



REMUNERATION TRIBUNAL

Explanatory Statement: Determination 2017/12 Members of Parliament – Base Salary, Additional Salary for Parliamentary Office Holders, and Related Matters

1. The *Remuneration Tribunal Act 1973* (the Act) establishes the Remuneration Tribunal (the Tribunal) as an independent statutory authority responsible for reporting on and determining the remuneration, allowances and entitlements of key Commonwealth office holders. These include members of Parliament, Judges of Federal Courts, most full-time and part-time holders of public offices including Specified Statutory Offices and Principal Executive Offices.

Consultation

2. Section 11 of the Act advises that in the performance of its functions the Tribunal:
 - may inform itself in such manner as it thinks fit;
 - may receive written or oral statements;
 - is not required to conduct any proceeding in a formal manner; and
 - is not bound by the rules of evidence.
3. The Tribunal normally receives submissions on remuneration from a portfolio minister, or a secretary, program manager or employing body (in respect of a principal executive office) with responsibility for the relevant office(s). The Tribunal will normally seek the views of the relevant Portfolio Minister prior to determining remuneration for an office.
4. The Tribunal may reach a decision based on the information provided in the submission and other publicly available information such as portfolio budget statements, annual reports, corporate plans, legislation and media releases. On occasion it may wish to meet with relevant parties or seek further information from the relevant minister or person making the submission.
5. Amongst other relevant matters in deliberating on appropriate remuneration for an office the Tribunal informs itself on:
 - the main functions, responsibilities and accountabilities of the office;
 - the organisational structure, budget and workforce;
 - the requisite characteristics, skills or qualifications required of the office holder(s); and
 - the remuneration of similar, comparator, offices within its jurisdiction.

Annual review

6. The Tribunal has an obligation, under sub-sections 7(1), (2), (3) and 8(1) of the Act to make determinations in respect of remuneration for various offices within its jurisdiction at periods of not more than one year. In meeting this obligation the Tribunal decides whether any general adjustment to remuneration should occur. The Tribunal issued determinations in December 2016 and at that time made no general adjustments to remuneration.

7. In considering whether any general adjustment should occur the Tribunal takes account of a range of economic conditions in Australia, including trends in public and private sector remuneration. In order to inform its conclusions the Tribunal draws upon authoritative external sources such as the published material available from the Government, the Reserve Bank of Australia and the Australian Bureau of Statistics. It is obliged by the Act also to consider the Annual Wage Reviews of the Fair Work Commission. The Commission's 2017 decision was released on 6 June 2017.
8. The Tribunal did not receive any submissions on this matter.
9. On 22 June 2017 the Tribunal notified its decision to increase remuneration by 2 per cent for public offices in its jurisdiction with effect from 1 July 2017. A statement setting out the Tribunal's reason for decision is available at www.remtribunal.gov.au.
10. Determination 2017/12 implements the Tribunal's decision for members of Parliament.
11. Consultation on these amendments was considered unnecessary given the matters considered by the Tribunal in making its decision.

Specific Changes

12. The base salary to be paid to a member of parliament has been increased by 2 per cent (rounded). The Tribunal has decided to make a corresponding change to the portion of base salary that is not parliamentary allowance for the purposes of the *Parliamentary Contributory Superannuation Act 1948*, by increasing it by 2 per cent (rounded). There was no consultation on this amendment as it has the effect of maintaining the portion originally decided by the Tribunal in 2012.

Retrospectivity

13. Any retrospective application of this determination is in accordance with subsection 12(2) of the *Legislation Act 2003* as it does not affect the rights of a person (other than the Commonwealth or an authority of the Commonwealth) to that person's disadvantage, nor does it impose any liability on such a person.

The power to repeal, rescind and revoke, amend and vary

14. Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Details of the determination are as follows:

PART 1 – GENERAL

15. Part 1 sets out the authority for and date of effect of the Determination and revokes and supersedes previous Determination 2016/16. It also defines 'base salary' and explains the scope of references to a 'member' or 'member of parliament'.
16. The provisions in Part 1 are unchanged from those contained in Part 1 of the previous determination.

PART 2 – PARLIAMENTARY BASE SALARY

17. Part 2 sets the base salary to be paid to a member of parliament and the portion of that salary that is not to be taken into account in defining parliamentary allowance (salary) for the purposes of the *Parliamentary Contributory Superannuation Act 1948* (PCS Act).
18. Clause 2.1 increases the base salary to be paid to a member of parliament by 2 per cent (rounded).
19. Clause 2.2 adjusts the portion of base salary that is not parliamentary allowance by 2 per cent (rounded).
20. The other provisions in Part 2 are unchanged from those contained in Part 2 of the previous determination.

PART 3 – ADDITIONAL SALARY FOR PARLIAMENTARY OFFICE HOLDERS

21. Part 3 sets the additional salary to be paid to parliamentary office holders and the portion of that salary that is not to be taken as 'allowance by way of salary' for the purposes of the PCS Act.
22. It also specifies how authorities are to administer payment of the additional salary and limits the number of shadow ministers who may be paid in accordance with the determination.
23. The provisions in Part 3 are unchanged from those contained in Part 3 of the previous determination.

PART 4 – MINISTERS OF STATE

24. Part 4 specifies the portion of additional salary of Ministers of State that will not count as allowance by way of salary for the purposes of the PCS Act.
25. The provisions in Part 4 are unchanged from those contained in Part 4 of the previous determination.

Authority: Subsections 7(1), 7(1A), 7(1B), 7(1C), 7(2), 7(2A), 7(4) and 7(5G) of the *Remuneration Tribunal Act 1973*