



Remuneration Tribunal

Determination 2013/13

Members of Parliament – Salary

STATEMENT OF REASONS

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 determination setting the current rate of parliamentary base salary, Determination 2012/15, which amended Determination 2012/02, was made on 19 June 2012. To fulfil its legislative obligations the Tribunal has to make a new determination on this matter no later than one year after 19 June 2012.

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 below. 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 Tribunal’s 2011/12 Annual Report noted that remuneration was set for 140 full-time and 238 part-time offices, a large number of which, particularly in the part-time category, have multiple office holders.

While the 226 members of the Australian Parliament are an important, and probably the highest profile, segment of the Tribunal's jurisdiction, they would represent less than 20 per cent of the office holders for whom the Tribunal determines remuneration. Parliamentary pay is not set in a vacuum and is being adjusted as part of an overall increase for office holders.

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 has found no reason why the pay of parliamentarians should decrease 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 2.4%.

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 nett effect of which is that superannuation salary for members of that scheme has also been increased by 2.4%.

As additional salary for office holders is set as a percentage of the base salary, the 2.4% increase will flow through to additional salaries.

Combination of base and additional salary determinations

Prior to 1 July 2013 base salary for parliamentarians and additional salary for holding various offices, or performing particular functions, in the Parliament were determined in separate instruments. A single determination covering both of these subjects has now been made. This is to streamline administrative procedures and does not provide any additional provisions for parliamentarians than would have occurred if the two determination approach had continued.

Why 2.4%?

As noted, this is an increase applying to office holders in the Tribunal's generally. The reasons for settling on this level of increase are set out in the Tribunal's Statement – 2013 Annual Review of Remuneration for Public Office Holders, a copy of which is available at:

http://www.remtribunal.gov.au/_data/assets/pdf_file/0005/17780/2013-Annual-Review-Statement-13-June-13.pdf

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