



RESEARCH NOTE

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Thirty Years of Parliamentary and Public Service Salaries

Major Findings

This note shows trends since 1966 for Members/Senators and three selected Commonwealth Public Service salaries:

1. Salaries adjusted for price increases are an indicator of trends in **purchasing power**. The salaries examined here are near or above their levels in the second half of the 1960s, but still below their peak levels in the mid 1970s.
2. Salaries in relation to average weekly earnings are an indicator of trends **relative to other wage and salary earners**. The salaries examined here have all experienced relative falls over the last 30 years, although the extent varies according to the classification and starting point chosen.

The Parliamentary Research Service often receives requests for information about salary trends and relativities. Public sector salary trends have implications for the issues of government expenditure, industrial relations, classification and recruitment. From the large number of Public Service grades, three were selected, with one each from the lower, middle and higher levels. Because other levels and specialist classifications are related to these scales, they are also a guide to the broader situation.

Comments:

Members and Senators:

Until the mid 1970s, movements in Parliamentarians' salaries were relatively volatile.

The purchasing power of Parliamentarians' salaries is below the peak levels of the mid 1970s. After rising in fits and starts over 1966 to 1976, Parliamentarians' salaries slipped gradually until being linked to Commonwealth Public Service salaries in the 1990s.

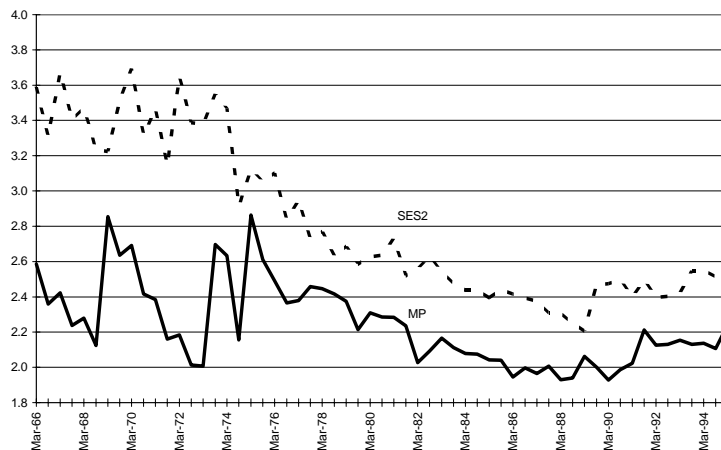
Relative to average weekly earnings, Parliamentarians' salaries are still below the peak, or even average, levels of 1966 to 1976.

Public Service:

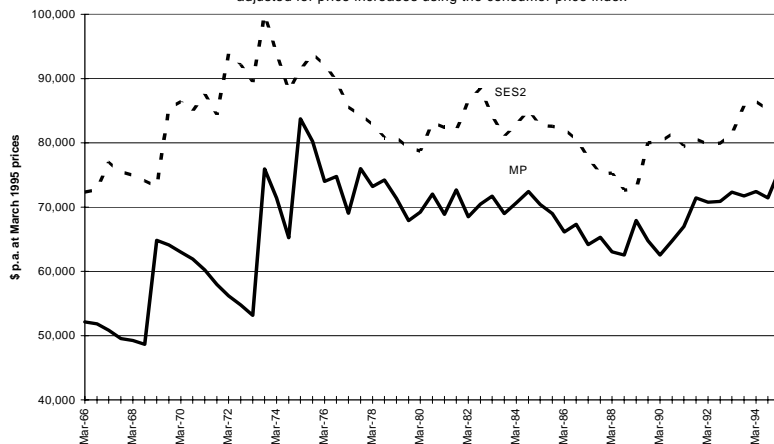
The purchasing power of all the selected grades peaked in the mid 1970s.

The lower and middle levels now have about the same purchasing

PARLIAMENTARY AND SENIOR PUBLIC SERVICE SALARIES
as a proportion of average weekly earnings



PARLIAMENTARY AND SENIOR PUBLIC SERVICE REAL SALARIES
adjusted for price increases using the consumer price index



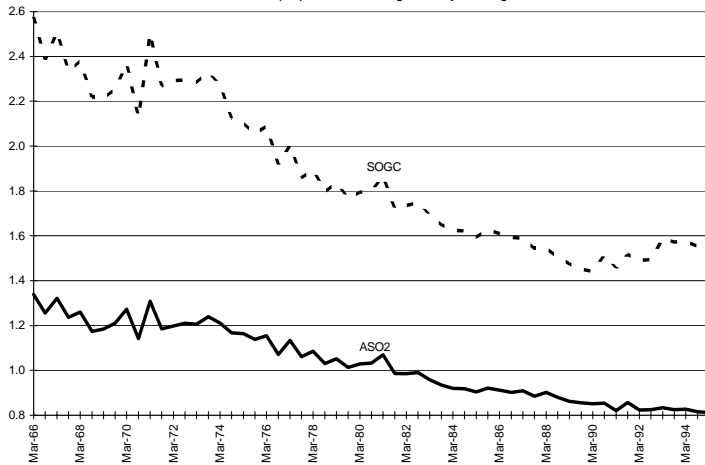
power as in the mid 1960s. All three of the selected grades of Public Service salaries have also fallen relative to the rest of the community. However, the extent varies according to the grade and starting points.

The position of middle and higher levels relative to the lower

grades deteriorated as a result of lower percentage increases for higher salaries in the 1970s and 1980s. However, the introduction of additional benefits and allowances in the late 1980s and early 1990s has offset this to varying degrees.

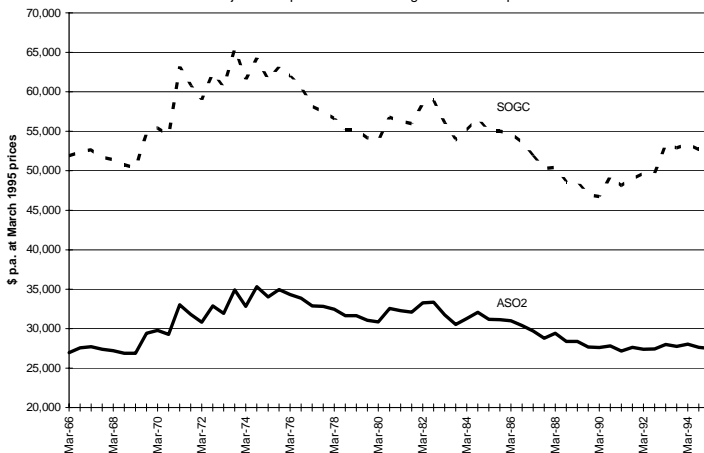
MIDDLE AND LOWER LEVEL PUBLIC SERVICE SALARIES

as a proportion of average weekly earnings



MIDDLE AND LOWER LEVEL PUBLIC SERVICE REAL SALARIES

adjusted for price increases using the consumer price index



There is indirect and anecdotal evidence of "classification drift" in the Public Service, ie an increasing number of higher level positions has worked to offset the effect of salaries becoming less competitive.

Notes:

- Salaries of Members of Parliament and Senators were linked to the Commonwealth Public Service Senior Executive Service (SES) Band 1 maximum salaries in July 1991, and Band 2 minimum salaries in December 1994. The series includes basic salary, but excludes electoral and travel allowances, as these are not a personal benefit. (Higher payments for Members and Senators with official positions, such as ministers, are also excluded.)
- Senior Executive Service salaries are represented by SES Band 2 (SES2) maximum level. They in-

clude the value of car at the value for Fringe Benefits Tax purposes. Performance Pay varies, but an average amount of half the maximum is used here. It should be noted that there have been particularly large changes in the responsibilities and tenure at this level.

- The middle level Public Service is represented in this note by a Senior Officer Grade C (SOGC), and its predecessors, on the top increment. It also includes Senior Officer's Allowance and Work Related Expenses. Half the maximum value of Performance Pay is included.
- Lower level public service salaries are represented by an Administrative Services Officer Grade 2 (ASO2), and its predecessors, on the top increment.
- The average weekly earnings figure is for average male weekly total earnings. There are several

measures of average weekly earnings, but this one is the only one available for the whole of the period. In interpreting the results, it is worth noting that there have been substantial changes in the skill levels and occupational composition of the workforce since 1966.

- None of the salaries include superannuation benefits, as they are not received until later and the size of benefits is conditional.
- All salaries are before the deduction of income tax.
- The Consumer Price Index has been used to measure the purchasing power of salaries. Alternative price indexes show fairly similar trends.

Sources:

Parliamentary Salaries: Remuneration Tribunal

Public Service Salaries: Department of Industrial Relations

Consumer Price Index and Average Weekly Earnings: ABS Time Series tape.

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