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The remuneration of Commonwealth departmental secretaries

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Introduction

In 2012 new arrangements regarding the remuneration of Commonwealth departmental secretaries came into effect. This paper sets out the new system and notes the previous arrangements.

Previous arrangements

Between 1974 and 1999, the Remuneration Tribunal, a Commonwealth statutory authority which determines remuneration for a range of public offices, set the remuneration of departmental secretaries.¹ With the passage of the *Public Service Act 1999* (Cth) (PS Act), the function of determining secretaries' remuneration and other conditions of employment was conferred on the Prime Minister (section 61 of the PS Act). Until its amendment in 2011 (see below), section 61 of the PS Act provided that:

- (1) The remuneration and other conditions of appointment of a Secretary are as determined in writing by the Prime Minister.
- (2) For each determination, the Prime Minister must seek the advice of the Remuneration Tribunal and take that advice into account.
- (3) Each determination must be published in the *Gazette* within 14 days after the determination is made.

Determinations made under this provision specified a two-tier remuneration structure whereby the secretaries of the departments of the Prime Minister and Cabinet (DPMC), Treasury and Defence comprised the first tier and received the same remuneration, while the secretaries of all the other departments comprised the second tier and received a lower amount of remuneration.² The final determination under the previous version of section 61 came into effect in July 2011 and set the remuneration of secretaries as follows:

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1. Remuneration Tribunal, [Review of the office of secretary: report—part I](#), Remuneration Tribunal, Canberra, February 2010, p. 23, accessed 4 September 2013. The Remuneration Tribunal was established in 1973 by the *Remuneration Tribunal Act 1973* (Cth) and comprises three part-time members appointed by the Governor-General. Offices that come within the jurisdiction of the Tribunal include Commonwealth parliamentarians, 'judicial and non-judicial offices of federal courts and tribunals', departmental secretaries, and numerous statutory and non-statutory offices. Remuneration Tribunal, [About the Remuneration Tribunal](#), Remuneration Tribunal website, accessed 4 September 2013.
 2. This two-tier remuneration structure had previously been employed by the Remuneration Tribunal in its determinations.

Table 1: Remuneration of departmental secretaries, July 2011–March 2012

| Secretary | Annual salary | Total annual remuneration |
|---|---------------|---------------------------|
| Department of the Prime Minister and Cabinet Department of the Treasury Department of Defence | \$431,670 | \$539,580 |
| Secretaries of all other departments | \$403,850 | \$504,810 |

Source: Australian Government, [Commonwealth of Australia Gazette Government Notices](#), GN 27, Commonwealth of Australia, 13 July 2011, pp. 1774–87, accessed 4 September 2013.

These remuneration amounts ceased to apply on 15 March 2012, when new remuneration amounts came into effect under the new arrangements (see below). Total remuneration under the previous system comprised salary, employer superannuation contributions and non-cash benefits such as a vehicle; this configuration has continued under the new arrangements.

Current arrangements

Background—Remuneration Tribunal review of the office of secretary

In 2010–11, the Remuneration Tribunal conducted a review of the office of departmental secretary, which included commissioning a consultant to undertake surveys of the work value and remuneration of the office.³ In its two reports the Tribunal considered various aspects of secretaries' roles including classification, remuneration, and work value, and advanced a number of proposals including:

- preservation of the two-tier remuneration structure for secretaries, with a revised classification of secretary positions between the two tiers and featuring separate, higher levels of remuneration within tier 1 for the Secretary of DPMC (proposed tier 1A) and the Secretary of the Department of the Treasury (Treasury) (proposed tier 1B)
- three remuneration pay points within the main stratum of tier 1 and within tier 2
- remuneration of the secretaries of DPMC and Treasury to be determined by the Remuneration Tribunal and remuneration of other secretaries to be determined by the Secretary of DPMC, and
- the phasing-in of the full remuneration structure by 2014 via staged pay increases.⁴

3. The review documentation can be accessed on the Remuneration tribunal website [‘Tribunal Statements’](#).

4. Remuneration Tribunal, *Review of the office of secretary: report—part I*, op. cit., pp. ii–iii; Remuneration Tribunal, [Review of the office of secretary: report—part II](#), Remuneration Tribunal, Canberra, December 2011, pp. i–iii, 25–26, accessed 4 September 2013.

The Tribunal expressed the view (and had done so previously) that secretaries' remuneration was inadequate, and identified increased remuneration amounts, both initially and over time, as part of its proposals.⁵ The Tribunal noted that the proposed remuneration increases were 'substantial', but also stated that:⁶

... Secretaries' remuneration has been well below where it should have been for many years. The Tribunal considers it necessary that the remuneration of Secretaries should now be 'rebased' to correct this.⁷

Legal framework for secretaries' remuneration

In June 2011 the *Remuneration and Other Legislation Amendment Act 2011* (ROLA Act) was passed by the Parliament (commenced July 2011).⁸ The ROLA Act amended a number of Acts including the PS Act and the *Remuneration Tribunal Act 1973* (Cth) and introduced a new framework for secretaries' remuneration.⁹ The Act also made changes to the remuneration arrangements for other Australian Public Service offices and for parliamentarians.

The current version of section 61 of the PS Act, as amended by the ROLA Act, provides that:

(1) The remuneration of a Secretary is as provided by Division 4 of Part II of the *Remuneration Tribunal Act 1973*.

(2) The other terms and conditions applying to the appointment of a Secretary are as determined by the Remuneration Tribunal under Division 4 of Part II of the *Remuneration Tribunal Act 1973*.

The provisions of Division 4 of Part II of the *Remuneration Tribunal Act 1973* (sections 13–16), as inserted by the ROLA Act, set out the new arrangements for secretaries' remuneration. Notable features include a requirement for the Remuneration Tribunal to determine a classification structure for secretaries and individual classifications of secretaries, and a division of responsibility between the Tribunal and the Secretary of DPMC in regard to determining remuneration amounts for secretaries. The requirements under Division 4 of Part II are summarised below.

5. Remuneration Tribunal, *Review of the office of secretary: Report—Part II*, *ibid.*, pp. 18–28.

6. *Ibid.*, preface p. 1.

7. *Ibid.*

8. See [Remuneration and Other Legislation Amendment Act 2011 \(ROLA Act\)](#).

9. Upon introduction of the ROLA Bill in Parliament the Government indicated that the new remuneration framework for secretaries and other APS offices was in fulfilment of a 2007 Australian Labor Party (ALP) election commitment. See G Gray (Special Minister of State and Special Minister of State for the Public Service and Integrity), '[Second reading speech: Remuneration and Other Legislation Amendment Bill 2011](#)', House of Representatives, *Debates*, 24 March 2011, pp. 3158–59, accessed 4 September 2013. See also ALP, [National platform and constitution 2007](#), ALP, Canberra, 2007, p. 185, accessed 4 September 2013.

Table 2: New framework for departmental secretaries' remuneration under Division 4 of Part II of the *Remuneration Tribunal Act 1973*

| Decision-maker | Classification of secretaries | Remuneration and related matters |
|------------------------------|--|--|
| Remuneration Tribunal | <ul style="list-style-type: none"> • must determine a classification structure for secretaries and periodically determine secretaries' classifications within the structure (section 13) • may determine any matters that are, or are considered by the Tribunal to be, significantly related to the classification structure (section 13) • may hold inquiries for the purpose of performing its functions relating to the classification structure (section 13) | <ul style="list-style-type: none"> • must periodically determine remuneration amounts for the secretaries of DPMC and Treasury consistent with the classification structure (section 14) • must periodically inquire into and determine the employment terms and conditions (other than remuneration) for secretaries (section 15) |
| Secretary of DPMC | <ul style="list-style-type: none"> • may, after the Remuneration Tribunal first determines secretaries' classifications, periodically make recommendations to the Tribunal in relation to the classifications of particular secretaries (section 13) | <ul style="list-style-type: none"> • must, in consultation with the President of the Remuneration Tribunal and the Australian Public Service Commissioner, periodically assign all departmental secretaries (other than him/herself and the Treasury Secretary) an amount of remuneration consistent with the Remuneration Tribunal classification structure (section 14) |

Source: Parliamentary Library.

Under section 16 of the *Remuneration Tribunal Act 1973*, determinations made by the Tribunal must be in writing; come into effect on the date specified; and must be gazetted and published on the Tribunal's website within 14 days after being made. Under section 14, assignments of remuneration to secretaries by the Secretary of DPMC must also be in writing and also come into effect on the date specified.

Classification structure and remuneration amounts

Initial determination and instrument of assignment—March 2012

In March 2012, the Remuneration Tribunal issued its first determination under the new framework. The determination established a new classification structure for departmental secretaries, classified secretaries within the two tiers, set total remuneration amounts for the secretaries of DPMC and the Treasury, and set other terms and conditions of employment for all secretaries.¹⁰ Also in March 2012, the remuneration of secretaries other than the secretaries of DPMC and Treasury was determined by the Secretary of DPMC in a separate instrument of assignment.

As foreshadowed in the Remuneration Tribunal's review, the new classification structure comprised two tiers of remuneration for secretaries including three pay points within tiers 1 and 2 and separate classifications at the top of tier 1 for the Secretary of DPMC (tier 1A) and the Secretary of Treasury (tier 1B) with higher levels of remuneration than in the main stratum of tier 1. This constituted a change to the previous arrangements. Whereas previously the secretaries of DPMC, Treasury and the Department of Defence (Defence) had all received the same level of remuneration, now remuneration for the secretaries of DPMC and Treasury was set on an individual basis and the Secretary of Defence was no longer classed with either of these secretaries but was classified to the broader stratum of tier 1.

In relation to the classification of the Secretary of Defence, the Remuneration Tribunal had previously expressed the view that, given the shared accountability between the Secretary of Defence and the Chief of the Defence Force (CDF), aligning the remuneration of the Defence Secretary and the CDF was appropriate.¹¹ The Tribunal determines the remuneration of the CDF, which is in line with the remuneration structure of the Secretary of Defence.¹²

Current determination and instrument of assignment—June 2013

In June 2013, the Remuneration Tribunal issued a new determination and the Secretary of DPMC issued a new instrument of assignment; both took effect on 1 July 2013 and superseded the March 2012 determination and instrument. The new determination did not alter the classification structure or the classification of individual secretaries that had been set out in the March 2012 determination.

The current classifications, pay points, and actual total remuneration amounts are set out below; the pay points and remuneration amounts include specified six-monthly increases through to July 2014.

10. Remuneration Tribunal, [Determination 2012/06: departmental secretaries—classification structure and terms and conditions](#), Remuneration Tribunal, Canberra, 2012, accessed 4 September 2013.

11. Remuneration Tribunal, [Review of the office of secretary: report—part II](#), op. cit., p. 26.

12. See Remuneration Tribunal, [Determination 2013/08: specified statutory offices—remuneration and allowances](#), Remuneration Tribunal, Canberra, 2013, p. 5, accessed 4 September 2013.

Under the Remuneration Tribunal determination, the base salary is 70 per cent of total remuneration.¹³

The Secretary of DPMC's instrument of assignment states that, in setting the remuneration amounts for secretaries in tiers 1 and 2, several factors relating to 'the size and scope of each of the Offices of Secretary' were taken into account including:

- 'the diversity and complexity of the functions and policy responsibilities in the portfolio'
- 'the scale of the Department's activities including its human, financial and material resources', and
- 'the geographic spread of the Department and whether the Department has responsibility for issues which impact across government'.¹⁴

The Secretary of DPMC stated that the setting of remuneration amounts was 'not based on the performance of individual Secretaries'.¹⁵

Conclusion

The 2011 amendments to the *Remuneration Tribunal Act 1973* changed longstanding arrangements for the setting of secretaries' remuneration and other conditions of employment. Under the amendments the Remuneration Tribunal and the Secretary of DPMC have joint responsibility for determining secretaries' remuneration, and the Tribunal also determines a classification structure for secretaries and other conditions of employment. The Tribunal has taken the opportunity to recast the classification of secretaries for remuneration purposes and to significantly increase secretaries' remuneration profile.

13. Remuneration Tribunal, [Determination 2013/14: departmental secretaries—classification structure and terms and conditions](#), Remuneration Tribunal, Canberra, 2013, p. 2, accessed 4 September 2013.

14. Department of the Prime Minister and Cabinet (DPMC), [Remuneration Tribunal Act 1973: instrument of assignment under section 14\(3\)](#), DPMC, Canberra, 2013, p. 1, accessed 4 September 2013.

15. Ibid.

Table 3: Current classification of departmental secretaries (effective 1 July 2013)

| Classification tier | Departmental secretary |
|----------------------------|---|
| 1A | Prime Minister and Cabinet |
| 1B | Treasury |
| 1 | Defence Education, Employment and Workplace Relations Finance and Deregulation Foreign Affairs and Trade Health and Ageing Families, Housing, Community Services and Indigenous Affairs Human Services |
| 2 | Attorney-General's Immigration and Citizenship Industry, Innovation, Climate Change, Science, Research and Tertiary Education Agriculture, Fisheries and Forestry Broadband, Communications and the Digital Economy Sustainability, Environment, Water, Population and Communities Infrastructure and Transport Regional Australia, Local Government, Arts and Sport Resources, Energy and Tourism Veterans' Affairs |

Source: Remuneration Tribunal, [Determination 2013/14: departmental secretaries—classification structure and terms and conditions](#), Remuneration Tribunal, Canberra, 2013, p. 4, accessed 4 September 2013.

Table 4: Current total remuneration pay points for departmental secretaries other than the secretaries of DPMC and Treasury (effective 1 July 2013)

| Tier | Pay point | 1 July 2013 | 1 Jan 2014 | 1 July 2014 |
|------|-----------|-------------|------------|-------------|
| 1 | 1 | \$730,120 | \$764,420 | \$798,720 |
| | 2 | \$709,640 | \$737,800 | \$757,760 |
| | 3 | \$680,960 | \$698,880 | \$716,800 |
| 2 | 1 | \$665,600 | \$691,200 | \$716,800 |
| | 2 | \$649,220 | \$670,210 | \$691,200 |
| | 3 | \$632,840 | \$649,220 | \$665,600 |

Source: Remuneration Tribunal, [Determination 2013/14: departmental secretaries—classification structure and terms and conditions](#), Remuneration Tribunal, Canberra, 2013, p. 3, accessed 4 September 2013.

Table 5: Current total remuneration amounts for all secretaries (effective 1 July 2013)

| Tier | Departmental secretary | Pay point | Total remuneration | | |
|------|---|-----------|---|---|---|
| | | | 1 July 2013 | 1 Jan 2014 | 1 July 2014 |
| 1A | Prime Minister and Cabinet | — | \$760,840 <i>(salary: \$532,588)</i> | \$802,820 <i>(salary: \$561,974)</i> | \$844,800 <i>(salary: \$591,360)</i> |
| 1B | Treasury | — | \$746,500 <i>(salary: \$522,550)</i> | \$785,410 <i>(salary: \$549,787)</i> | \$824,320 <i>(salary: \$577,024)</i> |
| 1 | Defence | 1 | \$730,120 <i>(salary: \$511,084)</i> | \$764,420 <i>(salary: \$535,094)</i> | \$798,720 <i>(salary: \$559,104)</i> |
| | Education, Employment and Workplace Relations Finance and Deregulation Foreign Affairs and Trade Health and Ageing | 2 | \$709,640 <i>(salary: \$496,748)</i> | \$737,800 <i>(salary: \$516,460)</i> | \$757,760 <i>(salary: \$530,432)</i> |

| Tier | Departmental secretary | Pay point | Total remuneration | | |
|------|--|-----------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | | 1 July 2013 | 1 Jan 2014 | 1 July 2014 |
| | Families, Housing, Community Services and Indigenous Affairs Human Services | 3 | \$680,960 (salary: \$476,672) | \$698,880 (salary: \$489,216) | \$716,800 (salary: \$501,760) |
| 2 | Attorney-General's Immigration and Citizenship Industry, Innovation, Climate Change, Science, Research and Tertiary Education | 1 | \$665,600 (salary: \$465,920) | \$691,200 (salary: \$483,840) | \$716,800 (salary: \$501,760) |
| | Agriculture, Fisheries and Forestry Broadband, Communications and the Digital Economy Sustainability, Environment, Water, Population and Communities | 2 | \$649,220 (salary: \$454,454) | \$670,210 (salary: \$469,147) | \$691,200 (salary: \$483,840) |
| | Infrastructure and Transport Regional Australia, Local Government, Arts and Sport Resources, Energy and Tourism Veterans' Affairs | 3 | \$632,840 (salary: \$442,988) | \$649,220 (salary: \$454,454) | \$665,600 (salary: \$465,920) |

Sources: Remuneration Tribunal, [Determination 2013/14: departmental secretaries—classification structure and terms and conditions](#), Remuneration Tribunal, Canberra, 2013, p. 3; DPMC, [Remuneration Tribunal Act 1973: instrument of assignment under section 14\(3\)](#), DPMC, Canberra, 2013, pp. 1–2, accessed 4 September 2013; Parliamentary Library.

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