



No. 4 of 2021

REPORT OF THE REMUNERATION TRIBUNAL
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 previous review of remuneration for the abovementioned statutory office holders was conducted in 2020, resulting in the Tribunal increasing the salaries of those office holders by 1 per cent, with an operative date of 1 January 2020.

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, by letter dated 16 March 2021, invited the statutory office holders to whom its Determination applies to make a submission in relation to this review.

7. The Tribunal, by letter dated 16 March 2021, invited the Honourable Premier of South Australia (“the Premier”), as the Minister responsible for the Act, to make submissions in the public interest.
8. In addition, on 16 March 2021, a public notice in relation to this review was placed on the Tribunal’s website.

SUBMISSIONS

9. On 1 April 2021, the Tribunal received a submission on behalf of the Premier. That submission is summarised as follows:
 - 9.1. In relation to the 2021 review of remuneration 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 16 March 2021, the Premier as the Minister responsible for the *Remuneration Act 1990* submits that the Remuneration Tribunal have regard to the following factors:
 - the economic indicia outlined in the Premier’s submission; and
 - the most recent public sector executive remuneration increase of 2% with operative effect July 2019 (no increase in 2020).
 - the Tribunal’s previous decision to award statutory office holders a 1% increase from 1 January 2020; and
 - that an increase of 1% from 1 January 2021 would be consistent with the Tribunal’s past approach of maintaining increases within a reasonable range when compared to public sector executives.
10. No other submissions were received by the Tribunal in relation to this review.

ECONOMIC DATA AND INFORMATION

11. In the course of this Review, the Tribunal has had regard to the following data and information:
12. The Tribunal identified the following considerations:
 - 12.1. A movement in the ABS Consumer Price Index for Adelaide of 1.0% for the year ending December 2020;
 - 12.2. The Wage Price Index for Public Sector in South Australia, as published by the ABS, was 1.5% for the year ending December 2020;
 - 12.3. Statement on Monetary Policy of the Reserve Bank of Australia dated February 2021, 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%
 - 12.4. Monetary Policy decision of the Reserve Bank of Australia, dated 6 April 2021, Statement by Governor Philip Lowe of the RBA:

“The economic recovery in Australia is well under way and is stronger than had been expected. The unemployment rate fell to 5.8 per cent in February and the number of

people with a job has returned to the pre-pandemic level. GDP increased by a strong 3.1 per cent in the December quarter, boosted by a further lift in household consumption as the health situation improved. The recovery is expected to continue, with above-trend growth this year and next. Household and business balance sheets are in good shape and should continue to support spending.

Nevertheless, **wage and price pressures are subdued and are expected to remain so for some years.** The economy is operating with considerable spare capacity and unemployment is still too high. It will take some time to reduce this spare capacity and for the labour market to be tight enough to generate wage increases that are consistent with achieving the inflation target. In the short term, CPI inflation is expected to rise temporarily because of the reversal of some COVID-19-related price reductions. Looking through this, underlying inflation is expected to remain below 2 per cent over the next few years.”

[emphasis added to original]

- 12.5. 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 2019. That enterprise agreement is currently the subject of negotiations and increases for 2020 and beyond are unable to be discerned at the time of this review.
- 12.6. The following table compares historical increases for the statutory office holders to whom this Report relates with public sector executives:

Year	Increases in Salary for Statutory Office Holders (Remuneration Tribunal Determinations)	Increases in Salary for Public Sector Executives
2010	2.5%	2.5%
2011	2.5%	2.5%
2012	3.0%	3.0%
2013	0.0%	2.5%
2014	2.5%	0.0%
2015	0.0%	2.5%
2016	2.5%	1.5%
2017	2.4%	1.5%
2018	1.5%	1.5%
2019	2.0%	2.0%
2020	1.0%	0.0%
Cumulative percentage increase, 2010-2020	21.74%	21.26%

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

Year	Increases in Salary for Public Sector Executives	Weighted Average Increase for South Australian Modern Public Sector Enterprise Agreement: Salaried 2017 (or its predecessor)
2010	2.5%	2.5%
2011	2.5%	2.5%
2012	3.0%	3.0%
2013	0.0%	3.0%
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%

2019	2.0%	2.3%
2020	1.0%	(subject to current industrial negotiations)
Cumulative percentage increase, 2010-2020	21.74%	28.51%

COMPARABLE OFFICES IN OTHER JURISDICTIONS

13. The Tribunal notes the significance of these roles and has examined levels of salary applicable to comparable offices in other jurisdictions, based on the limited data that was available. The Tribunal broadly observes that salaries of comparable offices interstate are remunerated at substantially higher levels when compared to the corresponding offices in South Australia.
14. Those discrepancies have yet to be explored in substantial detail and do not, of themselves form a sustainable basis for changing the current remuneration approach. However, the Tribunal is unable to establish that a comprehensive work value based assessment of any of these positions has been undertaken in recent years and considers that, given the significance of these roles, such an assessment should at least be considered. Depending on that type of consideration, comparable salary levels may become relevant.
15. The Tribunal is also conscious of its obligations under section 101 of the *Fair Work Act 1994*, which reads as follows:

“101—State industrial authorities to apply principles

- (1) *In arriving at a determination affecting remuneration or working conditions, a State industrial authority must have due regard to and may apply and give effect to principles, guidelines, conditions, practices or procedures adopted by SAET under this Part.*
- (2) *However, principles adopted under this Part are not applicable to enterprise agreements.*
- (3) *In this section—*

State industrial authority means—

- (a) SAET; or
- (b) the Remuneration Tribunal; or
- (c) the Commissioner for Public Sector Employment; or
- (d) another person or body declared by regulation to be a State industrial authority.”

16. The SAET work value principles¹ are relevant, which are reproduced below:

“WORK VALUE CHANGES

Changes in work value may arise from changes in the nature of work, skill and responsibility required or the conditions under which work is performed. Changes in work by themselves may not lead to a change in wage rates. The strict test for an alteration in wage rates is that the change in the nature of the work should constitute such a significant net addition to work requirements as to warrant the creation of a new classification or upgrading to a higher classification.

In addition to meeting this test a party making a work value application will need to justify any change to wage relativities that might result not only within the relevant internal Award structure but

¹ As stated in the State Wage Case July 2005, *Minimum Standard of Remuneration*, Industrial Relations Commission of South Australia, [2005] SAIRCComm 29.

also against external classifications to which the structure is related. There must be no likelihood of wage "leapfrogging" arising out of changes in relative position.

These are the only circumstances in which rates may be altered on the ground of work value and the altered rates may be applied only to employees whose work has changed in accordance with this principle.

In applying the Work Value Changes principle, the Commission will have regard to the need for any alterations to wage relativities between Awards to be based on skill, responsibility and the conditions under which work is performed.

Where new or changed work justifying a higher rate is performed only from time to time by persons covered by a particular classification, or where it is performed only by some of the persons covered by the classification, such new or changed work should be compensated by a special allowance which is payable only when the new or changed work is performed by a particular employee and not by increasing the rate for the classification as a whole.

The time from which work value changes in an Award should be measured is the date of operation of the second structural efficiency adjustment allowable under the September 1989 State Wage Case decision [Print I.69/1989].

Care should be exercised to ensure that changes which were or should have been taken into account in any previous work value adjustments or in a structural efficiency exercise are not included in any work evaluation under this principle.

Where the tests specified in principle 8.1 are met, an assessment will have to be made as to how that alteration should be measured in money terms. Such assessment will normally be based on the previous work requirements, the wage previously fixed for the work and the nature and extent of the change in work.

The expression "the conditions under which the work is performed" relates to the environment in which the work is done.

The Commission will guard against contrived classifications and overclassification of jobs.

Any changes in the nature of work, skill and responsibility required or the conditions under which the work is performed, taken into account in assessing an increase under any other provision of this Declaration, will not be taken into account in any claim under this principle."

17. The Tribunal will invite submissions in the early part of 2021, on the appropriateness of such an approach to form the basis for its next remuneration review. Ample notice for submissions to the Tribunal will be provided.

CONCLUSION

18. The Tribunal has considered the economic data and information set out above, and has noted the current low inflation and wages pressure at the time of this review.
19. The Tribunal has accepted the submission made on behalf of the Premier that an increase of 1% from 1 January 2021 would be appropriate. The Tribunal notes its desire to maintain increases in remuneration for statutory office holders within a reasonable range when compared to public sector executives.
20. Accordingly, the Tribunal has concluded that the rates of salary applicable to the offices specified at paragraph 2 of this Report shall be increased by 1%. The accompanying Determination will issue.

COMMUNICATION ALLOWANCE

21. The Tribunal has reviewed the Communication Allowance applicable to the Statutory Office Holders listed at paragraph 2. In doing so, the Tribunal has had regard to the relevant statistical measure which forms the basis of consideration of the Communications Allowance.
22. The Tribunal has decided to make no adjustment to the level of the Communication Allowance on this occasion.

OPERATIVE DATE

23. The operative date of the accompanying Determination shall be 1 January 2021.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure
MEMBER

Dated this 20th day of April 2021