



Remuneration Tribunal

2023 Review of Remuneration for Holders of Public Office Statement

Decision

The Tribunal has decided to increase remuneration by 4 per cent for public offices in its jurisdiction. This increase applies from 1 July 2023 for all offices except Federal Members of Parliament (MPs), which applies from 1 September 2023.

Overview

The Tribunal completed its last review of remuneration for public offices in its jurisdiction in June 2022 and determined an adjustment of 2.75 per cent would apply from 1 July 2022. The Tribunal made no adjustment in the preceding two 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%
1 July 2023	4.0% (all offices except MPs)
1 September 2023	4.0% (MPs)

The Tribunal is obliged to consider the outcome of the Annual Wage Reviews of the Fair Work Commission (FWC) in its annual review deliberations.

The Tribunal also considered the Federal Government's Budget outlook and published data on movements in both private and public sector remuneration. The Tribunal has had regard to the Government's Public Sector Interim Workplace Arrangements 2022 and the Commonwealth's current pay offer for Australian Public Service (APS) employees.

Remuneration data in general reflects a continued period of increasing wage growth across the economy, with the annual rate of growth rising for each of the last nine quarters from a low point of 1.4 per cent in the December quarter 2020 and March quarter 2021. The Australian Bureau of Statistics (ABS) seasonally adjusted June 2023 annual wage price index rose 3.1 per cent in the public sector, 3.8 per cent in the private sector and 3.6 per cent overall. In 2022, these figures were 2.6 per cent in the public sector, 2.7 per cent in the private sector and 2.6 per cent overall.

The Tribunal is aware the remuneration increases it has awarded to offices in its jurisdiction over the past decade have been conservative. Including the current decision to apply a 4 per cent increase to all offices in its jurisdiction, the cumulative total of remuneration increases awarded by the Tribunal since 2014 amounts to 14.75 per cent. In contrast, remuneration increases more generally in the public and private sectors (based on overall June WPI data from 2014 - 2023) have equated to 23 per cent.

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. In order to meet its legislative obligations to make a decision by 12 June 2023, the Tribunal met on 8 June 2023 and decided to defer any adjustment in remuneration for offices within its jurisdiction. Determinations were issued on 8 June 2023 reflecting no change.

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 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 similar roles in State/Territory public sectors and more generally in relevant segments of the private sector.

Economic factors

Growth in economic activity has been subdued this year. Despite slower growth, the level of economic activity in Australia is still around its pre-pandemic trend. Growth in the economy is expected to remain subdued over the period ahead.

Gross Domestic Product (GDP) increased 0.2 per cent in the March 2023 quarter and by 2.3 per cent compared to the March quarter 2022. This was the sixth straight rise in quarterly GDP, but the slowest growth since the COVID-19 lockdowns in the September quarter 2021.

Consumer Price Index (CPI) inflation slowed in the June 2023 quarter, with the quarterly rise being the lowest since September 2021. Annual CPI inflation was 6.0 per cent in the June 2023 quarter, lower than the 7.0 per cent annual rise in the March 2023 quarter. This marked the second consecutive quarter of lower annual inflation, from the peak of 7.8 per cent in the December 2022 quarter.

The unemployment rate remained at 3.5 per cent in June 2023, with employment increasing by around 33,000 people and the number of unemployed decreasing by 11,000 people. Employment is expected to continue to increase, but at a slower pace than the working-age population. In response, the unemployment rate is expected to start picking up gradually in the period ahead, to reach 4.5 per cent by late 2024.

At its August 2023 Monetary Policy meeting, the RBA Board decided to leave the cash rate target unchanged at 4.10 per cent. Interest rates have been increased by 4 percentage points since May 2022.

In the Commonwealth, the Government's Public Sector Interim Workplace Arrangements 2022 operate from 1 September 2022 until 31 August 2023 and provide for a one-off annual remuneration increase of 3 per cent for Commonwealth employees. The Commonwealth's current pay offer for APS employees was tabled on 16 May 2023 and provides for a total increase of 10.5 per cent over three years. It is broken down over three years, whereby there will be increases of 4 per cent in the first year, 3.5 per cent in the second year and 3 per cent in the third year.

The Average Annualised Wage Increase for federal enterprise agreements approved in the March quarter of 2023 was 3.7 per cent, up from 3 per cent in the December quarter 2022, and up from 2.6 per cent in the March quarter 2022.

The Wage Price Index rose 3.6 per cent over the year to June 2023. The rise for the private sector was 3.8 per cent and the rise for the public sector was 3.1 per cent over the 12 months to June 2023. For the third consecutive quarter, wages grew 0.8 per cent. Wage rises from regular June quarter salary reviews were higher than in the same period last year, as recent cost of living and labour market pressures were incorporated into organisation-wide decisions on wages. Annually, wage growth eased slightly from the 3.7 per cent recorded in March to 3.6 per cent for the year to June. The annual growth rate remains at levels comparable to those last seen in 2012.

The FWC has awarded increases in recent years to the national minimum wage and modern award minimum wages of 1.75 per cent from 1 July 2020, 2.5 per cent from 1 July 2021, 5.2 per cent (minimum wage) and 4.5 per cent (modern award) in 2022, and 8.6 per cent (minimum wage) and 5.75 per cent (modern award) from 1 July 2023. 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

As noted above, the Tribunal is aware its remuneration increases over the past decade have been conservative. When 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 expects that these office holders do not accept appointment on the basis that monetary compensation for their roles in the public sector be set at private sector levels. Rather, in setting remuneration, the Tribunal continues to set rates below those of the private sector in recognition of the public service being provided by the officeholders.

In reaching its decision, the Tribunal was mindful of its history of applying no increases in 2020 and 2021 and a modest increase of 2.75 per cent in 2022.

On 28 August 2023, the Tribunal agreed it would determine an increase of 4 per cent for offices in its jurisdiction. The increase takes effect from 1 July 2023 for all offices except MPs. Legislative requirements prevent the Tribunal applying the increase for MPs from 1 July 2023.

Implementation

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

The determinations for full-time offices, part-time offices, principal executive offices, judicial and related offices, and departmental secretaries will be with effect on and from 1 July 2023. The determination for MPs will be with effect on and from 1 September 2023.

Remuneration Tribunal

28 August 2023

Enquiries may be directed to the Tribunal via its Secretariat at enquiry@remtribunal.gov.au