



Remuneration Tribunal

Determination 2012/03 – Parliamentary Additional Salary 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 2012/03 Does

Among other things, Determination 2012/03 carries over the provisions in the superseded Determination 2011/22, which was made on 17 October 2011.

Additional to the carried over provisions, new provisions in 2012/03:

- determine additional salary for shadow ministers and for the Manager of Opposition Business in the House of Representatives;
- set limits on the number of parliamentarians who can be paid as shadow ministers; and
- determine 'portions' of additional salary, both for holders of the listed offices and for Ministers of State; those portions being amounts that are not to be considered as salary for superannuation purposes for parliamentarians covered by the *Parliamentary Contributory Superannuation Act 1948*.

The last provision is determined under powers given to the Tribunal by amendments to the Act made by the *Members of Parliament (Life Gold Pass) and Other Legislation Amendment Act 2012* (the 2012 Act).

The Tribunal's Reasons

In relation to the provisions carried over from Determination 2011/22 the Tribunal's reasons for determining those provisions remain the same as expressed in the statement of reasons accompanying that Determination. That statement of reasons is available at:

<http://www.remtribunal.gov.au/statementsreports/Additional%20Salaries%20Statement%20-%2017%20Oct%202011.pdf>

The Tribunal also published a report on 15 December 2011 entitled *Review of the Remuneration of Members of Parliament – Initial Report* (the Report), which is available at:

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

The Tribunal's decisions in relation to paying additional salary for shadow ministers and for the Manager of Government Business in the House of Representatives, and the limitations on numbers, were foreshadowed, and the reasons for those decisions were set out fully, in the Report, at paragraphs 5.13 to 5.37.

Additional to the decisions announced in that Report the Tribunal has made one further, transitional, provision in relation to shadow ministers. The Tribunal noted that the current shadow ministry was larger, by two, than the current ministry. While the relevant legislation (the *Ministers of State Act 1952*) limits the number of Ministers of State, the size and composition of a shadow ministry is a matter for the Opposition itself to decide. As 'shadow minister' has been an unpaid position, in terms of additional salary, their number has not been a matter of any financial consequence in the past.

In future the Tribunal intends that the number of paid shadow ministers should be limited so as not to exceed the number of Ministers of State – although beyond the 'paid' limitation the Tribunal has no intention of attempting to direct an Opposition as to how to organise itself.

At a time when a new determination comes into effect, however, the Tribunal cannot ignore the actual makeup of the Parliament at the time.

Therefore, the Tribunal has decided to increase (by two) the number of members eligible for the second tier level of additional salary for a shadow minister, temporarily, until either the Opposition makes any change to the shadow ministry or until the next election - whichever first occurs - after which the standard limitation will apply. This means that the remuneration arrangements will be consistent with the current makeup of the shadow ministry.

The subject of determining a 'portion' of additional salary is discussed in Chapter 6 'Superannuation' of the Report.

As foreshadowed in paragraph 6.25 of the Report, the Tribunal has determined, in a separate Determination (2012/02), that the portion of base salary will be \$38,620, of a base salary of \$185,000. In percentage terms, this is approximately 20.87%.

The Tribunal has decided that the portion that applies to additional salary should bear the same, or very similar, relationship to additional salary as the portion that applies to base salary. As there are many different levels of additional salary, the Tribunal has decided to express the portion of additional salary as a percentage of additional salary for ease of reference. The portion to be used is 20%, similar to the base salary portion but rounded so that the portion of each additional salary, in dollar terms, can be readily ascertained and understood.