

SECOND READING SPEECH

PARLIAMENTARY SALARIES, SUPERANNUATION AND ALLOWANCES AMENDMENT BILL 2011

Mr Speaker I bring before the House a Bill to limit the salary increase that is due to Members of Parliament (MPs) from 1 July this year.

The Government has been working on a number of savings and productivity measures that were announced in the State Budget on 16 June 2011.

Given the tight budget circumstances we are currently facing, the issue of parliamentarians' pay is once again been in focus.

While I strongly support the principle that MPs should not generally set their own salary levels, I believe at this time the Parliament needs to show leadership by limiting the imminent increase due in parliamentary salary levels to 2 per cent in line with the State wages policy as announced as part of the 2011-12 Budget .

I believe that taking such action would be regarded by the Tasmanian community as highly responsible in times of financial pressure.

As members would be aware, the *Parliamentary Salaries, Superannuation and Allowances Act 1973* establishes the process for the setting of salaries, allowances and benefits for Tasmanian MPs.

In 1996, the Full Bench of the Tasmanian Industrial Commission was empowered to undertake the determination of an appropriate basic salary for Tasmanian MPs.

The determination of the basic salary by the Commission was made in May 1997 and was accepted in full by the Parliament. It was implemented from 30 June 1996.

The determination was that the basic salary of a Tasmanian MPs is to be 85.19% of the basic salary of a Member of the Commonwealth House of Representatives (MHR).

The Act also provides for the Auditor-General to be responsible for determining, by 14 July of each year, the salary rate that is the equivalent to this percentage.

The determined salary is based on the basic salary of a Commonwealth MHR as at the preceding 30 June and applies from 1 July. This means there is a time lag between the date an increase is paid to Commonwealth MHRs and when that increase flows to Tasmanian MPs.

Mr Speaker in August 2010, the salary of a Commonwealth MHR was increased by 4.2% to \$136,640 pa.

Without any intervention, this increase would flow on to Tasmanian MPs from 1 July 2011, raising the base salary of a Tasmanian MP from \$111,633 pa to \$116,404 pa.

The *Parliamentary Salaries, Superannuation and Allowances Amendment Bill 2011* amends the Act to require the Auditor-General to determine the salary of Tasmanian MPs from 1 July 2011 to be 102 per cent of the salary that applied from 1 July 2010.

This in effect brings in the 2% wage rise.

The amendment means that from 1 July 2011 the base salary of a Tasmanian MP will increase from \$111,633 pa to \$113,866 pa, rather than \$116,404 pa.

Mr Speaker, this amendment is only an interim measure for one year, as there is going to be a further need to amend this Act in the future.

The Commonwealth Government has recently released a report about a review of Parliamentary entitlements for federal MPs (the Belcher Report).

The salary of Commonwealth MHRs may soon be significantly increased. The Belcher Report recommends, and the Commonwealth Government has accepted this recommendation, that in the future the Remuneration Tribunal is to determine the federal parliamentary base salary including the incorporation of the electorate allowance into that salary.

Without any action by us the Tasmanian Auditor-General would determine what 85.19% of the new Commonwealth salary would be, based on the

reported new arrangement incorporating allowances. That increased salary would flow automatically to Tasmanian MPs.

Such an opportunistic increase is not what the Industrial Commission's original determination was designed to achieve.

We are likely to need legislation to ensure that this windfall increase does not flow to Tasmanian MPs, though we have to wait until we understand how the Remuneration Tribunal intends to deal with the electorate allowance component of the federal salary.

As I have foreshadowed before in this House, I will be seeking a tri-partisan approach to any solution proposed to deal with this matter.

Meanwhile, Mr Speaker, I seek the support of all Tasmanian MPs for the proposed amendment and I commend the *Parliamentary Salaries, Superannuation and Allowances Amendment Bill 2011* to the House.