

Market Remuneration in the Power, Water and Utilities Sectors - 2010



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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 2010 the intended coverage is all organisations directly associated with electricity generation, transmission, distribution and delivery; gas production, transmission, distribution and delivery; water catchment, storage, treatment and delivery; wastewater treatment, electricity, gas and water market operators; environmental, engineering and operational service providers.

In 2009 we saw a number of developments which have the potential to impact on all organisations which participate, or potentially participate in this survey:

- Despite a number of setbacks climate change remains a central policy platform of the Federal Government.
- Negotiations at the recent Copenhagen Climate Change Conference (COP 15) highlighted the deep division between countries on how to respond to global warming. To a degree these are reflected within the Australian political landscape.
- Changes to the legislative framework regarding carbon and other emissions are inevitable. Whether we see a cap and trade system or some other form of carbon tax remains uncertain.

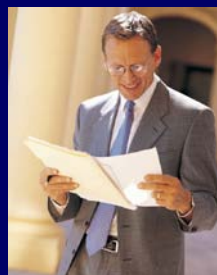
Renewable energy and innovation in water resource utilisation will remain high on the agenda. We will continue to monitor the emergence of specialist roles in these areas. We note that some organisations are broadening climate change functions and strengthening environment and sustainability roles.

In 2009 fifty-six utility organisations participated directly in this survey. Board and executive data was sourced from publicly available annual reports from nine organisations. 2009 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 - 2009

Acciona Energy
ActewAGL
Arrow Energy
Aurora Energy
Barwon Water
Brisbane Water
City West Water
Country Energy
CS Energy
Delta Electricity
East Gippsland Water
Energen
Energy Developments
EnergyAustralia
Envestra
Epic Energy
Eraring Energy
Ergon Energy
ERM Power
Goulburn Valley Water
Hobart Water
Horizon Power
Hydro Tasmania
International Power
Jemena
Loy Yang Power
Macquarie Generation
NEMMCO
North East Water
NRG Gladstone
Power and Water NT
Powercor Australia
SA Water
Roaring 40s Renewable Energy
SEA Gas
SMC Holdings
Snowy Hydro
South East Water
Stanwell Corporation
Sydney Water
State Water Corp (NSW)
Synergy Energy
Thiess Services
Townsville City Council
Transend Networks
Transgrid
United Utilities
United Water/Veolia
VENCORP
Vestas Pacific
Wannon Water
Water Corp of WA
Westernport Water
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.

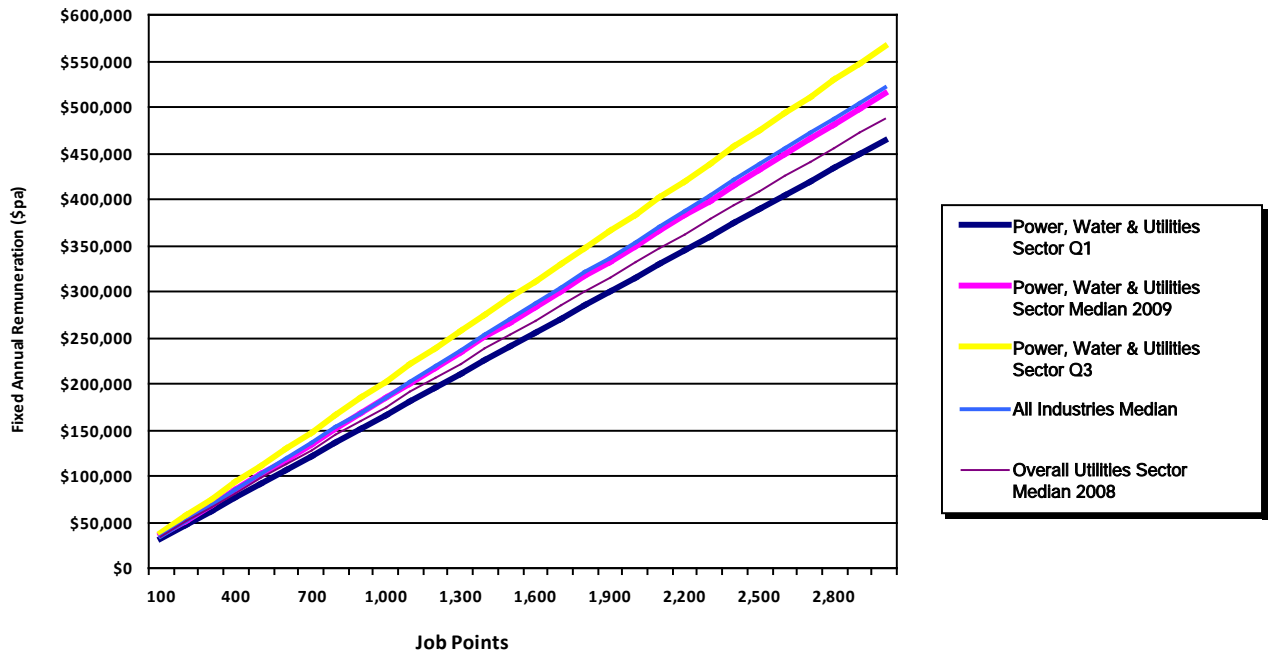
The following graph illustrates the type of trendline comparisons contained in the survey report.

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 2010 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 2010.

Power, Water and Utilities	April 2009
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Survey Job No. 4515	Environmental Scientist	N = 27	C = 21
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Remuneration Items	First Quartile	Median	Third Quartile	Average	Percentage of Average TRC	Percentage Receiving
Job Evaluation Points	316	340	390			
Base Salary	60,937	66,973	78,235	69,680	87	100
Other Cash	0	0	338	725	1	26
Other Non-Cash Benefits	0	0	0	1,082	1	11
Co. & Salary Sacrifice Super	5,484	6,390	7,563	7,193	9	100
Fringe Benefits Tax	0	0	0	168	0	4
Fixed Annual Remuneration	68,514	79,578	86,350	78,847	99	100
Short Term Incentive	0	0	0	1,109	1	22
Total Remuneration	68,514	79,259	86,350	79,789	100	100
Total Remuneration Cost	68,514	79,578	86,350	79,956	100	100

Fixed Annual Remuneration by Revenue Group

					N	C
Under A\$50 million	62,163	66,978	78,080	70,167	6	5
\$50m to \$149m	69,078	78,702	85,170	75,547	4	4
\$150m to \$499m	68,513	71,854	76,289	72,800	7	5
\$500m to \$999m	84,000	94,235	97,688	90,429	9	6
\$1,000m and over						

Fixed Annual Remuneration by Ownership

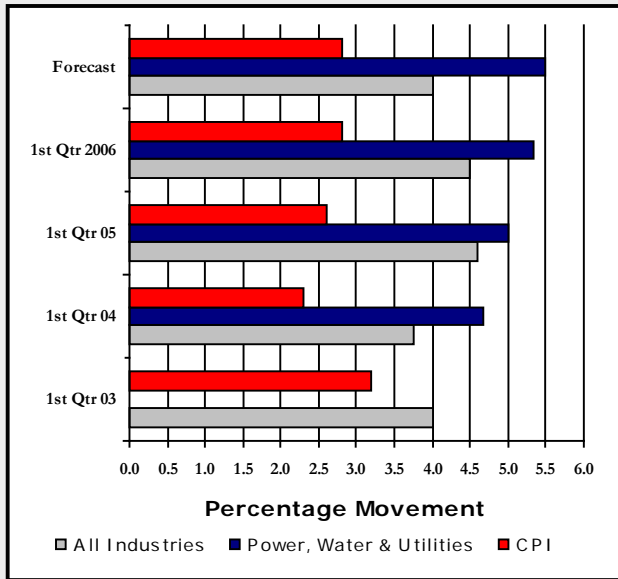
					N	C
Government Sector	65,037	80,009	92,476	79,049	22	16
Private & Listed Companies	73,000	76,300	84,000	77,960	5	5

Fixed Annual Remuneration by Industry

					N	C
Water Industry	62,877	74,466	82,931	73,801	16	12
Energy Sector	72,427	76,300	96,259	85,179	11	8
Engineering & Other						

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 - 2010 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

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 2009 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.

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