

Division 6: Salaries and Allowances Tribunal, \$647 000 —

Ms A.R. Mitchell, Chairman.

Mr C.J. Barnett, Premier.

Mr W. Coleman, Chairman.

Mr J. Lukin, Executive Officer.

Mr Z.R.F. Kirkup, Adviser, Office of the Premier.

[Witnesses introduced.]

The CHAIRMAN: I call the Leader of the Opposition.

Mr E.S. RIPPER: There has been recent publicity about the Salaries and Allowances Tribunal decision that resulted in directors general receiving a significant pay increase. We discussed during an earlier estimates division the apparent refusal of the Director General of the Department of the Premier and Cabinet to accept that increase. We discussed what possible legal mechanism there could be for that. I noted in a media controversy that the Salaries and Allowances Tribunal would not provide the names or the positions of the directors general that had been given this pay rise. Will the Premier provide information to this committee and to the public of Western Australia of the titles of the positions that have been given this extra pay rise by the Salaries and Allowances Tribunal?

The CHAIRMAN: Before the Premier answers that, which page of the *Budget Statements* is the Leader of the Opposition referring to?

Mr E.S. RIPPER: It is the whole budget; that is what the Salaries and Allowances Tribunal does. I can point to anywhere—“Support Services to the Salaries and Allowances Tribunal” on page 110.

Mr C.J. BARNETT: I am happy to ask Mr Coleman to comment. As I said in the previous division, I am reluctant to disclose names of —

Mr E.S. RIPPER: I am not asking for names. If the Premier is able to say “director general of education” or “director general of health” that may be the appropriate thing. These are publicly available salaries.

Mr C.J. BARNETT: They are not publicly available.

Mr E.S. RIPPER: They are gazetted.

Mr W.J. JOHNSTON: It is contrary to the answer —

Mr C.J. BARNETT: I do not need coaching from you!

Mr E.S. RIPPER: Yes, you do!

Mr W.J. JOHNSTON: You need to work out what you are going to do. You have to answer questions in a consistent fashion.

Mr C.J. BARNETT: Oh, please!

I will ask the Chairman of the Salaries and Allowances Tribunal to comment on the decision. Perhaps we will seek his advice as to whether it is appropriate to name the people to whom this increment was granted.

[5.00 pm]

[Mr M.W. Sutherland took the chair.]

Mr W. Coleman: I thank the Premier for the opportunity to speak to this, because I want to overcome the impression that it was secret. If we look at the old decisions of the tribunal up until this decision, we published only the title of the office, under a schedule that related that office to a salary scale. The public, or the reader of the decision, would not know whether that office holder was tenured or untenured, and what salary point they therefore graduated to under the old scale. It was not deficient in any way, but it was difficult to find out exactly what the salary rate was. Included in the increment that applied after three years of service as a CEO, there was also a \$5 000 CEO payment. But that payment was tied to the definition of CEO under the Public Sector Management Act. Therefore, a person who was trying to find out what a salary was would have to know whether the occupant of the position was tenured or untenured, the point in the salary scale that the person had reached in terms of years of service, and whether the person’s position fell within the range of the CEO definition for the purpose of the Public Sector Management Act. In this determination, we have placed the officer’s name against the salary, which includes all those increments of the CEO \$5 000, plus the incremental steps that the person

Chairman; Mr Eric Ripper; Mr Colin Barnett; Mr Bill Johnston; Dr Mike Nahan; Mr Ian Blayney; Mrs Liza Harvey

would receive after a period of time. Although this was only an interim step, from now on, the public—everybody—will be able to see exactly what the title of the position is, who the occupant of that position is, and the salary that devolves to that position.

To get back to the question, there are 141 people in the special division prescribed office. The salary adjustment, based on an interim measure, affected only about 14 people. The remainder of them were given, by and large, the 3.6 per cent increase. We were doing a pro rata adjustment to the people who were eligible for an increment after their three years of service. Therefore, the head of the Department of the Premier and Cabinet and those who hold several of the other positions that were mentioned are people who were at a transitional point up the incremental scale to get to their three-year increment. We gave it on a pro rata basis so that they would not be disadvantaged and they would get some of the money now instead of having to wait for six months or a year. I would be happy to provide that information, and I think we could almost do that now.

Mr C.J. BARNETT: I would prefer that we supply that by way of supplementary information.

Mr E.S. RIPPER: So, the Premier's advisers are telling him that they can provide the information, and the Premier is saying do not provide it!

Mr C.J. BARNETT: No. I said that I would seek advice, as I just have, from the chairman of the tribunal. The chairman has said that he is prepared to provide the information, and I will provide that by way of supplementary information, accurately.

Mr E.S. RIPPER: Therefore, if I understand it correctly, we will be provided by way of supplementary information with the titles of the 14 positions that have benefited from this particular decision of the Salaries and Allowances Tribunal.

Mr C.J. BARNETT: We will include with that an explanation of this adjustment to their salaries.

[*Supplementary Information No A11.*]

Mr E.S. RIPPER: Is any legal mechanism available to the Director General of the Department of the Premier and Cabinet to refuse the wage increase that has been awarded to him?

Mr C.J. BARNETT: I would think that anyone can always refuse a wage increase. I will ask the chairman to comment.

Mr W. Coleman: I do not think there is any mechanism by which a wage increase can be refused. In the past, I have heard of cases in which the judiciary did not want to accept a pay adjustment. I think the mechanism might be that those people have to pay the tax, and what they do with the money after that is their business. So far as the determinations of the tribunal are concerned, under the power vested in us by virtue of the Parliament, that becomes the determination, and that has to be paid. However, any arrangements that individuals might make after they receive that money, such as passing it on to a charity or something else, are their prerogative.

Mr E.S. RIPPER: It sounds as though Peter Conran, the individual, might need to make out a cheque to Peter Conran, the director general.

Mr C.J. BARNETT: I understand—it came up earlier—that Peter Conran believes that he had not reached the date in terms of timing. That was his consideration. He was not being a martyr or anything else. He just did not think it was due to him at that point. But that is a matter between him and the Salaries and Allowances Tribunal. He was not making a point.

Mr W.J. JOHNSTON: I just want to clarify something, Premier, if I am able to do so. Is there a specific written decision of the tribunal, in accordance with the act, and is that published in some way?

Mr W. Coleman: Yes.

Mr C.J. BARNETT: The answer is that the determination was published in the *Government Gazette*. I have a spare copy of the *Government Gazette*, and I am happy to provide that to the member.

Mr W.J. JOHNSTON: The Premier has said that Mr Conran has said that he does not believe he is eligible for the increase. His opinion is not really relevant. It is what is in the determination that is important, because the determination is required by law to be implemented by government.

Mr C.J. BARNETT: That is his salary. It is my understanding—he is not here now—that he does not believe that he has yet qualified for that increase. That was the explanation that he gave to me. But, as the chairman has said, if a salary is set, it is deemed that it should be paid.

Mr W.J. JOHNSTON: And it will be paid by the Department of the Premier and Cabinet, because it is obliged to do so at law.

Chairman; Mr Eric Ripper; Mr Colin Barnett; Mr Bill Johnston; Dr Mike Nahan; Mr Ian Blayney; Mrs Liza Harvey

Mr C.J. BARNETT: That may be a matter between Mr Conran and the Salaries and Allowances Tribunal.

Dr M.D. NAHAN: I refer to page 110, and the heading “Significant Issues Impacting the Agency”. The second dot point under that heading states that the tribunal will be taking over the responsibility of determining the remuneration of the chief executive officers of government trading enterprises. That is a significant change. What is the reason for this, and how does this decision relate to the boards of those agencies, which, as I understand it, have in the past generally determined the wages?

Mr C.J. BARNETT: It can vary from one piece of legislation to another. But, generally, from my experience at least, if a board determines what it believes a CEO should be paid, that will come to the minister, and perhaps the Treasurer, for agreement. So there is usually that check. This government has been somewhat dissatisfied with some of the arrangements that have been built into contracts for CEOs, such as incentives and the like. Those things more properly belong in the private sector. I do not think they sit well within government employment, particularly bearing in mind that GTEs are a sort of bridge between the private and the public sectors. The government feels more comfortable with the Salaries and Allowances Tribunal providing advice to the boards of GTEs on salary levels, and probably also the structure of salaries. Mr Coleman may wish to comment further.

Mr W. Coleman: Thank you, Premier. We believe that we have the expertise and the resources to address these issues, and it is really a part of the fabric of government and quasi-government employment that is missing from the jigsaw at the moment under the jurisdiction that the Parliament has given us. We already provide the recommendation for the salaries of local government CEOs. This is an extension of the work that we have been doing in that area for some five or six years.

Dr M.D. NAHAN: Will the tribunal also be determining the remuneration of the boards of directors of GTEs?

Mr C.J. BARNETT: I do not think the tribunal plays a role in that. I think that is set through the Public Sector Commission. Does Mr Coleman want to add to that?

Mr W. Coleman: No.

Mr C.J. BARNETT: If I can add to that, the Salaries and Allowances Tribunal is, and needs to be, independent. As a government, we are asking SAT to take on some other roles. That includes the entitlements of members of Parliament. However, that does enter into a grey territory. The more this government asks SAT to do, the more we could infringe upon its independence, and we are both very conscious of that. But its independence and expertise are something that can be used and should be used.

Mr I.C. BLAYNEY: Over the last couple of weeks, I have had a couple of constituents ask me why the salaries of top public servants and local government CEOs are higher than the salaries of the Premier and the Prime Minister.

Mr E.S. RIPPER: They are higher than the salary of the Leader of the Opposition as well!

Mrs L.M. HARVEY: We do not mind that as much!

Mr I.C. BLAYNEY: Is this common in western democracies, and can the Premier give me a logical explanation for that, because I cannot come up with one?

[5.10 pm]

Mr C.J. BARNETT: It may relate to the quality of the individuals. That might be one explanation. I think it is just a function of democratic government. I do not think the American President gets paid all that much. I would guess that maybe 100 public servants get paid more than the Premier. If one goes into public office, one does it for reasons beyond salary. I would hope that is why members of Parliament are where they are. Some of these salary levels that we see paid to CEOs in local government is a legitimate issue. I think they are out of proportion. To my knowledge, there is not an equivalent check on the system as there is through SAT at a state government level. I am probably digressing here, but I always found it somewhat disturbing when hordes of GTEs came to a minister suggesting all sorts of salary increases and components when we knew the CEO had a big hand in that. That is part of the reason we want to involve SAT. I think it is unhealthy. The issue surrounding local government is a serious issue and I do not think the public knows what local government CEOs are being paid. In a number of cases, I think their salaries are way over the top.

Mr E.S. RIPPER: I think we have a bipartisan position on that.

Mr I.C. BLAYNEY: I am aware of the newly amalgamated councils in Queensland, for example. I was talking to a backbencher from the Sunshine Coast who told me that the local councillors on that council were paid \$120 000 plus a car. Is that where we are heading with local government?

Chairman; Mr Eric Ripper; Mr Colin Barnett; Mr Bill Johnston; Dr Mike Nahan; Mr Ian Blayney; Mrs Liza Harvey

Mr C.J. BARNETT: I certainly hope not. I am not dodging the question. It is a serious issue and I know where the member is coming from. It is something that the government is concerned about. Payment for councillors was introduced during a Liberal–National government. It was seen at the time to be not much more than a honorarium. We are seeing that, with local government councillors, it is now becoming a job and people sometimes seek the position for the sake of the job. I think that is an issue for local government and for the state and the minister. I think we are losing that quality of a good public citizen going on to a local authority because they want to contribute to their community. Their expenses should be covered. We are almost getting wage claims from office holders within local government, and I do not find it particularly healthy. I think someone should go to local government because they want to contribute to the community. Sure, some moderate allowance is appropriate for expenses and the like, but now it is becoming a job. How many times do we hear local councillors complain they do not get paid enough? I get it all the time.

The appropriation was recommended.