



TASMANIA

TASMANIAN INDUSTRIAL COMMISSION

PARLIAMENTARY SALARIES

INTERIM REPORT

Members

David Barclay (TIC President)
Neroli Ellis (TIC Deputy President)
Tim Lee (TIC Commissioner)

May 2018

PARLIAMENTARY SALARIES

INTERIM REPORT

1. Background

- 1.1 A Full Bench of the Tasmanian Industrial Commission is to review the salary, allowances and other entitlements payable to elected members of the Tasmanian Parliament (MPs).
- 1.2 The Parliamentary Salaries, Superannuation and Allowances Act 2012 (the Act) provides for the basic salary for MPs as well as additional salary payable to some MPs for the various offices to which they are appointed (e.g. President of the Legislative Council, the Speaker of the House of Assembly, Minister of the Crown, etc.)
- 1.3 The Act provides that a full bench of the Tasmanian Industrial Commission (the Commission) must periodically inquire into, report on and make determinations about the salaries and allowances to which MPs are entitled.
- 1.4 A determination of the Commission under the amendments to the PSSAA made by the 2015 Act will be implemented automatically unless within 10 sitting days of the determination being tabled (or within a longer period if a House so resolves), both Houses pass a resolution requesting that the determination be disallowed (and so not be implemented).
- 1.5 If a determination is not disallowed, the Commission will gazette a notice setting out the determination which will specify the amounts of the basic salary, additional salary payable to the Premier, Deputy Premier, Ministers of the Crown, Secretary to Cabinet and Certain Officers of the Parliament, and the allowances and benefits to which MPs are entitled.
- 1.6 If a determination does not come into effect when it is due to, because it has not been made, or the disallowance period has not expired, or it has been disallowed, the basic salary, additional salary, and the allowances and benefits to which MPs are entitled immediately before the determination was due to take effect continue until a new determination is made.
- 1.7 If a determination is disallowed the Commission has 12 months from the date of disallowance to make a new determination.
- 1.8 The Commission prepared a report dated February 2016 which was tabled in Parliament in March 2016. The Report was not disallowed.

2. Determination

- 2.1** For the reasons set out in this Report, the Commission determines that there will be an Interim Review pending a detailed review of salaries and allowances to be completed by March 2019 and that on an interim basis salaries and allowances will be increased based on the annual increase in Wage Price Index (salaries) and Consumer Price Index (allowances) for the financial year 2017 – 2018. The increase will commence from 1 July 2018 and will continue until 30 June 2019. The increases will be based on the indices for Hobart.
- 2.2** In light of the very few submissions received on the issue of classification of electorates, the Commission determines that it is appropriate to consider the matter in detail during the course of the review to conclude in March 2019.

3. Matters to be Determined

- 3.1** The Acts provides for the Commission to:
- (i) review and determine the amount of basic salary payable to a MP;
 - (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;
 - (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;
 - (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; and
 - (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.

4. The 2016 Report

- 4.1** A detailed inquiry was made into allowances by the Commission which gave rise to the 2016 report. The link to the report is:

http://www.tic.tas.gov.au/data/assets/pdf_file/0019/340561/Final_Report_2016.pdf

4.2 From the 2016 Report the below table shows the allowances recommended in the 2016 Report and the current level of allowance. The basic salary increased, as recommended in the 2016 Report by Wage Price Index (WPI) and the Allowances increased by Consumer Price Index (CPI).

		1-Jul-16	1-Jul-17	Notes
Basic Parliamentary Salary		\$133,560	\$136,765	Increased by 2.4%
Motor Vehicle Allowance		\$15,613	\$16,081	Increased by 1.3%
Electorate Allowance (based on Electorates as at 1 July 2017)				Increased by 1.3%
Legislative Council				
Group 1	Apsley	\$49,447	\$50,090	
Group 2	Murchison, Western Tiers	\$45,541	\$46,133	
Group 3	Derwent, Huon	\$39,035	\$39,542	
Group 4	Montgomery, Rumney	\$36,434	\$36,908	
Group 5	Mersey, Rosevears, Windermere, Elwick, Nelson, Launceston, Pembroke, Hobart	\$31,229	\$31,635	
House of Assembly	Bass	\$42,940	\$43,498	
	Braddon	\$46,843	\$47,452	
	Denison	\$31,229	\$31,635	
	Franklin	\$37,735	\$38,226	
	Lyons	\$52,050	\$52,727	

4.3 It is to be noted that there were Electorate name changes and boundary adjustments. Apsley is now Prosser and Western Tiers is now McIntyre. It seems likely that the redistribution will lead to a change in grouping for some electorates.

4.4 Based on the redistribution and using size of the electorate as the basis for allocating an electorate to a group the following changes could be considered:

1. McIntyre (Apsley) in Group 1
2. Prosser (Western Tiers) moves from Group 2 to Group 3
3. Derwent moves from Group 3 to Group 2
4. Windermere moves from Group 5 to Group 4
5. Huon moves from Group 4 to Group 5

4.5 There were several recommendations from the 2016 Review that will not be part of this review that will carry over to the next Review and report

which is due in 2019:

1. The quantum of additional salary paid in relation to the offices of President of the Legislative Council and Speaker of the House of Assembly (page 29 of 2016 Determination); and
2. The objective, legitimate uses and administration of the Electorate Allowance (page 34 of 2016 Determination).

5. The Present Review and reasons for an Interim Review

5.1 The Act requires this review to be conducted in 2018. The 2016 Report recommendations apply until 30 June 2018. This review is intended to apply on and from that date.

5.2 An Issues Paper was circulated and made available to members of the public in March 2018.¹ Additionally the Commission advertised the fact of the review and called for submissions in the three Tasmanian Newspapers. Submissions were sought regarding a proposal that the present review be an interim review producing in effect an interim report. Pursuant to s 3E of the Act it is possible for the Commission to determine the date the next report is due. It is proposed that a detailed review be carried out during 2018 and that the next report be tabled by 1 March 2019

5.3 The reasons for the proposed interim report were:

- (a) That the movement in salaries and allowances in Tasmania over recent times have been minimal and in line with WPI and/or CPI;
- (b) That the election is such that representations are not readily made as all House of Assembly members are up for re-election. It is sensible that a detailed review relate to both houses of parliament;
- (c) Coupled with the election, the time available to produce a detailed report is insufficient.

6. Commissions Position on Quantum of Interim Increases

6.1 The Commission is of the view that an increase in the salary of MPs should be in line with WPI and the increase in the allowances should increase by CPI on an interim basis. The increases will be based on the annual increase in WPI and CPI for the financial year 2017 – 2018. The increase will commence from 1 July 2018.

6.2 The view is based on:

- (a) The Tasmanian and National experience of significant wage restraint and limited growth over recent years;

¹ See attachment 1

- (b) The current policy of the State Government is to increase salaries by the cost of living. Wage increases for state employees for 2017-18 were in line with the policy;
- (c) The full review will be completed within 3 years of the extensive 2016 review which does not constitute a significant period (and salary and allowances have increased in the meantime by WPI and CPI);
- (d) A full and detailed review will be undertaken leading to a report in March 2019 which will deal with all issues including the consequences of redistributions.

7. Submissions Sought

7.1 Submissions were sought in relation to:

- 1. The fact that there is proposed to be an interim report and whether that is thought to be appropriate;
- 2. The preliminary view that the current salaries and allowances should increase by WPI and CPI until the allowance (or disallowance) of the detailed report due by 1 March 2019;
- 3. Any other matters relevant to the proposal for an interim report and interim increase.

8. Submissions Received

8.1 Five submissions were received one of which requested confidentiality. The four submissions not sought to be regarded as confidential were from:

8.1.1 Ivan Dean MLC dated 13 March 2018²

8.1.2 D.T Pearce, Clerk of the Legislative Council dated 15 March 2018³

8.1.3 Shane Donnelly, Clerk of the House of Assembly dated 16 March 2018⁴

8.1.4 Unions Tasmania dated March 2018.⁵

8.2 The confidential submission submitted that salaries and allowances should be set against that which an individual parliamentarian achieves and whether the electorate thinks members are meeting expectations.

8.3 Mr Dean focussed on classification of Windermere and submitted that Windermere should be classified in group 4 for electoral allowances. Mr Dean also submitted that there should be a reconsideration of sitting

² Attachment 2

³ Attachment 3

⁴ Attachment 4

⁵ Attachment 5

fees and that allowances in existence before the Act be reinstated which related to sitting fees.

8.4 The Clerk of the Legislative Council's submissions noted that Murchison could be classified in group 1 and that Huon was incorrectly listed in group 4 (the electorate is in fact classified in group 3) but suggested group 4 would be more accurate.

8.5 The Clerk of the House of Assembly agreed with the proposition that there be an interim report and a detailed review be undertaken worth a view to a report in 2019.

8.6 Unions Tasmania also agreed with an interim report.

9. Interim Report

9.1 The Commission has determined to publish this Interim Report. The submissions received either did not address the issue or agreed that an interim report was appropriate. For the reasons exposed in the Issues paper and set out in paragraph 5 above it is appropriate to issue this Interim Report.

10. Interim Salaries and Allowances

10.1 No submissions were received opposing the interim increase by WPI (for salaries) and CPI (for allowances) which was suggested in the Issues Paper.

10.2 In light of the matters set out in the Issues Paper and repeated at paragraph 5 of this Interim Report the Commission determines, on an interim basis, that the increases will be based on the annual increase in WPI and CPI for the financial year 2017 – 2018. The increase will commence from 1 July 2018.

10.3 It is noted an exhaustive review of salaries and allowances shall commence in July 2018 with a report to be available in March 2019.

10.4 In light of the very few submissions received on the issue of classification of electorates, the Commission determines that it is appropriate to consider the matters in detail during the course of the review to conclude in March 2019.