



REMUNERATION TRIBUNAL

The Hon John Fahey MP
Minister for Finance and Administration
Parliament House
CANBERRA ACT 2600

Dear Minister

ANNUAL REPORT 1998–99

We have pleasure in presenting you the Tribunal's annual report for 1998–99. Section 12AA(2) of the *Remuneration Tribunal Act 1973* (the Act) requires you to cause a copy of this report to be laid before each House of Parliament within 15 sitting days of receipt.

In accordance with the Act, this report addresses the operations of the Tribunal and of its advisory jurisdiction over the year to 30 June 1999.

Ministerial and parliamentary remuneration

The current system of parliamentary remuneration is set out in some six main pieces of legislation. Within this system, the Tribunal determines certain allowances for all 224 federal Senators and Members, and the additional salary of up to 30 Ministers and holders of 44 parliamentary offices.

The Tribunal reviewed aspects of parliamentary remuneration during 1998–99 as required by the Act, and recommended:

- no change in the additional salary of Ministers and parliamentary office holders until such time as MPs' base salary can be adjusted (Report 1998/01);
- a one-off amnesty in the 60-day rule for lodgement of travel allowance claims, as part of the transition to the new travel allowance system determined by the Tribunal with effect from March 1998;
- payment of certain expenses for MPs involved in official campaign committees for the Republic Referendum and in the Federation Fund (Determinations 1998/26 and 1998/20); and
- changes in rules governing transport and postage (Determination 1998/26).

As a result of some of these decisions, the circumstances in which MPs can utilise certain official expenses has increased. However, their remuneration has continued to decline in real terms as legislation has effectively frozen MPs' base salary at October 1996 levels.

It is difficult to isolate and estimate the additional cost to the taxpayer of the changes announced by the Tribunal in 1998–99. Many entitlements are presently uncapped and can be utilised in a range of circumstances. Their use by MPs also tends to fluctuate from year to year during the life of a Parliament.

Judicial remuneration

The current system of judicial remuneration is set out in three main pieces of legislation. Within this system, the Tribunal determines salary and some principal allowances for over 60 judicial and related offices. We are also being consulted about remuneration of the proposed new federal magistracy.

During 1998–99, the Tribunal reviewed aspects of judicial remuneration as required by the Act, and determined a 5.5% increase in base salary for all judicial and related offices.

As a result, judicial remuneration has continued to improve in real terms and is broadly keeping pace with executive salary movements. Moreover, during this period:

- Two of Australia's most outstanding and successful barristers have agreed to accept appointment as judges of the Federal Court of Australia.
- Judges have continued to serve until close to the statutory retirement age of 70 years, with seven of the ten judges retiring aged at least 65 years.

Agencies are required to fund pay rises from within their existing budgets.

Executive and board remuneration

The Tribunal advises on the remuneration of the chief executives of 12 Government Business Enterprises. The Tribunal also determines some or all aspects of the remuneration of over 800 offices including:

- other chief executives including the Departmental Secretaries;
- the governing boards of various Commonwealth entities; and
- a range of other full-time and part-time office holders, including 16 offices added to the Tribunal's jurisdiction in 1998–99.

During 1998–99, the Tribunal reviewed aspects of executive and board remuneration as required by the Act, and determined:

- for part-time office holders - an average 5.5% increase in daily/annual fees from 1 March 1999, and a new category of "unspecified" daily fees (Determination 1999/03);
- for Departmental Secretaries and specified statutory office holders - a 12% increase in total remuneration with effect from 31 March 1999 with a second 12% increase from 31 March 2000 (Determination 1999/04); and
- for other full-time office holders - an average 5% increase in base salary from 31 March 1999 (Determination 1999/05).

These decisions will assist the Commonwealth recruit and retain people with the necessary qualities and skills. They also go some way towards linking performance with pay, and recognising the total cost of employment to the Commonwealth.

Agencies are required to fund pay rises from within their existing budgets.

Remuneration disclosure

All Tribunal decisions and reports are matters of public record, and must be tabled in both Houses of Parliament under section 7(7) of the Act. During 1998–99, the Tribunal issued 1 report and 20 determinations (list attached). All of these documents:

- were tabled by you as the Minister for Finance and Administration in both Houses of the Parliament within the timeframe required by section 7(7) of the Act; and
- sat before each House of the Parliament for a further 15 sitting days, without a disapproval motion being passed by any Senator or Member.

An explanatory statement accompanies each Tribunal determination. The Tribunal generally takes a wide range of factors into account, including broad economic circumstances and specific workplace factors such as work value, productivity, recruitment and retention.

Individual agencies are required to disclose the number of officers receiving remuneration of more than \$100,000 a year within \$10,000 bands, in their financial statements. Remuneration disclosure standards have recently tightened for companies

listed in Australia, and we will consider the case for extending these standards to Commonwealth agencies over 1999-2000.

Tribunal members are remunerated under the *Remuneration Tribunal (Members' Fees and Allowances) Regulations*. Fees were last amended by Statutory Rule No. 1998/308 of 12 November 1998 and amount to \$52,000 for the President and \$25,000 for members.

Administrative and secretariat issues

The Tribunal's membership did not change over 1998–99. Members' terms of office and attendance at meetings over 1998–99 was as follows:

	<i>Appointment date</i>	<i>Term of office</i>	<i>Meetings attended</i>	<i>Meetings held</i>
Mr Richard Humphry AO	4 March 1998	5 years	4	4
Mr John Conde AO	18 June 1998	5 years	4	4
Mr Trevor Kennedy AM	4 September 1995	5 years	4	4

Members of the Tribunal are part-time and have a range of business and private interests. From time to time, members of the Tribunal absent themselves from the discussion of certain agenda items where there is the possibility of a real or perceived conflict of interest.

Secretariat services to the Tribunal are provided by the Department of Finance and Administration (DOFA). We would like to acknowledge the high standard of services provided by DOFA, and also the increased resources that DOFA has made available to assist us to:

- prepare for and manage changes associated with the PECTA bill; and
- further simplify the remuneration framework for senior Commonwealth offices and realign it with community standards.

Like other parts of DOFA, the Tribunal Secretariat is subject to the *Freedom of Information (FOI) Act 1982*. Two FOI requests were received in 1998–99, which involved a number of other agencies and which were ultimately handled by another part of DOFA. For the purposes of the FOI Act, we should also mention that:

- the powers and functions of the Tribunal and of you as the Minister are as outlined in this report; and
- FOI procedures are in accordance with those of DOFA.

On a related issue, the Tribunal now maintains a comprehensive website at www.dofa.gov.au/remtribunal. The website is regularly updated and easy to search. It replaces the annual book of Tribunal decisions and reports previously published and distributed through Australian Government Information Shops.

This concludes the Tribunal's annual report for 1998–99.

Yours sincerely,

Richard Humphry
PRESIDENT

John C Conde
MEMBER

Trevor Kennedy
MEMBER

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REMUNERATION TRIBUNAL DETERMINATIONS AND REPORTS 1998–99

During 1998–99, the Remuneration Tribunal issued the following reports and determinations. Copies of these documents can be obtained from:

1. the tabling offices of the Parliament of the Commonwealth of Australia; and
2. the Tribunal's website www.dofa.gov.au/remtribunal

<i>Document</i>	<i>description</i>	<i>Availability on-line#</i>	
1999/10	Amending determination	As signed	
1999/09	Amending determination	As signed	
1999/08	Individual determination	As signed	
1999/07	Individual determination	As signed	
1999/06	Amending determination	As signed	
1999/05	Principal determination – full time offices	As signed	Paste-up
1999/04	Principal determination – Secretaries and specified statutory offices	As signed	Paste-up
1999/03	Principal determination –part time offices	As signed	Paste-up
1999/02	Amending determination	As signed	
1999/01	Amending determination	As signed	
-	Report 1 of 1998 on Ministers' Additional Salary	As signed	
1998/27	Amending determination	As signed	
1998/26	Principal determination – Parliamentary entitlements	As signed	Paste-up
1998/25	Amending determination	As signed	
1998/24	Amending determination	As signed	
1998/23	Amending determination	As signed	
1998/22	Amending determination	As signed	
1998/21	Amending determination	As signed	
1998/20	Amending determination	As signed	
1998/19	Individual determination	As signed	
1998/18	Amending determination	As signed	

Note about on-line availability of documents

Like legislation, Tribunal determinations are amended from time to time. Current principal determinations are available in "paste-up" or consolidated form as shown above, in hypertext markup (html). Signed copies of determinations, which provide formal authority to pay, are also available in portable document format (pdf). To view this files you need Adobe Acrobat reader version 2 or higher, free from Adobe.

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