



REMUNERATION TRIBUNAL

November 2002

The Hon Tony Abbott MP
Minister for Employment and Workplace Relations
Parliament House
CANBERRA ACT 2600

Dear Minister

ANNUAL REPORT 2001-2002

We have pleasure in presenting to you the Tribunal's annual report for 2001-2002. 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 your receiving it.

In accordance with the Act, the report addresses the operations of the Remuneration Tribunal (the Tribunal) in the year to 30 June 2002.

During the year, Administrative Arrangements Orders signed by the Governor-General on 26 November 2001 transferred responsibility for the *Remuneration Tribunal Act 1973* from the Minister for Finance and Administration to the Minister for Employment and Workplace Relations.

The Tribunal has responsibility for determining, or advising upon, the remuneration and allowances for a broad range of senior Commonwealth public offices.

Ministerial and parliamentary remuneration

The current system of parliamentary remuneration is set out in five main Acts:

Parliamentary Allowances Act 1952;
Parliamentary Contributory Superannuation Act 1948;
Parliamentary Entitlements Act 1990;
Remuneration and Allowances Act 1990; and
Remuneration Tribunal Act 1973.

The Tribunal determines certain allowances for all 226 federal Senators and Members of Parliament and the additional salary for holders of 43 Parliamentary offices. The Tribunal reports to Government on the additional salary of up to 42 Ministers, including the Prime Minister.

The Tribunal has an advisory role in the setting of base salary for federal parliamentarians. As outlined in its Report 1999/01 of December 1999, the Tribunal was asked by 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 a salary within the Tribunal's Principal Executive Office (PEO) Classification Structure. The relevant reference salary of the PEO Structure (A of Band A) was \$95,600 per annum as at 1 July 2001.

Matters relating to the provision of support for Senators and 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.

As required by the Act the Tribunal considered a range of parliamentary allowances during 2001-2002, and:

- amended principal Determinations 1998/08 and 1998/26 to reflect changes in the electoral representation for the Northern Territory, enhance accountability arrangements governing travel to the external territories by parliamentary committees, and provide for pro-rata usage during an election year of overnight stays by the relevant shadow minister with responsibility for the external territories (Determination 2001/25);
- amended principal Determination 1998/26 to enable re-elected Senators and Members to call-forward up to 25 per cent of the next financial year's communications allowance immediately following a general election (Determination 2001/27);
- amended principal Determination 1998/08 to make changes to the Prime Minister's accommodation and sustenance provisions (Determination 2002/02); and
- prepared the annual report on Ministers' additional salary (Report No 1 of 2002) and issued a determination on parliamentary office holders' additional salary (Determination 2002/08).

On 26 September 2001, the Tribunal issued its 'Statement on Federal Senators and Members – Overseas Travel Review and Other Matters' and accompanying Determination 2001/20. The review had commenced in December 2000. Determination 2001/20 amended principal Determination 1998/26 in several respects:

- to allow a Member, from the date of formal determination of the new electoral divisions by the Australian Electoral Commission, to use the communications allowance entitlement to communicate with residents of an adjoining or nearby area, if that area and part of the Member's existing electoral division were to become part of the same electoral division;
- to remove the administrative burden of returning any unused communications allowance on the last business day before polling day to the Commonwealth. The availability of unused funds is now ceased through electronic means; and
- to make available to designated persons the entitlement to claim private vehicle allowance, as is the case for spouses, nominees and dependent children, for added flexibility within the family travel entitlement.

However, as outlined in the Statement to the Review, the Tribunal had not decided fully on a number of matters. It stated that it would keep these under consideration to be dealt with comprehensively at a later stage. These matters were: accompanying spouses on overseas study travel; overseas travel by Opposition shadow ministers; the extension of items claimed under overseas study travel; and pre-departure statements for overseas study travel.

On 9 April 2002, the President of the Tribunal wrote to all federal Senators and Members inviting submissions to the Tribunal's 2002 annual review of parliamentary allowances for expenses of office. Submissions were sought by 19 July 2002, with a view to finalising the review by late September 2002.

In his letter, the President noted that the purpose of the review was to examine fundamentally all parliamentary entitlements, with particular focus on travel-related entitlements, and establish whether the existing framework was continuing to meet the needs of parliamentarians. The Tribunal would examine the feasibility of introducing fewer but broader categories of capped entitlements, having regard to reducing the gap between parliamentary expenses and community standards as appropriate.

As well as any matters raised in submissions, issues to be encompassed in the 2002 annual review included:

- outstanding matters from the 2001 overseas travel review;
- evaluating the aggregation arrangements put in place in 2000 for the communications and charter transport allowances for Members representing electorates of 300,000 square kilometres or more;
- ad hoc matters raised by individual Senators and Members outside the review cycle; and
- the referral from the Government for inquiry into a 'redundancy type' benefit for parliamentarians
 - this referral was received from the Government in September 2001 and made in the context of changes to superannuation arrangements for Senators and Members who entered the Parliament after the November 2001 election. The Government asked that the Tribunal inquire into a redundancy-type benefit for those parliamentarians to assist them re-establish themselves in the workforce if they left the Parliament involuntarily.

The 2002 annual review was still in progress at the end of the reporting year.

Judicial remuneration

Three main Acts establish the current system of judicial remuneration: the *Judicial and Statutory Officers (Remuneration and Allowances) Act 1984*, the *Remuneration Tribunal Act 1973* and the *Judges' Pensions Act 1968*. The Tribunal issues a consolidated determination for all judicial and related offices. In its 2001 annual review of aspects of judicial remuneration, the Tribunal determined an average increase of 4.0% to the base salary of judicial and related offices, effective on and from 1 October 2001, as set out in Determination 2001/23 (Judicial and Related Offices – Remuneration and Allowances).

In July 2001, following consultation with relevant bodies, the Tribunal released a paper entitled 'Judicial and Related Offices' Remuneration 2001 Review – Discussion Paper'. The paper provided background information and identified key issues needing consideration, including relativities between courts and jurisdictions, elements of remuneration and allowances that make up judicial remuneration, the linkage between productivity, performance and remuneration of judicial offices and salary packaging. The impact on the federal justice system of the Federal Magistrates Service, which completed its second year of operation in June 2002, was also to be considered in the review.

Following release of the discussion paper, in August 2001 the Tribunal placed advertisements in *The Australian Financial Review's* Legal Section, *The Australian* and all major metropolitan newspapers. The advertisements notified the Tribunal's intention to undertake a review of judicial salaries and invited submissions from interested organisations and individuals. The President of the Tribunal also wrote to all State and Territory Attorneys-General and Chief Justices of the Supreme Courts in April 2002 to advise them of the Review, and invite their comments. Up to 30 June 2002, the Tribunal had received 14 submissions to the review. The review is expected to be concluded in late 2002.

Public office holders - executive and board remuneration

Under the Act, the Tribunal is responsible for setting the remuneration and some allowances for a broad range of full-time and part-time holders of public office.

Principal Executive Offices

The Principal Executive Office (PEO) Structure is designed to allow flexibility to office holders and their employing bodies to negotiate details of total remuneration, with access to salary packaging and performance bonuses. The Tribunal advises the Minister responsible for the Act on the total remuneration and appropriate Band level for each PEO. Part D of the PEO Determination (1999/15) allows for the total remuneration of PEOs who receive less than \$270,000 Total Remuneration per year to be increased or decreased by up to 5% by the employing body without reference to the Tribunal. Guidelines for the Structure set by the Tribunal in the Determination emphasise performance as an important element in setting remuneration levels.

Amendments were made to the Act in May 2001, in order to reinforce the Tribunal's role in the PEO Structure. The changes were made to ensure that PEO remuneration practices of the bodies employing PEOs remain consistent with Commonwealth remuneration policy. Now that the strengthened PEO Structure has been in place for a full financial year, information on the operation of the Structure is available.

At 31 December 2001, the Ministers for Finance and Administration and Employment and Workplace Relations had declared 59 PEOs under Section 3A of the Act. In addition, to 30 June 2002, a further 12 PEOs have been declared, making a total of 71 PEOs classified under the Structure by Ministers acting on the Remuneration Tribunal's advice. At the time of declaration the Ministers, as permitted under subsection 3A (4) of the Act, fixed commencing total remuneration amounts for all these offices.

PEO employing bodies are required to report to the Tribunal on total remuneration levels of each PEO. Reporting on the 59 PEO offices moved into the Structure between 4 May 2001 and 31 December 2001 showed that at 31 December 2001, percentage changes to the level of remuneration on movement into the Structure were as follows:

- 27 PEOs had received an increase of 5%;
- 19 had received no increase (14 of these had been in the structure for three months or less);
- 5 had received an increase of 4%;
- 2 had received an increase of 2%;
- 2 had received increases of 3% and 1% respectively and
- 2 offices were not occupied.

In relation to two PEO offices, the Tribunal indicated that increases of 7% and 10% respectively would be appropriate. That advice was given following submissions made by their employing bodies that demonstrated work value and productivity changes.

Holders of full-time and part-time public office

During 2001-2002, the Tribunal reviewed aspects of executive and board remuneration as required by the Act, and determined:

- for full-time office holders – an average 3.3% increase in base salary from 5 April 2002;
- for part-time office holders – an average 3.3% increase in annual or per diem fees from 5 April 2002, and a new level of fees for members of Audit or Risk Management Committees; and

- through the consideration of individual cases, 76 new levels of base salary, remuneration or performance bonus arrangements for new and existing public offices.

In April 2002, the Tribunal wrote to full-time office holders advising them of the commencement of a major review into their remuneration arrangements. The review covers most of the full-time offices that remain outside the Tribunal's PEO Structure. Those offices include positions for which an employing body cannot be specified; and/or where it is not appropriate to apply a system of performance assessment.

The Tribunal's review is intended as a basis for the introduction of total remuneration structure for these offices. The aim is to establish a consistent remuneration measure across the full time offices in alignment with the PEO structure, as far as is appropriate to the circumstances of the offices under review. The total remuneration approach provides increased flexibility for individual office holders by enabling them to cash out certain benefits.

In addition, in accordance with the requirements of the *Public Service Act 1999*, the Tribunal advised the Prime Minister on the remuneration of Departmental Secretaries, and the Minister Assisting the Prime Minister for the Public Service on the remuneration of the Public Service Commissioner. It also advised each of the relevant Ministers on the remuneration and other conditions for three Executive Agency Heads.

Disclosure of decisions

The Act requires that all Tribunal reports and determinations must be tabled in both Houses of Parliament (sub-sections 6(5) and 7(7) refer). During 2001-2002, the Tribunal issued one report and 27 Determinations (listed in Appendix 1). All of these documents:

- were tabled in both Houses of the Parliament by the Minister for Finance and Administration, or the Minister for Employment and Workplace Relations, as the responsible Minister at the time of tabling and within the timeframe required by the relevant subsections of the Act; and
- lay before each House of the Parliament for the required further 15 sitting days, without a disapproval motion being initiated by any Senator or Member.

An explanatory memorandum is tabled with each Tribunal determination. The Senate Standing Committee on Regulations and Ordinances scrutinises each Tribunal determination and any regulation tabled by the Minister for Employment and Workplace Relations under the *Remuneration and Allowances Act 1990* and the *Remuneration Tribunal Act 1973*.

The Tribunal issues an accompanying statement, outlining its reasons for decisions, with each of its major determinations. The Tribunal generally takes into account a wide range of factors, including broad economic trends, issues relevant to the employment market, and specific workplace factors such as work value, productivity, recruitment and retention as is appropriate to the particular offices which it has considered and determined upon.

Copies of the Tribunal's determinations, statements and other information are available on its website at www.remtribunal.gov.au.

Administrative and secretariat issues

Members' terms of office and their attendance at meetings for the reporting year are as follows:

	<i>Appointment date</i>	<i>Term of office</i>	<i>Tribunal sessions attended*</i>
Mr Richard Humphry AO	4 March 1998	5 years	18
Mr John Conde AO	18 June 1998	5 years	18
Ms Janet Grieve	12 April 2000	5 years	18

* *Tribunal sessions include face to face meetings and out of session consideration of items.*

The Tribunal also consulted various interested parties in person, by telephone and in discussions held in Sydney and Canberra.

Members of the Tribunal are appointed on a part-time basis and have a range of business and private interests. From time to time, a member of the Tribunal may withdraw herself or himself from the discussion of certain agenda items where there is the possibility of a real or perceived conflict of interest. Conflict of interest statements are updated on a regular basis.

Support for the Tribunal's work is provided by a Secretariat located in the Department of Employment and Workplace Relations. We would like to acknowledge the high standard of support provided by the Secretariat during the course of the year.

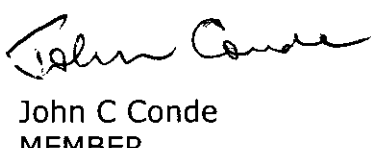
The records held by the Secretariat are subject to the operation of the *Freedom of Information Act 1982* (the FOI Act). FOI requests to the Tribunal Secretariat are handled by the Department in accordance with its procedures. There were two FOI requests received in 2001-2002. For the purposes of the FOI Act, we note that the powers and functions of the Tribunal and of the Minister for Employment and Workplace Relations are as outlined in this report.


The Tribunal has no matters to report under section 74 of the *Occupational Health and Safety (Commonwealth Employment Act) 1991*, section 516A of the *Environment Protection and Biodiversity Conservation Act 1999* or under the *Commonwealth Electoral Act 1918*.

This concludes the Tribunal's annual report for 2001-2002.

Yours sincerely


Richard G Humphry
PRESIDENT


John C Conde
MEMBER


Janet Grieve
MEMBER

Appendix 1**Remuneration Tribunal Determinations and Reports 2001-2002**

During 2001–2002, the Remuneration Tribunal issued the following reports and determinations. Copies of these documents can be obtained from:

1. the tabling offices of the Senate or the House of Representatives; and
2. the Tribunal's website www.remtribunal.gov.au

<i>Document</i>	<i>Description</i>	<i>Availability on-line#</i>	
2001/14	Amending Determination - Members of Parliament – Entitlements.	As signed	
2001/15	Amending Determination – Various Public Office Holders.	As signed	
2001/16	Amending Determination - Principal Executive Office (PEO) Classification Structure and Terms and Conditions	As signed	
2001/17	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2001/18	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2001/19	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2001/20	Amending Determination - Members of Parliament - Allowances	As signed	
2001/21	Amending Determination - Australian Securities and Investments Commission	As signed	
2001/22	Amending Determination - Principal Executive Office (PEO) Classification Structure and Terms and Conditions	As signed	
2001/23	Principal Determination - Judicial and Related Offices – Remuneration and Allowances	As signed	Paste-up

2001/24	Amending Determination - Remuneration and allowances for various public office.	As signed	
2001/25	Amending Determination - Members of Parliament – Entitlements	As signed	
2001/26	Amending Determination - Remuneration and allowances for various public office holders	As signed	
2001/27	Amending Determination - Members of Parliament – Entitlements	As signed	
2002/01	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2002/02	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2002/03	Amending Determination - Remuneration and Allowances of the Australian Submarine Corporation	As signed	
2002/04	Amending Determination - Remuneration and Allowances for Various Public Office Holders	As signed	
2002/05	Amending Determination - Remuneration and Allowances of the Solicitor - General and the Director of Public Prosecutions	As signed	
2002/06	Amending Determination – Remuneration and Allowances for Various Public Office Holders	As signed	
2002/07	Principal Determination - Specified Statutory Officers - Remuneration and Allowances	As signed	Paste-up
2002/08	Principal Determination - Parliamentary Office Holders - Additional Salary	As signed	Paste-up
2002/09	Principal Determination - Remuneration and allowances for Holders of Full-Time Public Office	As signed	Paste-up
2002/10	Principal Determination - Remuneration and Allowances for Holders of Part-Time Public Office	As signed	Paste-Up

2002/11	Amending Determination - Principal Executive Office (PEO) Classification Structure and Terms and Conditions	As signed
2002/12	Amending Determination - Remuneration and Allowances for Holders of Public Offices	As signed
2002/13	Amending Determination - Remuneration and Allowances of the Australian Securities Investments Commission	As signed
2002/01 R	Report 1 of 2002 - Report on Ministers of State - Salaries Additional to the Basic Parliamentary Salary	As signed Paste up

Note about on-line availability of documents

Tribunal determinations are amended from time to time. Current principal determinations (bolded text) 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 these files Adobe Acrobat reader version 4 or higher is needed, which is available free from Adobe.