



No. 2 of 2021

REPORT OF THE REMUNERATION TRIBUNAL
2021 REVIEW OF SALARY OF THE GOVERNOR OF SOUTH AUSTRALIA

INTRODUCTION

1. The Remuneration Tribunal (“the Tribunal”) has jurisdiction under section 14 of the *Remuneration Act 1990* (“the Act”) and section 73 of the *Constitution Act 1934* (“the Constitution Act”), to determine the rate of salary payable to His Excellency the Governor of South Australia (“the Governor”).

BACKGROUND

2. The Tribunal has had jurisdiction to determine the salary applicable to the office of the Governor since 11 February 2016, at which time the *Constitution (Governor’s Salary) Amendment Act 2015* came into operation. Prior to that, the rate of salary of the Governor was fixed by the Constitution Act at an amount equivalent to 75% of the salary of a puisne judge of the Supreme Court of South Australia.
3. In 2020, the Tribunal conducted its annual review of the salary of the Governor. At the time of that review, a Determination was in force which provided that the salary of the Governor was fixed at an amount equivalent to 75% of the salary of a puisne Judge of the Supreme Court of South Australia, until further Determination by the Tribunal. The Tribunal revoked that Determination, and, upon request of the Governor, did not apply any increase to the salary of the Governor due to the economic and social circumstances of the State at that time.
4. The Tribunal made the following remarks in its 2020 Report¹:
“The Tribunal intends to review the salary of the Governor again in the early part of 2021. At that time, the Tribunal will further consider, among other things, the economic circumstances of the State and the relevance of the previous relationship to the salary of a puisne Judge of the Supreme Court.”
5. The 2021 annual review of the Governor’s salary has now fallen due, and, as such, the Tribunal will now turn its mind to the relevance of the salary relationship which existed prior to the making of Determination 1 of 2020.

PROCEDURAL HISTORY

6. 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.

¹ Report 1 of 2020 – Review of Salary of the Governor of South Australia

7. 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.
8. The Tribunal, by letter dated 2 February 2021, invited the Governor to make a submission in relation to the review of the salary applicable to the office of the Governor.
9. The Tribunal, by letter dated 2 February 2021, invited the Honourable Premier of South Australia (“the Premier”), as the Minister responsible for the Act, to make submissions in the public interest.
10. In addition, on 2 February 2021, a notification of the review was placed on the Tribunal’s public website.

SUBMISSIONS

11. The Official Secretary to the Governor wrote to the Tribunal advising that the Governor did not intend to make a submission in relation to the Tribunal’s 2021 review of the Governor’s salary.
12. The Crown Solicitor’s Office, on behalf of the Premier, notified the Tribunal that the Premier does not wish to make a submission in relation to the review of the Governor’s salary by the Tribunal in 2021.
13. No other submissions were received by the Tribunal in relation to this Review.

ECONOMIC DATA AND INFORMATION

14. The Tribunal has considered the following economic data and information in the making of its decision:

SA Public Sector increase – SA Modern Public Sector Enterprise Agreement: Salaried 2017

This is the largest enterprise agreement for public sector workers in South Australia. The weighted average of all of the increases in this agreement is **2.3%**, operative from 1 October 2019. At the time of writing, no agreement has been made for a 2020 salary increase, as this agreement is currently the subject of industrial negotiations.

Public Service Executives

The remuneration of Public Service executives was placed on hold in 2020. The remuneration of Public Service executives is determined by Cabinet (Members of the Executive Government). The previous increase, which took effect in July 2019 was 2.0%. No 2021 decision on executive remuneration has been made as at the time of writing.

ABS Consumer Price Index

The Consumer Price Index (“CPI”) data for the year ending December 2020 reflects an annualised increase of **1.0%** in the all groups Adelaide index.

ABS Wage Price Index

The latest Wage Price Index (“WPI”) data the year ending December 2020 reflects an increase of **1.5%** (annualised increase) for the Public Sector in South Australia.

Reserve Bank of Australia - Statement on Monetary Policy – February 2021:

RBA inflation forecasts for the year ending:

- June 2021: 3.0%
- December 2021: 1.5%
- June 2022: 1.5%

- December 2022: 1.5%
- June 2023: 1.75%

Reserve Bank of Australia, Monetary Policy Decision, 2 February 2021

“Wage and price pressures remain subdued. The CPI increased by just 0.9 per cent over the year to the December quarter and wages (as measured by the Wage Price Index) are increasing at the slowest rate on record. Both inflation and wages growth are expected to pick up, but to do so only gradually, with both remaining below 2 per cent over the next couple of years. In underlying terms, inflation is expected to be 1¼ per cent over 2021 and 1½ per cent over 2022.”

The Salaries of Governors in Other Jurisdictions

Jurisdiction*	Governor Salary Per Annum	Operative Date	Relevant Authority
NSW	\$503,590	7 Sep 20	Independent Tribunal
CTH	\$495,000	6 Apr 19	Act of Parliament
VIC	\$468,020	17 Sep 19	Act of Parliament
TAS	\$464,729	31 May 20	Act of Parliament
WA [†]	\$454,028	21 Jan 18	Independent Tribunal
QLD	\$421,218	1 Jul 19	Act of Parliament & Regulation

Median Salary ex SA	\$466,375
Average Salary ex SA	\$467,764

SA	\$351,015	1 Jan 20	Independent Tribunal
----	-----------	----------	----------------------

*NT and ACT have not been included as there is no office of Governor in those jurisdictions.

[†]The salary of the Governor in Western Australia is subject to the restrictive provisions of the Salaries and Allowances (Debt and Deficit Remediation) Act 2018 (WA), which prevents the WA Tribunal, until July 2021, from increasing that salary.

CONSIDERATION

15. The most recent increase in salary applicable to the office of the Governor was 2 per cent which came into effect on 1 January 2020. That is the date upon which the salary of a puisne judge of the Supreme Court was also increased.
16. With effect 9 April 2020, the Tribunal revoked its determination which maintained the salary of the Governor in a 75% relationship with a puisne judge of the Supreme Court.
17. The Tribunal remains unable to identify any practical basis for a salary relationship between the Governor and a puisne judge of the Supreme Court. Accordingly, the Tribunal will not restore the previous salary relationship that existed prior to the making of Determination 1 of 2020.
18. The Tribunal has considered whether an increase ought to be applied to the level of salary applicable to the office of the Governor. The Tribunal notes the operative date of the previous increase applied to the Governor’s salary was 1 January 2020, which is approximately 14 months prior to the time of this review. Further, that salary was reviewed but placed on hold in April 2020 due to the economic and social effects of the COVID-19 pandemic.

19. In light of the timing of the most recent salary increase, the Tribunal is of the view that applying an increase to the Governor's salary at the time of this review would not be appropriate.
20. Notwithstanding the Tribunal's decision to not increase the Governor's salary at the time of this Review, the Tribunal is conscious of the level of the Governor's salary when compared against the salaries of Governors in other jurisdictions. That information is detailed in the above table. The Tribunal considers that this is one of a range of factors which mitigate in favour of a more comprehensive review of the Governor's salary. The Tribunal will invite submissions from affected persons to enable such a review to be carried out in mid-2021. The Tribunal will provide an appropriate notice period for the making of submissions.

CONCLUSION

21. The rate of salary applicable to the office of the Governor is currently \$351,015. That salary has not been increased upon review on this occasion.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure
MEMBER

Dated this 11th day of March 2021