

EDUCATION, SCIENCE AND TRAINING

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

Outcome: CSIRO

Output Group: CSIRO

DEST Question No. E743_06

Senator Webber provided in writing.

Question:

Why do senior Execs, including the CEO, continue to get rewarded financially, when the organisation is not performing according to their own projections?

Answer:

CSIRO has provided the following response.

Remuneration costs

The table in Note 32 to the 2004/05 Financial Statements gives information about remuneration costs incurred in 2004/05. These costs include fixed remuneration packages, 'at risk' performance pay in relation to 2003/04, and other costs treated as remuneration for the purpose of the Financial Statements.

Consequently, the performance payment proportion of remuneration costs in 2004/05 does not reflect performance decisions relating to 2004/05 outcomes. That expenditure will be incurred in 2005/06.

In general, performance payments reflect performance assessment decisions made in relation to individual and organisational outcomes. Performance pay outcomes are heavily influenced by results achieved, qualitative assessments, and relevant metrics.

Assessments encompass financial performance, industry engagement, customer satisfaction, employee satisfaction, Intellectual Property performance, science quality, strategic development, and delivery and execution. Results vary across these categories. Few individuals would achieve 100% of possible objectives in a given year but do achieve positive results in many areas. Organisational outcomes also vary from year to year. Performance payments are scaled to the level of achievement in the year.

In 2004/05 expenditure on performance pay represented 8% of the aggregate remuneration costs shown in Note 32. As with most organisations, the major proportion of remuneration costs is fixed in character and not affected by performance outcomes.