



Remuneration Tribunal

Determination 2015/22

Members of Parliament – Base Salary, Additional Salary for Parliamentary Office Holders, and Related Matters

REASONS FOR DETERMINATION

Legislative Framework

Section 7(1) of the *Remuneration Tribunal Act 1973* (the Act) requires the Tribunal to inquire into, and determine, the allowances paid to members of the Australian Parliament. In this context allowances includes “allowances in accordance with section 48 of the Constitution” – commonly referred to as parliamentarians’ base salary.

Section 8(1) of the Act requires the Tribunal to make determinations on section 7(1) matters at intervals of not more than one year.

Section 7A requires the Tribunal to notify its reasons for each determination made in relation to members of the Parliament of Australia to the Minister and to publish those reasons on the Tribunal’s website.

Why is a Determination being made now?

The Tribunal has not determined any general increase to the remuneration of office holders in its jurisdiction, including parliamentarians, since 1 July 2013.

In March 2015 the Tribunal decided to defer until the second half of the 2015 calendar year its consideration of whether any increases to remuneration for offices in its jurisdiction, including members of parliament, should be determined.

Accordingly Determination 2015/06, effective from 11 May 2015, made no changes to remuneration but fulfilled the Tribunal’s obligation to make a determination at an interval of no more than a year.

The new determination implements the Tribunal’s deferred decision and fulfils its legislated requirement under section 7(1) of the Act.

What process was undertaken?

Section 11(1) of the Act states that the Tribunal can inform itself in such manner as it thinks fit. In considering this matter the Tribunal has considered a wide range of economic and wage data, set out in more detail in a document referenced on page 2 of this document. In making this decision, the Tribunal did not seek submissions from parliamentarians on their rate of salary, nor did it receive any such submissions.

Why is the Tribunal increasing pay for parliamentarians?

The Tribunal is responsible for determining remuneration for many holders of public office, not just parliamentarians. The Tribunal sets remuneration for judges and some officials in the federal court structure, and for a wide variety of full-time and part-time offices in the federal public sector.

The work performed by the wide variety of offices in the Tribunal's jurisdiction, including parliamentarians, is diverse and often unique. While direct comparisons can be difficult, remuneration for these offices is set in the context of pay for other occupations generally, with special regard to public sector remuneration. The Tribunal places particular emphasis on ensuring that relativities within the group of offices for which the Tribunal itself determines remuneration remain consistent.

When the Tribunal made its first determination on parliamentary pay for many years, from 15 March 2012, it was in the context of pay relativities at that time. The Tribunal is of the view that the pay of parliamentarians should increase relative to that of other office holders, and thus the annual adjustment paid to the office holders in the Tribunal's jurisdiction generally will also apply to parliamentarians.

What decisions are made in this Determination?

Base salary has been increased by 2 per cent.

The Tribunal is also required to determine a portion of base salary that does not count towards parliamentary allowance (superannuation salary) for members covered by the *Parliamentary Contributory Superannuation Act 1948*. This portion, which is expressed as a dollar amount, has also been adjusted – the net effect of which is that superannuation salary for members of that scheme has also been increased by 2 per cent.

As additional salary for office holders is set as a percentage of the base salary, the 2 per cent increase will flow through to additional salaries.

Why 2 per cent?

As noted, this is an increase applying to office holders in the Tribunal's jurisdiction generally. The reasons for settling on this level of increase are set out in the Tribunal's Statement – 2015 Annual Review of Remuneration for Public Office Holders, a copy of which is available on the Tribunal's website - <http://www.remtribunal.gov.au/>.

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