

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE – QUESTIONS ON NOTICE 2003-2004 SUPPLEMENTARY ESTIMATES HEARING

Outcome: CSIRO
Output Group: - CSIRO

DEST Question No. E618_04

Senator Carr asked on 5 November 2003.

Question:

After that \$440,000 position I have mentioned, last year the next best two were at the \$300,000-\$310,000 range.
This year, there is one position now at the \$350,000-\$360,000 range, with a further two now in the \$320,00-\$330,000 band.

Where have these three highly paid positions come from?

Are they new, or are they existing positions but now better paid?

If, for example, the \$350,000-\$360,000 position is an existing one, then the best it could have been earning the previous year was \$310,000.

In other words, that position would have received an average rise of about \$45,000, or approximately 15% in one year.

Who occupies that position?

How is that increase explained and justified?

Is it a bonus or part of the positions basic salary?

If a bonus, what are the performance criteria?

Who makes the decision relating to such increases?

Answer:

CSIRO has provided the following response.

Executive salaries and Board remuneration

Note 33 is an accounting table, not a positional table or a remuneration structure. The accounting figures are affected by a number of factors, including how long a person has performed the role in the year (whether a person has been on leave without pay, for example), the change in leave accrual (whether more or less paid leave was taken in the year and increases in base remuneration), differences in performance bonus payments, and supplementary costs, all of which vary from year to year. Consequently, entries in adjacent bands for past and current years may relate to different positions which cannot be meaningfully compared for the purpose of deriving conclusions about base remuneration progression.

The positions in Note 33 are identified in the answer to E617_04. Of the top four Officers in 2002, one does not appear in that group in 2003 due to retirement.

The second top position in 2003 did not appear in the top four positions in 2002 because the previous occupant received lower payments in that year as that Officer was not engaged for a full financial year.

Of the remaining two Officers in the top four (other than the top position) appearing in both columns, an apparently large increase for one Officer is explained by the 2002 figure being lower due to a lower annual bonus payment in that year. The second of these Officers moved from the \$300,000–\$310,000 band in 2002 to the \$320,000–\$330,000 band.

All Officers shown in Note 33 have a performance agreement and are eligible for an annual bonus. 50% of each annual bonus payment is assessed on performance against individual Key Result Areas. The remaining 50% is a function of the performance of CSIRO as a whole, which is assessed by the Board against corporate criteria it sets. Individual and corporate performance criteria are extensive and quantitative.

Performance bonus decisions affecting senior managers are made by the Chief Executive following a detailed consultation process, which includes the Executive Team and the Chairman. The Chief Executive's performance bonus is decided by the CSIRO Board on the advice of the Board Remuneration Committee (which includes the Chairman).

In 2002/03 increases in remuneration due solely to the movement of annual remuneration rates (that is, excluding performance payments or the impact of changes in responsibilities) for positions shown in Note 33 were between 4.2% and 5% (not 15% as suggested in the Question). (See the answer to E619-04 for the increase in CSIRO Enterprise Agreement salaries for that year). Senior management remuneration levels are periodically discussed with the CSIRO Board Remuneration Committee.