



Australian Government

Department of Finance

Rosemary Huxtable PSM
Secretary

Our Ref: SEC0015102

Senator Linda Reynolds
Chair
Senate Education and Employment Legislation Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Reynolds

I refer to the invitation from the Senate Education and Employment Committee inviting the Department of Finance to make a submission to the inquiry into the *Public Governance, Performance and Accountability Amendment (Executive Remuneration) Bill 2017* (the Bill).

I note that the Bill seeks to amend the *Public Governance Performance and Accountability (PGPA) Act 2013* by introducing provisions relating to senior executive remuneration in Commonwealth Government entities and companies and introducing a reporting regime in annual reports. While the PGPA Act forms the legislative basis for an integrated resource management framework that promotes high standards of governance, performance and accountability, the PGPA Act itself does not provide a remuneration framework. The legislative framework that underpins remuneration for executives in the Australian Public Service includes the *Public Service Act 1999* and the *Remuneration Tribunal Act 1973*.

The Department of Finance provides advice to government on the PGPA Act and associated rules, which in turn incorporate requirements for annual reports. As required by the PGPA Act, an independent review of its operation is currently underway. The review, which is being conducted by Mr David Thodey AO and Ms Elizabeth Alexander AM and is due to report in the first half of 2018, includes in its terms of reference the reporting of executive remuneration. The findings of the independent review, while ultimately a matter for government consideration, may be of interest to the Committee.

As background, the Committee may find the following publicly available sources of information, related to public sector remuneration, of interest:

- The Remuneration Tribunal determines remuneration, including allowances and entitlements, for those in its jurisdiction including Secretaries of Departments and full-time and part-time holders of various public offices. The relevant Determinations and further information on the Remuneration Tribunal's role can be found on its website at: www.remtribunal.gov.au.
- The APS Executive Remuneration Management Policy sets out arrangements for the management of executive remuneration, including an approval process for remuneration proposals above a notional amount. The policy applies to all staff employed under the *Public Service Act 1999*. This policy and the annual APS Remuneration Report, including SES levels, can be found on its website at: www.apsc.gov.au.
- non-corporate Commonwealth entities are required to report information on *Public Service Act 1999* employee staffing and remuneration in their annual reports, which are tabled in Parliament.
- voluntary disclosure of senior executive pay levels is posted on Commonwealth entity websites for all employees earning over \$200,000 grouped into bands with information on the number of employees and key remuneration components in each band.
- disclosure of Key Management Personnel is reported in aggregate in the financial statements of Commonwealth entities, consistent with the accounting standards
- Government Business Enterprises are required to provide detailed disclosures of base remuneration and incentive payments for their senior management personnel on their websites.

I trust that this information is of use to the Committee.

Yours sincerely

Rosemary Huxtable
Secretary

1 February 2018