

**Senate Finance and Public Administration Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Prime Minister and Cabinet Portfolio**

**Department of the Prime Minister and Cabinet**

Supplementary Budget Estimates 19 October 2009

**Question: PM55b**

**Topic: Increase in wage, salary and other associated costs**

**Type of Question: Hansard, F&PA 19 October p86**

**Date set by the committee for the return of answer: 4 December 2009**

**Number of pages: 2**

**Senator RYAN-...Do you have a figure for the increase in wage, salary and other associated costs for the Department of the Prime Minister and Cabinet?**

**Dr Grimes-Are you referring to salary costs for the 2009-10 year, or-**

**Senator RYAN-I am referring to the additional cost of the extra employees in the annual report compared to 12 months ago. I have only had this for a couple of days, I am afraid, so I have not had a chance to-**

**Dr Grimes-I understand that completely. It may be difficult to provide precisely the breakdown you are looking for but we can have a look at the additional resources that were provided to the department in previous budget announcements that applied for the 2008-09 year and extract out of that how much is the wages, salaries and supplements component. We can at least see if we can do that.**

**Senator RYAN-That would be appreciated. I would like you to compare the numbers this year to the numbers 12 months ago.**

**Dr Grimes-We will make our best efforts to do that for you.**

**Answer:**

Figure 8.2, page 127 of the 2008-09 Annual Report details the five-year staff profile. As at 30 June 2008 the Department had 464 staff (headcount) and at 30 June 2009 617. A better comparison in terms of costs between years is to look at the average staffing level (ASL). The ASL for 2007-08 was 505 and the ASL for 2008-09 was 534 (page 157 of the Annual Report refers), an increase of 29 ASL. Whilst some reviews and taskforces terminated in 2007-08 the Department took on additional functions in 2008-09, such as the establishment of the National Security Advisor Group and an expanded strategic policy role.

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The cost of salaries and wages is published in Note 4 to the 2008-09 Financial Statements on page 186 of the Annual Report. Despite the modest increase in ASL, wages and salaries actually decreased by \$1 million in 2008-09 as compared to 2007-08. This decrease mainly reflects: a change in staff profile as APEC came to a conclusion and new functions were assumed by the Department; and a change in accounting treatment for the recognition of performance bonuses.

|                    | <b>2008-09</b> | <b>2007-08</b> | <b>Increase/<br/>(Decrease)</b> |
|--------------------|----------------|----------------|---------------------------------|
|                    | <b>\$'000</b>  | <b>\$'000</b>  | <b>\$'000</b>                   |
| Wages and Salaries | 43,436         | 44,461         | (1,025)                         |

In 2007-08 a change in accounting treatment resulted in the recognition of a provision for performance bonuses being raised at 30 June 2008 based upon probability and prior year experience. Prior to this, performance bonuses had been recognised in the accounts at the time they were paid.

Accordingly, in 2007-08, this change in accounting treatment resulted in both the payment of the performance bonuses relating to the 2006-07 performance cycle (paid in October 2007 and included bonuses for APEC staff); and the accrual of performance bonuses for the 2007-08 performance cycle (October 2007- June 2008) being recognised in the accounts. In 2008-09 the wages and salaries expense includes the estimated annual cost of performance bonuses.