



Remuneration Tribunal 2008 Review of Remuneration for Holders of Public Office

Statement

The Tribunal's obligation, under sub-sections 7(3) and 7(4) of the *Remuneration Tribunal Act 1973* (the Act), is to inquire into and determine remuneration and significantly related conditions for offices within its jurisdiction at least annually.

For several years, the Tribunal has been conscious of movements in the remuneration of the Senior Executive Service (SES) of the Australian Public Service (APS). APS remuneration survey data published to the end of 2006 show that SES remuneration had increased by between 5% p.a. and 6% p.a. for each of the previous eight years. More recent data indicate that this trend continued in 2007. Such movements are of particular import because many of the office holders for whom the Tribunal determines remuneration have APS SES officers working with, and for, them. The shifts in remuneration relativities that have occurred over a sustained period at these senior levels are, in the Tribunal's view, inconsistent with the responsibilities of the offices concerned and should be redressed.

In the absence of any other considerations, the Tribunal would have been disposed to determine a significantly greater adjustment than that upon which we have decided.

The present circumstances are challenging. The inflation rate for the twelve months to March 2008 was 4.2%. The average annualised wage increase (AAWI) in public sector wage agreements concluded in the December 2007 quarter was 4.2%. For all current public sector wage agreements, the average annualised wage increase was 4.3%. There have been public reports of more significant increases in certain parts of the public sector in some states.

However, we have been mindful of broader circumstances to which the Attorney-General, on behalf of the Government, referred in his letter to the Tribunal of 26 May 2008, in which attention was drawn to the Government's advocacy of *"pay restraint throughout the community, particularly for high income earners"*, having *"regard to the overall economic climate"*.

The Tribunal has had particular regard for this consideration, noting that increases in the remuneration of public offices over recent years have been modest. Indeed, the Tribunal has resisted the natural pressures of increases in SES remuneration on offices within its jurisdiction, obliging wage restraint on the part of the most senior officers. The Tribunal has also had regard for the wage setting decisions of the Australian Fair Pay Commission.

We have concluded that an increase of 4.3%, with effect from 1 July 2008, is appropriate and consistent with these various considerations. We have also decided to revisit these issues towards the end of 2008.

In relation to the Principal Executive Office (PEO) classification structure, the Tribunal has adjusted the salary bands and reference salaries by 4.3%. This increase will apply also to individual PEOs. The Tribunal will inform individual PEOs, and the relevant employing body, of the revised reference rate for the office concerned.

Parliamentarians

Remuneration and Allowances Amendment Regulations 2008 (No. 1) [FRLI F2008L01416] (the Regulation), made on 15 May 2008, and coming into effect on 1 July 2008, implements the Government's decision to maintain the base salary of parliamentarians at its present level, and to discount future increases.

As the additional salaries of parliamentary office holders and those of Ministers of State are expressed as percentages of the base salary, adjustments in their remuneration will be affected similarly.

The base salary of parliamentarians has hitherto been linked, by regulation, to Reference Salary A in the PEO classification structure. Although Reference Salary A will be increased by 4.3% as a consequence of the Tribunal's decision, the effect of the Regulation is that the increase in the Reference Salary will not flow on to parliamentarians.

Tribunal Determinations

The Tribunal's decision is reflected in the following Determinations:

- 2008/06 - which replaces the principal *Determination 2007/12 - Specified Statutory Officers - Remuneration and Allowances*;
- 2008/07 - which replaces the principal *Determination 2007/10: Remuneration and Allowances for Holders of Part-Time Public Office*;
- 2008/08 - which replaces the principal *Determination 2006/13 - Remuneration and Allowances for Holders of Full-Time Public Office*; and
- 2008/10 – which updates the principal *Determination 2005/19 - Principal Executive Office - Classification Structure and Terms and Conditions*.

Judicial and Related Offices

The Tribunal's usual practice has been to invite submissions about the annual adjustment from the various judicial and related offices within its jurisdiction.

The Tribunal's Annual Report for 2006/2007 referred to its review of aspects of the respective jurisdictions of the federal courts, their

workloads and other factors relevant to remuneration relativities. That work has been delayed pending the outcome of the review of the delivery of family law services to which the Attorney-General referred in his May 2008 letter to the Tribunal.

In the context of its annual review, the Tribunal advised the courts that it did not intend to seek submissions for this year's review, but that it would be willing to consider any submissions that a Court may wish to make.

The Tribunal has decided to extend the general annual adjustment of 4.3% to judicial and related offices. This decision is reflected in the following Determination 2008/09, which replaces the principal *Determination 2007/11 - Judicial and Related Offices - Remuneration and Allowances*.

Tabling of Determinations

The Tribunal's Determinations will be tabled in Parliament, as required by subsection 7(7) of the Act. They will also be made available on the Tribunal's website at www.remtribunal.gov.au and on the Federal Register of Legislative Instruments at www.comlaw.gov.au.

Enquiries may also be directed to the Remuneration Tribunal Secretariat:
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Remuneration Tribunal
5 June 2008