



Australian Government
Australian Taxation Office

Office minute

Issue date:	17 December 2015		
To:	Chris Jordan AO, Commissioner of Taxation		
Copies to:	Geoff Leeper, Second Commissioner PSSG Jeremy Hirschhorn, A/g Second Commissioner Compliance Andrew Mills, Second Commissioner LDP Lina Ranieri, Assistant Commissioner Leadership and Culture Steven Ramsey, Assistant Commissioner Workplace Relations		
From:	Jacqui Curtis, Deputy Commissioner ATO People		
Business line:	ATO People	Section:	Executive
Contact officer:	Lina Ranieri	Contact phone:	s47E
Response date:	23 December 2015 to ensure that any increase can be processed in time for payday 28 January 2016.		
Subject:	2015-16 SES pay increase		

Recommendation

That you **approve**
 an increase to the SES pay ranges and total remuneration components described at Attachment A, with effect from 1 January 2016 (with the exception of the Year 1 pay rise for the CIO role) and that all SES terms and conditions are changed at the point when revised conditions are introduced for all general employees.

APPROVED

Chris Jordan AO, Commissioner _____ 17/12/2015

Advice

As with general employees, SES employees have not received a general increase in remuneration since July 2013. We have traditionally aligned SES increases to those for non-SES.

On 18 November 2015, in accordance with the Bargaining Policy, the ATO proposed a new pay offer to all staff as part of the Enterprise Agreement (EA):

- Year 1: 3.0% (on commencement of a new EA)
- Year 2: 1.5% (12 months from commencement)
- Year 3: 1.5% (24 months from commencement)

As confirmed on 17 December 2015, the EA received a majority 'no' vote of 85.2%.

All SES

ATO SES do not have voting rights and their terms and conditions, including remuneration, are set at your discretion under individual section 24 Determinations.

Despite the 'no' vote for the EA, you have the flexibility to apply the proposed pay offer to SES officers over the next three years, as described in **Attachment A**, which applies the Year 1 3% increase and uses 1 January 2016 as the date of effect.

If you do decide to pass on the pay offer to SES, we can expect to receive some adverse reactions from unions and the media, with the potential perception that our top earners are getting pay rises without any impact to their employment conditions.

We would propose explaining that SES are getting the pay offer passed on now because that is the best offer that can be on the table to any ATO employee and that their conditions would change at the time that non-SES terms and conditions change to ensure they are aligned.

We would propose also framing the pay rises around efficiencies and productivity gains for the SES cohort, including:

- Consistency and streamlining of local titles and removal of layers, eg abolition of ADC and SACs
- streamlining of many SES-specific administrative processes, including probation and performance management
- rationalisation of SES Band 1 support teams, and
- redistribution of duties across the SES cohort following major reductions to the SES workforce.

s47F

Background

SES remuneration rates are reviewed annually by the Commissioner, including any increases to the total remuneration package.

In considering the basis for an increase, reference needs to be made to the *Workplace Bargaining Policy 2015* (the Bargaining Policy). This provides that the Commissioner can determine annual remuneration increases for senior executive employees where this is consistent with Australian Government policy, including that increases should be offset by genuine productivity gains.

Increases to SES total remuneration must remain within the parameters of the *APS Executive Remuneration Management Policy*. SES remuneration must not exceed the notional amount of

\$441,298 (from 1 January 2016), and this notional amount is the equivalent to 65% of the base remuneration of the Secretaries' structure.

SES remuneration arrangements are provided under a section 24 Determination and increases are determined by the Commissioner, on recommendation from the ATO Remuneration Committee.

Next steps

If the increase to SES remuneration is approved, we will work with Payroll Services and Appointments to ensure that the increases are applied with effect from 1 January 2016, to be paid on 28 January 2016.

Additionally, we have drafted a communique at **Attachment B** to all SES advising them of the increase to their remuneration with effect from 1 January 2016, for your approval please.

Jacqui Curtis FAHRI
Deputy Commissioner ATO People

Attachments

Attachment A: Proposed increases to SES pay ranges

Attachment B: Draft communique to all SES

Attachment A

SES Band 1 current pay ranges and proposed increases over three years

Current pay range

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	216,981	161,756	27,522	2,543	25,160
2	225,499	169,128	27,522	2,543	26,306
3	234,002	176,486	27,522	2,543	27,451
4	242,505	183,845	27,522	2,543	28,595
5	251,027	191,220	27,522	2,543	29,742

Year 1: 3% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	223,490	166,609	28,348	2,619	25,914
2	232,264	174,202	28,348	2,619	27,095
3	241,022	181,781	28,348	2,619	28,274
4	249,780	189,360	28,348	2,619	29,453
5	258,558	196,957	28,348	2,619	30,635

Year 2: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	226,842	169,108	28,773	2,659	26,303
2	235,748	176,815	28,773	2,659	27,502
3	244,637	184,507	28,773	2,659	28,698
4	253,527	192,201	28,773	2,659	29,895
5	262,437	199,911	28,773	2,659	31,094

Year 3: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	230,245	171,644	29,204	2,698	26,698
2	239,284	179,467	29,204	2,698	27,914
3	248,307	187,275	29,204	2,698	29,129
4	257,330	195,084	29,204	2,698	30,343
5	266,373	202,910	29,204	2,698	31,561

Where SES employees elect or are required to maintain a car parking space, they will not be entitled to the cash in lieu amount as specified under the SES remuneration package.

* Calculated on 101% of base salary.
For SES employees who are members of defined benefits schemes (CSS or PSSdb) this figure is a notional superannuation amount for comparison purposes only.
For SES employees who are members of an accumulation fund (PSSap) these are actual figures.

SES Band 2 current pay ranges and proposed increases over three years

Current pay range

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	274,507	210,482	28,744	2,543	32,738
2	286,701	221,034	28,744	2,543	34,380
3	298,804	231,508	28,744	2,543	36,009
4	310,598	241,715	28,744	2,543	37,596

Year 1: 3% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	282,743	216,796	29,606	2,619	33,721
2	295,302	227,665	29,606	2,619	35,411
3	307,768	238,453	29,606	2,619	37,089
4	319,916	248,966	29,606	2,619	38,724

Year 2: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	286,984	220,048	30,050	2,659	34,226
2	299,731	231,080	30,050	2,659	35,942
3	312,384	242,030	30,050	2,659	37,645
4	324,715	252,701	30,050	2,659	39,305

Year 3: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	291,288	223,349	30,501	2,698	34,740
2	304,227	234,546	30,501	2,698	36,481
3	317,070	245,660	30,501	2,698	38,210
4	329,586	256,491	30,501	2,698	39,895

Where SES employees elect or are required to maintain a car parking space, they will not be entitled to the cash in lieu amount as specified under the SES remuneration package.

* Calculated on 101% of base salary.

For SES employees who are members of defined benefits schemes (CSS or PSSdb) this figure is a notional superannuation amount for comparison purposes only.

For SES employees who are members of an accumulation fund (PSSap) these are actual figures.

SES Band 3 current pay ranges and proposed increases over three years

Current pay range

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	348,987	273,879	29,966	2,543	42,599
2	364,811	287,573	29,966	2,543	44,729
3	380,429	301,089	29,966	2,543	46,831
4	395,738	314,337	29,966	2,543	48,892

Year 1: 3% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	359,457	282,095	30,865	2,619	43,877
2	375,755	296,200	30,865	2,619	46,071
3	391,842	310,122	30,865	2,619	48,236
4	407,610	323,767	30,865	2,619	50,359

Year 2: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	364,849	286,327	31,328	2,659	44,535
2	381,392	300,643	31,328	2,659	46,762
3	397,720	314,773	31,328	2,659	48,960
4	413,724	328,624	31,328	2,659	51,114

Year 3: 1.5% increase

Pay point	Total remuneration \$	Base salary \$	Cash in lieu of motor vehicle \$	Cash in lieu of parking # \$	Superannuation 15.4% employer contribution* \$
1	370,321	290,622	31,798	2,698	45,203
2	387,113	305,153	31,798	2,698	47,463
3	403,686	319,495	31,798	2,698	49,694
4	419,930	333,553	31,798	2,698	51,881

Where SES employees elect or are required to maintain a car parking space, they will not be entitled to the cash in lieu amount as specified under the SES remuneration package.

* Calculated on 101% of base salary.

For SES employees who are members of defined benefits schemes (CSS or PSSdb) this figure is a notional superannuation amount for comparison purposes only.

For SES employees who are members of an accumulation fund (PSSap) these are actual figures.

Attachment B

All SES communique

To: All SES**Subject: 2015-16 pay increase**

Good morning/afternoon,

I am pleased to advise that I have approved a pay increase of 3% for all ongoing and non-ongoing SES Band 1 and Band 2s with effect from 1 January 2016, and this will be paid on payday Thursday 28 January 2016.

Your pay increase is aligned to the ATO's pay offer for general employees as outlined in our recent Enterprise Agreement proposal. Despite the majority 'no' vote for the EA, I am satisfied that the ATO has made sufficient productivity gains to offset this pay increase for SES and that it is affordable within our current budget constraints.

The SES pay increases over three years are:

- Year 1: 3.0% (from 1 January 2016)
- Year 2: 1.5% (12 months from commencement)
- Year 3: 1.5% (24 months from commencement)

Other terms and conditions

I have also approved an alignment of SES terms and conditions to the main changes for general employees at the point when any revised conditions are introduced for all general employees.

A copy of the approved SES pay ranges are attached for your information.

Attach SES pay rates

Chris Jordan AO
Commissioner of Taxation

From: Perinovic, Natasha **On Behalf Of** SES Services
Sent: Thursday, 17 December 2015 3:01 PM
To: Smith, Mandi
Cc: Freeman, Brad
Subject: To All SES: 2015-16 Pay Increase [SEC=UNCLASSIFIED]

2015-16 Pay Increase

You may be aware the Remuneration Tribunal recently provided a 2% pay increase to statutory office holders, effective from 1 January 2016, the first such rise since July 2013. This applies to myself and the Second Commissioners.

I have considered the general productivity gains we have made over the last 12 to 18 months, including matters specific to the SES, and am satisfied that a pay increase for SES is affordable within our current budget constraints.

I am therefore pleased to advise that I have approved a pay increase of 3% for all ongoing and non-ongoing SES Band 1 and Band 2s with effect from 1 January 2016. This will be paid on payday Thursday 28 January 2016.

Chris Jordan AO
Commissioner of Taxation

From: [Ranieri, Lina](#)
To: [Smith, Mandi](#); [Freeman, Brad](#)
Subject: FW: SES pay increase proposal [DLM=For-Official-Use-Only]
Date: Thursday, 17 December 2015 3:23:56 PM

For our records please.

Lina

Lina Ranieri

Assistant Commissioner, ATO People

Australian Taxation Office

P s47E
M s47E
F s47E

From: Jordan, Chris
Sent: Thursday, 17 December 2015 2:52 PM
To: Ranieri, Lina
Cc: Leeper, Geoff; Curtis, Jacqui; Ramsey, Steven; Sinclair, Suzanne; Smith, Susie; Hirschhorn, Jeremy; Mills, Andrew; Bosser, Miriam
Subject: RE: SES pay increase proposal [DLM=For-Official-Use-Only]

Minute approved.

Regards

Chris

Chris Jordan AO

Commissioner of Taxation

Australian Taxation Office

P s47E

From: Ranieri, Lina
Sent: Thursday, 17 December 2015 2:25 PM
To: Jordan, Chris
Cc: Leeper, Geoff; Curtis, Jacqui; Ramsey, Steven; Sinclair, Suzanne; Smith, Susie; Hirschhorn, Jeremy; Mills, Andrew
Subject: FW: SES pay increase proposal [DLM=For-Official-Use-Only]
Importance: High

Good afternoon Commissioner: for your consideration please.

Attached is a minute seeking approval to increase the SES pay ranges with effect from 1 January 2016 (with some exceptions as described in the minute).

We have also included a draft communique that is proposed to be sent to all SES.

Regards,

Lina

Office minute

<< File: 20151217 - SES pay increase no vote - FINAL.docx >>

Attachment A: SES pay rates

<< File: 20151217 - Attachment A SES pay increase.docx >>

Attachment B: SES communique

<< File: 20151217 - Attachment B no communique.docx >>