



Remuneration Tribunal

Determination 2012/15 – Members of Parliament – Base Salary, Entitlements and Related Matters

REASONS FOR DETERMINATION

Legislative Framework

Section 7A of the *Remuneration Tribunal Act 1973* (the Act) 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.

What Determination 2012/15 Does

Following the amendment of the Act by the *Remuneration and Other Legislation Amendment Act 2011*, the Tribunal had the power restored to it to determine the base salary for members of the Parliament of Australia; and was given the new power to determine a portion of that base salary which was not salary for superannuation purposes for parliamentarians covered by the *Parliamentary Contributory Superannuation Act 1948* (the 1948 Act).

Subsequently, the *Members of Parliament (Life Gold Pass) and Other Legislation Amendment Act 2012* invested the Tribunal with the power to determine the portions of additional salary, both for parliamentary office holders and for Ministers of State, that are not to be considered salary for superannuation purposes for parliamentarians covered by the 1948 Act.

The Tribunal made its first Determination regarding base salary on 12 March 2012 (Remuneration Tribunal Determination 2012/02: *Members of Parliament – Base Salary and Related Matters*). The current Determination setting additional salary for parliamentary office holders and related matters (Remuneration Tribunal Determination 2012/03: *Members of Parliament – Parliamentary Additional Salary and Related Matters*) was also made on that date.

Determination 2012/15 amends Determination 2012/02 by increasing the base salary of a parliamentarian by the same percentage annual adjustment (3%) that will apply to public offices in the Tribunal's determinative jurisdiction on and from 1 July 2012. The Tribunal's Statement on the 2012 annual adjustment may be found on its website.

The application of the annual adjustment will increase parliamentary base salary from \$185,000 to \$190,550 per annum and the portion of that base salary which is not salary for superannuation purposes will increase from \$38,620 to \$39,770. The date of effect of these changes is 1 July 2012.

As Determination 2012/03 expresses the additional salary paid to parliamentary office holders as a percentage of the base salary, the salaries paid to, for example, the Leader of the Opposition, President of the Senate, shadow ministers and Whips, will also automatically increase from 1 July 2012. Similarly, for parliamentary office holders and for Ministers of State, the portion of additional salary that is not allowance by way of salary for the purposes of the 1948 Act will automatically increase.

The Tribunal's 'Reasons for Determination' issued with Determination 2012/03 provide further information concerning the portion of additional salary that is not salary for superannuation purposes; it may be found at:

<http://www.remtribunal.gov.au/statementsreports/2012/2012-03%20Det%20Statement%20of%20Reasons.pdf>

Determination 2012/15 also amends Remuneration Tribunal Determination 2012/04: *Members of Parliament – Entitlements* by correcting a typographical error in the definition of the term 'join'.

The Determination also increases the maximum amounts of charter transport allowance available per year to eligible senators and members. This entitlement (which cannot be converted to a cash benefit) enables parliamentarians representing the larger electorates, and all Senators except those from the Australian Capital Territory, to travel within their electorate for electorate business purposes when scheduled commercial transport is not a viable option.

Eligible parliamentarians can incur costs, within a set maximum per annum (based on the size of their State/Territory/electorate), with the expenses then paid by the Commonwealth.

The Tribunal's Reasons

The Tribunal has decided that the base pay of parliamentarians should be increased by the same percentage (i.e. 3%) as the Tribunal has determined for public offices in general as part of the 2012 annual remuneration adjustment.

The increase will help to ensure that parliamentary pay does not lag behind in comparison to other public sector incomes.

The Tribunal has also decided to make a corresponding change to the portion of base salary that is not salary for superannuation purposes. Chapter 6 'Superannuation' of the Tribunal's 15 December 2011 report entitled *Review of the Remuneration of Members of Parliament – Initial Report* provides further information concerning this subject. It is available at:

<http://www.remtribunal.gov.au/statementsreports/MPs%20Report%2015.12.2011.pdf>

Charter Transport Allowance

Finally, the Tribunal has decided to increase by 2.5% (rounded) the maximum annual charter transport allowances payable to eligible senators and members. The increases, which will come into effect from 1 July 2012, reflect the March 2011 to March 2012 movement in the

transportation component of the Consumer Price Index published by the Australian Bureau of Statistics.

The allowances were last increased with effect from 1 July 2011 by Remuneration Tribunal Determination 2011/20: *Members of Parliament - Entitlements*.

The current adjustments are in line with the Tribunal's advice, as outlined in the 'Reasons for Determination' issued with Determination 2011/20, that the Tribunal would consider making adjustments to the allowances on an annual basis. See:

<http://www.remtribunal.gov.au/statementsreports/Determination%202011-20%20Statement%20%2017.10.11.pdf>

The Tribunal's determinations and reports are available on its website - <http://www.remtribunal.gov.au/>.

Remuneration Tribunal
19th June 2012