



Remuneration Tribunal Statement Remuneration of Public Offices

**Australian Prudential Regulation Authority
Australian Securities and Investments Commission
Australian Competition and Consumer Commission**

Overview

This Statement sets out the conclusions arising from the Tribunal's review of the public offices of the Australian Prudential Regulation Authority (APRA), the Australian Securities and Investments Commission (ASIC), and the Australian Competition and Consumer Commission (ACCC).

The Tribunal considers that an increase in the remuneration of each of these offices is justified.

Background

The Tribunal last reviewed the public offices of these agencies in 2006. The Tribunal issued a Statement in June 2006 on the outcome of the review; a copy is available on the Tribunal's website¹.

In its 2006 Statement, the Tribunal said:

"The Tribunal's intention, in undertaking the review, has been to ensure that the remuneration of the offices concerned is appropriate, having regard to their respective responsibilities. The remuneration of such offices must also be sufficient to ensure that governments are able to appoint capable people with the skills and experience necessary to meet the very significant, and continually evolving, responsibilities of the offices concerned."

The Tribunal also observed then that:

"The work of these agencies is central to the effective functioning of the Australian economy."

The Tribunal's Statement of 22 June 2011 referred to the 2006 review and included the following observation:

"Since that assessment, the significance of the responsibilities of each of these agencies has increased. The performance of Australia's financial system - and the economy more generally - through the global financial crisis, and subsequently, has demonstrated their effectiveness."

¹ Remuneration Tribunal - Statement on 2006 Reviews of Remuneration and Allowances for Holders of Public Office - <http://www.remtribunal.gov.au/determinationsReports/byYear/2006dets/2006-13Statement.pdf>

This broad assessment does not do justice to the particulars of the evolving responsibilities of each agency.

Each is more central to the well-being of the community and to the Australian economy than it had been either in 2006 or previously. Together, they must manage issues critical to the economy and to the community. Each must be able to attract and retain appointees to the public offices concerned who possess the necessary talent and expertise, and who have the commitment to undertake these most challenging roles.

Although serious uncertainties continue, Australia has to date avoided the worst of the global financial crisis. The strength and resilience shown by financial institutions in difficult circumstances has been greatly assisted by the management of the general financial system by APRA and the Reserve Bank of Australia, including through APRA's engagement in the on-going development of the Basel financial framework.

ASIC's roles complement those of APRA. Whereas prudential supervision is APRA's primary focus, ASIC is concerned with corporate behaviour. ASIC's responsibilities have continued to expand. For example, ASIC, in 2010:

- took over responsibility for the supervision of trading on Australia's licensed equity, derivatives and futures markets;
- became the national regulator for consumer credit and finance broking; and
- became responsible for the regulation of trustee companies.

The ACCC's responsibilities have also been broadened substantially. Its engagement in areas such as telecommunications, water and energy regulation, and product safety have been extended.

The nation derives considerable benefit from each agency's work.

It is important that the remuneration of these offices be set consistent with their responsibilities.

Appropriate Remuneration

The Tribunal has been conscious, for some time, that the remuneration it has determined for public offices is not necessarily in keeping with the responsibilities that they exercise.

The Tribunal's July 2009 submission to the Productivity Commission put it this way:

"We have anomalies and inconsistencies in both full-time and part-time offices within our responsibilities where, clearly, men and women of capacity accept appointment without appropriate financial reward."

This is particularly the case for the most senior offices in the Tribunal's jurisdiction, including the Chairs of APRA, ASIC and the ACCC.

This assessment has been reinforced in the course of the Tribunal's review of the office of Secretary - the most senior office in the Australian Public Service (APS). Movements in the remuneration of senior APS employees, outside the purview of the Tribunal, and decisions elsewhere in the federal public sector, have also exposed discrepancies.

In its Statement of 24 September 2009, the Tribunal stated that it considered

"... it essential that the remuneration of the most senior public offices be restored to appropriate levels, over time."

This review is an important step in this necessary restoration.

The Tribunal's Conclusions

The Tribunal has concluded that the annual total remuneration for the public offices of APRA, ASIC and ACCC should be as follows:

	Australian Prudential Regulation Authority	Australian Securities & Investments Commission	Australian Competition & Consumer Commission
Chair	\$800,000	\$700,000	\$700,000
Deputy Chair	\$640,000	\$560,000	\$525,000
Member	\$600,000	\$500,000	\$450,000

The Tribunal has decided that these changes will be effective on and from 10 August 2011.

The Tribunal is conscious that these are significant adjustments. In the light of its other reviews, the Tribunal would propose not to adjust further the remuneration of these offices prior to the application of its 2013 annual adjustment.

Remuneration Tribunal

10 August 2011

Enquiries

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