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Ms Sandra Lambert AM
Chair
ACT Remuneration Tribunal
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Dear Ms Lambert

Thank you for your letter of 19 February 2021 regarding the provision of a submission to the ACT Remuneration Tribunal's 2021 Autumn Review of remuneration, allowances and entitlements for members of the ACT Legislative Assembly, Act Public Service Executives and Full-time Statutory Office Holders.

The ACT Government's submission to the 2021 Autumn Review is attached. On behalf of the Government, I would like to acknowledge the important contribution that ACT Public Service Executives, Full-time Statutory Office Holders and MLAs provide to the community.

Yours sincerely

Andrew Barr MLA
Chief Minister



Submission to the ACT Remuneration Tribunal 2021 Autumn Review

April 2021

Background

The ACT Government acknowledges the Ngunnawal people as the Traditional Custodians of the land on which the Government operates.

The ACT Remuneration Tribunal (the Tribunal) advertised the 2021 Autumn Review in February 2021. This review is looking into the remuneration and allowances to be paid and other entitlements to be granted to:

- Members of the Legislative Assembly;
- the Head of Service, Directors-General and ACT Public Service Executives;
- full-time Statutory Office Holders (including Officers of the Legislative Assembly); and
- any other positions that have been referred to the Tribunal for consideration.

This is the ACT Government Submission to the Tribunal's 2021 Autumn Review, and it is made without prejudice.

2020 Review

The Government notes the outcomes of the:

- 2020 Autumn Review, held in March 2020, at which the Tribunal noted the exceptional and unprecedented circumstances being faced by Australia as a result of the COVID-19 pandemic and decided not to make any adjustments to remuneration, allowances or other entitlements for any office holders in its jurisdiction; and
- 2020 Spring Review, held in August and September 2020, at which the Tribunal again determined that no adjustments be made to remuneration, allowances or other entitlements for any office holders in its jurisdiction, largely due to the downturn of the Territory's economic circumstances as a result of the COVID-19 pandemic.

Matters for the Tribunal to consider

In 2020 the COVID-19 pandemic caused many Canberrans to become unemployed. Many businesses were forced to close or lost a significant portion of their revenue.

The ACT Government implemented an economic survival package to support the ACT community through the public health emergency. The Government effort to protect as many jobs as possible, support Canberra households and help our most vulnerable is ongoing.

The Government has been clear that we must work together as a community to share the burden of the economic damage that has occurred as a result of the pandemic. The Government acknowledges the significant extra demands placed on officials during the COVID-19 pandemic and the manner in which they have responded to the challenge of the pandemic. In this context, the Government would like to emphasise the need for restraint with regard to pay increases for position holders in the Tribunal's jurisdiction. The Government appreciates the impact this may have on attracting and retaining officials and talented senior management, however, it feels that only a minimal pay increase for senior office holders would meet the community's expectations at this time.

The Government is focussed on economic recovery and growth and acknowledges that a significant component of this will be driven by household consumption. The Government notes that growth in

wages and salaries that is highest below the median income within the public service will likely have a greater stimulatory effect for the broader ACT economy due to a comparatively higher marginal propensity to consume.

The ACT experienced a period of deflation over the year to June 2020, with Consumer Price index (CPI) declining 0.6 per cent as highlighted in Table 1, although this largely reflected the Commonwealth decision to make childcare free in this period. However, over the 18 months to the December quarter 2020, ACT's CPI increased by 2.5 per cent as prices rebounded strongly in the September quarter and December quarter 2020 (the CPI increased by 3.1 per cent across the two quarters). However, underlying inflationary pressures are expected to remain subdued over the coming years.

Table 1: Percentage change in Consumer Price Index and Wage Price Index, ACT

	Change between the June quarter 2019 and the June quarter 2020	Change between the June quarter 2019 and the December quarter 2020
Consumer Price Index	-0.6%	2.5%
Wage Price Index	2.0%	2.7%
<i>Private sector</i>	2.3%	3.4%
<i>Public sector</i>	1.8%	2.2%

Wages growth in the ACT moderated to 2.0 per cent over the year to June 2020, from the 2.2 per cent over the previous year. The lower growth in WPI was predominantly a result of the six-month deferral of wage increases in the Commonwealth Public Service and wage restraint in the private sector in part to cushion the impact of the pandemic on operations and cash flow. Over the 18 months to the December quarter 2020, ACT's WPI grew by 2.7 per cent. The Government notes that officials including the senior executive have not received a pay increase since June 2019, whilst this is not ideal, the Government's position is that once the health emergency abates, normal indexation for salary maintenance should resume, but no increment catch-up be applied.

In its submission for the Autumn Review 2020, made before the public health emergency was declared, the Government recommended the rate for vehicle allowance for MLAs be reviewed. The rates have not been adjusted since they were introduced in 2015. While we believe this should not be reviewed during the public health emergency, we will continue to advocate for this review in the future.

Remuneration under Enterprise Agreements

The ACTPS employment framework includes 18 Enterprise Agreements made under *the Fair Work Act 2009* (Cwlth). The Common Core Agreement, for which the pay increase component applies to all but three, provides pay increases at regular intervals over the four-year period from 2017 to 2021, totalling 10.85%. The last pay increase of 1.35% is due for the first full pay period on or after June 1 2021.

Pay increases for the three enterprise agreements that differ to the Common Core agreement are:

1. Nursing and Midwifery Enterprise Agreement 2017-2019. Pay increases:
 - 2.25% from the first full pay period on or after 1 October 2017;
 - 0.5% from the first full pay period on or after 1 June 2018;
 - 1.35% from the first full pay period on or after 1 December 2018;
 - 1.35% from the first full pay period on or after 1 June 2019;
 - 1.35% from the first full pay period on or after 1 December 2019.

2. ETD Teaching Staff Agreement 2018-2022. Pay increases:
 - 1.5% from the first full pay period on or after 1 October 2018,
 - 3.0% from the first full pay period on or after 1 July 2019,
 - 3.0% from the first full pay period on or after 1 July 2020,
 - 3.0% from the first full pay period on or after 1 July 2021, and
 - 1.5% from the first full pay period on or after 1 July 2022.

3. ACT Fire & Rescue Enterprise Agreement 2020-2024. Pay increases:
 - 2.25% from the commencement of the first full pay period on or after 1 October 2017;
 - 0.5% from the commencement of the first full pay period on or after 1 June 2018;
 - 1.35% from the commencement of the first full pay period on or after 1 December 2018;
 - 1.35% from the commencement of the first full pay period on or after 1 June 2019;
 - 1.35% from the commencement of the first full pay period on or after 1 December 2019;
 - 1.35% from the commencement of the first full pay period on or after 1 June 2020;
 - 1.35% from the commencement of the first full pay period on or after 1 December 2020;
 - 1.35% from the commencement of the first full pay period on or after 1 June 2021.
 - 2% per annum (1% every six months) with a top up should the new Common Core outcome exceed 2%.

Most allowances within the enterprise agreements are increased at the same rate and time as salary.

The majority of agreements expire on 31 October 2021. Negotiations will soon commence for the new agreements. The Government is yet to set parameters moving forward with regard to salary, allowances and other entitlements,

Conclusion

In undertaking the 2021 Autumn Review, the Government encourages the Tribunal to consider community expectations and the Territory's fiscal position when assessing the remuneration, allowances and other entitlements of MLAs, ACT Public Service Executives and Full-time Statutory Office Holders.

The wider ACT economy is continuing to experience repercussions from the COVID-19 pandemic. It is the Government's opinion that any increase to remuneration, allowances or enhancement of other entitlements for position holders in the Tribunal's jurisdiction, needs to be minimal to meet community expectations.

Thank you for the opportunity to provide a submission for the Autumn 2021 review.

The Government wishes to acknowledge the important contribution that MLAs, ACT Public Service Executives, and Full-time Statutory Office Holders provide to the ACT community.

