

Notional Salary 2019-20

New calculations for notional salary apply in relation to Public Service senior executives and roles from 1 July 2019. This Circular applies to Departments, Executive Agencies related to Departments and Separate Agencies. This Circular supersedes and replaces the previous Treasury Circular TC18-11 Notional Salary 2018-19.

Summary:

What is notional salary used for?

Under the Government Sector Employment Regulation 2014, the notional salary determines:

- the money value of accrued annual leave owing to a Public Service senior executive who elects for the whole or part of this to be paid upon ceasing to be employed in a government sector agency and immediately commencing employment in another government sector agency in accordance with [clause 29](#);
- the money value of extended leave accrued or payable to a Public Service senior executive in accordance with [Schedule 1](#); and
- the amount of the allowance to be paid to a Public Service non-executive employee who is temporarily assigned to an executive role (being the difference between the salary of the person's usual role and the notional salary of the executive role to which the person is temporarily assigned), in accordance with [clause 21](#).

Public Service senior executives are employed under Division 4 of Part 4 of the *Government Sector Employment Act 2013*.

What is notional salary?

For the purposes of determining the money value of accrued annual or extended leave payable, the *Government Sector Employment Regulation 2014* defines notional salary as 'the total amount of the remuneration package for the senior executive as last determined before the time of payment, less the superannuation guarantee amount payable in respect of the person' ([clause 29\(4\)](#) and [clause 6 of Schedule 1](#)).

Notional salary in relation to an executive role to which a non-executive employee is temporarily assigned means 'the total amount of the remuneration package that corresponds to a point, as determined by the agency head for the purposes of the temporary assignment, within the remuneration range for the executive role, less the superannuation guarantee amount payable in respect of a person employed in the executive role at that remuneration point' ([clause 21\(8\)](#)).

The 'superannuation guarantee amount' means 'the minimum amount payable to a superannuation fund or scheme in respect of a person that is sufficient to avoid an individual superannuation guarantee shortfall, within the meaning of the *Superannuation Guarantee (Administration) Act 1992* of the Commonwealth, in respect of the person' (clauses 21(8) & 29(4) above).

How is notional salary calculated?

Senior executives must contribute the employer contribution to superannuation out of their total remuneration package (TRP) in accordance with the superannuation contribution guarantee (SCG), up to the maximum contribution base (MCB). From 1 July 2014 the SCG increased to 9.5%.

The MCB is the salary level above which superannuation guarantee contributions are not required to be paid. The MCB is determined by the Australian Taxation Office (ATO) each year and is indexed according to the *Superannuation Guarantee (Administration) Act 1992* (Cwth). The ATO has determined that the MCB for 2019-20 is \$55,270 per quarter, or \$221,080 per annum.

From 1 July 2019, notional salary is calculated as follows:

If the Total Remuneration Package (TRP) is greater than \$242,082.60 per annum, the notional salary is calculated as the TRP less \$21,002.60.

Example

The notional salary for a senior executive on a TRP of \$268,000 would be calculated as:
 $\$268,000 - \$21,002.60 = \$246,997.40$

If the TRP is less than or equal to \$242,082.60 per annum, the notional salary is calculated as the TRP divided by 1.095.

Example

The notional salary for a senior executive on a TRP of \$220,000 would be calculated as:
 $\$220,000 \div 1.095 = \$200,913.24$

Michael Pratt AM
Secretary