



AUSTRALIAN CAPITAL TERRITORY REMUNERATION TRIBUNAL

Statement 4 of 2009

Chief Executives and Executives

Background

Section 10 of the *Remuneration Tribunal Act 1995* (the Act) requires the Remuneration Tribunal (the Tribunal) to inquire into, and determine, the remuneration, allowances and other entitlements to holders of the positions mentioned in Schedule 1 of the Act. This includes a chief executive and a person who is an executive within the meaning of the *Public Sector Management Act 1994*.

The Tribunal last reviewed the remuneration, allowances and other entitlements for chief executives and executives in March 2008 and subsequently issued Determination 2 of 2008.

This latest review, which sought submissions from interested parties, was notified in the press on 14 February 2009.

Tribunal Consideration

Remuneration

The Tribunal considered a range of material including submissions and economic data. In particular the Tribunal noted the uncertainty reflected in economic indicators, including the trend decline in the labour price index. To some extent the economic and employment data was inconclusive.

The Tribunal noted increases in remuneration for administrative staff in the ACTPS and considered the general economic situation and comparative data on remuneration paid to executives in other jurisdictions.

Because of these circumstances, the Tribunal has decided to determine an increase in executive remuneration that reflects a holding position. Accordingly, the increase in remuneration for chief executives and executives is prescribed in the salaries in the attached determination. The salaries are increased by approximately 1.5% over the previous determination.

Relocation Allowance

The Tribunal decided to increase the entitlement to \$47,046.

ACT Remuneration Tribunal
June 2009



**AUSTRALIAN CAPITAL TERRITORY
REMUNERATION TRIBUNAL**

Determination 4 of 2009

Chief Executives and Executives

Pursuant to Section 10 of the *Remuneration Tribunal Act 1995* the Remuneration Tribunal has inquired into the remuneration and allowances to be paid, and other entitlements to be granted to chief executives and executives.

This Determination shall take effect on and from 1 July 2009.

Alan Kerr AM
Chair

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Roberta McRae OAM
Member

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Jill Greenwell
Member

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Dated: June 2009



AUSTRALIAN CAPITAL TERRITORY REMUNERATION TRIBUNAL

Determination 4 of 2009

Chief Executives and Executives

The Tribunal determines as follows:

1. Remuneration

- 1.1 An executive whose position is classified at a level shown in Column 1 of Schedule A shall be entitled to the remuneration for that level shown in Column 2 of Schedule A.

2. Employer Provided Benefits

- 2.1 In addition to the remuneration shown in Schedule A, an executive shall be entitled to the various employer provided benefits or, where applicable, the relevant cash equivalents of the benefits, as shown in Schedule B.

3. Salary Packaging Scheme

- 3.1 Subject to the following conditions, chief executives and executives may elect to take the remuneration shown in Schedule A as salary or take a combination of salary and other benefits best suited to his or her personal needs and preferences.
- 3.2 The scheme is to be consistent with taxation laws and guidelines applicable to salary packaging schemes, as issued by the Australian Taxation Office.
- 3.3 The scheme is to be based on the ACT Public Service Salary Packaging Policy and Procedures issued by the Commissioner for Public Administration, with up to 100% of the relevant remuneration shown in Schedule A able to be taken as benefits and related costs such as fringe benefits tax (FBT). In the case of chief executives and executives working for Public Benevolent Institutions, the benefit items that normally incur FBT must not incur more than \$17,000 grossed up taxable value per FBT year, unless prior approval to exceed this amount has been obtained from the Commissioner for Public Administration in respect of chief executives and the relevant chief executive in respect of executives.
- 3.4 The scheme shall be operated and administered so that there will be no additional cost to the ACT Government. In particular, any fringe benefits tax associated with the provision of a benefit is to be included in the salary package.
- 3.5 The salary for superannuation purposes of each chief executive and executive is unaffected by participation in the salary packaging scheme.

4. Relocation Allowance

- 4.1 A reference in this clause to the ACT includes a reference to the surrounding district, including Queanbeyan.
- 4.2 Relocation allowance is an amount provided to **assist** a chief executive or executive to relocate from a residence outside the ACT to a residence within the ACT. It is not intended that the allowance cover all costs in all circumstances.
- 4.2 Where a chief executive or executive is relocated from a residence outside the ACT to a residence within the ACT, as a result of a fixed-term appointment or engagement, he or she shall be entitled to be reimbursed the actual, receipted, reasonable costs of relocating his or her residence to the ACT subject to the following conditions.
- 4.3 Reimbursement may be made in respect of: -
- (a) packing of personal effects and furniture belonging to the chief executive or executive and his or her partner;
 - (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 subject to a maximum period in all of six months, or, in exceptional circumstances, nine months with the approval of the 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; and
 - (i) subject to the approval of the Remuneration Tribunal, any other reasonable expenses necessarily incurred in relocating to the ACT.
- 4.4 Total maximum amount under this provision shall not exceed \$47,046. The maximum amount must not be exceeded unless the Remuneration Tribunal agrees that there are **unusual or exceptional** circumstances prevailing, which are unforeseen or unable to be dealt with without exceeding the maximum relocation allowance.
- 4.5 Where the chief executive of a department considers that unusual and exceptional circumstances exist in the relocation of an executive to the ACT, then the chief executive of that department may request the Remuneration Tribunal to consider the matter and determine whether the maximum allowance can be exceeded. In such circumstances the Remuneration Tribunal will require the following information:

- details of the **unusual or exceptional** circumstances;
- details of the relocation;
- expenses incurred by the executive;
- the expected total relocation expenses of the executive;
- the level of assistance the chief executive considers should be provided to the executive; and
- any other relevant information.

4.6 Where a chief executive relocates to the ACT as a result of a fixed-term appointment or engagement and considers that the circumstances support payment of relocation costs above the maximum, then that chief executive may directly request the Remuneration Tribunal to consider the matter.

4.7 This entitlement does not apply to any expenses incurred at the conclusion of employment.

5. Revocation of Previous Determinations

5.1 Determination 2 of 2008, dated 5 June 2008, is revoked.

6. Date of Effect

6.1 The date of effect of this Determination is 1 July 2009.

Schedule A

**Remuneration Payable to Chief Executives and Executives
(from 1 July 2009)**

Column 1 Position Classification	Column 2 Remuneration (per annum)
Executive (Level 3.12)	\$291,104
Executive (Level 3.11)	\$269,905
Executive (Level 3.10)	\$255,818
Executive (Level 3.9)	\$243,233
Executive (Level 3.8)	\$230,652
Executive (Level 3.7)	\$218,135
Executive (Level 2.6)	\$210,273
Executive (Level 2.5)	\$180,456
Executive (Level 2.4)	\$167,872
Executive (Level 1.3)	\$147,492
Executive (Level 1.2)	\$134,910
Executive (Level 1.1)	\$122,326

Schedule B

Employer Provided Benefits (EPBs) – Chief Executives and Executives

EPB	Annual Cash Payment or Cash Payment In Lieu of Benefit
Employer's Superannuation Contribution	As set out in Clause 2 of this schedule <u>or</u> the Public Sector Management Standards
Use of Government leased motor vehicle	As set out in the Public Sector Management Standards
Parking	As set out in the Public Sector Management Standards
Fringe Benefits Tax allowance (FBT)	\$7,000

Conditions

1. General

- 1.1 The value of the remuneration component and the employer provided benefits (EPBs) shall be fixed and non-transferable to other components of the total remuneration package.
- 1.2 Cash-in-lieu shall not increase the remuneration component for salary purposes, as set out in Column 2 of Schedule A of this Determination.

2. Employer Superannuation Contributions

- 2.1 This entitlement only applies to chief executives and executives whose superannuation entitlements are not provided for elsewhere. This entitlement is subject to the *Superannuation Act 1976 (Cth)*, the *Superannuation Act 1990 (Cth)* and the *Superannuation Act 2005 (Cth)*.

Note: Section 42 of the Public Sector Management Standards prescribes superannuation for chief executives and executives from 1 July 2006.

- 2.2 In the case of a chief executive or executive who is a member of the Commonwealth Superannuation Scheme (CSS) or the Public Sector Superannuation Scheme (PSS): -
 - (a) the employer shall continue to meet its requirements under the *Superannuation Act 1976 (Cth)* and the *Superannuation Act 1990 (Cth)* as they apply to those persons who are contributory members of the CSS and PSS established under those Acts; and
 - (b) for the purposes of calculating the entitlements component of the total remuneration package, the value of the employer's superannuation contribution shall be notionally deemed to be 16% of the remuneration component.

2.3 In the case of a chief executive or executive who is not a member of the CSS or PSS, and who commenced before 30 June 2006 and maintained continuous employment with the Territory:

- (a) the value of the employer's superannuation contribution shall be 16% of the remuneration component; and
- (b) the employer shall contribute an amount equal to this on behalf of the chief executive or executive to an agreed superannuation fund nominated by the person.

2.4 The value of the employer's superannuation contribution shall not be paid in cash to the chief executive or executive.

3. Elections - Employer Provided Benefits (EPBs)

3.1 Prior to signing the contract of employment a chief executive or executive shall elect whether he or she wishes to retain the parking entitlement or to be paid in cash. Where a chief executive or executive elects to be provided with an employer provided vehicle in accordance with the entitlements contained in the Public Sector Management Standards, the executive must also elect and be provided with a parking space.

3.2 The amount of the Fringe Benefits Tax Allowance (FBT) payable to the chief executive or executive will be the amount remaining after the employer's liability for fringe benefits tax is calculated, as required under the *Fringe Benefits Tax Assessment Act 1986*.

3.3 The vehicle and employer superannuation entitlements contained in the Public Sector Management Standards will also be considered for the purposes of calculating FBT.

3.4 If the liability for fringe benefits tax exceeds the sum of \$7,000 the chief executive or executive shall not be required to pay the excess to the employer.

3.5 A chief executive or executive's right to take an annual EPB (or cash in lieu) shall be reduced proportionally where the relevant employment comprises only part of a financial year.

3.6 Where a chief executive or executive elects to take an EPB in cash, the total value of the elected EPB shall be paid to the chief executive or executive in equal fortnightly instalments.

4. Definitions

In this Determination: -

Agreed superannuation fund means a fund complying with the requirements of the *Income Tax Assessment Act 1936* (C'wlth) and complying with the *Superannuation Industry (Supervision) Act 1993* (C'wlth) where relevant.

Employer means the Australian Capital Territory and includes any person authorised to act on behalf of the Australian Capital Territory in relation to any act, approval or direction to be done, granted or exercised, by or on behalf of the Australian Capital Territory.

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