



## REMUNERATION TRIBUNAL

### 2022 Review of Remuneration for Holders of Public Office Statement

#### Decision

The Tribunal has decided to increase remuneration by 2.75 per cent for public offices in its jurisdiction from 1 July 2022.

#### Overview

The Tribunal completed its last review of remuneration for public offices in its jurisdiction in June 2021 and for the second consecutive year determined no adjustment would apply from 1 July 2021. 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%
1 July 2022	2.75%

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 2022 Annual Wage Review has not been announced. The Tribunal did take into account the decision regarding the 2021 Annual Wage Review, which was not available to be considered for its 2021 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 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 2021 to 31 August 2022 are capped at the 2021 June quarter private sector WPI figure of 1.9 per cent.

In its 2020 and 2021 reviews, 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 steady period of increasing wage growth across the economy, with the annual rate of growth rising for each of the last five quarters from a low point of 1.4 per cent in the December quarter 2020. The Australian Bureau of Statistics (ABS) seasonally adjusted March 2022 wage price index rose 2.2 per cent in the public sector, 2.4 per cent in the private sector and 2.4 per cent overall. In 2021, these figures were 1.5 per cent in the public sector, 1.4 per cent in the private sector and 1.5 per cent overall.

### 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 2021 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 had a significant impact on the Australian economy, however the domestic economy staged a strong recovery in late 2021.

Gross Domestic Product (GDP) increased 3.4 per cent in the December 2021 quarter compared to the September quarter 2021. GDP growth is forecast to grow by 4.25 per cent over 2022 and 2 per cent over 2022.

Inflation is high and picked up more than expected in the March quarter of 2022. The Consumer Price Index inflation rose 2 per cent (seasonally adjusted) in the March 2022 quarter and 5.1 per cent annually, the largest quarterly and annual rises since the introduction of the goods and services tax in 2000.

Underlying inflation is also high and stronger than anticipated. Underlying inflation is expected to increase to around 4.75 per cent in the second half of 2022.

Employment outcomes remain strong with employment increasing by around 18,000 people and unemployment falling by 12,000 people between December 2021 and March 2022. In March, the unemployment rate decreased slightly, though remained at 4.0 per cent in rounded terms. The unemployment rate is forecast to decline further, to around 3.5 per cent in early 2023, the lowest level in almost 50 years.

In its May 2022 Statement on Monetary Policy, the RBA Board noted that some withdrawal of the monetary support provided through the pandemic and a start to the process of normalising interest rates is appropriate given the progress towards full employment and the evidence on prices and wages so far. As such, the Board increased the cash rate target by 25 basis points to 35 basis points. At its meeting of 7 June 2022, the Board further increased the cash rate target by 50 basis points to 85 basis points.

In the Commonwealth, most agencies have workplace agreements in place that provide average wage increases of 2 per cent per year over 3 years. New agreements will be negotiated under the Government's Public Sector Workplace Relations Policy 2020 which restricts possible wage increases to those achieved in the private sector.

The Average Annualised Wage Increase (AAWI) for federal enterprise agreements approved in the December quarter of 2021 was 2.6 per cent, down from 2.7 per cent in the September quarter 2021, and up from 2.2 per cent in the December quarter 2020.

The Wage Price Index rose 2.4 per cent over the year to March 2022, which was much higher than the previous corresponding period (1.5 per cent). The rise for the private sector was 2.4 per cent and the rise for the public sector was 2.2 per cent over the 12 months to March 2022. Wage rises across the private sector were the main driver of wage growth over the quarter. Private sector wages grew 0.7 per cent over the quarter. Regular annual wage and salary reviews drove wage growth for the sector, with a small number of larger increases paid to retain and attract in-demand skilled workers. Public sector wages rose 0.6 per cent over the quarter with a higher proportion of jobs receiving increases than in recent March quarters, due to timing changes for a few large enterprise agreements.

The Fair Work Commission (FWC) 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, 1.75 per cent from 1 July 2020 and 2.5 per cent from 1 July 2021. The 2022 decision was not available at the time the Tribunal concluded its 2022 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. Many of these officeholders do not expect or require that monetary compensation for their roles in the public sector be set at private sector levels. Rather, officeholders serve for the public good and in setting remuneration, the Tribunal has traditionally set rates below those of the private sector.

The Tribunal has had regard to a range of economic considerations, historical and projected. The Tribunal notes the resilience of the Australian economy and the stronger than expected recovery from the COVID-19 pandemic.

On 13 June 2022, the Tribunal agreed it would determine an increase of 2.75 per cent for offices in its jurisdiction from 1 July 2022. In reaching its decision, the Tribunal was mindful of its history of restrained increases over several years, including no increases since 1 July 2019.

#### Implementation

In 2022 the Tribunal has taken the opportunity to regularise the differentials and rationalise the pay points of its Secretaries classification structure. The general increase of 2.75 per cent will be applied to the remuneration of the office of Secretary of the Department of the Prime Minister and Cabinet, with remaining pay points set at 2.5, 5, 10, 15 and 20 per cent below that rate.

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**

14 June 2022

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