Barbara Belcher  
Chair  
Parliamentary Entitlements Review Committee  
Department of Finance and Deregulation  
John Gorton Building  
King Edward Terrace  
PARKES ACT 2600

Dear Barbara

Please find attached a joint submission on behalf of Government and Opposition Members and Senators - for the consideration of the review panel. Should the panel require any further information, please do not hesitate to contact us.

Yours sincerely

[Signatures]

ROGER PRICE MP  
Chief Government Whip

ALEX SOMLYAY MP  
Chief Opposition Whip

16/12/09.
Joint submission to the Belcher Review

4 Dec 09

Australia's present system of remuneration for federal members of Parliament can be strengthened and clarified - at no or modest cost - by simplifying existing provisions on a 'no detriment' basis and in a manner that also minimises risk.

REFORM OF REMUNERATION TRIBUNAL

Return full powers of salary determinations to the Remuneration Tribunal with the flexibility to fix parliamentary salaries to the most appropriate level in the Public Service. Maintain Tribunal's current powers in respect of Members and Senators.

The Tribunal to conduct a work-value review of the job of parliamentarian post the next election. Such a review should be conducted in an open and transparent way that provides for public submissions, with submissions being made public. This would be a change to the current "in house" approach to decision making and determinations. The Tribunal to determine whether or not public hearings are appropriate, bearing in mind the additional costs of public hearings. Require the Tribunal to provide explanation of decisions and determinations. Decisions would be binding, and non-disallowable.

In between work-value assessments Parliamentarians would have a set salary increase linked to the increases of a particular office for which the Tribunal determines remuneration.

This is a significant reform. It will entail changes in the way in which the Tribunal operates and consequently, some modest increase in cost of it's operation. Legislation would be required to effect these changes which would be consistent with the Government's commitment to openness and transparency. Will not eliminate public criticism but no system will.

After the initial review, emphasis would be on Ministerial and Parliamentary office holders and Shadow Ministers as well as Committee Chairs (to develop a second track career path).

In the longer term it can only be the Remuneration Tribunal that rebalances the salary package for those Members and Senators who are covered by the superannuation accumulation arrangements established by the Parliamentary Superannuation Act 2004 (following the closure of the Parliamentary Contributory Superannuation Scheme - PCSS - to new members from 9 October 2004) to fully reflect community standards.

MEMBERS AND SENATORS ENTITLEMENTS

Avoid the use of the words Members and Senators entitlements but rather use Members and Senators budgets or allocations.

ELECTORATE ALLOWANCES

This entitlement was the recent focus of media attention and sustained pressure for public disclosure of the way it is spent can be expected into the future. The allowance, until changed
by the Hawke Government, was not required to be substantiated to the Australian Taxation Office.

Electorate allowance is taxable. However, provided an item of expenditure is an allowable tax expense it can be legally claimed for taxation purposes. Not all expenditure from the electoral allowance can be claimed as a tax expense. In reporting Members and Senators salaries electorate allowance is often lumped in with salary by the media.

Proposal

Merge the base rate of electorate allowance into salary but in a manner such that there is no "windfall gain" for members of the PCSS. This measure may require amendment of the PCSS (so as to define 'salary' appropriately - possibly by reference to the current method of determining 'base salary'). The 16 largest electorates which receive a top-up electorate allowance could have that merged into their charter allowance.

ELECTORATE CARS

Currently Members and Senators receive an electorate car which is leased for them, insured, maintained and petrol provided. For a minority of Members who use public transport, they can opt for an allowance of $19,500pa.

Proposal

Members and Senators should be given the choice of whether to accept the electorate car or the cash without the limitation to use public transport. This option is similar to current arrangements for public servants.

The cash option avoids Finance and Deregulation policing of who was driving and whether they were authorised when accidents occur and how the car is being used. It minimises risk.

This proposal can be implemented immediately and Members and Senators could exercise choice as current leases mature. I suspect that there would be a savings of departmental administration costs for those Members who accepted the cash. Over time, as more Members and Senators take up the cash, the option is preserved of eliminating the electorate car in the future with attendant significant administrative changes.

CANBERRA TRAVEL ALLOWANCE

Currently Members and Senators are paid travel allowance for overnight stays in Canberra within entitlement. However this is a different approach than the system that applies to office holders in the jurisdiction of the Remuneration Tribunal who are required to maintain a second home, in the work location, separate from their principal place of residence. Such office holders have access to an annual allowance of around $27,000 p.a. Currently the documentation and form filling requirements are significant.
Proposal

Introduce a fixed annual allowance for members of Parliament to enable them to meet their accommodation costs in Canberra.

There would need to be a graduation in the allowance for Ministers and Parliamentary Office Holders.

Such an approach would also mean that the claims for travel allowance when tabled would be significantly reduced because Canberra based T/A has been excluded.

An annual allowance does remove a whole load of administration cost and reduces the ability to manipulate the provision to gain extra travel allowance. This is proposed as cost neutral in benefits to Members and Senators. Does not enjoy strong support but worth considering as a possible future measure.

OVERSEAS TRAVEL ENTITLEMENT

Currently there is a provision for one around the world first class airfare after a Member completes one term and each term thereafter currently valued at $25,421.60. In this day and age it is not acceptable to have an entitlement so specified.

In recent time the following changes have been made. The proposed itinerary must be submitted to the Special Minister of State for approval prior to use. Any variation to the itinerary must be approved by SMOS beforehand. A report of the trip must be submitted to SMOS for tabling.

None of the changes has diminished the media’s appetite for stories about the use of this entitlement and they are always chasing information especially during the long breaks as to who will be utilising their overseas travel.

Proposal

A more robust approach would be to cash out the entitlement to a lesser amount say $7,000 p.a. as a savings measure and do away with the heavy administrative cost and media scrutiny.

This proposal could not be implemented until after the next election. It is cost neutral but has a small superannuation cost which may be offset by administrative savings and the lesser amount being cashed out. Decisions to travel are made by the member and paid for by the Member. Members and Senators can still travel on Parliamentary delegations.

LEAVE PROVISIONS

The Class of 04/07 have had community standards applied to their superannuation. Normal community standards provide for recreation leave, sick leave (the unused portion which often can be cashed out) and long service leave.
Proposal

In lieu of community leave provisions, the class of 04/07 be provided with a payment of 3 months salary for less than 10 years service and 5 months for more than 10 years or more service.

WORKERS COMPENSATION AND INVALIDITY

Members and Senators prior to 2004 changes could access act of grace payments for accidents and under the previous superannuation scheme could be invalidated out with a generous pension.

The class of 04/07 do not have the invalidity provisions enjoyed by those on the old superannuation scheme. Members of Parliament are not employees. This is a serious gap in provisions for 04/07 Members and Senators and fortunately has yet to be put to the test.

Proposal

Workers compensation or another appropriate provision should be the subject of a more detailed examination and changes implemented early in the next Parliament.

FAMILY REUNION TRAVEL

A feature of Parliament is the number of younger Members and Senators who have young children and in particular the number of women Members and Senators who are having children. This put particular pressure on them in having their partners and or family members assisting especially with infants and breast feeding.

Proposal

The Government is committed to a more family friendly working environment generally. There should be a more detailed examination and family reunion travel might be adjusted in order to make more generous provision for those with young children and infants and especially female Members and Senators nursing young infants.

LIFE GOLD PASS-POST PARLIAMENTARY SERVICE TRAVEL

Change the Life Gold Pass to Post Parliamentary Service Travel and reduce the quantum to 15 trips per year. This requires legislation to implement. Travel was reduced from unlimited travel to 25 trips per year.

Prime Ministers and Ministers are the overwhelming beneficiaries of this provision. A backbencher is required to serve 20 years before becoming eligible.

Continuing provisions for spouses travel once the Member or Senator has died is not supported.
SEVERANCE PACKAGE

It is important to provide for appropriate and fair severance arrangements for Members and Senators. Such a package needs to provide for, severance payments, travel, access to offices, computers and computer networks sufficient to enable and a reasonable opportunity to transition from this employment.

Severance travel is provided at a graduated amount from service in one parliament – 6 months travel (12 trips) to service in 6 parliaments - 5 years (25 trips per year). It is a Remuneration Tribunal determined provision.

Proposal

A flat post parliament travel entitlement could be given for 12 trips over the next twelve months.

The saving could be utilised to provide in lieu for the class of 04/07 and beyond, to provide say an additional 2 months salary at the end of their service as a Member.

In addition to other elements in the package there needs to be specific provision for access to the computer network, email and electronic files for a period following the end of their final term as a member of Parliament.

The severance package needs to include a payment to reflect the nature of the severance in the case of parliamentarians can be seen as akin to redundancy. Such a payment would be based on the length of service provided and set to community standards. A common standard used in the community is one month’s salary per year of service in addition to the payment of accrued leave, allowances or other entitlements.

The final element in a severance package would need to provide some support for former parliamentarians to become job ready for alternative employment. This will in some cases require re-training or engagement with a previous profession, in other cases it will require complete retraining. Due to the differences in circumstances for each MP an accessible allowance upto a capped amount available on a reimbursement basis, ie after costs are incurred would be the most appropriate.

These changes could be implemented in this parliament. Savings are redirected to assist 04/07 and future Members.

The severance package should be available to those Members and Senators from the class of 2001 who have not reached the retirement age of 55 years.

BUDGET FOR SHADOW MINISTERS AND PARLIAMENTARY OFFICE HOLDERS

Currently the chamber departments provide office equipment and consumables for the Leader of the Opposition, Shadow Ministers, current former Party Leaders and Whips. Because of budget pressures printing allocation has been removed in the Department of the House of Representatives and Senate.
It would be more appropriate if the departments had a separate allocation to meet this need.

PAYMENT OF SALARY FORTNIGHTLY

Members and Senators are currently paid monthly and it would be consistent with community standards if it paid fortnightly.

ACCOUNTING SOFTWARE

It would not be premature for Members and Senators to be provided with a software package which allowed them to manage their allocations and budgets.