

# FACT SHEET

## PARLIAMENTARY SALARIES, SUPERANNUATION AND ALLOWANCES BILL 2012

The Parliamentary Salaries, Superannuation and Allowances Bill 2012 (the Bill) repeals and replaces the *Parliamentary Salaries, Superannuation and Allowances Act 1973* (the Act).

The Act establishes the process for the setting of salaries, allowances and benefits for members of the Tasmanian Parliament (MPs). In particular following a determination by the Tasmanian Industrial Commission made in May 1997 the basic salary of MPs was set to be 85.19 per cent of the basic salary of a Member of the Commonwealth House of Representatives (MHR).

In 2011, given concerns about the potential flow on to MPs of increases in the salary of a Commonwealth MHR in excess of the current Tasmanian public sector wages policy the Parliament passed the Parliamentary Salaries, Superannuation and Allowances Amendment Act 2011 which set the basic salary of Tasmanian MPs for 2011-12 at 102 per cent of the previous year's salary.

This was a one-off determination. Without any further legislative intervention the basic salary of a Tasmanian MP from 1 July 2012 will revert to 85.19 per cent of the base salary of a Federal MPs.

In December 2011, the Commonwealth Remuneration Tribunal issued its *Initial Report of the Review of the Remuneration of Members of Parliament*. In that report the Tribunal stated that it intends to determine the parliamentary base salary for a Federal MP to be \$185,000 pa. If adopted by the Commonwealth this would result in large increase in the basic salary of MPs (ie the basic salary for a Tasmanian MP would be set at \$157,602 per annum; an increase of \$43,736 or 38.4%).

The Bill is designed to preclude the flow on of this increase in salaries to MPs and break the current nexus between the basic salaries of Tasmanian MPs and that Commonwealth salary.

In preparing a new Bill the opportunity has been take to exclude provisions in the Act that are now redundant which enabled previous determinations that have occurred since 1996 about salaries allowances and benefits payable MPs made by the Tasmanian Industrial Commission, an Allowances Tribunal and two Committees of Review established by order-in-council. The Bill incorporates the outcomes of these various reviews.

The Bill preserves many provisions of the Act. In particular it continues provisions for:

- the entitlement of members of Parliament to be paid:
  - a basic salary;

- an additional salary if a member is the Premier, Deputy Premier, Minister of the Crown, Secretary to Cabinet of the holder of other specified offices, with the amount of additional salary that determined by the Tasmanian Industrial Commission and published in the Gazette on 15 May 1997 or by the Committee of Review (established by order-in-council dated 23 October 1996) and also published in the Gazette on 15 May 1997; and
- allowances and benefits determined by the Second Committee of Review (established by order-in-council dated 1 June 2006) and published in the Gazette on 23 August 2006; and
- the superannuation entitlements of members elected after 1 July 1999 (noting that the superannuation entitlements of members elected before 1 July 1999 are provided by the Retirement Benefits (Parliamentary Superannuation) Regulations 2002).

The Bill provides for a new determination of the basic salary payable to members of Parliament. In particular the Bill removes the link between the basic salary of Tasmanian members of Parliament (MPs) and the base salary of Commonwealth Members of the House of Representatives (MHRs) and establishes a link to 95.734% of Band 9 of the General Stream of the Tasmanian State Service Award (the “reference salary”). This equates to the current basic salary of an MP (\$113,866 per annum).

The link means that the basic salary will adjust automatically thereafter in line with variations to Tasmanian State Service Award salaries. The effective date of the change will be the date that the reference salary changes (rather than 1 July which is applicable currently).

The Bill also ensures that those allowances and benefits payable to members of Parliament that are specified as monetary amounts (ie the Electorate Allowance and the Motor Vehicle Allowance) are also adjusted in line with, and at the same time as, variations to the basic salary occur.

The Bill obliges the Auditor-General to determine the amount of the basic salary that is to apply when the reference salary is adjusted and arrange for this amount to be published in the Gazette within 14 days of that change. The Auditor-General is also obliged within that timeframe to determine and arrange for the publication in the Gazette the amounts of those allowances and benefits payable to members of Parliament that are specified as monetary amounts which vary when the reference salary is adjusted.