SUBMISSION TO REMUNERATION TRIBUNAL REVIEW OF THE REMUNERATION OF FULL-TIME PUBLIC OFFICES

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This submission complements my earlier submission to the Remuneration Tribunal's Review of Departmental Secretaries' Remuneration.

Several similar issues are involved regarding the remuneration of full-time offices:

- The relevance of career paths and occupations and the relevant labour markets to attraction and retention considerations;
- The relevance of the remuneration of direct support staff and the margins above that remuneration needed to reflect the additional responsibilities involved and capabilities required;
- Related to this in the case of offices typically filled by career public servants is the challenge involved because of the absence of a coherent remuneration regime in the APS, particularly at SES levels;
- The role of public service motivation (PSM) and the acceptance by most senior officials (and the Australian public) that attraction and retention do not require remuneration equivalent to what they might receive in the private sector.

These issues are of greater importance than equity across the range of public offices the Tribunal covers, a consideration the Tribunal's Consultation Paper appears to give excessive weight to. Consistency is important but equity across the system must not be at the expense of attracting and retaining the skills and other attributes required for particular public offices. This is not to deny that many of the offices listed are often filled by career public servants and a consistent approach for them should involve a considerable degree of equity (albeit reflecting the different responsibilities involved).

The following responds to key questions set out in the Consultation Paper.

1. **Views on the Tribunal's current remuneration framework**

The key features set out on pages 4 and 5 are supported. The only feature which may need further examination relates to superannuation. The Tribunal should ensure, as best it can, that public offices are treated similarly across defined benefit and defined contribution schemes; for most Commonwealth employees, the employer contribution in the case of defined contribution schemes is 15.4% of the base pay. That, plus a modest contribution by the employee, is of the right order to finance a retirement

income which maintains living standards at and through retirement for someone not eligible for any age pension.

> **Recommendation 1: The Tribunal should seek expert advice on how best to ensure that public offices are treated similarly across defined benefit and defined contribution superannuation schemes.**

There should be greater transparency of the Tribunal's processes with submissions being called for and then published (unless confidentiality is sought and deemed reasonable by the Tribunal). The Tribunal should also provide reasons for its determinations, particularly following periodic and targeted reviews.

> **Recommendation 2: The Tribunal should be more transparent, publishing the submissions it receives (unless confidentiality is sought and deemed reasonable by the Tribunal) and providing reasons for its determinations.**

The current Tribunal practice of annual and periodic and targeted reviews is supported. The annual reviews should continue to broadly maintain relativities between offices and with the rest of the public sector while the periodic and targeted reviews should involve more fundamental reconsideration. The latter may occur in light of material changes to functions etc. as the Consultation Paper explains but should also take place for every office at least every five years.

> **Recommendation 3: The current practice of annual and periodic reviews should continue, the latter occurring no less frequently than every five years.**

2. **Views on current processes for determining, reviewing and adjusting remuneration**

While the principles and factors set out in Table 1 on page 7 are mostly reasonable, 'work value' is a vague concept which is best guided by specific attraction and retention evidence and markets for the occupations candidates are drawn from.

'Relativities' similarly must take account of different occupations and career paths, as well as experience and levels of responsibility, to ensure the comparators are appropriate. Excessive weight towards comparing remuneration across all public offices will only lead to some being under-remunerated where the relevant occupational market remuneration is high and/or others being over-remunerated where the relevant occupational market remuneration is lower.

> **Recommendation 4: The Tribunal should focus on each office's relevant occupation and market and not give weight to comparisons across all offices (comparisons across offices drawing from the same occupation and market should certainly continue).**

Relativities with the remuneration of direct reports should also be a factor, particularly where it is common to appoint a direct report or someone from elsewhere within the public service. As mentioned above and discussed further below, this presents a challenge given the lack of coherence of APS remuneration, particularly at SES levels.

> **Recommendation 5: The Tribunal should have regard to the remuneration of direct reports, particularly where it is common to appoint a direct report or someone from elsewhere within the public service.**

Non-financial rewards should certainly be considered as indicated in Table 1. My preference, however, is to use the term 'public service motivation' and to recognise the wide acceptance, by both the public and most senior public servants and office-holders, that when contributing to the community through public service, some financial sacrifice (compared to private sector roles) is appropriate.

> **Recommendation 6: The Tribunal should continue to take non-financial rewards into account, drawing from the literature on public service motivation.**

3. **Feedback or observations regarding remuneration for specific offices**

The most appropriate comparator for several of the full-time offices is departmental secretaries, the subject of the other review by the Tribunal. My submission to that review questioned current determinations by the Tribunal and the way those determinations vary remuneration amongst secretaries.

Some of these offices are currently designated as Specified Statutory Offices but the rationale for such separate treatment is no longer apparent (if it ever was). This is illustrated most clearly by the Commissioner for Taxation being an SSO but the CEO of Services Australia not being an SSO. The Consultation Paper states that the Tribunal is considering incorporating the SSOs into the principal determination: that is supported.

> **Recommendation 7: Specified Statutory Offices should be incorporated within the Principal Determination.**

The positions of APS Commissioner, Commissioner of Taxation, CEO of Services Australia, Auditor General and the Australian Statistician mostly come from within the APS and the most relevant comparator is departmental secretaries. The remuneration for each of these should have some similarity to that of departmental secretaries. Some of these positions have statutory protections against termination, but all are for fixed terms with no guarantee of reappointment whether to the office concerned or an equivalent APS role. Whether these tenure arrangements warrant some or all of the compensation secretaries receive for loss of tenure is a matter for judgment by the Tribunal. As recommended in my earlier submission, greater security of tenure should

be offered to departmental secretaries, putting them on at least a similar footing to that of these full-time offices.

> **Recommendation 8: The remuneration of the Commissioner of Taxation, CEO of Services Australia, Auditor General and the Australian Statistician should be of a similar order to that of departmental secretaries.**

While the APS Commissioner currently has some responsibilities over departmental secretaries (such as advising on appointments and terminations and assessing performance), these are not sufficient to justify higher pay than most secretaries. A similar pay level is justified, however, given the frequent movements of secretaries into the position of APS Commissioner. Were the APS Commissioner made 'head of people' in the APS as recommended by the Thodey Report (or 'professional head of the APS' as I have recommended), some extra margin of pay might be warranted, though not as much as for the heads of PM&C or Treasury.

> **Recommendation 9: In the event that the status of the APS Commissioner within the APS is enhanced, the remuneration should be reviewed and set above that of most departmental secretaries.**

The Reserve Bank Governor is not mentioned in the Consultation Paper. I understand that is because the Reserve Bank board sets the Governor's remuneration. That seems to be based on treating the Reserve Bank as a government business enterprise despite its primary role clearly being as a regulator. As such, the Reserve Bank should be an APS agency and its Governor included in the Tribunal's Principal Determination for full-time public offices. The Governor is usually appointed from within the Bank or from Treasury, suggesting that departmental secretaries would again be the most appropriate comparator. particularly the Treasury Secretary. Leaving the Governor outside the scope of the Remuneration Tribunal presents a serious risk of undue pressure on the remuneration of the Treasury Secretary, and on remuneration in the Treasury (and elsewhere in the APS) more generally given the frequency of movements between the Bank and the Treasury.

> **Recommendation 10: The Reserve Bank Governor should be included in the Tribunal's Principal Determination, with the remuneration being of a similar order to that of the Treasury Secretary.**

The heads of APRA, ACCC and ASIC are usually appointed from outside the APS from the financial and legal sectors where market remuneration is higher than in the APS. APS positions in these cases are not appropriate comparators. The markets in which their careers operate may justify higher remuneration than offices whose responsibilities seem similar. It is possible that remuneration above that of departmental secretaries could be justified. In such a case, however, enhancing departmental secretaries' remuneration on grounds of some 'equity' argument would

not be justified (I disagree with the Consultation Paper's statement on page 9 that departmental secretaries provide an important upper-bound reference). But just as PSM is relevant to secretaries' pay, so is it also relevant to the heads of APRA, ACCC and ASIC. So fully matching the financial and legal sectors' market pay may not be warranted.

Recommendation 11: The most appropriate comparators for the heads of APRA, ACCC and ASIC are in the financial and legal sectors, not the public service.

Recommendation 12: The remuneration of departmental secretaries should not be used as a strict upper bound for full-time public offices.

Many (but by no means all) other full-time offices listed in Attachment A are mostly filled from within the APS or other jurisdictions' public sectors; APS comparators including direct reports are therefore appropriate. The problem here is the lack of coherence in APS remuneration, particularly for the SES. The Tribunal should seek advice from the APS Commission as to the regime it plans over time to achieve as it looks to remove the current spread of remuneration within each classification level.

As indicated in my earlier submission, I believe that the APS pay and classification regime requires fundamental changes including to margins between SES levels and between ELs and the SES. But if one uses for now the current median levels of TR for the SES (from the latest APS Remuneration Report for December 2025), offices above that of the Director-General of the Australian Centre for Disease Control in Attachment A currently receive TR above the median for SES Band 3 officers, those above the Chief Executive of Aboriginal Hostels Limited receive TR above the median for SES Band 2 officers and those above the CEO of the Torres Strait Regional Authority receive TR above the median for SES Band 1 officers. That might be a useful factor in assessing the appropriateness of the remuneration determined by the Tribunal for those positions which are mostly filled from within the public sector (and mostly from the APS). It might also lead to fewer pay points than currently apply across full-time public offices.

Recommendation 13: The APS Commission should advise the Tribunal about the pay and classification regime it plans to achieve over time to remove the current spread of remuneration particularly within each SES band.

Recommendation 14: In the meantime, the Tribunal might use as maximum comparators the current median TR for SES Bands 1, 2 and 3 for those offices often filled by career public servants, having regard for the specific responsibilities of each office and those of relevant SES officers.

For other offices, comparators should be identified based on the career paths and occupations of those who are mostly appointed. These may for example be health professionals or lawyers. Again, PSM is always relevant.

4. **Views on current non-financial benefits**

As indicated in my earlier submission, accommodation support and reunion travel should only be provided in exceptional circumstances. There can be serious problems when chief executives work remotely from agency staff.

> **Recommendation 15: Accommodation and reunion travel should only be provided in exceptional circumstances.**

5. **Implementation**

Suggestions in this regard were included in my earlier submission. In the event of a downward adjustment, new appointees should receive the new remuneration but there is a good case for preserving current remuneration for current appointees (with suspension of any annual increase until the new remuneration level is reached).

Conclusion

Overall, the Remuneration Tribunal should give more weight to attraction and retention factors and the particular skills and other attributes required taking into account relevant career paths and occupations and associated market comparators. Coherence does not require weight to be given to 'equity' across the range of offices as the Concultation Papers seems to support.

Nonetheless, a number of the offices are mostly filled by career public servants. For these, appropriate comparators lie within the APS and include direct reports. A key challenge for these arises from the lack of coherence of the APS pay and classification system particularly across the SES. The Tribunal needs to confer with the APS Commission about its plans to achieve greater coherence and how that might inform the Tribunal in both the short and longer terms about relevant comparators. With clearer APS remuneration benchmarks, it may be possible for the Tribunal to simplify its determinations.

For all the full-time public offices, the Tribunal should have regard to public service motivation in setting financial rewards.