



Remuneration Tribunal

2014 Review of Remuneration for Holders of Public Office

Statement

The Tribunal's obligation, under sub-sections 7(1), (2), (3) and 8(1) of the *Remuneration Tribunal Act 1973* (the Act), is to make determinations in respect of remuneration for various offices within its jurisdiction at periods of not more than one year. The last group of principal determinations, in fulfilling this obligation, was made on 18 June 2013 with effect from 1 July 2013.

In conducting its annual reviews, the Tribunal takes account of a range of economic factors in Australia, as well as movements in remuneration in the private and public sectors, including the Australian Public Service (APS). This has been the Tribunal's approach for many years, as detailed in previous statements. It should be noted that remuneration for offices in the Tribunal's jurisdiction is set in the context of a broader job market and economy and not in a vacuum – the remuneration outlook for other jobs in the public sector is one of the most influential factors the Tribunal takes into account.

The Tribunal has been briefed on the Government's recently released Workplace Bargaining Policy for new enterprise agreements in the APS and federal public sector generally. This policy indicates that pay adjustments in that sector will be predicated on clearly defined improvements to productivity.

For some months, noting the Government's policy, it has been evident that any wages movement in the APS and federal public sector would be restrained. Indeed, at its April meeting, the Tribunal's preliminary conclusion was that it would determine no annual review increase for offices in its jurisdiction from 1 July 2014.

This conclusion has been supported by a submission from the Government to the Tribunal on its annual review, received last week in advance of today's scheduled Tribunal meeting. The Government considers that parliamentarians and Commonwealth office holders should lead by example in these matters. The Government's submission was that the Tribunal should not approve any increases in remuneration for any offices within the Tribunal's jurisdiction for at least one year.

DECISION

Taking into account these factors, especially the outlook for public sector remuneration, the Tribunal has decided to determine no annual adjustment to remuneration for offices in its jurisdiction from 1 July 2014.

This annual review decision will also apply to principal executive offices.

The Tribunal has further decided to defer the final remuneration increases for a number of offices that have been subject to comprehensive and detailed review by the Tribunal, resulting in significant overall increases, phased in over the past few years. This will impact Secretaries, the Specified Statutory Offices, and a number of full time offices that were granted remuneration increases as a result of the Tribunal's major reviews, completed in 2011 and 2012.

The Tribunal concluded that it would be unreasonable for it to determine increases for the most senior offices in the public service when those leaders are themselves managing new enterprise agreements pursuant to the Workplace Bargaining Policy. The question of budget stringency should apply to all offices equally.

Nonetheless the Tribunal does not retreat from its assessment of the proper relative remuneration of those most senior offices. The current decision is a temporary pause in the implementation of the conclusions reached by the Tribunal in 2011 and 2012.

The Tribunal will continue to monitor economic and wages growth information, as it remains committed to ensuring remuneration levels for public offices are competitive and maintained at levels that support the significant and valuable contribution of the office holders.

To give effect to these decisions, the Tribunal will make the necessary determinations prior to 18 June 2014. It will then further review these determinations before the same date in 2015.

OTHER BACKGROUND INFORMATION

The Tribunal determines remuneration for a wide range of the most senior full-time and part-time public offices, including the federal judiciary, and federal parliamentarians. The Tribunal's determinations - available on its website - <http://www.remtribunal.gov.au/> - list all such public offices.

The Tribunal also sets remuneration ranges for principal executive offices, for which precise arrangements are settled by their employing bodies – for example, boards of government business enterprises generally settle the ultimate salary arrangements for their chief executives. While these offices are not covered by the “not more than one year” rule, the Tribunal normally adjusts the remuneration ranges for those offices by the same percentage, and at the same time, as it adjusts remuneration for other offices.

As legislation specifies solely the maximum period between determinations at “not more than one year”, this means that the Tribunal can review remuneration at any lesser period that it sees fit. However, the Tribunal in practice has finalised its reviews annually, in recent years, at a scheduled formal meeting in May or early June, and with a normal date of effect for any adjustments of 1 July.

In 2011 and 2012, the Tribunal determined increases in remuneration for offices in its jurisdiction of 3%, with a 2.4% increase in 2013. Each of these decisions took effect on 1 July in the relevant year. When the Tribunal made its 2013 decision, it stated that it intended to review the decision towards the end of 2013 to see if any further adjustment was justified. The Tribunal did reconsider the matter late in 2013, and decided that the economic indicators at that time did not justify any further adjustment to remuneration.

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

Remuneration Tribunal
12 May 2014