

SECOND READING SPEECH – HON. WILL HODGMAN MP

Parliamentary Salaries, Superannuation and Allowances Amendment Bill 2015

I move – That the Bill now be read for the second time.

Madam Speaker, when the *Parliamentary Salaries, Superannuation and Allowances Act 2012* (the Act) was passed it provided for a 2 per cent increase in the basic salary for Members of Parliament (MPs) from 1 July 2012 and from 1 July 2013.

The Act did not provide for any further change to the salaries or allowances of MPs.

There has been no change since 1 July 2013 and it is now necessary for Parliament to agree to the future mechanism for determining the salaries and allowances for MPs moving forward

Members will recall that the Act did provide for a tribunal to be established to review the basic salary and allowances payable to MPs.

Consistent with the Act, a tribunal was established on 26 June 2013 by Order-in-Council.

The tribunal's report was tabled in Parliament on 3 June 2014.

The report made a number of recommendations about the basic salary and allowances.

The recommendations of the tribunal have not been implemented.

At the time the report was tabled, the Government indicated that it did not intend to take any action in relation to MP salaries for the 2014-15 financial year.

The budget situation was poor and there needed to be time for general consideration and debate about the tribunal's recommendations.

As was the case with senior public servants, a salary freeze for MPs was considered the appropriate course of action given the dire state of the budget mess we inherited.

As a result of this, members' of parliament salaries have now been frozen for two years.

Clearly, it is clearly not sustainable for there to be no change into the future and therefore this Bill seeks to address that issue.

The Bill before you today addresses this by providing for an immediate two percent increase to the basic salary of MPs, in line with increases to the Senior Executive Service.

But, more importantly, it also sets up an independent mechanism for the determination of future increases

In doing so, I note the views of the 2013 tribunal when it considered and reported on a preferred mechanism for the future adjustment of MP salaries. The tribunal considered that in the third year (that is during 2016-17), the basic salary and allowances should be subject to a review by another independent tribunal.

The tribunal recommended, and I quote:

As to the nature of the independent tribunal, we note that on each occasion since 1997 that the State Government has moved to appoint a tribunal to review aspects of Parliamentary or Local Government salaries and/or allowances, the tribunal has consisted exclusively of members of the Tasmanian Industrial Commission. It would therefore seem sensible to amend the legislation to provide that the three year review be undertaken by a Full Bench of the Tasmanian Industrial Commission. This would provide certainty, administrative efficiency, and flexibility in the event that one or more members of the Full Bench became unavailable during the currency of the review.

Madam Speaker, the Government strongly believes that the salaries and allowances of MPs should be set independently of parliamentarians.

The Bill before us does exactly that.

Madam Speaker, consistent with the view of the 2013 tribunal, the Bill establishes that a full bench of the Tasmanian Industrial Commission (the Commission) must periodically inquire into, report on and make determinations about the salaries and allowances to which MPs are entitled.

Any future increases in the basic salary of MPs after 30 June 2016 will be determined by the Commission.

The Bill also provides for the Commission to:

- (i) review and determine the amounts of any additional salary payable to the Premier, Deputy Premier, Ministers of the Crown, Secretary to Cabinet and Certain Officers of the Parliament provided for in Part 2 of Schedule 1 of the Act and any other offices that the Commission may decide to include for this purpose;
- (ii) review and determine the amounts of allowances and benefits provided for in Schedule 2 of the Act; and
- (iii) consider whether the entitlements of, and benefits provided to, MPs (other than the basic salary, additional salary or superannuation) provided for in Schedule 2 of the Act remain appropriate to the needs of MPs (this allows new allowances to be considered or existing allowances to be stopped).

In making a determination the Commission has to specify a due date for the next determination. The period of a determination may extend beyond one year (but not be for a period less than one year).

If the Commission is inquiring into matters to make a determination, the Minister responsible for the Act may require that some related matters be considered by the Commission as part of its inquiry. The Commission must inquire into these related matters. For transparency, any request the Minister makes to the Commission must be tabled in Parliament.

A determination of the Commission will be implemented automatically unless within 10 sitting days of the determination being tabled (or within a longer period if a House so resolves), both Houses pass a resolution requesting that the determination be disallowed (and so not be implemented).

If a determination is not disallowed, the Commission will gazette a notice setting out the determination and specify the amounts of the basic salary for all MPs, as well as additional salary

payable to the Premier, Deputy Premier, Ministers of the Crown, Secretary to Cabinet and Certain Officers of the Parliament, and the allowances and benefits to which MPs are entitled.

If a determination does not come into effect when it is due to, because it has not been made, or the disallowance period has not expired, or it has been disallowed, the basic salary, additional salary, and the allowances and benefits to which MPs are entitled immediately before the determination was due to take effect continue until a new determination is made.

If a determination is disallowed the Commission has 12 months to make a new determination.

The first determination of the Commission is due to be tabled by 1 March 2016.

The Commission will revisit the recommendations made by the tribunal set up in 2013 to consider the basic salary and allowances, which were not implemented when that tribunal reported.

As I have mentioned already the report of this tribunal was tabled on 3 June 2014.

This first determination of the Commission will take effect from 1 July 2016 (unless it is disallowed) and it will specify when the next determination will be made.

Madam Speaker, the Bill sets the only responsible course for the future determination of the salary and allowances to MPs.

There is a modest increase proposed for the coming financial year, and an independent mechanism is established to set future changes to our salaries and allowances.

I commend the Bill to the House.