



## REMUNERATION TRIBUNAL

### 2021 Review of Remuneration for Holders of Public Office Statement

#### Decision

The Tribunal has decided to make no increases in remuneration for public offices in its jurisdiction from 1 July 2021.

This continues the Tribunal's approach at times of uncertainty of showing remuneration restraint for the senior offices for which it is responsible.

#### Overview

The Tribunal completed its last review of remuneration for public offices in its jurisdiction in June 2020 and determined no adjustment would apply from 1 July 2020. The Tribunal made adjustments of 2 per cent each year in the preceding three years. The following table sets out the Tribunal's general adjustment decisions since 1 July 2014.

Effective Date	Remuneration Tribunal Increase
1 July 2014	0.0%
1 July 2015	0.0%
1 January 2016	2.0%
1 July 2016	0.0%
1 July 2017	2.0%
1 July 2018	2.0%
1 July 2019	2.0%
1 July 2020	0.0%
1 July 2021	0.0%

In its deliberations, the Tribunal is obliged to consider the outcome of the Annual Wage Reviews of the Fair Work Commission. The Fair Work Commission's decision regarding its 2021 Annual Wage Review has not been announced. The Tribunal did take into account the decision regarding the 2020 Annual Wage Review, which was not available to be considered for its 2020 review.

The Tribunal considers the Federal Government's Budget outlook as part of its deliberations, and considers economic conditions more generally including published data on movements in both private and public sector remuneration. The 2021-22 Budget is focused on continuing economic recovery, and forecasts deficits into the next decade.

The Tribunal has had regard to the Government's Public Sector Workplace Relations Policy, released in November 2020. The policy allows annual wage increases in new Commonwealth industrial instruments of up to the percentage change of the annual seasonally adjusted WPI-Private Sector, for the most recently published June quarter. Consequently, that policy means that adjustments payable from 1 September 2020 to 31 August 2021 are capped at the 2020 June quarter private sector WPI figure of 1.7 per cent.

In its 2020 review, the Tribunal had regard to a wage freeze for Commonwealth public servants, which deferred wage increases due to commence between 14 April 2020 and 13 April 2021 by six months.

Remuneration data in general reflects a continuing period of low wage growth across the economy. The Australian Bureau of Statistics (ABS) seasonally adjusted March 2021 wage price index rose 1.4 per cent for the private sector and 1.5 per cent for the public sector. In 2020, these figures were 2.4 per cent and 2.1 per cent, respectively.

### Background

The Tribunal's obligations, under sub-sections 7(3) and 8(1)(b) of the *Remuneration Tribunal Act 1973* (the Act) and sections 14 and 45 of the *Parliamentary Business Resources Act 2017*, are to make determinations in respect of remuneration for various offices within its jurisdiction at periods of not more than one year. The Tribunal last issued determinations in June 2020 which provided no general adjustment to remuneration for all offices in its jurisdiction.

In conducting its review of remuneration, the Tribunal takes account of economic conditions in Australia, past and projected movements in remuneration in the private and public sectors (including the APS), as well as the outcomes of reviews of public offices completed by the Tribunal. In order to inform its conclusions, the Tribunal draws upon authoritative external sources such as the published material available from the Government, the Reserve Bank of Australia (RBA) and the ABS as well as trends in public and private sector remuneration.

Adjustments arising from the Tribunal's review apply to the broad spectrum of offices in the Tribunal's determinative jurisdiction including the most senior offices in the public service and statutory agencies, certain government-owned businesses, Secretaries, the federal judiciary, numerous part-time offices and parliamentarians. Adjustments in remuneration of this kind recognise the achievement of ongoing objectives and note the steady evolution in responsibility that is characteristic of public administration.

The Tribunal, in conducting significant reviews of its various jurisdictions since 2010, has established internal relativities that recognise comparative work values for a broad range of offices. At the same time the Tribunal is cognisant of movements in remuneration for like roles in State/Territory public sectors and more generally in relevant segments of the private sector.

### Economic factors

The COVID-19 pandemic has had a significant impact on the Australian economy, although the domestic economic recovery is underway and stronger than previously anticipated. While the path ahead is likely to be uneven, there are better prospects for sustained recovery than there were a few months ago. Nonetheless, there are uncertainties that remain and, officially, we are still in a pandemic, with various restrictions being imposed in different jurisdictions.

Gross Domestic Product (GDP) growth was faster than anticipated in the December 2020 quarter and is expected to have remained solid in the March quarter. GDP growth is projected to be 4.75 per cent over 2021 and 3.5 per cent over 2022.

The Consumer Price Index inflation was 0.6 per cent (seasonally adjusted) in the March quarter. Underlying inflation is expected to be 1.5 per cent over 2021 before gradually increasing to close to 2 per cent by mid-2023.

Employment outcomes have strengthened, with employment increasing by around 200,000 between December 2020 and March 2021. In March, the unemployment rate declined to 5.6 per cent, which is around 0.5 per cent above its pre-pandemic level. This rate is expected to fall further over the forecast period, reaching around 5 per cent by the end of 2021 and 4.5 per cent by mid-2023.

In its May 2021 Statement on Monetary Policy, the RBA Board noted its commitment to maintaining highly supportive monetary conditions to support a return to full employment in Australia and inflation consistent with that target. The Board has stated that it will not increase the cash rate from its current historic lows until actual inflation is sustainably within the 2 to 3 per cent target range.

In the Commonwealth, most agencies have workplace agreements in place that provide average wage increases of 2 per cent per year over 3 years. However, as noted earlier, the Government deferred wage increases due to commence between 14 April 2020 and 13 April 2021 by six months. New agreements will be negotiated under the Government's Public Sector Workplace Relations Policy which restricts possible wage increases to those achieved in the private sector.

The Wage Price Index rose 1.5 per cent over the year to March 2021, which was much lower than the previous corresponding period (2.2 per cent). The rise for both private and public sectors was 1.5 per cent over the 12 months to March 2021. Growth in wages was influenced by regular scheduling of enterprise agreement increases, and a proportion of modern awards receiving increases as a result of the Fair Work Commission Annual Wage Review 2019-2020 decision. Actual wages rose by 0.6 per cent in the March quarter, with private sector increases (0.6 per cent) outpacing the public sector (0.4 per cent).

The Average Annualised Wage Increase (AAWI) for federal enterprise agreements approved in the December quarter of 2020 was 2.2 per cent, down from 2.6 per cent in the September quarter 2020.

The Fair Work Commission has awarded increases in recent years to the national minimum wage and modern award minimum wages of 3.5 per cent from 1 July 2018, 3.0 per cent from 1 July 2019, and 1.75 per cent from 1 July 2020. The 2021 decision was not available at the time the Tribunal concluded its deliberations. While the Tribunal is required under its legislation to have regard to these decisions it considers a wider range of factors in its review.

### Reasons for Decision

In determining remuneration for the broad spectrum of public offices within its jurisdiction, the Tribunal's primary focus is to provide competitive and equitable remuneration that is appropriate to the responsibilities and experience required of the roles, and that is sufficient to attract and retain people of calibre.

The Tribunal has had regard to a range of economic considerations, historical and projected. The Tribunal notes the economic recovery from the COVID-19 pandemic is stronger than expected, but recognises the uncertainty that remains.

At its meeting on 9 June 2021, the Tribunal decided that it would determine no increase for offices in its jurisdiction from 1 July 2021 but that it would keep this matter under consideration. This is consistent with the Tribunal's generally moderate approach to remuneration for the senior offices for which it is responsible.

The Tribunal will continue to monitor economic conditions and wages growth.

### Implementation

Determinations reflecting the Tribunal's decisions will be available on the Tribunal's website after they are registered on the Federal Register of Legislation.

## **Remuneration Tribunal**

10 June 2021

**Enquiries** - Enquiries may be directed to the Tribunal through [enquiry@remtribunal.gov.au](mailto:enquiry@remtribunal.gov.au)