

Inquiry into Parliamentary Salaries and Allowances

by

The Full Bench of the Tasmanian Industrial Commission

A RESPONSE TO THE ISSUES PAPER

DATED SEPTEMBER 2015

I am grateful to the Commission for providing me the opportunity to respond to the current Issues Paper (IP) on the subject of salaries and allowances of members of the houses of the Tasmanian parliament.

The 2015 IP naturally re-covers most of the ground tilled in the 2013 IP and consequently invites similar responses even though almost two years have elapsed between their issue. Interestingly, even testing the anonymous paper presented by 'The Government' dated November 2013, there is little difference in the position being pursued; politicians are still seen as the greatest gift to humankind, so hard-working, so pilloried by the evil third estate and desperately misunderstood by their electors. The politicians have themselves to blame for continually rent-seeking on the public purse.

In the 2015 IP, Item 2 defines the Matters to be Determined. I will follow the five issues raised in that section of the IP.

(i) review and determine the amount of basic salary payable to a MP

The first issue that is raised for discussion is the basic salary that is awarded to members, how it was derived and the procedures for adjusting that number. There is once again, extensive research displayed showing salaries in other jurisdictions as if that should be some holy grail to establish what Tasmanian members be paid. It is neither realistic nor useful because each of the jurisdictions has so many variables as to be a mathematically impossible conundrum to arrive at a 'number' for Tasmanian members. I have selected at random, comparisons of criteria to show the huge diversity displayed across the states and territories:

- area of the jurisdictions;
- size of the populations;
- spread of the populations;
- time/travel distances from capital cities to cities, towns and 'villages' in the jurisdictions;
- the breadth and depth of the 'gene pool' available for selection within political parties;
- the revenues generated in each jurisdiction;
- the simplicity or complexity of services provided in the jurisdictions;
- the range of specific matters that a jurisdiction may have to manage such as Aboriginal services, the vast size of an electorate and the very high or very low density of a member's electorate;
- the variations in the costs of living in the jurisdictions; and
- the size, range and complexity of the industrial, manufacturing, service-delivery and financial services in the jurisdictions.

No reasonable person could place Tasmania in any position but penultimate or last in almost all those criteria. And as the Commission has noted, it is irrelevant to use the salaries and allowances of federal parliamentarians in such an assessment for Tasmanian members.

Since the previous review, I am not aware of any improvements in the efficiency of the parliament, no work-value improvements, no increased workloads on members individually or collectively and no noticeable improvement in how members conduct themselves in parliament.

So where does this lead to?

In my opinion, the Commission having established a threshold level, it should be retained and indexation be as it has recommended: the Wage Price Index (WPI) for Tasmania at intervals the Commission recommends.

Anything above or below that would just open the whole issue for more breast-beating by the members and higher levels of perceived and actual greed directed at them by the media and public.

(ii) 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 PSSAA

The same criteria are just as relevant today as were used for the establishment of the additional salaries in 2013.

Furthermore, quoting from the 2015 IP, about the Government Wages Policy:

"Although not expressly stated, it would seem that the Tasmanian Government wage policy provides for salary increases of 2% pa. Certainly this is the level of increase reflected in most registered industrial agreements over recent years."

And:

"The 2014 Report referred to an analysis of demographics, budget outlays and certain activity indicators across the various parliaments. These indicators assisted the 2013 Tribunal in formulating the recommended relativity between the Tasmanian MP and the other parliamentary jurisdictions. It is unlikely that these indicators have changed in any material respect¹."

I can see no need to make any adjustment other than through an existing and appropriate indexation process.

¹ My underlining.

(iii) consider if there are any other offices of the Parliament not currently provided for in Part 2 of Schedule 1 of the PSSAA that the Commission may decide require to be paid additional salary and determine the amounts of any additional salary payable for such offices

There have been no radical changes or reforms undertaken about the operations of the parliament in the intervening period since the Industrial Commission's earlier review and the outcomes in legislation about the salaries and allowances of members.

I know of no conditions or noticeable workload increases to warrant any further salary increases for other members.

(iv) review the entitlements of and benefits to MPs provided for in Schedule 2 of the PSSAA (ie Motor Vehicle Allowance; Electorate Allowance; Committee Sitting Fees; Telecommunications Allowance; Entertainment Allowance; Away From Home Travelling Allowance; Bass Strait Islands travelling Allowance; and Taxi Allowance) including whether they remain appropriate to the needs of MPs, and determine the amounts of those allowances and benefits still considered appropriate

I would like to have seen the IP tabulate the total cost to the public purse of all the members by their 'level' and their electorate, one by one as I suggest below:

1. Premier: base salary (\$A), plus premier's allowance (\$B), plus electoral allowance (\$C), plus entertainment allowance (\$D), plus etc to give a total of \$X taxable income plus \$Y tax free plus etc
2. Deputy Premier: as above
3. Minister: as above, noting that a minister whose electorate is say Bass, would have a base salary of \$120,835 plus a ministerial allowance of \$84,584, plus the electorate allowance of \$42,094, plus say a vehicle allowance of \$15,305 (and a ministerial car and driver available for specified functions) plus travel costs and telecommunications at least on cost or cost-plus. Total say \$262,818. Not a 'bad little earner' when you realise he has staff allocated too, so it isn't just a lone task he/she has.
4. Back-bencher without any 'office holder' allowances.

That places a totally different view of each member's income. It would also highlight the paucity of arguments about how badly paid they are (being reminded of monkeys and peanuts). I have listed below the numbers of members of the houses that benefit from only office-holding positions (other than known chairs of committees) and it shows the distortion about any case for increases in overall pay that members usually make. I am reminded of the President of the Legislative Council complaining in 2014 that history would show that delaying politicians' pay rises would add to community anger later if bigger increases were

awarded. The President has a salary of \$193,291² including his 'loading' plus other allowances! Does he want paying for his own prestige? He should expect public anger now for what he does for his costs, presiding over something little more than the local bowls club committee.

So we have a list of the membership positions in the two houses:

- HOUSE OF ASSEMBLY of 25 members with at least 17 being office holders entitling them to additional allowances.
- Government: 15 members, including Speaker and back-benchers (2); Opposition and cross-benches 10 members:
 - Speaker
 - Premier
 - Deputy Premier
 - Ministers (6)
 - Parliamentary Secretaries (2)
 - Whip
 - Cabinet Secretary
 - Leader of the opposition
 - Deputy opposition leader
 - Opposition whip
- LEGISLATIVE COUNCIL (15) members (where between 4 and 5 can claim an allowance):
 - President
 - A minister
 - Leader for the government (unless included in the minister's duties)
 - Deputy leader for the government
 - Chair of committees

Salaries and allowances are updated from time to time and at a rate on the recommendation of the Commission unless the members decide to legislate themselves greater (or lesser) amounts. What could be more democratic than that?³

Members of parliament also have access to funds to enable them to fulfil their role as a member of parliament and include:

- Each new Member of Parliament may be entitled to up to \$10,000 to establish a new electorate office or as determined by the Chief of Staff. This funding is to meet

2 A Federal backbencher's salary is around \$195,000. According to ABS statistics, 1.4% of Australians and 2.7% of income earners earned more than \$180,000 in 2012-13 (the ABS does not specifically break out the \$195,000+ bracket, but it's a safe assumption it is more than .01%).

3 Sarcasm.

the initial costs associated with the establishment of an Electorate Office including legal fees or the preparation of a lease, signage, minor refurbishments and office furniture to make the office functional.

- Any activities, goods or services which assists them fulfil their duties as a member of parliament including office supplies.
- Rental costs.
- Contribution to staff salary.
- Purchase of office equipment.
- Training and development opportunities.
- Resource Allocation (sometimes called a Research Allowance) of \$7,500 pa.

Whilst all this and more information about politicians salaries, allowances and support finance and facilities is on the public record, it can take considerable effort and time to research it.

Were these costs presented to the public as a schedule of total salaries and allowances for each and every member, it would project a totally different impression of politicians pay. Except for a handful of back benchers and Council members, most have substantially bigger rates of pay than usually purveyed by them and their supporters for increased pay and conditions and *all* of them have access to considerable costs of their public office.

I must again point out that there have been no measurable changes in members' functions to warrant any increase in these allowances and benefits other than by an existing and formal indexation system as recommended by the Commission.

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- (v) **consider whether there are any new entitlements, allowances or benefits considered appropriate to the current needs of MPs and determine the amounts of such entitlements, allowances and benefits**

I have addressed four issues that the Commission might consider.

1 Resettlement Allowance

This allowance seems ready to be introduced because of the '*all the other kids get one*' syndrome: **the golden parachute** travelling under the guise of a Resettlement Allowance. This has to be a cruel joke on the community, surely?

Is there no limit to their guile and search for more and more and even more? These people decide on this 'career' for truthful, vain, personal or other reasons. They are often steeped in their Parties' traditions and values, discarding views that do not meet their party's overarching policies. Many have been members of local government councils before becoming elected to parliament. Others are moved by their desire to right what they see as wrongs. Others continue the dynasty, a popular hobby in Tasmanian politics⁴ but hardly a

4 2 Polleys (State & Federal), 4 Hodgmans (State & Federal), 2 Grooms, 2 O'Byrnes, 2 Bacons.

qualification for another snout in the trough. They all know the conditions of employment before they stand. Adding even greater benefits will not improve the intelligence of those occupying seats in the two chambers.

I thought it entirely pragmatic of me to assume that becoming a politician was never a lifetime career. I know one member's unusual history as a member cannot be used to address all the variations in tenure of the total cohort. But to enter parliament as a 22 year-old and leave at 64 proves that it must have been a far more lucrative earner than that of say, a salesman. He made a career out of the political process and at great cost to the community. But walking away with either a \$1.3M lump sum or a \$100k per annum pension and into another job paid from the public purse at almost \$15,000 pa, then there's nothing I would recommend as an 'ex gratia' type of payment to a politician. Not now and not ever.

Others just fly between being a Tasmanian MHA and a Senator, or from Tasmania, up to Canberra and then back into town again. There is at least one in that category today in the Tasmanian parliament. Do politicians think they are like the board members of the nations multi-billion dollar companies and should be paid multi-million salaries complete with with stock options? And all without any performance standards. Or take helicopter flights like some middle eastern potentate? Or is it because public money is so easy to get and is seen as being so cheap? Does the workforce in general have such golden parachutes laid on when they leave their employment? The suggestion that if they are deselected by their party, they might be entitled to this allowance! The sheer selfishness and contempt these people display for the wider community never ceases to amaze me.

2 Maternity Leave

I support the introduction of maternity leave because that is a very sensible and I'm sure, a community-supported measure. I leave it to the Commission to suggest a format for such an improvement in conditions of employment, but not exceed the state-wide standard. It could be applied to both sexes of members.

3 Superannuation

Members' superannuation contributions, employer contributions and entitlements have very little light shone on them. I have not researched if there are any members still on schemes that have been closed in recent years, but I believe the one cited above was probably on an 'old scheme' and so able to draw a substantial benefit from a government unfunded liability scheme.

I have been unable to verify the employer's contribution to their salary and whether it is based on the base salary or a sum that includes certain allowances.

I cannot support any change to the current position: members being compulsorily required to use the Tasmanian Accumulation Fund or using a selected fund of their choosing. I would be very annoyed, as would the community in general, if state politicians gained more than the 'average' worker in Tasmania.

4 Publication of each member's activities and expenditure

I believe that it is time that politicians should be accounting for their time, activities and all their costs and benefits they derive from the public purse. Within three days of the end of each calendar month, this data should be published at a common web address. There should be no exceptions. There is no justifiable reason or objection to this regimen. There have been sufficient defaults in the Federal, Victorian, Queensland and New South Wales spheres to expose *our* parliamentarians to some financial and activity scrutiny. I would expect all the excuses imaginable would be provided by every member, the Department of Premier and Cabinet and other politically orientated entities.

REFERENCES

- Inquiry into Parliamentary Salaries and Allowances by the Full Bench of the Tasmanian Industrial Commission Issues Paper September 2015
- Tasmanian Government Submission Parliamentary Salaries and Allowances Tribunal 2013 November 2013
- Review of Parliamentary Salaries and Allowances Issues Paper October 2013
- Tasmanian Government Members' Handbook April 2014 Department of Premier and Cabinet
- Report of the Parliamentary Salaries and Allowances Tribunal inquiring into basic salary, allowances and benefits provided to members of the Tasmanian Parliament, 30 May 2014
- Tasmanian Parliamentary Library: Tasmania's Members of Parliament (August 2015)
- Parliamentary Salaries, Superannuation and Allowances Amendment Bill 2015, Fact Sheet
- The Code of Conduct for Members of Parliament, United Kingdom, Prepared pursuant to the Resolution of the House [of Commons] of 19 July 1995
- Parliamentary Salaries, Superannuation And Allowances Bill 2012 providing for Amendments to the Superannuation and Allowances Act 2012 and the Industrial Relations Act 1984
- A range of media releases, newspaper articles and internet sites covering political activities around the Commonwealth
- My submission to the Commission dated 6 November 2013, responding to the 2013 Issues Paper

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