



TASMANIA

REPORT OF

THE SECOND COMMITTEE OF REVIEW

INQUIRING INTO

ALLOWANCES AND BENEFITS

PROVIDED TO MEMBERS

OF THE TASMANIAN PARLIAMENT

Patricia Lilian Leary (Chair)
Timothy John Abey
James Patrick McAlpine

Hobart, Tasmania
21 August 2006

CONTENTS

	<u>Page No.</u>
Introduction	2
Process	3
Some Observations and Broad Approach	3
Kilometrage Allowance/Motor Vehicles	5
Intrastate Air Travel Allowance	8
Intrastate Licensed Coach Service Travelling Allowance	9
Taxi Allowance	9
Committee Sitting Fees	10
Continuing Professional Development Allowance	11
Postage	13
Telecommunications Allowance	15
Entertainment Allowance	16
Away from Home Travelling Allowance	17
Electorate Allowance	18
Adjustment Mechanism	21
Summary of Recommendations	22
Appendix 1 - Individuals and Organisations that made Submissions	
Appendix 2 - Cost of Various Allowances 1997/98 to 2005/06	
Appendix 3 - Legislative Council Divisions - Demographics	

Introduction

[1] On 1 June 2006 His Excellency the Governor-in-Council issued an Order-in-Council establishing a Committee of Review to inquire into the allowances and benefits to which a Member of the Tasmanian Parliament is entitled in accordance with specific terms of reference.

[2] The Order-in Council appoints Patricia Lilian Leary (Chair), Timothy John Abey and James Patrick McAlpine to comprise the Committee of Review.

[3] The terms of reference are as follows:

“With the objective of determining whether

- *the allowances and benefits provided to Members of the Tasmanian Parliament, and specified in the determination of the Committee of Review established by Order-in-Council dated 23 October 1996, are still appropriate to the contemporary needs of such a Member;*

and with the further objective of ensuring that

- *there is an automatic transparent mechanism to annually adjust each allowance and benefit provided to Members of the Tasmanian Parliament;*

and taking account of

- *the quantum of expenses that would now be incurred by Members of the Tasmanian Parliament in performing their parliamentary duties compared to when the amount of each allowance and benefit was last determined;*
- *the benefits available and allowances paid to Members of the parliaments of the other Australian States and Territories and the Commonwealth of Australia; and*
- *contemporary practice in relation to the payment of allowances or alternative mechanisms for providing benefits;*

but excluding the basic salary, additional salary and superannuation entitlements of Members of the Tasmanian Parliament and the resources and facilities provided to Members to enable them to carry out their parliamentary duties:

To review, and if necessary recommend changes to, the purpose, scope of application, quantum and method of payment of existing allowances and benefits paid to Members of the Tasmanian Parliament’;

To recommend the provision of any new benefits required to meet the contemporary needs of Members of the Tasmanian parliament; and

For each allowance that has a monetary value, to recommend an annual adjustment mechanism;

And matters incidental thereto.

The outcomes of the review are to take effect from 1 July 2006.

The Committee may take account of any matters that it deems to be relevant."

[4] In accordance with the Order-in Council, the Committee of Review now provides a written report of our findings, together with recommendations.

Process

[5] Advertisements were placed in the three daily newspapers on 17 June 2006 and 21 June 2006. These advertisements set out the Terms of Reference of the Review, and invited submissions from individuals or organisations, either in person or in writing. The advertisements indicated that the Committee would be sitting in Burnie (26 June 2006), Launceston (3 July 2006) and Hobart (6 July 2006), for the purpose of receiving submissions in person.

[6] No individual or organisations chose to make submissions in person.

[7] Three written submissions were received.

[8] Submissions from the Clerks of the Legislative Council and House of Assembly were we understand compiled in consultation with members of the respective Houses. We have assumed that these submissions, which we refer to as the Legislative Council and House of Assembly submissions, reflect the collective views of the members.

[9] We are indebted to Mr Scott McKenzie, Clerk of the Legislative Council, and Mr Peter Alcock, Clerk of the House of Assembly, for their cooperation in providing all data and information requested in a timely and informative manner.

[10] We also express our appreciation to Dr Bryan Stait, Research Co-ordinator, Parliamentary Research Service, for his invaluable work in relation to allowances and benefits in the other Australian Parliaments.

Some Observations and Broad Approach

[11] The 1997 report¹ has provided an invaluable resource, particularly as it traversed the history of many of the allowances, and clearly identified the basis for their existence. Notwithstanding, our terms of reference require the Committee to consider whether the allowances and benefits specified in the 1997 determination "*are still appropriate to the contemporary needs of such a member*", and to take into account "*contemporary practice in relation to the payment of allowances or alternative mechanisms for providing benefits*". It follows that our consideration has involved a fundamental look at the relevance of the existing arrangements, rather than just an update of the status quo.

[12] The 1997 Report recommended the establishment of a part-time Remuneration Tribunal, for the purpose of "*reviewing, and if necessary adjusting allowances and benefits ...*". The Government of the day did not accept this recommendation, and, as a consequence, those allowances that do not have self-adjustment mechanisms have remained unchanged.

¹ Report of The Committee of Review Inquiring into the Entitlements of Members of The Tasmanian Parliament Regarding Allowances and Benefits 14 May 1997.

[13] In 1998 the number of State politicians was reduced from 54 to 35. Not unexpectedly, this resulted in a commensurate reduction in the cost to taxpayers of parliamentary allowances. This significant cost saving has had an enduring quality, notwithstanding the upward adjustment of most allowances in the 1997 review. The following table of comparative costs is of interest.

	1995/96	2004/05
Electoral Allowance plus postage	\$763753	\$697542
Kilometrage	\$92589	\$68211
Telephone, home and mobile	\$115605	\$66047
Travel Allowance	\$254141	\$189619
Professional Development Allowance	\$156373	\$47117
Total	\$1299130	\$1068536
Source: 1997 Report. Clerks of House of Assembly and Legislative Council.		
Note: 2005/06 has a total cost substantially lower than in 2004/05. However this was an election year with reduced sitting days, and hence not considered a typical year for comparison purposes.		

[14] The terms of reference also require the Committee to take account of *"the benefits available and allowances paid to Members of the Parliaments of the other Australian States and Territories and Commonwealth of Australia"*. Whilst there are significant differences in the structure and nature of benefits and allowances across the various Parliaments, on any objective analysis, members of the Tasmanian Parliament receive significantly less generous benefits and allowances than their interstate and Commonwealth colleagues.

[15] We note that the basic salary for a Tasmanian Parliamentarian is set at 85.19% of the Commonwealth base salary, with a 12-month time delay. The rationale for this determination resulted from the deliberations of a differently constituted tribunal some years ago and is not for debate on this occasion. Indeed the *basic salary* is specifically excluded from the terms of reference. The consequence of this determination is that Tasmanian parliamentarians are the lowest paid in the country, and by a considerable margin.

[16] Whilst there may be good and valid reasons for the differential referred to above, nothing was put to the committee suggesting that we should follow a similar approach in relation to benefits and allowances. The allowances under review can be broadly categorised as reimbursement of, or recompense for, expenses reasonably incurred by members in the performance of their parliamentary and electorate duties. *Prima facie*, the expenses incurred by members of the Tasmanian Parliament would, we suspect, be similar in nature and quantum to expenses incurred by members of other Australian Parliaments. Absent any special circumstances, we are of the view that allowances and benefits applicable for the Tasmanian Parliament should be comparable with that applicable in the other jurisdictions. We have not identified any particular justification, economic or otherwise, as to why a special *Tasmanian discount* should be applied.

[17] The terms of reference require that "*there is an automatic transparent mechanism to annually adjust each allowance and benefit ...*". This means that each allowance is to be adjusted automatically and without individual review. In this context it is critically important to get the base right. The automatic adjustment of something that is improperly based in the first place only serves to perpetuate an injustice, anomaly or error. With this in mind the Committee is of the view that the straightforward restoration of purchasing power (indexation), without regard to the adequacy or otherwise of a previously determined allowance, lacks sufficient rigor.

[18] There are essentially two different approaches to the determination of allowances and benefits. The first approach is to identify with some precision a cost item, and then structure an allowance to meet that cost.

[19] The second approach is to structure the allowance regime with a broader brush, which in turn allows for greater flexibility as to how it is utilised. The Committee favours the second approach for the following reasons.

[20] It is quite possible to construct a credible argument for not only an increase in existing allowances, but to also introduce new allowances and benefits. The limiting factor is invariably the capacity and/or willingness of the taxpayer to fund the increased benefits rather than the inherent merit of the allowance. For example, some parliaments provide a communication allowance to facilitate a newsletter mail out to constituents. This raises the following question: If there is justification for one newsletter per annum, then why not two or three? The issue is not whether it is a good thing to communicate with constituents (it presumably is), but whether the cost is justified by the benefits achieved.

[21] The Committee considers that the existing regime of benefits and allowances should be somewhat restructured, such as will enable members to make informed choices as to the direction of their expenditure, based on their own priorities, rather than on the basis of the existence of a specific purpose allowance which is there to be utilised.

[22] The second reason for this approach is that it should generate significant administrative savings, both for the Member (in terms of time occupied in justifying claims) and the Parliament. It will also reduce, and hopefully remove, distortionary patterns of behaviour driven by the nature of existing allowances. (see *Intrastate Air Travel*). We do not consider that this approach in any way reduces accountability and transparency, with the Australian Taxation Office being the ultimate gatekeeper.

Kilometrage Allowance/Motor Vehicles

[23] We were informed of an historical presumption that members could attend to their official parliamentary duties through the utilisation of public transport, at no cost to the member, with the various allowances structured accordingly. Indeed we understand that at one time Parliament did not sit until 7.30 pm on a Tuesday, so as to coincide with the arrival of the train!

[24] In 1975 the Government of the day introduced a Motor Vehicle Kilometrage Allowance, for use of a private motor vehicle to attend sittings of Parliament and other official Parliamentary duties, whereas previously this cost was expressly included in the Electorate Allowance.

[25] In recent years the quantum of the allowance has been linked to the *General Conditions of Employment Award* of the Tasmanian Industrial Commission. This award has application to most State servants.

[26] In terms of the kilometreage allowance, the award identifies two categories: *Required user* and *Occasional user*. This question was addressed in the 1997 Report, with the Committee concluding that *Occasional user* was the appropriate category. The Report observed:²

"We think it would be inappropriate, in the context of requiring approval from a controlling authority, to take a narrow view of the above provision in relation to Parliamentarians; however, we seriously doubt that a Member of Parliament is a person who, in the context of travelling to and from sittings of Parliament, etc. is "required ... to have available on a regular basis a private motor vehicle" for that purpose. Existing travel arrangements, as we have already noted, provide a variety of options and the purposes for which the allowance is paid, as we mention above (excluding travel within the Member's electorate, for which the Electorate Allowance makes provision), do not appear to fall easily into the definition of "a regular basis"."

[27] Whilst these alternative public transport arrangements are theoretically available, the reality is that utilisation is rare, and sometimes for the wrong reasons (see *Intrastate Air Travel*). We have concluded that the appropriate category is *Required User*, and if we were of a mind to continue with this allowance, that is what we would recommend.

[28] In the financial years 2002/03, 2003/04 and 2004/05 (considered typical years) the average cost of this allowance was approx \$70000 pa. If the *Required User* category applied, this would escalate by 50%, to an average cost of approximately \$115000 pa.

[29] It was strongly submitted that members be provided with fully serviced motor vehicles, which would replace the kilometreage allowance.

[30] A review of the position in the other parliaments reveals the following:

Commonwealth

[31] Fully maintained vehicle provided which includes private use. Personal cost contribution payable (\$711 pa). Members and Senators who choose not to be provided with a vehicle shall be paid an additional \$19500 as part of the electorate allowance.

NSW

[32] No provision. However in addition to the electorate allowance, all members receive a *Logistic Support Allowance* ranging from \$27935 to \$35620 (MHA) and \$18954 to \$28905 (MLC). This allowance embraces a range of expenses including intra and interstate transport other than *electorate to Sydney* travel.

Queensland

[33] No provision. However all members receive a *Miscellaneous Allowance* of \$27725 pa in addition to electorate allowance. Members have total discretion as to how this is spent. There is also a *Special Car Allowance* for certain electorates ranging from \$756 pa to \$1526 pa.

² Page 48

Victoria

[34] No provision. Members of provinces of 10000 km² or more receive an allowance for use of transport in electorate ranging from \$4721 to \$9666 pa.

South Australia

[35] Members are to be provided with taxpayer-subsidised cars for a cost to member of \$7000 pa.

Western Australia

[36] Members, with the exception of those members who, as a result of office held are supplied with a Government vehicle, are provided with a private plated vehicle for parliamentary, electorate and private use within Western Australia.

[37] Members who choose not to access this entitlement, including the exception referred to above, are paid an amount of \$6950 pa in lieu.

Northern Territory

[38] Members provided with private plated vehicle for use on parliamentary, electorate and private business.

[39] Members are responsible for the running costs when used outside the Northern Territory.

[40] Members who elect not to have vehicle supplied shall be paid an amount of \$11500 in lieu thereof.

Australian Capital Territory

[41] Members provided with private plated vehicle for use on official business and private purposes, but not for personal gain.

[42] Members may elect to take an allowance of \$15500 in lieu of the vehicle.

[43] Of occupational groupings that might justify the provision of a vehicle, we believe that members of parliament must sit very close to the top. In our view there is an overwhelming case in support of the provision of a fully maintained vehicle, both in terms of need and administrative efficiency.

[44] We believe the most effective means of providing this benefit is by way of an annual allowance, which members may elect to forego and be provided in lieu with a fully maintained vehicle. We have set the allowance at \$12000 pa, which we understand to broadly equate with the cost to Government of a standard vehicle including fuel for approximately 25000 km pa.

[45] The provision of this benefit will naturally see the end of the kilometreage allowance. We will also recommend that a number of other transport related allowances be abolished.

[46] This recommendation should not be seen as negative on public transport. To the contrary, members may elect to take the allowance and use whatever form of public transport they wish.

Recommendation

- **Each Member of Parliament shall be paid a vehicle allowance of \$12000 per annum.**
- **The allowance will be adjusted by the same percentage amount and from the same operative date, as the base salary is adjusted from time to time.**
- **Members may elect, in lieu of the allowance, to be provided with a fully maintained, private plated vehicle for parliamentary, electorate and private use, but not for commercial purposes.**
- **Members will be responsible for the running costs of the vehicle when used outside Tasmania.**
- **The standard of vehicle shall be that which is generally available to State servants at SES Level 1.**
- **A member may elect to upgrade the standard of vehicle provided; eg a 4WD. In such cases the member shall pay for the additional leasing cost, over and above the standard vehicle, from the member's electorate allowance.**
- **The kilometreage allowance shall be abolished.**

Intrastate Air Travel Allowance

[47] We were advised that this allowance is used infrequently. The average cost over the years 2002/03 to 2004/05 was approximately \$2050 pa.

[48] We were further informed that the primary usage occurs when kilometreage allowances are approaching or have passed the 10000 km threshold, at which point the quantum of the allowance drops by nearly 50%. In essence decisions are made based on the structure of the allowances, rather than the most efficient means of transport. This is what we refer to as *distortionary behaviour* in paragraph 22 above.

[49] With the introduction of a *vehicle allowance* there is no longer a case for the continuance of this allowance.

Recommendation

- **The Intrastate Air Travel Allowance be abolished.**

Intrastate Licensed Coach Service Travelling Allowance

[50] We were advised that this allowance is rarely utilised, perhaps only once since 1997.

[51] With the introduction of a *vehicle allowance* there is no longer a case for the continuance of this allowance.

Recommendation

- **The Intrastate Licensed Coach Service Allowance be abolished.**

Bass Strait Islands and Bruny Island Travelling Allowance

[52] This allowance provides for the reimbursement of expenses incurred in travelling to and from the Bass Strait Islands and Bruny Island on official Parliamentary business.

[53] We were informed that this allowance was regularly utilised, particularly in relation to the Bass Strait Islands.

[54] The average cost in the years 2002/03 to 2004/05 was \$5690 pa.

[55] There is no realistic alternative means of travelling to the Bass Strait Islands. The allowance should therefore continue in its present form so far as the Bass Strait Islands are concerned.

[56] With the introduction of the *vehicle allowance* and the revamped *electorate allowance*, it is difficult to accept why travel to and on Bruny Island should be treated any differently than travel on mainland Tasmania. There is at least one other vehicular ferry operating in Tasmania. Costs associated with the use of such ferries should be met from the electorate allowance.

Recommendation

- **The allowance continue in its present form with the exclusion of Bruny Island. It will in future be referred to as the Bass Strait Islands Travelling Allowance.**

Taxi Allowance

[57] This allowance, paid by way of a taxi voucher, is available to members after late night sittings (after 10 pm), and to facilitate a member's travel to and from a sitting of Parliament, a Committee or Parliamentary Party meeting.

[58] We were informed that with the implementation of *family friendly* sitting hours in 1998, there has been little use of this allowance. It is now mainly used by members who travel by air to Parliamentary sittings, and where the 10000 km threshold for the kilometreage allowance is approaching or has been exceeded.

[59] Whilst the cost of this allowance is insignificant, with the introduction of the *vehicle allowance*, there is no longer justification for its continuance. The only exception would be in circumstance whereby a taxi is used to avoid the need for a Ministerial driver and car to be on call.

Recommendation

- **The Taxi Allowance be abolished other than for circumstances whereby a taxi is utilised to avoid the necessity for a ministerial driver to be on call.**

Committee Sitting Fees

[60] The 1997 Report determined that a member of a Standing Committee be paid an additional sitting fee, calculated on a daily basis, irrespective of the number of meetings, according to the following scale:

"[a] In the case of the Chairman of a Committee, at the rate of 0.12 per cent of the annual amount of the basic salary for the time being, and

[b] In the case of any other member of a Committee, at the rate of 0.10 per cent of that annual amount."

[61] This equates to \$109 per day and \$91 per day respectively.

[62] We were informed that the frequency and average duration of standing committee meetings is as follows:

- Public Works: 15 meetings per annum @7 hours average.
- Subordinate Legislation: 15 meetings per annum @ 2½ hours average.
- Public Accounts: 14 meetings per annum @ 2½ hours average.
- Community Development: 15 meetings per annum @ 2 hours average.
- Environment, Resources and Development: 12 meetings per annum @ 2½ hours average.

[63] The average cost of sitting fees in the years 2002/03 to 2004/05 was \$30500 pa.

[64] We were advised that there are a number of other Committees of the Parliament for which there are no sitting fees, regardless of workload.

[65] There are two schools of thought as to whether sitting fees continue to be appropriate.

[66] It would appear that the historical basis for sitting fees was founded in the notion that the basic salary for Members of Parliament may have been inadequate to attract persons with the requisite specialist knowledge to sit on the standing committees, and the sitting fee concept was a form of "*encouragement*" to enlist the services of individuals with desired attributes, particularly business acumen, to participate in the Committee work (see Prof. Townsley, 1970 Review).

[67] On the other hand there are those who hold the view that all Committee work should be regarded as part of the usual duties of a Member of Parliament, and apart from travelling expenses, should not attract additional remuneration.

[68] In principle the Committee is inclined to support this latter view. However such a change should only be made in the context of a review of the basic salary. As that matter is not before us, it would be unfair to do other than continue with the existing arrangements.

Recommendation

There is payable to a member of a Standing Committee, including the Community Development and Environment, Resources and Development Committees, for each day on which the member attends a summoned meeting of a Committee at which a quorum is present, a sitting fee calculated on a daily basis, irrespective of the number of meetings, according to the following scale:

- (a) In the case of a Chair of a Committee, at the rate of 0.12 per cent of the annual amount of the basic salary for the time being; and
- (b) In the case of any other Member of a Committee, at the rate of 0.10 per cent of that annual amount.

Continuing Professional Development Allowance

[69] Prior to the 1997 Review, there existed an allowance known as the *Family (Recreation) Allowance*. The 1997 Report categorised the allowance as a "benefit made available to Members for personal travel, within and outside Tasmania, associated with Parliamentary duties. The quantum of the allowance had been set at \$3000 by Cabinet in July 1988.

[70] The 1997 Report changed the allowance to a *Continuing Professional Development Allowance* with the quantum remaining unchanged at \$3000, cumulative over two years.

[71] The allowance was payable by way of reimbursement of expenses, "in respect of all reasonable expenses incurred by the Member in undertaking discretionary travel for purposes of Continuing Professional Development, associated with the members Parliamentary duties".

[72] In addition to normal substantiation requirements, members are required to submit a written report, "setting out the purpose of the travel, and any conclusions, recommendations or findings that resulted there from".

[73] The average cost in the years 2002/03 to 2004/05 was \$56200 pa.

[74] It was submitted:

- That the allowance was quite inadequate, and in most cases a member had to draw down from their own resources to make up the difference.
- Travel is determined by parliamentary sitting times, which often precludes the member from taking advantage of discount fares and accommodation packages.
- National and international conferences are invariably expensive, with registration fees and airfares accounting for most of the \$3000.

[75] The Commonwealth Parliament provides for one overseas trip per parliamentary term. Similar arrangements exist in the ACT and Northern Territory Parliaments.

[76] There does not appear to be any directly comparable allowance in the other State Parliaments, although Queensland does allow for the unexpended part of the daily travelling allowance to be directed towards overseas travel at the rate of \$285 per day.

[77] Continuing Professional Development may take many forms including overseas and interstate travel, conference attendance, attending a course of study or research on the Internet.

[78] We believe that there is an element of artificiality about the existing arrangements including the notion of *"if you don't use it you lose it"*.

[79] Nothing was put to us as to the quality of the outcomes of the continuing professional development undertaken thus far. Nonetheless we are of the view that the nature of the existing allowance mitigates against the more optimal outcomes that might be achieved if the allowance was less fettered in its application.

[80] We believe that the individual Member is best placed to determine the nature of professional development that best suits his or her needs. For example, rather than overseas travel, a member may choose to enrol in a course of study.

[81] We are further of the view that the allowance should not necessarily be directed at the Member's own professional development. For example a Member may choose to commission a research project relevant to their parliamentary duties, or conduct a survey of the electorate.

[82] We believe that a better approach would be to restore the purchasing power of the existing allowance, and roll it into the electorate allowance, to be expended in a manner determined by the Member. We are confident that this approach will ultimately lead to more constructive outcomes than the existing arrangement, in that the available funds will be directed where the Member believes most benefit can be gained, rather than where the nature of the allowance dictates it be spent.

[83] In updating the quantum of the allowance, the appropriate base is July 1988. Since that time the CPI has increased by 74.6%. This means that the updated value of the allowance is \$5250.

Recommendation

The Continuing Professional Development Allowance be abolished, and the present day equivalent value of the allowance be incorporated into the Electorate Allowance.

Postage

[84] In 1988 an allowance of \$1200 was introduced to offset *"the increasing burden postage costs create for members in pursuing their parliamentary duties"*.³

[85] The 1997 Report did not favour the continuance of a *stand-alone* allowance, primarily because the Electorate Allowance already provided for some postage costs. They said that a separate allowance was *"inconsistent with contemporary practice in that, (i) it*

³ Hon R T Gray MHA, Hansard 24/8/1988 p. 2409

may tend to encourage double counting and, (ii) it adds to the overall complexity of administering the entitlement".⁴

[86] As a consequence the postal allowance was abolished and its value incorporated into the Electorate Allowance.

[87] We received strong submissions from both the House of Assembly and Legislative Council in relation to postage and related costs. It was submitted that this was an area "that has changed in a way not imagined when the last review was carried out in 1997 let alone in 1993. The advent of information technology has meant that mail outs to electors and selective pamphlet drops are now an important part of Members' activities. They are used both to get the information to the public as well as receive feedback".⁵

[88] The average cost of a mail-out in the House of Assembly was put at between \$13000 and \$15000. It was submitted that the allowance should be sufficient to cover one mail-out per year, plus three selective pamphlet drops, at \$2000 on each occasion.

[89] The submission from the Legislative Council covered a similar theme, suggesting that an amount of \$10000 be included in the electorate allowance, to cover both normal postage and "mail-outs".

[90] It was also pointed out that members currently have their stationery needs, including printer cartridges, met by the House, although there is no "actual entitlement", "only existing practice and budgetary constraints". The House of Assembly submission suggested that an allowance of around \$30000 pa would be necessary to cover postage, stationery and printing supplies.

[91] The position in relation to other Australian Parliaments is as follows:

Commonwealth

[92] Senators: Communications Allowance of \$27500 pa.

[93] MHR: \$0.50 per enrolled voter in electorate.

NSW

[94] MLA is entitled to an electorate mail-out account based on the cost of issuing two newsletters pa. This ranges from \$52820 to \$77858 pa.

Victoria

[95] Each Member is provided with an amount of \$11600 pa to be used solely for the purposes of *Electorate Office Communications Expenses*. This does not include telephone expenses. In addition, each Member receives an allowance of \$7000 pa to be used solely for the purposes of *Electorate Office Printing Expenses*.

South Australia

[96] No specific provision.

⁴ Section 5.1

⁵ Clerk of House of Assembly

Western Australia

[97] No specific provision.

Queensland

[98] No specific provision.

Northern Territory

[99] Member responsible for all postage costs.

ACT

[100] No specific provision.

[101] We turn firstly to the matter of printing and stationery costs. We understand that whilst there is no *actual entitlement*, there is also no upper limit, other than aggregate budget limits. Thus it is possible under current arrangements for a member, through the provision of stationery and printer cartridges, to produce a newsletter entirely at Government expense. In practice we understand that members negotiate with the presiding officers and Clerks, in order that member requirements fit within the aggregate budget allocations established for the Parliament.

[102] The concept of a reasonable individual printing and stationery allowance, as advanced by the House of Assembly, does have merit and finds favour with the Committee. However it would seem that the Terms of Reference exclude such a consideration in that the Committee is specifically excluded from taking into account "*the resources and facilities provided to members to enable them to carry out their parliamentary duties*".

[103] We therefore do not make any recommendation in relation to a *Printing and Stationery Allowance*. However this conclusion is based solely on the terms of reference constraint and assumes that existing printing and stationary support continues at least at existing levels indefinitely.

[104] In relation to postage there is obviously merit in communicating with the electorate, particularly if this gives rise to a two-way exchange. The difficulty is that it is a very expensive new allowance to introduce, and would probably exceed the cost of providing vehicles, which the Committee considers to be a more pressing need.

[105] The restructured Electorate Allowance that we propose does, we believe, allow scope for electorate-wide mail-outs for those members who attach a high priority to this form of communication. However members who go down this path may well have to choose to forego (in part at least) expenditure in another area, which they might otherwise utilise if there was a specific allowance in place. In summary, Members will need to make informed decisions as to where their priorities lie.

[106] For these reasons we decline to recommend the creation of a specific *Postal Allowance*.

Telecommunications Allowance

[107] The 1997 Report determined that a home telephone allowance is payable to each Member. Payment of the allowance is by way of reimbursement of expenses incurred by Members in the performance of their parliamentary duties. This embraced service and equipment charges, official STD and ISD calls, official calls direct to mobiles and half the cost of local calls.

[108] The average cost of the home telephone allowance in the years 2002/03 to 2004/05 was approximately \$21000 pa.

[109] In addition Members are paid a mobile phone allowance of \$1000 pa.

[110] We were informed that Members, past and present, resent the substantiation requirements which involves submitting complete telephone records and identifying whether calls were business or personal (as many as 200 to 300 calls per quarter). The Legislative Council submission said that some members found the process so tiresome and personally intrusive, that they elected to not submit telephone accounts for reimbursement at all.

[111] Both the House of Assembly and the Legislative Council urged that the formula be changed to reimbursement of a set percentage of all call charges.

[112] It would seem that most Parliaments reimburse telecommunication costs in one form or other. In some cases there is total reimbursement, whilst in others there is reimbursement of a fixed percentage.

[113] We agree that the existing arrangements are administratively cumbersome and unnecessarily intrusive. It would seem that the 1997 determination was based on then existing public sector employment practices. We understand that those arrangements have, in large measure, been replaced by alternative arrangements that are more administratively streamlined.

[114] The emerging trend towards fixed price telephone contracts will also render the existing arrangements as meaningless.

[115] We are of the view that the existing arrangements be replaced with the concept of reimbursing a fixed percentage of all call charges for both fixed line and mobile telephones. This approach is administratively simple and has a self-regulatory component. Existing mobile telephone arrangements for the holders of certain offices should continue.

Recommendation

- **There is payable to each Member a Telecommunications Allowance.**
- **The allowance shall be paid by way of reimbursement of service and equipment charges for one telephone service installed in the Member's home, and 80% of all call charges applicable to that fixed line.**
- **In the case of a mobile telephone, 80% of all charges shall be reimbursed.**
- **The mobile telephone allowance for the holder of the offices of President, Speaker, Leader of the Opposition and Leader of a recognised party with four or more members in the House of Assembly, shall be unlimited.**

Entertainment Allowance

[116] Prior to the 1997 Report, the Entertainment Allowance payable to the holders of specified offices was set as a percentage of the basic salary as follows:

Premier	12%
President of the Legislative Council	5%
Speaker of the House of Assembly	5%

[117] The 1997 Report accepted the quantum of the allowances as being appropriate, but declined to express the allowance as a percentage of the basic salary, because the allowances *"do not relate to the nature of the work, skill and responsibilities required of members ..."*. We have no quarrel with this finding, in the context of that Committee's recommendation for a regular review of allowances expressed as monetary amounts and adjustment in line with CPI movements. However we are required to recommend an annual adjustment mechanism, and for simplicity sake, a reversion to the previous arrangements seems sensible.

[118] A reversion to the previous percentage rates would increase the allowances to the following:

Premier	\$11363
President of the Legislative Council	\$4724
Speaker of the House of Assembly	\$4724

[119] The Committee certainly does not consider the above levels to be excessive.

Recommendation

There is payable to a person holding an office specified in the first column herein, an Entertainment Allowance of an amount equivalent to the percentage of the basic salary as specified in the second column, such allowance to be paid in accordance with existing administrative arrangements.

Office	% of basic salary
Premier	12
President of Legislative Council	5
Speaker of the House of Assembly	5

Away From Home Travelling Allowance

[120] The 1997 Report adopted by reference the *Travelling Allowance* provisions of the *General Conditions of Employment Award* for expenses incurred whilst travelling on official parliamentary business.

[121] The effect of this decision was to limit the payment of travel expenses to circumstances whereby an overnight stay is involved. This means that a member required to travel on official business, but where an overnight stay is not required, is not entitled to the payment of any travelling allowance

[122] It was submitted that this gives rise to an obvious anomaly, when a Member is travelling with a State servant, who would be entitled to payment of the allowance.

[123] Prior to 1997 an allowance for day travel existed and was expressed as a percentage of the then applicable overnight travel allowance.

[124] The 1997 Committee received advice from the Auditor General who said:

[125] "*Payment of a daily travel allowance based on a rate which includes an overnight accommodation component is illogical and excessive.*"

[126] It would seem that it was this advice that moved the 1997 Committee to limit the payment of travelling allowances to circumstances whereby an overnight stay is involved.

[127] We agree with observations of the then Auditor General, Dr McHugh. However we suspect Dr McHugh was critical of the way the allowance was structured (i.e. linked to an overnight accommodation component), rather than saying that it is inappropriate to have a day travel allowance at all.

[128] The *General Conditions of Employment Award* does have provision for the payment of meal allowances where daytime travel is involved. It would seem logical that this provision also extend to Members of Parliament.

Recommendation

- (a) **There is payable to a Member of Parliament an Away from Home Travelling Allowance for expenses incurred while travelling on official parliamentary business.**
- (b) **The rate of the Allowance shall be calculated in accordance with the Travel Allowance and Meal Allowance (travelling away from headquarters) components prescribed from time to time by the General Conditions of Employment Award of the Tasmanian Industrial Commission.**
- (c) **Where a Member of Parliament exceeds the allowance to which he or she is entitled, the Member may, subject to any guidelines issued from time to time by the Government, claim an allowance by way of reimbursement of expenses, at the rate equivalent to the actual expenses incurred on submission of documentary evidence of those expenses.**
- (d) **The allowances referred to in clauses (a) and (c) are mutually exclusive: a Member must claim either the Travelling Allowance referred to in clause (a) or the reimbursement of actual expenses referred to in clause (c).**

Electorate Allowance

[129] Electorate Allowances are payable in all Parliaments of Australia with the exception of the ACT.

[130] Generally speaking, the purpose of Electorate Allowances is to cover expenses incurred by Members in servicing the electorate, other than those expenses specifically covered by other allowances.

[131] The 1997 Report identified the following expenses as being relevant to the Tasmanian Electorate Allowances:

- Motor vehicle expenses, other than for travel to and from Parliament;
- Postal charges;
- Subscriptions and donations to charitable, sporting and social organisations within the electorate;
- Entertainment;
- Advertisements of the Members Parliamentary activities within the electorate;
- Home office expenses.

[132] The following table compares the Electorate Allowances payable in Tasmania with the other Australian Parliaments. For comparison purposes, we have chosen a metropolitan electorate (Denison) and an electorate comparable in area to Lyons (40604 km²):

Tas.	C'wealth	WA	Qld	NSW	Vic.	SA	NT	ACT
Denison \$11455	Denison \$27300	\$41000	\$33644	\$35570	\$23264	\$16325	\$24268	N/A
Lyons \$25127	Lyons \$39600	Greenough \$51300	Callide \$55725	Upper Hunter \$62495	\$33038	MacKillop \$39105	Goyder \$45860	

[133] Care is needed in comparing the various jurisdictions. For example, Queensland has an additional *Miscellaneous Allowance* of \$27775 pa. NSW has an additional *Logistic Support Allowance* ranging from \$18945 to \$35620 pa.

[134] Other factors which need to be taken into account when attempting comparisons include:

- The provision of vehicles
- The extent of postage support
- Provision for "*within electorate*" travel including accommodation

[135] Suffice to say that none of these separate factors above are currently separately catered for in the Tasmanian regime of allowances.

[136] It is clear on the raw numbers that Electorate Allowances in Tasmania compare most unfavourably with other Australian Parliaments. This adverse comparison is exacerbated by the absence, hitherto, of the other additional support mechanisms identified above which apply to varying extents in the other Australian Parliaments.

[137] Submissions from both the Legislative Council and House of Assembly state that the existing allowances are quite inadequate, and further, that the basis of what the Electorate Allowance is meant to cover has not been properly reviewed since 1973. It was suggested that since that time there has been enormous change in the way Members engage the community, coupled with a significant increase in workload, which at least in part, is a consequence in the reduction in the number of MPs.

[138] Postage and communication with the electorate were highlighted as factors which have never adequately be taken into account.

[139] It was further submitted that the existing allowances do not adequately take into account *"the vast number of functions, business luncheons, dinners conducted by the various chambers of commerce and industry, tourism functions, primary, high school and university functions, sporting clubs and community group functions, to which so many members across both Houses are committed."*⁶

[140] It was suggested that a busy scheduled week can see expenditure of \$400 with an average of \$100 per week.

[141] The House of Assembly submission said that the original (1973) allowances were expressed as a percentage of the basic salary. Those percentages were:

Bass	26%
Braddon	30%
Denison	15%
Franklin	21%
Lyons	35%

[142] It was submitted that a reversion to these percentages would be appropriate, albeit with an upward adjustment for Denison and Franklin. This would result in a *"flattening"* of the scale, which was appropriate if the cost of maintaining a motor vehicle allowance is removed.

[143] The Legislative Council proposed that existing separate allowances for each electorate be replaced with a broader grouping of electorates based on electorate area and road length.

[144] In our view previous attempts to identify the type of expenses embraced by the electorate allowance do not provide an adequate base for the demands on Tasmanian Members of Parliament in a contemporary environment.

⁶ Legislative Council submission

[145] We identify at least the following expense items that might appropriately fall within the purview of the electorate allowance:

- Accommodation expenses when travelling within the electorate.
- Postage, including newsletters.
- Pamphlet drops.
- Professional development in all its forms.
- Communication with the electorate, surveys, focus groups etc.
- Upgrading to a non-standard vehicle. e.g. 4WD.
- Commissioning research projects.
- Entertainment.
- Attendance at community, business, education and sporting functions.
- Subscriptions and donations to charitable, sporting and social organisations within the electorate.
- Advertisements of the Member's parliamentary activities within the electorate.
- Home office expenses.
- Entertainment.
- Internet access fees.
- Taxi fares

[146] The above is not intended as an exhaustive list. There may be other legitimate expenses, which could properly be offset against the electorate allowance.

[147] The electorate allowances that we propose take into account the following:

- Our proposed restructure of existing allowances.
- Our recommendation in relation to the provision of motor vehicles.
- Loss of purchasing power since the last review.
- The possibility that earlier reviews were predicated on an inadequate base.
- The position in other Australian Parliaments.

[148] The determination of broad based allowances of this nature is not an exact science. We do however consider the existing allowances to be quite inadequate and our recommendations are based on a range of considerations "*in the mix*". The Allowance is also designed to allow members the flexibility to make informed choices as to their own

priorities. This might mean, for example, exercising a choice between an overseas study trip, an electorate-wide newsletter or a research project.

Recommendation

The following Electorate Allowances are payable in addition to the base salary:

(a) Members of the Legislative Council

Group 1	
<i>Apsley</i>	\$38000
Group 2	
<i>Murchison, Rowallan</i>	\$35000
Group 3	
<i>Derwent, Huon</i>	\$30000
Group 4	
<i>Montgomery, Rumney</i>	\$28000
Group 5	
<i>Mersey, Rosevears, Windermere, Elwick, Nelson, Paterson, Pembroke, Wellington</i>	\$24000

(b) Members of the House of Assembly

<i>Bass</i>	\$33000
<i>Braddon</i>	\$36000
<i>Denison</i>	\$24000
<i>Franklin</i>	\$29000
<i>Lyons</i>	\$40000

(c) The above allowances are to be adjusted by the same percentage movement and from the same operative date as applies to the basic salary from time to time.

Adjustment Mechanism

[149] We have recommended that in relation to a number of allowances, the adjustment mechanism shall be in line with the annual adjustment to the basic salary.

[150] In accordance with the *Parliamentary Salaries, Superannuation and Allowances Act 1973*, the Auditor General each year makes a determination in respect of the amount of the basic salary. We recommend that the Auditor General also issue a determination specifying the quantum of the various allowances that are linked to the basic salary.

Summary of Recommendations

Kilometrage Allowance/Motor Vehicles

- Each Member of Parliament shall be paid a vehicle allowance of \$12000 per annum.
- The allowance will be adjusted by the same percentage amount and from the same operative date, as the base salary is adjusted from time to time.
- Members may elect, in lieu of the allowance, to be provided with a fully maintained, private plated vehicle for parliamentary, electorate and private use, but not for commercial purposes.
- Members will be responsible for the running costs of the vehicle when used outside Tasmania.
- The standard of vehicle shall be that which is generally available to State servants at SES Level 1.
- A member may elect to upgrade the standard of vehicle provided; eg a 4WD. In such cases the member shall pay for the additional leasing cost, over and above the standard vehicle, from the member's electorate allowance.
- The kilometrage allowance shall be abolished.

Intrastate Air Travel Allowance

- The Intrastate Air Travel Allowance be abolished.

Intrastate Licensed Coach Service Travelling Allowance

- The Intrastate Licensed Coach Service Allowance be abolished.

Bass Strait Islands and Bruny Island Travelling Allowance

- The allowance continue in its present form with the exclusion of Bruny Island. It will in future be referred to as the Bass Strait Islands Travelling Allowance.

Taxi Allowance

- The Taxi Allowance be abolished other than for circumstances whereby a taxi is utilised to avoid the necessity for a ministerial driver to be on call.

Committee Sitting Fees

There is payable to a member of a Standing Committee, including the Community Development and Environment, Resources and Development Committees, for each day on which the member attends a summoned meeting of a Committee at which a quorum is present, a sitting fee calculated on a daily basis, irrespective of the number of meetings, according to the following scale:

- (a) In the case of a Chair of a Committee, at the rate of 0.12 per cent of the annual amount of the basic salary for the time being; and
- (b) In the case of any other Member of a Committee, at the rate of 0.10 per cent of that annual amount.

Continuing Professional Development Allowance

The Continuing Professional Development Allowance be abolished, and the present day equivalent value of the allowance be incorporated into the Electorate Allowance.

Telecommunications Allowance

- There is payable to each Member a Telecommunications Allowance.
- The allowance shall be paid by way of reimbursement of service and equipment charges for one telephone service installed in the Member's home, and 80% of all call charges applicable to that fixed line.
- In the case of a mobile telephone, 80% of all charges shall be reimbursed.
- The mobile telephone allowance for the holder of the offices of the President, Speaker, Leader of the Opposition and Leader of a recognised party with four or more members in the House of Assembly, shall be unlimited.

Entertainment Allowance

There is payable to a person holding an office specified in the first column herein, an Entertainment Allowance of an amount equivalent to the percentage of the basic salary as specified in the second column, such allowance to be paid in accordance with existing administrative arrangements.

Office	% of basic salary
Premier	12
President of Legislative Council	5
Speaker of the House of Assembly	5

Away From Home Travelling Allowance

- (a) There is payable to a Member of Parliament an Away from Home Travelling Allowance for expenses incurred while travelling on official parliamentary business.
- (b) The rate of the Allowance shall be calculated in accordance with the Travel Allowance and Meal Allowance (travelling away from headquarters) components prescribed from time to time by the General Conditions of Employment Award of the Tasmanian Industrial Commission.
- (c) Where a Member of Parliament exceeds the allowance to which he or she is entitled, the Member may, subject to any guidelines issued from time to time by the Government, claim an allowance by way of reimbursement of expenses, at the rate equivalent to the actual expenses incurred on submission of documentary evidence of those expenses.
- (d) The allowances referred to in clauses (a) and (c) are mutually exclusive: a Member must claim either the Travelling Allowance referred to in clause (a) or the reimbursement of actual expenses referred to in clause (c).

Electorate Allowance

The following Electorate Allowances are payable in addition to the base salary:

- (a) Members of the Legislative Council

Group 1	
<i>Apsley</i>	\$38000
Group 2	
<i>Murchison, Rowallan</i>	\$35000
Group 3	
<i>Derwent, Huon</i>	\$30000
Group 4	
<i>Montgomery, Rumney</i>	\$28000
Group 5	
<i>Mersey, Rosevears, Windermere, Elwick, Nelson, Paterson, Pembroke, Wellington</i>	\$24000

- (b) Members of the House of Assembly

<i>Bass</i>	\$33000
<i>Braddon</i>	\$36000
<i>Denison</i>	\$24000
<i>Franklin</i>	\$29000
<i>Lyons</i>	\$40000

- (c) The above allowances are to be adjusted by the same percentage movement and from the same operative date as applies to the basic salary from time to time.

Adjustment Mechanism

That the Auditor General annually issue a determination specifying the quantum of the various allowances which are linked to the basic salary.

Individuals and Organisations who made Submissions

Mr Scott McKenzie
Clerk
Legislative Council

Mr Peter Alcock
Clerk
House of Assembly

Ms Leanne Holland
Electorate Officer
Office of Senator Stephen Parry

COST OF VARIOUS ALLOWANCES 1997/98 TO 2005/06									
	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sitting Fees	24500	10332	14112	16092	25773	24272	33778	33307	17814
Electorate Allowance	889045	738739	689116	699095	697811	699110	698800	697542	699099
Entertainment	16843	16843	16843	16843	16843	16843	16843	16843	16843
Kilometrage	105706	87798	85641	87981	88486	67107	75529	68211	41090
Private Telephone	40718	33254	25579	23407	23339	24106	20844	18399	32383
Mobile Telephone	38654	39507	37724	37466	33412	39224	33837	47658	42960
Travel Allowance	223287	208704	194001	206046	195158	182344	207028	189619	125774
Professional Development	45268	85779	75615	83330	77112	52524	69083	47117	49075
Bass Strait Islands	7675	4194	4298	3074	4802	5568	6031	5473	3235
Intrastate Air Travel	1619	1820	1940	1500	1500	5925	2184	2075	2010
TOTAL	1391515	1225170	1143069	1173034	1164236	1117023	1163957	1092937	1030283

Source: Clerk of Legislative Council; Clerk of House of Assembly

LEGISLATIVE COUNCIL DIVISIONS - DEMOGRAPHICS		
Electoral Division	Area (Km²)	Roads (Km)
Apsley	19134	6257
Murchison	19421	3558
Rowallan	9981	3142
Derwent	8895	1722
Huon	6162	1842
Rumney	1516	922
Montgomery	1445	1017
Rosevears	731	574
Windermere	381	411
Mersey	228	480
Paterson	160	271
Nelson	105	291
Elwick	101	221
Pembroke	32	197
Wellington	25	
TOTAL	68317	21130
Source: Clerk of Legislative Council		