



REMUNERATION TRIBUNAL

Explanatory Memorandum Determination 2001/22 – Principal Executive Office (PEO) Classification Structure and Terms and Conditions

1. The Remuneration Tribunal has inquired into and determined the classification structure for Principal Executive Offices, as it is empowered to do by the *Remuneration Tribunal Act 1973*.
2. Clause 1 specifies the Principal Determination 1999/15 for the purposes of the Determination.
3. Clause 2 deletes Clause A6 from the Principal Determination.
4. Clause 3 inserts a note into the Principal Determination. This note clarifies the original intent of the old Clause A6. It specifies that the Remuneration Tribunal has the power under the *Remuneration Tribunal Act 1973* to allow an employing body to set terms and conditions that are inconsistent with the Principal Determination if the Tribunal has consented to this in writing.

It also seeks to loosen the additional scrutiny placed on PEOs with Total Remuneration of \$270,000 or more and limit the additional scrutiny to increases in Total Remuneration as provided for under the amended clause D1 of the Principal Determination.

5. Clause 4 amends Clause B9 of the Principal Determination to loosen the additional scrutiny on the valuation of compulsory employer superannuation contributions in a PEO's Total Remuneration package. Employing bodies who make payments to the Commonwealth's Public Sector Superannuation Fund or based on the superannuation guarantee amounts set by the Australian Taxation Office will be able to value the compulsory employer superannuation contributions based on their contribution rates without seeking the Tribunal's prior approval.

The operation of this clause is subject to the employing body keeping the appropriate documentation.

6. Clause 5 replaces clause D1 of the Principal Determination. In conjunction with the old clause A6 of the Principal Determination, the Tribunal previously required PEOs with Total Remuneration of \$250,000 or more to seek the Tribunal's advice before its employing body could make any changes to their Total Remuneration. Other employing bodies were allowed to increase or decrease a PEO's Total Remuneration by up to 5% during the 2001/2002 financial year, where productivity or work value grounds supported an increase, without the prior approval of the Tribunal. The Tribunal is now lifting the additional scrutiny threshold to cover PEOs with Total Remuneration of \$270,000 or more.

Authority: Sub-sections 5(2A), 7(3D) and 7(4)
of the *Remuneration Tribunal Act 1973*