



## **Remuneration Tribunal**

### **Implementing the recommendations of the *An Independent Parliamentary Entitlements System Review***

#### **Statement**

##### Decision

At its meeting on 5 May 2017 the Tribunal formalised its decisions on a number of recommendations of the report: [An Independent Parliamentary Entitlements System Review \(the Report\)](#).

Specifically, the Tribunal formalised its decisions relating to recommendations 12, 17, 18, 20, 21 and 23 that, in summary:

- reduce the annual budget for parliamentarians for Canberra and intrastate family reunion travel by using economy rather than business class fares for dependents
- provide a consistent definition of dependent child
- extend limited eligible travel to a spouse, nominee or designated person accompanying a parliamentarian who is caring for a dependent child up to 12 months of age
- reduce post-retirement travel for former parliamentarians
- retain the electorate and charter transport allowances and caps at current levels for parliamentarians in large electorates.

More detailed information on these decisions can be found in the attached Reasons for Decisions.

The changes will take effect from 1 July 2017.

Subject to the passage of the Parliamentary Business Resources Bill 2017, the changes outlined above will either be made under the new Act or determined by the Tribunal using its existing powers.

The Tribunal continues to work with Government on a number of outstanding recommendations from the Review as well as complementary reforms announced by the Prime Minister in January 2017.

##### Background

The Tribunal provided a [submission to the Review](#) setting out its views on the characteristics of a contemporary parliamentary work expenses system.

In April 2016 the Minister for Finance, Senator the Hon Mathias Cormann, wrote to the Tribunal advising that the Government had accepted, in principle, all 36 recommendations of the Report. Since then the Tribunal has been working collaboratively with relevant agencies to implement the recommendations and establish the new parliamentary expenses framework.

#### **Remuneration Tribunal**

5 May 2017



## REMUNERATION TRIBUNAL

### ***Members of Parliament – Entitlements***

#### REASONS FOR DECISIONS

##### **Legislative Framework**

Section 7A of the *Remuneration Tribunal Act 1973* (the Act) requires the Tribunal to notify to the Minister its reasons for each determination made in relation to members of the Parliament of Australia and to publish those reasons on the Tribunal's website.

The Tribunal has decided to amend a number of provisions in Determination *2012/04: Members of Parliament – Entitlements* (the Determination) consistent with the recommendations of the report '[An Independent Parliamentary Entitlements System – Review](#)' (the Report).

These changes will take effect on 1 July 2017.

While the Tribunal would normally issue an amending determination to give effect to these amendments, draft legislation currently before Parliament, the Parliamentary Business Resources Bill 2017, proposes a new framework for the determination of parliamentary expenses which would entail changes to the Tribunal's powers. Subject to the passage of this bill, the decisions outlined below will either be made under the new Act or determined by the Tribunal using its existing powers.

##### **The Tribunal's Reasons**

Since the release of the Report in 2016, the Tribunal has systematically been reviewing its determinations to facilitate the implementation of the recommendations. This process has occurred in the context of the introduction of legislation to establish the new parliamentary expenses framework (including the definition of 'parliamentary business' and the principles to guide parliamentarians' decision-making) and associated legislative changes.

##### **Family travel – Canberra and intrastate travel**

*Recommendation 17 of the Review: The Remuneration Tribunal should maintain three return fares for each dependent child, but use full fare economy class to determine this portion of the family travel budget.*

The Tribunal's determination provides for the calculation of an annual budget for Canberra and intrastate family travel. Currently that calculation allows for provision of 3 business class return trips to Canberra from the principal place of residence for each dependent child of a parliamentarian.

The Review Report noted the importance of providing opportunities for family reunion as a means to assist parliamentarians to maintain family life, given the vast majority of them are away from home for a minimum 20 weeks a year.

While recommending the retention of the Canberra and other intrastate family reunion travel provisions, the Report also considered that this travel should not constitute an indulgence. In this context the Tribunal agrees that dependent children should generally travel economy class.

Effective from 1 July 2017 the calculation of the annual budget for parliamentarians' Canberra and intrastate travel will be based on three economy class return trips to Canberra from the principal place of residence for each dependent child of a parliamentarian. This will be the formula for calculating the annual budget; how that budget is used (including the class of travel for any dependent children) will be a matter for the parliamentarian.

### **Definition of Dependent Child**

*Recommendation 18 of the Review: The Government and the Remuneration Tribunal should:*

- a. Update the definitions of 'dependent child' in, respectively the Parliamentary Entitlements Act 1990 and Remuneration Tribunal determinations to ensure they are uniform and contemporary; and*
- b. Ensure the definitions provide for a maximum age of 18, consistent with the Government's approach in the Parliamentary Entitlements legislation Amendment Bill 2014.*

The Tribunal's determination provides a definition of dependent child that is different from that contained in the *Parliamentary Entitlements Act 1990*.

As noted earlier the Government has introduced legislation into Parliament that, if passed, will create a framework for the use of public resources by members of Parliament in connection with parliamentary business. The Parliamentary Business Resources Bill 2017 supports one of the key recommendations of the Review (Recommendation 6) to create a single legislative framework for the determination and administration of parliamentary work expenses.

The definition of 'dependent child' in the Bill is a more contemporary definition as follows:

- (a) both of the following apply:
  - (i) the person is **less than 16**;
  - (ii) the member is legally responsible (whether alone or jointly with another person) for the day-to-day care, welfare and development of the person; or
- (b) both of the following apply:
  - (i) the person is **at least 16 and less than 18**;
  - (ii) the person is financially dependent on the member; or
- (c) all of the following apply:
  - (i) the person is **18 or older**;
  - (ii) the person is financially dependent on the member;
  - (iii) the person is undertaking, and has been continuously undertaking, secondary education.

The Tribunal is concerned to ensure that its determinative instruments for parliamentary work expenses are concise and consistent with any related legislation and provide clarity for parliamentarians. Subject to the Bill passing through Parliament the Tribunal will adopt this definition of dependent child with effect from 1 July 2017.

If the definition is amended as a result of parliamentary processes in the passage of the Bill the Tribunal will reconsider the matter at that time.

## **Family travel – interstate travel**

*Recommendation 20 of the Review: The Remuneration Tribunal should:*

- a. extend eligible travel to the spouse, nominee or designated person accompanying or joining a parliamentarian, who is the mother of a dependent child up to 12 months old, travelling on parliamentary business; and*
- b. determine that the class of air travel under this schedule be full fare economy.*

In November 2015 the Tribunal amended the family reunion provisions in the determination to provide an additional and specific provision for parliamentarians who are breastfeeding a child. The new provision provided that the parliamentarian may be accompanied or joined by her spouse, nominee or designated person, travelling at economy class, to support her to breastfeed her child in certain circumstances.

The new provisions recognised that parliamentarians have no entitlement to maternity leave or related employment benefits and acknowledged the community expectations that parliamentarians continue to serve their constituency and the Parliament while they are elected representatives.

The Review recommended that these provisions should be further extended to cover support for mothers of dependent children up to 12 months old. For the same reasons provided in its initial decision for parliamentarians who were breastfeeding, the Tribunal supports this recommendation. In that decision the Tribunal noted that there are circumstances where parliamentary, electorate or official business requires breastfeeding parliamentarians to travel interstate away from the support that they might have in place in Canberra and the home locality. In those circumstances the parliamentarian would be required to make alternative short term care arrangements for her child while she is undertaking her duties.

The Tribunal considers the limitations of the current provisions could also be unreasonably restrictive.

Effective from 1 July 2017 the Tribunal will extend the provisions of Clause 3.17A to a mother of a dependent child up to 12 months old and retain the class of travel as per the current provisions at economy.

## **Post-retirement travel**

*Recommendation 21 of the Review: The Remuneration Tribunal should reduce the provision for post-retirement travel for former parliamentarians, who do not qualify for the Life Gold Pass, from five return trips to Canberra or their former electorate office in six months to three full fare economy return trips to Canberra or their former electorate office in three months.*

As noted in the Review Report post-retirement travel provisions were once viewed as a significant part of a parliamentarians' remuneration package. Legislation in 2012 closed the Life Gold Pass Scheme to new entrants. The *Parliamentary Entitlements Legislation Amendment Act 2017* changed the name of the travel provisions from the Life Gold Pass to the Parliamentary Retirement Travel Entitlement and reduced, removed and reformed the benefits.

In late 2014 the Tribunal examined usage of the current post retirement travel provisions in the determination and found that not all former parliamentarians utilised the travel and those that did, did not utilise it to the full extent available.

The Tribunal supports retaining the provision for the purpose of allowing former parliamentarians to 'wind up' their Canberra and electorate office(s) and reducing the number of trips, the period in which they can be made and the class of travel.

Effective from 1 July 2017 the Tribunal will amend the provisions of current Clauses 9.1 to 9.5 to:

- reduce the number of return trips to 3;
- reduce the period in which these can be utilised to within 3 months after the parliamentarian has retired;
- change the class of travel to economy; and
- abolish the grandfathered provisions of Clause 9.5 as they will have no effect from that date.

### **Transport in large electorates**

*Recommendation 12 of the Review: The Remuneration Tribunal should:*

- a. allow, within the current limits of approved expenditure, greater discretion in respect of driver hire and vehicle type, and additional passengers;*
- b. examine whether the quantum of the current monetary caps on the existing Electorate Charter budget is appropriate; and*
- c. substitute the term 'Electorate Charter' in Determination 2012/04 with 'Transport in Large Electorates' to render the purpose of the provision more transparent.*

*Recommendation 23(b) of the Review: The Remuneration Tribunal should:*

- i. review the quantum of the Electorate Allowance and Electorate Charter budget for members of the Big Six electorates;*
- ii. provide travelling allowance for any night spent by a Big Six member outside his or her electorate in the course of staging from one point in his or her electorate to another; and*
- iii. maintain the eligibility of members of Big Six electorates to obtain a second vehicle offset against their Electorate Charter Budget.*

Part 7 of the Tribunal's determination sets out provisions for the use by Members of charter aircraft and self-drive vehicles within their electorates, where the land mass is greater than 10,000 square kilometres or in the case of Senators within their States. The provisions set in place a number of caps on annual expenditure and a range of conditions and restrictions. The provisions recognise the various business requirements of parliamentarians in serving their constituency and the fact that commercial transport does not always provide ready access to locations within a parliamentarian's electorate.

The Review made a number of recommendations aimed at simplifying these provisions and providing greater flexibility to the parliamentarian in meeting those business requirements. The Review also recommended that the Tribunal examine the charter transport caps and the rates of Electorate Allowance, with a particular focus on the 'Big Six' electorates.

In considering these recommendations the Tribunal consulted with the Members of the electorates of Durack, Lingiari, Grey, O'Connor, Kennedy, Maranoa and Parkes (noting the highest charter transport cap for Members relates to the now 7 electorates larger than 300,000 square kilometres). The Tribunal also examined the charter budget usage for the five financial years from 2011 to 2016 based on data provided by the Department of Finance.

The usage data indicated that within the 5 year period, only one parliamentarian used 100 per cent of the annual charter budget cap. The average annual usage for Members was 35 per cent of the annual cap and for Senators 21 per cent. The Tribunal's assessment is that the current annual Electorate Charter Budgets are adequate.

The Tribunal did not receive any information that would suggest that the annual Electorate Allowance for Members of the 7 largest electorates should be increased.

The Tribunal supports simplifying the provisions in Part 7 of the determination to provide greater discretion and flexibility for the parliamentarian when accessing these work expenses. This is consistent with the broader intent of the Review recommendations in developing a principles-based framework underpinned by a definition of parliamentary business, a set of principles to guide decision making incorporating value for money and greater transparency through regular reporting.

Effective from 1 July 2017 the Tribunal will amend the current provisions of Part 7 of the determination to:

- allow greater discretion in respect of driver hire and vehicle type, and additional passengers;
- substitute the term 'Electorate Charter' with 'Transport in Large Electorates';
- maintain the eligibility for travelling allowance for a night spent by a Member of the largest 7 electorates outside his or her electorate in the course of staging from one point in his or her electorate to another; and
- maintain the eligibility of Members of the largest 7 electorates to obtain a second vehicle offset against their Electorate Charter Budget.

The Tribunal has decided that no changes will be made to the Electorate Charter Budgets or Electorate Allowances.

Remuneration Tribunal

5 May 2017