

REMUNERATION TRIBUNAL - REPORT RELATING TO DETERMINATION NO. 7 OF 2010

1. INTRODUCTION

- 1.1 The Remuneration Tribunal ('the Tribunal') is responsible for determining the remuneration payable to Statutory Office Holders including:
 - 1.1.1 the Auditor General;
 - 1.1.2 the Electoral Commissioner and the Deputy Electoral Commissioner;
 - 1.1.3 the Employee Ombudsman; and
 - 1.1.4 the Health and Community Services Complaints Commissioner ('HCSCC').
- 1.2 Prior to 30 October 2008 the Tribunal determined the remuneration for the South Australian Ombudsman ('the Ombudsman'). The South Australian Government Gazette published on 30 October 2008 removed the Ombudsman from the jurisdiction of the Tribunal. This occurred without any consultation with the Tribunal or any explanation as to why the change was deemed necessary.
- 1.3 Prior to the Tribunal's 2009 Determination, the remuneration and classification of the HCSCC was linked directly to the remuneration of the Ombudsman.
- 1.4 As part of the 2008 and 2009 reviews of remuneration of Statutory Office holders, the Tribunal received written and verbal submissions from the HCSCC.
- 1.5 Amongst other things the HCSCC submitted that the Tribunal note that:
 - 1.5.1 the remuneration for the Ombudsman had been increased without a work value assessment;
 - 1.5.2 the annual salary now applicable to the positions of WorkCover Ombudsman and Ombudsman is the salary applicable to a Stipendiary Magistrate;
 - 1.5.3 prior to this increase it was believed that the salary of the HCSCC was fixed at 90% of the salary of the Ombudsman;
 - 1.5.4 the work value principles needed to be upheld otherwise there were negative implications in the possible widening of the gender gap; and
 - 1.5.5 the handling of the Ombudsman's remuneration cast into question the principles of scrutiny, explicitness and visibility.
- 1.6 In light of:
 - 1.6.1 The previous linkage in remuneration between the Ombudsman and other Statutory Officers;
 - 1.6.2 The lack of clarity regarding the rationale for removal of the Ombudsman from the Tribunal's jurisdiction; and
 - 1.6.3 Continued submissions by Statutory Office Holders regarding changes in work value and by reference to the new remuneration of the Ombudsman,the Tribunal initiated an independent work value review of the Statutory Offices within its jurisdiction.

2. WORK VALUE REVIEW

- 2.1 As noted in its Determination 7 of 2009 and Report 7 of 2009, and in accordance with the provisions of the *Remuneration Act 1990*, the Remuneration Tribunal engaged consultants, Mercer, to conduct an independent review and evaluation ('the Mercer Review') of the following Statutory Offices within its jurisdiction:

- 2.1.1 Electoral Commissioner
 - 2.1.2 Deputy Electoral Commissioner
 - 2.1.3 Employee Ombudsman; and
 - 2.1.4 HCSCC.
- 2.2 The Mercer Review was conducted in early 2010. The Tribunal provided supporting and relevant information to Mercer, such as annual reports, strategic plans, organisational reviews and copies of the relevant legislation and submissions for review.
- 2.3 Mercer conducted interviews with each of the incumbents, and where necessary sought additional information or clarification via telephone.
- 2.4 Mercer provided a draft report to the Tribunal on 9 February 2010. The Tribunal then provided copies of the draft report to each of the four Statutory Office holders, for their information and seeking their comments.
- 2.5 Comments and further information supplied by the Statutory Office holders in response to this request by the Tribunal were then provided to Mercer.
- 2.6 Mercer delivered its final report ('the Mercer Report') to the Remuneration Tribunal on 30 April 2010.
- 2.7 The Tribunal sought comments from Premier regarding the Mercer Report, (as the Minister responsible for the *Remuneration Act 1990 (SA)*) to make submissions in the public interest.
- 2.8 The Premier made the same submission in respect of all of the offices covered by the Mercer Report. In doing so the Premier submitted, on 7 July 2010, that in relation to the Mercer points assessment and Mercer Report, *'the primary considerations for the Tribunal are the elements and requirements of Principle 8: "Work Value Change" and the Tribunal should form its own views in that regard in relation to these four statutory offices'*.
- 2.9 The Premier further submitted that the points assessment within the Mercer Report should not be relied upon for a number of reasons, including:
- 2.9.1 That the Mercer CED Evaluation Model uses a methodology that does not make 'work value' assessments against Principle 8 or by having regard to other offices within the jurisdiction of the Tribunal;
 - 2.9.2 The Mercer Report does not detail the basis upon which it points assessment is based; and
 - 2.9.3 The Mercer Report does not provide information about what comparisons were made when it states that *"it conducted benchmarking with similar positions with the Public Sector in other Australian jurisdictions"*.
- 2.10 The Premier submitted that *'in referring to [South Australian Executive Salary] Levels, the Mercer Report omits to note that these levels (and the Mercer points assessments) refer to the [Total Remuneration Package Value] applicable, whereas the Tribunal makes its determination in relation to salaries'*.
- 2.11 In all the circumstances, the Tribunal concluded that an upward adjustment of the salaries of the offices the subject of the Mercer Report was warranted and that such movement should occur within the current classification structure for South Australian Public Sector Executive Officers.

3. ANNUAL REVIEW

- 3.1 In accordance with the provisions of the *Remuneration Act 1990* (SA) the Tribunal by letters dated 16 September 2010 invited the office holders of the statutory positions of Auditor-General, Electoral Commissioner, Deputy Electoral Commissioner, Employee Ombudsman and Health and Community Services Complaints Commissioner to make submissions in relation to the remuneration of those offices, for the purposes of its annual review of remuneration.
- 3.2 The Tribunal also invited the Premier (as the Minister responsible for the *Remuneration Act 1990* (SA)) to make submissions in the public interest.
- 3.3 The Tribunal received written submissions from the Premier, the Deputy Electoral Commissioner and the Auditor-General.
- 3.4 The Premier submitted that the Tribunal should have regard to the following economic factors in its review of remuneration:
- 3.4.1 The economic indicia published by the Australian Bureau of Statistics, such as the Labour Price Index, the Average Weekly Earnings, and the Consumer Price Index;
 - 3.4.2 The global economic uncertainty and its impact on South Australia's finances; and
 - 3.4.3 The limited economic impact of the 2.5% general salary increase applicable to public sector salaried employees, applicable from 1 October 2009, and the 2.5% general salary increase for 2010 for public sector executives.
- 3.5 The Auditor-General submitted "*the adverse effects of the global financial crisis on the South Australian public sector and its workforce require constraint to be exercised. The recent 2010-11 budget will also adversely affect the public sector workforce and reinforces the need for continuation of the exercise of constraint*" and as such that '*there should be no alteration to my remuneration*'.
- 3.6 The Deputy Electoral Commissioner submitted that the salary for the office of Deputy Electoral Commissioner should be '*increased to bring the effective TRPV into line with the work value assessed within Level B of the Tenured Contract Appointment schedule as at 1 July 2010, thereby including the annual increase equivalent of that paid to Public Sector Executives*'.

4. CONCLUSION

- 4.1 After reviewing previous Tribunal Determinations, the Mercer Report, comments and submissions from Statutory Office holders and the Premier, the Tribunal has determined that salary increases are appropriate. The increases incorporate the Tribunal's determination regarding work value changes, and a 2.5% general increase to Total Salary Packages granted to South Australian Public Sector Executives.
- 4.2 The Tribunal has determined that the salary for the Auditor-General will be \$280,900 per annum. Telephone rental and calls allowance for this Office will remain unaffected by this Determination.
- 4.3 The Tribunal has determined that the salary for the Office of the Electoral Commissioner will be \$176,000 per annum. Telephone rental and calls allowance for this Office will remain unaffected by this Determination.

- 4.4 The Tribunal has determined that the salary for the Office of Deputy Electoral Commissioner will be \$128,000 per annum. Telephone rental and calls allowance for this Office will remain unaffected by this Determination.
- 4.5 The Tribunal has determined that the salary for the Office of the Employee Ombudsman will be \$132,500 per annum. Telephone rental and calls allowance for this Office will remain unaffected by this Determination.
- 4.6 The Tribunal has determined that the salary for this Office of the HCSCC will be \$207,000 per annum. Telephone rental and calls allowance for this Office will remain unaffected by this Determination.

5. OPERATIVE DATE

- 5.1 Salaries determined herein will operate from 1 July 2010.



Hedley R Bachmann AM
PRESIDENT

October 2010