



No. 11 of 2018

REPORT OF THE REMUNERATION TRIBUNAL
2018 REVIEW OF THE COMMON ALLOWANCE FOR MEMBERS OF THE PARLIAMENT
OF SOUTH AUSTRALIA

INTRODUCTION

1. Section 14 of the *Remuneration Act 1990* (“the Act”) provides that additional jurisdiction may be conferred on the Remuneration Tribunal (“the Tribunal”) by any other Act, or by proclamation by the Governor. Section 3A of the *Parliamentary Remuneration Act 1990* (“the PR Act”) confers jurisdiction on the Tribunal to make a Determination or perform any other function required by the PR Act.
2. Section 4AA(3) of the PR Act, provides that the Tribunal must review the common allowance once per year, and if the Tribunal considers it appropriate to do so, the Tribunal may determine an increase to the level of the common allowance.

BACKGROUND

3. In 2015, the PR Act was amended by the *Parliamentary Remuneration (Determination of Remuneration) Amendment Act 2015* (“the Amending Act”) and a number of allowances for members of the Parliament and Ministers of the Crown were abolished. To compensate for the abolition of those allowances, a common allowance was established by the Amending Act.
4. The Remuneration Tribunal is subject to a statutory direction under the Amending Act to determine the amount of the common allowance. Accordingly, in 2015, the Tribunal issued Report and Determination 7 of 2015, which determined the amount of the common allowance for members of Parliament.
5. In determining the common allowance in 2015, the Tribunal was required by section 4AA of the PR Act to ascertain the full value of the following components of remuneration:
 - a. annual travel allowance;
 - b. metrocard special pass;
 - c. remuneration consisting of subsidised or free interstate rail travel; and
 - d. remuneration payable to all members of Parliament for service as ordinary members of parliamentary committees.
6. In 2015, the Tribunal determined that the amount of remuneration as reasonable compensation for the abolition of: annual travel allowance, metrocard special pass and subsidised or free interstate rail travel was fixed at \$17,124 per annum.
7. In 2015, the amount of remuneration payable to all members of Parliament for service as ordinary members on parliamentary committees was fixed at \$13,170 per annum.

8. The Tribunal reviewed the common allowance in 2016 and 2017, resulting in no adjustment being made to the level of the allowance.

PROCEDURAL HISTORY

9. Section 10(2) of the Act, requires that before the making of a Determination affecting the remuneration of a particular person, or persons of a particular class, the Tribunal must allow that person, or persons of that class, a reasonable opportunity to make submissions.
10. The Tribunal wrote to the Premier, as the Minister responsible for the Act, and the members of Parliament on 5 July 2018, notifying of the Tribunal's intention to review the common allowance, and invited submissions with a closing date of 8 August 2018. A notice of the review was also placed on the Tribunal's public website.
11. No submissions were received by the Tribunal.

CONSIDERATION

12. The Tribunal would be assisted by submissions made by the relevant persons who are entitled to the opportunity to make submissions. It may be that vociferous public commentary concerning the entitlements of persons who become members of the Parliament inhibits the making of such submissions.
13. Notwithstanding the absence of any submission, the Tribunal has a duty to make an independent judgement on an annual basis in relation to the level of the common allowance.
14. It is a notorious feature of regulatory systems determining personal remuneration that levels of remuneration are determined and adjusted to prevent the indefinite diminution of the value of the remuneration so determined. This is a near universal characteristic of personal remuneration, whether fixed privately by agreement, as a matter of policy by organisations and corporations, or by public institutions and agencies. Having regard to the nature of the common allowance and the factors considered when the allowance was originally determined, the adjustment of the amount of the allowance could proceed on the basis of various considerations. However, the determination of a considered framework of considerations should proceed in a manner whereby those whose remuneration would be affected are on notice and are able to make relevant submissions. The Tribunal intends to address these considerations and provide such notice in due course.
15. The level of the common allowance has not been adjusted by the Tribunal since the allowance came into operation on 1 January 2016. The Tribunal considers it necessary to apply an economic adjustment to the level of the common allowance on this occasion.
16. Accordingly, the Tribunal has had regard to the Consumer Price Index¹, as published by the Australian Bureau of Statistics. The adjustment will reflect the movement in the Consumer Price Index over the 12 months between September 2017 and 2018.
17. The Tribunal will issue the accompanying Determination which is operative from 1 October 2018.



John Lewin
PRESIDENT



Peter Alexander
MEMBER



Pamela Martin
MEMBER

Dated this 28th day of November 2018.

¹ Australian Bureau of Statistics, Consumer Price Index (Series 6401.0), All Groups, Adelaide for the year ending September 2018.