

**REMUNERATION TRIBUNAL
ANNUAL REPORT
2010-2011**

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REMUNERATION TRIBUNAL

29 September 2011

The Hon Gary Gray AO MP
Special Minister of State for the Public Service and Integrity
Parliament House
CANBERRA ACT 2600

Dear Minister

We have pleasure in presenting to you the Remuneration Tribunal's Annual Report for 2010-2011. The report covers the activities of the Tribunal during the year ended 30 June 2011.

Section 12AA(2) of the *Remuneration Tribunal Act 1973* requires you to cause a copy of this report to be laid before each House of Parliament within 15 sitting days of receipt.

Yours sincerely

Handwritten signature of John C Conde in black ink.

John C Conde AO
PRESIDENT

Handwritten signature of John B Prescott in black ink.

John B Prescott AC
MEMBER

Handwritten signature of Jillian Segal in black ink.

Jillian Segal AM
MEMBER

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President's Overview

During the year, the Tribunal's work has fallen broadly into two sets of reviews – the general annual review and reviews of more specific offices or groups of offices. The latter work has included Part II of our review of the office of Secretary; our review of the principal public offices of the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, and the Australian Competition and Consumer Commission (completed and announced on 5 August 2011); and our review of the Specified Statutory Offices ("SSO's") being the offices comprising the Australian Statistician; the Auditor-General for Australia; the Chief Executive Officer of the Australian Customs and Border Protection Service; the Commissioner of Taxation; and the Chief of the Defence Force. We expect to announce our conclusions with respect to these offices at the same time that we publish our Part II report on the office of Secretary.

Our review of APRA, ASIC and ACCC concluded that substantial adjustments in remuneration were appropriate. We anticipate that an appropriate longer term remuneration structure for Secretaries will also entail levels of remuneration substantially above current levels.

The final two adjustments to judicial remuneration were made in the current reporting period, following the completion in October 2009 of an extensive review of remuneration relativities in the federal courts.

The Tribunal's "annual adjustments" continue to be modest. The Tribunal notes again that its generally conservative approach has not been followed by those with responsibility for the remuneration of the most senior employees of the Australian Public Service (APS), the Senior Executive Service (SES). The Tribunal has written previously that, as a consequence of this, the remuneration of federal public offices for which the Tribunal determines remuneration has fallen significantly relative to those senior APS employees, in particular. The time has come to remedy this with respect to offices within the Tribunal's jurisdiction.

In relation to Secretaries, the Tribunal's present disposition is to introduce revised remuneration arrangements in a sequence of steps over a period. The Tribunal will monitor closely the transition to the new remuneration arrangements and the operation of the classification structure, and the associated arrangements, established for this significant group of public offices. It may be the case that early practical experience of the operation of the classification structure indicates that some refinements may be warranted; the Tribunal will effect any such refinements as required.

The diversity and scope of the public offices within the Tribunal's jurisdiction is evident from the Tribunal's determinations – I refer particularly to our setting the remuneration for full-time and part-time public offices (presently Determinations 2011/08 and 2011/09). The Tribunal intends to review these offices both as to the quantum and the complexity of the present arrangements.

In respect of part-time offices, particularly, the Tribunal is concerned to establish a detailed understanding of the current demands upon the holders of these offices. It may be the case, for example, that, in some instances, the present levels of annual fees are not consistent with the levels of commitment and responsibility demanded by the office; it may be that daily fee arrangements are inappropriate in other cases. The Tribunal has written to all Ministers with a responsibility or involvement for part-time offices seeking advice about some of the dimensions of those offices.

Although it is Tribunal's present intention to complete this work in the 2011-2012 financial year, circumstances may dictate that it takes somewhat longer.

It is relevant to note that the Tribunal has, for some time, been of the view that the remuneration of parliamentarians, especially Ministers, is less than it should be¹.

In the Tribunal's view, there needs to be a closer relationship between the salaries of senior Cabinet Ministers and those of Secretaries of Departments. The Tribunal has foreshadowed its disposition to recognising the additional work of the shadow cabinet within our system of government, and intends to provide appropriately for shadow ministers as part of its first review of parliamentary remuneration.

There is, however, in the Tribunal's judgement a broader question about proper remuneration relativities among Ministers, public offices in the federal administration, judicial offices, and parliamentary offices. The Tribunal's continuing view is that the present relativities do not reflect appropriately the responsibilities of the most onerous of these various offices and their standing in Australia's system of government.

As a consequence of the proclamation on 5 August 2011 of the *Remuneration and Other Legislation Amendment Act 2011*, the Tribunal's power to determine parliamentary base salary and the remuneration of Secretaries has been restored. Determinations on these matters made by the Tribunal will not be disallowable by the Parliament.

The broadening of the Tribunal's determinative jurisdiction to include parliamentary base salary has prompted the Tribunal to begin a review of the work of parliamentarians. The Tribunal sees this as an important first step in looking comprehensively at parliamentarians' circumstances generally, including reporting to the Special Minister of State regarding the recommendations of the Committee for the Review of Parliamentary Entitlements (refer later in this Report). The 2011 study includes an invitation to all parliamentarians to complete a questionnaire regarding their work and for some to participate in more in-depth interviews with the Tribunal.

The Tribunal intends to make its initial report on parliamentary remuneration towards the end of 2011. However, given the significant additional workload on the Tribunal, and especially its Secretariat, it may be that reporting is delayed until the first half of 2012.

The completion of this work will not, however, finalise the Tribunal's engagement with either parliamentary remuneration matters or with the remuneration of Secretaries. Considerable work will remain.

In the case of parliamentarians, the recommendations in the report of the Review of Parliamentary Entitlements are extensive. It will take the Tribunal some time to address them and to report to the Special Minister of State. The Tribunal will also need to consider the present arrangements governing the additional salaries of parliamentary office holders (which the Tribunal determines) and the additional salaries of Ministers of State (on which the Tribunal reports, but which it does not determine).

Further information and detail about the Tribunal's work, including its work in progress, are contained in the subsequent sections of this Annual Report.

Tribunal Membership

The Tribunal has a significant responsibility for ensuring the effective operation of very many government authorities by determining remuneration sufficient to enable the Commonwealth to recruit, retain and reward appropriately, individuals for the extraordinary range of Commonwealth public offices. With the enactment of the *Remuneration and Other Legislation Amendment Act 2011*, these responsibilities have increased significantly.

Appointments to the Tribunal are part-time; its programme is significant and demanding. The quality of the Tribunal's work and its standing depend heavily upon the contributions and commitment of its Members and of its Secretariat.

¹ See, for example, the Overview to the Tribunal's 2007-2008 Annual Report - <http://www.remtribunal.gov.au/publications/default.asp>

It is my privilege to have worked closely with Mr John Prescott AC and Ms Jillian Segal AM this year and I thank them warmly.

Tribunal Secretariat

In the previous sub-section, I mentioned the heavy dependence on its Secretariat of the Tribunal's effectively meeting its obligations.

The Tribunal's Secretariat brings a detailed knowledge of the past, which is most helpful, and a deep commitment to the Tribunal's expanding work programme.

I acknowledge and thank sincerely all members of the Secretariat – a very small but very dedicated group of officers.

I should like particularly to express appreciation to the Secretary to the Tribunal, Mr Derren Gillespie. There have been extended periods during the past year when extremely heavy demands have been made on Mr Gillespie personally, and I thank him for his commitment, including the regular intrusion into his personal time.

One of the most important of the Tribunal's tasks is to develop long-term objectives for the remuneration arrangements to apply to federal public offices, continually to refine them and consistently to lay the ground-work for their achievement. We have made some useful progress during the year in review.

Acknowledgements

Discussions with office holders, members of the judiciary, with government officials, with senior private sector representatives, with parliamentarians and with Ministers are essential to the Tribunal's effectiveness.

The work during the year on Secretaries, the economic regulatory agencies, the federal judiciary and remuneration and entitlements for parliamentarians emphasised the value that the Tribunal derives from such engagements.

The Tribunal records again its appreciation of the opportunities provided by office holders and others to discuss matters relevant to the Tribunal's responsibilities.

John C Conde AO
President

1. Introduction to the Tribunal

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973* (the Act) responsible, primarily, for inquiring into and determining, or reporting on, or providing advice about, the remuneration and allowances to be paid to holders of public offices (including parliamentary offices) at least annually.

In assessing the remuneration of offices, the Tribunal takes into account the attributes of the office; appropriate relativities; considerations related to complexity, merit and productivity; and indicators of movements in remuneration. The Tribunal aims to develop remuneration arrangements that are flexible and broadly consistent, having regard to the diversity of the offices in its jurisdiction.

2. Membership of the Tribunal

The Tribunal consists of three part-time members who are appointed by the Governor-General.

The current members of the Tribunal are:

Mr John Conde AO – President - appointed on 19 June 2008, and re-appointed on 16 June 2011, as Member and President, until 24 June 2013. Mr Conde was originally appointed as a member of the Remuneration Tribunal on 18 June 1998. Mr Conde is the Chairman of Ausgrid (formerly EnergyAustralia). He is also Chairman of Bupa Australia, Chairman of Whitehaven Coal Limited, Chairman of the Sydney Symphony and Chairman of Destination New South Wales. He is a Director of Dexu Property Group.

Mr Conde is also Chairman of the Homebush Motor Racing Authority Advisory Board, Chairman of the Australian Olympic Committee (NSW) Fundraising Committee and Chairman of the Dermatology Research Foundation at the University of Sydney.

Positions previously held include Director of BHP Billiton and Excel Coal Limited, Managing Director of Broadcast Investment Holdings Pty Limited, Director of Lumley Corporation, President of the National Heart Foundation of Australia.

Mr John B Prescott AC – appointed from 25 February 2010 for five years. Mr Prescott is Chairman of QR National Limited and a Director of Newmont Mining Corporation. He is Global Counsellor of The Conference Board (USA), and a member of President's Circle, AustralAsia Centre, Asia Society. Mr Prescott was previously Chairman of ASC (formerly Australian Submarine Corporation Pty Ltd) from 2000 to 2009 and from 1991 to 1998 was Managing Director and Chief Executive Officer of BHP. Mr Prescott held appointment as Acting President from 7 June 2011 until 16 June 2011.

Ms Jillian Segal AM – appointed from 12 April 2010 for 5 years. Ms Segal is a Director of the National Australia Bank Limited, a Director of ASX Ltd and Deputy Chancellor of the University of New South Wales. Ms Segal is also Chairman of the General Sir John Monash Foundation and a Director of the Garvan Institute for Medical Research. Formerly, she was President of the Administrative Review Council and Deputy Chair of the Australian Securities and Investments Commission. Prior to that Ms Segal sat on a number of industry and government boards and was a partner in Allen Allen & Hemsley (now Allens Arthur Robinson).

3. The Work of the Tribunal

During the year, the Tribunal convened on 11 occasions (including by teleconference). It also met with a range of interested parties. The Tribunal expressed its conclusions in 26 Determinations. The President also participated in additional meetings with office holders.

During the year, the Administrative Arrangements Order (AAO) signed by the Governor-General on 14 September 2010 transferred responsibility for the *Remuneration Tribunal Act 1973* from the Education, Employment and Workplace Relations portfolio to the portfolio of the Prime Minister. For administrative purposes, the staff of the Tribunal's Secretariat were transferred from the Department of Education, Employment and Workplace Relations to the Australian Public Service Commission.

Annual Adjustments

The Tribunal issued a statement on 31 May 2010², advising that the 2010 annual adjustment would take effect on and from 1 August 2010. On 20 July 2010³, the Tribunal issued a further Statement advising that, in the light of the announcement of the federal election to be conducted on 21 August 2010, it had decided to defer the Statement about the decision on the adjustment until after the election. On 24 August 2010⁴, the Tribunal issued a further Statement, announcing the Tribunal's decision to increase the remuneration of public officers in its jurisdiction by 4.1% from 1 August 2010. In determining the increase, the Tribunal noted that:

“...remuneration of public offices should be determined conservatively. However, remuneration for federal public offices should be sufficient to ensure that Australian government agencies attract and retain highly skilled and committed people. The Tribunal considers it essential that the remuneration of the most senior public offices be restored to appropriate levels, over time.”

On 22 June 2011, the Tribunal announced that, with effect from 1 July 2011, the remuneration of public offices in its jurisdiction would be increased by 3%. The Statement mentioned the reviews being undertaken by the Tribunal. A copy of the Statement is included at Appendix 1.

The Tribunal's "annual adjustments" continue to be modest.

² Tribunal Statement of 31 May 2010.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

³ Tribunal Statement of 20 July 2010.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

⁴ Tribunal Statement of 24 August 2010.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

3.1 Full-Time Public Offices

The Framework

Under the *Remuneration Tribunal Act 1973* (the Act), the Tribunal is responsible for setting the total remuneration, some allowances and recreation leave for full-time public offices.

The Act defines 'public office'. It includes all offices established by a Commonwealth law (also known as statutory offices) and appointments made under a Commonwealth law as well as (but not limited to) appointments made by the Governor-General or a Minister of State which are formally referred-in to the Tribunal's jurisdiction by the Minister responsible for the Act (s3). The attributes of a 'public office' establish whether appointment to it is made on a full-time, or other, basis.

The Tribunal inquires into and determines remuneration and 'significantly related' matters for holders of public office (under s7). The Act specifies that the Tribunal determine matters at intervals of not more than one year (s8).

Consistent with the Tribunal's Statements of 24 August 2010 and 22 June 2011, the remuneration of these offices was increased by 4.1% with effect from 1 August 2010, (by Determination 2010/10) and by 3% with effect from 1 July 2011 (by Determination 2011/08).

During the reporting period the Tribunal received and considered a number of submissions on remuneration, conditions and/or allowances for new and established offices. A list of new full-time public offices for which the Tribunal determined remuneration in the year to 30 June 2011 is included at Appendix 2.

As at 30 June 2011 there were 110 offices specified in the Tribunal's determination for holders of full-time public offices.

Specified Statutory Offices

The Tribunal is responsible for determining the remuneration of a significant group of full-time public offices, referred to as the Specified Statutory Offices (SSOs). It comprises the:

- Chief of the Defence Force;
- the Commissioner of Taxation;
- the Auditor General for Australia;
- the Chief Executive Officer, Australian Customs and Border Protection Service; and
- the Australian Statistician.

Consistent with the Tribunal's Statements of 24 August 2010 and 22 June 2011, the remuneration of these offices was increased by 4.1% with effect from 1 August 2010 (by Determination 2010/13) and by 3% with effect from 1 July 2011, (by Determination 2011/07).

The Tribunal's Statement of 22 June 2011 referred to the review of the Specified Statutory Office group and to the review of the offices of the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission and the Australian Competition and Consumer Commission and to that and of full-time offices generally.

3.2 Part-Time Public Offices

The Framework

The *Remuneration Tribunal Act 1973* (the Act) defines 'public office'. It includes all offices established by a Commonwealth law (also known as statutory offices) and appointments made under a Commonwealth law as well as (but not limited to) appointments made by the Governor-General or a Minister of State which are formally referred into the Tribunal's jurisdiction by the Minister responsible for the Act (s3). Under the Act the Tribunal is responsible, for setting the remuneration and some allowances of public offices.

The Tribunal inquires into and determines remuneration and 'significantly related' matters for holders of public office (under s7). The Act specifies that the Tribunal determine matters at intervals of not more than one year (s8).

Appointments to a wide range of public offices are made on a part-time basis. These offices are very diverse and include the chairs and members of boards, councils, committees and administrative tribunals whose work may be regular or intermittent.

Consistent with the Tribunal's Statements of 24 August 2010 and 22 June 2011, the remuneration of these offices was increased by 4.1% with effect from 1 August 2010 (by Determination 2010/11) and by 3% with effect from 1 July 2011 (by Determination 2011/09).

During the reporting period, the Tribunal considered submissions on remuneration and/or conditions for a number of individual offices. A list of new part-time public offices for which the Tribunal determined remuneration in the year to 30 June 2011 is included at Appendix 2.

As at 30 June 2011, remuneration had been determined for more that 240 bodies.

In the Statement of 22 June 2011 (Appendix 1), the Tribunal referred to its review of part-time offices. The Tribunal is concerned that the current general framework of remuneration and conditions that applies to part-time offices does not reflect, adequately, the value of the work undertaken by this important and large group. The Tribunal is giving careful consideration to means by which the remuneration of part-time offices might be restructured.

3.3 Principal Executive Offices

The Framework

The *Remuneration Tribunal Act 1973* (the Act) provides for the Tribunal to determine a classification structure for Principal Executive Offices [s5(2a)] and to determine the terms and conditions applicable to each classification within the classification structure [s7(3D)].

The Special Minister of State for the Public Service and Integrity, as the Minister responsible for the Act, has the power to make declarations concerning Principal Executive Offices (PEO), having taken into account the advice of the Tribunal [s3(a)]. The Minister may declare an office to be a PEO, the classification to which the PEO is assigned and the PEO's employing body [s3(a) and (b)].

The employing body is responsible for determining the terms and conditions applying to a PEO. Any such determination must be consistent with the terms and conditions determined by the Tribunal for the classification of the office concerned [s12C] and the Tribunal's Guidelines.

The Tribunal has established a total remuneration reference rate for each PEO as the basis on which an employing body is able to exercise discretion in determining remuneration. Reference rates are generally adjusted annually to reflect the outcome of the Tribunal's annual review. Employing bodies have a discretionary range of 5% above and 10% below the reference rate, although the reference rate must not be exceeded in the first twelve months of a new appointee's term without the prior approval of the Tribunal. Although PEOs generally also have access to performance pay of up to 15% for Bands A to C and up to 20% for Bands D and E, recent policy has been to absorb this in circumstances in which a Minister is the 'employing body'.

A full list of Principal Executive Offices can be found on the Tribunal web site at www.remtribunal.gov.au/principalExecutiveOffices/currentDetermination/listPEO.asp.

Consistent with the Tribunal's 24 August 2010 Statement, the maximum band and reference salaries of the Principal Executive Office (PEO) classification structure were increased by 4.1% with effect from 1 August 2010, by Determination 2010/14.

The Tribunal subsequently wrote to employing bodies and individual office holders (PEO's) advising them of the revised reference rates for the office concerned.

During the reporting period the Tribunal considered submissions for new and existing offices, generally relating to reviews of remuneration and/or conditions, or changes to governance arrangements.

On the 22 June 2011 the Tribunal issued a statement advising the outcome of the 2011 annual remuneration adjustment. The band maxima and reference salaries of the Principal Executive office (PEO) classification structure were increased by 3% with effect from 1 July 2011, consistent with the Tribunal's general remuneration adjustment (Determination 2011/11). At 30 June 2011, there were 74 listed PEOs.

Consistent with Government policy to move away from direct ministerial involvement in remuneration decisions for public offices, with the agreement of the employing body, the Tribunal continued to consolidate performance pay arrangements into 'total remuneration' for PEOs with a Minister as their employing body.

Under the PEO classification structure determined by the Tribunal, the employing body is responsible for determining remuneration within the framework determined by the Tribunal.

The Tribunal regards the reference rate established for each office to be the appropriate level of remuneration for an experienced and competent office holder. An employing body may determine remuneration at a level up to 5% greater than the reference rate, on the basis of higher levels of skill and insight which an office holder with experience may be expected to bring to a position over time. Taking account of a new appointee's relative lack of familiarity with the responsibilities of a particular office, the employing body may also determine total remuneration at up to 10% less than the reference rate during the first 12 months, noting that remuneration may be increased up to the reference rate during that period. The Tribunal amended its Guide to the PEO Structure to reflect these views.

3.4 Judicial and Related Offices

The Framework

The *Remuneration Tribunal Act 1973*, empowers the Remuneration Tribunal to determine remuneration and associated entitlements for the federal judiciary, administrative tribunals and related offices in those organisations.

The extent of the Tribunal's power varies between offices. Depending on the type of office concerned, remuneration may be expressed as base salary or as 'total remuneration'. Associated entitlements may include: the value attributed to the Commonwealth's superannuation contributions or superannuation support, travelling allowance, Commonwealth and private vehicle costs, recreation leave, separation benefits, lump sum payments, other benefits received by way of remuneration packaging; and minimum annual fees for part-time office holders.

The Judiciary

The Tribunal determines base salary and related benefits for the Chief Justices and Justices of the High Court, Federal Court and Family Court; the Chief Federal Magistrate and Magistrates of the Federal Magistrates Court of Australia; and Judges who sit as Presidents of an administrative tribunal (see below). The Tribunal also determines recreation leave entitlements (but not other leave entitlements) for Federal Magistrates.

In determining remuneration for judges, the Tribunal is mindful of sub-section 72(iii) of the Constitution, which prohibits diminution of a judge's remuneration while the judge remains in office.

Administrative Tribunals

The Tribunal determines remuneration and related benefits for the non-judicial Presidents, Deputy Presidents and Members of tribunals such as the Copyright Tribunal, the Australian Competition Tribunal, the Australian Law Reform Commission and the National Native Title Tribunal.

Related Offices

The Tribunal determines remuneration and related benefits for a range of non-judicial positions in the courts, including the chief executives of the High Court, Federal Court, Family Court and Federal Magistrates Court of Australia. Remuneration for these offices is expressed as 'total remuneration'.

Entitlements Outside the Tribunal's Determinative Powers

The Tribunal does not determine the entire range of employment provisions available for judicial and related offices. They may receive other entitlements outside the Tribunal's determinative powers, for instance under:

- legislation administered by the Commonwealth Attorney-General, including: the *Judges' Pensions Act 1968*, the *Judicial and Statutory Officers (Remuneration and Allowances) Act 1984*, and the *Judges (Long Leave Payments) Act 1979*;
- general Commonwealth laws concerned with employment, such as the *Long Service Leave (Commonwealth Employees) Act 1979*; and
- the authority of the relevant federal court, tribunal or the administering government department.

The Federal Judiciary

Annual Adjustment

As noted elsewhere in this report, the 2010 annual review adjustment was deferred due to the federal election on 21 August 2010. Subsequently, the Tribunal determined⁵ with effect from August 2010, a 4.1% adjustment to the remuneration of judicial and related offices.

The adjustment, which was made by Determination 2010/12, was equivalent to an annual increase of 3.8% from 1 July 2010.

On the 22 June 2011, the Tribunal issued a Statement⁶ advising the outcome of the 2011 annual remuneration adjustment. The remuneration of these offices was increased by 3% with effect from 1 July 2011 by Determination 2011/10.

Review of Relativities

Following the completion of an extensive review of remuneration relativities in the federal courts in October 2009, the Tribunal decided to determine an increase of 6% for all judicial offices in the High Court, Federal Court, Family Court and Federal Magistrates Court, to be applied through four adjustments of 1.5% each.

The first two adjustments were made prior to the current reporting period.

The Tribunal took into account developments concerning the family law courts (i.e. the Family Court and the Federal Magistrates Court) and confirmed that the final two adjustments should apply to all judicial offices in the federal courts. The third adjustment was made via Determination 2010/19 with effect from 1 November 2010. The fourth and final adjustment, which had effect from 1 May 2011, was made by Determination 2011/05⁷.

Judicial Remuneration Coordination Group

In accordance with an annual practice established in 1990, in May 2011 the Tribunal convened a meeting of the Commonwealth/State Judicial Remuneration Coordination Group (JRCG) to discuss issues relevant to the remuneration of the judiciary across all jurisdictions. These included the final outcomes of the review of relativities referred to above and the alignment between state and federal courts.

⁵ Tribunal Statement of 24 August 2010.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

⁶ Tribunal Statement of 22 June 2011.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

⁷ Tribunal Statement of 28 April 2011

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

3.5 Parliamentary

The Framework

Base Salary

In 1999, the Tribunal was asked by the Government to report on parliamentarians' base salary and to identify a reference salary and mechanism for adjustment. The Government, and subsequently both Houses of Parliament, accepted the Tribunal's recommendation that the reference salary be Reference Salary A in Band A of the Principal Executive Office structure. This recommendation was given effect by the *Remuneration and Allowances Regulations 1999*. The *Remuneration and Allowances Act 1990* (R&A Act) and the Regulations under that Act provide the mechanism for setting the annual base salary to be paid to Members of the Parliament. Prior to the making of the R&A Act, the Tribunal had determined the annual base salary directly.

The percentage of the reference salary which constitutes the base salary for parliamentarians has varied over time. Most recently, a 2008 amendment to the Regulations means that the base salary, expressed as an annual figure, is effectively Reference Salary A less \$5,470.

Additional Salary for Ministers and Parliamentary Office Holders

The Tribunal reports annually to the Minister on the additional salary of ministers of state. The actual salaries are a matter for decision by Executive Government.

The Tribunal determines the additional salary for holders of more than 50 parliamentary offices such as the Leader and Deputy Leader of the Opposition, the Presiding Officers, Whips, and the Chairs and Deputy Chairs of various parliamentary committees.

Other Allowances and Entitlements

The Tribunal also determines a range of allowances and entitlements for Federal Senators and Members (including Ministers). These include travelling allowance rates and travel-related provisions (eg travel on scheduled domestic flights, car transport and overseas study travel), electorate allowance, qualifying periods for Life Gold Pass, severance travel (for those not qualifying for Life Gold Pass), and certain office facilities.

Entitlements Outside the Tribunal's Determinative Powers

The Tribunal does not determine the entire range of entitlements available for Members of Parliament. Matters relating to the provision of support for members of Parliament that are not within the jurisdiction of the Tribunal are decided by the Government, through the Special Minister of State, or the Parliament. The following Acts are relevant in this regard:

- *Parliamentary Allowances Act 1952*;
- *Ministers of State Act 1952*;
- *Parliamentary Contributory Superannuation Act 1948*;
- *Members of Parliament (Staff) Act 1984*;
- *Remuneration and Allowances Act 1990*;
- *Members of Parliament (Life Gold Pass) Act 2002*;
- *Parliamentary Superannuation Act 2004*; and
- *Parliamentary Entitlements Act 1990*

Parliamentary

Parliamentary Base Salary

The Tribunal's 2007/08 report outlined the method of calculating the base salary for parliamentarians. Until 2007/08, the base salary was set, by Regulation under the *Remuneration and Allowances Act 1990*, at an amount equivalent to Reference Salary A in Band A of the Principal Executive Office (PEO) classification structure determined by the Tribunal. Following an amendment to this Regulation in 2007/08, the base salary, as an annual amount, became Reference Salary A less \$5,470.

Determination 2010/14 increased Reference Salary A from \$136,510 to \$142,110 with effect from 1 August 2010. Consequently, the base salary for parliamentarians increased from \$131,040 to \$136,640 per annum from that date.

A further adjustment to Reference Salary A was made by Determination 2011/11 on 20 June 2011. It had the effect of increasing base salary to \$140,910 per annum with effect from 1 July 2011.

Additional Salary for Ministers and Parliamentary Office Holders

The Tribunal made Determination 2010/16, with effect from 1 November 2010, which set the rates of additional salary for parliamentary office holders (including the Opposition Leader, the Presiding Officers, leaders of minor parties, Party Whips and the Chairs of parliamentary committees). The overall pattern of rates, also expressed as a percentage of parliamentary base salary, was maintained and there were no substantive variations in the Determination from its predecessor.

The Tribunal does not determine the additional salaries of ministers. The Act obliges the Tribunal to report to Government annually on the additional salary payable to Ministers (subsection 6(1) of the Act). Under the Constitution, the salaries of Ministers are a matter for decision by Executive Government and do not require legislative action for implementation. The *Ministers of State Act 1952*, as amended, makes provision for an annual appropriation which is apportioned in annual salaries to the Prime Minister, Deputy Prime Minister, Treasurer, Leader of the Government in the Senate, Leader of the House, other Ministers and Parliamentary Secretaries.

Allowances and Entitlements for Senators and Members

The principal Determinations governing parliamentarians' allowances and entitlements during the reporting period were Determinations 2006/18: *Members of Parliament – Entitlements* and 2010/09: *Members of Parliament – Travelling Allowance*.

Determination 2006/18 was amended by Determination 2010/21 to provide guidance concerning the use of alternative modes of scheduled commercial transport for medical reasons. It was also amended by Determination 2011/12 to provide that senators and members elected at or after the 2004 general election would qualify for the Resettlement Allowance, subject to the other qualifying provisions, if they declared an intention to remain in the workforce after leaving Parliament.

Other Developments

As noted in the Tribunal's 2009/10 report, the Government established an independent panel (the Committee for the Review of Parliamentary Entitlements) in late 2009 to enquire into the parliamentary entitlements framework.

The Special Minister of State for the Public Service and Integrity, the Hon Gary Gray AO MP, tabled the Committee report in Parliament on 24 March 2011.

The Committee made a number of recommendations, including that the Government should restore the power of the Tribunal to determine parliamentary base salary. The Government

agreed and set out to achieve this through the enactment of the Remuneration and Other Legislation Amendment Bill 2011.

The Tribunal welcomed the introduction of the bill. As a result of correspondence between the Tribunal and Minister Gray, the Tribunal will also consider, and report to the Minister on, the other recommendations of the Committee, including consideration of broader entitlement issues such as parliamentarians' 'tools of trade'.

The bill was passed on 24 June 2011.

3.6 Official Travel

The Framework

Under the *Remuneration Tribunal Act 1973*, the Tribunal is responsible for setting travel allowances for office holders within its jurisdiction.

The general provisions for non-parliamentary office holders are set out in a single determination, which provides for different tiers of travel entitlement. The various remuneration determinations specify the travel tier applicable to an office and may also contain specific travel-related provisions for an office or a group of offices. Provisions for parliamentary office holders are set out in separate determinations.

The Tribunal determined new travel allowance rates for office holders, including parliamentary office holders, via Determinations 2010/08: *Official Travel by Office Holders* and 2010/09: *Members of Parliament – Travelling Allowance*. Determination 2010/08 amended principal Determination 2004/03 and Determination 2010/09 replaced previous principal Determination 2009/11. Both came into effect on 29 August 2010.

The new travel allowance rates closely reflected those in the Australian Taxation Office's *TD 2010/19 - Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2010-11 income year?*

3.7 Recreation Leave

The Framework

Under the *Remuneration Tribunal Act 1973*, the Tribunal is responsible for determining the recreation leave entitlements of full-time holders of relevant offices.

Relevant offices are those in relation to which there is a specific law of the Commonwealth (usually the Act establishing the office) which provides that the office holder has such recreation leave entitlements as are determined by the Remuneration Tribunal.

Judges, parliamentarians and part-time office holders do not have recreation leave entitlements determined by the Tribunal.

The recreation leave entitlement determined by the Tribunal is set out in Determination 2007/09: *Recreation Leave for Full-Time Holders of Relevant Offices*.

This entitlement is specified as follows:

“For each completed 12 months of service, there accrues to an Office Holder a credit of four weeks Recreation Leave, to be paid at the Office Holder’s normal weekly salary. This leave accrues on a pro rata basis.”

The amount of recreation leave is the same as that enjoyed by Australian Public Service employees.

Determinations 2011/08: *Remuneration and Allowances for Holders of Full-Time Public Office* and 2011/07: *Specified Statutory Offices – Remuneration and Allowances* refer to Determination 2007/09, thereby extending the entitlement to the public offices to which Determinations 2011/08 and 2011/07 apply.

Recreation leave entitlements for holders of Principal Executive Offices (PEO) are separately specified in Determination 2005/19: *Principal Executive Office - Classification Structure and Terms and Conditions*, which provides that PEOs are entitled to “paid annual leave of 4 weeks per year of full-time service”.

Offices specified in Tribunal Determination 2011/09: *Remuneration and Allowances for Holders of Part-Time Public Office* have no entitlement to recreation leave.

The Tribunal did not vary Determination 2007/09 over the course of the year.

3.8 Advisory Functions

The Framework

The Tribunal is required under several Acts to provide advice before remuneration for a relevant office is determined by the relevant minister. The Tribunal provides advice under the *Public Service Act 1999* to the Prime Minister about the remuneration of Departmental Secretaries; to the Special Minister of State for the Public Service and Integrity about the remuneration of the Public Service Commissioner and Merit Protection Commissioner; and to Agency Ministers about the heads of Executive Agencies, Australian Agency for International Development (AusAID), the Bureau of Meteorology, National Archives of Australia, CrimTrac, and Insolvency and Trustee Service Australia; and to the Presiding Officers under the *Parliamentary Service Act 1999*.

In accordance with the requirements of the *Public Service Act 1999*, the Tribunal advised the Prime Minister on the remuneration of Departmental Secretaries. It also advised each of the relevant Ministers on the remuneration and other conditions of Executive Agency Heads and the Office of the Public Service Commissioner. The Tribunal also provided advice to the Presiding Officers in relation to remuneration of the Heads of Parliamentary Departments, in accordance with the *Parliamentary Service Act 1999*.

3.9 Developments after 30 June 2011

As noted earlier, the Remuneration and Other Legislation Amendment Bill 2011 was passed by the Parliament on 24 June 2011. The *Remuneration and Other Legislation Amendment Act 2011* (ROLA 2011) was proclaimed on 5 August 2011. As a consequence the Tribunal's determinative jurisdiction was extended to:

- Secretaries of Departments (noting that the Tribunal also became empowered to determine all terms and conditions for these offices); and
- the determination of the 'annual allowance' (base salary) of federal parliamentarians.

Under the provisions of ROLA 2011, determinations made in relation to the forgoing matters are not disallowable instruments.

ROLA 2011 also extended the Tribunal's determinative jurisdiction to include the offices of Public Service Commissioner, Merit Protection Commissioner and Agency Heads established under the *Public Service Act 1999*.

On 5 August 2011, the Tribunal published the conclusions arising from its review of the public offices of the Australian Prudential Regulation Authority, the Australian Securities and Investments Commission, and the Australian Consumer and Competition Commission. The Tribunal's Statement is available on its website⁸.

On 18 July 2011, under the *Remuneration Tribunal Act 1973*, the Hon Gary Gray AO MP, Special Minister of State for the Public Service and Integrity, declared the offices of Governor and Deputy Governor of the Reserve Bank of Australia into Band E of the Tribunal's Principal Executive Office classification structure and declared the Reserve Bank Board to be the employing body with effect from 25 July 2011. Consequently the terms of the Tribunal's Determination 2005/19: *Principal Executive Office – Classification Structure and Terms and Conditions* and associated guidelines apply to these offices.

On 15 August 2011, the Tribunal revised annual travelling allowance rates for public office holders and parliamentarians. The Tribunal's Statement on this matter is available on its website⁹. Reflecting its previous practice, the Tribunal adjusted these rates in a manner consistent with the adjustments made by the Australian Taxation Office.

In September 2011, in the context of its review of part-time offices, the Tribunal wrote to responsible Ministers seeking advice about the levels of demand associated with each part-time office in their portfolio. The Tribunal asked that the advice be provided by 31 December 2011. The analysis of the Ministers' responses will be relevant to the Tribunal's consideration of appropriate remuneration and associated arrangements for part-time offices.

⁸ Tribunal Statement of 10 August 2011.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

⁹ Tribunal Statement of 15 August 2011.

<http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

4. Financial Matters

The Tribunal is supported by a Secretariat staffed by APSC employees. Appendix 4 provides contact details for the Secretariat. The Tribunal's financial requirements are met through APSC program component 1.1.3 – Australian Government Employment Workplace Relations. There is no separate form of accounts applicable to the Tribunal.

5. Consultancies

The Secretariat has an ongoing contract with Morris Walker Pty Ltd (Morris Walker) for the provision of media advisory and specialist public relations services to the Tribunal. This will expire in December 2011.

As part of the Tribunal's review of Specified Statutory Offices, the Department of Education, Employment and Workplace Relations, as the then responsible agency, entered into a contract with Bennelong Resources Pty Limited (Egan Associates) – for the provision of assistance with the review.

Responsibility for this consultancy passed to the APSC on the making of the AAO in September 2010.

6. Legislative Requirements

6.1 Occupational Health and Safety Act 1991

The Tribunal Secretariat is provided by the APSC and is subject to its policies and practices in relation to occupational health and safety. Information about its policies is available in the APSC's Annual Report.

6.2 Advertising and Market Research (Commonwealth Electoral Act 1918)

The Tribunal did not undertake any paid advertising or market research activities in the reporting year.

6.3 Environment Protection and Biodiversity Conservation Act 1999

The Tribunal Secretariat is provided by the APSC and is subject to its policies and practices in relation to meeting the requirements of the *Environment Protection and Biodiversity Conservation Act 1999*. Information about the APSC's policies is available in its Annual Report.

6.4 Freedom of Information Act 1982

The Tribunal is subject to the provisions of the *Freedom of Information Act 1982* (FOI Act). The Tribunal received six requests for access to documents under the FOI Act during the reporting year.

The information required to be published under s8 of the FOI Act is set out at Appendix 5.

6.5 Legislative Instruments Act 2003

During the year, all Tribunal determinations were legislative instruments for the purposes of the *Legislative Instruments Act 2003* (the LI Act). Under the LI Act, Tribunal Determinations made after 1 January 2005 (the date of commencement of most provisions of the LI Act) have been provided to the Attorney-General's Department by the Tribunal for registration on the Federal Register of Legislative Instruments. The LI Act then requires the Attorney-General's Department to table a copy of the Determination in both houses of the Parliament within 6 sitting days of registration. Sub-section 7(8) of the *Remuneration Tribunal Act 1973* provides that either house may pass a resolution 'disapproving' the determination within 15 sitting days after the determination has been tabled. No Tribunal Determinations were disallowed during the year.

As a consequence of ROLA 2011, Tribunal determinations dealing with Secretaries of Departments and the 'annual allowance' (base salary) of federal parliamentarians will not be disallowable instruments.

Appendix 1 – Tribunal Statement of 22 June 2011



Remuneration Tribunal 2011 Review of Remuneration for Holders of Public Office

Statement

Overview

The Tribunal has determined an adjustment of 3% in the remuneration of public offices in its jurisdiction with effect from 1 July 2011. In arriving at this conclusion, the Tribunal has taken account of economic conditions in Australia, movements in remuneration generally, including in the Australian Public Service, as well as its current program of reviews.

Background

The adjustments in the remuneration of public offices determined by the Tribunal in 2009¹ and 2010² were modest.

While the Tribunal's disposition towards adjustments in remuneration continues to be one of moderation, such an approach cannot stand in isolation from developments more generally, particularly in the public sector. As the Tribunal noted in its Statement of 24 August 2010:

"Given the movements in SES remuneration, the relationship between risk and responsibility, on the one hand, and remuneration, on the other, is out of alignment. In the Tribunal's judgement, this factor alone indicates that the remuneration of senior public offices is less than it should be."

The Tribunal has commented previously on the scale and complexity of the responsibilities of senior public offices. The Tribunal regards it as important that their remuneration should be commensurate with their responsibilities. Increasingly, however, it is not. Much of the Tribunal's recent work has been directed towards addressing this.

The Economic Situation

The Tribunal derives guidance about general economic circumstances from material published by a range of authoritative sources including the Reserve Bank of Australia and the Australian Bureau of Statistics. The Tribunal's Statement of 24 September 2009 also noted the submissions made on behalf of the Government, in 2008 and 2009, by the Attorney-General, the Hon Robert McClelland MP.

Present Conditions

The 'Economic Outlook' published in the context of the 2010-2011 Budget included the following Overview:

¹ Effective 1 October 2009

² Effective 1 August 2010

"The Australian economy is growing solidly as a self-sustaining private sector recovery takes hold. Output and incomes growth are strengthening and unemployment is falling. However, these positive developments are taking place against the backdrop of an uncertain global economic environment. The potential for a renewed deterioration in the major advanced economies and transmission of weakness to the developing world presents considerable risks to the domestic economic outlook.

"Notwithstanding these risks, the world economy is forecast to continue growing at a solid pace. While growth in the major advanced economies is expected to slow, the emerging economies of Asia are continuing to grow strongly. As a result, Australia's major trading partners are expected to grow at their fastest pace in over 20 years. This is boosting global demand for non-rural commodities and driving Australia's terms of trade to around record highs. This is expected to provide substantial impetus to domestic growth, supporting rising incomes and activity, underpinned by strong growth in exports and business investment.

"The Australian economy is expected to grow above trend over the forecast horizon and, with an already tight labour market, reach capacity within the next year or so. Consequently, inflation is forecast to rise over the forecast horizon, although the withdrawal of monetary and fiscal stimulus and appreciation of the Australian dollar are helping to contain demand and inflationary pressures."

The general economic outlook, notwithstanding some uncertainties, appears to be positive.

Movements in Wages

The Reserve Bank of Australia publishes a graph in its Statement on Monetary Policy showing growth in the wage price index. The latest graph (Graph 5.6) is at page 58 of the May 2011 Statement.

The Bank's Statement includes the following commentary on this aspect of developments in the economy:

"Growth in average labour costs has picked up from the low outcomes seen in 2009, in line with the tightening in the labour market. The wage price index rose by 1 per cent in the December quarter, to be 3.9 per cent higher over 2010; this was a little above the average rate since the series began in 1997. The rise in wage growth reflects a pick-up in private-sector wage growth, with public-sector wage growth – which was relatively unaffected by the economic slowdown – moderating slightly over 2010."

In general, it appears that the wage price index in the public sector has been trending down towards 4%, while that of the private sector has been trending up towards 4%.

The following table shows trend movements in the Wage Price Index published by the Australian Bureau of Statistics³. The figures for the public sector suggest that, after an extended period of annual (quarter-to-quarter) increases of more than 4.0%, increases in the public sector are settling below that level. Figures for the APS tend to confirm this.

³ 6345.0 - Labour Price Index, Australia, June 2010 - Trend

Wage Price Index			
[Trend change from corresponding quarter of previous year]			
Year	Quarter	Australia	Public Sector
2011	Mar	4.0	3.7
2010	Dec	3.8	3.9
	Sep	3.6	4.0
	Jun	3.0	4.0
	Mar	2.9	4.2
2009	Dec	3.0	4.2
	Sep	3.4	4.5
	Jun	3.9	4.5
	Mar	4.2	4.4
2008	Dec	4.2	4.1
	Sep	4.0	3.8
	Jun	4.1	3.8
	Mar	4.1	3.9

The Tribunal has also noted the data published in the March 2011 edition of the Department of Education, Employment and Workplace Relations' publication, *"Trends in Federal Enterprise Bargaining"*. It reports – for the September quarter 2010 - Average Annualised Wage Increases (AAWI) incorporated in public sector agreements approved in that quarter of 4.7% (private sector, 4.1%) and, for all public sector agreements then current, an AAWI of 4.2% (private sector, 4.0%).

On 3 June 2011, the Minimum Wage Panel of Fair Work Australia published a Statement giving the results of its Annual Wage Review 2010-11⁴ wherein it stated at paragraph 14: "The increase in modern award minimum wages we have decided on is 3.4 per cent." This is effective from the first full pay period on or after 1 July 2011.

Federal Public Sector Remuneration

The Tribunal has noted the Australian Public Service (APS) Bargaining Framework (as at January 2011), including the distinctions between the arrangements applying to Senior Executive Service (SES) employees and non-SES employees.

To the extent that there is any APS employment group that the Tribunal considers to be particularly relevant to public office holders, it is the SES .

The Tribunal has commented, previously, about the distinctions between the roles of SES employees and those of the holders of public offices, particularly where the latter have responsibility for exercising statutory responsibilities and for leading agencies of considerable significance. The Tribunal observed then that:

"... while the responsibilities of an SES office may be onerous, they are, in general, not of the same order as those of an agency head or of a public office carrying particular statutory powers."

⁴ Fair Work Australia – Annual Wage Review 2010-2011 - <http://www.fwa.gov.au/index.cfm?pagename=wagereview2011&page=decisions>

The Tribunal has drawn attention, repeatedly, to the magnitude of movements in SES remuneration. The Tribunal's August 2010 Statement noted that median SES Band 3 total remuneration (excluding performance pay) had increased by a compound rate of 6.15% in the ten years since 1998. According to the SES Remuneration Survey as at December 2009 (the latest data available), although the compound rate of increase had decreased a little, it had still been 5.88%, per annum, for the 11 years since 1998. At the 3rd quartile, the compound annual increase was 6.19%.

Sustained increases of this magnitude cannot be overlooked in establishing proper remuneration for public offices. Indeed, the Tribunal is coming to the view that the SES Band 3 level is a useful indicator in gauging appropriate remuneration for higher-level public offices. Such offices tend to be distinguished from positions held by APS SES employees in their having a high degree of autonomy and demanding 'head of agency' responsibilities. Moreover, SES employees are often the direct reports of the holders of such public offices. Factors of these kinds need to be reflected in remuneration and the Tribunal's reviews are directed, in part, to this end.

The outcome of these reviews is another factor to be taken into account in assessing any annual adjustment to be applied generally.

The Tribunal's Forward Work Program

The Tribunal's expectation is that its current reviews will address long-standing inequities and inconsistencies in the remuneration of public offices; assist in ensuring a closer alignment between remuneration and responsibilities; and lead to simplified remuneration arrangements in Tribunal determinations. The following notes are intended to provide an outline of the scope of this work-in-progress.

The Specified Statutory Offices

There are five public offices in the Specified Statutory Office (the SSO) group. Each is singular; each has demanding responsibilities; each is invested with a high degree of autonomy.

The offices concerned are:

- Chief of the Defence Force;
- Commissioner of Taxation;
- Chief Executive Officer of the Australian Customs and Border Protection Service;
- Auditor-General for Australia; and
- Australian Statistician

The functions for which they are responsible are central to effective federal public administration.

Historically, the remuneration of this group of offices has been aligned broadly with that of Secretaries of Departments. However, since Secretaries were removed from the Tribunal's jurisdiction (by the passage of the *Public Service Act 1999*), differences in terms and conditions have developed between these offices and Secretaries.

The statutory terms of appointment and termination are significantly different. Indeed, in contrast to Secretaries, those applying to the SSO group are more akin to those, for example, of the public offices of regulatory agencies.

These and other considerations will be reflected in the outcome of the Tribunal's review of these offices which the Tribunal expects to publish before the end of 2011.

The Public Offices of APRA, ASIC and ACCC

The Tribunal has mentioned its review of these offices previously⁵. The Tribunal last reviewed them in 2006. Its Statement of June 2006 included the outcomes of that review. The Tribunal noted then that:

"The work of these agencies is central to the effective functioning of the Australian economy."

Since that assessment, the significance of the responsibilities of each of these agencies has increased. The performance of Australia's financial system - and the economy more generally - through the global financial crisis, and subsequently, has demonstrated their effectiveness.

The Tribunal is mindful of the publication, this year, by the Reserve Bank of Australia of the remuneration received by its Governor and Deputy Governor (noting that the Tribunal does not determine their remuneration).

In the light of the Tribunal's review and the movement in remuneration of the Reserve Bank of Australia offices, the Tribunal considers that material adjustments in remuneration will be required for the senior offices of the economic regulatory agencies within its jurisdiction.

Full-Time Public Offices

The full-time offices for which the Tribunal determines remuneration are, between them, responsible for many, if not most, of the functions vested in the federal public administration.

In the Tribunal's judgement, the present remuneration of full-time offices is less than it should be and, as a consequence of developments over time, excessively stratified. The Tribunal's current review of its present determination of the remuneration of full-time offices, generally, will take these and other matters into account.

Part-Time Public Offices

The Tribunal, in the Overview to its 2008-2009 Annual Report, referred to the significant and diverse roles of part-time offices and to the Tribunal's view that the effective performance of significant parts of federal public administration depends largely on the work of part-time office holders. The Tribunal went on to note that, in its assessment, remuneration data showed that:

"...the remuneration of part-time offices (which have no access to the leave and similar entitlements of APS employees) is also less than it might justifiably be, relative to APS employees."

In the Overview to its 2009-2010 Annual Report, the Tribunal noted that it expected to commence a review of part-time offices in 2010-2011.

⁵ The Tribunal's Statement of 24 August 2010 and the Overview to the Tribunal's 2009-2010 Annual Report refer

The review has confirmed that the remuneration of part-time offices - particularly those at the lower levels of the Tribunal's determinations - is significantly less than it should be. Remuneration needs to be at least of a level to allow the Commonwealth to attract people of capacity and standing - people who must undertake their responsibilities with the high levels of professionalism and commitment that the Commonwealth expects but which, to an increasing extent, is taken for granted.

Accordingly, the Tribunal is giving careful consideration to means by which the remuneration of part-time offices might be restructured so that it better reflects the levels of responsibility of the offices concerned. The Tribunal also considers that there is considerable scope to rationalise the present diverse and cumbersome remuneration structure (so as to establish fewer and more distinct levels).

The Federal Judiciary

The Tribunal completed its review of remuneration relativities among judicial offices within Australia's federal courts earlier in 2011.

As a consequence of the review, the remuneration of all federal judicial offices was increased in four steps each of 1.5%, with the final adjustment having a date of effect of 1 May 2011. The Tribunal, in the Statement⁶ issued in April 2011, referred to the continuing adjustment of federal judicial structures (particularly in the family law system). The Statement concluded with the following observation:

The Tribunal will consider the question of whether differences in work value within the federal court structure require attention in the future – for example in the context of the expected legislation when it is brought before the Parliament or as a consequence of the Tribunal's review of other offices within its determinative jurisdiction.

The Tribunal is also mindful of matters raised through the Judicial Remuneration Coordination Group (representing federal, state and territory bodies responsible for setting judicial remuneration).

Legislation

The Special Minister of State for the Public Service and Integrity, the Hon Gary Gray AO MP, introduced the *Remuneration and Other Legislation Amendment Bill 2011* in the House of Representatives on 24 March 2011.

The Bill, if enacted, will enable the Remuneration Tribunal to determine parliamentary base salary and the terms and conditions of Secretaries of Departments (and some other Commonwealth office holders).

In the context of the introduction of the Bill, and following the Tribunal's request, Minister Gray also agreed that the Tribunal should consider the other recommendations of the Report of the Review of Parliamentary Entitlements (the Belcher Report).

If the Tribunal's responsibilities are extended as proposed, the Tribunal will issue a further Statement, or Statements, outlining its intentions in respect of parliamentary remuneration and other entitlements, and its proposals in respect

⁶ Remuneration Tribunal Statement - "Remuneration in Australia's Federal Courts" – 28 April 2011 - <http://www.remtribunal.gov.au/statementsreports/default.asp?menu=Sec8&switch=>

of Secretaries of Departments. In relation to Secretaries, the Tribunal notes that it published Part I of its Report of its Review of the Office of Secretary in March 2010.

The Tribunal's Conclusion

The likely outcome of these reviews suggests the across-the-board adjustment we are now considering should be constrained somewhat and we have decided the appropriate increase to apply from 1 July 2011 should be 3%. We may review this amount again when the outcome of our forward work programme has been clarified.

Remuneration Tribunal

22 June 2011

Enquiries

Enquiries may be directed to the Tribunal's Media Adviser on (02) 6162 0021 or through enquiry@remtribunal.gov.au.

Appendix 2 – List of Determinations and Reports for 2010-2011

During the reporting year, the Tribunal issued the following Reports, Determinations and Statements. No Determinations were disallowed during the year.

Copies of these documents can be obtained from:

- The tabling offices of the Senate or the House of Representatives;
- The Tribunal's website www.remtribunal.gov.au; and
- The Federal Register of Legislative Instruments website www.frli.gov.au

2011/12	Members of Parliament - Entitlements
Statement	2011 Annual Review of Remuneration for Holders of Public Office
2011/11	Principal Executive Office (PEO) Classified Structure and Terms and Conditions
2011/10*	Judicial and Related Offices – Remuneration and Allowances
2011/09*	Remuneration and Allowances for Holders of Part-Time Public Office
2011/08*	Remuneration and Allowances for Holders of Full-Time Public Office
2011/07*	Specified Statutory Officers – Remuneration and Allowances
2011/06	Remuneration and Allowances for Holders of Public Office
Statement	Remuneration in Australia's Federal Courts
2011/05	Judicial and Related Offices – Remuneration and Allowances
2011/04	Remuneration and Allowances for Holders of Public Office
2011/03	Remuneration and Allowances for Holders of Public Office
2011/02	Remuneration and Allowances for Holders of Public Office and Members of Parliament
Statement	Proposed Amendment of the <i>Remuneration Tribunal Act 1973</i>
2011/01	Remuneration and Allowances for Holders of Public Office
2010/21	Remuneration and Allowance for Holders of Public Office, Judicial and Related Offices, and Members of Parliament - Entitlements
2010/20	Remuneration and Allowances for Holders of Public Office
2010/19	Judicial and Related Offices – Remuneration and Allowances
Statement	Remuneration in Australia's Federal Courts
2010/18	Remuneration and Allowances for Holders of Public Office
2010/17	Remuneration and Allowances for Holders of Public Office
Report 1	Report on Ministers of State – Salaries Additional to the Basic Parliamentary Salary
Statement	Salaries Additional to the Basic Parliamentary Salary
2010/16*	Parliamentary office Holders – Additional Salary
2010/15	Remuneration and Allowances for Holders of Public Office
2010/14	Principal Executive Office (PEO) Classification Structure and Terms and Conditions
2010/13*	Specified Statutory Officers – Remuneration and Allowances
2010/12*	Judicial and Related Offices – Remuneration and Allowances

2010/11*	Remuneration and Allowances for Holders of Part-Time Public Office
2010/10*	Remuneration and Allowances for Holders of Full-Time Public Office
2010/09*	Members of Parliament Travelling Allowance
2010/08	Official Travel by Office Holders
Statement	2010 Travelling Allowance Rates for Public Office Holders and Parliamentarians
Statement	2010 Review of Remuneration for Holders of Public Office
Statement	2010 Annual Adjustment – Deferral of Announcement

* These documents are Principal Determinations

Appendix 3 – Variation to Bodies/Offices in 2010-2011

Full-Time Offices

New

Australian Building and Construction, Commissioner
Information Commissioner
Freedom of Information Commissioner
Aboriginal Hostels Limited, General Manager
Deputy, Australian Building and Construction Commissioner

No Longer Appearing in the Determination

Nil

Renamed

President, Human Rights and Equal Opportunity Commission: now President, Australian Human Rights Commission

Part-Time Offices

New

Advisory Committee on Medicines Scheduling
Advisory Committee on Chemicals Scheduling
Australian Astronomical Observatory – Advisory Committee
Australian National Preventive Health Agency (ANPHA) – Advisory Council
Australian Government Reconstruction Inspectorate
Examiner, Australian Crime Commission

No Longer Appearing in the Determination

Social Security Appeals Tribunal, Director
Australian Fair Pay Commission
Australian Technology Group
Bioengineering and Biomaterials – Subcommittee
Implantable Medical Devices Tracking – Sub committee
Low Emissions Technology Demonstration Fund – Expert Panel
National Drugs and Poisons - Schedule Committee
Owner-Driver Review Panel
Rural Workforce Agency Evaluation – Advisory Committee
Tax Agents' Board
Congenital Abnormalities – Subcommittee
Expert Group on outpatient Services
Fractionation Subcommittee of Human Pituitary - Advisory Committee
General Practice Co-ordination Group
General Practice Education and Training Council
General Practice Policy Group
General Practice Recognition Appeals Committee
General Practice Recognition Eligibility Committees
National Drug Information Advisory – Subcommittee
SSAT Medical Member

Renamed

Safe Work Australia Council: now Safe Work Australia

Anti-Doping Research Panel: now Anti-Doping Research Program Panel

TSRA – Member Advisory Council; now TSRA – Member Advisory Committee

Judicial and Related Offices**No Longer Appearing in the Determination**

Federal Police Disciplinary Tribunal, Member

Appendix 4 – Secretariat

The Tribunal is supported by a Secretariat staffed by officers of the Australian Public Service Commission.

The Secretary to the Tribunal is Mr Derren Gillespie.

The Secretariat can be contacted by writing to:

The Secretary
Remuneration Tribunal Secretariat
PO Box 281
CIVIC SQUARE ACT 2608

Or via:

Phone: (02) 6202 3930
Fax: (02) 6202 3906
Email: enquiry@remtribunal.gov.au

This Annual Report is available on the Tribunal's website: www.remtribunal.gov.au

Media inquiries should be directed to:

Ms Danielle Morris
Morris Walker Pty Limited

Phone: (02) 6162 0021
Fax: (02) 6162 0023
Mobile: 0412 181 389
Email: dmorris@morriswalker.com.au

Appendix 5 – Freedom of Information Act 1982

This information is published in accordance with the requirements of former section 8 of the *Freedom of Information Act 1982* (the FOI Act) in relation to the period 1 July 2010 to 30 April 2011. From 1 May 2011 agencies subject to the FOI Act are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. The information that is published in accordance with the IPS requirements can be accessed from the Tribunal website.

Establishment

The Remuneration Tribunal is an independent statutory authority established under the *Remuneration Tribunal Act 1973* (the Act).

Organisation

The Tribunal comprises three part-time members, one of whom is appointed as President.

Functions/Powers

The Tribunal's role is to determine, report on or provide advice about remuneration, allowances and entitlements that are within its jurisdiction, for the following:

- Full-time and part-time public offices;
- Judicial and non-judicial offices of federal courts and tribunals;
- Principal Executive Offices; and
- Federal Parliamentarians, including Ministers and Parliamentary Office Holders.

The *Remuneration and Other Legislation Amendment Act 2011* (ROLA 2011) was proclaimed on 5 August 2011. As a consequence the Tribunal's determinative jurisdiction was extended to:

- Secretaries of Departments (noting that the Tribunal also became empowered to determine all terms and conditions for these offices); and
- the determination of the 'annual allowance' (base salary) of federal parliamentarians.

ROLA 2011 also extended the Tribunal's determinative jurisdiction to include the offices of Public Service Commissioner, Merit Protection Commissioner and Agency Heads established under the *Public Service Act 1999*.

The *Parliamentary Service Act 1999* requires the Speaker of the House of Representatives and the President of the Senate to consult the Tribunal about the remuneration of the offices of Secretaries of the Parliamentary Departments, the Parliamentary Service Commissioner and the Parliamentary Service Merit Protection Commissioner prior to making a determination.

Under s11(1) of the *Remuneration Tribunal Act 1973*:

- a) the Tribunal may inform itself in such manner as it thinks fit;
- b) the Tribunal may receive written or oral statements;
- c) the Tribunal is not required to conduct any proceeding in a formal manner; and
- d) the Tribunal is not bound by the rules of evidence.

Categories of Documents

Documents maintained by the Tribunal include:

- Determinations, Explanatory Statements and Reports made by the Tribunal;
- minutes of Tribunal Meetings and documents placed before meetings;
- submissions from interested parties; and
- files dealing with matters that have been referred to the Tribunal.

FOI procedures and initial contact points

Formal FOI procedures for the Tribunal are managed by the Australian Public Service Commission. In the first instance persons wishing to gain access to documents relating to the work of the Tribunal should write to or contact the Secretary of the Tribunal at the following address:

The Secretary
Remuneration Tribunal
PO Box 281
CIVIC SQUARE ACT 2608

Phone: (02) 6202 3930
Fax: (02) 6202 3906
Email: enquiry@remtribunal.gov.au

Media inquiries should be directed to:

Danielle Morris
Morris Walker Pty Limited

Phone: (02) 6162 0021
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Mobile: 0412 181 389
Email: dmorris@morriswalker.com.au

Appendix 6 – Acronyms

AAO	Administrative Arrangements Order
AAWI	Average Annualised Wage Increase
APS	Australian Public Service
APSC	Australian Public Service Commission
CEO	Chief Executive Officer
DEEWR	Department of Education, Employment & Workplace Relations
FTOH	Full-Time Office Holder
FOI	Freedom of Information
FOI Act	Freedom of Information Act 1982
JRCG	Judicial Remuneration Coordination Group
LI Act	Legislative Instruments Act 2003
PEO	Principal Executive Office
PTOH	Part-Time Office Holder
ROLA 2011	Remuneration and Other Legislation Amendment Act 2011
RTS	Remuneration Tribunal Secretariat
SES	Senior Executive Service
SSO	Specified Statutory Office