

## **Report by the Remuneration Tribunal**

### **Members of Parliament – ‘resettlement grant’: Response to Government request to inquire into a ‘redundancy-type benefit’ for ‘new’ Senators and Members**

#### Background to the proposed resettlement grant

On 18 September 2001, the then Minister for Finance and Administration, the Hon John Fahey MP, wrote to the Remuneration Tribunal asking that it inquire into a redundancy-type benefit for ‘new’ Senators and Members who were to join the Parliament after the next general election (subsequently held on 10 November 2001).

Amendments to the *Parliamentary Contributory Superannuation Act 1948* during 2001 changed superannuation arrangements for ‘new’ Senators and Members. The concept of a redundancy-type benefit was envisaged as assisting new parliamentarians whose circumstances may mean they need to re-establish themselves in the workforce after leaving parliament.

#### The Remuneration Tribunal’s proposed resettlement grant

The Tribunal has considered the Government’s referral. At this time, it is disposed to support a modest redundancy-type benefit for those Senators and Members who have joined the Parliament since the November 2001 election and who retire involuntarily. The Tribunal would propose to call the benefit a ‘resettlement grant’.

The proposed benefit would be a one-off lump sum equivalent to eight weeks of the basic parliamentary salary. Based on the current basic salary of \$102,760 per annum, the grant’s present value would be a lump sum of approximately \$15,760. The lump sum’s dollar value will change over time as the basic parliamentary salary is adjusted. In general, the Tribunal is not disposed to pro-rata or adjust the grant for any other reason, for example to reflect an individual MP’s length of service in the Parliament or as a Minister or Parliamentary Office Holder. However, the Tribunal does not oppose the option of providing a lower level of grant for those MPs who serve only the life of one parliament, again, consistent with redundancy benefits available more generally in the community. Such a grant may be provided as a one-off lump sum equivalent to four weeks of the basic parliamentary salary, or approximately \$7,880 at present.

The Tribunal recognises the proposed resettlement grant will not compensate affected Senators and Members fully for the benefits forgone by their ineligibility to receive a superannuation pension immediately upon leaving the Parliament, nor is it intended to. Rather, the primary purpose of the proposed grant would be to assist those ‘new’ parliamentarians who retire involuntarily to re-establish themselves in the community (for example, updating skills and qualifications, relocation expenses, purchasing IT equipment, updating professional libraries, and preparing job applications and resumes). The Tribunal does not propose putting any conditions on the grant’s usage and therefore acquittal would not be required.

### Implications for severance travel

The Tribunal, in Determination 2003/14, currently provides severance travel to former Senators and Members who do not qualify for Life Gold Pass on retirement. Under the severance travel provisions, former parliamentarians are eligible for a limited number of return trips within Australia for a specified period, ranging from 12 trips over six months for those who serve in one parliament to a maximum of 25 trips per annum over five years for those who serve in six parliaments.

In making the resettlement grant available to post-November 2001 parliamentarians who retire involuntarily, the Tribunal considers that there should be some concomitant reduction in severance travel. For example, parliamentarians who receive the resettlement grant should be eligible for two return trips to Canberra only. These trips, which would be available for a limited period after retirement, would enable affected Senators and Members to finalise clearance of their Parliament House offices.

### Concluding remarks

This report fulfils the Tribunal's requirement to inquire into a 'redundancy-type benefit' as requested by the Minister, consistent with section 7(4)(b) of the *Remuneration Tribunal Act 1973*.

Signed this

day of August 2003

John C Conde AO  
PRESIDENT

Janet E Grieve  
MEMBER