

## EDUCATION, SCIENCE AND TRAINING

### SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2005-2006 SUPPLEMENTARY ESTIMATES HEARING

**Outcome:** CSIRO

**Output Group:** CSIRO

#### **DEST Question No. E725\_06**

Senator Wong provided in writing.

#### **Question:**

There are now twice as many senior executives earning salaries above \$300,000 p.a. – from 5 in 2003-04 to 10 in 2005-06. How does CSIRO justify this increase in pay, in light of CSIRO's financial performance?

#### **Answer:**

*CSIRO has provided the following response.*

#### *Remuneration costs – senior executives*

The table in Note 32 to the 2004/05 Financial Statements gives information about remuneration costs (not salaries) incurred in 2004/05. These costs include fixed remuneration packages and 'at risk' performance pay in relation to 2003/04. The performance payment proportion of remuneration costs in 2004/05 does not reflect performance decisions relating to 2004/05 outcomes.

Factors which contribute to the annual increase in remuneration costs include the normal increase in fixed packages and increases in other costs treated as remuneration for the purpose of the Financial Statements. The reasons for the increase in costs for the table as a whole apply also to the positions identified in this question. These reasons include:

- **Superannuation costs:** The rate of actuarially determined defined benefit superannuation scheme costs has increased. This represents an increased cost to the employer but without any change in the defined benefits of employees. This increased cost applies to all CSIRO staff in the relevant scheme.
- **Leave accrual:** A change in accounting rules resulted in a change in the method of calculating the accrual in 2004/05, which increased the remuneration costs significantly in some cases. In addition, some officers appointed on fixed terms have an added accrual for long service leave in 2004/05.
- **Remuneration increase:** The 2004/05 base rate of increase in individual fixed remuneration packages for officers included in the table was 4% (except for the Chief Executive which was 3.9%). Some officers received a higher increase relating to performance or increased responsibilities.