

## HEAD OF MINE SITE [010]

Sixty-nine matches were found for the position of Head of Mine Site. Base Salaries ranged from \$98,360 to \$300,000, with an average of \$178,430 per annum. Total Fixed Remuneration ranged from \$120,980 to \$360,000, with an average of \$214,970 per annum. Total Variable Remuneration ranged from \$120,980 to \$410,000, with an average of \$226,900 per annum.

Thirty of the sixty-nine incumbents (43 percent) received a short term cash incentive payment in the last accounting period. To incumbents who received an incentive payment this represented, on average, an amount equivalent to 11 percent of Total Variable Remuneration.

Bar Charts and tables illustrating the distribution of remuneration are presented at the end of this section.

The Head of Mine Site is responsible for all aspects of site operations including mine planning and production; quality control; ore treatment; maintenance of fixed and mobile plant and other facilities; camp or township administration; budgeting, cost control and asset management; and, the direction, motivation and health of the workforce. Usually incumbents are mining engineers with substantial operations experience and formal certification to manage a mine site.

The Head of Mine Site position operates in a wide set of circumstances: mine size varies considerably; some mines are operated on a commute basis, others on a residential basis; some mines are open cut, others underground and some have both open cut and underground operations. Additionally mines are included from all states and territories in Australia. In the following pages, we will examine the data to determine whether these factors have any influence on the remuneration of the Head of Mine Site.

Statistical tests were undertaken to determine whether the variation in remuneration could be explained by organisation size. A Pearson correlation coefficient was calculated in respect of each of the mine sizing factors (Gross Revenue, Operating Budget and Employee Numbers). The results appear in the table below and are illustrated graphically at the end of this section.

**POSITION: HEAD OF MINE SITE**

**PEARSON : MINE SIZING FACTORS**

	Gross Revenue	Operating Budget	Employee Numbers
Base Salary	r = 0.51 (p << 0.01)	r = 0.50 (p << 0.01)	r = 0.50 (p << 0.01)
Total Fixed Remuneration	r = 0.62 (p << 0.01)	r = 0.57 (p << 0.01)	r = 0.58 (p << 0.01)
Total Variable Remuneration	r = 0.63 (p << 0.01)	r = 0.60 (p << 0.01)	r = 0.56 (p << 0.01)

The results indicate modest relationships between Base Salary and all three of the mine size factors, all relationships being statistically robust. As each of the size factors increases there is a proportional increase in Base Salary. The relationships with Total Fixed Remuneration and Total Variable Remuneration are stronger and have similar robust statistical significance. These relationships are depicted graphically in the scattergrams later in this section.

A second test (multiple regression analysis) was carried out to determine whether the mine sizing factors, *in combination*, could predict remuneration levels. The results are presented below:

**POSITION: HEAD OF MINE SITE**

**MULTIPLE REGRESSION ANALYSIS**

Base Salary	Total Fixed Remuneration	Total Variable Remuneration
r <sup>2</sup> = 0.32 (p << 0.01)	r <sup>2</sup> = 0.46 (p << 0.01)	r <sup>2</sup> = 0.45 (p << 0.01)

The size factors in combination account for 45 per cent of the variance in the Head of Mine Site's Total Variable Remuneration, 46 percent of the variance in Total Fixed Remuneration and 32 percent of the variance in Base Salary. All three results are statistically robust.

The analysis of variance (ANOVA) technique was used to consider whether there was an association between the geographical location of the operation and incumbents' remuneration. The results appear below:

## POSITION: HEAD OF MINE SITE [010]

### ANOVA - LOCATION

Region	Base Salary	Total Fixed Rem.	Total Variable Rem.
1 New South Wales	185,599	226,832	226,832
2 Northern Territory	204,013	238,319	248,595
3 Other eg New Zealand	170,476	201,871	211,128
4 Queensland	164,578	208,766	217,966
5 Tasmania	169,615	206,052	208,552
6 WA - E Gold Fields	182,080	216,272	231,417
7 WA - Other	172,390	208,057	220,879
F <sub>(6,59)</sub>	0.886	0.47	0.407
Significance	N.S.	N.S.	N.S.
2-4 F <sub>(1,11)</sub>	7.734 (p < 0.05)	1.453 N.S.	1.367 N.S.
3-5 F <sub>(1,9)</sub>	0.003 (p > 0.95)	0.031 N.S.	0.013 N.S.
4-7 F <sub>(1,23)</sub>	0.317 N.S.	0.001 (p > 0.95)	0.014 N.S.

Over all the groupings, there is no statistically significant difference between remuneration levels based on the geographical location of the mine site. Although there are some apparently large differences between regional averages, the variance *within* the groups are as large as the variance *between* them. As we have reported in previous surveys, the results are more remarkable for their regional similarities than for their differences. There are two instances where the probability measure ( $p > 0.95$ , for example) indicates that the data are drawn from the same remuneration sample.

The only suggestion of regional variation is in respect of Base Salary between Region 2 (Northern Territory) and Region 4 (Queensland), but the statistical significance is weak ( $p < 0.05$ ) indicating that there is a 20 per cent probability that such an outcome could occur by chance.

Overall, this analysis tends to indicate that regional differences are not important in what is essentially a national market for senior managerial personnel.

The issue of whether the method of mining (open-cut, underground or combined open-cut & underground) is associated with different remuneration levels was investigated using the analysis of variance (ANOVA) technique. The results are presented below:

## POSITION: HEAD OF MINE SITE [010]

### ANOVA - MINING METHOD

Type	Base Salary	Total Fixed Rem.	Total Variable Rem.
1 Open Cut	179,284	216,187	225,096
2 Underground	172,382	208,142	221,185
3 U'ground/Open Cut	183,422	218,808	233,847
F <sub>(2,65)</sub>	0.413	0.278	0.242
Significance	N.S.	N.S.	N.S.

As we found in the previous survey, Heads of Mine Sites responsible for both open cut and underground operations are generally paid more, on average, than their colleagues responsible for only open cut or only underground operations but the differences are not statistically significant. We have commented previously that differences of this nature probably reflect mine size rather than method of mining (typically combined open cut & underground operations are among the larger mines in terms of Gross Revenue and Operating Budget).

The analysis of variance (ANOVA) technique was used to investigate whether there are differences in remuneration between residential and commute (fly-in / fly-out) operations. The results are presented in the following table:

## POSITION: HEAD OF MINE SITE [010]

### ANOVA - RESIDENTIAL

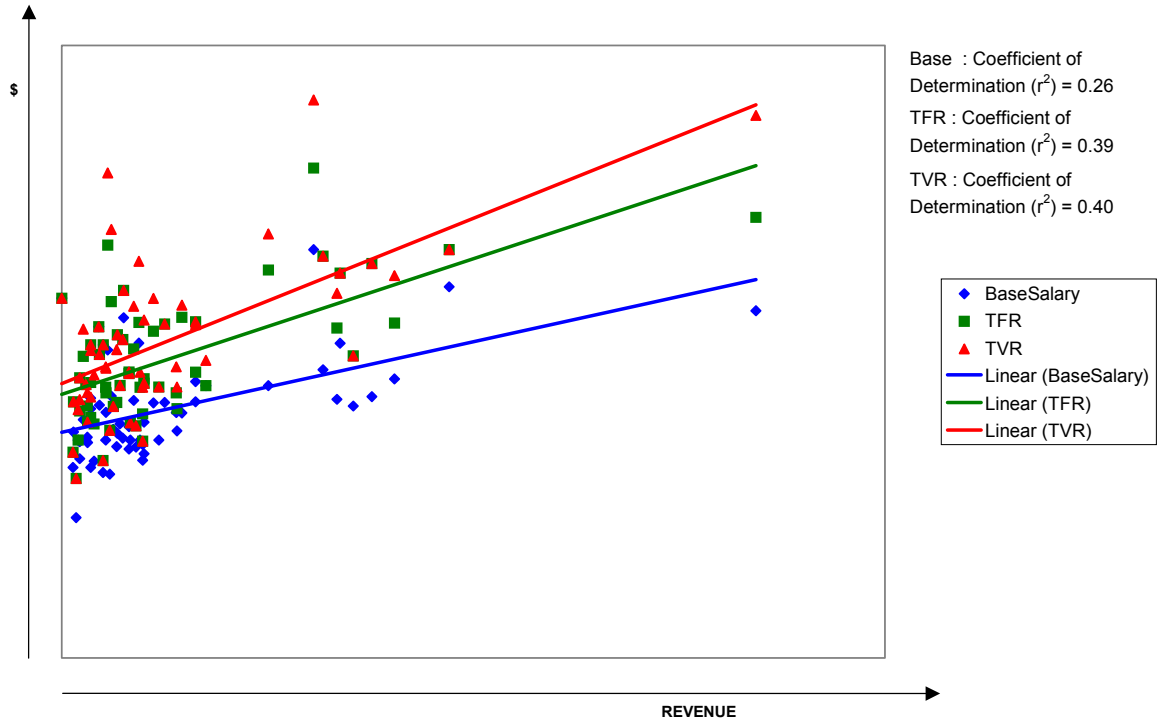
Residential Type	Base Salary	Total Fixed Rem.	Total Variable Rem.
1 Fly-in/Fly-out	181,638	217,480	228,490
2 Residential	177,907	214,858	228,113
F <sub>(1,63)</sub>	0.144	0.047	0.001
Significance	N.S.	N.S.	(p > 0.95)

The data indicate that managers at commute (Fly-in / Fly-out) operations are paid around 2 per cent more than managers at residential operations on Base Salary. and Total Fixed Remuneration, however, the differences are not statistically significant. When Total Variable Remuneration is considered the differences are negligible and the statistical testing suggests that they are drawn from the same population in terms of remuneration level (p > 0.95).

These very minor differences in favour of either commute or residential managers have been a consistent finding of this examination over several surveys. More importantly, the small differences, their lack of statistical significance and their volatility all suggest that no meaningful differences exist in the marketplace.

### REMUNERATION OF HEAD OF MINE SITE VS REVENUE

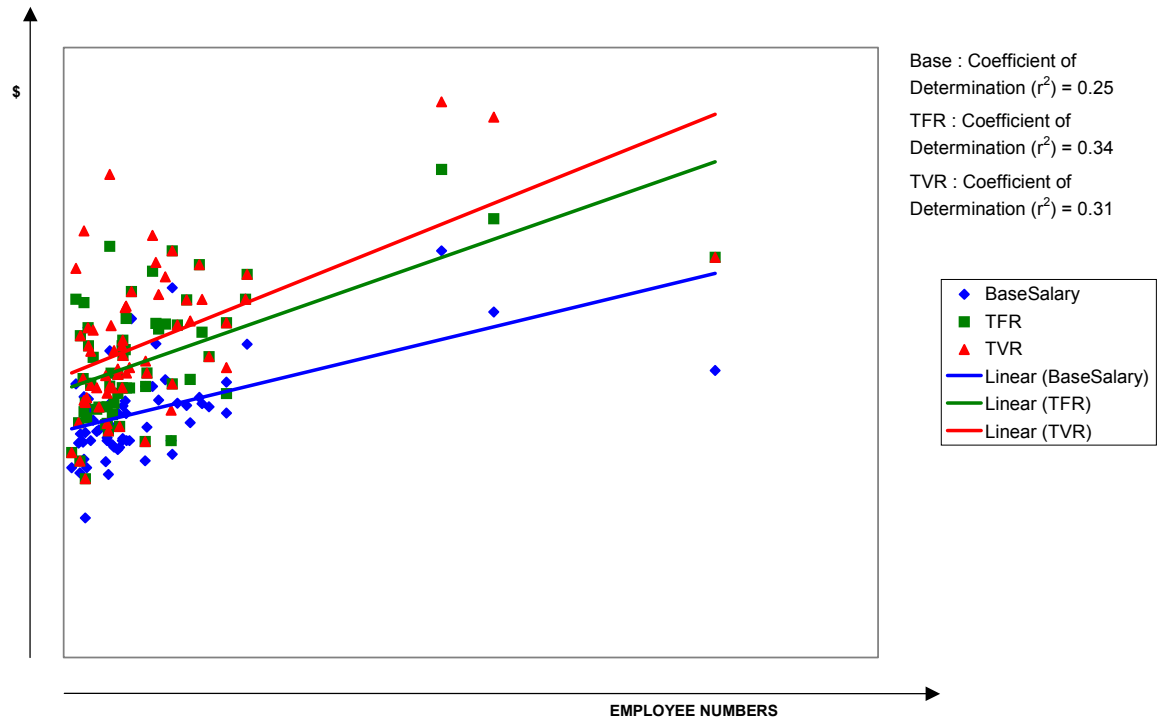
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### REMUNERATION OF HEAD OF MINE SITE VS EMPLOYEE NUMBERS

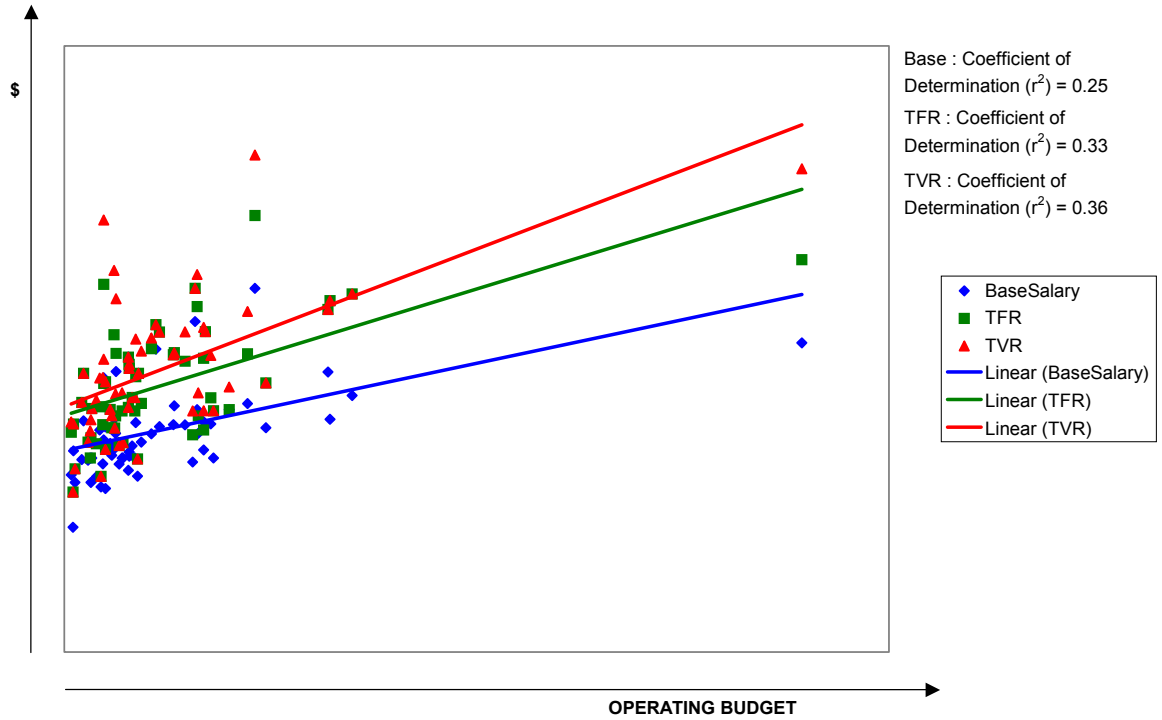
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### REMUNERATION OF HEAD OF MINE SITE VS OPERATING BUDGET

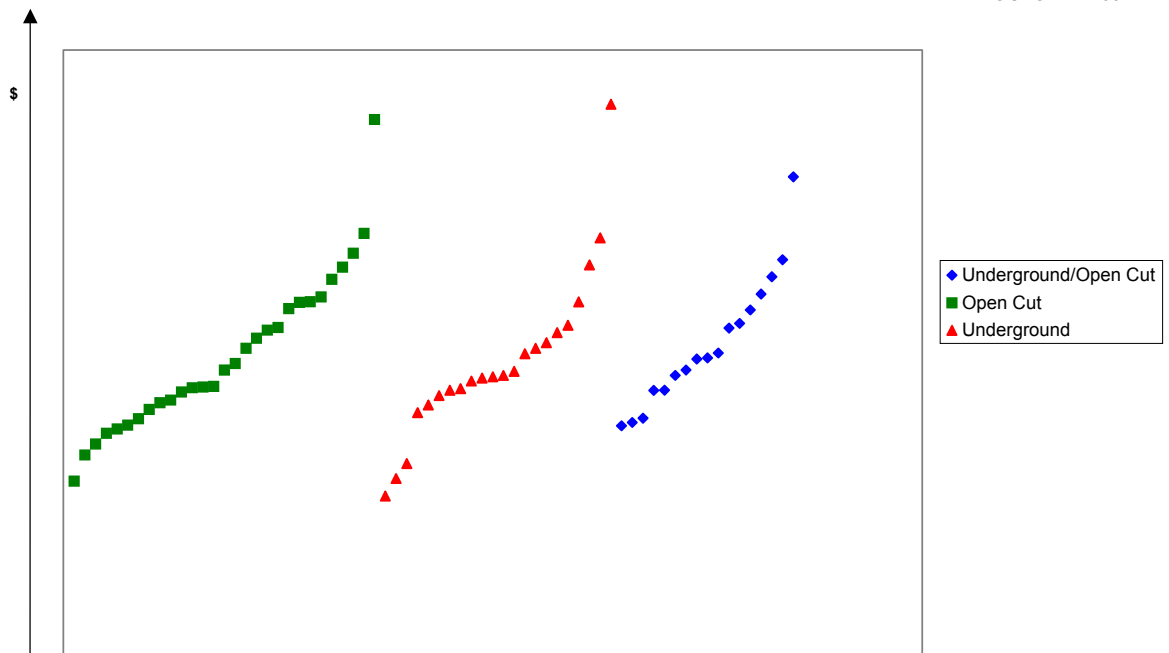
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### TOTAL VARIABLE REMUNERATION (ILLUSTRATED) OF HEAD OF MINE SITE VS MINING METHOD

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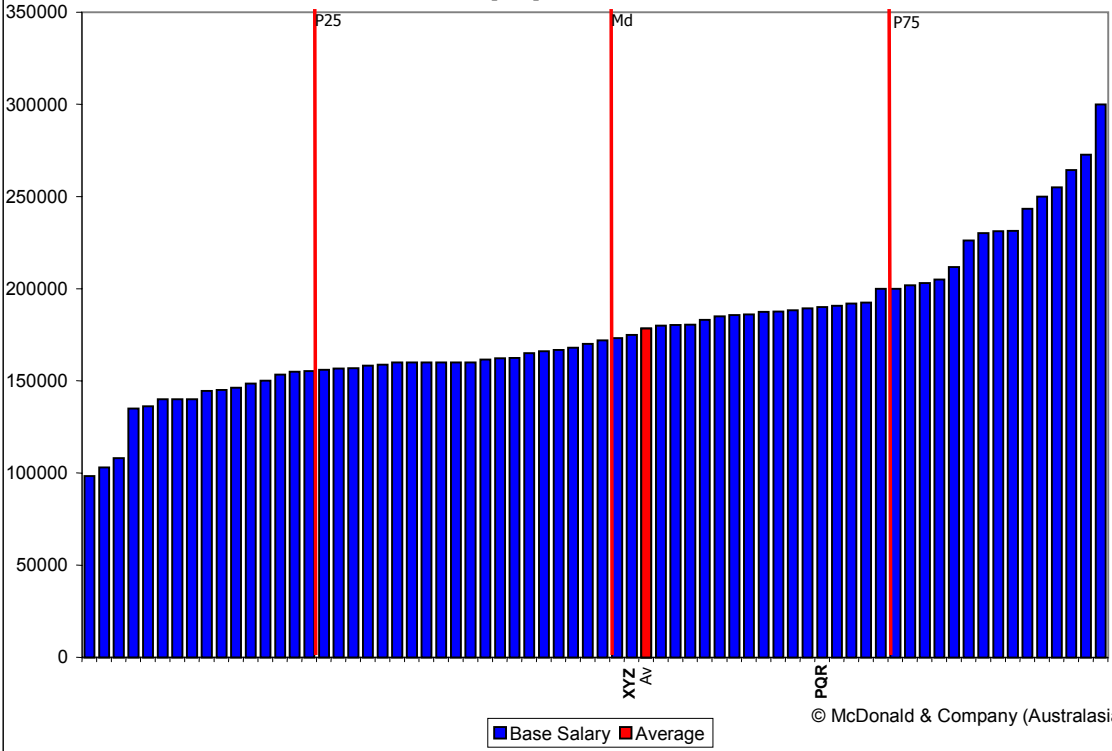


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**BASE SALARY DISTRIBUTION**

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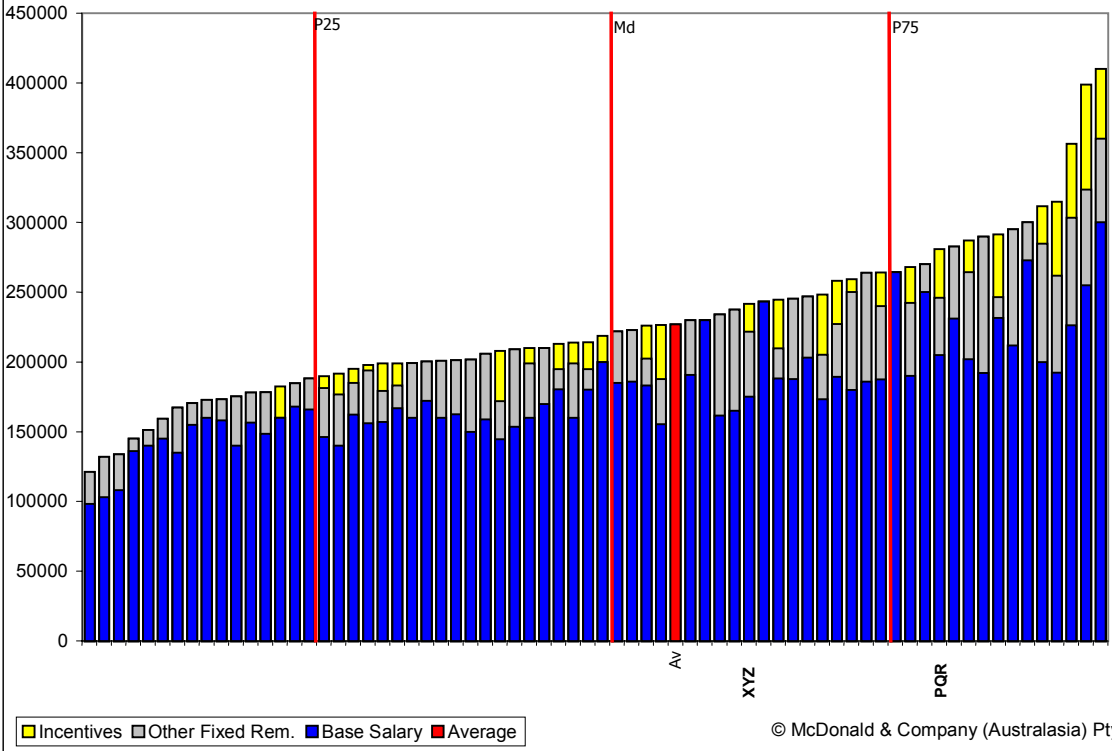
**[010] - HEAD OF MINE SITE**



**TOTAL VARIABLE REMUNERATION DISTRIBUTION**

OCTOBER 2001

**[010] - HEAD OF MINE SITE**



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BASE, TOTAL FIXED AND TOTAL VARIABLE REMUNERATION  
POSITION: 010 - HEAD OF MINE SITE

Organisation	Base Salary	Organisation	Net Cash	Super	Vehicle	Benefits	Other Cash	Total Fixed	Organisation	Total Fixed	Incentive STIP	Total Variable
	98,360		98,360	7,870	-	-	14,750	120,980		120,980	-	120,980
	103,000		103,000	8,240	19,920	750	-	131,910		131,910	-	131,910
	108,150		108,150	8,650	17,030	-	-	133,830		133,830	-	133,830
	135,000		136,200	8,800	-	-	-	145,000		145,000	-	145,000
	136,200		140,000	11,200	-	-	-	151,200		151,200	-	151,200
	140,000		145,180	11,610	2,500	-	-	159,290		159,290	-	159,290
	140,000		148,150	11,850	-	-	-	160,000		167,270	-	167,270
	140,000		135,000	10,800	21,470	-	-	167,270		170,500	-	170,500
	144,550		155,000	15,500	-	-	-	170,500		172,800	-	172,800
	145,180		144,550	21,680	-	5,590	-	171,820		173,260	-	173,260
	146,300		160,000	12,800	-	-	-	172,800		175,270	-	175,270
	148,500		158,210	12,660	-	2,400	-	173,260		178,070	-	178,070
	150,000		140,000	11,200	22,180	-	1,890	175,270		178,400	-	178,400
	153,500		140,000	15,400	21,320	-	-	176,720		160,000	22,500	182,500
	155,000		145,000	11,600	21,470	-	-	178,070		184,800	-	184,800
	155,250		148,500	14,850	13,060	-	2,000	178,400		188,180	-	188,180
	156,000		156,820	16,460	6,000	-	-	179,280		181,410	8,400	189,810
<b>P25</b>	<b>156,600</b>	<b>P25</b>						<b>181,410</b>	<b>P25</b>			<b>191,720</b>
	156,600		134,300	25,170	18,930	3,010	-	181,410		176,720	15,000	191,720
	156,820		166,770	16,390	-	-	-	183,150		185,000	10,000	195,000
	158,210		168,000	16,800	-	-	-	184,800		193,930	3,790	197,710
	158,820		162,210	8,800	13,990	-	-	185,000		179,280	19,600	198,880
	160,000		155,250	26,700	-	5,730	-	187,680		183,150	15,880	199,030
	160,000		160,000	14,800	13,370	-	-	188,180		199,110	-	199,110
	160,000		156,000	21,840	16,090	-	-	193,930		200,260	-	200,260
	160,000		180,340	14,430	-	-	-	194,780		200,930	-	200,930
	160,000		180,390	14,440	-	-	-	194,830		201,340	-	201,340
	160,000		160,000	17,600	21,320	-	-	198,920		201,780	-	201,780
	161,500		160,000	17,600	21,320	-	-	198,920		205,830	-	205,830
	162,210		153,600	24,000	18,930	2,580	-	199,110		171,820	36,140	207,960
	162,500		185,180	14,820	-	-	-	200,000		209,000	-	209,000
	165,000		172,000	13,760	14,500	-	-	200,260		198,920	11,000	209,920
	166,000		160,000	14,400	26,530	-	-	200,930		210,020	-	210,020
	166,770		162,500	22,750	16,090	-	-	201,340		194,830	18,040	212,870
	168,000		150,000	18,000	30,000	3,780	-	201,780		198,920	15,000	213,920
<b>Median</b>	<b>170,000</b>	<b>Median</b>						<b>202,350</b>	<b>Median</b>			<b>213,950</b>

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BASE, TOTAL FIXED AND TOTAL VARIABLE REMUNERATION  
POSITION: 010 - HEAD OF MINE SITE

Organisation	Base Salary	Organisation	Net Cash	Super	Vehicle	Benefits	Other Cash	Total Fixed	Organisation	Total Fixed	Incentive STIP	Total Variable
	170,000		183,130	19,220	-	-	-	202,350		194,780	19,170	213,950
	172,000		173,250	25,990	-	5,950	-	205,190		200,000	18,670	218,670
	173,250		158,820	15,880	26,530	4,600	-	205,830		222,000	-	222,000
XYZ Mine	175,000		153,500	27,750	27,750	-	-	209,000		222,860	-	222,860
Average	178,430		188,220	21,650	-	-	-	209,870		202,350	23,630	225,980
	180,000		170,000	18,700	21,320	-	-	210,020		187,680	38,810	226,490
	180,340	Average						214,960	Average			226,900
	180,390	XYZ Mine	175,000	21,000	25,600	-	-	221,600		229,950	-	229,950
	183,130		185,000	37,000	-	-	-	222,000		230,000	-	230,000
	185,000		185,720	37,140	-	-	-	222,860		234,040	-	234,040
	185,720		189,250	37,850	-	-	-	227,100		237,410	-	237,410
	186,000		190,760	13,200	25,990	-	-	229,950	XYZ Mine	221,600	20,000	241,600
PQR Mine	187,350		212,960	17,040	-	-	-	230,000		243,300	-	243,300
	187,700		161,500	35,530	33,130	3,880	-	234,040		209,870	34,900	244,770
	188,220		156,200	8,800	31,640	7,770	33,000	237,410		245,320	-	245,320
	189,250	PQR Mine	187,350	19,670	33,000	-	-	240,020		247,000	-	247,000
	190,000		190,000	22,800	25,600	-	3,900	242,300		205,190	43,090	248,270
	190,760		234,500	8,800	-	-	-	243,300		227,100	31,200	258,300
P75	192,000	P75						245,320	P75			259,190
	192,010		187,700	24,500	32,800	320	-	245,320		250,190	9,000	259,190
	192,360		205,000	41,000	-	-	-	246,000		263,930	-	263,930
	200,000		212,470	8,800	18,930	6,260	-	246,460	PQR Mine	240,020	24,140	264,160
	200,000		203,100	21,060	22,840	-	-	247,000		264,350	-	264,350
	201,890		180,000	21,780	27,500	2,910	18,000	250,190		242,300	25,600	267,900
	203,100		192,360	43,470	25,990	-	-	261,820		270,000	-	270,000
	205,000		186,000	40,920	33,130	3,880	-	263,930		246,000	34,900	280,900
	211,700		201,890	36,340	18,930	3,780	3,390	264,340		282,700	-	282,700
	226,240		244,760	19,590	-	-	-	264,350		264,340	22,800	287,140
	230,000		250,000	20,000	-	-	-	270,000		289,800	-	289,800
	231,110		231,110	23,110	25,500	2,990	-	282,700		246,460	45,000	291,460
	231,400		200,000	24,000	25,600	-	35,350	284,950		295,290	-	295,290
	243,300		192,010	27,610	21,890	-	48,300	289,800		300,000	-	300,000
	250,000		211,700	46,570	33,130	3,880	-	295,290		284,950	26,500	311,450
	255,000		272,730	27,270	-	-	-	300,000		261,820	53,000	314,820
	264,350		226,240	51,130	25,990	-	-	303,360		303,360	53,000	356,360
	272,730		255,000	30,600	23,800	-	14,270	323,670		323,670	75,000	398,670

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**BASE, TOTAL FIXED AND TOTAL VARIABLE REMUNERATION  
POSITION: 010 - HEAD OF MINE SITE**

Organisation	Base Salary
	300,000

Organisation	Net Cash	Super	Vehicle	Benefits	Other Cash	Total Fixed
	300,000	60,000	-	-	-	360,000

Organisation	Total Fixed	Incentive STIP	Total Variable
	360,000	50,000	410,000