Senators’ entitlements

1. **Electorate allowance**

   The question of what is a legitimate use of electorate allowance is a continuing issue for senators, particularly new senators.

   The allowance is not subject to PAYG tax at the time of payment. For income tax purposes, full accounting of the expenditures actually made is required, and any part of the allowance not accounted for in this way gives rise to a tax liability. For this reason, some senators choose to pay some tax on the allowance (at a rate set by the senator).

   On commencement, senators are provided with an extract from the Remuneration Tribunal’s 1998 statement on Members of Parliament Remuneration and Allowances. The Statement provides general advice on the sorts of expenditure that would be considered legitimate uses of the allowance. The extract provided also includes a link to an ATO Ruling relating to Parliamentarians. When queried by senators as to whether a particular expenditure might constitute a legitimate use of the allowance we always refer back to the Statement, and make the point that the matter is essentially one between the senator and the ATO – and that they should discuss the matter with their accountant.

   An updated advice to Members on this subject would seem warranted – preferably containing clear and definitive list of the types of expenditure that constitute a legitimate use of the allowance.

2. **A Compensation Scheme for Members**

   Members of Parliament are not currently covered by any formal or legislative provisions for accident compensation for death or injury. Until 2002 Governments provided ad hoc compensation through Act of Grace payments under the FMA Act. However legal advice precluded this from continuing. The introduction of formal compensation arrangements was under consideration by the previous government, but my understanding is that the matter has not been pursued by the current government. This is a matter that the Review Committee might consider.

3. **Salary packaging**

   The department sought legal advice some years ago as to whether senators could take salary package. The advice was that no, this was not possible. Since 2004, with the amendments to the Remuneration and Allowances Act 1990, and the introduction of the Parliamentary Superannuation Act 2004 senators elected to Parliament have had the ability to salary package additional superannuation contributions. Senators elected prior to the 2004 election have no such entitlement, and is often queried by senators. This is a matter that the Review Committee might consider.

4. **Administration of entitlements**

   An issue that continues to be a source of confusion for senators (as highlighted through responses the senators’ survey) is the split of responsibilities between the Senate Department
and the Department of Finance and Deregulation – this is particularly evident in the area of ITC support. This is a matter that the Review Committee might consider.