.

Identification of in-scope data

At the commencement of the project, Mercer was provided with a dataset comprising 492,078 records from the NSW Workforce Profile database. The workforce profile database comprises workforce demographic information, including position and salary information all public sector employees of NSW government agencies collected via an annual census conducted by the Public Service Commission. The Public Service, specifically, comprises approximately 77,000 records of this headcount. The data utilised for the purposes of this review was collected by the 19 June 2014 census.

In order to meet the requirements of the review, the provided dataset required refinement in order to ensure only suitable role data records would be included in the analyses. Specifically, Public Service roles were the focus of the review, and only roles that were covered by the six specific Awards and determinations previously discussed in Section 2 of this report were included in the analyses.

As the purpose of the review was to compare positions considered generic or common across the service and/or those which require specialist skills that are utilised in more than one agency, positions considered 'out of scope' of the review were omitted. Roles that were excluded from the analyses included those which require special qualifications or skills largely confined to one specialist agency and/or those in State Owned Corporations (SOC's). Examples of excluded groups include fire-fighters, police, nurses and medical practitioners.

Mercer recognises the inherent complexity in maintaining the integrity of such a large data source, so specific 'data cleaning' parameters were agreed with PSC to ensure that data included in the analysis was of high quality, accurate and complete. A more detailed explanation of the 'data cleaning' refinements is provided in **Appendix E**.

The filtering and data cleaning refinements produced a final dataset comprising 32,228 records.

It is important to acknowledge the whilst the final dataset used in the review represents only 7% of the original dataset received, it represents approximately 42% of the Public Service overall., By applying strict data cleaning parameters in order to preserve the quality and integrity of the data, and to ensure only roles that met the review criteria were included in the analyses, the resultant 32,228 data records was considered a representative and robust sample on which to base the review.

After the final dataset was established, further refinements to the data records were carried out to ensure the quality and accuracy of the data. First, individual agencies were contacted to provide actual job titles for roles, as this is not captured within the census collection. If the Agency could not accurately confirm a job title, ANZSCO job titles were relied upon.

Second, each role record was assigned a classification or grade level. Grade classification is also not a field captured within the workforce profile collection parameters. This information was

critical, however, to conduct cross-jurisdictional comparisons and other advanced analyses. Grades were allocated on the basis of the Award or determination attributed to each role record, and remuneration matched to the applicable level within the corresponding level of the framework.

Third, each role record was assigned to a job family. Job family assignment was driven both by the provided ANZSCO code and role title. Position primary and secondary function data was also referenced to ensure accuracy of job family assignments.

Review Approach

The main purpose of this review was to ensure the statements made by the Commission of Audit were thoroughly investigated. The focus was to gain a thorough understanding of the current state of the Service by gathering solid data on the comparability of remuneration to enable well-informed decision making on wages and other employee-related costs. The Commission of Audit report stated that *“it is important for the community that public servants are neither under or over remunerated in comparison to other sectors”*²³. In comparing remuneration, it was also important to investigate that grading of roles within the service were appropriate and reflective of work undertaken, given that the grade attributed to a role directly determines the level of remuneration received.

In this respect, the approach to the review was twofold:

1. From a remuneration framework perspective
 - the objective was to understand the relativity and positioning of NSW remuneration framework structures between particular Awards and determinations within the NSW public service, against other public service jurisdictions, and relative to the private sector
2. From a grading or work value perspective
 - the objective was to assess whether current grade assignments were reflective of the actual work being undertaken by roles across the service, or identify the extent to which roles may have been incorrectly graded.

Focusing on comparing roles with equal or similar work value and capability requirements, the review involved both quantitative and qualitative consideration and analysis of the following factors:

- public service remuneration across the jurisdictions
- non-executive remuneration within the NSW Public Service
- comparison of employment conditions and arrangements
- employee value proposition/total employment offering trends
- cost of living and other influences impacting remuneration positioning

²³ NSW Commission of Audit Interim Report, Public Sector Management, 24 January 2012, pg 73.

- market differentials for specific occupational job families
- classification and grading practices across the NSW Public Service
- work value/grade level assigned to a position, where this was able to be established
- work value of actual work performed.

In order to achieve these objectives, the review was conducted in a number of discrete but interrelated phases. Mercer and PSC worked collaboratively in scoping each phase, continually defining and refining the approach and methodologies undertaken to ensure a rigorous yet pragmatic analysis was conducted. This was particularly important given the comprehensive nature of the review requirements and the complexity associated with size and diversity of the NSW Public Service.

6

Remuneration Framework Review

In order to develop a thorough understanding of the relativity and positioning of NSW remuneration within the public service, two comparative analyses were undertaken. First, a comparison analysis was undertaken between comparable classification and remuneration frameworks within the NSW public sector itself. Second, analyses were carried out to compare NSW frameworks with counterpart frameworks in seven other Australian jurisdictions, namely the Australian Public Service (APS), Queensland (QLD), Victoria (VIC), South Australia (SA), Western Australia (WA), Australian Capital Territory (ACT) and the Northern Territory (NT). This section presents the findings of the analysis.

General Methodology

The remuneration analysis was conducted at two distinct structural levels; Non-Executive and Executive. Jurisdictional pay data was sourced from published Awards or Determinations or provided in confidence to Mercer.

NSW Classification Frameworks - Overview

There are a number of classification frameworks utilised within the NSW public service, particularly at the non-executive level. At the Executive level, the majority of roles are currently classified under:

- Senior Executive Service (SES) & Chief Executives
- Crown Employees (Senior Officers Salaries) Award 2012.

Mercer notes the Government Sector Employment (GSE) Act 2013 came into effect February 2014, and provides for the transition of SO, SES and CE employees to new employment arrangements, moving from a three level SO and an eight level SES and CE grading structure to a single four band structure over a three year period. Given the transitional nature of these changes, we have included analysis of both the eight level and four band Executive structures in this review.

At the Non-Executive level, as previously mentioned, jurisdictional analysis has been undertaken using the Crown Employees (Administrative and Clerical Officers – Salaries) Award 2007, as this captures the majority of non-executive roles within the NSW public service and the most comparable amongst all jurisdictions.

As a composite, the above mentioned frameworks are structured as follows:

Table 6.0: NSW Remuneration Framework (Effective as at 19 June 2014)

Industrial Instrument	Grade	Mercer CED Work Value Points			TFR Remuneration Range		
		Min	Mid	Max	Min	Mid	Max
Non Executive Administrative and Clerical Officers	Clerk GS	0	59.5	119	\$29,982	\$45,588	\$61,195
	Grade 1-2	120	144.5	169	\$61,917	\$64,615	\$67,312
	Grade 3-4	170	202	234	\$69,219	\$72,506	\$75,793
	Grade 5-6	235	277	319	\$81,711	\$85,934	\$90,158
	Grade 7-8	320	367	414	\$92,859	\$97,823	\$102,788
	Grade 9-10	415	469.5	524	\$105,852	\$111,248	\$116,645
	Grade 11-12	525	597	669	\$122,429	\$132,009	\$141,589
Executive Senior Officers Award	SO1	670	710	749	\$158,426	\$164,567	\$170,707
	SO2	750	800	849	\$173,596	\$179,716	\$185,836
	SO3	850	920	989	\$192,054	\$201,437	\$210,819
Executive Senior Executive Service (SES) & Chief Executives	SES1	670	710	749	\$167,100	\$181,350	\$195,600
	SES2	750	800	849	\$195,601	\$202,701	\$209,800
	SES3	850	920	989	\$209,801	\$224,051	\$238,300
	SES4	990	1077	1164	\$238,301	\$249,076	\$259,850
	SES5	1165	1320	1474	\$259,851	\$279,801	\$299,750
	SES6	1475	1737	1999	\$299,751	\$318,301	\$336,850
	SES7	2000	2275	2549	\$336,851	\$379,676	\$422,500
	SES8	2550	3025	3500	\$422,501	\$455,301	\$488,100
Executive GSE Act	Band 1	670	830	989	\$167,100	\$202,700	\$238,300
	Band 2	990	1232	1474	\$238,301	\$269,026	\$299,750
	Band 3	1475	2012	2549	\$299,751	\$361,126	\$422,500
	Band 4	2550	3025	3500	\$422,501	\$455,301	\$488,100

These frameworks have been used as the basis for comparison for the jurisdictional analysis.

Non-Executive Grading Structure Jurisdictional Comparison

Non-executive grading and remuneration frameworks were compared across eight jurisdictions: NSW, APS, QLD, VIC, NT, ACT SA, WA. Four key differences are evident, namely:

- the number of levels within each grading structure (ranging between four and eight levels)
- the breadth of the work value bands for each grade based on MCED work value points
- the breadth of remuneration ranges for each grade
- the grade and remuneration level corresponding to the associated work value bands.

Appendix F provides a table comparison of each jurisdiction’s framework structures.

Charts 6.0 and 6.1 provide a visual representation of these observations, highlighting the complexity of comparing jurisdictional structures based solely on grade level. Note that two Senior Officer grades have been included in the non-executive analysis for APS and VIC, at the request of PSC, as these grades were comparable to the NSW non-executive structure.

Chart 6.0 displays the variation in non-executive structures based on MCED work value points by grade level. For example, 500 work value points equates to a different grade level, depending on the jurisdiction. In NSW, 500 work value points equates to a Grade 9-10, in QLD (AO7), and in VIC (Level 5).

Chart 6.0: Non-Executive Structures Work Value by Grade Comparison across Jurisdictions

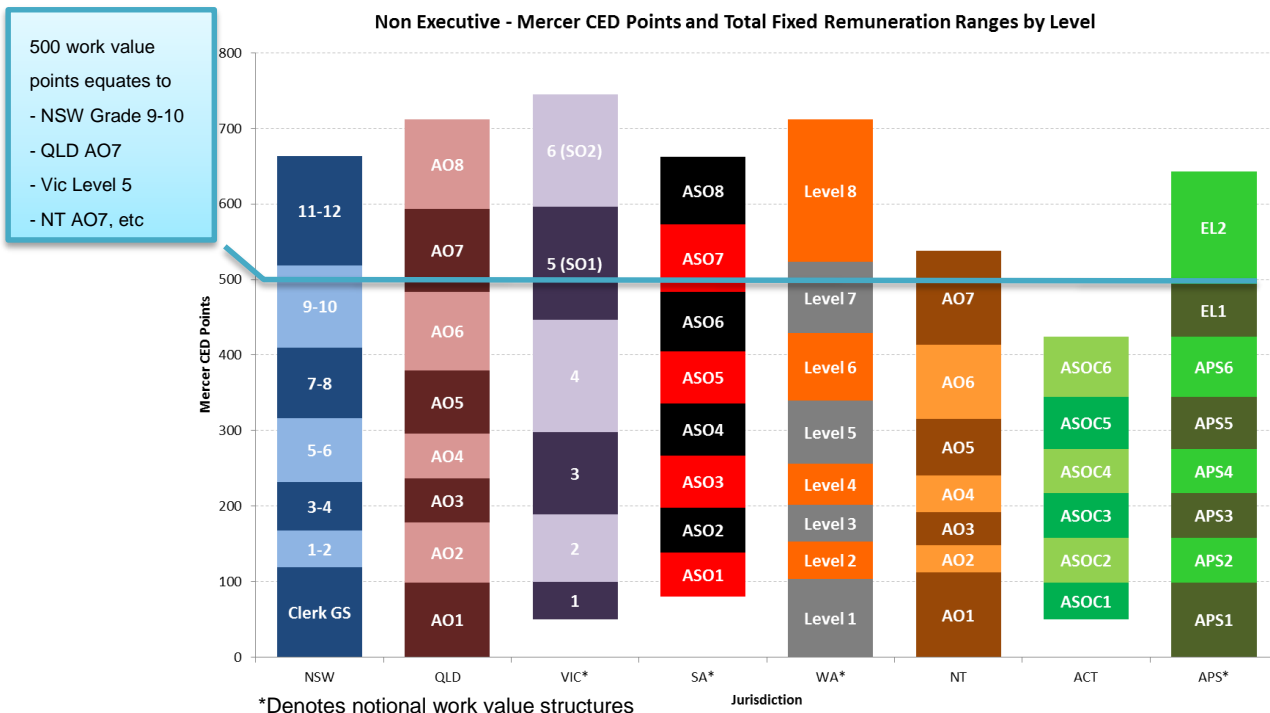


Chart 6.1 displays the variation in **remuneration** by grade.

For example, a total fixed remuneration level of \$100,000, is equated to non-executives Grade 7-8 in NSW and AO6 in QLD, however Senior Officer Level 5 in VIC.

Chart 6.1: Non-Executive Structures Remuneration by Grade Comparison across Jurisdictions

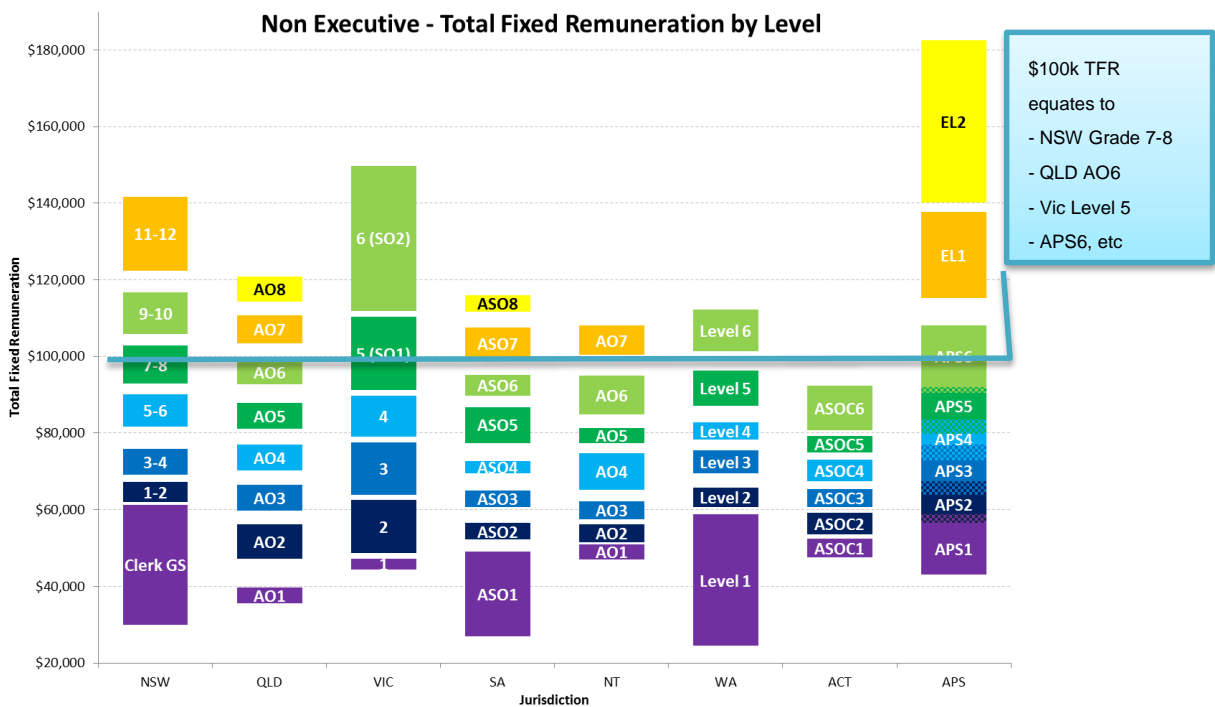


Table 6.1 further highlights grade level and remuneration variation at selected work values. Remuneration values are approximate.

Table 6.1: Cross Jurisdictional Indicative Classification and Remuneration levels at selected MCED work value points

Work Value	NSW	QLD	VIC	SA	WA	NT	ACT	APS	Determination
150 MCED points	Grade 1-2	AO2	Level 2	ASO2	Level 2	AO3	ASOC2	APS2	Classification
	\$65k	\$52k	\$56k	\$53k	\$65k	\$57k	\$59k	\$67k	Remuneration
250 MCED points	Grade 5-6	AO4	Level 3	ASO3	Level 4	AO5	ASOC4	APS4	Classification
	\$85k	\$70k	\$71	\$63k	\$82k	\$77k	\$70k	\$78k	Remuneration
500 MCED points	Grade 9-10	AO7	Level 5	ASO7	Level 7	AO7	SOGB	EL1	Classification
	\$117k	\$103k	\$100k	\$99k	\$127k	\$105k	\$120k	\$138k	Remuneration
650 MCED points	Grade 11-12	AO8	Level 6	ASO8	Level 8	SAO1	SOGA	EL2	Classification
	\$141k	\$118k	\$130k	\$116k	\$140k	\$120K	\$139k	\$182k	Remuneration

Overall, Charts 6.0 and 6.1 as well as Table 6.1 emphasise the complexity of aligning remuneration and grade levels for direct jurisdictional comparison. There is variation in terms of number of grade levels within each structure, and differences in classification and remuneration determinations at any given work value across the jurisdictions.

This evident variation supports the necessity of analysing jurisdictional structures using a common underpinning methodology in order to ensure that positions of equivalent scope and complexity are being equivalently and accurately quantified. Consequently, comparative analysis undertaken utilises MCED work value points as the 'common ground' for comparison. To demonstrate this method, 500 work value points, for example, is universal in representing roles performing similar work in terms of responsibility and complexity. Using 500 work value points as a position of reference, the associated grade level and remuneration value for each jurisdiction can be compared. Analysis based on grade level alone does not provide a reasonable basis for comparison.

Non-Executive Jurisdictional Remuneration Relativities

Chart 6.2, overleaf, presents the jurisdictional relativities of the non-executive frameworks across the public service. The jurisdictional framework data is displayed in Chart 6.2 as 'lines of best fit' based on the midpoint of each grade and remuneration range for the respective.

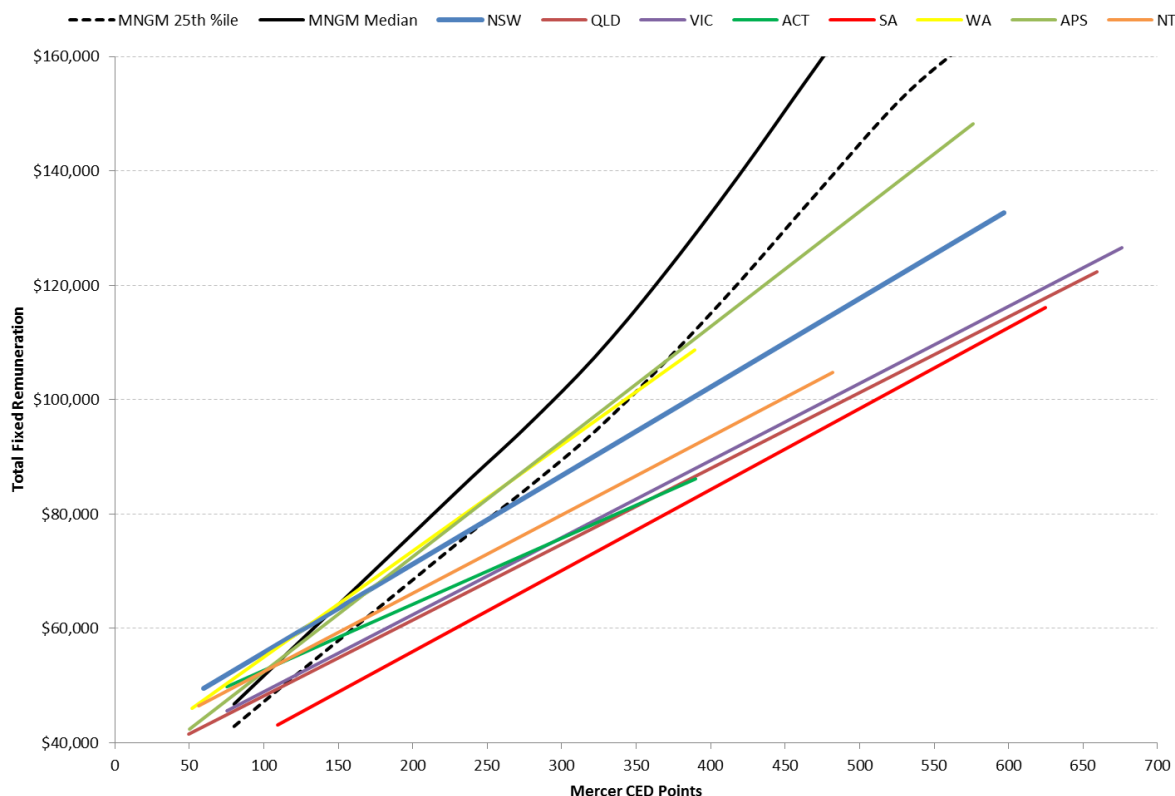
The line of best fit approach has been used to display jurisdictional relativities as it provides a visual representation of the gradient of salary progression within each jurisdiction, allowing for comparison of structures with inconsistent or overlapping work value data points. Therefore, this approach most suitably represents the overall progression of remuneration within each structure, for comparative purposes. This chart is provided to illustrate **indicative** relativities of non-executive remuneration across the jurisdictions.

Note: Line of best fit trendlines 'smooth' the display of jurisdictional salary progression which can result in observed differences in visual illustration versus framework structures. As such, the jurisdictional trendlines relative to the general market data also incorporate this smoothing effect.

In the chart, MNGM refers to the Mercer National General Market²⁴.

²⁴ The **Mercer National General Market** refers to all data within the Mercer remuneration database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records. It provides an overall representation of remuneration within the Australian market.

Chart 6.2: Jurisdictional Remuneration Relative Positioning – Non-Executives (as at June 2014)



*VIC, SA, WA, APS work value points are notional (indicative only)

From a relativity perspective, this graph highlights:

- Relative positioning between the jurisdictions varies depending on the position of the work value spectrum on the X axis in which it is viewed, for example, the NSW trendline sits above WA between 50 and 150 work value points, but is below WA between 300 and 400 work value points.
- Overall, NSW, WA and the APS have the highest relative positioning among the jurisdictions
- NSW has a lower positioning relative to the APS, WA and the general market as work value increases (as presented by the flattening of the line trajectory)
- The APS is broadly aligned with the general market 25th percentile throughout the non-executive levels, whereas all other jurisdictions follow a similar trend of falling further away from the 25th percentile as work value increases above 300-400 MCED points
- The general hierarchy of relative positioning within the public sector broadly equates to the following order: APS, WA, NSW, NT and the remainder clustered together within a similar range.

In order to explore these non-executive level remuneration trends further, jurisdictional remuneration positioning relative to NSW was calculated. The overall differentials are provided in Table 6.2. As well as examining the salary differentials, the overall progression in salary was measured to provide additional context to the relative positioning differences between jurisdictions.

Interpreting Table 6.2:

- **Salary differentials** are displayed relative to NSW, and so;
 - APS at 1.07 equates to 7% higher than NSW.
 - VIC at 0.88 equates to approximately 12% lower than NSW, and so on.
- **Salary progression ratios** are displayed as the increase in salary from the lowest pay point to highest pay point within the structure, based on consistent work value anchor points.
 - For example, if an employee commenced at the lowest non-executive salary of \$50,000 in NSW, the rate of increase is 2.90, equating to their salary increasing by a multiple of 2.90 of starting salary if they progress to the highest non-executive level within their structure, e.g. $\$50,000 \times 2.90 = \$145,000$ (highest non-executive salary).

Table 6.2: Jurisdictional Non-Executive Remuneration Differentials relative to NSW

	NSW	APS	WA	NT	ACT	VIC	QLD	SA
Salary Differential*	1.0	1.07	1.04	0.94	0.91	0.88	0.85	0.83
Salary Progression Ratio*	2.90	3.19	3.14	2.47	2.25	2.45	2.90	2.71

* Salary differentials and progression ratios have been calculated using the same anchor points for each jurisdiction, based on the work value midpoints for each grade within the NSW non-executive structure. This was done to provide a consistent basis for comparison due to varying number of grades in each jurisdiction, and as such, may compare Senior Officer level salaries in jurisdictions where NSW non-executive work values fall in Senior Officer grades in those jurisdictions, namely APS, VIC, ACT and NT.

Table 6.2 indicates that non-executives working within the NSW public service have a higher pay position relative to five other jurisdictions. The APS and WA are the only jurisdictions positioned higher towards the upper end of the non-executive work value scale. Furthermore, NSW has a greater salary progression ratio than four other jurisdictions, including NT, SA, ACT and VIC.

On average, APS remuneration is 7% higher than NSW at the non-executive level and WA remuneration is 4% higher. Northern Territory non-executive remuneration is the next most closely aligned at approximately 6% lower than NSW.

In regard to the overall progression in remuneration, APS and WA again exceed NSW levels. Whilst QLD remuneration is lower than NSW, the progression throughout non-executive levels is

the same. VIC and ACT have the lowest progression of all jurisdictions, and this is visible in reading Chart 6.2.

Mercer notes the positioning of WA non-executive levels may be impacted by a number of factors. The first is that this may be due to an inconsistent calibration of the work value ranges within the non-executive framework²⁵. The second is that the upturn in the WA economy throughout the early to late 2000s may have contributed to consistently high levels of enterprise agreement increases required by the tight labour market, and in response to the loss of lower to mid-level public servants to the resources sector²⁶.

²⁵ Notional work value boundaries for WA cease at 719 points in the non-executive structure. The Executive structure commences at 900 points, equating to a work value gap of 181 points.

²⁶ Losses to the resources sector in WA observed through Mercer consulting assignments for WA Government where agencies were reporting losses to the sector, particularly planners (especially local government), environmental officers (graduates with 3+ years' experience), project coordinators and managers, among others.

Non-Executive Jurisdictional Framework Comparison – NSW, APS, VIC, QLD

In focusing on jurisdictions considered most comparable to NSW²⁷, further comparative analysis was undertaken in regard to the APS, QLD and VIC specifically. Chart 6.3 displays non-executive remuneration relativities based on actual framework data for each of the specified jurisdictions. Data plotted represents the maximum remuneration at each grade within the respective non-executive structures, as opposed to line of best fit progression as represented in the jurisdictional relative positioning graph (Chart 6.2).

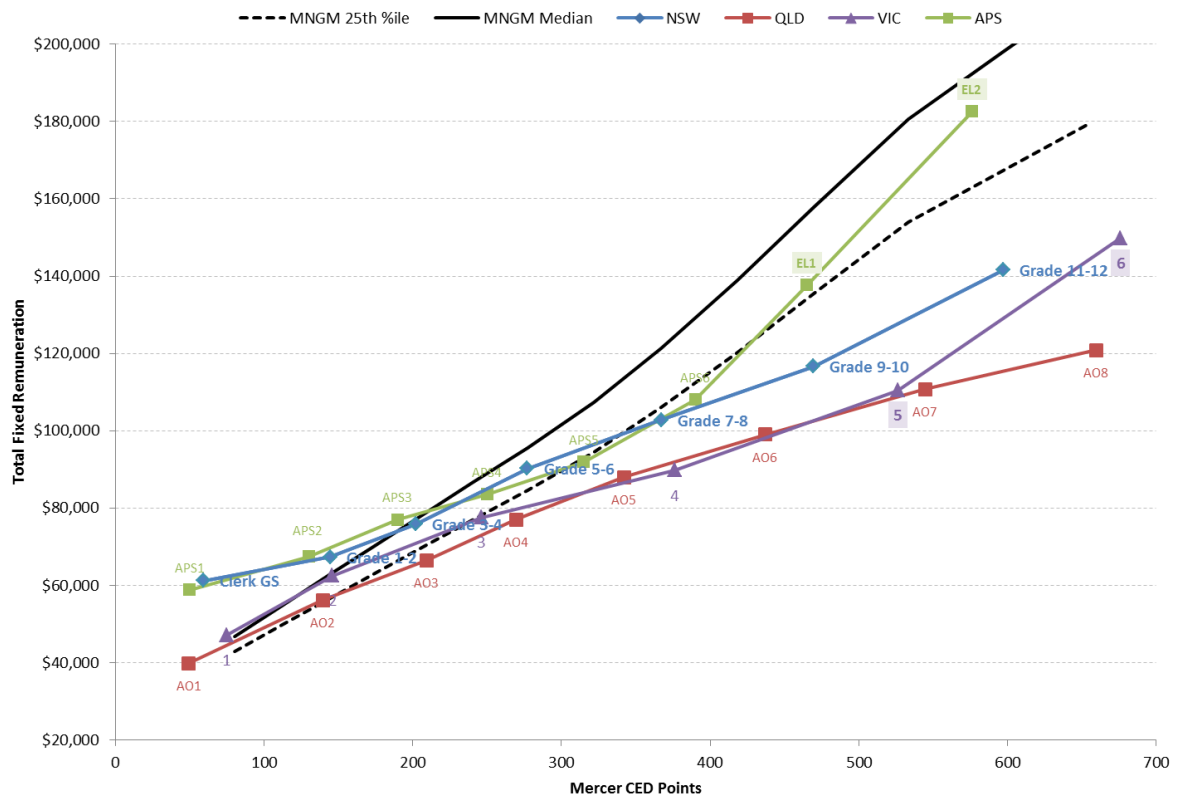
Data has been plotted in this manner to reflect the maximum potential salary within each grade. Maximum values have been used as the public sector historically (and in most jurisdictions, currently) applies an increment approach to salary progression within each grade of the non-executive levels, and there are minimal performance barriers to an individual reaching the maximum of the band. In theory, the maximum value of each grade (that is, highest increment level) assumes an individual is fully developed at level, however we also recognise that the maximum of the band can be a reflection of tenure. For the purpose of this review, Mercer considers the maximum of the band as the market competitive rate for each grade.

The graph highlights:

- NSW remuneration is aligned to APS remuneration until approximately 400 MCED points (Grade 7-8), and sits above the general market 25th percentile until that point
- NSW remuneration is higher than QLD and VIC throughout the non-executive structure
- Note the last two grades within APS and VIC fall within their respective senior officer structures from a classification perspective which explains the spike in remuneration at these levels.

²⁷ APS, QLD and VIC considered most comparable to NSW particularly in relation to labour market size and complexity.

Chart 6.3: Non-Executive Structures NSW vs QLD, VIC & APS



The relativities between these four jurisdictions align with the trendline and gradient relativities observed in Chart 6.2.

Note that EL1 and EL2 in APS and Level 5 and 6 in VIC are considered Senior Officer positions in their respective jurisdictions.

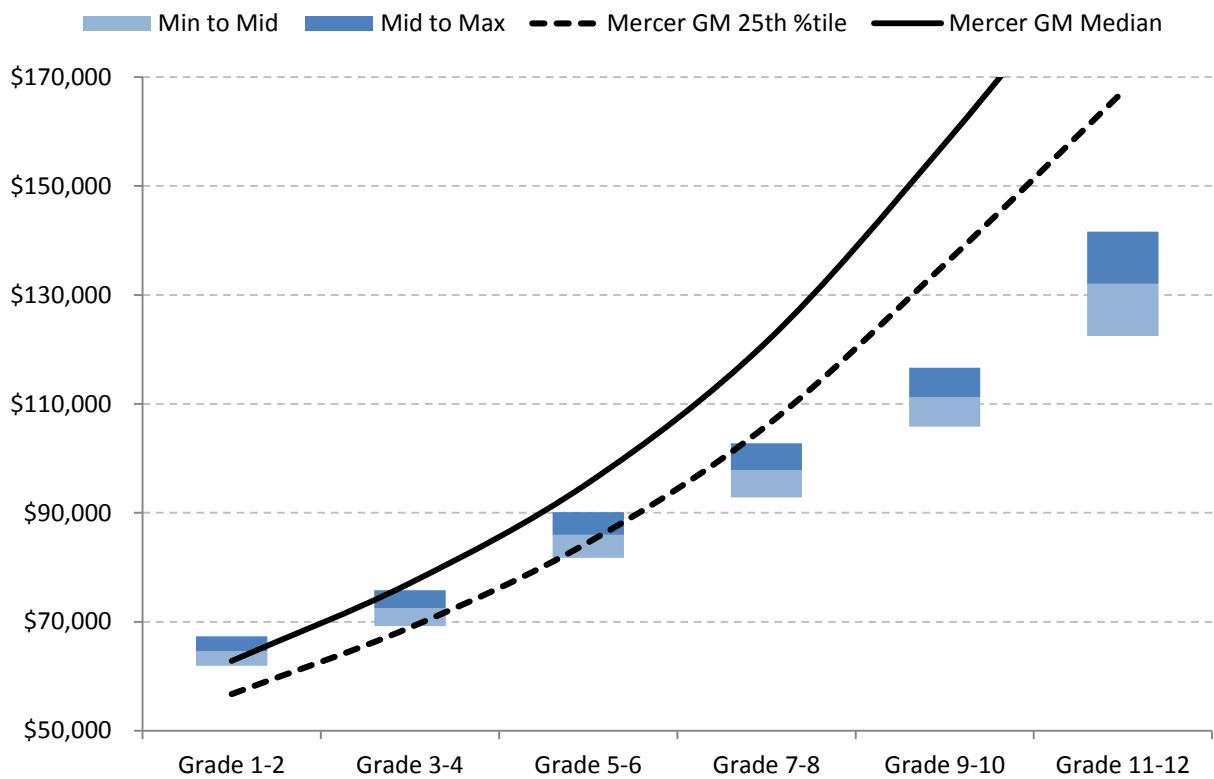
Consistent with the observations previously noted, NSW remuneration maintains a higher relative positioning when compared to two out of three comparable jurisdictions. NSW remuneration is higher than QLD and VIC at respective MCED work value points, and generally aligned with the APS until Grade 7-8. Remuneration in the APS is higher than NSW at equivalent work value points for Grades 9-10 and 11-12, which is potentially impacted by roles of equivalent work value being considered Senior Officer positions within the APS, reflective of higher remuneration.

NSW Non-Executive Remuneration General Market Comparison

The below graph displays the NSW non-executive framework relative positioning compared to the general market²⁸.

- Grade 1-2 is aligned to the general market median
- Grades 3-4 and 5-6 are positioned between the market median and 25th percentile
- Grade 7-8 is broadly aligned with the general market 25th percentile, however after this point, NSW non-executive remuneration becomes increasingly less competitive with general market rates of pay as reflected by the increasing gap between the line representing the 25th percentile of the general market and the Grade 9-10 and 11-12 remuneration ranges.

Chart 6.4: NSW Non Exec Structure vs Mercer National General Market



²⁸ The **Mercer National General Market** refers to all data within the Mercer remuneration database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records. It and provides an overall representation of remuneration within the Australian market.

In reference to the Commission of Audit statement “*Employees up to Grade 11/12 are generally considered to be remunerated more than their counterparts in the private sector*”, our analysis finds this statement true for levels up to and including Grade 5-6. As stated previously, however, from Grade 7-8 onwards remuneration becomes increasingly lower than private sector (General Market) remuneration levels for roles of equivalent work value. Whilst this finding has significance, its relevance is proportionate to the requirement for the NSW public service to compete with the private sector at these levels. The positioning of NSW remuneration relative to its comparator market, other public service jurisdictions, may be of more direct relevance than the private sector market in determining what constitutes fair and competitive pay. Mercer understands the NSW Public Service considers the APS to be its most direct market in relation to competition for talent and further notes that comparative pay rate in the APS are generally higher for roles of similar work value.

Summary

Australian public service jurisdictions generally pay within a similar band width across their respective non-executive levels, showing a similar trend of higher remuneration relative to the general market at the lower grades, and a gradually declining correlation to the general market at the higher grades.

The general market analysis undertaken provides a useful benchmark by which to anchor broader market relativity, whilst the jurisdictional analysis provides reliable information in understanding NSW positioning relative to its peers. Combined, both analyses are important in considering the remuneration policy positioning for NSW pay across the service. In Mercer’s view, as the positioning relative to the general market is generally consistent with, and follows a similar pattern as other jurisdictions, the NSW remuneration framework is appropriately positioned relative to the broader public service in Australia.

NSW Non-Executive Award Structure Comparison

Although the Commission of Audit recommendations referred to roles covered by the Administrative and Clerical classification scale, three additional non-executive Awards were included in the review, in an effort to maximise the comparison of roles performing similar work across the NSW Public Service.

The following tables and graphs compare four non-executive Award determinations across the NSW public sector. These four Awards are:

- Crown Employees (Administrative and Clerical Officers – Salaries) Award 2007 (A&C)
- Crown Employees (Department of Finance and Services) Award 2012 (Finance)
- Crown Employees (Departmental Officers) Award (Departmental Officers)
- Crown Employees (Office of Environment and Heritage and the office of Environment Protection Authority) General Award (Environment).

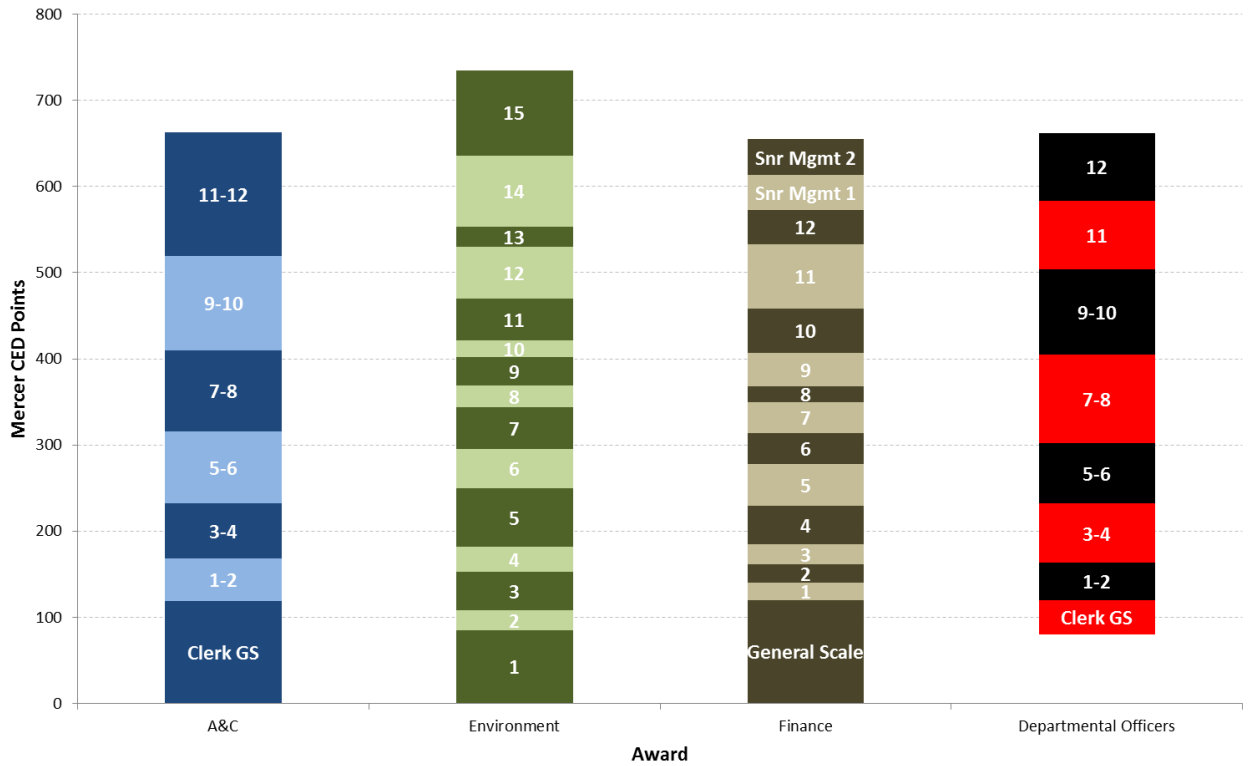
Similar to the variation seen in the cross jurisdictional comparisons, these Awards also display variation in:

- the number of levels within the grading structures (between seven and fifteen levels)
- the breadth of the work value bands for each grade based on MCED work value points
- the remuneration ranges and classification levels corresponding to the associated work value bands.

A tabular comparison of these Award frameworks is provided in **Appendix G**, and Charts 6.5 and 6.6 illustrate the structural differences graphically.

Chart 6.5 displays the variation in NSW non-executive structures based on work value by grade.

Chart 6.5: Selected NSW Non Executive Award Structures Work Value by Grade Comparison
A&C, Environment, Finance, Departmental Officers - Mercer CED Points by Level



The numbers of grade levels vary between the structures, from seven grade levels within the A&C structure to fifteen grades within the Environment structure. The variation in the breadth of the work value bands is also evident in the graph, represented by the height of the grade boxes. This suggests, for example, that there requires a greater increase in work value points to progress to a higher grade in the A&C structure, than is the case in the Finance structure.

Chart 6.6 displays the variation in remuneration by grade. The chequered areas in this chart denote overlapping remuneration levels between grades.

Chart 6.6: Selected NSW Non Executive Award Structures Remuneration by Grade Comparison

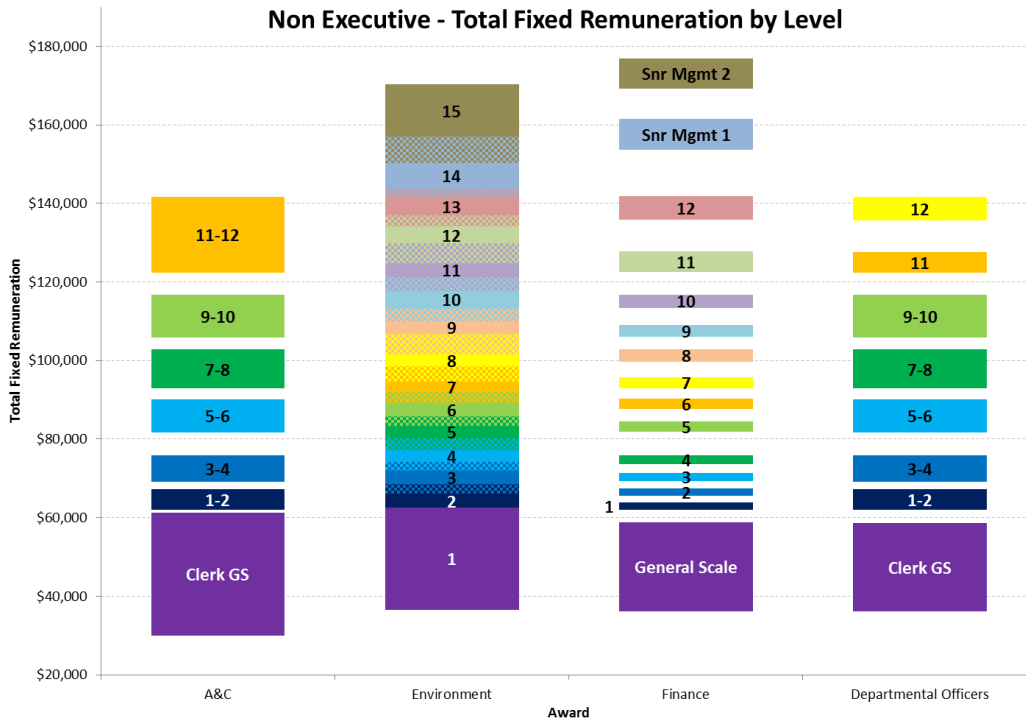


Chart 6.6 highlights the variation of remuneration levels and ranges between each of the NSW non-executive structures. Remuneration ranges within the Environment structure overlap between grades, whereas the A&C, Finance and Departmental Officers structures provide for delineation of remuneration between grades.

Similar to the variations highlighted at a cross jurisdictional framework level, Table 6.3 highlights variation between the NSW Awards at selected work values. As there is no direct alignment between the above Award grades, the remuneration values shown in the table are approximate only.

Note: Senior Officer grades will not be part of the structure of the NSW Public Service as the relevant provisions of the GSE Act are implemented. The following grades that are currently part of the Award structure, and a number of other classifications and grades in other Awards not within the scope of this review, have been determined by the Public Service Commissioner to be equivalent to Senior Officer grades and will therefore also not be part of the Public Service structure once the relevant provisions of the GSE Act are implemented:

- Crown Employees (Department of Finance and Services) Award 2012
 - Senior Management Grade 1
 - Senior Management Grade 2
- Crown Employees (Office of the Environment and Heritage and the Office of Environment Protection Authority) General Award
 - Class 15.

Table 6.3: NSW Indicative Classification and Remuneration levels at selected MCED work value points

Work Value	A & C	Environment	Finance	Departmental Officers	Determination
150 MCED points	Grade 1-2	EO3	Grade 2	Grade 1-2	Classification
	\$65k	\$74k	\$66k	\$65k	Remuneration
250 MCED points	Grade 5-6	EO5	Grade 5	Grade 5-6	Classification
	\$85k	\$85k	\$83k	\$85k	Remuneration
500 MCED points	Grade 9-10	EO12	Grade 11	Grade 9-10	Classification
	\$117k	\$130k	\$125k	\$117k	Remuneration
650 MCED points	Grade 11-12	EO15	Senior Manager 2	Grade 12	Classification
	\$141k	\$150k	\$173k	\$141k	Remuneration

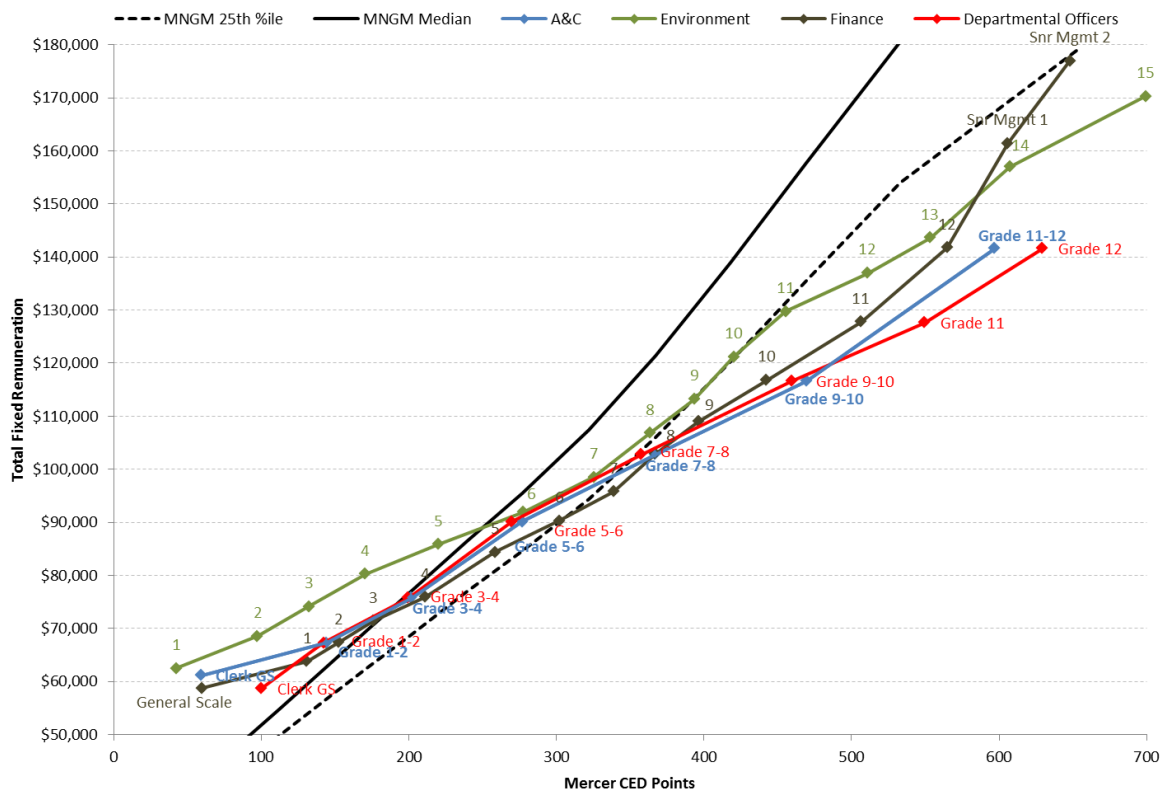
Together, the above graphs and table display the structure of the selected NSW non-executives Award frameworks and shows varying:

- number of grades
- work value span within grades
- remuneration levels for roles of similar work value.

These three points lead to potential issues with mobility and efficiency. For example, an individual employed within a role assessed as having a work value of 500 MCED points may be employed as Grade 9-10 in one agency at a remuneration level of \$117k, however if that individual was to move to a similar position within another agency, the resultant grade level and associated remuneration could vary significantly. The fluctuation in remuneration for positions of similar work value across these Awards may complicate or hinder real or perceived mobility opportunities across the Service.

In viewing the NSW non-executive structures relative to the general market and each other, the below graph displays the remuneration progression of each Award using the maximum of the remuneration ranges.

Chart 6.7: Selected NSW Non Executive Award Structures vs General Market



This chart further highlights differences in remuneration levels at the same work value points as well as the relative positioning of each Award against the general market.

Recognising that the structures, functions and complexities of each Agency covered by these Awards by their very nature are different, a key consideration is whether issues are created by remuneration levels varying for the same level of work value depending on the Award a person is employed under. This issue was not further explored as it was out of scope of this review. It may, however, be worthy of further consideration.

Executive Grading Structure Jurisdictional Comparison

There are a number of key differences in comparing executive frameworks across jurisdictions. Similar to the non-executive structure analysis, the number of levels, breadth of the work value bands for each grade, and the remuneration ranges vary significantly between jurisdictions. Some jurisdictions also administer distinct structures for Chief Executive positions in addition to other executive level roles. This poses added complexity in cross jurisdictional comparisons at the executive level.

The level of work value at which a jurisdiction considers a role an 'executive' level varies considerably²⁹. Table 6.4 provides a high level overview of the executive structure within each jurisdiction, detailing the commencing work value and pay point versus the highest level work value and pay point for their respective jurisdictions.

The first row shaded in red indicates the first level of the executive remuneration framework, while the second row shaded in green indicates the highest level of the executive framework. Note the highest executive levels of the QLD and APS remuneration frameworks are not the actual highest levels of the framework but rather, the highest level which has an attributable work value.

In NSW, the executive structure commences at 670 MCED work value points (SO1/SES1 or Band 1), as opposed to 430 work value points in APS (EL1) and 900 work value points in WA (Level 9). Commencing salary levels are also variable across the jurisdictions, NSW (\$158k), VIC (\$91k) and WA (\$161k). Similarly, work value and remuneration levels for the highest levels within the executive structure vary.

Table 6.4: Cross Jurisdictional Comparison of Lowest and Highest Levels of Executive Remuneration Frameworks (Data effective 19 June 2014)

	NSW	QLD	VIC	APS	NT	WA	ACT	SA
Grade	SO1/SES1/ Band 1	SO/SES1 720	Level 5 /SO1	EL1	SAO1	Level 9	ACTPSC	MAS1
Work Value	670	\$133,963/ \$149,543	451	430	545	900	430	410
Pay Point	\$158,426	\$149,543	\$91,255	\$115,275	\$113,296	\$161,280	\$101,611	\$97,364
Grade	SES8/Band4	CEO1*	SES1	SES3**	ECO6	CEO Band1	3.12	SAES 2***
Work Value	3500	4329	3400	2179	2500	3250	2750	1799
Pay Point	\$488,100	\$591,157	\$383,702	\$482,827	\$341,317	\$411,329	\$325,239	\$353,017

*CEO0 above CEO1 does not have WV but has a max pay point of \$659,850.

**PEO structure does not have associated WV, though PEO D (highest PEO level) has max pay point of \$598,400.

***SA structure does not include CEO roles.

²⁹ For the purposes of this review, Senior Officer positions, in jurisdictions in which they apply, are considered within the 'Executive' category.

At a more detailed level and similar to the comparisons made with the non-executive structures, the following graphs present a structural comparison of the executive frameworks across each jurisdiction, displaying the variation in terms of number of grade levels, and difference in classification and remuneration determinations at any given work value.

Refer to **Appendix F** for a table comparison of the framework structures of each jurisdiction included in the review.

In reading the graphs, please note:

- the APS structure in Chart 6.8 excludes PEO grades (Departmental Secretaries) as work value ranges are not available for these levels
- large overlaps are seen in the APS remuneration ranges in Chart 6.9 as the minimum and maximum pay points refer to the 5th and 95th percentiles of overall remuneration for individuals in those grades as reported in the APS Remuneration Report 2013
- WA CE remuneration ranges signify non-tenured rates of pay due to the March 2011 Salaries and Allowances Tribunal determination which removed the option of tenure and consequently abolished the 20 per cent distinction between tenured and non-tenured rates of pay for CEOs.

As stipulated in Section 5, Methodology and Approach, remuneration data comparisons have been made on a Total Fixed Remuneration (TFR) basis to enable like for like comparisons across the jurisdictions. TFR consists of base salary plus the value of all fixed cash and non-cash benefits provided (which includes superannuation, applicable leave loading, vehicle allowances, and salary sacrifice benefits) plus the cost of Fringe Benefits Tax. TFR does not include any incentive/bonus or variable allowance payments³⁰.

Note: NSW executive remuneration bands do not include car allowance values as this is not a feature of the NSW executive remuneration framework, however they are a feature of each other jurisdiction TFR packages.

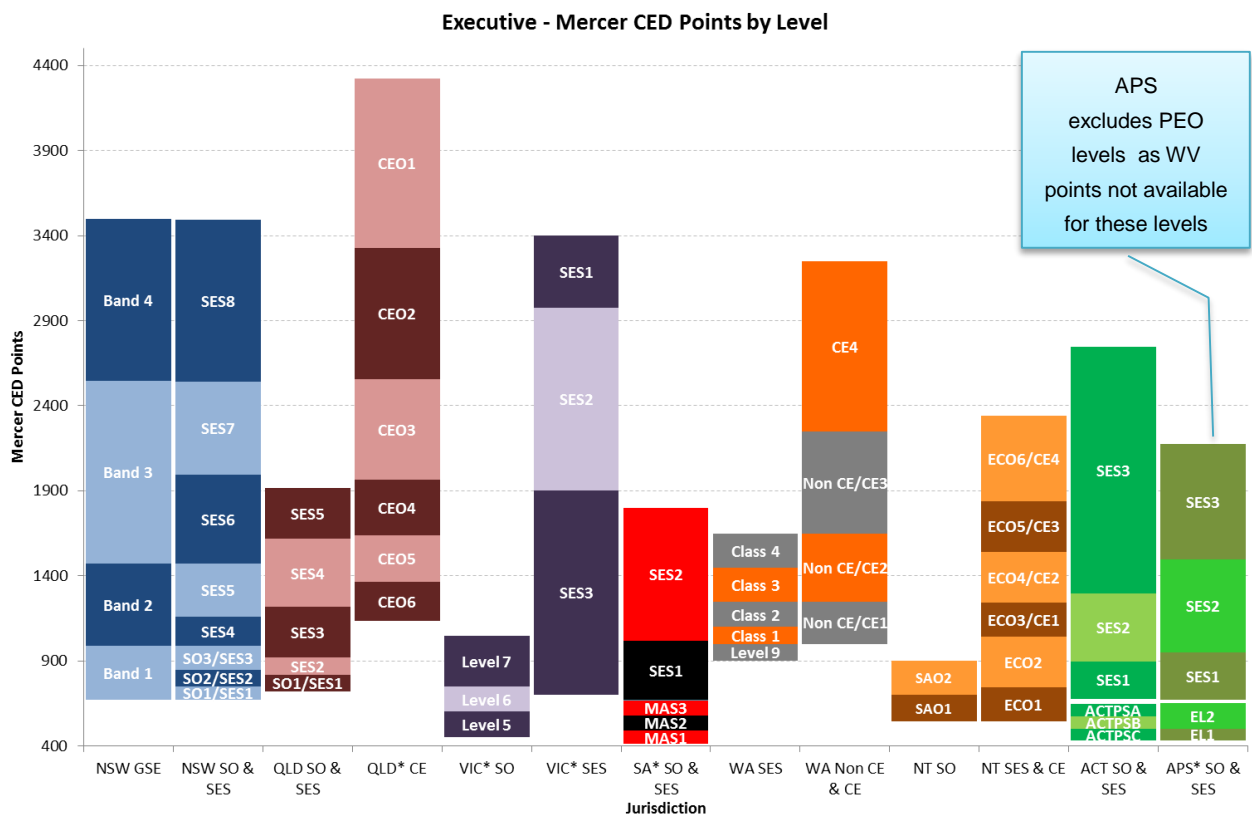
Incentive/bonus or variable allowance payments, as well as non-fixed allowances, have not been included in the framework comparative analysis as these elements are discretionary, apply to individuals or specific positions and therefore cannot be applied to the framework structures as a whole. These types of payments are also subject to individual and organisational performance and discretion, and are therefore variable from one year to the next.

³⁰ Note: VIC executives are eligible for performance pay of 0-17% TFR; QLD CEO remuneration provides for an at-risk component of 0-15% TFR; in APS, performance pay is not typical, but where it occurs, is capped at 15% base salary. NT provides the opportunity to negotiate bonuses, however these are capped to the maximum remuneration of the classification level.

Given that NSW public service remuneration does not include car allowance benefit or variable rewards, this could impact the perceived competitiveness of the overall remuneration opportunity for an executive when these elements are taken into account in the cross jurisdictional comparison.

Chart 6.8 displays the variation in executive structures based on MCEd work value points by grade level. For example, 1400 work value points equates to a different executive grade level depending on the jurisdiction, and also within a jurisdiction. In NSW 1400 work value points equates to executive Band 2, in QLD (SES4 or CEO5), and in VIC (SES3).

Chart 6.8: Executive Structures Work Value by Grade Comparison across Jurisdictions

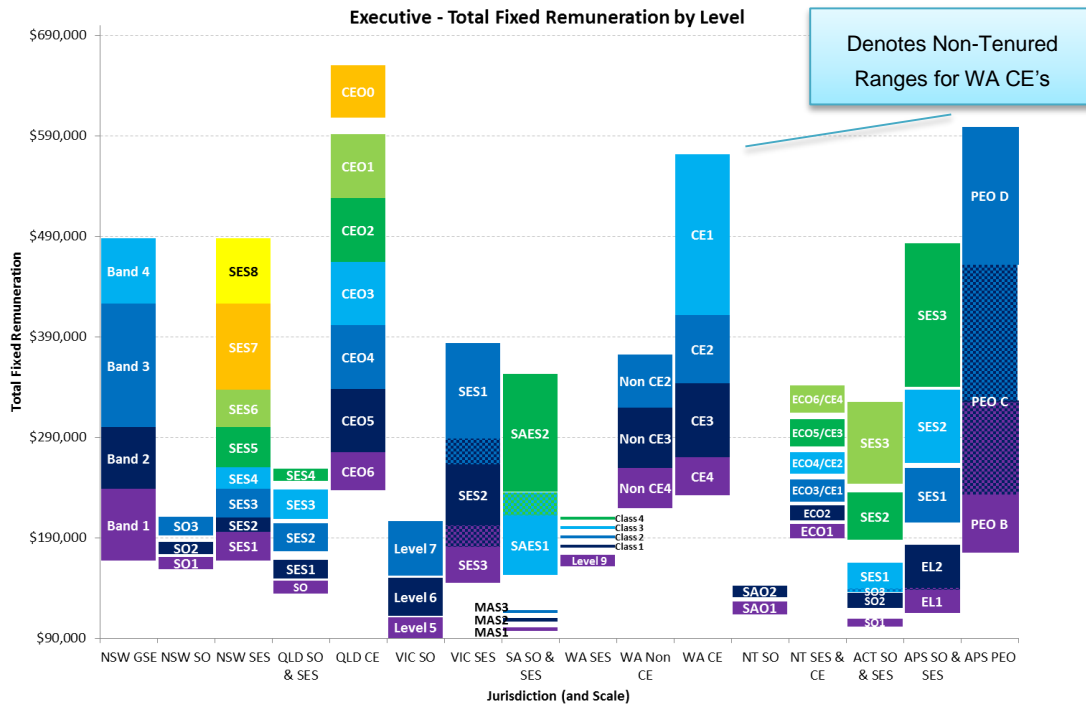


*Denotes notional work value structures

Chart 6.9 displays the variation in remuneration by grade within the executive structures.

For example, at a total fixed remuneration level of \$290,000 equates to a Band 2 level position in NSW, CEO5 in QLD, SES1 in VIC, or either an SES2, POE B or PEO C in APS.

Chart 6.9: Executive Structures Remuneration by Grade Comparison across Jurisdictions



Consistent with the tables provided for the non-executive levels, Table 6.5 overleaf highlights the variation in terms of grading level and remuneration at selected work value points across the jurisdictional executive structures. Remuneration values shown in the table are approximate only.

Table 6.5: Cross Jurisdictional Indicative Executive Classification and Remuneration levels at selected MCED work value points

Work Value	NSW GSE	QLD	VIC	SA	WA	NT	ACT	APS	Determination
700 MCED points	Band 1	AO8 (Non Exec)	Level 6 (SO)	SAES1	Level 8 (Non Exec)	SAO2/ ECO1	SES1	SES1	Classification
	\$167k	\$120k	\$140k	\$152k	\$146k	\$130k/ \$189k	\$136k	\$204k	Remuneration
1000 MCED points	Band 2	SES2	Level 7 (SO)/ SES3	SAES1	Class1/ Non CEO Band 4/ CEO Band 4	ECO2	SES2	SES2	Classification
	\$238k	\$200k	\$206k/ \$202k	\$235k	\$166k/ \$219k/ \$232	\$214k	\$211k	\$260k	Remuneration
1500 MCED points	Band 3	SES3/CEO5	SES2	SAES2	Class 4/ Non CEO Band 3/ CEO Band 3	ECO4	SES3	SES3	Classification
	\$299k	\$238k/\$306k	\$230k	\$282k	\$191k/ \$289k/ \$307k	\$264k	\$250k	\$340k	Remuneration
2000 MCED points	Band 3	CEO3	SES2	CEO	Non CEO Band 2/ CEO Band 2	ECO6	SES3	SES3	Classification
	\$422k	\$401k	\$280k	-	\$346k/ \$377k	\$314k	\$284k	\$480k	Remuneration

Supporting the statements made regarding the non-executive structures, the variation evident in the Executive structures as displayed in Charts 6.8 and 6.9 and Table 6.5 supports the necessity of analysing jurisdictional structures using a common underpinning methodology in order to ensure that positions of equivalent scope and complexity are being equivalently and accurately quantified. Analysis based on grade level alone does not provide a reasonable basis for comparison, particularly at the executive level given the substantial variation in remuneration.

Executive Jurisdictional Remuneration Relativities

Chart 6.10, overleaf, presents the jurisdictional relativities of the executive framework structures across the public service. Data displayed is the remuneration trendline for each jurisdiction, representing the 'line of best fit' based on the midpoint of each grade and remuneration range for the respective frameworks.

The line of best fit approach has been used in displaying jurisdictional relativities as it provides a visual representation of the gradient of executive salary progression within each jurisdiction. This allows for comparison of structures which have inconsistent or overlapping work value ranges, particularly between SES and CE structure. This is most noticeable in QLD and WA. For example, in WA, a role assessed at 1250 work value points, could be graded in any one of three grading structures (i.e. Class 3 SES, Non CEO Band 3 Executive, CEO Band 3) with each structure assigning a different remuneration level to the role.

The line of best fit approach, therefore, most suitably represents the overall progression of executive remuneration within each structure, for comparative purposes. This chart is provided to illustrate **indicative** relativities of executive remuneration across the jurisdictions.

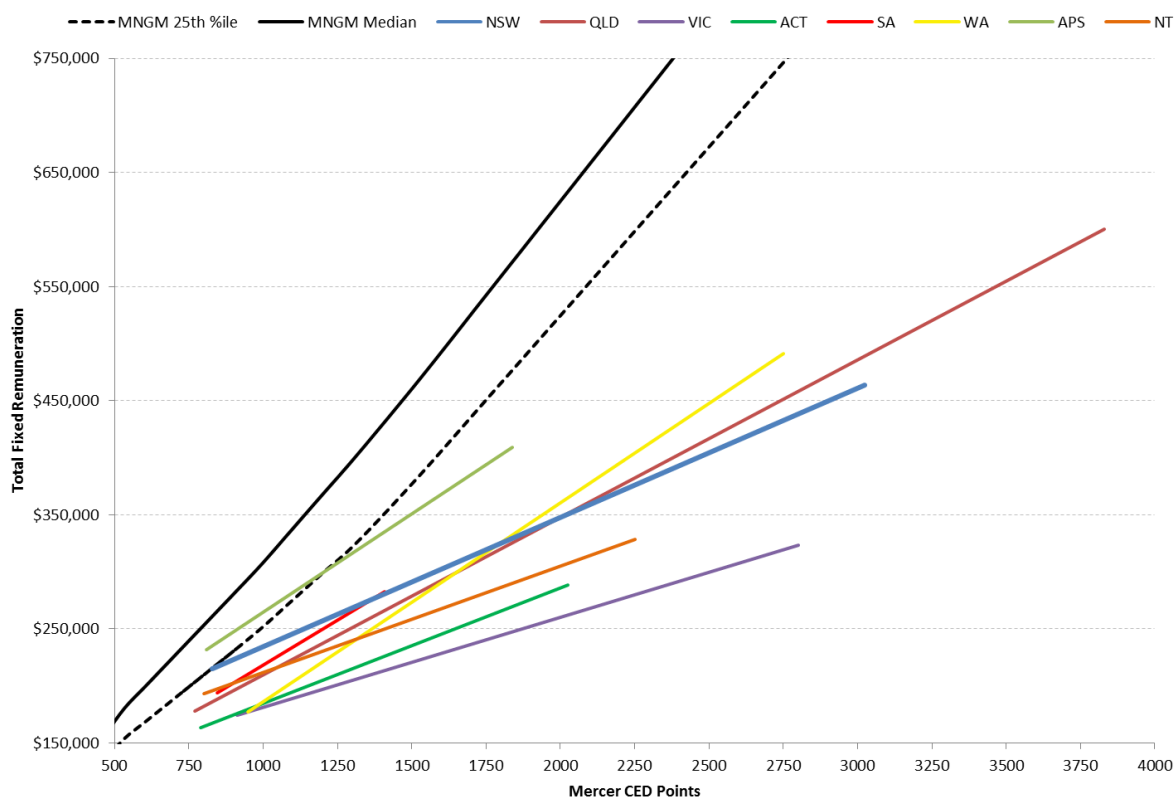
Note: Line of best fit trendlines 'smooth' the display of jurisdictional salary progression which can result in observed differences in visual illustration versus framework structures.

In the chart, MNGM relates to the Mercer National General Market³¹.

In interpreting this graph, please note:

- The SA structure is based on two broad banded grades and relates to a transitional move to executives from tenured employment to term contracts and as such incorporates a market premium for surrender of tenure.
- The WA and QLD trendlines are impacted by the CE rates of pay highlighted earlier.

³¹ The **Mercer National General Market** refers to all data within the Mercer remuneration database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records. It and provides an overall representation of remuneration within the Australian market.

Chart 6.10: Jurisdictional Remuneration Relative Positioning –Executives (as at June 2014)

From a relativity perspective, this graph shows:

- APS has the highest overall executive remuneration of all the jurisdictions
- All other jurisdictions are clustered within a similar bandwidth throughout the executive levels, NSW positioned consistently at the high end of the bandwidth at all levels.
- WA has the most marked relative positioning among the jurisdictions, beginning low for entry level executives, and positioned second highest at the top of the CE spectrum.
- NSW and QLD are most closely aligned within the jurisdictions at the executive level, SA increasing its alignment with NSW at the lower end of the executive work value spectrum, noting that the SA structure consists of two broad bands and excludes CE level
- Similar to the non-executive structures, APS is broadly aligned with the general market 25th percentile throughout the Executive levels, whereas all other jurisdictions fall increasingly below the 25th percentile as work value increases.

Similar to non-executive levels, calculations were made to determine jurisdictional remuneration positioning differentials relative to NSW. The overall differentials at the executive level are provided in Table 6.6 overleaf. Similarly, the overall progression in salary was also measured to provide context to the relative positioning between jurisdictions.

Interpreting this table:

- **Salary differentials** are displayed as relative to NSW.
 - APS at 1.18 equates to 18% higher than NSW.
 - VIC at 0.76 equates to approximately 24% lower than NSW, and so on.
- **Salary progression** ratios are displayed as the increase in salary from lowest pay point to highest pay point within the structure, based on consistent work value anchor points.
 - For example, if an employee commenced at the lowest executive salary of \$200,000 in NSW, the rate of increase is 2.25, equating to their salary increasing by a multiple of 2.25 of starting salary if they reached the highest executive level within their structure, e.g. \$200,000 x 2.25 = \$450,000 (highest executive salary).

Table 6.6: Jurisdictional Executive Remuneration Differentials relative to NSW

	NSW	APS	WA	NT	ACT	VIC	QLD	SA
Salary Differential	1.0	1.18	1.03	0.90	0.80	0.76	0.99	0.99
Salary Progression Ratio*	2.25	2.62	4.50	2.09	2.53	2.13	2.84	2.96

* Salary progression ratios have been calculated using the same anchor points for each jurisdiction, based on the work value midpoints of the NSW structure. This was done to provide a consistent basis for comparison due to varying number of grades in each jurisdiction. Mercer highlights salary progression calculations have the potential to distort interpretation. Jurisdictions with overlapping SES and CE structures may exaggerate the potential rate of increase and in the case of WA, for example, is an unlikely progression.

Mercer qualifies our following observations by noting:

- QLD and WA calculations incorporate both SES and CE structures in their respective jurisdictions.
- The SA structure has limited data points to analyse due to the structure consisting of two SES level broad bands and excludes CE remuneration.
- APS excludes Principal Executive Office (PEO)³² level remuneration.

³² 'PEO' means the holder of a 'principal executive office' as defined in the Federal Remuneration Tribunal Act 1973. The Remuneration Tribunal has determined a Principal Executive Office (PEO) classification structure of five levels, or Bands, as well as terms and conditions that apply to offices in those Bands. The Minister responsible for administering the Remuneration Tribunal Act 1973 may declare an office or appointment to be a PEO, assign a classification to it and declare an Employing Body. Following declaration, the Employing Body of a PEO determines the terms and conditions (including remuneration and allowances) applying to the office. Refer to <http://www.comlaw.gov.au/Details/F2013L01087> for more information.

Observations:

- NSW maintains a high pay position for executives within the public service relative to most other jurisdictions, the APS being the only jurisdiction that is consistently higher. WA and QLD are positioned higher than NSW from approximately 1800 and 2000 work value points respectively, noting these two jurisdictions have separate remuneration structures for CE positions.
- APS executive remuneration is significantly higher than all other jurisdictions.
- NSW, QLD, WA and SA, on average, pay within a bandwidth of approximately 4% (1.03 to 0.99 of NSW).
- WA and QLD are relatively closely aligned to NSW, however remuneration in these jurisdictions exceeds NSW at the higher end of the executive work value spectrum.
- WA has the highest overall salary progression within its executive structures (4.50), followed by SA (2.96).
- Overall, NSW is placed third highest in terms of remuneration levels, however third lowest in terms of overall progression in remuneration.
- Relative to the general market 25th percentile, executive pay within NSW is significantly less competitive than non-executive pay.

Remuneration comparisons at the executive level do not take into account any variable pay or performance bonuses. As stated in Section 5, all analysis in this report compares remuneration at the Total Fixed Remuneration level.

However, Mercer makes the following comments regarding variable pay at the executive level, and further discussion on executive packages is provided in Section 11.

In the general market, approximately 84% of organisations offer performance pay schemes to executives³³ (CEOs, their direct reports and second level reports) and target reward opportunities range from 15% to 27% of base salary, depending on level. Within the Public Service, NSW, SA, and WA, do not have performance pay schemes for their executives, however, QLD, VIC, NT and APS do. QLD CEOs are eligible for performance pay of 15% of TRP but this does not extend to executives in the SES structure³⁴. Generally, VIC executives are eligible for performance pay of 17%, but in some public entities in the state, this may increase to 20%. NT provides the opportunity to negotiate bonuses, although these are capped to the maximum remuneration of the level. In APS, performance pay is not typical, however, is capped at 15% of base salary when it occurs.

³³ Source: Mercer's Australian Benefits Review 2014.

³⁴ Note that at the time of writing this report, the at-risk performance pay component of CEO remuneration as well as the remuneration policy on market positioning for this cohort of executives, is under review by the newly elected Labour Government.

Other discretionary allowances, such as attraction and retention or location allowances may also apply to individuals. Therefore, the total remuneration that an executive actually receives may vary from the TFR values that are compared at a framework level. However, this is only applicable for jurisdictions which provide performance pay or other discretionary allowance schemes, and applies to certain roles or individuals rather than being applicable to the executive population as a whole. Comparing remuneration at a TFR level ensures a like for like comparison on a cross jurisdictional basis.

Mercer notes some jurisdictions have greater discretionary flexibility in remuneration levels than others which can influence pay competitiveness for individuals or key positions when total remuneration received is taken into account.

Executive Jurisdictional Framework Comparison – NSW, APS, VIC, QLD

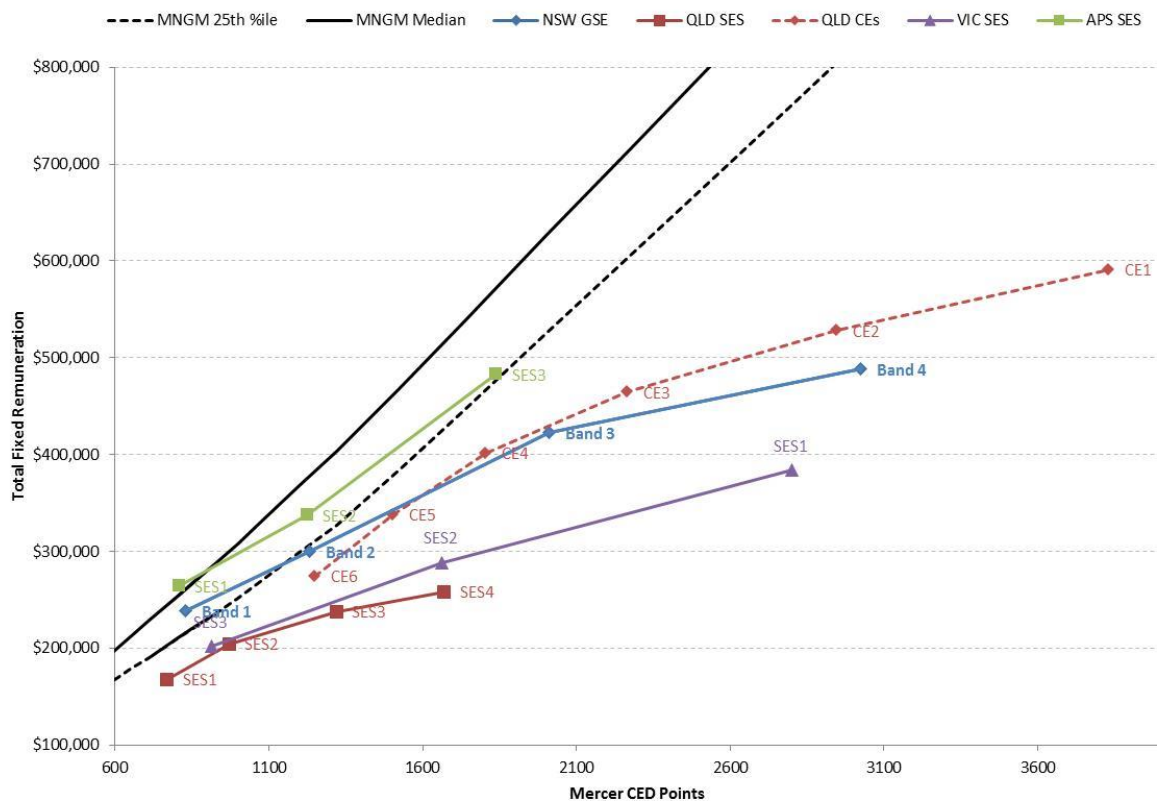
To offer particular attention to the APS, QLD and VIC structures relative to NSW, the below graph displays relativities based on the maximum remuneration at each grade within the respective executive structures.

These jurisdictions are highlighted as they are considered the most comparable in terms of size and complexity to NSW, as well as the key talent competitive markets at the executive levels.

Whereas the line of best fit approach most suitably provides for comparison of overall remuneration trends, a more direct comparison in these jurisdictions, by disaggregating the different CE and SES structures, provides a clearer picture of actual relativities.

In reading this graph, it is important to reiterate that the APS structure concludes at the SES level, PEO grade remuneration as work value ranges are not available for these levels.

Chart 6.11: Executive Structures NSW vs QLD, VIC & APS



This graph provides a clearer view of relativities between these jurisdictions and highlights that:

- APS maintains the highest relative position in remuneration at the executive level
- NSW remuneration is higher than VIC overall, however both jurisdictions have lower overall progression of remuneration than APS and QLD
- NSW remuneration is higher than the QLD SES structure, and aligns with the QLD CE structure up until Band 3 at which point it becomes slightly lower
- Overall, the higher the grade, the less aligned the public service executive pay scales are to the 25th percentile of the general market.

In view of the above, NSW maintains a similar level of relativity within its executive structure as it does within the non-executive levels, in relation to comparative jurisdictions.

Departmental Secretaries

The GSE Act provides for a four Band Executive structure to replace both the eight level SES structure and three level SO structure in NSW. Band 4 will accommodate Departmental Secretary positions, and Bands 1 to 3 will accommodate all other executive positions within the Service.

There are a number of ways in which to compare NSW Departmental Secretary remuneration to other jurisdictions.

The first is via a comparison of work value, which requires work value assessments to be completed for individual roles within each jurisdiction under review, using a consistent points-factor job evaluation methodology. Some jurisdictions, namely APS and SA, do not currently determine Chief Executive remuneration based on work value points.

A second way to compare Departmental Secretary remuneration is through a position matching exercise, for example matching the Head of Health in one jurisdiction to Head of Health in another. This approach relies on all jurisdictions having the same machinery of government structure in place. The impact of the scope, size and complexity variations between jurisdictions brings into question the validity of this approach and in Mercer's view this would need a comprehensive structural analysis to facilitate a like for like comparison.

A third way of comparing remuneration is at a framework level. This approach simply compares remuneration for the most senior positions in each jurisdiction. Table 6.6 outlines this approach, detailing remuneration ranges for Chief Executive positions (and specifically Departmental Secretary positions, where known).

In reading Table 6.6 it is important to highlight the following:

- Government agency reporting structures vary significantly from one jurisdiction to another, for example, NSW has adopted an agency portfolio approach where (most) agencies report to Government through a Cluster executive structure³⁵, whereas some jurisdictions have a more direct line of reporting from many agencies into Government.
- PEO and Secretary levels within the APS are not underpinned by a points-factor evaluation methodology.
- Victorian Secretary remuneration is determined by the Premier.
- SA Chief Executive remuneration is negotiated directly with the Premier or Minister.

³⁵ Some NSW agency heads have a direct reporting line to Ministers.

Table 6.6: Comparison of Chief Executive Remuneration Frameworks by Jurisdiction (Data effective as at 19 June 2014) (\$)

State	Grade	WV Spread	Pay Spread
NSW	Band 4	2550 – 3500	\$422,501 – \$488,100
QLD	CEO 6 – CEO 0	1135 – 4329*	\$236,876 – \$659,850
VIC	Secretary salaries are determined by the Premier as per the Victorian PSC website		
APS	Principal Executive Officers PEO A – PEO E	NA	\$239,580 – \$460,130
	Secretaries Levels 2 to 1A	NA	\$649,220 - \$802,820
NT	ECO 3 – ECO6	1200 – 2500	\$225,616 – \$341,317
WA	CEO Band 4 – Band 1	1000 – 3250	\$232,422 – \$572,384
ACT	SES 1 – SES 3	680 – 2750	\$136,671 – \$325,239
SA	CEO salaries are negotiated with the Minister/Premier and not publically available		

*4329 refers to the maximum of CEO1 as CEO0 does not have a WV spread. "NA" refers to no CED points developed

NSW Executive Remuneration General Market Comparison

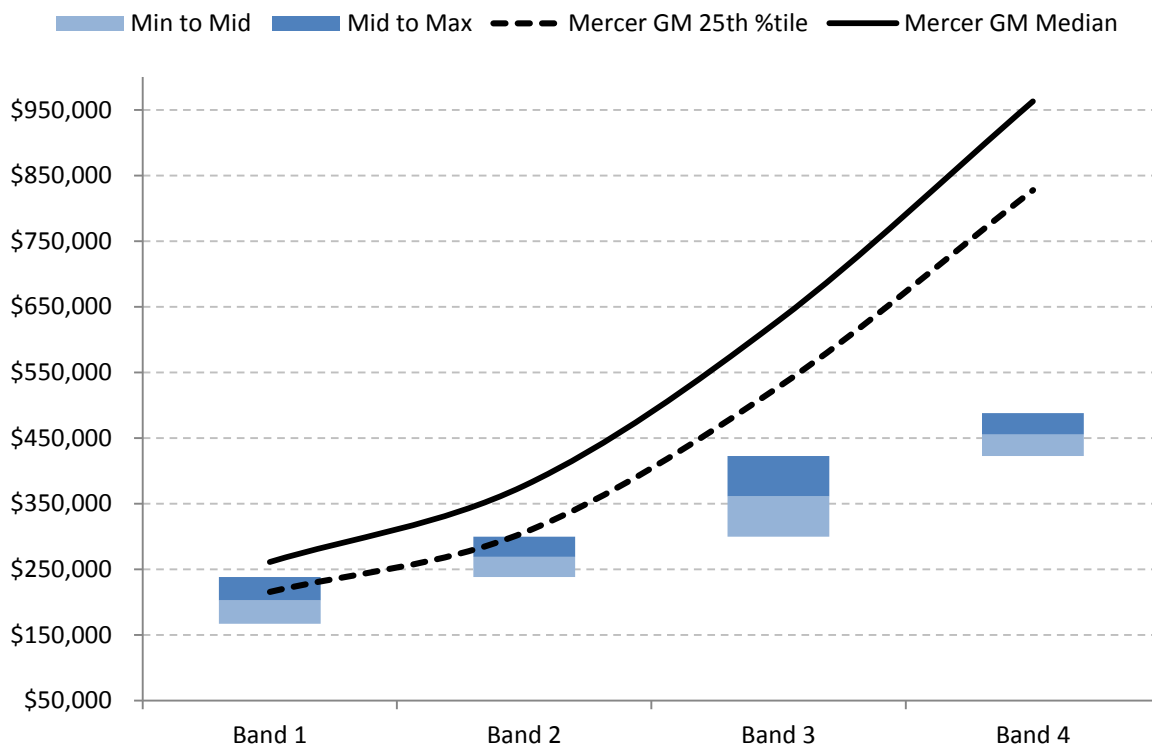
With particular focus on the Commission of Audit's statement "*Employees ...in more senior grades are (generally considered to be) paid significantly less than in the private sector*", analysis was undertaken to compare NSW executive remuneration relative to the general market³⁶.

Chart 6.12 displays the NSW GSE framework relative to the general market median and 25th percentile. Analysis of the superseded SO and SES structures is provided in **Appendix H** for comparison.

This structure shows that remuneration for Band 1 executives is generally aligned with the 25th percentile of the general market, however there is decreasing alignment with the general market as work value increases. Mercer also notes the varying breadth of remuneration within the salary ranges at each Band (as represented by the height of the blue boxes). Well-designed remuneration structures often have increasing breadth of salary ranges as grading structures progress. The breadth of the remuneration bands, particularly at Band 2 and Band 4 of the executive structure, do not align with the breadth of work value associated with those grade levels. This can result in roles of very different work value being remunerated very similarly. Considering the trade off between incentive and accountability, particularly for employees progressing from Band 3 to a Band 4 role, this may be an area for further enquiry.

³⁶ The **Mercer National General Market** refers to all data within the Mercer remuneration database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records. It and provides an overall representation of remuneration within the Australian market.

Chart 6.12: NSW GSE Structure vs Mercer National General Market



This analysis, together with the analysis involving the superseded SO and SES structures, support the Commission of Audit’s highlighted statement that employees in more senior grades are paid significantly less than the private sector and increasingly so as seniority rises.

Similar to previous statements regarding NSW non-executive remuneration, whilst the general market analysis undertaken provides a useful benchmark by which to anchor broader market relativity, the public sector may comprise a separate and distinct labour market in itself. This is supported by the analyses that public service state jurisdictions collectively pay within a similar band width throughout all career levels (refer **Appendix I** for summary relative positioning chart). Whilst this band width is comparable with private sector rates of pay at lower career levels, the public service ‘market’ maintains a consistent progression through middle and senior management levels, albeit with decreasing correlation to the general market.

The analysis presented provides reliable information in understanding NSW positioning relative to its peers and the general market. Combined, both analyses are important in considering the appropriate policy position for NSW pay across the Service.

In considering this, an analysis of employee turnover at the executive level may be useful in determining whether this declining level of alignment with the private sector is contributing to the loss of key talent from with the public sector at a leadership level.

7

Remuneration Positioning and Influences

This section discusses influences on remuneration setting and positioning relevant to public service remuneration management, with specific focus given to the jurisdictional comparisons undertaken in this Remuneration Review. Particular focus was directed at cost of living impacts and influences at the request of PSC.

Pay Policy Influences

There are a number of factors which influence the development of an organisation's pay policy. These include:

- stakeholder/shareholder expectations
- profile of organisational risk
- relevant external comparator groups
- relevant industrial Agreements or Awards
- calibre and availability of skills required
- capacity and willingness to pay
- extent to which non-remuneration factors exist to attract and retain staff
- economic indices such as cost of living, inflation, regional salary differentials.

In the public sector, pay policy positioning takes into account these factors which, at a high level, can be categorised within:

- internal influences; such as relativities across the sector and machinery of government structures, as well as the sector's approach to talent strategy (for example; to buy from the external market, whether this is from other jurisdictions or the private sector, or build talent from within),
- external influences; such as broader market remuneration practices (including other jurisdictions and relevant industries within the private sector) and other market factors which may impact the sector's ability to attract and retain suitable talent, such as the impact of the upsurge (and subsequent downturn) in economic activity during and after the resources boom. External influences often affect some workforce segments more than others, for example environmental, engineering and project roles are more impacted by mining sector competitiveness than administrative or care worker employee segments.

Each public service jurisdiction has a slightly different approach to setting a market position for salary levels. For example, a jurisdiction that adopts a buy strategy (external versus internal hiring strategy) is more likely to target remuneration at a more competitive position than one that

adopts a build strategy, which could be adequately supported by more conservative rates of pay. Market positioning and salary setting approaches also often differ between non-executive and executive levels within a jurisdiction.

Consistently however, the decision making process follows a similar pattern in that market data is collected from a number of sources, for example industry based surveys, remuneration consultants, industry associations, customised surveys, enterprise agreements and other industrial instruments, and this data is used in conjunction with broader economic data to benchmark or set competitive remuneration ranges.

In NSW specifically, the vast majority of the public service employees are non-executives whose remuneration is set by an Award or other determining industrial tribunal. The Government Wages Policy covers the entirety of the service and defines parameters within which remuneration decisions must be made. This constrains the flexibility of pay policy decisions for determining bodies and therefore public sector organisations are subject to greater limitations than private sector organisations in their ability to influence remuneration strategy and policy.

Section 6 (Remuneration Framework Review) discusses the current relative positioning between the jurisdictional remuneration frameworks at both the executive and non-executive levels. To summarise, the positioning of public service remuneration³⁷ relative to each jurisdiction and the external market (represented by the Mercer National General Market – MNGM – 25th percentile and median) varies depending on where on the work value spectrum it is compared.

In order to produce a more direct view of overall differentials between jurisdictions, analysis was undertaken to calculate the overall remuneration differential relative to NSW, throughout both the executive and non-executive framework structures. A ranking order of the resultant differentials is provided in Table 7.0 (using NSW as the baseline):

Methodology:

- Jurisdictional differentials were determined by referencing the work value midpoint for each grade in the NSW framework and determining the corresponding remuneration level in each jurisdiction based on the NSW work value midpoints.
- The resulting differentials at each grade were then averaged within the non-executive and executive structures to produce an overall differential for each category.

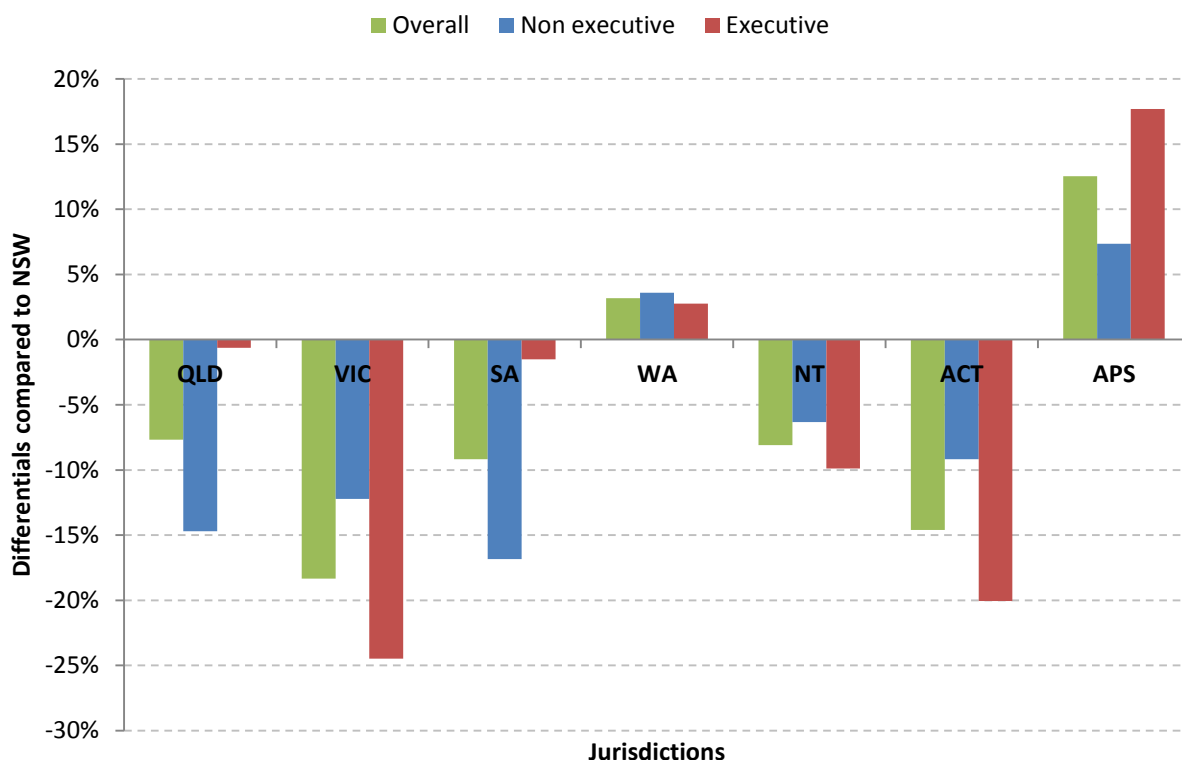
³⁷ Based on Total Fixed Remuneration.

Table 7.0: Public Service Jurisdictional Differentials relative to NSW

Ranking	Overall Public Service Relative Positioning	Public Service Non-Executive Remuneration Positioning	Public Service Executive Remuneration Positioning
1	APS (13%)	APS (7%)	APS (18%)
2	WA (3%)	WA (4%)	WA (3%)
3	NSW (0%)	NSW (0%)	NSW (0%)
4	QLD & NT (-8%)	NT (-6%)	QLD & SA (-1%)
5	SA (-9%)	ACT (-19%)	NT (-10%)
6	ACT (-15%)	VIC (-12%)	ACT (-20%)
7	VIC (-18%)	QLD (-15%)	VIC (-24%)
8		SA (-17%)	

Chart 7.0 provides a visual representation of this information.

Chart 7.0: Jurisdictional Remuneration Differentials relative to NSW



As indicated in Table 7.0, NSW remuneration is ranked third highest within the Australian public service jurisdictions. It can also be seen that there is significant overall variation across the jurisdictions relative to NSW.

There are many factors that contribute to, and influence, remuneration differentials between public service jurisdictions. Some of these factors are discussed below.

Cost of Living

Cost of living differentials may be considered when comparing the relative positioning of remuneration between the jurisdictions, however these are not usually regarded when establishing or reviewing remuneration frameworks. Cost of living indices provide indicative differentials in the cost of living between cities³⁸ and are usually measured by comparing prices of a basket of goods and services typically consumed by a household, including, but not limited to, the cost of food, clothing, alcohol, transport, utilities and domestic supplies. Housing costs (home rental differentials) are also considered when regarding cost of living.

In the context of remuneration management, cost of living indices are generally sought by organisations who transfer employees on short term or long term assignments (usually to a different city or country) and used to inform the calculation of allowances, so that any additional costs associated with the different location do not adversely affect the employee relative to the costs they would incur if remaining at home. In such cases, cost of living indices are utilised as one of many sources in determining appropriate allowances, and predominantly relate to maintaining an employee's level of 'spendable income' through the provision of an allowance for the period of relocation only.

In relativity terms, the cost of living differentials within Australia are minimal. According to Mercer's *Australia/New Zealand Salary Planning Resource, October 2014 Edition*, the survey reports that there is no more than a 6% differential between any Australian capital city, as shown in Table 7.1.

Cost of Living differentials are measured by comparing prices of a basket of goods and services at three different pricing levels. The Mercer international basket is comprised of around 300 products and services representative of those consumed in a typical household, including: food at home; alcohol and tobacco; domestic supplies; personal care; clothing and footwear; home services; utilities; food away from home; transportation; sports and leisure.

Table 7.1, using Sydney as the baseline, allows comparison of the cost of living between a base city and a host city. For example, the cost of living in Perth is 3% less than that of Sydney (Sydney – **base**, Perth – **host**).

³⁸ Costs of living vary between cities within the state of NSW, however the majority of NSW Public Service employees are based in Sydney.

Table 7.1: Cost of Living Differentials³⁹ %

		To (Host)						
		Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Darwin
From (Base)	Sydney		-1	-4	-4	-3	-5	-6
	Melbourne	1		-3	-3	-3	-4	-5
	Brisbane	4	3		0	0	-1	-2
	Adelaide	4	4	0		1	-1	-2
	Perth	4	3	0	-1		-1	-2
	Canberra	5	4	1	1	1		-1
	Darwin	6	5	2	2	2	1	

Table 7.2 overleaf transposes the cost of living differentials reported in the table above, adding them to Table 7.0 provided previously. The cost of living differentials are displayed jurisdictionally by state rather than city, for ease of reference, from highest cost of living to lowest.

Note: Cost of living differentials provided are relative to NSW (Sydney) only, not to each other.

³⁹ Cost of Living differentials are measured by comparing prices of a basket of goods and services comprising: food at home; alcohol and tobacco; domestic supplies; personal care; clothing and footwear; home services; utilities; food away from home; transportation; sports and leisure.

Table 7.2: Public Service Jurisdictional Remuneration Differentials vs Cost of Living Differentials (Relative to NSW)

Public Service Remuneration Ranking	Public Service Remuneration Differentials	Cost of Living Differentials
1	APS (13%)	
2	WA (3%)	WA (-3%)
3	NSW (0%)	NSW (0%)
4	QLD & NT (-8%)	QLD (-4%) NT (-6%)
5	SA (-9%)	SA (-4%)
6	ACT (-15%)	ACT (-5%)
7	VIC (-18%)	VIC (-1%)

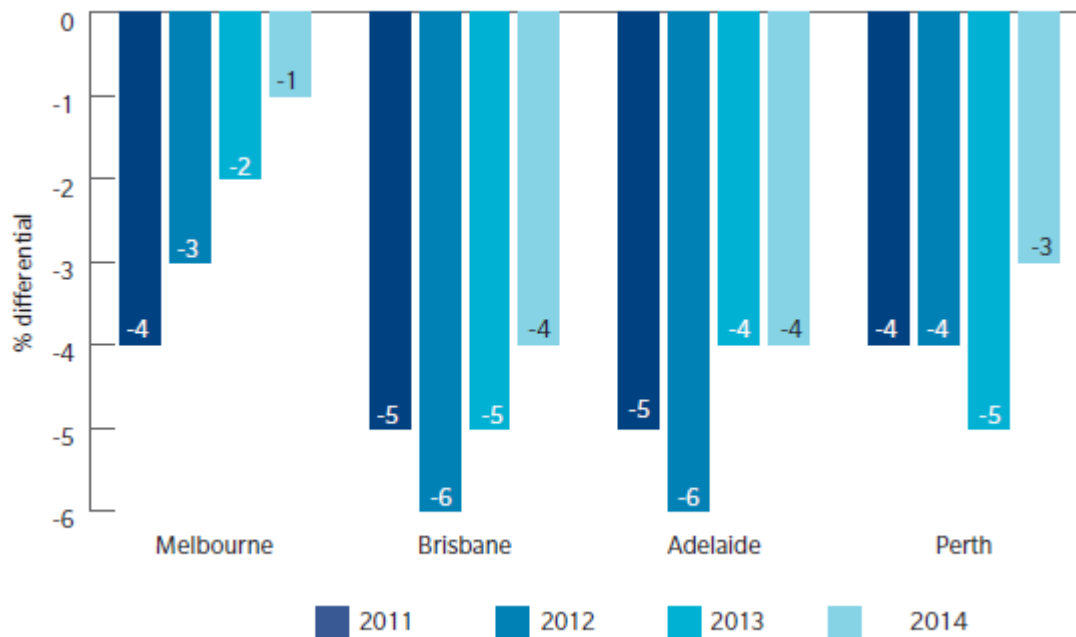
In comparing the two columns, there is some consistency between public sector remuneration differentials and costs of living differential hierarchy within the corresponding jurisdictions, and;

- NSW has the third highest remuneration amongst the jurisdictions and the highest cost of living.
- VIC has the lowest remuneration position amongst the jurisdictions and the second highest cost of living.
- APS has the highest remuneration position with ACT having the second to lowest cost of living.

Note: As the APS workforce is geographically dispersed through all jurisdictions, it is not included in the cost of living differentials.

It is important to highlight that cost of living differentials are vulnerable to fluctuation year on year, as illustrated in Chart 7.1 below. This chart illustrates historical cost of living differentials for four capital cities, using Sydney as the base city. It can be seen that Melbourne has moved closer to Sydney consistently since 2011, with Brisbane, Adelaide and Perth fluctuating in their relativity to Sydney over the past four years.

Chart 7.1: Cost of Living Differentials by City – Base City, Sydney



Directly related to cost of living, is the impact that housing costs have on ‘spendable’ income. Table 7.3 displays home rental differentials between seven capital cities, allowing comparison from a ‘base’ and ‘host’ city. This table provides an indication of the differences in the cost of renting an apartment or house in affluent suburbs across the cities surveyed in Mercer’s *Cost of Living Survey*.

Table 7.3: Home Rental Differentials %*

		To (Host)						
		Sydney	Melbourne	Brisbane	Adelaide	Perth	Canberra	Darwin
From (Base)	Sydney		-21	-25	-47	-14	-34	-42
	Melbourne	27		-4	-33	9	-16	-26
	Brisbane	35	5		-30	13	-10	-18
	Adelaide	95	57	44		62	33	17
	Perth	19	-3	-11	-38		-20	-28
	Canberra	56	22	12	-24	27		-6
	Darwin	73	42	21	-14	40	7	

*The mean-to-mean index has been used for the differentials displayed in the table above. The index compares mean prices (average price of each item) in the host city. Data is current as at September 2014.

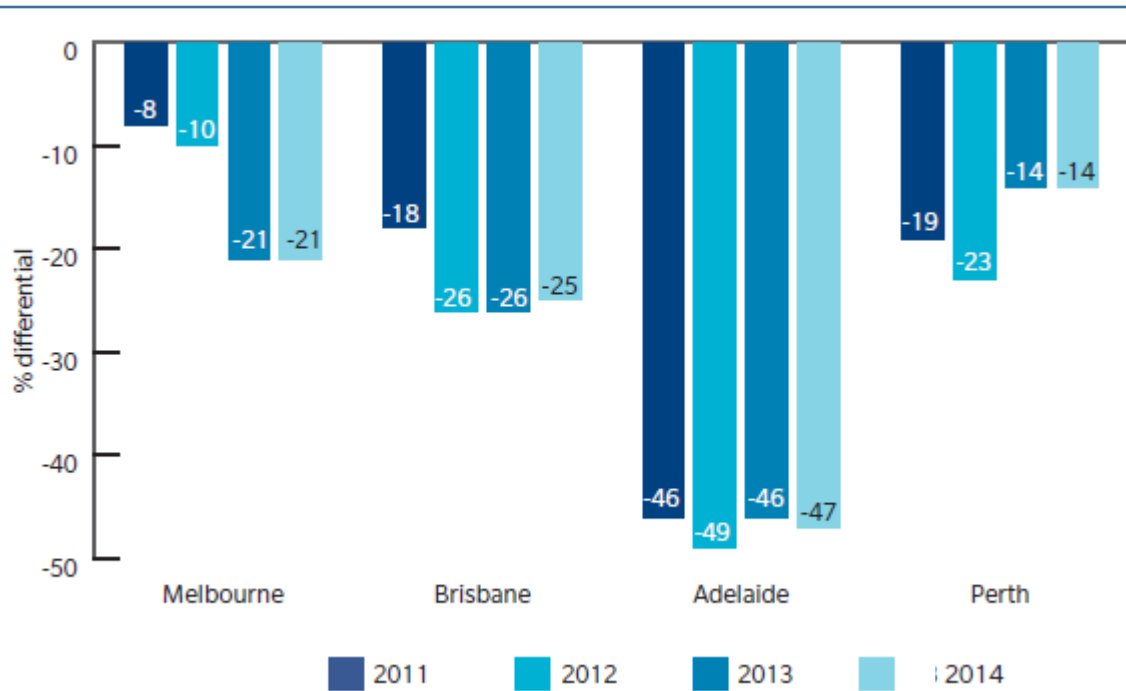
Table 7.3 highlights that home rental prices in Sydney are substantially higher than in any other city surveyed. Adding to the previous rankings table, these home rental differentials are transposed and provided below, displayed jurisdictionally by state rather than city, for ease of reference.

Table 7.4: Public Service Jurisdictional Remuneration Differentials vs Cost of Living Differentials vs Housing Differentials

Public Service Remuneration Ranking	Public Service Remuneration Differentials	Cost of Living Differentials	Housing Differentials
1	APS (13%)		
2	WA (3%)	WA (-3%)	WA (-14%)
3	NSW (0%)	NSW (0%)	NSW (0%)
4	QLD & NT (-8%)	QLD (-4%)	QLD (-25%)
		NT (-6%)	NT (-42%)
5	SA (-9%)	SA (-4%)	SA (-47%)
6	ACT (-15%)	ACT (-5%)	ACT (-34%)
7	VIC (-18%)	VIC (-1%)	VIC (-21%)

There is a more consistent hierarchy between costs of living and housing costs within the jurisdictions. However, similar to what can be observed in the cost of living differentials over the past four years, home rental differentials are also subject to fluctuation. Chart 7.2 below illustrates relative rental accommodation costs by the same cities for the last four years, again using Sydney as the base city.

Chart 7.2: Home Rental Differentials by City – Base City, Sydney



Prior to 2012, rental prices were rising in most major centres which brought them closer to the level observed in Sydney. However, 2012 rental results saw a halt in this trend and this has continued into 2013 and 2014 in Melbourne, Brisbane and Adelaide. Perth differentials have continued to move closer to Sydney in the past two years.

In considering the influence these two indices (cost of living and cost of housing) have on relative remuneration positioning between the jurisdictions, it is pertinent to also take into account salary differentials within the broader market.

State Salary Differentials

In analysing salary data from the Mercer General Market Database (2014) the following State salary differentials can be observed, relative to the NSW general market median.

Table 7.5: State Salary Differentials versus NSW General Market Median %

	NSW	VIC	QLD	SA	WA	TAS	ACT	NT
% from NSW GM Median Total Fixed Remuneration	0.0	-3.0	-0.4	-8.8	2.0	-5.6	-4.0	-0.5

These state salary differentials are ranked in Table 7.6, in addition to the public service remuneration jurisdictional rankings, cost of living and housing differentials previously reported.

Table 7.6: Public Service Jurisdictional Remuneration Differentials vs Cost of Living Differentials vs Housing Differentials vs Regional Salary Differential Rankings (Relative to NSW)

Ranking	Public Service Remuneration Differentials	Cost of Living Differentials	Housing Differentials	Salary Differentials
1	APS (13%)			
2	WA (3%)	WA (-3%)	WA (-14%)	WA (2%)
3	NSW (0%)	NSW (0%)	NSW (0%)	NSW (0%)
4	QLD & NT (-8%)	QLD (-4%) NT (-6%)	QLD (-25%) NT (-42%)	QLD (-0.4%) NT (-0.5%)
5	SA (-9%)	SA (-4%)	SA (-47%)	SA (-8.8%)
6	ACT (-15%)	ACT (-5%)	ACT (-34%)	ACT (-4%)
7	VIC (-18%)	VIC (-1%)	VIC (-21%)	VIC (-3%)

The broad observations found in comparing the relative positioning of jurisdictions within these indices are as follows:

- NSW consistently maintains a top three ranking in the remuneration and cost of living indices.
- Both public and private sector remuneration in NSW is competitively placed amongst all jurisdictions, only falling behind APS and WA in both the public and private sectors.
- VIC has the greatest fluctuation across the indices, being lowest for public sector remuneration, second highest for cost of living, third highest for cost of housing and fifth highest for private sector remuneration.

Reflective of this analysis, NSW remuneration appears to be relevantly positioned relative to other jurisdictions given higher cost of living and housing costs as well as the relative positioning of remuneration in the broader market. In view of the consistent top three ranking across the

indices, it is worthwhile to consider other broader economic and market indices to assess competitive positioning.

Broader Economic Influences and Market Indices

In addition to evaluating the impact that cost of living and regional salary differentials may have on NSW remuneration positioning within the public sector jurisdictions, it is worthwhile to consider the relationship of NSW remuneration movements with broader economic indices, particularly over a period of time.

The following graph (Chart 7.3) provides an analysis of remuneration movements over a 14 year period (1999 to 2013) for selected NSW non-executive and executive Awards and determinations. In addition, trend analysis of the Consumer Price Index (CPI), Wage Price Index (WPI) and General Market⁴⁰ annual movements have been provided in comparison to annual NSW increases.

CPI is used as a point of reference as it measures the change in cost of a fixed basket of goods, which can be used as a proxy for understanding cost of living differences.

WPI measures change in wages over time which provides parallel comparison to general market and public service remuneration movements.

This graph shows the compounding effect of remuneration movements across the relevant indices. In reading this graph it is important to note:

- Compounding increases are calculated on a baseline of 100 for all indices.
- MNGM Total Fixed Remuneration movements are sourced from Mercer's remuneration database.
- CPI⁴¹ and WPI⁴² data are sourced from Australian Bureau of Statistics publications.
- NSW movements are actual yearly movements provided by PSC.

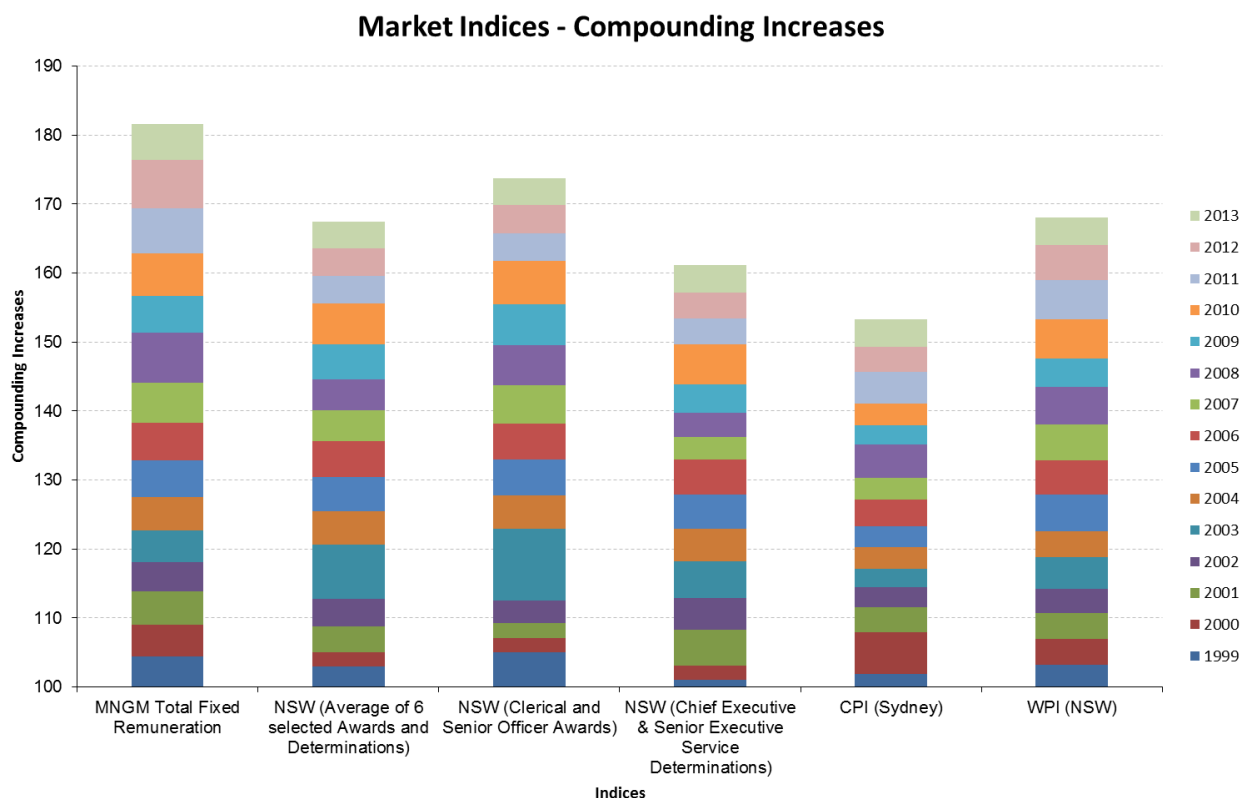
In interpreting the compounding increases, using the first column (Mercer National General Market) as an example, a salary of \$100k in 1999 would equate to salary of approximately \$180k in 2013.

⁴⁰ The **Mercer National General Market** refers to all data within the Mercer remuneration database, comprising data from over 800 Australian organisations across all industry sectors and currently containing in excess of 330,000 individual records. It and provides an overall representation of remuneration within the Australian market.

⁴¹ TABLES 1 and 2. CPI: All Groups, Index Numbers and Percentage Changes from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6401.0/>

⁴² Table 2b. Total Hourly Rates of Pay Excluding Bonuses: All Sectors by State, Original (Quarterly Index Numbers) from <http://www.abs.gov.au/ausstats/abs@.nsf/mf/6345.0/>

Chart 7.3: Trend Analysis of Compounding Annual Increases in Australian Economic & Remuneration Indices (1999 – 2013)



These indices show:

- NSW public service non-executive movements exceeded both CPI for Sydney, and WPI for NSW.
- NSW executive salary movement exceeded CPI for Sydney, however did not keep pace with WPI movements in NSW over the same period.

Overall, this analysis suggests NSW public service remuneration (as a whole) has exceeded local costs of living (excluding housing) and has been aligned with WPI increases across NSW.

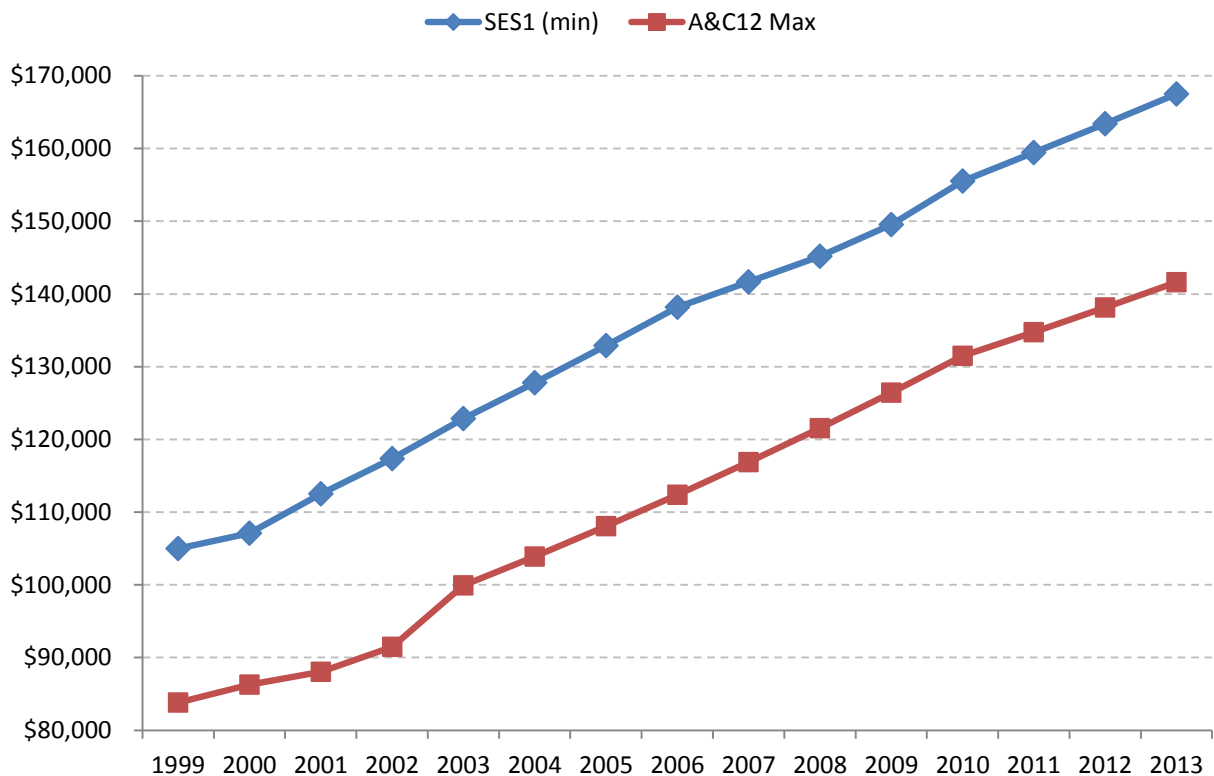
In contrast, NSW public service remuneration movements fell behind remuneration movements experienced in the general market. This trend has the impact of broadening the variation in remuneration levels for work of the same value between the public service and the private sector.

Compounding increases for NSW non-executives have outweighed increases for executive levels, supporting the evidence that non-executive remuneration is more closely aligned to the

general market rates of pay than executive level remuneration. If this trend continues it will also contribute to a narrowing of the differential between non-executive and executive remuneration.

To further illustrate this point, analysis was undertaken to calculate the differential between the maximum of the NSW non-executive salary band (maximum of A&C Grade 11-12) and the minimum of the NSW executive salary band (minimum of SES1) in order to measure the impact of non-executive historical salary movements exceeding executive salary movements. Chart 7.4, below, displays this data.

Chart 7.4: NSW Non-Executive Maximum versus Executive Minimum Remuneration (1999 – 2013)



Whilst at a graphical level the differential between non-executive and executive salary structures appear to remain fairly consistent between 1999 and 2013, when examining the data in percentage terms as demonstrated in Table 7.7, there is a clear narrowing between the two structures.

Table 7.7: NSW Non-Executive Maximum versus Executive Minimum Remuneration Differential (1999 – 2013)

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Differential	36%	34%	34%	37%	31%	32%	32%	32%	32%	30%	28%	27%	29%	29%	29%

The differential in percentage terms between the non-executive and executive structures has decreased by 7% over the past 14 years from 36% to 29%. Whether the impact of this decreasing differential is considered significant or not, the trend continuing could potentially contribute to remuneration and career progression challenges for the sector, as the remuneration incentive for progressing from Grade 11-12 into an SES1 or Band 1 level position may not be perceived as commensurate to the increase in responsibility and accountability for the change in role.

Summary of Influences on Remuneration Positioning

The impact of cost of living indices on remuneration management decisions, particularly in regard to public service determinations, should be considered alongside other significant factors which also influence levels of remuneration (in addition to those already highlighted above). Some of these additional factors include (in no particular order):

- promotion/career development opportunities within the jurisdiction
- quality of living (access to facilities and infrastructure versus living in a remote/isolated location)
- personal or economic risk associated with the role the person performs
- the importance of intrinsic versus extrinsic rewards.

Whilst Mercer acknowledges cost of living may have some influence on remuneration levels between jurisdictions in Australia, it is important to recognise the complexity of other factors that impact competitive positioning within the sector.

In Mercer's view, cost of living differentials are only a reasonable consideration in setting or reviewing remuneration frameworks if this measure is a recognised factor in the initial development of the framework, and that the measure remains a key component of annual remuneration reviews which have then been consistently applied. Whilst it provides some perspective to remuneration positioning relative to other jurisdictions, any adjustments to remuneration should also take into account other, equally impactful, influences on remuneration as highlighted earlier, rather than being heavily influenced by costs of living alone.

8

NSW Remuneration Analysis

In addition to analysis undertaken at a jurisdictional and NSW comparative framework level, analysis was also undertaken in regard to understanding where 'actual' NSW public service remuneration was positioned, relative to the NSW frameworks and also trends in the general market.

NSW Public Service Workforce Profile Dataset

The 'actual' remuneration dataset utilised in this Remuneration Review was sourced from the NSW Workforce Profile database collected under the 19 June 2014 census.

The dataset comprised 32,228 individual records⁴³. The following tables show the composition of this final dataset, from which all analysis in this section is derived.

To summarise, from Table 8.0 overleaf, 90% (n=29,140) of records within the dataset were categorised at the non-executive level. 87% of the non-executive records were attributed to roles covered by the A&C Award. The balance of the non-executive records were relatively evenly distributed between the remaining three non-executive Awards; Finance and Services (4%), OEH (3%) and Departmental Officers (3%). 3,088 (10%) records were categorised as executive level positions, comprising roles covered under SO, SES and CE Awards and determinations. At the time of the review there were very few positions which had transitioned to the GSE Act Executive Remuneration Bands, therefore executive roles are identified under the prior structure and framework.

⁴³ Refer to Section 5 and Appendix E for identification of in-scope data methodology and data cleaning refinements.

Table 8.0: Database profile by Award or Determination

Award	No. of records	% of dataset
Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007	25455	79%
Crown Employees (Department of Finance and Services) Award 2012	1414	4%
Crown Employees (Departmental Officers) Award	843	3%
Crown Employees (Office of Environment and Heritage and the Office of Environment Protection Authority) General Award	1428	4%
Crown Employees (Senior Officers Salaries) Award 2012	1118	3%
Senior Executive Service (SES) & Chief Executives	1970	6%
Grand Total	32228	100%

Table 8.1 below highlights the composition of the dataset by Cluster. Family & Community Services comprised the greatest number of records (n=9390, 29.1%), followed by Police and Justice (n=6592, 20.5%), Treasury & Finance (n=6293, 19.5%) and Education & Communities (n=4507, 14.0%).

Table 8.1: Database profile by Cluster

Cluster	No. of records	% of dataset
Family & Community Services	9390	29.1%
Justice⁴⁴	6634	20.6%
Treasury and Finance	6293	19.5%
Education & Communities	4507	14.0%
Planning & Environment	2128	6.6%
Transport	1235	3.8%
Premier & Cabinet	885	2.7%
Health	735	2.3%
Trade & Investment, Regional Infrastructure & Services	423	1.3%
Grand Total	32228	100.0%

The review focused on the Public Service and therefore did not include the large Health Service or Teaching Service workforces.

⁴⁴ At the time of the Census, the Justice cluster was identified as Police and Justice.

Remuneration Positioning within Grades

Analysis of the data was undertaken to determine where within each specific grade, Award or determination current remuneration was positioned.

The objective of this analysis was to highlight any areas where remuneration pressure existed within particular grades or Awards. Remuneration heavily positioned at the lower or upper ends of each pay band of each grade can indicate two potential areas for investigation:

1. The need to recalibrate the Grading Framework to capture incremental changes to the nature of work
2. Whether pressure at the top of the pay range contributes to over-grading or classification creep.

In undertaking this analysis, remuneration ranges for each grade (within each Award and determination) were divided into quartiles (Q1, Q2, Q3, and Q4). This approach aligned with typical four pay increment structure within each A&C broad banded grade salary ranges. The analysis also identified payments above the salary ranges for roles in each grade

To demonstrate, if the remuneration range for a grade was \$100,000 to \$140,000, the remuneration band was divided into quartiles and the number of records with remuneration falling within the quartile was counted in the following way:

Table 8.2: Example Remuneration Positioning Output

Grade	Count	Q1 (%)	Q2 (%)	Q3 (%)	Q4 (%)	Above Range (%)
	No. of records in grade	\$100,000 - \$110,000	\$110,001 – 120,000	\$120,001- \$130,000	\$130,001 - \$140,000	\$140,000 +
Example Grade Output	1500	400 (26.6%)	280 (18.6%)	100 (0.6%)	700 (46.6%)	20 (0.1%)

This analysis criterion was applied to each of the four non-executive Awards, and the GSE Act Executive Band structure for executive level positions. The GSE Act Executive Remuneration Bands were used in this analysis, rather than the SO, SES and CE ranges for executive positions, as this is more relevant to the future structure.

Table 8.3 overleaf provides the overview of current remuneration positioning within each NSW Award and determinations covered in this review. The table highlights that, overall, 50.8% of incumbents within the dataset are currently paid in the highest quartile (Q4) of their respective grade remuneration band.

Conversely, the next most populous remuneration positioning is Q1, comprising 21% of the overall dataset.

Table 8.3: Remuneration Positioning with Grades – NSW Actual versus Remuneration Framework

Award	Count	Q1 (%)	Q2 (%)	Q3 (%)	Q4 (%)	Above Range (%)
A&C	25,455	4,724 (18.6%)	3,459 (13.6%)	2,449 (9.6%)	14,558 (57.2%)	265 (1%)
Finance	1,414	259 (18.3%)	15 (1.1%)	29 (2.1%)	969 (68.5%)	142 (10%)
Departmental Officers	843	100 (11.9%)	120 (14.2%)	54 (6.4%)	568 (67.4%)	1 (0.1%)
Environment	1,428	548 (38.4%)	873 (61.1%)	2 (0.1%)	5 (0.4%)	0 (0%)
Non-Executive Overall	29,140	5,631 (19.3%)	4,467 (15.3%)	2,534 (8.7%)	16,100 (55.3%)	408 (1.4%)
GSE Act Exec Structure*	3,088	1,149 (37.2%)	952 (30.8%)	552 (17.9%)	275 (8.9%)	44 (1.4%)
Overall**	32,228	6,780 (21%)	5,419 (16.8%)	3,086 (9.6%)	16,375 (50.8%)	452 (1.4%)

*3.8% of executive records currently fall below the GSE ACT Executive Bands structure, this is predominantly attributed to the transitional arrangements for SO positions to the new structure.

**0.4% overall roles currently fall below the respective grade salary bands, as highlighted above.

In interpreting this table, it is important to highlight that NSW applies an increment approach to salary progression within each grade of the non-executive structures, resulting in individuals generally progressing through the remuneration bands based on tenure at level, rather than performance (as there are minimal performance barriers to an individual progressing through annual increments). Therefore, using the A&C structure as an example, a grade remuneration band consisting of 4 increments may result in an individual positioned within Q4 after 4 years of service at that level. Similarly an individual positioned in Q1 has most likely been at that grade level for less than one year. As such, the data suggests that the majority of individuals at the non-executive level (55.3%) have been at their grade level for at least four years. In addition, 19.3% have been 'at level' for less than one year.

The positioning within salary bands at the non-executive level may be indicative of a number of influences, including:

- Tenure - individuals appear to either join the Service and stay long term (4+ years at level) or either leave or be promoted before, or just after, one years' service, given the small percentage of employees within Q2 and Q3 of the ranges.
- Career progression – minimal opportunity for progression/promotion once reaching the top of the salary range of their appointed grade may be contributing to individuals remaining at the same level long term.
- Career development – the grading structure may not provide for roles, or career paths, in a way that supports paced development over four years to ensure skills and capabilities are

acquired year on year; subsequently, skills may be being developed predominantly in the first year, providing for accelerated progression to the next grade rather than a gradual progression through the grade (2 and 3 years 'at level').

- Classification creep pressure –generally within the public service, promotion is based on the availability of a vacancy at a higher level. Remuneration positioning in Q4 may be contributing to pressure to request or apply for reclassification to increase remuneration levels beyond annual increases.

Further investigation may be useful to validate or discount these considerations.

At the executive level, based on the GSE Act Executive Bands, remuneration positioning is more evenly distributed across the breadth of the salary bands than at non-executive levels. Executive roles are not subject to the same increment progression as non-executive grades - remuneration positioning within a grade band is determined through a combination of work value and discretionary assessments. The majority of executives are paid within the lower half of the band, that is Q1 (37.2%) and Q2 (30.8%), and the remainder paid within the upper half of the band, Q3 (17.9%) and Q4 (8.4%).

Mercer notes that remuneration for 1.4% of the dataset overall is positioned above the maximum of the respective grade salary band. This may be due to a number of factors, namely:

- Roles performing 'higher duties' than the substantive position employed
- Grade determinations in the dataset may differ from those actually attributed to the role
- Inaccurate data coding of fields within the dataset (i.e. roles attributed to an Award different to that under which it is employed).

Currently there is no data that would suggest a more even distribution of actual remuneration at each quartile, however, Mercer would expect that within a relatively stable public service environment, with low turnover and which has in place an increment based salary progression at each non-executive grade level, that actual remuneration would be more heavily weighted towards the upper quartile.

On the other hand, in relation to relatively high weighting at the lower quartile, even if we assume these represent recent or promotional appointments, Mercer would expect a more even distribution of salary positioning. This may be an area worthy of further investigation.

Job Family Differentials

In the general market, remuneration differentials are visible for particular job families, as some occupational roles and/or industry sectors attract premiums due to the competition for, or a scarcity of, specialist skills and capabilities. This is typically expressed as a variance to a particular market pay position, for example 5% above median (Q2) or 6 % below Q1 of the general market. Mercer's remuneration database records these differentials on a regular basis.

Analysis was undertaken to investigate whether the NSW Public Service remuneration data showed evidence of a differential in pay between job families. This was done by examining actual remuneration for roles in specific job families within the Service (Human Resources, Finance/Accounting and Information Technology) and comparing this data between roles within the same grade. The job family remuneration data identified through this analysis was then compared to the overall NSW Public Service pay at each grade, and an overall differential was calculated per job family, at both the executive and non-executive levels).

Table 8.3 provides an overview of this job family comparison analysis.

The table highlights the following differentials:

Human Resources

Executive positions in the general market are paid 3.6% higher than general market positions of the same work value, and non-executive positions paid 2.5% higher. Overall, the Human Resources job family attracts a premium of 3.1% above general market positions.

Within the NSW public service, human resources non-executive positions are paid 0.7% higher than the NSW public service remuneration median, and executives are aligned with the rest of the Service.

Overall, the remuneration differentials present in the NSW public service for human resource positions are not aligned with the differentials present within the general market.

Finance/Accounting

Executive positions in the general market within the finance/accounting job family are paid 8.4% higher than general market positions of the same work value. Non-executive positions, however, are paid only marginally higher at 0.1% above general market counterparts. Overall, the Finance/Accounting job family attracts a premium of 4.3% above general market positions. These job family differentials in the general market can be heavily influenced by industry sector, due to the increased competitive pressure within the sector, particularly at the executive level in banking and financial services organisations.

Within the NSW public service, finance/accounting executive positions are paid 0.5% higher than the NSW remuneration median, and non-executive positions are paid 0.4% higher than the rest of the Service.

Overall, NSW public service finance/accounting job family positions do not exhibit the same remuneration differentials visible in the general market.

IT

Executive positions within the IT job family are paid 9.4% higher than general market positions of the same work value, and non-executive positions are paid 6.1% than their general market counterparts. Overall, the IT job family attracts a premium of 7.8% above general market positions.

Within the NSW public service, IT executive positions are paid 0.1% lower than the NSW remuneration median for positions of the same work value, and non-executive positions are paid 0.7% higher than the rest of the Service.

Similar to the finance/accounting job family, IT positions within the NSW public service do not exhibit the same remuneration differentials visible in the general market.

Table 8.3: Job Family Differentials – NSW Actual versus Mercer Remuneration Database

Job Family	NSW Actual			Mercer Remuneration Database		
	Human Resources	Finance / Accounting	IT	Human Resources	Finance / Accounting	IT
Overall	0.7%	0.4%	0.6%	3.1%	4.3%	7.8%
Executive	0.0%	0.5%	-0.1%	3.6%	8.4%	9.4%
Non-Executive	0.7%	0.4%	0.7%	2.5%	0.1%	6.1%

Overall, job family differentials within the NSW public do not align with job family differentials within the general market.

9

Actual Work Value Exercise (Desktop based)

Background

In order to reliably measure the appropriateness of grading levels allocated to roles across the sector, a consistent job evaluation methodology, Mercer's CED (MCED) methodology⁴⁵, was applied to systematically assess the work value of a cross section of roles within the Service. Specifically, two investigations were conducted. First, a selection of roles was assessed in a desktop evaluation exercise, based on documentation provided by agencies; this is the subject of this section. Second, a selection of roles were assessed using a combination of information collected through interviews and organisation-based documentation, such as organisation charts, governance outlines and strategic plans. This second investigation is discussed in a separate section of this report and is referred to as the Actual Work Value Exercise (interview based).

Approach

A number of methods of selecting roles for evaluation were considered. As the dataset of roles contained in excess of 32,000 in-scope role records, it was not feasible to evaluate every role. The approach ultimately adopted balanced the requirement to identify a valid and representative sample of roles to evaluate with the need to implement a practical and cost-efficient strategy.

The agreed approach comprised two phases. The first phase involved:

1. Identifying unique roles within the workforce profile dataset.
 - Unique roles were defined as those that were distinct by function, job title and grading level, such as a Grade 9-10 Accountant within a Management Accounting function. Where there were a minimum of 10 such role records within the dataset, this criteria identified the position as a 'unique' role.
2. Filtering unique roles to identify those with a wide spread of remuneration within a particular grade level, or across more than one A&C broad banded grade.
 - In taking this approach, it was anticipated that roles identified by the filtering criteria may be subject to, or reflective of, over or under grading due to the higher variance in remuneration for seemingly the same role.

⁴⁵ Refer Section 5 and Appendix B.

3. 'Tagging' these identified roles for desktop evaluation.
 - The agreed 'tagging' strategy was conducted by viewing a role as a combination of the ANZSCO/Function/Job Title fields applied across all individual records of data in the workforce profile database. A role was tagged if, in using the approach, it occurred in more than one NSW government cluster, and the aggregate salary range (across all records for the unique role) returned a salary spread of greater than 15% between the 10th and 90th percentiles of the grade's paid salary range.
4. Requesting and collating role information and documentation from agencies for the tagged roles.
 - Through the PSC, Departments in which the identified tagged roles existed were requested to provide relevant information for each role, comprising:
 - i. all current role information, such as role descriptions, that adequately described the identified role
 - ii. any current job evaluation profile, or other documentation (i.e. work level standards, Agency/Department specific capability frameworks, Award structures) that demonstrated how the roles were graded
 - iii. any Points to Grade⁴⁶ tables in use at Agency/Department level utilised for grading purposes.
5. Using the role documentation and Mercer CED Job Evaluation methodology to conduct a desktop assessment of the work value of the tagged roles.
6. Identifying roles for further investigation ('flagging'). Flagged roles were those whose work value assessment did not align to the indicated grade of the role or could not be accurately determined due to the quality of the documentation.

The purpose of this phase was to separate out roles that appeared from the desktop assessment to be appropriately graded; that is, where the assessed work value aligned with the grade assigned to the role using the appropriate Points to Grade table. As a result, the exercise was also expected to identify roles that appeared to be potentially under or over graded, in that the assigned grade was not reflective of the assessed work value based on the role documentation. In such cases, these roles were 'flagged' for further investigation.

⁴⁶ Points to Grade tables refer to the grading structure tables which detail work value point bands for each grade determination.

It is important to highlight that the process of determining the best approach for role selection, whilst intended to assist in determining potential areas of under or over-grading, also provided the opportunity to review a number of broader consistency and governance practices including:

- the currency and quality of job description documentation
- the quality and accuracy of record keeping in regard to grading of roles
- the consistency of grading levels for similar roles across the sector
- mechanisms in place for determining grading levels.

Specifically, the exercise raised issues and concerns in relation to the validity of relying on existing documentation, that is, role descriptions, in assessing the work value of actual work undertaken. Consequently, a conclusion drawn from this exercise was that the results of the desktop work value assessments were not necessarily indicative of whether the roles evaluated were potentially under or over graded. Mercer further noted that the findings provided important insight into the consistency and efficacy, at agency level, of ensuring role documentation and corresponding role grading is up-to-date and accurate.

Contextual Findings

The desktop evaluation exercise also provided valuable insight into the complexity of the Public Service as represented by the workforce profile data. Whilst the intention of this investigation was to provide indicative insight into the accuracy of work value assessments and grading across the service, the findings informed a much broader understanding of the service than anticipated.

Mercer's high level observations of this exercise are as follows:

- The NSW government is the largest employer, both public or private, in Australia, with approximately 400,000 employees⁴⁷. Given the huge variance in employment structures and industrial instruments existing in the sector, the consistency, currency and volume of information required to document and grade roles presents unparalleled challenges.
- The quality and currency of role documentation held by agencies across the sector varies by and within agencies. Mercer acknowledges that PSC has already instigated initiatives to address this challenge by way of generic role descriptions and guidelines for producing role documentation.
- The observed quality and currency of role documentation provides challenges for agencies in being able to accurately and reflectively record actual work undertaken in a particular role and the appropriate grade for that level of work. Specifically, agencies without up to date or

⁴⁷ <http://workforceprofile.psc.nsw.gov.au/Default.aspx?objid=HC01&navg=HC>

representative role descriptions may not be accurately evaluating and determining the work value of roles in their agency.

- There are a number of job evaluation methodologies and “Points to Grade” tables utilised within the sector which present consistency challenges for such a large and diverse workforce. For example, some agencies utilise customised Point to Grade tables for the A&C Award which have inconsistent work value bands for the same grade. This can result in roles assessed as having the same work value being graded at different grades depending on the Points to Grade table referenced.
- There is limited visibility and consistency in how roles are allocated to grading levels across the service
- There is no consistent individual agency or centralised database for recording grade classification or work level of roles. The Workforce Profile Database, used to report on the State of the Service, would be enhanced by capturing this information.

In summary, the desktop assessments provided valuable insight into the quality and accuracy of position documentation and the ability to rely on this documentation for grading assessment and review purposes.

Detailed Desktop Assessment Findings

The following tables provide an overview of the desktop evaluation outcomes from a grading allocation perspective.

Of the 934 evaluations conducted, the majority (n=632, 68%) were assessed as having work value point outcomes aligning to the grade level indicated on the role documentation. However, a substantial number of roles (n=233, 25%) were assessed as potentially mis-graded. 169 roles (18%) were assessed with work value scores below the documented grade, and 64 roles (7%) were assigned work value scores above the documented grade. In 69 instances (7%) there was no distinguishable grade displayed on the role documentation in order to assess accuracy of graded level.

Table 9.0: Overview of Desktop Work Value Assessments

Description	Number
Roles evaluated	934
Unique roles covered	264
Agencies covered	72

Table 9.1: Results of Mercer Work Value Assessments

Description	Number	% of Total
Roles with work value outcomes <u>within</u> the indicated grade	632	68%
Roles with work value outcomes <u>above</u> the indicated grade (e.g. potentially under-graded roles)	64	7%
Roles with work value outcomes <u>below</u> the indicated grade (e.g. potentially over-graded roles)	169	18%
Unable to determine accuracy of indicated grade*	69	7%
Grand Total	934	100%

*For example, some of the selected role descriptions did not detail a grading level for the role described and other role descriptions specified a grading level that was inconsistent with the broad banded A&C Award structure commonly in use (such as Clerk 2-3, Clerk 4-5, Clerk 6-7, etc.).

Analysis of the 64 roles identified as potentially under-graded revealed that the majority of roles (91%) were under-graded by one grade level (e.g. were evaluated with a work value score consistent with grade A&C 9-10 but were graded as A&C 7-8, according to the formal role documentation). However, 6% were potentially under-graded by two grades, and 2% roles were potentially under-classified by 3 and 4 grades. The following table outlines the degree by which the roles investigated may be under-graded.

Table 9.2: Grade Differentials for Potentially Under-Graded Roles

Grade Differential	Number	% of Total Potential Under-Graded Roles
-1	58	91%
-2	4	6%
-3	1	1%
-4	1	1%
Grand Total	64	

It is important to note, that the evaluators who assessed the 6 roles as potentially under-graded by 2, 3 or 4 grades further highlighted that the documentation used to conduct the assessments was of questionable quality and this may have influenced the results of the assessments. For example, some of the role descriptions were in draft format, while others were overly generic and the role documented could not be distinguished from similar, more senior positions submitted for evaluation.

As noted above, 72% (n=169) of the 233 roles assessed as being potentially mis-graded were assigned work value outcomes lower than the grade indicated on the role documentation and were identified by the evaluators as potentially over-graded, based on the assessment of the documentation provided.

Table 9.3, below, outlines the number of grades by which assessed roles may have been over-graded.

Table 9.3: Grade Differentials for Potentially Over-Graded Roles

Grade Differential	Number	% of Total Potential Over-Graded Roles
+4	2	1%
+3	1	1%
+2	16	9%
+1	150	89%
Grand Total	169	

The majority (89%) of potentially over-graded roles were assessed as having a differential of one grade, whilst 9% were potentially over-graded by two grades, and the remaining 2% of roles were potentially over-graded by 3 and 4 grades.

Of the roles assessed with work value outcomes more than one grade (or one A&C broad banded grade) lower than that indicated on the position documentation (n=19, 11%) evaluators again noted concerns similar to those highlighted for the potentially under-graded roles. In addition to these, concerns were noted regarding potentially incorrect position documentation

being provided for some roles, or detail of duties within the position documentation being inconsistent with other information provided.

Analysis of Findings

In investigating whether potential under or over grading was influenced by the type of work a role performed, analysis was undertaken to disaggregate the findings by job family. The following table presents the distribution of evaluated roles within each job family as well as the work value assessment results, categorised by job family. The bracketed percentages represent the proportion of roles within in each column as a percentage of the total within each job family row. For example, within the Administrative Support job family, 67% of desktop assessments matched the grade provided on the role documentation, whilst around 27% indicated a different grade, and 6% could not be determined.

Table 9.4: Mercer Assessment Outcomes Relative to Role Documentation Grade – by Job Family

Job Family	Roles potentially under-graded	Roles potentially over-graded	Same Grade Level	Unable to determine	Total
Administration		2 (10%)	16 (80%)	2 (10%)	20
Administrative Support	31 (8%)	76 (19%)	275 (67%)	26 (6%)	408
Executive	2 (7%)	3 (10%)	20 (69%)	4 (14%)	29
Facilities		1 (17%)	5 (83%)		6
Finance	6 (5%)	27 (24%)	76 (67%)	5 (4%)	114
Human Resources	5 (6%)	16 (19%)	55 (65%)	9 (10%)	85
ICT	3 (7%)	8 (18%)	30 (68%)	3 (7%)	44
Legal	2 (22%)	2 (22%)	5 (56%)		9
Policy	1 (2%)	5 (10%)	42 (88%)		48
PR/Marketing		5 (24%)	14 (67%)	2 (9%)	21
Procurement			3 (100%)		3
Project	14 (12%)	22 (19%)	80 (68%)	2 (1%)	118
Other		3 (10%)	10(35%)	16 (55%)	29
Grand Total	64 (7%)	169 (18%)	632 (68%)	69 (7%)	934

Further analysis of this data indicates that the alignment, and misalignment, of indicated grade levels to work value assessment outcomes varies amongst job families. Specifically:

- The spread of same graded roles (work value outcomes aligning to indicated grade on position documentation) is fairly consistent at around (65%-70%) across the majority of job families.
- Administration, Facilities, Policy and Procurement had consistently high alignment of grade outcomes to indicated grade levels on documentation (80% or higher) than the other job families evaluated.

- Job families with potentially higher instances of over-grading include Administrative Support (n=76, 19%), Finance (n=27, 24%), Project (n=22, 19%), Human Resources (n=16, 19%), PR/Marketing (n=5, 24%) and Legal (n=2, 22%)⁴⁸.
- As well as a higher proportion of potentially over-graded roles, the Legal and Project job families also had the highest proportion of potentially under-graded roles, Project (n=13, 12%) and Legal (n=2, 22%). This suggests that these job family roles require particular attention when drafting position documentation.

The outcomes of work value assessments were also analysed at an Agency level and are summarised in Table 9.5.

Table 9.5: Mercer Assessment Outcomes Relative to Role Documentation Grade – by Agency

	All evaluations within same grade	No potential over-graded roles	No potential under-graded roles	Over 1/3 roles potentially over-graded	Over 1/3 roles potentially under-graded	All roles unable to be determined
No. Agencies	22	36	50	11	1	3
% Agencies	31%	50%	69%	15%	1%	4%

The findings suggests that over 30% of the evaluated agencies have a high level of accuracy in the quality of their role documentation, evidenced by the desktop evaluation outcomes being in line with the grade indicated on the role description. However, the findings also suggest that when inconsistencies were identified, agencies potentially have a tendency to over-grade rather than under-grade roles. Specifically, 15% of the agencies had over 1/3 of their roles evaluated as over-graded while only 1% of the agencies had over 1/3 of their roles evaluated as under-graded. Although this may indicate that some agencies may intentionally over-grade their roles it is also very possible, and more likely, that some agencies may overstate work value descriptions on role documents relative to each role's actual grade level rather than understate it.

Whilst the figures presented in the five preceding tables may appear to indicate that 25% of roles within the dataset are potentially mis-graded, it is important to consider a number of relevant factors:

- Of the 934 roles evaluated, 366 (39%) were flagged for further investigation due to evaluators not being able to finalise evaluation outcomes without first gathering further information or context of the role under review.
- There are differing Points to Grade⁷⁷ tables in use within the Service, including for employees paid under the same Award. For example, A&C Points to Grade tables can differ (relatively minutely) from agency to agency. However, the impact of this can be that one role assessed with a work value of 170 MCED points, for example, could be graded as Grade 1-2 in one

⁴⁸ Note some job families have a small sample size.

agency and as Grade 3-4 in another. Therefore the grade indicated on the role documentation is subject to variability.

Summary

Mercer's observations from this exercise highlighted a number of insights about potential mis-grading within agencies and job families as well as, and perhaps most importantly, issues in relation to the current quality of role documentation throughout the Service and the process used to document roles within the current database. Specific issues observed included:

- Currency, consistency and accuracy of job title on role documentation
- Completeness and currency of Agency identified on role documentation
- Currency overall of some role documentation (some role descriptions dated back to 1995)
- Quality and depth of information provided in accurately describing the responsibilities of the role
- Consistency of content and format of similar roles across different agencies.

In light of discoveries and findings observed through this exercise, it was agreed that position documentation could not be adequately relied upon in assessing the work value of actual work undertaken in the role. The desktop assessments, however, provided valuable insight into the quality and accuracy of position documentation reflecting work undertaken.

Mercer provides the following recommendations as an outcome of this exercise:

- PSC continue the current initiative in addressing quality and consistency issues of role documentation through the introduction of generic role descriptions and role description guidelines.
- Consider standardising points to grade tables utilised across agencies for specific Awards.
- Consider adopting a consistent approach and methodology to role evaluation or work value assessment determinations.
- Consider improvements to process governance and the determination of quality standards to support the consistency and transparency of role grading decisions.
- Consider expanding the Workforce Profile database to capture grade information and job title.

10

Actual Work Value Exercise (Interview based)

Background

The desktop based Actual Work Value Exercise provided useful insights into the potential prevalence of under or over grading of roles within the NSW Public Service. However, this investigation raised concerns in relation to relying on the existing role documentation that was provided and Mercer's ability to draw sound conclusions about the accuracy of role grading with the Service. It was therefore decided that the second Actual Work Value Exercise, the interview based evaluation, would be undertaken.

Consistent with the desktop based evaluation exercise, Mercer's CED methodology was employed to systematically assess the work value of a cross section of roles. However, for this second phase, the data used to complete the role work value assessments was collected by conducting one-on-one interviews with incumbents currently in the roles and their Director or overseeing Manager.

Approach

A number of steps were undertaken to select roles to participate in the interviews and this was a collaborative process between Mercer and the NSW PSC.

Role Selection

1. Mercer and members of the PSC met to determine roles for interview participation in order to ensure a representative sample of roles across the service were selected. It was decided that a sample was to be collected from agencies, both large and small, and from across the clusters. Furthermore, roles within five job families (Finance and Accounting, HR, ICT, Policy, and Project Management), that are common across the majority of agencies, were to be pursued. Interviews were to be conducted with incumbents from lower, mid-level and senior-level (non-executive) grade levels. In addition, an interview with a supervising Director or an Executive who could provide context and information about the about non-executive roles occupied by the interviewees in a job family would also be carried out. The Director interviews also provided important contextual information about how each job family function was structured within the agency or cluster, as well as discussing key differentiators of work by level within the job family career structure. This contextual information greatly enhanced Mercer's ability to independently assess the work value of the selected roles.
2. Mercer and the PSC examined the data on cluster, job family and grade level that was present within the workforce profile dataset, along with the information collated in the

desktop based exercise, to determine which agencies contained one or more of the relevant job families. In addition, each agency job family was reviewed to ensure it employed an ample number of incumbents across multiple grade levels to allow the required spread of interviews to be conducted. 14 agencies, across seven clusters, with the required number of incumbents across the grade levels, in at least one of the five job families, were identified as appropriate to participate in the exercise.

Interviewee Selection

1. PSC contacted each of the seven selected clusters and requested support and assistance with the interview process. Specifically, each cluster was asked to nominate an appropriate person to act as an interview coordinator who could assist Mercer with organising the required interviews.
2. The interview cluster coordinators worked closely with the agencies to ensure a representative sample of interviewees that fit the required job family and grade level criteria was identified. They then provided Mercer with the contact details of each of the nominated interviewees. They also provided additional information about each nominee including agency, job title, and grade level. Mercer checked the details of each nominated interviewee to verify that the required criteria were met.
3. Mercer contacted all of the nominated interviewees via email and invited them to participate in the interview. The invitation included a brief description of the purpose of the exercise, the types of questions that would be asked about the role, how long the interview would take, and the timeframe during which the interviews would be conducted. All interviewees were assured that their responses would be kept anonymous and confidential and that Mercer was interested in assessing the role rather than the person in the role. The interviewees were then asked to contact Mercer to arrange an interview time with a Mercer consultant. In the small number of cases where a nominated interviewee did not respond to the email invitation, follow-up emails and, if needed a telephone call, were utilised to ensure all interviewees had an opportunity to participate.

Interview Procedure

1. All interviews were standardised in that all interviewees were asked the same questions in the same order to ensure the reliability and consistency of the data collected. Interview questions were specifically developed for this exercise and were designed to gather specific role information used to assess roles using the MCED methodology. At the beginning of the interview, each interviewee was asked if they had any questions about the process or the interview. They were again assured that their responses would remain anonymous and confidential and that the purpose of the interview was to collect information about the role specifically, and not about the incumbent in the role. At the end of the interview, interviewees were thanked for their participation and invited to contact Mercer and the interviewing consultant if they had any additional questions or if they thought of any additional information they would like Mercer to make note of regarding the role.

- a. It is important to note that a pilot study with two policy groups was conducted to ensure the interview questions captured the data required to accurately assess the work value of a role. The pilot study interviews confirmed the appropriateness of the questions and no changes to the standardised interview questions were needed. Consequently, the data collected from the pilot study was added to the data collected from the subsequent interviews and the findings reported below reflect this.
 - b. It is also important to note that all Executives were asked the same questions as the non-executive interviewees as well as additional questions about the context of how their agency fits within the over-arching cluster, unique or notable characteristics of their cluster, agency and job family as well as distinguishing characteristics that define the grade levels within their agency. This information was used to corroborate the information provided by the non-executive interviewees.
2. The majority of non-executive interviews were conducted over the telephone (88%) and the majority of executive interviews were conducted face-to-face (76%). Each interview took approximately 40 minutes (up to one hour with Directors).

Work Value Assessments

1. The work value of each role was evaluated by two Mercer consultants using the MCED methodology, with reference to notes made during the interview. The consultants also referred to the contextual information provided by the Director interviews to further inform their evaluations. Each work value score was finalised after both consultants had an opportunity to raise any concerns they had about specific aspects of the evaluation and they collaboratively agreed on the final evaluation.
2. After the initial evaluations were complete, two other consultants peer-reviewed all of the evaluations. All four consultants had to agree for a work value score to be finalised and included in the analyses.

Interview Assessment Findings

Participation Rate

In total, 228 roles were identified to participate in the interview exercise. Of these, 189 nominated interviewees were contacted by Mercer to participate and 166 interviews were conducted (Response Rate = 88%). The original target number of interviews was revised for several reasons. First, one agency, who had four job families that met the interview criteria, was only able to allow access to two job families due to the workload of the other two job families. This agency was also only able to provide five rather than seven interviewees in one of the two participating job families. Second, an agency with three identified job families was unable to participate due to high workload issues. Third, an agency that was to provide interviewees in

the ICT job family was also removed from the exercise as it was revealed that the agency was no longer encompassed within the PSC framework. Finally, three additional job families only provided six rather than 7 nominated interviewees. Although PSC was able to find two additional agency job families to participate in the exercise there were not enough remaining agencies that fit the interview criteria to replace all of the job families that were unable to fully participate.

There were several reasons why all of the contacted nominated interviewees did not participate in the process. First, the interviews were conducted from mid-December to the end of January and some of the nominated interviewees were on leave during this time. Second, a small number of nominees expressed an interest in participating but they were unable to do so because they were currently too busy with work projects. Finally, a small number of nominees had to cancel the interviews at the last minute due to illness or work demands and these interviews were unable to be rescheduled during the timeframe allocated to conduct the interview process.

Interviewee Role Description

In total, 166 role interviews were conducted. All roles were covered under the Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007 with the exception of 23 roles who were covered under either the Crown Employees (Departmental Officers) Award (n=13) or the Crown Employees (Office of Environment and Heritage and the Office of Environment Protection Authority) General Award (n=10). The roles were from 13 agencies and the majority of the roles (n=132, 80%) had unique job titles. The largest number of roles came from the Project Management job family (n=42, 25%) followed by HR (n=33, 20%), Policy (n=32, 19%), ICT (n=30, 18%) and Finance & Accounting (n=29, 18%). The roles represented a range of grade levels. Overall, 28 Executives participated (16%) as well as 49 incumbents from grades 11/12 and 14 (30%), 36 incumbents from grade 9/10 (22%), 28 incumbents from grade 7/8 (17%) and 25 incumbents from grades 1/2, 3/4 and 5/6 (15%). Tables 10.0 to 10.2 overleaf summarise the range of roles that participated in this exercise.

Table 10.0: Overview of Roles Participating in the Interview Work Value Assessments

Description	Number
Roles evaluated	166
Unique roles covered	132
Agencies covered⁴⁹	13

⁴⁹ It is important to note that several of the individual Agencies that participated in the interviews are now merged with one another under the current NSW public service structure. Consequently, if the same incumbents participated in the study at the time this report was written, a fewer number of agencies would have been sampled.

Table 10.1: Overview of Job Families Participating in the Interview Work Value Assessments

Description	Number	% of Total
Project Management	42	25%
HR	33	20%
Policy	32	19%
ICT	30	18%
Finance & Accounting	29	18%
Grand Total	166	100%

Table 10.2: Overview of Grade Levels Participating in the Interview Work Value Assessments

Description	Grade 1/2	Grade 3/4	Grade 5/6	Grade 7/8	Grade 9/10	Grade 11/12/14	SO	Number	% of Total
Project Management	0	1	7	8	7	12	7	42	25%
HR	0	1	5	5	8	8	6	33	20%
Policy	0	0	0	7	9	10	6	32	19%
ICT	0	1	5	3	5	11	5	30	18%
Finance & Accounting	1	2	2	5	7	8	4	29	18%
Grand Total	1 (1%)	5 (2%)	19 (12%)	27 (17%)	36 (22%)	49 (30%)	28 (17%)	166	100%

Detailed Interview Assessment Findings

Of the 166 roles that were assessed, the majority (n=118, 71%) were assessed as having work value point outcomes aligning to the grade level provided by the PSC cluster interview coordinators. However, a substantial number of roles (n=48, 29%) were assessed as potentially mis-graded. 42 roles (25%) were assessed as having Mercer assessed work value scores below the documented grade, and six roles (4%) were assigned Mercer assessed work value scores above the documented grade. In one case a SO or SES grade level was not provided by the interview coordinator and Mercer was unable to assess accuracy of graded level against the work value assessment. Table 10.3 summarises the results of this broad overview analysis.

Table 10.3: Results of Mercer Work Value Assessments

Description	Number	% of Total
Roles with work value outcomes <u>within</u> the indicated grade	118	71%
Roles with work value outcomes <u>above</u> the indicated grade (e.g. potentially under-graded roles)	6	4%
Roles with work value outcomes <u>below</u> the indicated grade (e.g. potentially over-graded roles)	42	25%
Grand Total	166	100%

Analysis of the six roles identified as potentially under-graded revealed that four of roles were at the Executive level and two of the roles were at grade 5/6. . The following table outlines the degree by which the roles investigated may be under-graded.

Table 10.4: Grade Differentials for Potentially Under-Graded Roles

Grade Differential	Number	% of Total Potential Under-Graded Roles
-1	5	83%
-3	1	17%
Grand Total	6	100%

As noted above, 42 (88%) of the 48 roles were assessed as being potentially mis-graded as they were assigned work value outcomes lower than the grade provided by the interview coordinators. They were therefore identified by the evaluators, based on the work value assessment results, as potentially over-graded.

The majority (n=41, 98%) of potentially over-graded roles were assessed as having a differential of one grade, whilst only one role (2%) was potentially over-graded by two grades.

Of the roles assessed with work value outcomes one grade lower than the provided grade the majority were at grade level 9/10 (n=13, 32%).

Table 10.5 outlines the number of grades by which assessed roles may have been over-graded.

Table 10.5: Grade Differentials for Potentially Over-Graded Roles

Grade Differential	Number	% of Total Potential Over-Graded Roles
+1	41	98%
+2	1	2%
Grand Total	42	

Analysis of Potential Mis-Grading

In investigating whether potential under or over grading was influenced by the type of work a role performed, analysis was undertaken to disaggregate the findings by job family. The following table presents the distribution of evaluated roles within each job family as well as the work value assessment results; also categorised by job family. The percentages represent the proportion of roles within each category as a percentage of the total number of evaluations within each specific job family. For example, within the Project Management job family (highlighted in the table for ease of reference), 62% of work value assessments matched the grade provided by the interview coordinators, whilst around 38% indicated a different grade.

Table 10.6: Mercer Assessment Outcomes Relative to Role Documentation Grade – by Job Family

Job Family	Roles potentially under-graded	Roles potentially over-graded	Same Grade Level	Unable to determine	Total
Finance and Accounting	6 (5%)	27 (24%)	76 (67%)	5 (4%)	114
Finance and Accounting	1 (3%)	8 (28%)	20 (69%)		29
Human Resources	5 (6%)	16 (19%)	55 (65%)	9 (10%)	85
Human Resources		5 (15%)	28 (85%)		33
ICT	3 (7%)	8 (18%)	30 (68%)	3 (7%)	44
ICT	2 (6%)	7 (23%)	22 (71%)		31
Policy	1 (2%)	5 (10%)	42 (88%)		48
Policy	1 (3%)	8 (25%)	23 (72%)		32
Project Management	14 (12%)	22 (19%)	80 (68%)	2 (1%)	118
Project Management	2 (5%)	14 (33%)	26 (62%)		42

Note: Findings from the desktop-based exercise are in blue and findings from the Interview-based exercise are in white.

Further analysis of this data indicates that the alignment, and misalignment, of indicated grade levels to work value assessment outcomes varies amongst job families. Specifically:

- The spread of same graded roles (work value outcomes aligning to indicated grade on position documentation) ranges from 62% in Project Management to 85% in HR.
- Policy and Finance and Accounting each had one role that was evaluated as potentially under-graded while ICT and Project Management each had two roles.
- Project Management was identified as the job family with the highest instance of over-grading (n=14, 33%) followed by Finance & Accounting (n=8, 28%), Policy (n=8, 25%), ICT (n=7, 23%) and HR (n=5, 15%).

The outcomes of work value assessments were also analysed at an Agency level and are summarised in Table 10.7.

Table 10.7: Mercer Assessment Outcomes Relative to Role Documentation Grade – by Agency

	All evaluations within same grade	No potential over-graded roles	No potential under-graded roles	Over 1/3 roles potentially over-graded	Over 1/3 roles potentially under-graded	All roles unable to be determined
No. Agencies	0	0	10	4	0	0
% Agencies	0%	0%	77%	23%	0%	0%

In interpreting Table 10.7 we note the following:

- All agencies had at least one role that was identified as mis-graded by Mercer's work value assessment.
- All agencies had at least one role that was potentially over-graded
- 4 agencies had at least one role that was potentially under-graded
- 3 agencies had over 1/3 of their roles potentially over-graded
- No agencies had over 1/3 of their roles potentially under-graded.

The findings suggest that all of the evaluated agencies may have some roles that are mis-graded. The findings also suggest that when inconsistencies occur they are more likely indicative of over-grading rather than under-grading of roles. Specifically, 23% of the agencies had over 1/3 of their roles evaluated as over-graded while none of the agencies had over 1/3 of their roles evaluated as under-graded. Although this may indicate that some agencies may intentionally over-grade their roles these results need to be interpreted with caution and within a broader understanding of the agency's operating environment. Specifically, whilst the figures presented in the preceding tables indicate that 29% of selected roles are potentially mis-graded, it is important to consider that work value assessment outcomes can be influenced by how well the interviewed incumbent is able to explain their role, the inherent bias evident in any subjective evaluation process, and potentially the preconceived views of role levels by Mercer evaluators, based on previous evaluation experiences. In addition, Mercer noted that different Points to Grade tables are in use with (relatively minor) variations in point ranges for similar grades, which may impact actual grading of roles in different agencies.

To offset these factors, in completing the work value assessments, Mercer conducted sensitivity analyses of evaluations where similar roles were evaluated by Mercer at different levels to those advised by agencies. Sensitivity analyses are conducted by determining the minimum and maximum possible work value range points for each subfactor measured by the MCED methodology, including using actual work value profiles for roles sitting above and below the role under review. This in turn provides a minimum and maximum possible total work value assessment score for a role and takes into account any hierarchical relationships within the job family or organisational structure as well as variations in an incumbent's ability to describe their role.

Further relativity and feasibility testing was completed by reviewing the work value profiles of all roles assessed at subfactor levels across initially each job family and then collectively across all job families. This ensured consistency in the application of the MCED methodology across all roles.

Summary

Mercer's observations from this exercise generated a number of insights about potential mis-grading within job families and agencies as well as verification of the results of the desktop evaluation exercise. Specifically the key observations made were:

- When roles were identified as potentially mis-graded they were more likely to be potentially over-graded
- The highest occurrence of mis-graded roles were in grades 9/10 and 11/12
- The job family identified as having the highest rate of mis-grading was Project Management whereas the most accurate grading was within HR
- Most importantly, a marginally higher percentage of roles were identified as mis-graded in the interview based evaluation exercise (29%) than in the desktop based evaluation exercise (20%). Although a much smaller sample was used in the interview exercise, this similar finding questions whether the level of mis-grades in the desktop exercise was actually due to the quality of the role documentation provided rather than the occurrence of actual mis-grading as assumed at the completion of the desktop exercise. Consequently, the PSC, once it ensures that the process of documenting and assessing the work value of roles across the service is transparent and consistent as recommended below, may choose to investigate the possible prevalence of mis-grading again.

In light of these findings Mercer provides the following recommendations:

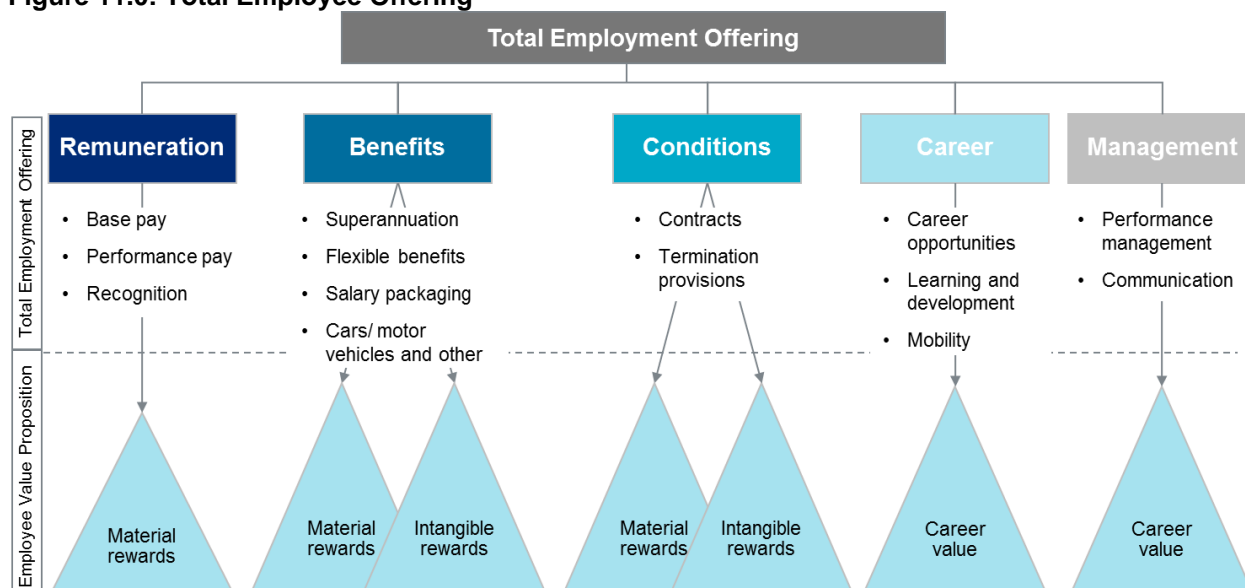
- PSC continue the current initiative in addressing quality and consistency issues of role documentation through the introduction of generic role descriptions and role description guidelines
- Consider standardising points to grade tables utilised across agencies for specific Awards.
- Consider adopting a consistent approach and methodology to role evaluation or work value assessment determinations
- Consider improvements to process governance and the determination of quality standards to support the consistency and transparency of role grading decisions.

11

Total Employment Offering Comparative Analysis

From the viewpoint of an employee, there are a number of factors which contribute to a decision to work (and keep working) for an employer. Mercer typically refers to this as the Employee Value Proposition (EVP) and it comprises material rewards, intangible rewards, career value and organisational reputation. When considering the design of an EVP, Mercer refers to the Total Employment Offering (TEO) provided by the organisation. TEO comprises a range of HR programs that together have a strong connection to the overall value proposition for employees. These programs, as illustrated in Figure 11.0, include strategies relating to remuneration, benefits, conditions, career and management culture.

Figure 11.0: Total Employee Offering



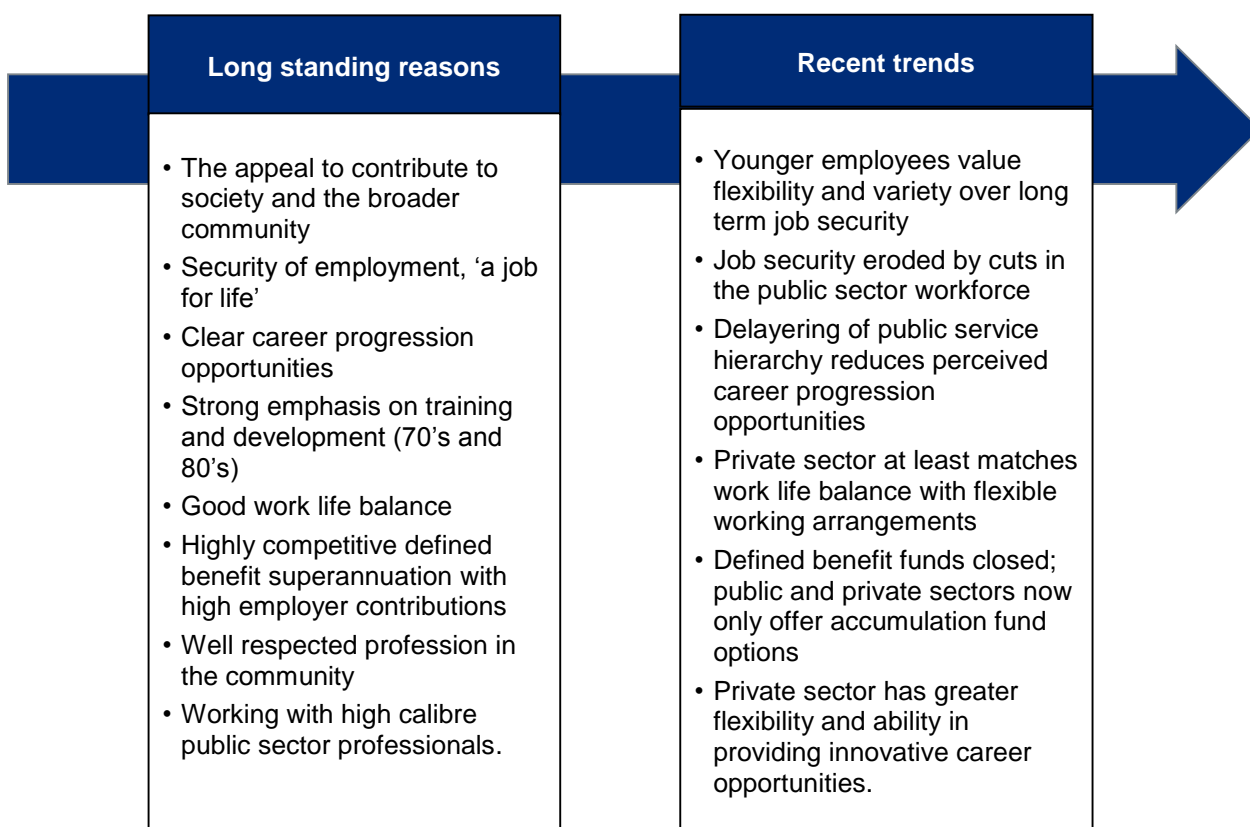
Developing or revising a Total Employee Offering (TEO) requires input from both the employees' perspective and the employer's perspective.

This section presents Mercer's view of TEO as it pertains to the NSW Public Service and focuses specifically on current benefits and conditions relative to other public sector jurisdictions and the general market. As elements of remuneration have been discussed in Sections 6, 7 and 8, this aspect of TEO is only summarised in this section, with observations focused on performance pay and the use of monetary incentives to engage employees. Insights provided in this section are based on Mercer's survey research as well as Mercer's extensive experience in consulting to various public service jurisdictions throughout Australia.

Changes to EVP Over Time

Many long standing reasons for working in the public service, including employment security, and clear career progression opportunities, are being eroded by recent changes in work preferences and the catch up of offerings available in the private sector (refer to Figure 11.1 below for a summary of historical versus recent trends in public sector EVP). In addition, as public service jurisdictions in Australia are undergoing significant cultural and structural changes, public service organisations are increasingly strategising ways to attract, retain and engage dynamic, highly skilled professionals that will allow the Service to succeed and thrive in an increasingly competitive working environment. One such strategy is to consider how to attract and retain the best talent through their EVP.

Figure 11.1: Historical value proposition vs. recent trends



One of the major difficulties in assessing the value of the non-financial or intangible aspects of the employment offer is that the perception of value will differ depending on an individual employee's perspective and situation. For example, some employees may value work life balance more than others, some may be attracted to careers that offer an opportunity to enhance community well-being, while others may place more value on monetary rewards and

recognition. Additionally, employees at the beginning of their career may place greater value on progression opportunities in order to meet their immediate financial obligations, such as mortgage payments, than employees who are nearing retirement, who may place more emphasis on topping up their retirement savings. In Mercer's view, many of the reasons for choosing a career in a particular industry or sector relate directly to the concept of employee engagement. Employee engagement encompasses all personal and workplace factors which contribute to an employee's motivation and commitment to their role, and ultimately the organisation's goals and values. It encompasses workplace contribution as well as a sense of well-being and personal success. Consequently, both public and private sector organisations need to have a deep understanding of the key drivers of engagement that are most valued by their employees' (both current and potential) when developing a TEO.

Employees Views on Work

Accepting that employee work preferences and the nature of organisations have changed over time, organisations need to understand what factors related to TEO are most directly associated with high employee engagement. One research study conducted by Mercer in 2011, *Inside Employees' Minds*⁵⁰, provides valuable insight into factors that drive employee engagement and influence worker attitudes. This research, although conducted in 2011, is relevant to today's workforce and the findings, which are summarised below, provide information that is beneficial to organisations, when considering their TEO.

Overall, the *Inside Employees' Minds* research revealed that, when Mercer's results are compared to similar research conducted seven years prior, Australian employees are demonstrating a greater level of commitment and higher level of satisfaction with many aspects of work. Key findings of the global research included:

- Base pay, type of work and career advancement were ranked as the most important elements of the employee value proposition.
- Satisfaction with pay and benefits had decreased in many countries.
- Employees in many markets indicated increased satisfaction with talent management offerings, including career and performance management, but scores generally remained low.
- Views on senior management and immediate supervisors were mixed.
- Employees aged 25-35 implied they were engaged but not satisfied with their work and were looking to leave their current employer.
- Older workers said their organisations had 'passed' on their training and development.
- Female employees were less satisfied in a number of areas of their work due to unsatisfactory levels communication and minimal opportunities to manage and develop their careers.

⁵⁰ Source: Mercer, *Inside Employees Minds* Research (2011). The survey was conducted from Q4 2010 to Q2 2011 among 30,000 workers in 17 markets worldwide.

From an Australian perspective, employees regarded material rewards (i.e. base pay) as the most important component of the value proposition offered by their employer. Regardless of the type of work performed, career related prospects were increasingly becoming important to workers (i.e. flexible working, career planning opportunities and training opportunities). The key findings relating to Australia are summarised in Table 11.0.

Table 11.0: Inside Employee's Mind Research, Australian Findings

The Most Important Value Proposition Elements for Australian Employees: (Ranked Highest to Lowest) ⁵¹		
	1. Base Salary	Base pay ranked as the most important element of the employee value proposition for Australian workers. However, only 51% of Australian respondents said they were satisfied with their base pay.
	2. Type of Work	Australian workers said "type of work" was their second most important reward element and survey results demonstrated that organisations might be answering this demand. Specifically, 78% of respondents said they were satisfied with the type of work they do and 71% said that the type of work they do is very important.
	3. Flexible Work	Australian workers, both female (69%) and male (60%) showed a high appreciation for flexible work schedules and 61% said their organisation provides them with the opportunity to work flexibly.
	4. Working for a Respectable Organisation	Working for a respectable organisation was also important to Australian employees and 65% of workers would recommend their company to others as a good place to work; up from 60% in 2003.
	5. Bonuses/Other Incentives	Incentives and bonus pay ranked fifth in importance. However, as pay structures become increasingly complex organisations should enhance communication efforts to ensure employees' understand and agree with how pay is determined. The research reported that approximately 74% of employees understood how their pay is determined, this was a decrease from 2003.
	6. Training Opportunities	Training was also highlighted as an important motivating factor and employees indicated that organisations have significant need for, and opportunity to, improve career planning and training offerings.

⁵¹ Source: Mercer, Inside Employees Minds Research (2011). The survey was conducted from Q4 2010 to Q2 2011 among 30,000 workers in 17 markets worldwide.

These findings are consistent with Mercer's *Australian Benefits Review* (August 2014)⁵² which indicated the HR practices that have the highest positive impact on employee morale and engagement were:

- Work life and flexibility (61%)
- Total reward framework (54%)
- Variable rewards (51%)
- Training and development (46%)

EVP - Remuneration Trends and Offerings

Over the past two decades the incidence and value of short-term (e.g. bonuses) and long-term (e.g. equity plans) incentives has increased in the broader Australian market, consistent with an increasing emphasis on individual performance and accountability, and stakeholder expectations of stronger alignment between performance and pay.

This trend, however, has not been reflected in the public service, where most public service jurisdictions (excluding commercialised State Owned Corporations) do not favour 'at-risk' remuneration or performance based bonus payments. Instead, typical Public Service remuneration practice focuses on the fixed components of remuneration, as defined at the Total Fixed Remuneration⁵³ aggregate, and employee benefits which are discussed in detail next.

EVP – Benefit Trends and Offerings

Employee benefits are generally provided to encourage improvements in the health, wealth and performance of the workforce. They appear as additional offerings outside of the employee remuneration package and typically come in the form of leave, flexible working arrangements, subsidised insurance cover, health and wellness programs, training and development as well as additional study support and other allowances.

Mercer's *Australian Benefits Review* (August 2014) survey results indicate that there is limited differentiation between benefits programs offered by Australian companies. Table 11.1 overleaf highlights the typical benefits offered by many Australian organisations, including annual leave, training programs and employee insurance. Importantly, the prevalence of these traditional benefits may lead to employees perceiving these as an entitlement rather than a key differentiator of employee value propositions. Only offering traditional benefits makes it

⁵² The Australian Benefits Review (ABR) is the Australian employer's guide to current market practice and emerging trends in remuneration and benefits management. For the 2014 edition of ABR, Mercer collected information from incumbents of 353 organisations.

⁵³ Total Fixed Remuneration includes base salary, superannuation and the value of all fixed benefits and allowances including the cost of FBT. It excludes any variable pay or allowances/bonuses.

increasingly difficult for competing organisations to be recognised as an ‘employer of choice’ on the basis of benefit offerings.

Table 11.1: Typical benefits offered by Australian Organisations

Leave	<ul style="list-style-type: none"> • 20 days annual leave • 10 days personal leave • 12 weeks company paid maternity leave • 2 weeks company paid paternity leave • Unpaid leave
Work Life	<ul style="list-style-type: none"> • Team building events • Flexible working provisions • Ability to work from home
Employee Insurances	<ul style="list-style-type: none"> • Death & Total and Permanent Disablement • Salary Continuance Insurance/Total & Temporary Disablement • Corporate travel insurance
Health & Wellness	<ul style="list-style-type: none"> • Formal health & wellness program • Employee assistance program • Flu vaccinations
Cars	<ul style="list-style-type: none"> • Novated leases • Car allowances
Recruitment and Training	<ul style="list-style-type: none"> • Formal training and development policies in place • Study Assistance • Referral bonuses (\$1,500 common) • 457 visa paid by employer and ability to include partner/dependents
Short Term and Long Term Incentives	<ul style="list-style-type: none"> • Commonly available
Allowances & Perquisites	<ul style="list-style-type: none"> • Breakfast, lunch, dinner paid for all staff during business travel • Mobile phones available to all staff categories ‘above’ operations/support staff • Ability to use work phone as primary personal phone • Professional membership fees are paid for or reimbursed
Non-financial Rewards	<ul style="list-style-type: none"> • Gifts/voucher • Recognition in company publications • Certificates/plaques • Lunch/dinner with team members

Impact of Benefits

Findings from the *Inside Employees Minds* research further indicates that although benefits are considered an important element of the value proposition, the level of satisfaction with the benefits being provided was low. Specifically, the findings showed:

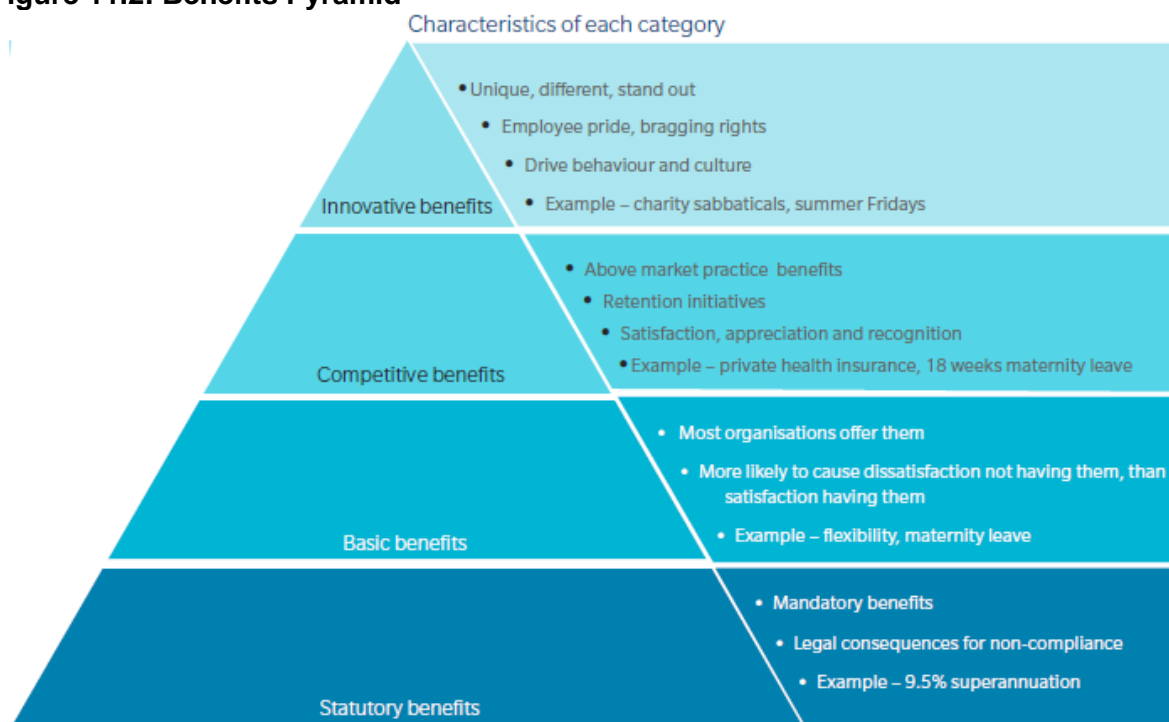
- 84% believed benefits were either important or very important
- However, only:
- 38% were satisfied by their organisation’s overall benefit package

- 32% were satisfied by the healthcare benefits available
- 46% said enough information was provided by their organisation to help them make informed benefit related decisions
- 44% believed benefits in their organisation were better than those offered by other organisations.

The satisfaction level of benefits is often linked to the relevance and impact of benefits offered. Employees’ preferred benefits often change depending on which phase of the career life cycle they are in. This makes it very difficult for organisation’s to determine which benefits will be most motivating to employees at any point in time. Consequently, there is very often a marked difference between what employers believe employees’ value and what they actually value and, as a result, it is not uncommon for employees to express dissatisfaction with their organisation’s EVP.

Nonetheless, the offering of benefits is a key driver of employee engagement. Mercer uses a benefits pyramid (Figure 11.2 below) to categorise benefits according to their likely impact on employee engagement and behaviour.

Figure 11.2: Benefits Pyramid



Mercer's benefit pyramid consists of four levels. The base level comprises Statutory Benefits which Australian organisations must legally provide to all of their employees. These benefits are mandatory and therefore have a negligible impact on employee satisfaction.

Basic benefits, which include flexible working hours and paid maternity leave, are also commonly offered by Australian organisations. However, due to the prevalence of these basic benefits in the Australian general market, most workers expect to receive them, especially from established organisations. Workers, therefore, are more likely to be dissatisfied if they do not receive basic benefits, rather than being satisfied from receiving them.

Competitive benefits, on the other hand, are benefits that are used by organisations to distinguish themselves from their competitors. These benefits are perceived by workers to be better offerings than those provided by most organisations, such as above median maternity leave provisions. Competitive benefits can therefore be effective in improving employee satisfaction and, in turn, have a greater impact on retention.

Innovative benefits are not commonly found in market reports because they are unique and not always shared by organisations publicly. They are usually tied to specific performance outcomes and, therefore, tend to be tailored to suit each organisation as well as individual employees. Because innovative benefits are purposely designed to be of maximum value to employees, they are able to successfully drive and influence desired behaviour and shape organisational culture.

Mercer's *Australian Benefits Review* (August 2014), reporting benefit program information collected from over 350 organisations, provides further insight into the types of benefits that are effective at driving employee satisfaction and motivation. Some of these key insights include:

- **Ensuring equality across the workforce:** employees express greater satisfaction with their benefits programs if there is little differentiation of benefits offered to employees of differing seniority.
- **Supporting employee work life balance:** organisations are evaluated as having more effective benefit programs if the benefits offered emphasise a concern for supporting employees' work life balance. Specifically, programs offering flexibility and choice of benefits are highly regarded, as well as those offering benefits that support employees' personal well-being and/or lifestyle.
- **Linking benefits to desired outcomes:** organisations with the most effective benefits programs do not choose the benefits they provide simply on the basis that 'other companies provide it'. Rather, they understand that offering benefits that are most desired by employees will have the greatest impact on overall satisfaction and motivation levels. Whilst it is important to be competitive and to ensure a benefit program is in line with programs offered by similar organisations, organisations need to consider whether adding innovative benefits to their program will have a greater influence on achieving and maintaining desired employee behaviour both generally and individually.

Benefits in the NSW Public Service – A Jurisdictional and General Market Comparison (Non Executives)

The NSW Public Service provides employees with benefit programs that include a variety of benefit options, which are encompassed under the New South Wales Public Service Conditions of Employment Award terms and conditions. In line with previous sections, which compared NSW public service remuneration practices with other Australian public service jurisdictions, Mercer compared the New South Wales Public Service Conditions of Employment with counterpart structures in other jurisdictions, namely (ACT, NT, QLD, SA, VIC, and WA). Specific, high level comparisons have also been conducted with the general market, where possible, in order to garner greater insight into the competitiveness of the NSW Public Service benefit offerings. Specifically, comparisons have been made on the following characteristics:

- Attendance / hours of work
- Travel arrangements
- Allowances
- Leave entitlements
- Training and professional development
- Shift work and overtime

It is important to note that the terms and conditions briefly reviewed below reflect the broad commonalities for the public service awards in each jurisdiction and exclude individual determinations for various agencies. A full overview of terms and conditions for each jurisdiction used for this comparison are provided in **Appendix J**. The General Market benefit data was sourced from Mercer's 2014 Australian Benefits Review⁵⁴

Attendance / Hours of Work:

Full-time public service employees throughout Australia are typically required to work between 35 and 38 hours per week. In NSW, full-time contract hours are either 35 or 38 hours per week depending on the individual's role classification and are determined by the Award or determination under which an individual is employed. However, formally, the majority of NSW public servants are contracted to work 35 hours per week. Comparatively, full time contract hours in QLD are 36.25 hours per week, 38 hours per week in VIC and ACT. Full-time employees working in the private sector/general market are contracted to work, on average, a minimum of 38 hours per week.

Standard working hours are also generally consistent throughout the jurisdictions. Standard working hours are set for Victoria, and ACT between 7:00am and 7:00pm, South Australia between 8:00am and 7:00pm, Northern Territory between 6:00am and 6:00pm, Western

⁵⁴ The Australian Benefits Review (ABR) is the Australian employer's guide to current market practice and emerging trends in remuneration and benefits management. For the 2014 edition of ABR, Mercer collected information from incumbents of 353 organisations.

Australia between 7:00am and 6:00pm and NSW between 7:30am and 6:00pm. All jurisdictions except Victoria set minimum lunch breaks of 30 minutes⁵⁵.

All jurisdictions allow employees flexible working hour arrangements pending suitability of circumstances and individual supervisor approval.

The majority of organisations (94%) within the general market also offer employees flexible working arrangements and the prevalence of this benefit is increasing. Similar to the NSW public service, organisations in the general market allow employees to work longer hours in order to accrue a rostered day off. Other flexible working hour benefits offered in the general market include incidental flexible working hours (e.g., if an employee works reduced hours one day for personal reasons they can work longer hours another day to compensate) and ongoing flexible working hours (e.g., start work earlier in order to leave earlier).

Travel Arrangements

Reimbursement of official travel costs and any associated expenses are stated in the NSW, QLD, VIC, SA, and ACT⁵⁶ Public Sector Awards terms and conditions. Workers in these jurisdictions will be reimbursed any costs incurred during official travel including associated expenses such as accommodation and meals. This is in line with general market practices where the majority of organisations (96%) reimburse employees for all reasonable expenses incurred whilst travelling for business purposes.

NSW, in line with QLD, SA, and ACT, pays hourly rates (or time off in lieu) for travel or waiting time outside ordinary working hours to a location beyond usual headquarters as part of the general Public Sector terms and conditions. Travel time payment for Sundays in ACT is made at pay-and-half rate.⁵⁷

Allowances

While some allowances apply only to certain agencies in jurisdictions, there are some commonalities, including first-aid, on-call /out of hours, and higher duties allowances available to all workers within the jurisdictions. Overall, NSW has the most common allowances for public service employees when compared against the other jurisdictions. For example, only NSW, NT and WA offer special allowances for working in remote locations. NSW is the only jurisdiction that offers private vehicle and personal property damage coverage to employees who use a private vehicle for approved work purposes, support for a home office used for work, provision

⁵⁵ Comparative data for the General Market is not reported in the ABR (2014)

⁵⁶ Specific jurisdictions are excluded from commentary when relevant benefit data is unavailable.

⁵⁷ Comparative data for the General Market is not reported in the ABR (2014)

for private phone expenses if used for work, and provision for a garage/carport allowance if used to park a work vehicle.

Organisations within the general market also provide employees with a range of allowances similar to the NSW public service, however the prevalence is variable. Organisations in the general market frequently provide employees with a work mobile phone which can also be used for private purposes (e.g., 93% of senior executives and 43% of operation / support employees are provided with a mobile phone), first aid training (approximately 15% of organisations), and remote location allowances (approximately 6% of organisations). Additional allowances offered by organisations in the general market include awards for long service (82%), negotiations of discounts with other companies, especially in the health/wellness sector (58%), and living away from home allowances (50%).

Leave Entitlements

In comparison to other benefit offerings, NSW is not as competitive as other public service jurisdictions in regard to some of the leave entitlements that they offer employees. For example, annual/recreational leave entitlements accrue at 20 days per year for all jurisdictions as well as in the general market. NSW also provides for additional leave on a sliding scale for individuals who are required to work on Sundays and public holidays. NT offers an additional week paid annual/recreational leave for a seven-day shift worker.

All jurisdictions, except WA, specify that leave without pay can be granted on a case-by-case basis. Purchasing additional leave is also practiced in most jurisdictions. However, NSW offers the least number of days (10 or 20 days) in comparison to VIC (up to 40 days), WA (up to 10 weeks), and ACT (up to 12 weeks). In comparison, only 36% of organisations in the general market allow employees to purchase additional leave. Frequently, there is a limit placed on the amount of leave that can be purchased with approximately 94% of organisations implementing a cap between 2-4 weeks.

All jurisdictions offer up to 52 weeks of maternity leave with varying amounts of paid leave entitlements. NSW, as well as QLD, VIC and WA offer 14 weeks of paid leave, while ACT offers 18 weeks. SA and NT have a tiered paid maternity leave system, where the paid leave entitlements increase after 5 years of continuous service to up to 20 weeks in SA and up to 18 weeks in NT. However, only NSW allows for up to 9 additional weeks of leave prior to birth, which distinguishes it competitively from the other jurisdictions. All jurisdictions offer the same leave entitlements for adoption leave as for maternity leave.

The general market, in comparison to the public service, has less competitive maternity leave entitlements. In 2014, 75% of organisations provided paid maternity leave and 12 weeks was the median maximum number of paid weeks offered to full-time permanent employees. The majority of organisations (92%), similar to practices in the public service, have adoption leave policies similar to their maternity leave offerings.

Paid leave entitlements for 'other parents' in NSW, QLD and ACT are one week while VIC, NT and ACT offer their workers two weeks. 65% of organisations in the general market provide paid paternity leave to their full-time permanent employees. Similar to VIC, NT and ACT, the median maximum number of weeks paid paternity leave provided within the general market is two weeks.

NSW, NT and WA entitle public service employees to 3 weeks' paid sick/personal leave. This offering is more competitive than in VIC and QLD which entitle employees up to 2 weeks' paid sick/personal leave and in SA where sick/personal leave accrues at a rate of one day per month, for a total of 12 days per year. In the general market, most organisations (91%) only allow for the statutory 10 day requirement. However, most competitively, ACT public service employees receive 3.6 weeks paid sick/personal leave per annum.

In regard to long service leave entitlements QLD, VIC, NT and ACT offer 3 months' paid long-service leave upon completion of 10 years of service, NSW offers 2 months' and SA employees receive 13 weeks upon completion of 10 years of service. Additional long-service entitlements are also offered by NSW (5 months for each additional ten years of service), NT (0.3 months for each additional year of service) and SA (1.3 weeks for each additional year of service). WA has the most competitive offering, granting paid long-service leave after seven years' service (13 weeks paid) with an additional 13 weeks leave accrued after every seven years' of service thereafter. In the general market, 97% of organisations base their long-service leave entitlements on legislative mandated state or national accrual rates. The remaining organisations structure their long-service leave offerings according to their employee's enterprise agreement conditions.

All jurisdictions offer pro-rata long service leave. That is, subject to some conditions, public service employees who leave their employment, or whose employment is terminated before the long service leave entitlement is earned, receive payment for part of their long service leave entitlements for each completed year of service.

Leave loading is 17.5% in all jurisdictions.

Training and Professional Development

Training and study assistance offerings vary greatly between jurisdictions. NSW offers greater entitlements when compared to many other jurisdictions and the general market. Specifically, NSW pays all fees for courses essential to efficient operations of the department or of benefit to the public service. In comparison, WA and SA are the only other jurisdictions that will cover all costs associated with approved training activities; with SA offering an additional five paid leave days over two years for approved professional development attendance. NT, rather than offering complete fee coverage, offers a specific allowance (\$537 per year for continuous service of 1-5 years and \$1,181 per annum for more than five years of continuous service) for training and development. When financial study assistance is provided by organisations in the general market, only 48% fully pay the employee's course fees (72% will pay part of the fees

incurred) and 55% of organisations limit the amount of financial assistance they will provide, \$5000 being the median amount employees can claim annually.

NSW also offers paid study time, not exceeding a maximum of 4 hours per week, to accrue half an hour for each hour of class attendance. This is in addition to the offering of up to five days of paid exam leave per year. Comparatively, only VIC, ACT and some organisations in the general market also offer employees study leave entitlements. VIC offers up to five days paid study leave and additional exam leave on a case-by-case basis, and ACT grants up to 15 days paid leave per annum for recognised short training courses or seminars. 78% of organisations in the general market provide paid study leave to employees, in addition to annual leave. Other forms of study assistance offered in the general market include full or part subsidy of textbook or other education expenses (45% of organisations), course advice and enrolment assistance (22% of organisations), and the use of workplace library facilities (15% of organisations).

Shift Work and Overtime

Shift work loadings for week days fall between 10% and 20.5% in the different public service jurisdictions depending on the time of day employees are scheduled to work. In NSW, workers are entitled to a 10% shift loading if starting work between 10am - 1pm and 12.5% if starting work between 1pm – 4pm. Comparatively, QLD is the only other jurisdiction that offers employees daytime shift loading with 15% offered to employees working the afternoon shift.

All jurisdictions provide shift loadings to workers who work during the night. NSW offers a shift loading of 15% for shifts starting between 4pm – 4am and 10% for shifts starting after 4am and before 6am. This offering is in line with QLD, VIC, NT and ACT but is less than SA and WA who offer, on average, 20% loading for night shifts.

NSW, NT and ACT disclosed shift loadings for employees who work on public holidays and/or on the weekend. All three jurisdictions offer double-time-and-half for public holidays and time-and-a-half for Saturdays. However, NT and ACT offer double-time for shifts worked on Sunday while NSW only remunerates Sunday workers at a rate of time-and-three-quarters⁵⁸.

In regard to overtime pay, NSW is positioned quite competitively in comparison to the other jurisdictions. For example, NSW employees, working Monday-Saturday, earn time-and-half for the first two hours and double time afterwards. All other public sector employees earn time-and-a-half for the first three hours and double time thereafter. All of the jurisdictions pay double time for overtime worked on Sundays, and all but VIC and WA pay double-time-and-a-half for overtime worked on Public Holidays, regardless of when during the week the holiday day falls. VIC, in comparison, pays employees who are working their regular hours an overtime rate of time-and-half if the public holiday falls between Monday-Friday, with any additional hours worked paid at a rate of double-time-and-a-half. WA, on the other hand, pays employees

⁵⁸ Comparative data on shift loading practices within the General Market is not reported in the ABR (2014)

working on public holidays double-time-and-a-half for work conducted during their regular scheduled hours and triple-time-and-a-half for working outside one's prescribed hours.

The NSW public service overtime pay offering is also competitive with that offered by organisations in the general market. In 2014, only 30-40% of organisations who did not have to adhere to an enterprise agreement/Award paid their employees time-and-a-half for working overtime on either a weekday or a weekend and only 20-30% paid their employees double time for working overtime on weekend days. Overtime pay on public holidays was also varied within the general market with many organisations only paying the regular hourly rate, and only approximately 24% of operation and support staff receiving double-time.

Summary of the Competitiveness of the Non-Executive NSW Public Sector Benefits Offering

The NSW Public Service offers a range of employment benefits and in many areas its benefit program is on par or potentially more attractive to current and potential employees than the benefit programs offered by other public service jurisdictions and the general market. Specifically, the jurisdictional and general market comparison highlighted the following:

- The number of hours full-time public service employees are required to work in NSW (35 or 38 hours per week depending on classification) are comparable with hours worked in other jurisdictions and the same or less than the hours required of workers in the general market. Formally, the majority of NSW public servants are contracted to work 35 hours per week.
- It is common practice for both the public and private sector to reimburse any expenses incurred by employees during official travel. However, NSW, along with QLD, VIC, SA, and ACT, provide employees with additional pay (or time off in lieu) for travel or waiting time outside ordinary working hours.
- NSW is the only jurisdiction that offers allowances such as damage to private vehicle and personal property damage coverage, support for a home office used for work, provision for private phone expenses if used for work, and provision for a garage/carport if used to park a work vehicle. Although organisations within the general market may provide employees with a range of similar allowances the prevalence of this practice is variable.
- NSW offers the fewest number of days that employees can purchase for additional leave in any jurisdiction but this is an entitlement available to only 30% of organisations in the general market.
- NSW, along with QLD, VIC and WA, offers only 14 weeks of paid maternity leave while other jurisdictions offer up to 20 weeks paid leave. However, the general market, on average, only pays employees for 12 weeks leave and NSW is the only jurisdiction that allows employees to take up to an additional 9 weeks of pre-natal leave.

- NSW and QLD only offer one week paid leave for 'other parents' while other jurisdictions and the general market generally offer up to two weeks paid leave.
- NSW provides employees with a generous paid sick/personal leave entitlement of 3 weeks which is comparable to NT and WA but substantially greater than VIC, QLD and the general market.
- NSW provides greater training and professional development entitlements when compared to other jurisdictions and the general market. For example, NSW, as well as only WA and SA, provides full payment of fees for courses that benefit the public service. NSW also provides employees with the greatest amount of unrestricted paid study leave.
- NSW has comparable shift work loadings and offers more generous pay to employees who work overtime Monday-Saturday in comparison to other jurisdictions and the general market, which has variable rates of overtime pay.

An important finding revealed through the jurisdictional and general market comparison is that the NSW public service benefits offering provides employees with range of basic benefits (e.g., competitive flexible working opportunities) as well as a variety of competitive benefits (e.g., unique maternity leave options prior to birth). Although offering basic benefits, as summarised in Mercer's benefits pyramid, can assist in meeting an employee's fundamental benefit expectations, they are not enough to engage workers and increase their satisfaction levels. In addition, the competitive benefits offered by the NSW public service provide opportunity for employees to feel generally satisfied and engaged and, in turn, may help maintain turnover at a low level. However, these benefit offerings alone are not necessarily sufficient to ensure the NSW public service is differentiated as an employer of choice by both their current employees as well as potential future employees. The NSW public service may need to consider implementing more competitive benefits, such as career progression opportunities that are specifically tailored to individual employee career needs and interests (for example, secondments or leadership skill training programs), which could be determined during performance management meetings or through the administration of need assessment surveys to employees.

Summary

This high level comparison presents NSW with information to help assess the competitiveness and attractiveness of the current Total Employee Offering (TEO). An attractive and effective TEO is designed to improve the experience for the employee throughout the employment lifecycle, in terms of attraction, engagement and retention of the best employees, which in turn, positively impacts the Service. It is important to ensure, however, that TEO programs match both the employees' preferences and the organisation's culture and business needs. To create

the best framework for effective TEO investment, it is important to focus on creating rewards that are not only affordable today, but sustainable over time. Such programs will support strategic goals while reining in ongoing costs in order to make the best use of financial resources. To create an affordable and sustainable TEO, the NSW public service may need to consider the total costs of the reward program and each of its components, the dynamics of cost growth variability under different economic scenarios and how these costs change under different program design, workforce characteristics and performance.

Benefits in the NSW Public Service – A Jurisdictional and General Market Comparison (Executives)

Similar to the comparison at the non-executive level, benefits were compared between the NSW Public Service, other Australian public service jurisdictions (ACT, NT, QLD, SA, VIC, and WA) and the general market at the executive level. Comparisons have been made on the following characteristics:

- Superannuation entitlements
- Leave loading
- Motor vehicle benefit or entitlements
- Performance pay
- Salary packaging arrangements
- Any other non-cash benefit items
- Retention, Location and Relocation allowances.

It is important to note that the benefits reviewed below reflect the broad commonalities for the public service awards and determinations in each jurisdiction and exclude individual determinations for various agencies. The review is largely based on information collected directly from each jurisdiction. The NSW PSC facilitated the collection of this information and provided Mercer an Excel spreadsheet of the consolidated information. Mercer notes where information submitted by the jurisdiction was very broad or contained a reference, Mercer sourced further specific information or directly accessed the source to retrieve the relevant information. The general market benefit data was sourced from Mercer's 2014 Australian Benefits Review⁵⁹

Superannuation Entitlements

Two types of superannuation schemes currently exist in Australia, both of which are adopted across the public service jurisdictions to varying degrees; defined benefit and defined contribution. Defined benefit superannuation schemes were once commonplace across the Service, however most schemes are now closed to new members. New members are offered

⁵⁹ The Australian Benefits Review (ABR) is the Australian employer's guide to current market practice and emerging trends in remuneration and benefits management. For the 2014 edition of ABR, Mercer collected information from incumbents of 353 organisations.

accumulation or defined contribution superannuation schemes instead. Similarly, the general market typically provides accumulation or defined contribution superannuation schemes to their executives, with a smaller portion still sponsoring defined benefit schemes for existing members.

All jurisdictions meet the legislated requirements of providing a minimum of 9.25%⁶⁰ superannuation for their executives. However, QLD and APS are the only jurisdictions to go above the minimum and offer superannuation entitlements of 12.75% (subject to employee contribution of 5% or more) and 15.4%, respectively. In the general market, the majority of organisations (68%) pay the minimum contribution, whilst just under a third (32%) of organisations pay above the minimum contribution.

When compared, NSW is aligned with most jurisdictions in its superannuation entitlements (excluding QLD and APS) and broadly aligned to the general market.

Leave Loading

NSW does not provide leave loading for its executives, which is in line with practices of most jurisdictions. The exceptions are QLD, where executives are provided a leave loading of 17.5% and in WA where leave loading is included within some executive packages.

The Australian Benefits Review does not examine leave loading, therefore we are unable to comment on the practices of the general market in this area.

Motor Vehicle Benefit or Entitlements

In NSW, motor vehicle benefits do not form part of the new executive remuneration framework, however, transitional arrangements are in place to enable employees who currently have salary sacrifice arrangements for leasing government-owned vehicles to continue with those arrangements. In addition, Secretaries and other agency heads may approve, on a case-by-case basis, new salary packaging arrangements for leasing government-owned vehicles, for stated special circumstances. In contrast, all other jurisdictions offer motor vehicle benefits to their executives through schemes varying from salary sacrifice arrangements (VIC, SA, NT and WA) to car allowances (WA and APS).

Provision of cars and car allowances (including the ability to salary sacrifice/novated leases) are highly prevalent in the general market with 91% of organisations surveyed providing the arrangements. Novated lease is the most common method for providing a vehicle with 77% of organisations providing the option for their senior executives. Benefit car allowances are provided by 43% of organisations for their senior executives and the typical allowance amount at the 25th percentile is \$20,000. In contrast, QLD and APS offer car allowances of \$21,000 to \$27,000 p.a. and \$26,000 to \$35,000 p.a., respectively.

⁶⁰ Superannuation guarantee rate of 9.25% was current at the time of the review (19 June 2014). 9.5% contribution became effective 1 July 2014.

In light of the above, NSW is not aligned with other jurisdictions nor the general market in its motor vehicle arrangements for executives.

Performance Pay

NSW, SA, and WA, do not have performance pay schemes for their executives, however, QLD, VIC, NT and APS do. QLD CEOs are eligible for performance pay of 15% of TRP but this does not extend to executives in the SES structure. Generally, VIC executives are eligible for performance pay of 17%, but in some public entities in the state, this may increase to 20%. NT provides the opportunity to negotiate for bonuses, although capped to the maximum remuneration of the level. In APS, performance pay is not typical, however, is capped at 15% of Base Salary when it occurs.

In the general market, the majority of organisations surveyed (approximately 84%) offer performance pay schemes to executives (CEOs, their direct reports and second level reports). At the 25th percentile of the general market, CEOs, their direct reports and second level reports have variable rewards target opportunities of 27%, 20% and 15% of their Base Salary.

Salary Packaging Arrangements

All jurisdictions offer some form of salary packaging for their executive employees. Most states allow for a list of benefits to be packaged, however, VIC limits packaging to a vehicle (either under the Executive Vehicle Scheme and/or a novated lease) and superannuation.

The Australian Benefits Review does not specifically collect information on salary packaging arrangements therefore we are unable to comment on the practices of the general market in this area.

Other Non-Cash Benefit Items

Most jurisdictions offer mobile phones and laptops to their executives. The exceptions are NSW and WA where non-cash benefits are not applicable. QLD SES officers are also entitled to have installed at their private residence other technology necessary to discharge the officer's responsibilities and may be used for private use. APS executives may also have home office expenses paid.

In the general market, 93% of organisations provide mobile phones for their senior executives and 59% of organisations allow for personal use without any restrictions.

Retention, Location and Relocation allowances

Attraction and retention allowances are offered in VIC, WA, and APS. However, in the APS these allowances are rare as they are only offered under special circumstances. By contrast, NSW does not offer these allowances at all, which is consistent with the general market, where ~79% of organisations (out of 33) also do not offer retention bonuses to executives.

Location and relocation allowances are commonly used across all jurisdictions. By contrast, these allowances do not seem as commonplace in the general market. For example, remote location allowance is only offered by 11% of organisations surveyed. In addition, Mercer notes a trend in living away from home allowances (LAFHA); that its prevalence has decreased following the change in LAFHA rules introduced in late 2012. Almost half of organisations surveyed (49%) do not offer LAFHA for their senior executives and just over a third (34%) provide them for employees who are Australian residents relocated within Australia.

Summary of the Competitiveness of the NSW Public Sector Benefits Offering for Executives

The NSW Public Service offers a range of employment benefits to its executives and in some areas its benefit program is generally on par with those offered by other public service jurisdictions and the general market. Specifically, the jurisdictional and general market comparison highlights the following:

- NSW is aligned with most jurisdictions in its superannuation entitlements and broadly aligned with the general market
- NSW is in line with practices of most jurisdictions in terms of not providing leave loading for executives. The exceptions are QLD and WA which do offer leave loading to executives.
- NSW is not aligned with other jurisdictions and the general market in its motor vehicle arrangements for its executives.
- The jurisdictions are split 50/50 in terms of performance pay. NSW does not offer performance pay, which may affect its competitiveness when compared to the jurisdictions that do and also the general market.
- Salary packaging arrangements are offered by all jurisdictions. NSW is seen to be more competitive than VIC who only offers a very restricted list of items that can be packaged.
- NSW is not aligned with other jurisdictions and the general market in offering certain non-cash benefit items including mobile phones and laptops.
- NSW's policy of not providing attraction and retention allowances is broadly in line with other jurisdictions (except for VIC and WA) and the general market. Its location and relocation allowances however, are on par with other jurisdictions.

APPENDIX A

Remuneration Strategy Conceptual Overview

This Appendix provides a conceptual overview of the development of remuneration strategy including the creation of grading and remuneration frameworks. It also highlights a number of factors considered by organisations when setting remuneration policy. This is intended to provide a fundamental overview of key concepts for readers who may not be familiar with remuneration strategy and management.

Remuneration strategy comprises two key elements:

3. Classification framework or grading structure
4. Remuneration framework

The development and application of these frameworks are summarised below.

Grading Structure

The objective of a classification or grading structure is to group together positions of similar work value in order to provide a logical basis for:

- Remuneration management
- Career management
- Job and organisation design

Classification or grading frameworks are created by applying a number of design principles, typically underpinned by a job evaluation methodology, work level standards, capability frameworks, or a combination of the three. These frameworks underpin grading structures and remuneration setting in all Australian public sector jurisdictions, as well as many private sector organisations.

Figure A highlights a number of generic design principles considered when creating these frameworks and summarises their characteristics.

Figure A: Classification Design Principles

Design Principle	Characteristics of Design Principle
Simple	<ul style="list-style-type: none"> Easily understood Easily applied Facilitates decision making
Structured	<ul style="list-style-type: none"> Provides clearly defined work clusters by identifying a common set of work level standards and competencies required for a particular group of jobs Provides alignment across workforce
Flexible	<ul style="list-style-type: none"> Accommodates both broad professional or specialist job family streams Ability to support and respond to market and organisational changes
Adaptable	<ul style="list-style-type: none"> Recognises roles evolve over time Supports flexibility and mobility within workforce
Facilitates Talent Management	<ul style="list-style-type: none"> Career pathways – career, professional development, learning Supports role design and organisational structures
Cost efficient	<ul style="list-style-type: none"> Reduces management time Minimises transactional and translational costs Simplifies classification and remuneration management

In addition to the above, classification and grading frameworks provide an administrative structure within which other factors relating to career management can be facilitated, such as, progression, promotion, development and mobility.

Within a classification structure, positions are grouped into a hierarchy of grades. This does not imply that all positions within each grade are identical or of identical value; it simply reflects the comparable levels of complexity across a group of positions.

In summary, classification or grading structures are used to effectively facilitate:

- logical job type clusters that reflect the way work and responsibility is structured
- sensible hierarchy of responsibility
- logical reporting relationships
- discernible work value differences in grades
- career progression
- remuneration management policy and strategy.

Classification or grading frameworks are usually tailored to specific organisational or sector attributes and require ongoing review to ensure that any changes to organisational business or operating structures continue to be supported by the framework.

Remuneration Frameworks

Remuneration frameworks work in conjunction with grading structures. An effective framework will ensure that there is a robust logic associated with the way an organisation applies remuneration decisions.

As with the development of grading structure, remuneration frameworks are also characterised by a number design principles, and should:

- Facilitate attraction and retention of competent, capable employees
- Encourage capability development
- Encourage and recognise performance
- Recognise the relative difficulty and complexity of jobs
- Provide equity for employees
- Provide flexibility to adapt pay policy in response to changing labour market conditions
- Be readily understood.

Remuneration framework design comprises the following key elements:

- Market comparators
- Market positioning
- Remuneration ranges

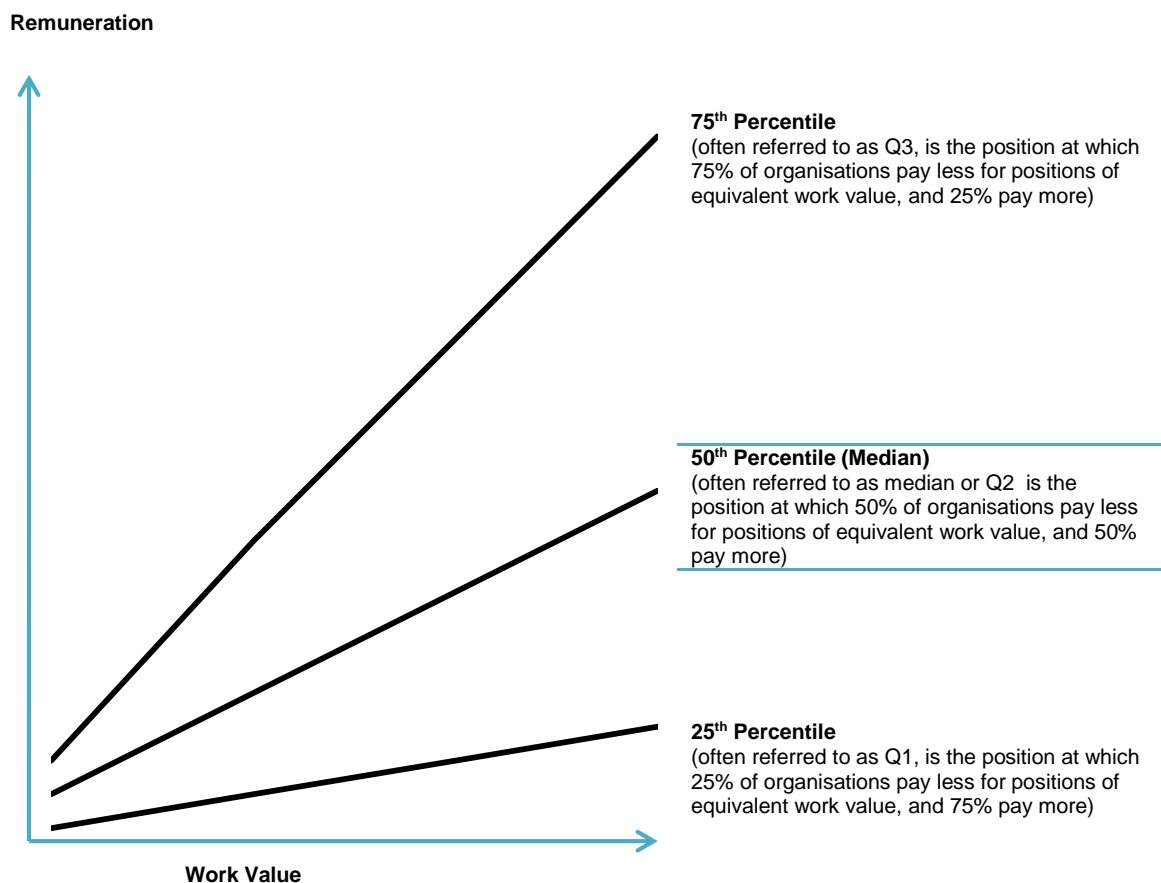
Market Comparators

A comparator market is determined by targeting a group of organisations of a similar nature, for example in terms of size, operational focus, industry, sector, regional geography etc. The remuneration practices of this comparator market can then be used as a benchmark to establish competitive levels of remuneration for the organisation.

Market Positioning

Once a ***comparator market*** is established, it is important to select an appropriate competitive ***pay policy position*** (or positions) within that market sector. Different organisations choose to reward at different levels, resulting in different remuneration policy positions in the broader market place. These policy positions are usually described as the 25th, 50th and 75th percentiles.

This is demonstrated in Figure B.

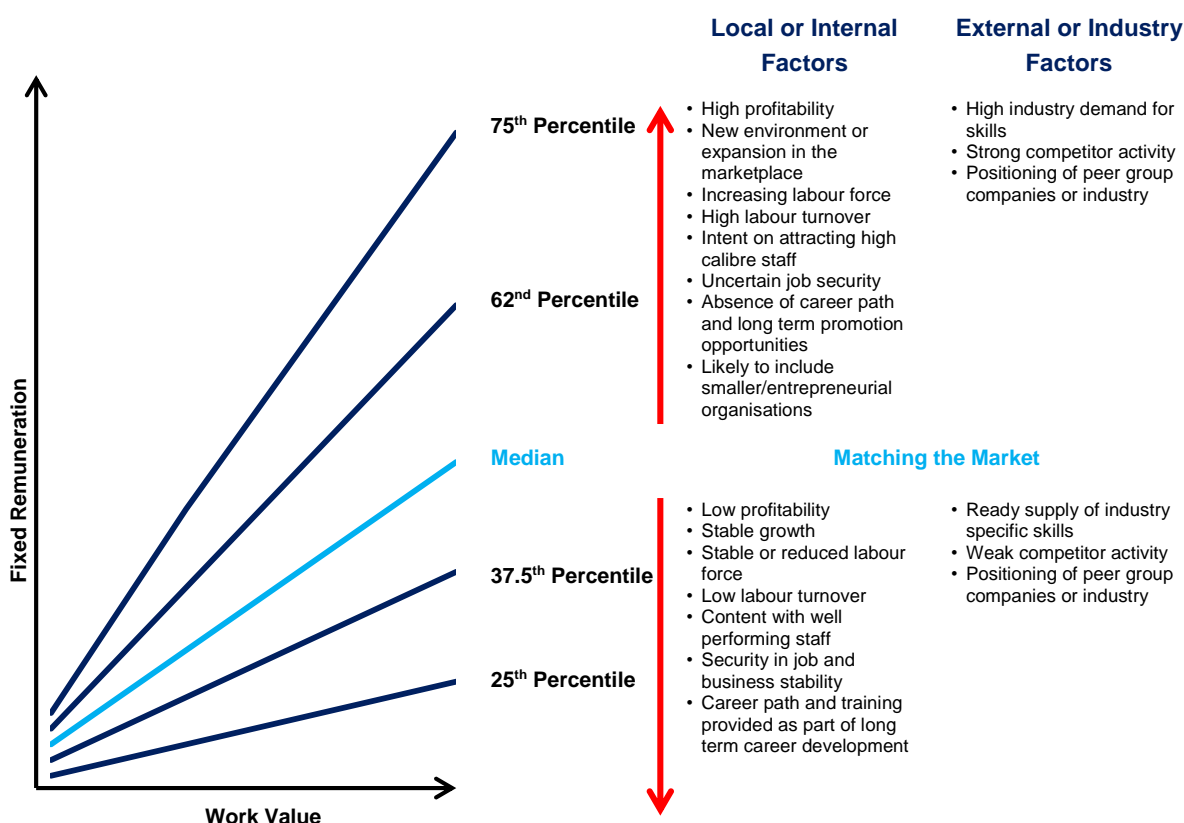
Figure B: Common Market Positions

The appropriate target pay position is determined based on a consideration of a number of internal and external market factors such as:

- competitive pressure of the relevant industry
- strategic positioning of the organisation (stable, rapid growth, market entry)
- profitability and affordability of the organisation
- staff turnover
- calibre and availability of skills required
- extent to which non-remuneration factors exist to attract and retain staff.

Figure C provides an overview of a number of internal (or local) and external (or industry) factors considered, and how these may influence target pay positioning.

Figure C: Market Considerations for Pay Policy Positioning



There are a number of factors which influence the development of a pay policy. These include:

- stakeholder/shareholder expectations
- profile of organisational risk
- relevant external comparator groups
- relevant industrial Agreements or Awards
- calibre and availability of skills required
- capacity to pay
- the importance of intrinsic vs extrinsic rewards

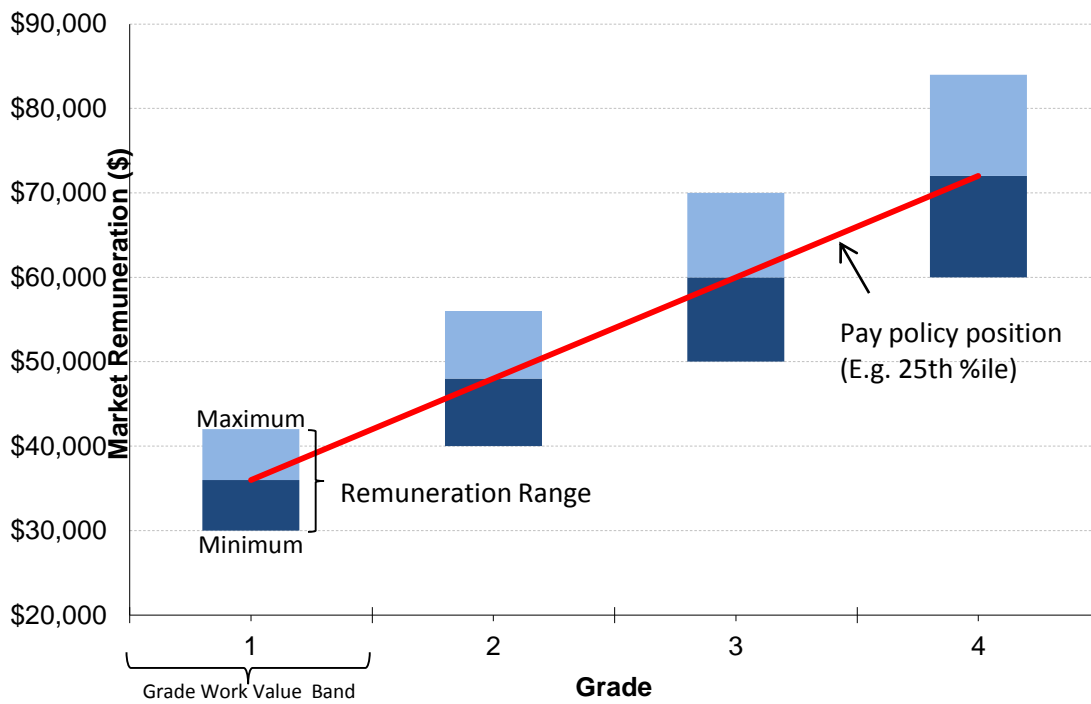
Market data is typically collected from a number of sources, for example, industry based surveys, remuneration consultants, industry associations, and this data is used to benchmark competitive remuneration ranges.

Remuneration Ranges

Following determination of an appropriate comparator market and market pay position, remuneration ranges are applied to each grade by taking the midpoint work value of each grade and establishing, for the approved pay policy position, the level of remuneration provided in the marketplace for that level of work value.

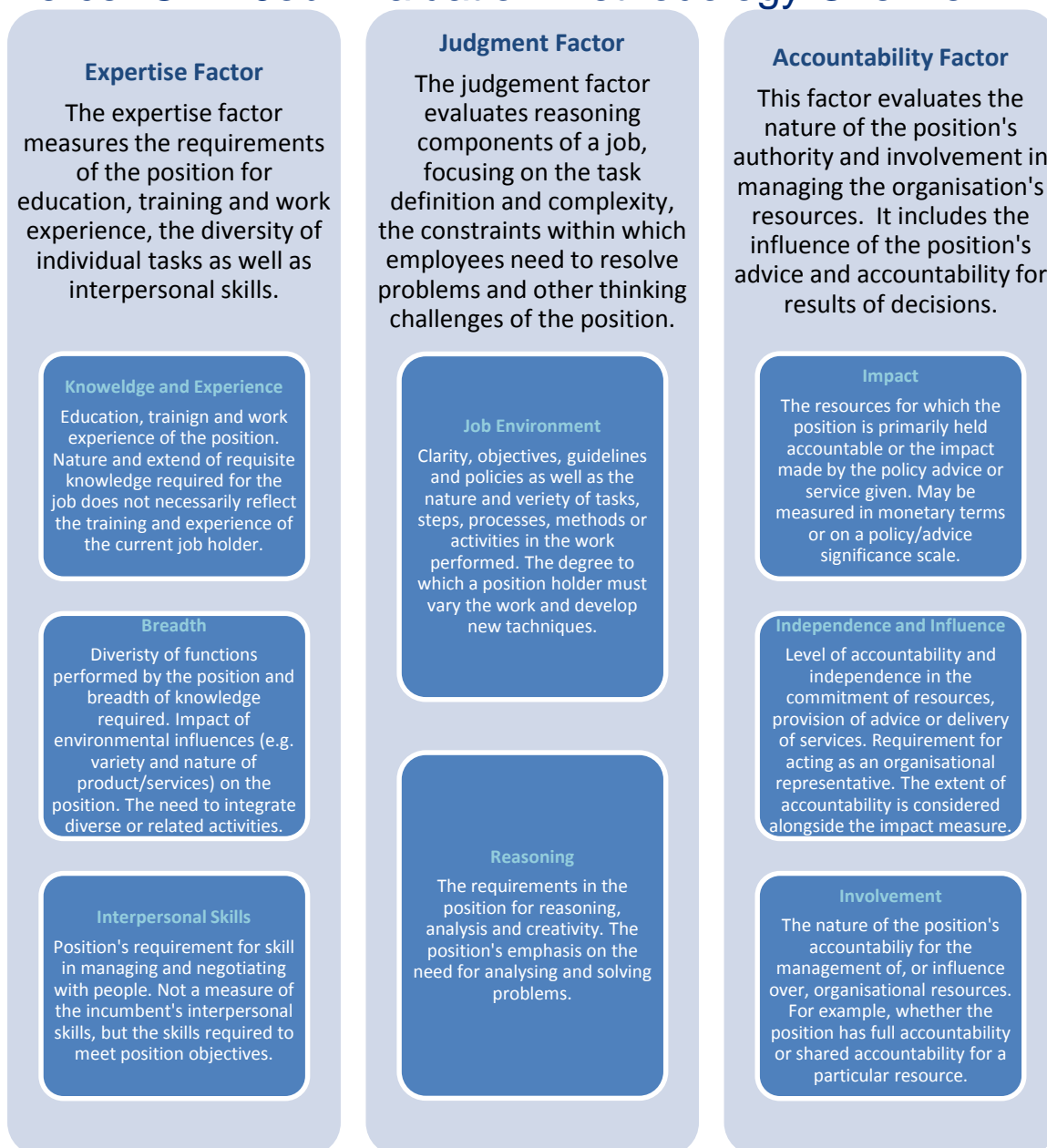
The application of remuneration ranges to the grading structure is demonstrated in the Figure D.

Figure D: Competitive Market Range



APPENDIX B

Mercer CED Job Evaluation Methodology Overview



APPENDIX C

NSW Classification and Remuneration Frameworks

Remuneration data effective 19 June 2014

Administrative and Clerical Officers Award

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
Crown Employees (Administrative and Clerical Officers - Salaries) Award	Clerk GS	0	59.5	119	\$29,982	\$45,588	\$61,195
	Grade 1-2	120	144.5	169	\$61,917	\$64,615	\$67,312
	Grade 3-4	170	202	234	\$69,219	\$72,506	\$75,793
	Grade 5-6	235	277	319	\$81,711	\$85,934	\$90,158
	Grade 7-8	320	367	414	\$92,859	\$97,823	\$102,788
	Grade 9-10	415	469.5	524	\$105,852	\$111,248	\$116,645
	Grade 11-12	525	597	669	\$122,429	\$132,009	\$141,589

Departmental Officers Award

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
Crown Employees (Departmental Officers) Award	Clerk GS	0	60	120	\$36,164	\$47,424	\$58,685
	Grade 1-2	121	142.5	164	\$61,917	\$64,615	\$67,312
	Grade 3-4	165	199.5	234	\$69,219	\$72,506	\$75,793
	Grade 5-6	235	270	305	\$81,711	\$85,934	\$90,158
	Grade 7-8	306	357.5	409	\$92,859	\$97,823	\$102,788
	Grade 9-10	410	459.5	509	\$105,852	\$111,248	\$116,645
	Grade 11	510	549.5	589	\$122,429	\$125,024	\$127,619
	Grade 12	590	629.5	669	\$135,613	\$138,601	\$141,589
	SO1	670	710	749	\$158,426	\$164,567	\$170,707
	SO2	750	800	849	\$173,596	\$179,716	\$185,836
	SO3	850	920	989	\$192,054	\$201,437	\$210,819

Environment and Heritage Award

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
Crown Employees (Office of Environment and Heritage and the Office of Environment Protection Authority) General Award	EO1	0	42.5	85	\$36,513	\$49,517	\$62,520
	EO2	86	97.5	109	\$62,520	\$65,525	\$68,530
	EO3	110	132.5	155	\$66,062	\$70,093	\$74,124
	EO4	156	170.5	185	\$71,957	\$76,096	\$80,234
	EO5	186	220	254	\$77,202	\$81,532	\$85,862
	EO6	255	277.5	300	\$83,298	\$87,606	\$91,914
	EO7	301	325.5	350	\$89,201	\$93,879	\$98,557
	EO8	351	363.5	376	\$94,695	\$100,764	\$106,834
	EO9	377	393.5	410	\$101,646	\$107,440	\$113,234
	EO10	411	420.5	430	\$109,905	\$115,553	\$121,201
	EO11	431	455.5	480	\$117,750	\$123,759	\$129,768
	EO12	481	511	541	\$124,830	\$130,915	\$137,001
	EO13	542	553.5	565	\$134,121	\$138,892	\$143,662
	EO14	566	607.5	649	\$141,545	\$149,259	\$156,974
	EO15	650	699.5	749	\$150,316	\$160,299	\$170,282

EO1 has 7 remuneration steps – the 7th step is the same as the 1st step in EO2.

There are overlapping remuneration steps in grades EO2 and EO3. In allocating grades to the workforce profile dataset, where the overlap occurred, roles were allocated to EO3.

Finance and Services Award*

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
Crown Employees (Department of Finance and Services) Award	General	0	60	120	\$36,215	\$47,488	\$58,760
	Grade 1	121	131	141	\$61,997	\$62,908	\$63,819
	Grade 2	142	152.5	163	\$65,606	\$66,502	\$67,399
	Grade 3	164	176	188	\$69,314	\$70,360	\$71,406
	Grade 4	189	211	233	\$73,635	\$74,764	\$75,894
	Grade 5	234	258.5	283	\$81,822	\$83,115	\$84,409
	Grade 6	284	302	320	\$87,711	\$88,995	\$90,279
	Grade 7	321	339	357	\$92,989	\$94,381	\$95,772
	Grade 8	358	367	376	\$99,754	\$101,342	\$102,931
	Grade 9	377	396.5	416	\$105,997	\$107,486	\$108,976
	Grade 10	417	442.5	468	\$113,431	\$115,118	\$116,805
	Grade 11	469	506.5	544	\$122,596	\$125,195	\$127,794
	Grade 12	545	565	585	\$135,798	\$138,790	\$141,781
	Senior Manager 1	586	606	626	\$153,706	\$157,581	\$161,455
Senior Manager 2	627	648	669	\$169,195	\$173,071	\$176,947	

*Relates to DPWS staff and DPWS Senior Management only.

Senior Officers Award

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
Senior Officers Award	SO1	670	710	749	\$158,426	\$164,567	\$170,707
	SO2	750	800	849	\$173,596	\$179,716	\$185,836
	SO3	850	920	989	\$192,054	\$201,437	\$210,819

Senior Executive Service and Chief Executives

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
Senior Executive Service (SES) & Chief Executives	SES1	670	710	749	\$167,100	\$181,350	\$195,600
	SES2	750	800	849	\$195,601	\$202,701	\$209,800
	SES3	850	920	989	\$209,801	\$224,051	\$238,300
	SES4	990	1077	1164	\$238,301	\$249,076	\$259,850
	SES5	1165	1320	1474	\$259,851	\$279,801	\$299,750
	SES6	1475	1737	1999	\$299,751	\$318,301	\$336,850
	SES7	2000	2275	2549	\$336,851	\$379,676	\$422,500
	SES8	2550	3025	3500	\$422,501	\$455,301	\$488,100

Government Sector Employees Act Senior Executive Band Determination 2014

Industrial Instrument	Grade	Mercer CED Points			Rem Range		
		Min	Mid	Max	Min	Mid	Max
GSE Act Senior Executive Bands	Band 1	670	830	989	\$167,100	\$202,700	\$238,300
	Band 2	990	1232	1474	\$238,301	\$269,026	\$299,750
	Band 3	1475	2012	2549	\$299,751	\$361,126	\$422,500
	Band 4	2550	3025	3500	\$422,501	\$455,301	\$488,100

APPENDIX D

Jurisdictional Remuneration Frameworks

Remuneration data effective 19 June 2014

Australian Capital Territory

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
ASOC1	50	75	99	\$47,627	\$50,010	\$52,393
ASOC2	100	130	159	\$53,597	\$56,390	\$59,182
ASOC3	160	193	219	\$60,726	\$63,041	\$65,356
ASOC4	220	250	279	\$67,419	\$70,210	\$73,001
ASOC5	280	315	349	\$74,929	\$77,120	\$79,312
ASOC6	350	390	429	\$80,739	\$86,571	\$92,403
SOGC	430	465	499	\$101,611	\$105,495	\$109,378
SOGB	500	538	575	\$119,674	\$127,198	\$134,723
SOGA	576	613	650	\$138,988	\$138,988	\$138,988
1.1	680	707.5	735	\$136,670.82	\$136,671	\$136,670.82
1.2	736	763.5	791	\$150,729.48	\$150,729	\$150,729.48
1.3	792	845.5	899	\$164,787.12	\$164,787	\$164,787.12
2.4	900	950	1000	\$187,556.58	\$187,557	\$187,556.58
2.5	1001	1100.5	1200	\$201,616.26	\$201,616	\$201,616.26
2.6	1201	1250	1299	\$234,930.48	\$234,930	\$234,930.48
3.7	1300	1394	1488	\$243,714.72	\$243,715	\$243,714.72
3.8	1489	1584	1679	\$257,699.94	\$257,700	\$257,699.94
3.9	1680	1775	1870	\$271,755.54	\$271,756	\$271,755.54
3.10	1871	1966	2061	\$285,816.24	\$285,816	\$285,816.24
3.11	2062	2155.5	2249	\$301,554.84	\$301,555	\$301,554.84
3.12	2250	2500	2750	\$325,239.24	\$325,239	\$325,239.24
SES1	680	789.5	899	\$136,671	\$150,729	\$164,787
SES2	900	1099.5	1299	\$187,557	\$211,244	\$234,930
SES3	1300	2025	2750	\$243,715	\$284,477	\$325,239

Australian Public Service*

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	P5	Mid	P95
APS1	0	50	99	\$43,057	\$50,934	\$58,810
APS2	100	130	159	\$56,556	\$62,009	\$67,461
APS3	160	190	219	\$63,859	\$70,406	\$76,953
APS4	220	250	279	\$72,929	\$78,239	\$83,549
APS5	280	315	349	\$79,878	\$85,895	\$91,911
APS6	350	390	429	\$90,509	\$99,292	\$108,075
EL1	430	465	500	\$115,275	\$126,491	\$137,707
EL2	501	576	650	\$140,094	\$161,347	\$182,600
SES1	670	809.5	949	\$204,957	\$234,668	\$264,378
SES2	950	1224.5	1499	\$259,038	\$298,257	\$337,475
SES3	1500	1839.5	2179	\$340,330	\$411,579	\$482,827
PEO A	-	-	-	-	-	\$239,580
PEO B	-	-	-	\$174,750	\$249,930	\$325,110
PEO C	-	-	-	\$232,990	\$347,295	\$461,600
PEO D	-	-	-	\$326,170	\$462,285	\$598,400
PEO E	-	-	-	\$460,130	-	-

*MCED work value points are notional

The notional APS MCED point ranges were developed through various consulting assignments between 1998 and 2010. Given there have been no changes to the classification structures in the jurisdictions where notional points ranges have been used, the notional ranges used in this report, in Mercer's view, are still valid.

Northern Territory

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
AO1	0	56	112	\$46,933	\$48,937	\$50,941
AO2	113	131	149	\$51,588	\$53,876	\$56,164
AO3	150	172	194	\$57,559	\$59,838	\$62,117
AO4	195	220	244	\$65,185	\$70,008	\$74,830
AO5	245	282	319	\$77,293	\$79,306	\$81,319
AO6	320	370	419	\$84,925	\$89,931	\$94,937
AO7	420	482	544	\$100,416	\$104,222	\$108,028
SAO1	545	622	699	\$113,296	\$119,932	\$126,567
SAO2	700	800	899	\$130,701	\$136,578	\$142,454
ECO1	700	800	899	\$189,481	\$196,464	\$203,446
ECO2	900	1050	1199	\$206,938	\$214,410	\$221,881
ECO3	1200	1300	1399	\$225,616	\$236,754	\$247,892
ECO4	1400	1550	1699	\$253,462	\$264,335	\$275,207
ECO5	1700	1850	1999	\$280,640	\$294,104	\$307,567
ECO6	2000	2250	2500	\$314,295	\$327,806	\$341,317

Queensland*

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
AO1	0	49.5	99	\$35,539	\$37,658	\$39,777
AO2	100	139.5	179	\$47,136	\$51,623	\$56,111
AO3	180	209.5	239	\$59,799	\$63,106	\$66,413
AO4	240	269.5	299	\$70,274	\$73,660	\$77,046
AO5	300	342	384	\$81,070	\$84,490	\$87,911
AO6	385	437	489	\$92,670	\$95,828	\$98,987
AO7	490	544.5	599	\$103,413	\$107,068	\$110,724
AO8	600	659.5	719	\$114,323	\$117,552	\$120,782
SO	720	769.5	819	\$133,963	\$140,466	\$146,969
SES1	720	769.5	819	\$149,543	\$158,756	\$167,969
SES2	820	969.5	1119	\$176,120	\$190,207	\$204,293
SES3	1120	1319.5	1519	\$208,367	\$223,211	\$238,055
SES4	1520	1670	1820	\$246,346	\$252,280	\$258,213
CEO6	1135	1249.5	1364	\$236,876	\$255,855	\$274,834
CEO5	1365	1502	1639	\$274,836	\$306,467	\$338,098
CEO4	1640	1804.5	1969	\$338,100	\$369,732	\$401,364
CEO3	1970	2264.5	2559	\$401,366	\$432,997	\$464,628
CEO2	2560	2944.5	3329	\$464,630	\$496,261	\$527,892
CEO1	3330	3829.5	4329	\$527,894	\$559,525	\$591,157
CEO0				\$607,623	\$633,736	\$659,850

*MCED work value points for CE levels are notional

The notional QLD CE MCED point ranges were developed through various consulting assignments circa 2014. Given there have been no changes to the classification structures in the jurisdictions were notional points ranges have been used, the notional ranges used in this report, in Mercer's view, are still valid.

South Australia*

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
ASO1	80	109.5	139	\$26,890	\$37,986	\$49,081
ASO2	140	169.5	199	\$52,187	\$54,337	\$56,487
ASO3	200	234.5	269	\$60,779	\$62,929	\$65,078
ASO4	270	304.5	339	\$69,461	\$71,066	\$72,672
ASO5	340	374.5	409	\$77,466	\$82,122	\$86,777
ASO6	410	449.5	489	\$89,743	\$92,495	\$95,247
ASO7	490	534.5	579	\$99,063	\$103,298	\$107,533
ASO8	580	624.5	669	\$111,639	\$113,852	\$116,064
MAS1	410	449.5	489	\$97,364	\$97,364	\$97,364
MAS2	490	534.5	579	\$109,637	\$109,637	\$109,637
MAS3	580	624.5	669	\$118,173	\$118,173	\$118,173
SAES 1	670	844.5	1019	\$152,974	\$194,159	\$235,343
SAES 2	1020	1409.5	1799	\$211,810	\$282,414	\$353,017
CEO	CEO salaries negotiated with the Minister/Premier					

*MCED work value points are notional for ASO and MAS levels

The notional SA MCED point ranges were developed through various consulting assignments circa 2002. Given there have been no changes to the classification structures in the jurisdictions were notional points ranges have been used, the notional ranges used in this report, in Mercer's view, are still valid.

Victoria*

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
Level 1	50	75	100	\$44,426	\$45,793	\$47,160
Level 2	101	146	190	\$48,683	\$55,601	\$62,518
Level 3	191	246	300	\$63,885	\$70,727	\$77,569
Level 4	301	376	450	\$79,088	\$84,411	\$89,734
Level 5	451	526	600	\$91,255	\$100,833	\$110,411
Level 6	601	676	750	\$111,931	\$130,858	\$149,786
Level 7	751	901	1050	\$152,031	\$179,397	\$206,763
SES3	701	913	1124	\$145,209	\$173,671	\$202,133
SES2	1125	1662	2199	\$180,799	\$234,761	\$288,722
SES1	2200	2800	3400	\$262,742	\$323,222	\$383,702

*MCED work value points are notional

The notional VIC MCED point ranges were developed through various consulting assignments circa 2004. Given there have been no changes to the classification structures in the jurisdictions where notional points ranges have been used, the notional ranges used in this report, in Mercer's view, are still valid.

Western Australia

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
Level 1	0	52	104	\$24,454	\$41,618	\$58,782
Level 2	105	129.5	154	\$60,622	\$63,226	\$65,830
Level 3	155	179.5	204	\$69,558	\$72,541	\$75,523
Level 4	205	232	259	\$78,324	\$80,550	\$82,776
Level 5	260	302	344	\$87,130	\$91,713	\$96,296
Level 6	345	389.5	434	\$101,390	\$106,832	\$112,274
Level 7	435	482	529	\$118,559	\$122,815	\$127,072
Level 8	530	624.5	719	\$134,513	\$140,308	\$146,103
Level 9	900	949.5	999	\$161,280	\$167,082	\$172,884
Class 1	1000	1049.5	1099	\$182,889	\$182,889	\$182,889
Class 2	1100	1174.5	1249	\$192,262	\$192,262	\$192,262
Class 3	1250	1349.5	1449	\$201,623	\$201,623	\$201,623
Class 4	1450	1549.5	1649	\$210,991	\$210,991	\$210,991
Non CEO Band 4	1000	1125	1249	\$219,438	\$239,351	\$259,264
Non CEO Band 3	1250	1450	1649	\$259,264	\$289,103	\$318,942
Non CEO Band 2	1650	1950	2249	\$318,942	\$345,712	\$372,482
Non CEO Band 1	-	-	-	-	-	-
CEO Band 4	1000	1125	1249	\$232,183	\$251,049	\$269,915
CEO Band 3	1250	1450	1649	\$269,915	\$306,799	\$343,682
CEO Band 2	1650	1950	2249	\$343,682	\$377,506	\$411,329
CEO Band 1	2250	2750	3250	\$411,329	\$491,547	\$571,766

*MCED work value points are notional for WA non-executive levels 1 to 8

The notional WA MCED point ranges were developed through various consulting assignments circa 1999. Given there have been no changes to the classification structures in the jurisdictions were notional points ranges have been used, the notional ranges used in this report, in Mercer's view, are still valid.

Tasmania

Grade	Mercer CED Points			Rem Range		
	Min	Mid	Max	Min	Mid	Max
Band 1	-	-	-	\$42,592	\$47,415	\$52,238
Band 2	-	-	-	\$53,996	\$56,327	\$58,658
Band 3	-	-	-	\$60,833	\$63,524	\$66,215
Band 4	-	-	-	\$68,283	\$73,628	\$78,973
Band 5	-	-	-	\$81,865	\$83,740	\$85,614
Band 6	-	-	-	\$89,217	\$95,853	\$102,489
Band 7	-	-	-	\$105,991	\$109,600	\$113,208
Band 8	-	-	-	\$116,166	\$120,645	\$125,125
Band 9	-	-	-	\$136,857	\$147,122	\$157,386
Band 10	-	-	-	\$161,415	\$173,520	\$185,626

APPENDIX E

Data Cleaning Methodology

In order to ensure the integrity of the data used in conducting the remuneration review, it was necessary to refine or 'clean' the workforce profile dataset made available for this project. The following provides a technical overview of the systematic steps taken to distil 'usable' from 'non-usable' data and determine the parameters for identifying 'in-scope' roles.

Step 1 – Initial Dataset Review

The initial dataset contained 492,078 records of employee salary data. This dataset had to be refined from which analysis could be run. This refinement was done via excluding records based on the below criteria, agreed jointly between Mercer and PSC:

- Award Name must equal
 - Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007
 - Crown Employees (Department of Finance and Services) Award 2012
 - Crown Employees (Departmental Officers) Award
 - Crown Employees (Office of Environment and Heritage and the Office of Environment Protection Authority) General Award
 - Crown Employees (Senior Officers Salaries) Award 2012
 - Senior Executive Service (SES) & Chief Executives
- Employment Category cannot equal Casual, Sessional or Seasonal, or Retained Staff
- Census Date Status must be valid
- Position ID (Current Position) must be valid
- Excluded salaries <8,000 & >600,000
- Excluded State Owned Corporations
- Excluded records with uninterpretable codes within critical fields

Step 2 – Data field interpretation and expansion

A number of workforce profile data fields were expanded to enhance interpretation and depth of enquiry to perform desired analysis.

Individual agencies were requested to provide job titles for each incumbent; for records where no job title was provided by the agency, or could not be matched through accurate record mapping, ANZSCO job titles were defined and relied upon to identify the type of role the record related to.

Each record within the dataset was aligned to a classification or grade level, as this field is not captured within the data specification of the workforce profile collection. Grades were allocated to the dataset by identifying the Award or determination attributed to the record, then matching the remuneration field to the applicable level within the corresponding remuneration framework.

Allocating grades to records also allowed for relating work value parameters to each role.

Job families were allocated using ANZSCO codes as the primary basis. Where there were conflicts between ANZSCO and Job Title, Primary and Secondary Function fields were referred to in determining job family allocation.

APPENDIX F

Jurisdictional Framework Overview

Table A: Comparison of Remuneration Frameworks by Jurisdiction (Data effective 19 June 2014) (NSW, QLD, VIC and APS) (\$)

NSW			QLD			VIC			APS*		
Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread
Clerk GS	0 - 119	\$29,982 - \$61,195	AO1	0 - 99	\$35,539 - \$39,777	Level 1	50 - 100	\$44,426 - \$47,160	APS1	0 - 99	\$43,057 - \$58,810
Grade 1-2	120 - 169	\$61,917 - \$67,312	AO2	100 - 179	\$47,136 - \$56,111	Level 2	101 - 190	\$48,683 - \$62,518	APS2	100 - 159	\$56,556 - \$67,461
Grade 3-4	170 - 234	\$69,219 - \$75,793	AO3	180 - 239	\$59,799 - \$66,413	Level 3	191 - 300	\$63,885 - \$77,569	APS3	160 - 219	\$63,859 - \$76,953
Grade 5-6	235 - 319	\$81,711 - \$90,158	AO4	240 - 299	\$70,274 - \$77,046	Level 4	301 - 450	\$79,088 - \$89,734	APS4	220 - 279	\$72,929 - \$83,549
Grade 7-8	320 - 414	\$92,859 - \$102,788	AO5	300 - 384	\$81,070 - \$87,911	Level 5	451 - 600	\$91,255 - \$110,411	APS5	280 - 349	\$79,878 - \$91,911
Grade 9-10	415 - 524	\$105,852 - \$116,645	AO6	385 - 489	\$92,670 - \$98,987	Level 6	601 - 750	\$111,931 - \$149,786	APS6	350 - 429	\$90,509 - \$108,075
Grade 11-12	525 - 669	\$122,429 - \$141,589	AO7	490 - 599	\$103,413 - \$110,724	Level 7	751 - 1050	\$152,031 - \$206,763	EL1	430 - 500	\$115,275 - \$137,707
SO1	670 - 749	\$158,426 - \$170,707	AO8	600 - 719	\$114,323 - \$120,782	SES3	701 - 1124	\$145,209 - \$202,133	EL2	501 - 650	\$140,094 - \$182,600
SO2	750 - 849	\$173,596 - \$185,836	SO	720 - 819	\$133,963 - \$146,969	SES2	1125 - 2199	\$180,799 - \$288,722	SES1	670 - 949	\$204,957 - \$264,378
SO3	850 - 989	\$192,054 - \$210,819	SES1	720 - 819	\$149,543 - \$167,969	SES1	2200 - 3400	\$262,742 - \$383,702	SES2	950 - 1499	\$259,038 - \$337,475
SES1	670 - 749	\$167,100 - \$195,600	SES2	820 - 1119	\$176,120 - \$204,293				SES3	1500 - 2179	\$340,330 - \$482,827
SES2	750 - 849	\$195,601 - \$209,800	SES3	1120 - 1519	\$208,367 - \$238,055				PEO A	NA	\$230,580
SES3	850 - 989	\$209,801 - \$238,300	SES4	1520 - 1820	\$246,346 - \$258,213				PEO B	NA	\$174,750 - \$325,110
SES4	990 - 1164	\$238,301 - \$259,850	CEO6	1135 - 1364	\$236,876 - \$274,834				PEO C	NA	\$232,990 - \$461,600
SES5	1165 - 1474	\$259,851 - \$299,750	CEO5	1365 - 1639	\$274,836 - \$338,098				PEO D	NA	\$326,170 - \$598,400
SES6	1475 - 1999	\$299,751 - \$336,850	CEO4	1640 - 1969	\$338,100 - \$401,364				PEO E	NA	\$460,130

NSW			QLD			VIC			APS*		
Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread
SES7	2000 - 2549	\$336,851 - \$422,500	CEO3	1970 - 2559	\$401,366 - \$464,628						
SES8	2550 - 3500	\$422,501 - \$488,100	CEO2	2560 - 3329	\$464,630 - \$527,892						
			CEO1	3330 - 4329	\$527,894 - \$591,157						
			CEO0	NA	\$607,623 - \$659,850						

"NA" refers to no CED points developed for this level

**APS pay spread references the 5th and 95th percentiles for minimum and maximum*

Table B: Comparison of Remuneration Frameworks by Jurisdiction (Data effective 19 June 2014) (NT, WA, ACT, SA and TAS) (\$)

NT			WA			ACT			SA			TAS	
Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	Pay Spread
AO1	0 - 112	\$46,933 - \$50,941	Level 1	0 - 104	\$24,454 - \$58,782	ACTPS1	50 - 99	\$47,627 - \$52,393	ASO1	80 - 139	\$26,890 - \$49,081	Band 1	\$42,592 - \$52,238
AO2	113 - 149	\$51,588 - \$56,164	Level 2	105 - 154	\$60,622 - \$65,830	ACTPS2	100 - 159	\$53,597 - \$59,182	ASO2	140 - 199	\$52,187 - \$56,487	Band 2	\$53,996 - \$58,658
AO3	150 - 194	\$57,559 - \$62,117	Level 3	155 - 204	\$69,558 - \$75,523	ACTPS3	160 - 219	\$60,726 - \$65,356	ASO3	200 - 269	\$60,779 - \$65,078	Band 3	\$60,833 - \$66,215
AO4	195 - 244	\$65,185 - \$74,830	Level 4	205 - 259	\$78,324 - \$82,776	ACTPS4	220 - 279	\$67,419 - \$73,001	ASO4	270 - 339	\$69,461 - \$72,672	Band 4	\$68,283 - \$78,973
AO5	245 - 319	\$77,293 - \$81,319	Level 5	260 - 344	\$87,130 - \$96,296	ACTPS5	280 - 349	\$74,929 - \$79,312	ASO5	340 - 409	\$77,466 - \$86,777	Band 5	\$81,865 - \$85,614
AO6	320 - 419	\$84,925 - \$94,937	Level 6	345 - 434	\$101,390 - \$112,274	ACTPS6	350 - 429	\$80,739 - \$92,403	ASO6	410 - 489	\$89,743 - \$95,247	Band 6	\$89,217 - \$102,489
AO7	420 - 544	\$100,416 - \$108,028	Level 7	435 - 529	\$118,559 - \$127,072	ACTPSC	430 - 499	\$101,611 - \$109,378	ASO7	490 - 579	\$99,063 - \$107,533	Band 7	\$105,991 - \$113,208
SAO1	545 - 699	\$113,296 - \$126,567	Level 8	530 - 719	\$134,513 - \$146,103	ACTPSB	500 - 575	\$119,674 - \$134,723	ASO8	580 - 669	\$111,639 - \$116,064	Band 8	\$116,166 - \$125,125
SAO2	700 - 899	\$130,701 - \$142,454	Level 9	900 - 999	\$161,280 - \$172,884	ACTPSA	576 - 650	\$138,988	MAS1	410 - 489	\$97,364	Band 9	\$136,857 - \$157,386
EO2	900 - 1149	\$189,481 - \$203,446	Class 1	1000 - 1099	\$182,889 - \$182,889	1.1	680 - 735	\$136,671	MAS2	490 - 579	\$109,637	Band 10	\$161,415 - \$185,626
EO3	1156 - 2000	\$206,938 - \$221,881	Class 2	1100 - 1249	\$192,262 - \$192,262	1.2	736 - 791	\$150,729	MAS3	580 - 669	\$118,173		
ECO1	700 - 899	\$189,481 - \$203,446	Class 3	1250 - 1449	\$201,623 - \$201,623	1.3	792 - 899	\$164,787	SAES 1	670 - 1019	\$152,974 - \$235,343		
ECO2	900 - 1199	\$206,938 - \$221,881	Class 4	1450 - 1649	\$210,991 - \$210,991	2.4	900 - 1000	\$187,557	SAES 2	1020 - 1799	\$211,810 - \$353,017		
ECO3	1200 - 1399	\$225,616 - \$247,892	Non CEO Band 4	1000 - 1249	\$219,438 - \$259,264	2.5	1001 - 1200	\$201,616					
ECO4	1400 - 1699	\$253,462 - \$275,207	Non CEO Band 3	1250 - 1649	\$259,264 - \$318,942	2.6	1201 - 1299	\$234,930					

NT			WA			ACT			SA			TAS	
Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	Pay Spread
ECO5	1700 -	\$280,640 -	Non CEO Band 2	1650 -	\$318,942 -	3.7	1300 -	\$243,715					
	1999	\$307,567		2249	\$372,482		1488						
ECO6	2000 -	\$314,295 -	CEO Band 4	1000 -	- - -	3.8	1489 -	\$257,700					
	2500	\$341,317		1249			1679						
			CEO Band 3	1250 -	\$232,183 -	3.9	1680 -	\$271,756					
			1649	\$269,915	1870								
			CEO Band 2	1650 -	\$269,915 -	3.10	1871 -	\$285,816					
			2249	\$343,682	2061								
			CEO Band 1	2250 -	\$343,682 -	3.11	2062 -	\$301,555					
			3250	\$411,329	2249								
						3.12	2250 -	\$325,239					
							2750						

“NA” refers to no CED points developed for this level. WA: Non CEO Band 1 has no data. Tasmania’s remuneration framework is not underpinned by CED points.

APPENDIX G

NSW Non-Executive Framework Overview

Table A: Comparison of Non-Executive Remuneration Frameworks across NSW Awards (Data effective 19 June 2014) (\$)

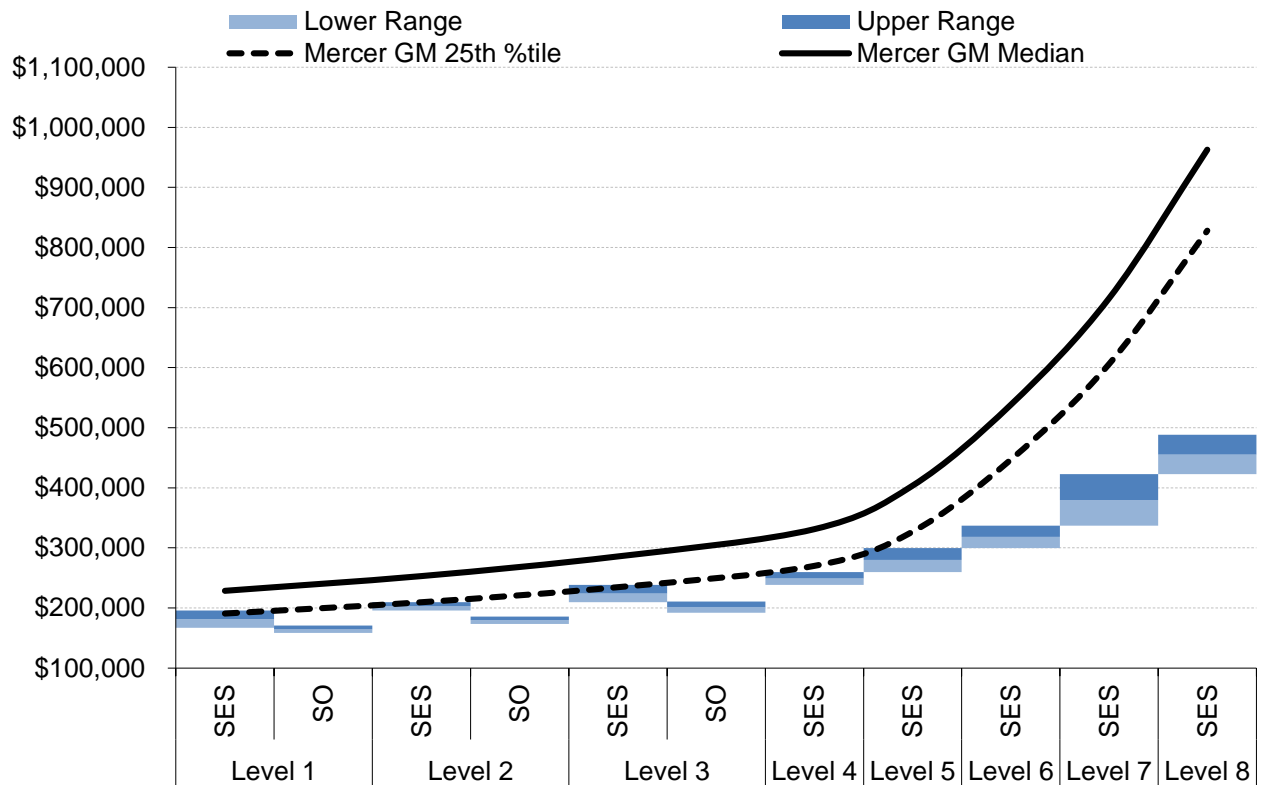
NSW			Departmental Officers			Finance			Environment		
Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread	Grade	WV Spread	Pay Spread
Clerk GS	0 - 119	\$29,982 - \$61,195	Clerk GS	0 - 120	\$36,164 - \$58,685	General	0 - 120	\$36,215 - \$58,760	EO1	0 - 85	\$36,513 - \$62,520
Grade 1-2	120 - 169	\$61,917 - \$67,312	Grade 1-2	121 - 164	\$61,917 - \$67,312	Grade 1	121 - 141	\$61,997 - \$63,819	EO2	86 - 109	\$62,520 - \$68,530
Grade 3-4	170 - 234	\$69,219 - \$75,793	Grade 3-4	165 - 234	\$69,219 - \$75,793	Grade 2	142 - 163	\$65,606 - \$67,399	EO3	110 - 155	\$66,062 - \$74,124
Grade 5-6	235 - 319	\$81,711 - \$90,158	Grade 5-6	235 - 305	\$81,711 - \$90,158	Grade 3	164 - 188	\$69,314 - \$71,406	EO4	156 - 185	\$71,957 - \$80,234
Grade 7-8	320 - 414	\$92,859 - \$102,788	Grade 7-8	306 - 409	\$92,859 - \$102,788	Grade 4	189 - 233	\$73,635 - \$75,894	EO5	186 - 254	\$77,202 - \$85,862
Grade 9-10	415 - 524	\$105,852 - \$116,645	Grade 9-10	410 - 509	\$105,852 - \$116,645	Grade 5	234 - 283	\$81,822 - \$84,409	EO6	255 - 300	\$83,298 - \$91,914
Grade 11-12	525 - 669	\$122,429 - \$141,589	Grade 11	510 - 589	\$122,429 - \$127,619	Grade 6	284 - 320	\$87,711 - \$90,279	EO7	301 - 350	\$89,201 - \$98,557
			Grade 12	590 - 669	\$135,613 - \$141,589	Grade 7	321 - 357	\$92,989 - \$95,772	EO8	351 - 376	\$94,695 - \$106,834
						Grade 8	358 - 376	\$99,754 - \$102,931	EO9	377 - 410	\$101,646 - \$113,234
						Grade 9	377 - 416	\$105,997 - \$108,976	EO10	411 - 430	\$109,905 - \$121,201
						Grade 10	417 - 468	\$113,431 - \$116,805	EO11	431 - 480	\$117,750 - \$129,768
						Grade 11	469 - 544	\$122,596 - \$127,794	EO12	481 - 541	\$124,830 - \$137,001
						Grade 12	545 - 585	\$135,798 - \$141,781	EO13	542 - 565	\$134,121 - \$143,662
						Senior Manager 1	586 - 626	\$153,706 - \$161,455	EO14	566 - 649	\$141,545 - \$156,974
						Senior Manager 2	627 - 669	\$169,195 - \$176,947	EO15	650 - 749	\$150,316 - \$170,282

APPENDIX H

NSW SO and SES Structure General Market Comparison

This information is presented to offer comparison to the new GSE Band structure introduced in February 2014, under which all SO and SES positions will be subsumed within a 3 year period.

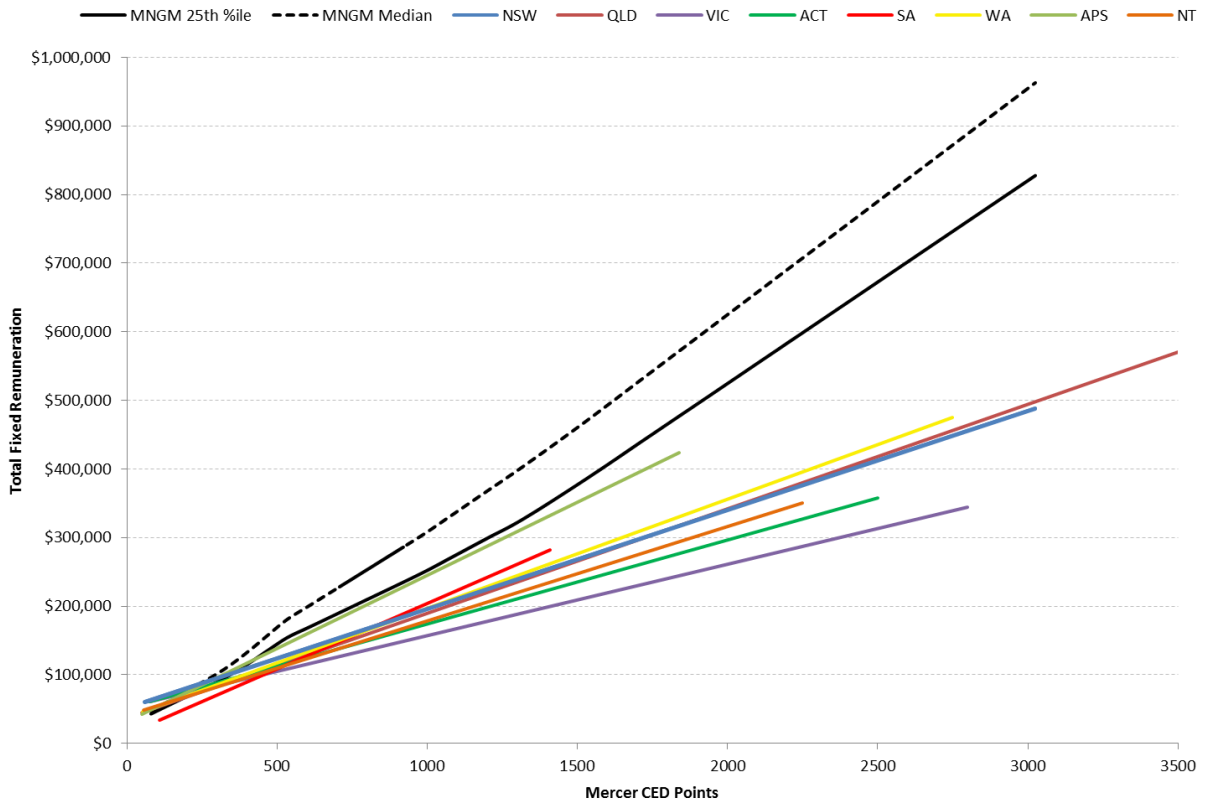
Chart A: NSW SES and SO Structures vs Mercer National General Market



- SO remuneration bands fall significantly below the general market 25th percentile
- Employees graded in SES levels 1, 2 and 3 are remunerated in line with the general market 25th percentile, fall slightly below the 25th percentile at SES levels 4 and 5 and fall significantly below the general market from levels 6 to 8.

APPENDIX I

Jurisdictional Relative Positioning – All Levels



APPENDIX J

Jurisdiction Terms and Conditions Overview – Non Executives

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
Name of the award		CROWN EMPLOYEES (PUBLIC SERVICE CONDITIONS OF EMPLOYMENT) REVIEWED AWARD 2009	QUEENSLAND PUBLIC SERVICE AWARD - STATE 2012	VICTORIAN PUBLIC SERVICE WORKPLACE DETERMINATION 2012	SOUTH AUSTRALIAN PUBLIC SECTOR WAGES PARITY ENTERPRISE AGREEMENT: SALARIED 2012	NORTHERN TERRITORY PUBLIC SECTOR 2013 – 2017 ENTERPRISE AGREEMENT	PUBLIC SERVICE AND GOVERNMENT OFFICERS GENERAL AGREEMENT 2014	TASMANIAN STATE SERVICE AWARD	ACT PUBLIC SERVICE ADMINISTRATIVE AND RELATED CLASSIFICATIONS ENTERPRISE AGREEMENT 2013 – 2017
Effective date		22 November 2012 (effective until renegotiated)	1 September 2013 (effective until 31 August 2014)	23 July 2012 (effective until 31 December 2015)	23 October 2012 (effective until 30 June 2014)	10 October 2013 (effective until 10 August 2017)	13 June 2014 (effective until 12 June 2017)	18 December 2013 (effective until 3 December 2015)	18 December 2013 (effective until 30 June 2017)
Attendance/Hours of Work	Standard working hours:	<ul style="list-style-type: none"> • Full-time contract hours: 35 or 38 hours p/w, depending on classification • Employees may work a 38 hour week and accrue a rostered day off in a regular cycle • Core time: 9:30am-3:30pm • Standard lunch break 1 hour; can be reduced to 30 minutes or increased to 2.5 hours 	<ul style="list-style-type: none"> • Full-time contract hours: 36.25 hours p/w • Minimum lunch break 30 minutes plus rest pauses of up to 20 minutes in total (unpaid) 	<ul style="list-style-type: none"> • Full-time contact hours: 76 hours per fortnight • Standard hours: 7:00am to 7:00pm 	<ul style="list-style-type: none"> • Full-time contract hours: 37.5 hours p/w • Standard hours: 8:00am-7:00pm • Ordinary pay rates apply for work between 8am and 7pm for up to 6 Saturdays per annum; subsequent work on Saturdays paid at time and a half • Minimum lunch break 30 minutes plus rest pauses of up to 20 minutes in total (unpaid) 	<ul style="list-style-type: none"> • Full-time contract hours: 36.75 hours p/w or 38 hours p/w, as specified in the relevant Schedule • Standard hours: 6:00am-6:00pm • Employees will not work for more than 5 hours continuously without a meal break of at least 30 minutes 	<ul style="list-style-type: none"> • Full time contract hours: 150 hours per four week settlement period • Standard hours: 7:00am-6:00pm • Employees will not work for more than 5 hours continuously without a meal break of at least 30 minutes. • Nine day fortnight arrangement is available where 75 hours per fortnight are worked over nine days 	<ul style="list-style-type: none"> • Full-time contact hours: 73.5 hours per fortnight • Standard hours: 7:00am to 7:00pm • Employees will not work for more than 5 hours continuously without a meal break of at least 30 minutes 	<ul style="list-style-type: none"> • Full-time contract hours: 36.75 hours p/w or 38 hours p/w, as specified in the relevant Schedule • Standard hours: 7:00am-7:00pm • Employees will not work for more than 5 hours continuously without a meal break of at least 30 minutes

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
	Flexible working hours:	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval 	<ul style="list-style-type: none"> Flexible working hours available, pending suitability of circumstances and supervisor approval
Travel Arrangements	Travel expenses:	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed 	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed 	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed 	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed 	<ul style="list-style-type: none"> Cost of any official travel and associated (reasonable) expenses (i.e. accommodation, meals, incidentals) to locations other than headquarters to be reimbursed
	Travel time:	<ul style="list-style-type: none"> Travel/waiting time outside usual hours of business to a location beyond usual headquarters paid at ordinary hourly rate or in TOIL 	<ul style="list-style-type: none"> Travel/waiting time outside usual hours of business to a location beyond usual headquarters paid at ordinary hourly rate or in TOIL 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Travel/waiting time outside usual hours of business to a location beyond usual headquarters paid at ordinary hourly rate 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Travel/waiting time outside usual hours of business to a location beyond usual place of work paid at ordinary rate on Monday-Saturday, time and half on Sundays

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
<p>Allowances</p>		<p>Allowances provided for:</p> <ul style="list-style-type: none"> • Camping & camping equipment • Composite accommodation/camping • Use of Private Motor Vehicle • Damage to Private Motor Vehicle • Living in a remote area • Travel on leave from a remote area • Home office used for work • Personal phone used for work • In-flight work • Uniforms, protective clothing & laundry • Loss/damage to personal property • Garage/carport (if used to park work vehicle) • Forage for horses • Community Language Allowance Scheme • First Aid 	<p>Allowances provided for:</p> <ul style="list-style-type: none"> • Motor vehicle • Locality (i.e. rural/remote locations) • On-call • Uniforms and laundry • First aid • Cash handling 	<p>Allowances provided for:</p> <ul style="list-style-type: none"> • Higher duties • Language skills (if required to work with non-English speaking communities) • Stand-by/recall from stand-by • First aid 	<p>Allowances provided for:</p> <ul style="list-style-type: none"> • On-call 	<p>Allowances provided for:</p> <ul style="list-style-type: none"> • Electricity subsidy for remote localities • Higher duties • Overtime meal • Leave airfare • Accident • Northern Territory • Kilometre • Excess travelling time • Emergency and restriction duty 	<ul style="list-style-type: none"> • Out of hours contact • First aid • Higher duties • Commuted • District • For remote communities: Remote community allowance + free housing, electricity, and water + four weeks leave for each completed year of service 	<ul style="list-style-type: none"> • District • Meal • Camping • Excess fares • Private vehicle use • First aid • Testing and tagging • Coxwain's Certificate • Diving • Correctional facility • Higher duties • On-call 	<ul style="list-style-type: none"> • Higher duties • Overtime meal • On-call • Close call • Emergency duty • First-aid • Language • Intermittent driving • Motor vehicle

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
Leave Entitlements	Family & community service leave:	<ul style="list-style-type: none"> Accrues at 2.5 days per year during first and second year of service; 1 day per year thereafter 	<ul style="list-style-type: none"> Up to 2 days paid bereavement leave 	<ul style="list-style-type: none"> 114 hours personal/carer's leave 	<ul style="list-style-type: none"> Up to 10 days paid leave (drawn from accrued sick leave) to care for a family member Up to 2 days bereavement leave 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Up to 10 days paid leave (drawn from accrued sick leave) to care for a family member Up to 10 days bereavement leave 	<ul style="list-style-type: none"> Up to five days compassionate leave for death, up to two days compassionate leave for illness
	Leave Without Pay	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Granted on case-by case basis 	<ul style="list-style-type: none"> Granted on case-by case basis
	Military leave	<ul style="list-style-type: none"> Up to 24 days per year 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 114 hours military sick leave Up to 78 consecutive weeks Military Reserve leave 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Up to 10 days for initial training and 30 days for defence force services 	<ul style="list-style-type: none">
	Religious / cultural leave:	<ul style="list-style-type: none"> Granted (quantum on a case-by-case basis) if sufficient notice is provided and timing is operationally convenient 	<ul style="list-style-type: none"> Up to 5 days unpaid leave if required by Aboriginal tradition or Torres Strait Islander custom 	<ul style="list-style-type: none"> Granted (quantum on a case-by-case basis) for events such as cultural ceremonies 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Up to 10 days per two years

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
	Maternity leave:	<ul style="list-style-type: none"> Up to 9 weeks prior to birth + up to 12 months after birth (14 weeks paid) Right to request and extension up to two years unpaid leave (Clause 75.9) 	<ul style="list-style-type: none"> Up to 52 weeks of leave (14 weeks paid) Can be extended to two years unpaid leave 1 week pre natal leave 	<ul style="list-style-type: none"> Up to 9 weeks prior to birth + up to 12 months after birth (14 weeks paid) 	<ul style="list-style-type: none"> Up to 16 weeks for employees with 1 year of continuous service; up to 20 weeks (from June 2014) for employees with 5 years' continuous service 	<ul style="list-style-type: none"> Up to 52 weeks unpaid for employees less than 12 months of continuous service; up to three years leave (14 weeks paid) for employees with 1-5 years of continuous service; up to three years leave (18 weeks paid) for employees with over 5 years of continuous service 	<ul style="list-style-type: none"> Up to 52 weeks of leave (14 weeks paid) Can be extended to two years unpaid leave One week other partner leave 	<ul style="list-style-type: none"> Up to 52 weeks of leave (12 weeks paid) Can be extended to two years unpaid leave One week other partner leave 	<ul style="list-style-type: none"> Up to 52 weeks of leave (18 weeks paid) Can be extended to two years unpaid leave (as parental leave) One week other partner leave
	Adoption leave:	<ul style="list-style-type: none"> Up to 12 months from adoption (14 weeks paid) 	<ul style="list-style-type: none"> Same as maternity leave 	<ul style="list-style-type: none"> Up to 12 months from adoption (14 weeks paid) 	<ul style="list-style-type: none"> Up to 16 weeks 	<ul style="list-style-type: none"> Same as maternity leave Adoption partner leave with the same provisions as other partner leave 	<ul style="list-style-type: none"> Same as maternity leave 	<ul style="list-style-type: none"> Same as maternity leave 	<ul style="list-style-type: none"> Same as maternity leave

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
	Other parent leave:	<ul style="list-style-type: none"> Up to 8 weeks (1 week paid) 	<ul style="list-style-type: none"> Up to 52 weeks' leave (1 week paid) Additional paid pre natal spousal leave for 1 day 	<ul style="list-style-type: none"> Up to 3 weeks (2 weeks paid) 	<ul style="list-style-type: none"> Up to 1 week paid leave (drawn from accrued sick leave) 	<ul style="list-style-type: none"> Up to eight weeks unpaid for employees less than 12 months of continuous service; up to eight weeks leave (one week paid) for employees with 1-5 years of continuous service; up to eight weeks leave (two weeks paid) for employees with over 5 years of continuous service 	<ul style="list-style-type: none"> Up to 1 week paid leave 	<ul style="list-style-type: none"> Up to eight weeks unpaid leave (one day paid leave for attending the birth of the child) 	<ul style="list-style-type: none"> Up to 2 weeks paid leave (with additional 5 days of personal leave to be used by approval of head of service)
	Purchased leave:	<ul style="list-style-type: none"> Option to purchase either 10 days or 20 days additional leave per annum 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Option to purchase up to 40 days additional leave per annum 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Option to purchase up to 10 weeks additional leave per annum 	<ul style="list-style-type: none"> Option to purchase up to 40 days additional leave per annum 	<ul style="list-style-type: none"> Option to purchase up to 12 weeks additional leave per annum
	Annual / Recreational leave:	<ul style="list-style-type: none"> Accrues at 20 days per year, pro rata for part-time employees 	<ul style="list-style-type: none"> Accrues at 20 days per year 	<ul style="list-style-type: none"> Accrues at 20 days per year, pro rata for part-time employees 	<ul style="list-style-type: none"> Accrues at 20 days per year, pro rata for part-time employees 	<ul style="list-style-type: none"> Four weeks per year Additional two weeks paid leave if normally stationed in NT Additional seven days (including non-working days) paid leave per year for a seven day shift worker Recreational leave accrues from year to year 	<ul style="list-style-type: none"> 150 hours per year 	<ul style="list-style-type: none"> Accrues at 5.65 hours per fortnight (equivalent to 20 days annually) , pro rata for part-time employees 	<ul style="list-style-type: none"> Four weeks per annum (accrues daily)

Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
Leave loading:	<ul style="list-style-type: none"> 17.5% 	<ul style="list-style-type: none"> 17.5% 	<ul style="list-style-type: none"> 25% 	<ul style="list-style-type: none"> 17.5% 	<ul style="list-style-type: none"> Lesser of 17.5% up to a maximum of Australian Statistician's NT male average weekly total earnings 	<ul style="list-style-type: none"> 17.5% 	<ul style="list-style-type: none"> 17.5% 	<ul style="list-style-type: none"> 17.5%
Special leave:	<ul style="list-style-type: none"> Provided on a case-by-case basis for jury service; examinations; return home from temporary working location 	<ul style="list-style-type: none"> Special maternity leave for premature termination for up to 14 weeks paid leave 	<ul style="list-style-type: none"> Rehabilitation leave of up to 20 days per year for the first year of a drug/alcohol rehabilitation program (less for subsequent years); requires at least two consecutive years' service to qualify 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Special maternity leave for pregnancy related illness 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Special maternity leave for pregnancy related illness 	<ul style="list-style-type: none"> Special maternity leave for pregnancy related illness
Sick / Personal leave	<ul style="list-style-type: none"> 5 days accrued at commencement, additional accrual at 10 days per year after the first four months of service, accrual of 15 days per year after the first year. 	<ul style="list-style-type: none"> 2 weeks per year. Also covers carer's leave 	<ul style="list-style-type: none"> 2 weeks per year 	<ul style="list-style-type: none"> 12 working days per year, accrued as 1 day per month 	<ul style="list-style-type: none"> Personal leave covers sick leave, short leave, and carer's leave Three weeks paid personal leave per annum Additional two days unpaid carer's leave on each occasion 	<ul style="list-style-type: none"> Personal leave covers sick leave, short leave, and carer's leave 112.5 hours paid personal leave for each year of continuous service, of which 97.5 hours are cumulative and 15 hours are non-cumulative 	<ul style="list-style-type: none"> Personal leave covers sick leave, short leave, and carer's leave 485.1 hours on a triennial cycle (equivalent to 22 days annually) 	<ul style="list-style-type: none"> Personal leave covers sick leave, short leave, and carer's leave 3.6 weeks paid personal leave per annum Additional unpaid personal leave may be granted by head of service

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
	Long service leave	<ul style="list-style-type: none"> • 3 months paid leave upon completion of 10 years' service • Additional 1 month paid leave upon completion of each subsequent 5 years' service 	<ul style="list-style-type: none"> • 3 months paid leave of service upon completion of 10 years' service, pro-rata at 7 years' service 	<ul style="list-style-type: none"> • 3 months paid leave of service upon completion of 10 years' service, pro-rata at 7 years' service 	<ul style="list-style-type: none"> • 13 weeks paid leave upon completion of 10 years' service, additional 1.3 weeks on completion of each subsequent year 	<ul style="list-style-type: none"> • 3 months paid leave of service upon completion of 10 years' service, additional 3/10 of a month on completion of each subsequent year (As detailed in By-law 8 of the PSEM Act) 	<ul style="list-style-type: none"> • 13 weeks paid leave upon completion of seven years' service • Additional 13 weeks paid leave for each additional seven year service 	<ul style="list-style-type: none"> • 13 weeks paid leave upon completion of 10 years' service • Additional 6.5 weeks paid leave for each additional 5 years' service 	<ul style="list-style-type: none"> • 3 months paid leave of service upon completion of 10 years' service, pro-rata at 7 years' service
	Other:	•	•	<ul style="list-style-type: none"> • Up to 2 weeks per year to compete in non-professional sporting events at the state, national or international level 	•	<ul style="list-style-type: none"> • Compassionate leave up to three days for each occasion, and up to two days for casual employees 	<ul style="list-style-type: none"> • Up to 52 weeks unpaid grandparental leave • Additional 37.5 hours leave to North West employees (located north of 26 degrees south) 	•	<ul style="list-style-type: none"> • Up to 52 weeks unpaid grandparental leave • Up to 20 days paid domestic violence leave

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
Training & Professional Development	Training & Professional Development Activities	<ul style="list-style-type: none"> Counted as work duty and course fees paid by relevant department if considered a) essential to the efficient operation of the Department, or b) Developmental and of benefit to the public sector 	•	•	<ul style="list-style-type: none"> Reimbursement of the reasonable cost of appropriate professional development expenses incurred during their employment Up to 5 days paid leave over two years to attend approved professional development for which the employee is entitled to reimbursement 	<ul style="list-style-type: none"> Professional Development Allowance for employees employed in the Professional stream of: \$537 per annum for continuous service between one and five year, and \$1,181 per annum for more than five years of continuous service 	<ul style="list-style-type: none"> The employer will cover all costs associated with approved training activities 	<ul style="list-style-type: none"> Training allowances are provided based on the allowance provisions 	•
	Study Assistance	<ul style="list-style-type: none"> Up to 4 hours' paid study time not exceeding a maximum of 4 hours per week, to accrue on the basis of half an hour for each hour of class attendance Exam leave up to 5 days per year 	•	<ul style="list-style-type: none"> Up to 5 days' study leave per year, plus additional exam leave on a case-by-case basis for an approved course 	•	•	•	•	<ul style="list-style-type: none"> Up to 15 days leave will be granted to employees to attend recognised short training courses or seminars

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
Shift Work & Overtime	Shift loadings	<ul style="list-style-type: none"> • 10am-1pm: 10% • 1pm-4pm: 12.5% • 4pm-4am: 15% • 4am-6am: 10% • Saturday: time and a half • Sunday: time and three quarters • Public holidays: double time and a half 	<ul style="list-style-type: none"> • Night shift: 15% • Afternoon shift: 15% 	<ul style="list-style-type: none"> • 8pm-6am: 15% 	<ul style="list-style-type: none"> • Irregular hours and weekends/public holidays worked as part of ordinary hours: 13.1% • Night shift: 20.5% • Commencing after 12pm and finishing between 6pm and 12am: 15% loading • Commencing after 6pm and finishing between 12am and 8am: 15% (or, if on a permanent night shift: 30%) 	<ul style="list-style-type: none"> • 6pm-6:30am: 15% • Ordinary work continuously for over four weeks between 6pm-8am: 30% • Saturday: 50% • Sunday: 100% • Public holiday: 150% 	<ul style="list-style-type: none"> • Night shift: 0.077% of annual salary per night shift worked (~20% loading) 	<ul style="list-style-type: none"> • Afternoon/Night shift: 15% • Saturday: 50% • Sunday: 100% • Public holiday: 150% 	<ul style="list-style-type: none"> • 6pm-6:30am: 15% • Ordinary work continuously for over four weeks between 6pm-8am: 30% • Saturday: 50% • Sunday: 100% • Public holiday: 150%

	Award Condition	NSW	QLD	VIC	SA	NT	WA	TAS	ACT
	Overtime	<ul style="list-style-type: none"> Monday-Saturday: Time and a half for first two hours; double time for hours thereafter Sunday: Double time Public Holidays: Double time and a half 	<ul style="list-style-type: none"> Monday-Saturday: time and a half for first 3 hours; double time thereafter Sunday: Double time Public Holidays: Double time and a half 	<ul style="list-style-type: none"> Monday-Saturday: time and a half for first 3 hours; double time thereafter Sunday: Double time Public holidays: Monday-Friday regular hours at time and a half; Monday-Friday additional hours at double time and a half; weekends at double time and a half. 	<ul style="list-style-type: none"> Monday-Saturday: Time and a half for first 3 hours; double time thereafter Sunday: Double time Public Holidays: Double time and a half 	<ul style="list-style-type: none"> Monday-Saturday: Time and a half for the first three hours, double time afterwards Sunday: Double time Public holidays: Double time and a half 	<ul style="list-style-type: none"> Weekdays: Time and a half for the first three hours, double time afterwards Saturday: Time and a half for the first three hours, double time afterwards or after 12:00 noon, whichever is earlier Sunday: Double time Public holidays: Double time and a half during prescribed hours of duty, triple time and a half outside prescribed hours of duty 	<ul style="list-style-type: none"> Weekdays: Time and a half for the first three hours, double time afterwards Saturday: Double time Sunday: Double time Public holidays: Double time and a half 	<ul style="list-style-type: none"> Monday-Saturday: Time and a half for the first three hours, double time afterwards Sunday: Double time Public holidays: Double time and a half

APPENDIX K

Public Service Remuneration Data Sources

List of Awards and Determinations used in the Remuneration Review

Framework	Category	Awards and Determinations	Data Effective
NSW	Non-Executive	Crown Employees (Administrative and Clerical Officers - Salaries) Award 2007	1-Jul-13
	Executive	Crown Employees (Senior Officers Salaries) Award 2007	1-Jul-13
		Report and Determination under Section 24C of the Statutory And Other Offices Remuneration Act, 1975 Chief Executive and Senior Executive Services	1-Oct-13
Environment	Non-Executive	Crown Employees (Office of Environment and Heritage and the Office of Environment Protection Authority) General Award	1-Jul-13
Finance	Non-Executive	Crown Employees (Department of Finance and Services) Award 2012	1-Jul-13
Departmental Officers	Non-Executive and Executive	Crown Employees (Departmental Officers) Award 2007	1-Jul-13
QLD	Non-Executive	Queensland Public Service Award - State 2012 (<i>following the Declaration of the General Ruling in the 2013 State Wage Case {matter numbers B/2013/30 and B/2013/36}</i>)	1-Sep-13
	Executive	Commission Chief Executive Directive: Senior Officers – Employment Conditions (Directive No. 14/13) Commission Chief Executive Directive: Senior Executive Service – Employment Conditions (Directive No. 12/13)	1-Jul-13
VIC	Non-Executive	Victorian Public Service Workplace Determination 2012	1-Jan-14
	Executive	Victorian Public Sector Commission	1-Jul-13
SA	Non-Executive	South Australian Public Sector Wages Parity Enterprise Agreement: Salaried 2012	1-Oct-13
	Executive	Provided in Confidence	1-Jul-13
WA	Non-Executive	WA Public Service and Government Officer General Agreement 2011 (<i>Levels 1 – 8</i>)	12-Apr-13

Framework	Category	Awards and Determinations	Data Effective
WA	Executive	WA Public Service and Government Officer General Agreement 2011 (<i>Level 9 – Class 4</i>)	12-Apr-13
		Western Australia Salaries And Allowances Act 1975 Determination Of The Salaries And Allowances Tribunal	1-Jan-14
NT	Non-Executive	Northern Territory Public Sector 2013-2017 Enterprise Agreement (<i>AO1 – AO7</i>)	10-Oct-13
	Executive	Northern Territory Public Sector 2013-2017 Enterprise Agreement (<i>SAO1 – SAO2</i>) Office of the Commissioner for Public Employment (<i>Northern Territory Government</i>) (<i>Executive Contract Officers</i>)	10-Oct-13
ACT	Non-Executive	ACT Public Service Administrative And Related Classifications Enterprise Agreement 2013 – 2017 (<i>ASOC1 – ASOC6</i>)	1-Jul-13
	Executive	ACT Public Service Administrative And Related Classifications Enterprise Agreement 2013 – 2017 (<i>SOGC – SOGA</i>) Head of Service, Directors-General and Executives Determination 2 of 2013 (<i>SES1 – SES3</i>)	1-Jul-13
APS	Non-Executive	APS Remuneration Report 2013 (<i>APS1 – APS6</i>)	Snapshot at 31-Dec-14
	Executive	APS Remuneration Report 2013 (<i>EL - SES</i>) Determination 2013/09: Principal Executive Office - Classification Structure and Terms and Conditions	Snapshot at 31-Dec-14 1-Jul-13



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