



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**ADJOURNMENT**

**Departmental Secretaries: Performance Pay**

**SPEECH**

**Monday, 27 September 1999**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Monday, 27 September 1999  
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**Questioner**  
**Speaker** Cox, David, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr COX** (Kingston) (10.40 pm)—It is extraordinary in the context of the current constitutional debate that the Prime Minister is seeking to Americanise the executive of government. He is systematically undermining the independence of the Public Service by placing the pay of the Commonwealth's most senior public servants at his own discretion. The original draft of the Public Service Bill revealed his ultimate objective: the Prime Minister would determine the pay of departmental secretaries and those pay rates would remain secret. Combined with his powers of dismissal, that would make departmental secretaries accountable to nobody else but him. Thus far he has been thwarted by the Senate, with the Public Service Bill, but he has made considerable progress through the Remuneration Tribunal. Changes have been couched in terms of prevailing private sector practice and the need to attract people of the highest calibre.

But what we are seeing has more to do with power than the quality of public administration. In Mr Howard's world, people of high calibre are just hired guns. Should public servants be there just to tell ministers what they want to hear? No. They are there to give them what they most need: frank advice, even if the elected government ultimately decides not to listen to it. Yet this Prime Minister is setting up a remuneration system designed to make his most senior advisers beholden to him. The first element is big pay increases. By the end of March next year, the base pay of the most junior departmental secretary will have increased by 35 per cent since the Howard government took office.

This increase in base pay from \$153,000 to \$205,000 is only the beginning. For the first time, Commonwealth provided non-cash benefits like a car, spouse accompanied travel and superannuation—which together are worth \$60,000 per annum—are being included in a new concept of total salary. Total salary, which at the end of March next year will be a minimum of \$285,000 and a maximum of \$305,000, becomes the base for calculation of performance bonuses of up to 15 per cent. That will take the potential remuneration of the most junior departmental secretary to \$327,750 and the most senior to \$350,750—increases since the Howard government took office of around 50 per cent in the pay for those positions. Section 3.14 of the Remuneration Tribunal's determination says:

The entitlements (if any) to a performance bonus in any year shall be determined by the Remuneration Tribunal taking into account, without limitation, performance criteria established from time to time for this purpose by the Prime Minister and recommendations by the Prime Minister about performance outcomes.

This is code for: what the Prime Minister wants, the Prime Minister gets. I was therefore appalled to discover at a recent public hearing of the JCPAA into the Financial Management and Accountability Act that the Prime Minister's own department gives him no objective analysis on which to base his decisions on performance pay. A senior officer of the Department of the Prime Minister and Cabinet said:

We certainly do not attempt to oversee the performance of other agencies or examine their annual reports.

I then asked a series of questions in relation to performance pay:

Question—Who determines a secretary's performance pay? Answer—The Prime Minister would make recommendations to the Remuneration Tribunal and the Remuneration Tribunal makes the formal determination.

Question—When he is making those recommendations, if you are not maintaining an overview of departmental annual reports, on what basis is he doing it?

Answer—The Prime Minister would take into account the views of his ministers and his overall understanding of the performance of departments and secretaries.

Question—So there is no disciplined, rigorous departmental input into that process?

Answer—The Department of the Prime Minister and Cabinet would not be, at our level, making any recommendations to the Prime Minister.

Question—And not providing any advice about the performance of agencies?

Answer—We do not oversee performance of agencies or police them in any way.

Question—So it is a totally subjective process?

Answer—I would not want to get into that.

The Prime Minister has not released his criteria for assessment of performance pay, nor is he likely to. Without published criteria, a transparent process and proper accountability, the very real risk is that performance pay will be allocated by the Prime Minister with a view to making the Commonwealth bureaucracy an instrument of the Liberal Party rather than an apolitical public service. I give the following suggestions of what those criteria might be: giving first allegiance to the Prime Minister, not the minister, the department or the public; not expressing views other than those which conform with those of the Prime Minister and the coalition parties; unquestioning implementation of coalition party policy, no matter how ill-advised; assisting the Liberal Party propaganda machine; and covering up for the minister or the Prime Minister—an ability which will become increasingly necessary over the life of this government.