



## REMUNERATION TRIBUNAL

### Determination 1999/15: Principal Executive Office (PEO) Classification

**Authority:**  
*Remuneration  
Tribunal Act s5(2A)*

**Date of effect:**  
7 December 1999

This Determination sets a framework, within which employing bodies may negotiate the terms and conditions (including remuneration) of employment of PEOs. It comprises:

- (a) Part A – Guiding principles
- (b) Part B – Remuneration and related matters
- (c) Part C – Official expenses including official travel
- (d) Part D – Variation and related matters

The Minister for Finance and Administration may declare, by regulation under the *Remuneration Tribunal Act 1973*:

- (a) a public office or appointment to be a Principal Executive Office;  
and
- (b) a person, authority or body to be that PEO's employing body.

#### **PART A                      GUIDING PRINCIPLES**

*guiding  
principles*

- A1    Employing bodies are responsible for managing relations with their employees, consistent with the *Workplace Relations Act 1996* and within the funds lawfully available to meet employment costs.
- A2    A PEO's terms and conditions (including remuneration) should be fair, flexible and support a high performing Commonwealth sector.

*disclosure and  
reporting*

- A3    Employing bodies must notify the Tribunal in writing of a PEO's terms and conditions on translation into the PEO structure, thereafter as at 31 December each year by 31 March of the following year, and at such other times as may reasonably be required by the Tribunal.
- A4    The Tribunal is required by law to provide an annual report to the Parliament on the operation of PEO arrangements, and may report on such related matters as it sees fit.

*additional  
scrutiny*

- A5    **Notwithstanding any other provision of this Determination**, an employing body must seek the prior advice of the Tribunal and provide reasons where it proposes to determine or adjust terms and conditions (including remuneration):
  - (a) for any PEO with total remuneration of \$250,000 a year or more;  
AND/OR
  - (b) in a manner not consistent with this Determination.

**PART B****REMUNERATION AND RELATED MATTERS**

- remuneration* B1 An employing body must determine the value of the following components of a PEO's remuneration:
- (1) total remuneration including employer superannuation contributions and any other benefits provided mainly or solely for private use, valued at their total cost to the Commonwealth;
  - (2) superannuation salary for the purposes of superannuation laws and of separation benefits, of no more than 70% of total remuneration; and
  - (3) at-risk performance-based pay, of no more than 15% of (and on top of) total remuneration.
- B2 An officer may take goods or services in lieu of salary but must take at least 50% of their total remuneration as salary.
- B3 In determining the value of remuneration, employing bodies are expected to exercise prudent business judgement commensurate with the responsibilities and accountabilities of their public office. Relevant considerations will include (but are not restricted to):
- (a) the Government's workplace relations policy;
  - (b) the work value, role and responsibilities of the office or appointment;
  - (c) the APS remuneration policy, that improvements in pay and conditions be linked to productivity gains;
  - (d) the ability of an employing body to recruit and retain persons with the necessary qualities and skills; and
  - (e) other relevant factors such as movements in the reference salaries and marketplace trends identified by the Tribunal from time to time.

**TABLE 1 RATES OF REMUNERATION**

As at 7 December 1999

	<i>Maximum superannuation salary *</i>	<i>Total remuneration #</i>
<b>PEO BAND A</b>	<b>up to \$98,000</b>	<b>up to \$140,000</b>
Reference salary A	maximum less \$8,000	
<b>PEO BAND B</b>	<b>\$84 - 133,000</b>	<b>\$120 - \$190,000</b>
Reference salary B	maximum less \$27,000	
<b>PEO BAND C</b>	<b>\$119 - 189,000</b>	<b>\$170 - \$270,000</b>
Reference salary C	maximum less \$45,000	
<b>PEO BAND D</b>	<b>\$175 - \$245,000</b>	<b>\$250 - \$350,000</b>
Reference salary D	maximum less \$40,000	
<b>PEO BAND E</b>	<b>from \$245,001</b>	<b>from \$350,001</b>

#Maximum total remuneration for each band is to be adjusted on and from 1 July each year consistent with clause D4.

\*Maximum superannuation salary ranges shown are calculated in accordance with clause B1(2)

*leave*

- B4 A PEO shall be entitled to the following types and amounts of leave of absence:
- (a) the public holidays observed by the Australian Public Service in the location in which the PEO is based;
  - (b) any leave credits accrued previously, including under Remuneration Tribunal determinations 1994/33 and 1991/20;
  - (c) paid annual leave of 4 weeks per year of full-time service, accruing on 1 January each year;
  - (d) paid long service leave as prescribed under the *Long Service Leave (Commonwealth Employees) Act 1976*;
  - (e) paid and unpaid maternity leave as prescribed under the *Maternity Leave (Commonwealth Employees) Act 1973*; and
  - (f) other paid and unpaid leave, including sick and carers' leave, at the discretion of the employing body.

*separation benefits*

- B5 A PEO is not entitled to separation benefits under clause B7 where:
- (a) the person has served their full term of appointment; or
  - (b) the appointment was terminated prematurely for reasons of unsatisfactory performance; or
  - (c) the appointment was terminated prematurely on account of mental or physical incapacity and the person is entitled to receive invalidity retirement benefits under Commonwealth superannuation legislation.
- B6 Subject to clause B5, where a person's appointment to an office is terminated prematurely, the Commonwealth may elect to offer suitable alternative employment (including in a Commonwealth company or authority).
- B7 Where the Commonwealth does not offer alternative employment under Clause B6, the employing body will pay the office holder 1/3 of one month's remuneration per month of service remaining, in lieu of obligations such as provision of notice or payment instead of notice or redundancy pay and subject to:
- (a) a minimum payment of four months' remuneration; and
  - (b) a maximum payment of one year's remuneration.
- B8 Under Clause B7, the employing body may calculate service remaining taking into account any period of continuing Commonwealth service in alternative employment, and may require an office holder to sign a release in return for the payment.

**PART C**

**OFFICIAL EXPENSES INCLUDING OFFICIAL TRAVEL**

*VIP rates*

C1 Where a PEO's maximum superannuation salary is the same as or greater than the base salary for a Secretary, the person shall be entitled to the same domestic travel, equipment and overseas allowances as determined at 4 December 1999 for a Secretary.

*other rates*

C2 Otherwise, an office holder shall be entitled to the same domestic travel, equipment and overseas allowances as determined at 4 December 1999 under section 82D of the *Public Service Act 1922* for the Senior Executive Service of the Australian Public Service.

**PART D**

**VARIATION AND OTHER MATTERS**

*scope for variation*

D1 Where productivity changes can be demonstrated, an employing body may increase or decrease a PEO's total remuneration without reference to the Tribunal:

(a) in 1999-2000, by up to 5%;

(b) in 2000-2001 and each financial year thereafter, by an amount as determined by the Tribunal closer to that time.

D2 An employing body may not backdate any variation in remuneration or award pay increases in recognition of past productivity gains ie. matters which should be recognised through performance pay.

D3 The maximum total remuneration for each band in Table 1 shall be adjusted on and from 1 July each year in proportion to factors as determined by the Tribunal closer to that date, including but not restricted to Average Weekly Ordinary Time Earnings (AWOTE).

*other*

D4 The Tribunal will issue guidance notes from time to time, to assist employing bodies interpret and administer this Determination.

D5 Employing bodies may elect to apply to PEOs the same policies and practices as they do for other employees, except where those are not in accordance with this determination.

Signed this 7<sup>th</sup> day of December 1999

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Richard Humphry  
PRESIDENT

John C Conde  
MEMBER

Trevor Kennedy  
MEMBER