



No. 15 of 2022

REPORT OF THE REMUNERATION TRIBUNAL

2022 Review of Common Allowance for Members of the Parliament of South Australia

INTRODUCTION

1. The Remuneration Tribunal (**Tribunal**) has conducted a review of Determination 7 of 2021¹ which sets a common allowance for members of Parliament.
2. The common allowance is set under section 4AA of the *Parliamentary Remuneration Act 1990 (PR Act)*, and must be reviewed at least once every 12 months as required by section 4AA(3). It forms part of the basic salary of members of Parliament, and cannot exceed \$42,000.
3. As explained in this report, the Tribunal has determined to increase the first component of the allowance by 4% and the second by 2.75%. The Tribunal has issued an accompanying determination, which applies from 1 October 2022.

THE REVIEW PROCESS

4. On 22 June 2022, in accordance with sections 10(2) and 10(4) of the *Remuneration Act 1990 (Act)*, the Tribunal wrote to and invited submissions by 19 August 2022 in respect of this review from:
 - a. the Honourable Premier of South Australia – as the Minister responsible for the Act who may make submissions or introduce evidence in the public interest
 - b. members of Parliament
 - c. the Treasurer
 - d. the Independent Commissioner Against Corruption
5. The Tribunal also advertised its intention to review this, and other determinations applicable to members of Parliament, on its website from 22 June 2022. Submissions were also invited by 19 August 2022.
6. On 16 August 2022, the Premier's representative confirmed that no submission would be made. No other submissions were received in respect of this review.

¹ Common Allowance for Members of the Parliament of South Australia.

BACKGROUND

7. The common allowance was established by the *Parliamentary Remuneration (Determination of Remuneration) Amendment Act 2015 (Amending Act)* which amended the PR Act.
8. The common allowance is comprised of two monetary amounts. The first amount is provided as compensation for the loss of the annual travel allowance, metrocard special pass and subsidised or free interstate rail travel. The second amount is provided as compensation for the loss of payments for service as ordinary members of parliamentary committees. In these respects, the Amending Act confirms that the common allowance represents compensation to members of Parliament for the loss of specified entitlements that operated before 2015.
9. Section 4AB of the PR Act establishes that the common allowance forms part of the basic salary of a member of Parliament. This section states:

4AB—Basic salary

*The **basic salary** payable to a member of Parliament is salary at a rate equal to the rate from time to time of the Commonwealth basic salary less \$42 000 plus the common allowance for the relevant year.*
10. The Tribunal is not able to alter the basis of the common allowance or its component parts. The Tribunal is responsible for making an independent determination of the two components of the common allowance on an annual basis. The Tribunal is not permitted to reduce the amount of the common allowance.
11. The amount of the common allowance was last reviewed by the Tribunal in 2021. On that occasion, the Tribunal provided for a 1.75% increase in the amount of the common allowance.

CONSIDERATION AND CONCLUSION

12. The current common allowance components comprise the following amounts:
 - a. The amount of remuneration as reasonable compensation for the abolition of the annual travel allowance, metrocard special pass and subsidised or free interstate rail travel is \$18,038 per annum.
 - b. The amount of remuneration payable to all members of Parliament for service as ordinary members on parliamentary committees is \$13,887 per annum.
13. These amounts total \$31,925 per annum.
14. The Tribunal has taken the following economic data into account:
 - a. The Consumer Price Index (All groups Adelaide) shows the following percentage changes from the corresponding quarters of previous years:
 - i. 3.3% for December 2021
 - ii. 4.7% for March 2022
 - iii. 6.4% for June 2022
 - iv. 8.4% for September 2022.
 - b. The Australian Bureau of Statistics Wage Price Index (Public Sector in South Australia) shows the following percentage changes from the corresponding quarters of previous years:


- i. 1.2% for September 2021
 - ii. 1.4% for December 2021
 - iii. 2.0% for March 2022
 - iv. 1.7% for June 2022
 - v. 2.7% for September 2022.
- c. As at November 2022 the Reserve Bank of Australia forecast of the Consumer Price Index is:
- i. 8% for December 2022 quarter
 - ii. 6.3% for June 2023
 - iii. 4.7% for December 2023
 - iv. 4.2% for June 2024
 - v. 3.2% for December 2024.
15. The Tribunal has noted the steps being taken to reduce the current inflationary trend and has adopted a cautionary approach to recognition of inflationary movements.
16. The Tribunal has adopted the position that the first component of the common allowance should be recognised on the basis of a reimbursement of previously applicable benefits and should accordingly take account of a substantial component of the inflationary movements over the past year. Applying the cautious approach referred to above, the Tribunal considers that the element of the common allowance relating to the abolition of the annual travel allowance, metrocard special pass and subsidised or free interstate rail travel should be increased by 4%.
17. The second element of the common allowance is more directly related to normal remuneration payments. While the Tribunal has noted the Wage Price Index data for the past year, it has also had regard to current inflationary pressures. Consequently, a 2.75% increase to this component is considered appropriate.
18. The increase will apply from 1 October 2022.



Matthew O'Callaghan
PRESIDENT



Deborah Black
MEMBER



Peter de Cure AM
MEMBER

Dated: 14 December 2022