



Australian Capital Territory Remuneration Tribunal

Chief Executive Officer - Canberra Institute of Technology

Determination 14 of 2015

made under the
Remuneration Tribunal Act 1995, section 10

ACCOMPANYING STATEMENT

Background

Under section 10 of the *Remuneration Tribunal Act 1995* (the Act), the Remuneration Tribunal (Tribunal) is required to inquire into, and determine, the salary, allowances and other entitlements for certain full-time public offices including the Chief Executive Officer of a Governing Board of a Territory Authority or Instrumentality.

The *Canberra Institute of Technology Act 1987* was amended in 2015 to create a Governing Board and the role of the Chief Executive Officer of the Canberra Institute of Technology (CIT).

In Determination 5 of 2015, the Tribunal determined the remuneration for the Chair, Deputy Chair and Member of the CIT Governing Board. The Tribunal further determined to review the remuneration and entitlements of the CIT Governing Board following a reasonable term of operation.

On 18 September 2015 the Chair of the CIT Governing Board wrote to the Tribunal requesting a review of the CIT Chief Executive Officer (CEO) position.

Consideration

Meetings of the Tribunal were held during September 2015 and this determination sets out the Tribunal's decisions following that review.

In conducting its review, the Tribunal considered an oral and written submission from the Chair of the CIT Governing Board, including a report provided from the CIT Governing Board providing comparative data across similar institutions across Australia.

Further, the Tribunal considered:

- the economic and financial considerations facing the ACT;
- relativities with CEOs of similar institutions; and
- requirements for the CEO position to include a significant ability to increase and expand the CIT revenue base through business engagement.

Consideration

Having balanced these considerations the Tribunal decided to determine the cash component of the CIT CEO salary to be \$285,000.

The position of CEO CIT will be incorporated in the determination covering full time statutory office holders at the Tribunal's Autumn 2016 review.

ACT Remuneration Tribunal
October 2015



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Commencement

- 1.1 This instrument commences on 25 September 2015.

Remuneration

- 1.2 A person appointed as Chief Executive Officer (CEO) of the Canberra Institute of Technology (CIT) is entitled to an annual salary of \$285,000. This is the cash component only, the total remuneration package will depend on the appointee's individual superannuation arrangements.

Salary packaging

- 1.3 A person appointed as CEO of the CIT may elect to take the remuneration mentioned at 1.2 as:
- a) salary; or
 - b) a combination of salary and other benefits (a ***salary package***).
- 1.4 Salary packaging must be consistent with:
- a) taxation laws and guidelines issued by the Australian Taxation Office; and
 - b) any salary packaging policy and/or procedures issued for the ACT Public Service, with up to 100% of the remuneration able to be taken as benefits and related costs such as fringe benefits tax.
- 1.5 Salary packaging must be administered without additional cost to the employer and any fringe benefits tax associated with the provision of a benefit must be included in the salary package.
- 1.6 Salary for superannuation purposes is not affected by salary packaging.

Employer provided benefits

- 1.7 The CEO is entitled to either the employer provided benefits mentioned in column 1 of Table 1.1 or the relevant cash payment in lieu of the benefit mentioned in column 2 of Table 1.1.

TABLE 1.1

Column 1 employer provided benefit	Column 2 cash payment in lieu of benefit
employer's superannuation contribution	no option for cash payment in lieu
executive vehicle	under the <i>Public Sector Management Standards 2006</i>
parking space	under the <i>Public Sector Management Standards 2006</i>
fringe benefits tax	\$7,000

Note: employer provided benefits or cash payment in lieu of the benefit do not change the remuneration component of the total remuneration package.

Employer's superannuation contribution

- 1.8 The CEO of the CIT is only eligible for the employer's superannuation contribution if their superannuation entitlements are not provided elsewhere.
- 1.9 The employer's superannuation contribution is subject to the *Superannuation Act 1976 (Cth)*, *Superannuation Act 1990 (Cth)* and *Superannuation Act 2005 (Cth)*.
Note: section 642 of the *Public Sector Management Standards 2006* sets out superannuation for some statutory office holders appointed from 1 July 2006.
- 1.10 A CEO of the CIT who is a member of the CSS or PSS—
- may elect that the employer continues to meet its requirements under the *Superannuation Act 1976 (Cth)* and the *Superannuation Act 1990 (Cth)* as they apply to people who are contributory members of the CSS and PSS; and
 - for the purposes of calculating this component of the total remuneration package, the value of the employer's superannuation contribution will notionally be deemed to be 16% of their remuneration.
- 1.11 If the CEO of the CIT is not a member of the CSS or PSS and was appointed to or engaged by the Territory before 30 June 2006, and maintained continuous employment with the Territory—
- the value of the employer's superannuation contribution is 16% of the remuneration component; and
 - the employer will contribute an amount equal to this on behalf of the CEO of the CIT to an agreed superannuation fund nominated by the CEO of the CIT.
- 1.12 The value of the employer's superannuation contribution must not be paid in cash to the CEO of the CIT.

Fringe benefit tax

- 1.13 The fringe benefits tax payable to the CEO of the CIT is the amount remaining after the employer's liability for fringe benefits tax is calculated, as required under the *Fringe Benefits Tax Assessment Act 1986*.
- 1.14 The executive vehicle and employer's superannuation contribution set out in the *Public Sector Management Standards 2006* are considered for calculating fringe benefits tax.
- 1.15 If the liability for fringe benefits tax exceeds \$7,000 the CEO of the CIT will not be required to pay the excess to the employer.
- 1.16 Fringe benefits tax is reduced proportionally if the CEO of the CIT is appointed for less than a financial year.

Relocation allowance

- 1.17 In this clause:
 - ACT** includes the surrounding district, including Queanbeyan.
 - relocation** means from a residence outside the ACT to a residence in the ACT.
- 1.18 Relocation allowance is provided to assist an individual with relocation.
- 1.19 Relocation allowance will not cover the total cost of relocation in all circumstances.
- 1.20 The maximum relocation allowance is \$51,533.
- 1.21 If a person relocates because of appointment as the CEO of the CIT, the person is entitled to be reimbursed up to the maximum relocation allowance, for receipted, reasonable costs of the following:
 - a) packing personal effects and furniture belonging to the person and their family;
 - b) necessary storage of personal effects and furniture;
 - c) removal costs and associated insurance of personal effects and furniture;
 - d) unpacking of personal effects and furniture;
 - e) costs of travel, accommodation and meals between the former location and the ACT;
 - f) temporary accommodation costs at the former location and in the ACT up to a maximum aggregate period of six months, or, in exceptional circumstances, nine months with specific approval of the ACT Remuneration Tribunal;
 - g) costs of disconnection and reconnection of utilities;
 - h) cost of stamp duty and legal and professional services associated with the sale of the residence at the former location and/or the purchase of a residence or lease on a block of land in the ACT;
 - i) subject to the approval of the ACT Remuneration Tribunal, any other reasonable expenses necessarily incurred in relocating to the ACT.
- 1.22 The maximum relocation allowance may be exceeded if the ACT Remuneration Tribunal agrees—
 - a) there are unusual or exceptional circumstances; and

- b) the unusual or exceptional circumstances were unforeseen or unable to be dealt with without exceeding the maximum relocation allowance.
- 1.23 If the CEO of the CIT thinks that unusual and exceptional circumstances exist, they may ask the ACT Remuneration Tribunal to consider the matter and determine whether the maximum relocation allowance can be exceeded. A request must be in writing and must include—
- a) details of the unusual or exceptional circumstances; and
 - b) details of the relocation; and
 - c) expenses incurred by the CEO; and
 - d) the expected total relocation expenses of the CEO; and
 - e) the level of assistance the CEO considers should be provided; and
 - f) any other relevant information.
- 1.24 Relocation allowance does not apply to any expenses incurred at the conclusion of employment.

Travelling Allowance

- 1.25 In this clause:
- domestic travel*** means official travel to a destination within Australia.
- international travel*** means official travel to a destination outside Australia.
- reasonable expenses*** means legitimate work-related expenses incurred while conducting official business efficiently and effectively.
- 1.26 If the CEO is required to travel for official purposes, the employer must pay the cost of¹—
- a) travel; and
 - b) accommodation; and
 - c) meals; and
 - d) incidental expenses.

Travel

- 1.27 The CEO may travel by one or more of the following:
- a) commercially provided road or rail transport;
 - b) commercially provided flights;
 - c) private motor vehicle.
- 1.28 Commercially provided travel should be selected on the basis of—
- a) what is most convenient to the CEO; and
 - b) seeking the most reasonable costs.
- 1.29 If the CEO travels on commercially provided road or rail transport the employer will pay the fares for that travel.

¹ i.e. the Taxation Determination that supersedes Taxation Determination *TD 2013/16 Income tax: what are the reasonable travel and overtime meal allowance expense amounts for the 2013-14 income year?*

- 1.30 If the CEO travels on commercially provided flights the employer will pay the fares to the following standard:
- a) for domestic flights less than 4 hours—economy class;
 - b) for domestic flights of 4 hours or more—business class;
 - c) for international flights—business class.
- 1.31 If the CEO has approval to travel by private motor vehicle, the employer will pay the owner of the vehicle an allowance calculated in accordance with the Motor Vehicle Allowance set out in the *ACT Public Service Administrative and Related Classifications Enterprise Agreement 2013-2017*.

Accommodation

- 1.32 If the CEO must stay overnight while on official travel, the employer will pay for commercial accommodation to the following standard:
- a) for domestic accommodation—4.5 stars;
 - b) for international accommodation—4.5 stars.
- 1.33 The employer will pay for the CEO to stay in commercial accommodation above the 4.5 star standard if—
- a) the cost is reasonable; and
 - b) to do so would better enable business objectives to be met.

Examples where business objectives may be better met:

- to allow the CEO to stay in the commercial accommodation where a meeting, conference or seminar they are attending is being held
- to allow the CEO who is traveling with a Minister to stay in the same commercial accommodation as that Minister if they are entitled to a higher standard of accommodation.

Meals

- 1.34 If the CEO is absent from Canberra for more than ten hours while on official travel, the employer will reimburse actual, reasonable expenses for meals.

Incidental expenses

- 1.35 The employer will reimburse reasonable expenses directly related to official travel, including—
- a) taxi or bus fares to or from an airport; and
 - b) taxi and public transport costs at a temporary location; and
 - c) airport taxes or charges.

Frequent Flyer Program

- 1.36 Frequent flyer points accrued by the CEO as a result of travel and accommodation paid for by the employer may only be used for further official travel.
- 1.37 Frequent flyer points may not be used to upgrade the standard of air travel to a level above the CEO's entitlement.

Definitions

1.38 In this Determination:

agreed superannuation fund means a fund complying with the requirements of:

- the *Income Tax Assessment Act 1936* (Cth); and
- the *Superannuation Industry (Supervision) Act 1993* (Cth).

CSS means the Commonwealth Superannuation Scheme.

employer means the Australian Capital Territory and includes any person authorised to act on behalf of the Australian Capital Territory.

fringe benefits tax means the tax assessed under the *Fringe Benefits Tax Assessment Act 1986*.

CEO means the Chief Executive Officer of the Canberra Institute of Technology

PSS means the Public Sector Superannuation Scheme.

Anne Cahill Lambert AM
Chair



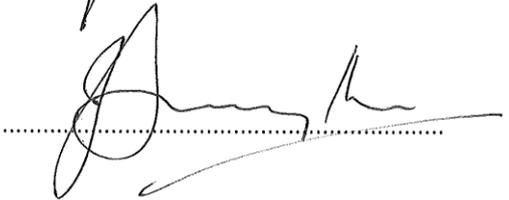
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Dr Colin Adrian
Member



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James Smythe, PSM
Member



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October 2015