



No. 8 of 2021

REPORT OF THE REMUNERATION TRIBUNAL
2021 REVIEW OF ELECTORATE ALLOWANCES FOR MEMBERS OF THE PARLIAMENT
OF SOUTH AUSTRALIA

INTRODUCTION AND BACKGROUND

1. Section 14 of the *Remuneration Act 1990* (“the Act”) provides that the Remuneration Tribunal (“the Tribunal”) has jurisdiction to determine the remuneration, or a specified part of the remuneration, payable in respect of certain offices, if such jurisdiction is conferred upon the Tribunal by any other Act or by the Governor by proclamation.
2. Section 3A(2) of the *Parliamentary Remuneration Act 1990* (“the PR Act”) confers jurisdiction on the Remuneration Tribunal to make a determination or perform any other function required by the PR Act.
3. Section 4(1)(c) of the PR Act provides that electorate allowances form part of the remuneration of members of Parliament.
4. Section 4(2)(a) of the PR Act provides that the Tribunal must, in determining electorate allowances and other remuneration for members of Parliament, have regard not only to their parliamentary duties, but also to:
 - 4.1. Their duty to be actively involved in community affairs; and
 - 4.2. Their duty to represent and assist their constituents in dealings with governmental and other public agencies and authorities.
5. In 2020, the Tribunal conducted its annual review of electorate allowances for members of Parliament, resulting in no increase being applied to the levels of those allowances.

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.
7. Section 10(4) of the Act 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. On 28 June 2021, the Tribunal wrote to the Members of Parliament, notifying of the Tribunal’s intention to conduct a review of its Determinations in relation to Members of Parliament. The Tribunal invited written submissions with a closing date of 16 July 2021.

9. On 28 June 2021, the Tribunal wrote to the Honourable Premier of South Australia (“the Premier”), as the Minister responsible for the Act, inviting submissions in the public interest, with a closing date of 16 July 2021.
10. In addition, on 28 June 2021, a public notification of the review was placed on the Tribunal’s website.

SUBMISSIONS

11. A submission was received by Ms Frances Bedford, MP who put to the Tribunal the view that whilst it would be good to have access to additional funds to spend in the electorate, it is possible to maintain supports in the electorate on the current amount of Electorate Allowance provided.
12. No other submissions were received by the Tribunal in relation to the review to which this Report relates.

ECONOMIC DATA

ABS Consumer Price Index

13. The latest Consumer Price Index (“CPI”) data for the year ending June 2021 reflects **2.8%** in the all groups Adelaide index.

ABS Wage Price Index

14. The latest Wage Price Index (“WPI”) data the year ending March 2021 reflects an increase of **1.7%** for the Public Sector in South Australia.

Reserve Bank of Australia - Statement on Monetary Policy – Economic Outlook – August 2021:

15. RBA inflation forecasts for the year ending:

- December 2021: 2.5%
- June 2022: 1.5%
- December 2022: 1.75%
- June 2023: 2%
- December 2023: 2.25%

Reserve Bank of Australia, Monetary Policy Decision, 3 August 2021

16. *“The CPI inflation rate spiked to 3.8 per cent for the year to the June quarter, largely reflecting the unwinding of some earlier COVID-19-related price declines. In underlying terms, inflation remains low, at around 1¾ per cent.*

Looking forward, a pick-up in both wages growth and underlying inflation is expected, but this pick-up is likely to be only gradual. In the Bank’s central scenario, it takes some years for the stronger economy to feed through into wage and price increases that are consistent with the inflation target. In underlying terms, inflation is expected to be 1¾ per cent over 2022 and 2¼ per cent over 2023. One source of uncertainty is the behaviour of wages and prices at the low levels of forecast unemployment, including because it is some decades since Australia has sustained an unemployment rate around 4 per cent.”

CONCLUSION

17. The Tribunal has had due regard to the necessary statutory considerations under section 4(2)(a) of the PR Act. Those considerations include the nature of parliamentary duties, the duty for Members of Parliament to be actively involved in community affairs, and the duty for Members of Parliament to represent and assist their constituents in dealings with governmental and other public agencies and authorities.

18. The Tribunal notes the submission received from Ms Frances Bedford, MP that the Electorate Allowance not be increased on this occasion. The Tribunal is conscious that, in 2020, the levels of Electorate Allowances for Members of Parliament were not increased by the Tribunal due to the effects of the COVID-19 pandemic. The Tribunal acknowledges that many pandemic related challenges remain for the State, but is of the view that a modest increase to the level of Electorate Allowances in keeping with inflation is warranted on this occasion.
19. The Tribunal notes the headline inflation figure for Adelaide of 2.8% as quoted by the Australian Bureau of Statistics includes items which have been highly volatile due to the COVID-19 pandemic. In that respect, the Tribunal took the view that the underlying inflation figure of 1.75%, as stated by the Governor of the Reserve Bank of Australia, was a more suitable measure of inflation for present purposes, as underlying inflation excludes short term pandemic related volatility.
20. Accordingly, the Tribunal has concluded that the amounts of the Electorate Allowances provided to Members of Parliament shall be increased by 1.75%.

DATE OF OPERATION

21. The accompanying Determination will have operative effect on and from 1 October 2021 and will supersede in full the previous Determination in relation to Electorate Allowances for Members of Parliament.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure
MEMBER

Dated this 20th day of September 2021.