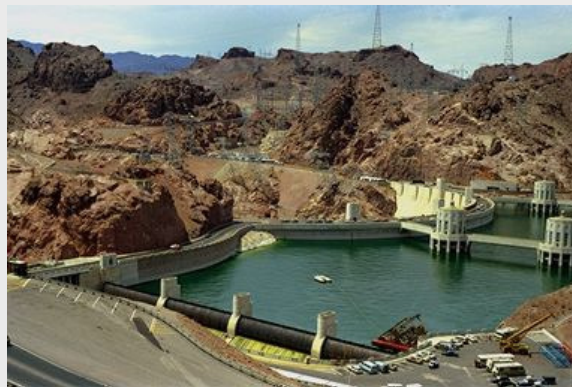


## Market Remuneration in the Power, Water and Utilities Sectors - 2009



**GEOFF NUNN  
AND ASSOCIATES PTY LTD**

Independent Remuneration and Organisation Specialists

## Overview and Context

This survey was initiated in 2000 by a consortium of utility organisations. Since that time it has become the leading source of remuneration information covering power, water, utilities and associated service providers in Australia.

In 2009 the coverage will be extended to all organisations directly associated with electricity generation, transmission, distribution and delivery; gas production, transmission, distribution and delivery; water and wastewater catchment, storage, treatment and delivery; electricity, gas and water market operators, environmental, engineering and operational service providers.

In 2008 we saw a number of initiatives take place which have a direct impact on all organisations which participate, or potentially participate in this survey:

- The Federal Government has moved to develop a range of strategies to tackle climate change. Most of these were outlined in the Garnaut Report of June 2008.
- One of these strategies has been to propose the introduction of an emissions trading scheme in the years 2010-2012.
- Prolonged water shortages have seen both Federal and State Governments propose a range of initiatives to secure long term water supply. These include the buy back of water rights, new pipelines, recycling initiatives, commissioning of desalination plants and a focus on waterways health.

In response to these strategies we have expanded the positions covered by the survey to include emissions and water trading roles, back office trading risk and analysis roles, environment and associated green collar jobs and additional industry specialist positions.

In 2008 forty-eight utility organisations participated directly in this survey. Board and executive data was sourced from publicly available annual reports from ten organisations. 2008 participants are listed here.

This cross section of organisations enabled accurate statistical analysis to be produced based on proven survey statistical methodology developed by the National Remuneration Centre.

## Participants - 2008

Acciona  
ActewAGL  
Alinta  
Arrow Energy  
Aurora Energy  
Barwon Water  
Brisbane Water  
Central Highlands Water  
City West Water  
Country Energy  
Delta Electricity  
East Gippsland Water  
Energy Developments  
EnergyAustralia  
Envestra  
Epic Energy  
Epuron  
Eraring Energy  
Goulburn Valley Water  
GWM Water  
Hobart Water  
Horizon Power  
Hydro Tasmania  
International Power  
Loy Yang Power  
Macquarie Generation  
NEMMCO  
North East Water  
Origin Energy  
Power and Water NT  
Powercor Australia  
Powerlink Queensland  
SA Water  
SEA Gas  
Snowy Hydro  
South East Water  
South Gippsland Water  
Stanwell Corporation  
Sunwater  
Sydney Water  
Synergy Energy  
Transend Networks  
Transgrid  
United Water/Veolia  
Verve Energy  
Wannon Water  
Water Corp of WA  
Western Power  
Western Water  
Yarra Valley Water



**Our approach to conducting remuneration surveys utilises two methods for analysing remuneration data:**

- **The job evaluated approach.**
- **The position match approach.**

## The Job Evaluated Approach

The job evaluated approach requires the allocation of a points score to each survey position from each participating organisation. Data is analysed and regression equations prepared.

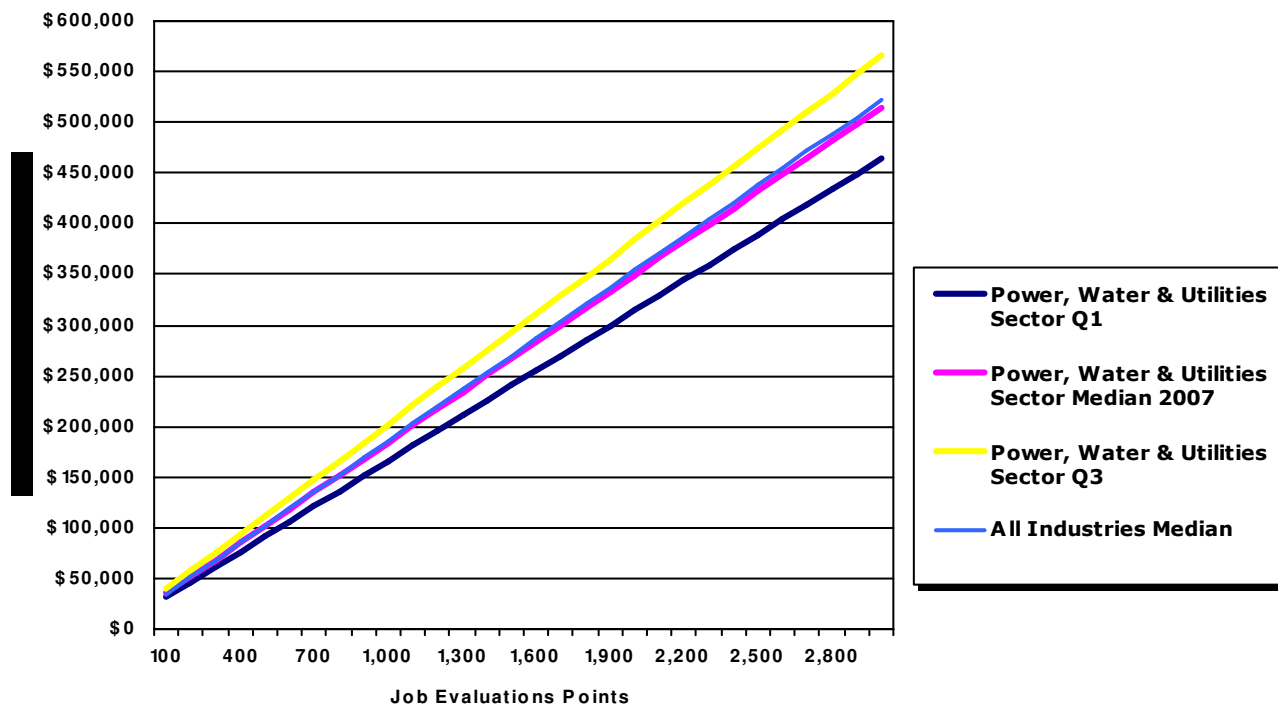
The following graph illustrates the type of trendline comparisons contained in the survey report.

The job evaluated approach enables underlying trendlines to be produced and compared across sectors. Depending upon the size of statistical samples, sub-sector comparisons can also be undertaken. In 2008 it is our intention to prepare trendlines of the utilities market as follows:

- The overall power, water and utilities market;
- By ownership (Government versus Private Sector);
- By sub-sector (Energy versus Water).

The equations derived from this type of analysis can also be used in conjunction with compatible job evaluation systems to determine precise rates for particular jobs.

The job evaluated approach is generally regarded as a more accurate way of determining market rates than the position match approach. Geoff Nunn & Associates utilises the National Remuneration Centre Jobscore evaluation system.



## The Position Match Approach

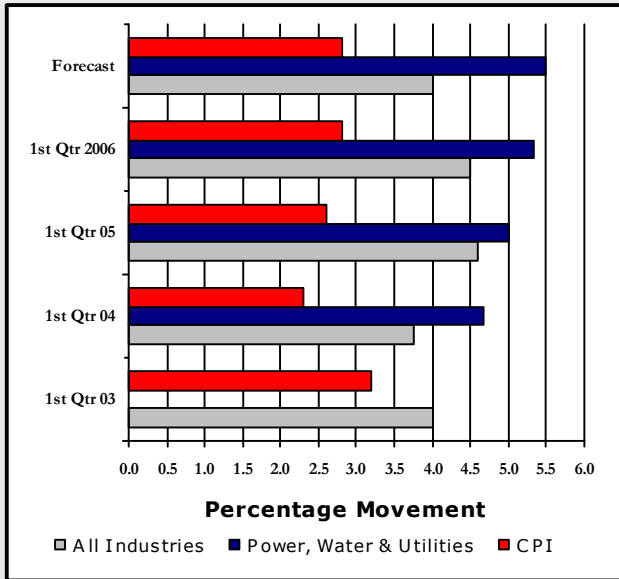
Position matching enables the production of 'Remuneration Tables' for each survey position. See example on this page.

The position match approach requires matching positions on the basis of job titles and role descriptions (to be provided as part of the data collection kit). Role summaries, including matching indicators, for around two hundred and fifty positions will be provided. See also Survey Positions 2008.

<b>Survey Job No: 5665</b>		<b>ELECTRICAL ENGINEER</b>			<b>April 2008 N=57 C=46</b>	
<b>(EXAMPLE ONLY)</b>						
Reports to: A more senior engineer or operations position. Job Purpose: Design, develop, and supervise the installation, operation and maintenance of electrical systems. Activities: Determine circuits, transformers, circuit-breakers, transmission lines requirements and arrangements. Design electronic applications, such as for communication and control systems; design embedded software for such systems; supervise the installation ensuring proper control and protection methods. Develop testing procedures. Qualifications: Degree qualified engineer with four to six years relevant professional experience. Titles: Electrical/Electronics/Electrical Design Engineer.						
<b>Remuneration Items</b>	<b>Quartile</b>			<b>Average</b>	<b>Percent of Average</b>	<b>Percentage Receiving</b>
	First	Second	Third			
Job Evaluation Points	368	413	450		<b>TRC</b>	
Base Salary	65,759	73,932	78,647	71,293	87	100
Other Cash & Benefits	0	0	0	360	1	19
Co. & Salary Sacrifice Super	6,935	7,748	8,467	8,243	10	100
Fringe Benefits Tax (FBT)	0	0	0	0	0	0
Fixed Annual Remuneration	73,706	82,199	87,577	80,725	99	100
Short Term Incentive	0	0	2,500	1,083	1	31
<b>Total Remuneration</b>	<b>73,706</b>	<b>81,730</b>	<b>87,307</b>	<b>80,588</b>	<b>99</b>	<b>100</b>
Total Remuneration Cost	73,706	83,449	91,960	81,807	100	100
<b>Fixed Annual Remuneration by Revenue</b>					<b>N</b>	<b>C</b>
Up to \$50m	49,250	63,711	72,471	65,000	8	7
\$50m to \$250m	51,560	71,899	85,332	72,000	9	7
\$250m to \$500m	53,669	72,899	84,996	95,370	12	12
\$500m to \$1000m						
Over \$1,000m	65,000	77,999	90,013	80,050	13	7
<b>Fixed Annual Remuneration by Ownership</b>						
Government Owned	51,560	71,899	85,332	72,000	23	20
Private & Listed Companies	62,000	76,132	87,225	77,500	34	27
<b>Fixed Annual Remuneration by Industry Sector</b>						
Water Industry	49,250	63,711	72,471	65,000	23	19
Energy Sector	51,560	71,899	85,332	72,000	26	21
Engineering/Operations	53,669	72,899	84,996	95,370	8	7

# Market Movements

The survey analysis will include market movements and anticipated movements for the forthcoming year.



## Survey Report Format

The Survey of Market Remuneration in the Power, Water & Utilities Sector - 2009 will be produced as a printed report and published on-line via the resources of the National Remuneration Centre. The hard copy will be forwarded to your nominated executive. A secure user code will provide on-line access.

Depending upon response and demand a number of sub-reports may be produced such as:

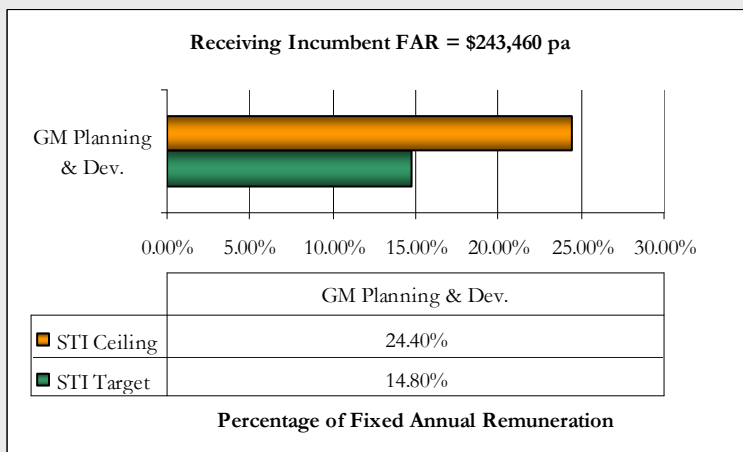
- Regional Water
- Renewable Energy
- Electricity Distributors

## Short Term Incentives

The survey will report Short Term Incentives (STI) - target and ceiling - on a position match basis. Depending upon sample size, a graphical analysis may be provided for senior roles.

## Confidentiality

Geoff Nunn & Associates and the National Remuneration Centre warrant the confidentiality of all information received by us. Analysis is published in aggregated format only.



## On-Line Demonstration

Extracts from the survey have been set up on the National Remuneration Centre website. To view the extracts follow the following prompts:

Go to: [www.natrem.com.au](http://www.natrem.com.au)

Select 'Secure Access' from the Homepage screen.

Select 'Enter Security' from the Secure Access screen.

Enter Password: UTDEMO User Name: UTDEMO and press login button on the Secure Access Login screen.

Select 'Job Price' from the Secure Access Main Menu screen.

Select 'Select Survey' from the Job Price Main Menu screen.

Click on 'UT0404' Survey ID.

You can now browse through the selection of data that has been uploaded. Please remember that the 2008 survey contains data on up to 250 jobs. See attached Survey Positions list.

If you have difficulty accessing this demonstration, please contact Geoff Nunn on (03) 9629 6866 or email [gtnunn@gna.net.au](mailto:gtnunn@gna.net.au).

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