

1996-1997 Annual Report

*Excerpt from Remuneration Tribunal Annual Report 1996-97
as per s12AA of the Remuneration Tribunal Act 1973 ("the Act")*

As required under sub-section 8(1) of the Act, all groups within the Tribunal's jurisdiction, constituting more than 1500 offices, were reviewed during the year. The Tribunal continued its practice of recent years of spacing reviews out during the year, so that each group receives duly close attention.

In addition, in accordance with sub-section 8(2) of the Act the Tribunal determined remuneration for some 78 new offices or offices where duties had changed substantially.

A summary of the major decisions in relation to groups within jurisdiction is follows.

Members of Parliament

1996/97 Review of Allowances and Entitlements

Interim changes were made to cost-based allowances (Electorate Allowance, Charter Transport and Parliamentary Secretary Expenses of Office) to reflect cost movements from 1 October 1996. At that time, the Tribunal also decided to undertake a detailed and comprehensive review of allowances and entitlements in 1997, in light of many submissions seeking a closer focus on differences in electorate needs, elimination of unnecessary restrictions and to acknowledge the changing demographics of Parliamentary membership.

As at 30 June 1997 this review was still proceeding, with a completion date expected in September/October 1997. The review will also re-examine the design of provisions to ensure that the underlying purpose is clear, and so that any potential for misuse, intentional or unintentional, is minimised.

Additional Salary for Ministers

The Tribunal's Report on this matter (No. 1 of 1996) provides that additional salaries for Ministers should be adjusted from time to time by the same percentage as increases in backbenchers' annual rate of salary. During 1996/97 this nexus produced one adjustment of 2%, from 17 October 1996.

Judicial Remuneration

1996 Review

The Tribunal's 1996 Review of judicial remuneration proceeded on the generally accepted basis established in 1994 - it had regard to recruitment and retention issues, relative remuneration (including of private sector chief executives, public office holders, and members of the Bar), to judicial salaries paid elsewhere, and to movements in overall wages and prices.

Based on these criteria and in light of the submissions made, and other available data examined, the Tribunal determined an adjustment of 4.25% to all judicial offices within its jurisdiction, from 19 August 1996.

Coordination of Judicial Remuneration

The Judicial Remuneration Coordinating Group, comprising most State/Territory tribunals with responsibilities in this area was originally established through a Premiers' Conference decision and more recently confirmed by the Standing Committee of Attorneys-General. It meets annually to discuss matters of mutual interest. Its Meeting for 1997 is scheduled for August.

Departmental Secretaries and Full-time Statutory Office-holders

Base salaries were adjusted by the Tribunal by 2% from 17 October 1996, matching an enterprise bargaining increase in the Public Service.

On 26 June 1996 the Minister for Industrial Relations, Hon Peter Reith introduced public service legislation into Parliament which would see significant alterations in the way Departmental Secretary and office-holder remuneration has to date been fixed. Under this proposed legislation, the Tribunal would continue to have responsibilities, together with relevant agency Ministers and the Prime Minister. More detail may be found in the Minister's Second Reading Speech.

Part-time Statutory Office-holders

Determination No. 14 of 1996 adjusted per annum and per diem rates of fees for part-time holders of public offices from 17 October 1996. The Determination resulted from a full review of all such offices commenced in May 1996. The average increase was within the range of 4% and 5%, although some bodies were adjusted by more, and some by less, than this average. The review had regard to responsibilities and personal liabilities of Directors flowing from changes to legislation governing publicly owned authorities and companies, changes in workload and movements in Board fees in the general business community.

Part-time office-holders are appointed to Boards of Government Business Enterprises (GBEs), to Commissions, Councils or Committees having executive or management powers for statutory bodies, to regulatory or review tribunals, or to Commissions, Councils or Committees advising government or government bodies. Persons elected to bodies such as the Aboriginal and Torres Strait Islander Commission are also encompassed within this category.

New or Significantly Changed Offices

In respect of the on-going activity relating to new public offices or significant changes to the functions and responsibilities of existing public offices, the Tribunal made 14 determinations covering some 78 public offices, and also indicated what levels of remuneration would be appropriate for offices to be brought within the Tribunal's jurisdiction at some future date.

Developments in Wage Fixation Generally

The passage of the *Workplace Relations Act 1996* places emphasis squarely on Agreement-making as the primary mode of wage fixing. The AIRC's Principles of Wage Determination and National Wage Cases, as a guide for this Tribunal's work are now negligible in assessing remuneration for the executive groups in this Tribunal's jurisdiction.

The Tribunal notes, once again, the problems that can be caused by rapid rises in executive remuneration and the lack of evidence of a clear relationship between these rapid rises and productivity growth or managerial performance. The labour market for executives is an imperfect one, and movements do not always reflect a genuine contribution to the enterprise's objectives. Nevertheless, the impact of the competitiveness of Commonwealth remuneration on its capacity to attract and hold good quality staff cannot be ignored.

The Tribunal will in its current work have due regard to the range of matters which it has noted as relevant in the past, including:

- the performance of executives in driving and overseeing Agency performance, and their contributions to whole-of-Government productivity improvement;
- the ability of the Commonwealth to retain and recruit persons with the necessary qualities and skills;
- movements in the private market for executives and in relevant State/Territory jurisdictions;

- wage adjustments from Agreement-making at agency or workplace level in Commonwealth bodies; and
- economic indicators and the need for due economy in Government expenditure.

Government Business Enterprises

During the year, the Tribunal continued its role, as required under sub-section 5(2) of the Act, in providing advice to certain Government Business Enterprises (GBEs) on remuneration levels for their chief executive officers.

The arrangements for the review of the remuneration of chief executive officers of GBEs include that the remuneration of the chief executive officers of those GBEs are to be fixed by their boards and that the boards are to consult with the Remuneration Tribunal prior to negotiation on remuneration packages.

Overall, the Tribunal considered that the proposals for increases submitted for consideration over the year were appropriate.

Minister's Powers in relation to the Tribunal

Over the course of the year the Minister for Industrial Relations referred eleven new bodies into the Tribunal's jurisdiction under sub-section 3(4) of the *Remuneration Tribunal Act 1973*.

The Minister made no appointments under sections 4A or 11(2) of the Act.

Likewise, the Minister made no requests under subsections 6(3) or 7(4) of the Act.