



No. 4 of 2019

REPORT OF THE REMUNERATION TRIBUNAL
2019 REVIEW OF REMUNERATION FOR THE AUDITOR-GENERAL, ELECTORAL
COMMISSIONER, DEPUTY ELECTORAL COMMISSIONER AND HEALTH AND COMMUNITY
SERVICES COMPLAINTS COMMISSIONER

INTRODUCTION

1. The Remuneration Tribunal (“the Tribunal”) has jurisdiction under section 14 of the *Remuneration Act 1990* (“the Act”) to determine the remuneration, or a specified part of remuneration, of certain statutory office holders, as conferred by other Acts or by proclamation by the Governor.
2. This Report concerns the remuneration of the following statutory office holders:
 - 2.1. the Auditor-General;
 - 2.2. the Electoral Commissioner;
 - 2.3. the Deputy Electoral Commissioner; and
 - 2.4. the Health and Community Services Complaints Commissioner.

BACKGROUND

3. The last review of remuneration for the abovementioned statutory office holders was conducted in 2018, resulting in the Tribunal increasing the salaries of those office holders by 1.5 per cent, with an operative date of 1 January 2018.

PROCEDURAL HISTORY

4. Section 10(2) of the Act provides that prior to the making of a Determination, the Tribunal must allow an affected person, or persons of an affected class, a reasonable opportunity to make submissions orally or in writing to the Tribunal.
5. Section 10(4) provides that the Minister responsible for the Act may intervene, personally or by counsel or other representative, in proceedings before the Tribunal for the purpose of introducing evidence, or making submissions, on any question relevant to the public interest.

6. The Tribunal wrote to the statutory office holders listed at paragraph 2 of this Report on 27 February 2019, notifying of the Tribunal's intention to conduct a review of remuneration for those offices.
7. On 27 February 2019, the Tribunal wrote to the Honourable Premier of South Australia ("the Hon. Premier"), as the Minister responsible for the Act, inviting submissions in the public interest.
8. In addition, on 4 March 2019, a notification of the review was placed on the Tribunal's public website.

SUBMISSIONS

9. On 28 March 2019, the Tribunal received a submission on behalf of the Hon. Premier. That submission is summarised as follows:
 - 9.1. In relation to the 2019 review of salaries for Statutory Office Holders (specifically the Auditor-General, the Electoral Commissioner, the Deputy Electoral Commissioner and the Health and Community Services Complaints Commissioner) and the Tribunal's invitation by letter dated 27 February 2019, the Premier as the Minister responsible for the *Remuneration Act 1990* submits that the Tribunal have regard to the following factors:
 - the economic indicia outlined in the Premier's submission; and
 - the movement in pay of executives in the public service operative from 1 July 2018.
 - 9.2. In relation to the 2019 review and consolidation of the Communication Allowance for Statutory Office Holders, the Premier submits that the Tribunal have regard to, and not significantly differ from, the following arrangements and practices:
 - the arrangements that apply in the public sector generally and in particular to public sector executives;
 - the provisions for telephone rental, call reimbursement and mobility services arrangements that apply to employees in the public sector generally and in particular to public sector executives.
10. No other submissions were received by the Tribunal in respect of this Review.

CONSIDERATION

11. The Tribunal has had regard to the economic background against which the review was conducted. That consideration includes the information referred to in the Premier's submission.
12. The Tribunal identified the following considerations:
 - 12.1. The Reserve Bank of Australia ("RBA") economic outlook for inflation of 1.75% for the year ending December 2019;
 - 12.2. A movement in the Australian Bureau of Statistics ("ABS") Consumer Price Index for Adelaide of 1.3% for the year ending March 2019;
 - 12.3. The Wage Price Index for Public Sector employment, as published by the Australian Bureau of Statistics, was 2.5% for South Australia and 2.5% for Australia, for the year ending December 2018.

- 12.4. The state of the South Australian Economy as described in the Treasurer's budget papers of 2018, as follows;

“Economic outlook

The economic challenges arising from the cessation of car manufacturing in South Australia have been relatively well accommodated, with continuing overall employment growth and a fall in the unemployment rate. The declines in production and employment in the manufacturing industry have been offset by growth in service based industries, led by health care and social assistance.

Employment in South Australia is likely to continue to be supported by public sector investment in transport projects, by private sector investment (including OZ Minerals' Carrapateena project and Senvion's Ceres wind farm project). In the medium term, naval shipbuilding projects (future frigates and submarines) offer the potential for significant job opportunities, including in supply chain firms.

Although retail spending growth has seen gradual declines from its recent peak in late 2014, it is likely that recent strong employment growth, continued sources of inexpensive consumer credit and growing tourist numbers will be supportive of household spending going forward. A number of surveys have confirmed strong business confidence in South Australia in recent months. This bodes well for growth in the state.

Forecasts and projections for South Australia from 2018–19 onwards take into consideration the expected performance of the international, national and state economies over the medium term. Forecasts and projections also depend on key assumptions around population growth rates and the relative performance of the state's economic sectors. Taking into consideration the relevant information on the past trends of the South Australia economy and having allowed for sensitivities in key assumptions, South Australia's GSP is forecast to increase by 2¼ per cent in real terms in 2018–19, following similar growth in 2017–18. South Australian employment is forecast to grow by 1½ per cent in 2018–19, revised up from 1 per cent in the mid-year budget review. South Australia's SFD is forecast to grow by 2½ per cent in 2018–19, revised up from 2¼ per cent since the mid-year budget review as a result of stronger than expected economic conditions.”

- 12.5. Monetary Policy decision of the Reserve Bank of Australia, dated 2 April 2019, Statement by Governor Philip Lowe of the RBA:

“Inflation remains low and stable. Underlying inflation is expected to pick up gradually over the next couple of years, although this has been taking a little longer than earlier expected. The central scenario is for underlying inflation to be 2 per cent this year and 2¼ per cent in 2020. In the near term, headline inflation is expected to decline because of lower petrol prices earlier in the year, while underlying inflation is expected to remain broadly stable.”

“The Australian labour market remains strong. There has been a significant increase in employment and the unemployment rate is at 4.9 per cent. The vacancy rate remains high and there are reports of skills shortages in some areas. The stronger labour market has led to some pick-up in wages growth, which is a welcome development. Continued improvement in the labour market is expected to see some further lift in wages growth over time, although this is still expected to be a gradual process.”

- 12.6. The media statement¹ of Minister Pisoni on 18 April 2019, as follows:

¹ “SA Employment rate climbs again, but participation up”, InDaily, published on 18 April 2019, retrieved on 24 April 2019 from <https://indaily.com.au/news/2019/04/18/sa-unemployment-rate-climbs-again-but-participation-up/>

“The latest jobs figures showed encouraging signs of employment growth, with a record 848,300 South Australians employed in trend terms.”

12.7. The Tribunal also considered movements in public sector remuneration. The *South Australian Modern Public Sector Enterprise Agreement: Salaried 2017* provides for weighted average salary increases of 2.3% in 2018 and 2.3% in 2019.

12.8. The following table illustrates historical increases for the statutory office holders to whom this Report relates and those employees covered by the *South Australian Modern Public Sector Enterprise Agreement: Salaried 2017*:

| Year | Increases in Salary for Statutory Office Holders (Remuneration Tribunal Determinations) | Weighted Average Increase for South Australian Modern Public Sector Enterprise Agreement: Salaried 2017 |
|--|---|---|
| 2014 | 2.5% | 2.5% |
| 2015 | 0.0% | 2.5% |
| 2016 | 2.5% | 2.5% |
| 2017 | 2.4% | 2.3% |
| 2018 | 1.5% | 2.3% |
| Cumulative percentage increase, 2014-2018 | 9.19% | 12.70% |

12.9. The Tribunal also had consideration to movements in public sector executive salaries in 2018. Those salaries were adjusted by 1.5% with an operative date of 1 July 2018. The increase to Public Sector Executive salaries, if any, by Cabinet in respect of executive salaries in 2019 is yet to be determined. The Tribunal anticipates that the level of salary prescribed by the accompanying Determination will operate for the whole of 2019.

12.10. The following table illustrates historical increases for the statutory office holders to whom this Report relates compared with public sector executives:

| Year | Increases in Salary for Statutory Office Holders (Remuneration Tribunal Determinations) | Increases in Salary for Public Sector Executives |
|--|---|--|
| 2014 | 2.5% | 0% |
| 2015 | 0.0% | 2.5% |
| 2016 | 2.5% | 1.5% |
| 2017 | 2.4% | 1.5% |
| 2018 | 1.5% | 1.5% |
| Cumulative percentage increase, 2014-2018 | 9.19% | 7.18% |

CONCLUSION

13. The Tribunal considered it was appropriate to balance all of the above considerations in order to come to a fair outcome for the statutory office holders whose remuneration will be subject the Determination to which this Report relates.
14. The Tribunal has decided to increase the salaries of the statutory office holders at paragraph 2 of this report by 2% per cent.
15. The accompanying Determination 4 of 2019 will issue accordingly.

COMMUNICATION ALLOWANCE

16. The Tribunal has reviewed its Determination in relation to statutory office holders Communication Allowance². The Tribunal has had regard to the relevant statistical measure which comprises the basis of consideration of the Communications Allowance for the statutory office holders to whom the accompanying Determination applies. The Tribunal has decided to make no adjustment to the level of the Communication Allowance accordingly.
17. The Tribunal's Communication Allowance Determination has been consolidated into the accompanying Determination.

OPERATIVE DATE

18. The operative date of the accompanying Determination will be 1 January 2019.



John Lewin
PRESIDENT



Peter Alexander
MEMBER



Pamela Martin
MEMBER

Dated this 2nd day of May 2019

² Remuneration Tribunal Determination 1 of 2013 – Auditor-General, Electoral Commissioner, Deputy Electoral Commissioner, Employee Ombudsman and Health and Community Services Complaints Commissioner.