



# Victorian Independent Remuneration Tribunal

Members of Parliament  
(Victoria)  
Determination 01/2019

## **DETERMINATION**

[2019] DMP 01

*Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)*

Part 3—Determination in relation to Members.

# **Members of Parliament (Victoria) Determination No. 01/2019**

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## Part 1 – Legal matters and definitions

1. **Title:** This Determination is the Members of Parliament (Victoria) Determination No.01/2019 and is made under Part 3 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) by the Victorian Independent Remuneration Tribunal.

2. **Effective date:** This Determination takes effect on 16 September 2019.

### 3. Definitions

3.1. Terms not defined in this Determination have the same meaning as in the VIRTIPS Act, unless the contrary intention appears.

3.2. In this Determination, unless the contrary intention appears:

**basic salary portion** has the meaning provided in section 17(5)(b) of the VIRTIPS Act;

**electoral district** means electoral district of the Legislative Assembly of Victoria;

**electoral region** means electoral region of the Legislative Council of Victoria;

**electorate** means:

(a) in the case of a Member of the Legislative Assembly, an electoral district

(b) in the case of a Member of the Legislative Council, an electoral region;

**Member** means Member of the Parliament;

**Parliament** means the Parliament of Victoria;

**PSAS Act** means *Parliamentary Salaries, Allowances and Superannuation Act 1968* (Vic);

**travelling allowance rate** means the amount determined to be payable for an overnight stay in commercial accommodation in the relevant location as determined from time to time by the tribunal established under the *Remuneration Tribunal Act 1973* (Cth):

- (a) if the Member is the Premier, Deputy Premier, other Minister of the Crown, Presiding Officer or the Leader of the Opposition, to an office holder of the Commonwealth; and
- (b) for all other Members, to a Member of the Parliament of the Commonwealth;

**Tribunal** means the Victorian Independent Remuneration Tribunal;

**Tribunal Guidelines** means the guidelines for or with respect to the use of work-related parliamentary allowances and the Electorate Office and Communications Budget made by the Tribunal and in effect at the time;

**VIRTIPS Act** means the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic);

**work-related parliamentary allowances** has the meaning provided in section 3 of the VIRTIPS Act.

#### 4. Coverage and application

- 4.1. This Determination sets the value of salaries and allowances for Members. This Determination should be read together with the Tribunal Guidelines.

## Part 2 – Basic salary and additional salaries

#### 5. Basic salary

- 5.1. The basic salary per annum for a Member is \$182,413.

#### 6. Additional salary for a specified parliamentary office holder

- 6.1. The additional salary per annum for a specified parliamentary office holder listed in column 1 of the table in Schedule A is:

- (a) from the date this Determination takes effect until 30 June 2020, the value listed in column 2 of the table in Schedule A, and
- (b) from 1 July 2020, the value listed in column 3 of the table in Schedule A.

## Part 3 – Basic salary portion

#### 7. Basic salary portion

- 7.1. The basic salary portion per annum is \$168,901.

## 8. Annual indexation of the basic salary portion

8.1. The method for the annual indexation of the basic salary portion is the calculation of the basic salary portion for each financial year starting from 1 July 2020 in accordance with the following formula—

$$A \times \frac{B}{C}$$

where—

- (a) A is the basic salary portion for the previous financial year;
- (b) B is the full-time adult average weekly ordinary time earnings of employees in Victoria in original terms for the most recent reference period in the preceding calendar year last published by the Australian Bureau of Statistics as at 15 June immediately preceding the date on which the variation is made;
- (c) C is the full-time adult average weekly ordinary time earnings of employees in Victoria in original terms for the corresponding reference period in the calendar year preceding the calendar year referred to in B last published by the Australian Bureau of Statistics as at 15 June immediately preceding the date on which the variation is made.

## Part 4 – Work-related parliamentary allowances

### 9. Expense allowance

9.1. The expense allowance per annum for a specified parliamentary office holder listed in column 1 of the table in Schedule A is the value listed in column 4 of the table in Schedule A.

9.2. The expense allowance for a Member, who is not a specified parliamentary office holder listed in column 1 of the table in Schedule A, is \$0.

### 10. Electorate allowance

10.1. The electorate allowance per annum for a Member is:

- (a) if the electorate that the Member represents is listed in table 1 of Schedule B, \$40,367;
- (b) if the electorate that the Member represents is listed in table 2 of Schedule B, \$43,830; or

(c) if the electorate that the Member represents is listed in table 3, 4 or 5 of Schedule B, \$48,357.

#### **11. Parliamentary accommodation sitting allowance**

11.1. The parliamentary accommodation sitting allowance per annum for an eligible Member is:

- (a) if the Member is the Premier, \$53,217;
- (b) if the Member is the Deputy Premier, \$46,565;
- (c) if the Member is any other Minister of the Crown, the President, the Speaker, the Deputy President, the Deputy Speaker, the Cabinet Secretary, the Leader of the Opposition, the Deputy Leader of the Opposition, the Leader of the Opposition in the Legislative Council, the Deputy Leader of the Opposition in the Legislative Council, the Leader of the Third Party or the Deputy Leader of the Third Party, \$39,910; or
- (d) if the Member is none of the above, \$26,609.

Note: the Tribunal Guidelines specify eligibility criteria for claiming the parliamentary accommodation sitting allowance.

#### **12. Motor vehicle allowance**

12.1. The motor vehicle allowance per annum for a Member who does not elect to be provided with a motor vehicle under section 6(6) of the PSAS Act is:

- (a) if the Member's electorate is listed in table 1 or 2 of Schedule B, \$20,000; or
- (b) if the Member's electorate is listed in table 3, 4 or 5 of Schedule B, \$30,000.

#### **13. Travel allowance**

13.1. The travel allowance per night for a Member is the travelling allowance rate, save that a Member is only entitled to be paid that part of the travel allowance which is equal to his or her claimable costs under the applicable rules in the Tribunal Guidelines.

Note: the Tribunal Guidelines specify eligibility criteria for claiming the travel allowance.

#### 14. Commercial transport allowance

14.1. The commercial transport allowance per financial year for a Member is the following, save that a Member is only entitled to be paid that part of the commercial transport allowance which is equal to his or her claimable costs under the applicable rules in the Tribunal Guidelines:

- (a) if the electorate that the Member represents is listed in table 1, 2 or 3 of Schedule B, \$5,000;
- (b) if the electorate that the Member represents is listed in table 4 of Schedule B, \$10,971; or
- (c) if the electorate that the Member represents is listed in table 5 of Schedule B, \$17,226.

Note: the Tribunal Guidelines specify eligibility criteria for claiming the commercial transport allowance.

#### 15. International travel allowance

15.1. The international travel allowance per financial year for a Member is \$10,000, save that a Member is only entitled to be paid that part of the international travel allowance which is equal to his or her claimable costs under the applicable rules in the Tribunal Guidelines.

Note: the Tribunal Guidelines specify eligibility criteria for claiming the international travel allowance.

### Part 5 – Electorate Office and Communications Budget

#### 16. Electorate Office and Communications Budget

16.1. Subject to clauses 16.2, 16.3 and 16.4, the Electorate Office and Communications Budget per financial year for a Member is:

- (a) if the Member is a Member of the Legislative Assembly, the sum of:
  - i. the total number of voters enrolled in Victoria (as last published by the Victorian Electoral Commission as at the last day of February of the previous financial year), divided by 88, multiplied by \$0.92, and
  - ii. the total number of voters enrolled in the electoral district that the Member represents (as last published by the Victorian Electoral Commission as at the last day of February of the previous financial year) multiplied by \$1.22; or



(b) if the Member is a Member of the Legislative Council, the total number of voters enrolled in Victoria (as last published by the Victorian Electoral Commission as at the last day of February of the previous financial year), divided by 88, multiplied by \$2.14.

16.2. For a financial year in which a general election for the Parliament is held, the Electorate Office and Communications Budget is:

(a) for the period from 1 July to 30 November of the financial year, 5/12ths of the amount calculated in accordance with:

- i. clause 16.1(a) if the Member is a Member of the Legislative Assembly, and
- ii. clause 16.1(b) if the Member is a Member of the Legislative Council;

(b) for the period from 1 December to 30 June of the financial year, 7/12ths of the amount calculated in accordance with:

- i. clause 16.1(a) if the Member is a Member of the Legislative Assembly, and
- ii. clause 16.1(b) if the Member is a Member of the Legislative Council.

16.3. For a financial year in which a Member first joins the Parliament other than as a result of a general election, the Electorate Office and Communications Budget for that Member is to be calculated using the following formula:

$$D \times \frac{E}{F}$$

where—

- (a) D is the amount calculated in accordance with clause 16.1(a) if the Member is a Member of the Legislative Assembly, or the amount calculated in accordance with clause 16.1(b) if the Member is a Member of Legislative Council;
- (b) E is the number of days remaining in the financial year from the day the Member first joined the Parliament; and
- (c) F is the total number of days in the financial year.

16.4. For the financial year ending 30 June 2020, the Electorate Office and Communications Budget for a Member is equal to the amount remaining unspent in the Electorate Office and Communications Budget made available to that Member, in accordance with the Parliament of Victoria's Members Guide and administered by the Department of Parliamentary Services, immediately prior to this Determination taking effect.

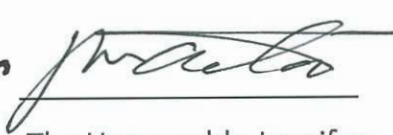
Note: the Tribunal Guidelines specify eligibility criteria for claiming the Electorate Office and Communications Budget.



Warren McCann

*Chair*

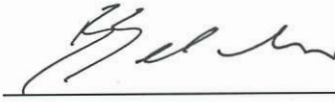
Victorian Independent  
Remuneration Tribunal



The Honourable Jennifer  
Acton

*Member*

Victorian Independent  
Remuneration Tribunal



Barbara Belcher AM

*Member*

Victorian Independent  
Remuneration Tribunal

Date: *16 September 2019*

## Schedule A — Additional salary and expense allowance rates

Column 1	Column 2	Column 3	Column 4
Specified parliamentary office holder	Additional salary from 16 September 2019 until 30 June 2020	Additional salary from 1 July 2020	Expense allowance
	\$	\$	\$
Premier	184,665	203,542	55,484
Deputy Premier	156,073	172,143	21,215
Any other responsible Minister of the Crown	138,270	153,325	16,319
Leader of the Opposition	138,270	153,325	16,319
President	120,123	133,930	6,528
Speaker	120,123	133,930	6,528
Deputy President	41,319	51,460	3,264
Deputy Speaker	41,319	51,460	3,264
Deputy Leader of the Opposition in the Assembly	62,272	73,349	3,264
Leader of the Opposition in the Council	62,272	73,349	3,264
Leader of the Third Party (unless they are also the Leader or Deputy Leader of the Opposition or a Minister of the Crown)	62,272	73,349	3,264
Cabinet Secretary	62,272	73,349	3,264
Parliamentary Secretary to the Premier	41,319	51,460	3,264
A Shadow Minister	6,968	15,939	11,423
Government Whip in the Assembly	32,834	32,834	0
Deputy Government Whip in the Assembly	18,241	18,241	0
Deputy Leader of the Opposition in the Council	32,834	32,834	0
A Parliamentary Secretary (other than the Parliamentary Secretary to the Premier)	32,588	42,339	3,264
Deputy Leader of the Third Party (unless they are also the Leader or Deputy Leader of the Opposition or a Minister of the Crown)	32,834	32,834	0
Government Whip in the Council	20,065	20,065	0
Opposition Whip in the Assembly	20,065	20,065	0
Opposition Whip in the Council	20,065	20,065	0

Whip of the Third Party in the Assembly	20,065	20,065	0
Whip of the Third Party in the Council	20,065	20,065	0
Secretary of the Party forming the Government	7,297	7,297	0
Secretary of the Opposition Party	7,297	7,297	0
Secretary of the Third Party	7,297	7,297	0
Chairperson of the Public Accounts and Estimates Committee	36,483	36,483	0
Chairperson of the Scrutiny of Acts and Regulations Committee	27,362	27,362	0
Chairperson of the Integrity and Oversight Committee	27,362	27,362	0
Chairperson of a standing committee appointed under standing order of the Assembly or the Council	18,241	18,241	0
Chairperson of a Joint Investigatory Committee within the meaning of the <i>Parliamentary Committees Act 2003</i> (Vic) which is not otherwise provided for in this table	18,241	18,241	0
Chairperson of joint select committee when resolution establishing committee so provides that chairperson is entitled	9,121	9,121	0
Deputy chairperson of the Public Accounts and Estimates Committee	7,297	7,297	0
Deputy chairperson of the Scrutiny of Acts and Regulations Committee	7,297	7,297	0
Deputy chairperson of the Integrity and Oversight Committee	7,297	7,297	0

## Schedule B — Electorates of Victoria

Table 1 — electorates of less than 500 square kilometres

Electoral districts for the Legislative Assembly	
Albert Park	Malvern
Altona	Melbourne
Bayswater	Melton
Bellarine	Mill Park
Bentleigh	Monbulk
Box Hill	Mordialloc
Brighton	Mornington
Broadmeadows	Mount Waverley
Brunswick	Mulgrave
Bulleen	Narre Warren North
Bundoora	Narre Warren South
Burwood	Nepean
Carrum	Niddrie
Caulfield	Northcote
Clarinda	Oakleigh
Cranbourne	Pascoe Vale
Croydon	Prahran
Dandenong	Preston
Eltham	Richmond
Essendon	Ringwood
Evelyn	Rowville
Ferntree Gully	Sandringham
Footscray	St Albans
Forest Hill	Sunbury
Frankston	Sydenham
Geelong	Tarneit
Gembrook	Thomastown
Hastings	Warrandyte
Hawthorn	Wendouree
Ivanhoe	Werribee
Kew	Williamstown
Keysborough	Yuroke
Kororoit	
Electoral regions for the Legislative Council	
Eastern Metropolitan	Southern Metropolitan

**Table 2 — electorates of 500 square kilometres or more but less than 5,000 square kilometres**

Electoral districts for the Legislative Assembly	
Bass	Morwell
Bendigo East	Narracan
Bendigo West	Shepparton
Buninyong	South Barwon
Lara	Yan Yean
Macedon	
Electoral regions for the Legislative Council	
Northern Metropolitan	Western Metropolitan
South-Eastern Metropolitan	

**Table 3 — electorates of 5,000 square kilometres or more but less than 10,000 square kilometres**

Electoral districts for the Legislative Assembly	
Gippsland South	South-West Coast
Ovens Valley	
Electoral regions for the Legislative Council	
N/A	



**Table 4 — electorates of 10,000 square kilometres or more but less than 20,000 square kilometres**

Electoral districts for the Legislative Assembly	
Benambra	Murray Plains
Eildon	Polwarth
Euroa	Ripon
Electoral regions for the Legislative Council	
N/A	

**Table 5 — electorates of 20,000 square kilometres or more**

Electoral districts for the Legislative Assembly	
Gippsland East	Mildura
Lowan	

Electoral regions for the Legislative Council	
Eastern Victoria	Western Victoria
Northern Victoria	



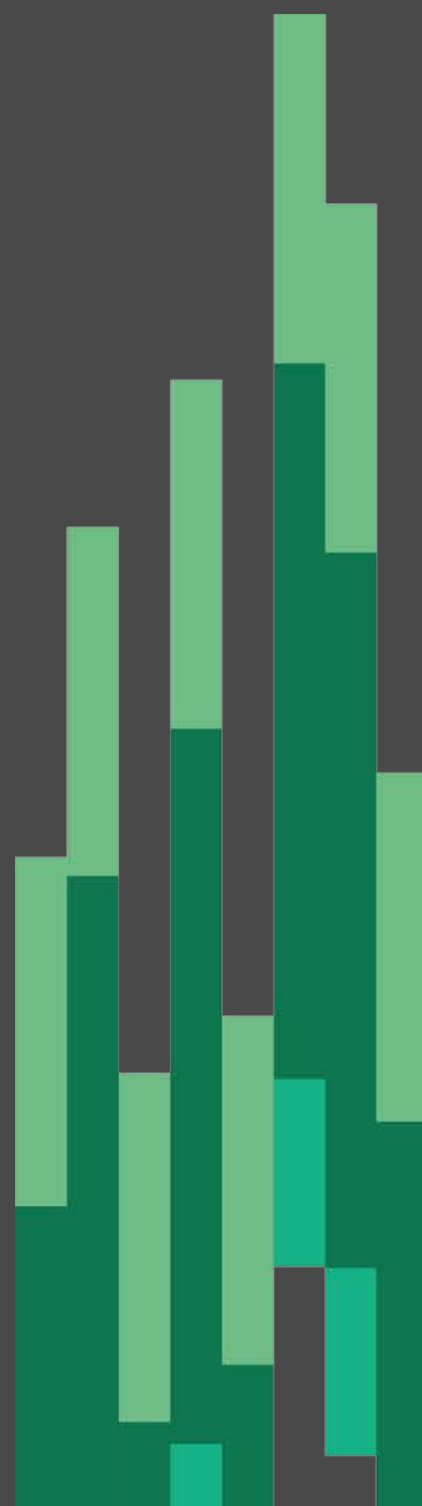
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Victorian  
Independent  
Remuneration  
Tribunal

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Members of Parliament  
(Victoria)  
Determination 01/2019

Statement of Reasons





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# Abbreviations and glossary

Term	Abbreviation or definition
ABS	Australian Bureau of Statistics
ACT RT	Australian Capital Territory Remuneration Tribunal
Additional salary	Salary payable to MPs who are 'specified parliamentary office holders' as defined in s3 of the VIRTIPS Act
ATO	Australian Taxation Office
ATO Ruling No. 1992/15	Income tax and fringe benefits tax: the difference between an allowance and a reimbursement
ATO Ruling No. 1999/10	Income tax and fringe benefits tax: Members of Parliament - allowances, reimbursements, donations and gifts, benefits, deductions and recoupments
ATO Determination No. 2019/11	Income tax: reasonable travel and overtime meal allowance expense amounts for the 2019-20 income year?
Basic salary	Salary payable to all MPs of Parliament in Victoria
Basic salary portion	The basic salary portion set under s17(5)(b) of VIRTIPS Act
CPI	Consumer Price Index
CRT	Commonwealth Remuneration Tribunal
DPS	Department of Parliamentary Services
Electorate allowance	An allowance for the purpose of meeting costs associated with MPs of Parliament providing services to their constituents.
EO&C Budget	Electorate Office and Communications Budget
Existing Benefit Scheme	A defined benefit scheme provided to MPs under part 3, Division 2 of the PSAS Act for MPs elected before 1996.
Hazell Review	Hazell, M. <i>Independent Review of Victorian MPs' Salary Entitlements, Allowances and Other Arrangements</i> . Report prepared for the Department of Premier and Cabinet. Victoria, 2013
LGRT	Local Government Remuneration Tribunal (New South Wales)
Members Guide	Document prepared by the Department of Parliamentary Services to assist Members of the Parliament of Victoria.
MP	Member of Parliament
New Benefit Scheme	A defined benefit scheme provided to MPs under part 3, Division 3 of the PSAS Act for MPs elected after 1996. New Benefit Scheme closed in 2004.
NT RT	Northern Territory Remuneration Tribunal
Office holder	see specified parliamentary offices
PAA Act	<i>Public Administration Act 2004</i> (Vic)



Parliament	Parliament of Victoria
PASA	Parliamentary accommodation sitting allowance
PRT	Parliamentary Remuneration Tribunal (New South Wales)
PSAS Act	<i>Parliamentary Salaries, Allowances and Superannuation Act 1968</i> (Vic)
PSS Act	<i>Parliamentary Salaries and Superannuation Act 1968</i> (Vic)
QIRT	Queensland Independent Remuneration Tribunal
RBA	Reserve Bank of Australia
RT SA	Remuneration Tribunal of South Australia
SAT	Salaries and Allowances Tribunal (Western Australia)
Separation payment	A payment made to an MP of the Victorian Parliament, who is not member of a defined benefit scheme.
Specified parliamentary offices	Refers to 'specified parliamentary office' as defined in s3 of the VIRTIPS Act: <ul style="list-style-type: none"> <li>• Premier and Deputy Premier and Ministers</li> <li>• Leaders and Deputy Leaders of the Opposition</li> <li>• Leaders and Deputy Leaders of the Third Party</li> <li>• Presiding and Deputy Presiding Officers</li> <li>• Parliamentary Secretaries</li> <li>• Shadow Ministers</li> <li>• Whips</li> <li>• Chair and Deputy Chairpersons of Parliamentary committees</li> <li>• Secretary of the Party forming Government, Opposition and the Third Party.</li> </ul>
TIC	Tasmanian Industrial Commission
Third party	Party with at least 11 Members of Parliament in the Victorian Parliament
Tribunal	Victorian Independent Remuneration Tribunal
WPI (Victoria)	Wage Price Index (Victoria)
VIRTIPS Act	<i>Victorian Independent Remuneration and Improving Parliamentary Standards Act 2019</i> (Vic)
Work-related parliamentary allowances	Allowances as defined in s3 of the VIRTIPS Act: <ul style="list-style-type: none"> <li>• an electorate allowance</li> <li>• any expense allowance</li> <li>• a parliamentary accommodation sitting allowance</li> <li>• a travel allowance</li> <li>• a motor vehicle allowance</li> <li>• any other prescribed allowance</li> </ul>

# Introduction



In March 2019, the Victorian Parliament passed the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)* (VIRTIPS Act) establishing the Victorian Independent Remuneration Tribunal (Tribunal). Tribunal Members were subsequently appointed in June 2019.

The Tribunal was established to inquire into and make Determinations on the salaries and allowances of Members of the Parliament of Victoria (MPs) and to inquire into and make Determinations on remuneration bands for executives in the Victorian public sector.

The Tribunal is required to include in a Determination, a Statement of Reasons for the making of the Determination. This Statement of Reasons relates to the Tribunal's first Determination dealing with MP remuneration.

The remuneration framework applying to MPs before the making of the Determination was established in 1968 with the passage of the *Parliamentary Salaries and Superannuation Act 1968 (Vic)* (PSS Act), although its origins date well before this. The PSS Act has undergone numerous changes since 1968.

The Tribunal's Determination represents the first comprehensive independent review of MPs' remuneration in Victoria's history. While there have been previous reviews, and committees of inquiry, their recommendations have been subject to the will of the government of the day. In contrast, the Tribunal's Determination on the salaries and allowances of Victorian MPs is binding and cannot be disallowed by the Parliament. The Determination takes effect on September 16, 2019.

The following chapters deal with:

- chapter 1 – overview of the Tribunal’s establishment and functions
- chapter 2 – discussion of the roles and work of MPs in the Victorian Parliament
- chapter 3 – overview of the remuneration framework reviewed by the Tribunal, including a brief history of MP salaries and allowances in Victoria
- chapter 4 – summary of the roles of specified parliamentary office holders
- chapter 5 – the framework of the Electorate Office and Communications Budget
- chapter 6 – summary of economic factors
- chapter 7 – relevant guidelines and ruling
- chapter 8 – Tribunal’s consideration of matters it must determine.

# 1 Role of the Tribunal



The *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)* (VIRTIPS Act) establishes the Tribunal. The VIRTIPS Act requires the Tribunal to inquire into and make Determinations on:

- basic salary and allowances for Members of the Parliament of Victoria (MPs), including additional salary and allowances for Ministers and other parliamentary officeholders
- remuneration bands for executives employed in the Victorian Public Service
- remuneration bands for executives employed in prescribed public entities.

The Tribunal was established to:

- support transparent, accountable and evidence-based decision-making on the remuneration of MPs and public sector executives
- bring Victoria into line with other Australian jurisdictions that already have independent tribunals to review and determine remuneration for MPs and public sector executives
- ensure that allowances paid to MPs appropriately support them in performing their duties and that they are balanced with community expectations.

The legislative framework for the Tribunal is informed by the principles of independent and impartial decision-making, transparency regarding the Tribunal's activities, and ensuring that the framework supports fairness.<sup>1</sup>

There are three part-time Tribunal Members, all appointed in June 2019:

- Mr Warren McCann, Chair of the Tribunal
- the Honourable Jennifer Acton
- Ms Barbara Belcher AM.

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<sup>1</sup> Victoria, *Parliamentary Debates*, 'Legislative Assembly', 6 February 2019 (Jacinta Allan, Leader of the House, Minister for Transport Infrastructure).

All Tribunal Members have specialist skills and extensive expertise across a range of subject matters and areas relevant to the work of the Tribunal, including Government, economics, industrial relations, law and public administration.

## 1.1 Functions of the Tribunal

In relation to the remuneration of MPs, the Tribunal has the following functions and powers under the VIRTIPS Act:

- inquire into and determine the basic salary and the value of work-related parliamentary allowances (s6(1)(a))
- inquire into and determine the additional salary and value of parliamentary allowances for specified parliamentary office holders (s6(1)(b))
- inquire into and determine the Electorate Office and Communications Budget (EO&C Budget) (s6(1)(c))
- issue guidelines for, or with respect to, the use of work-related parliamentary allowances and the EO&C Budget — except for electorate allowances, any expense allowances and the motor vehicle allowance (s36(1) and (2)).

The VIRTIPS Act provides the Tribunal with the power to do all things necessary or convenient to be done in connection with the performance of its functions. The Tribunal:

- may inform itself in any manner it decides is appropriate (s13(a))
- may seek and receive written or oral statements (s13(b))
- is not required to conduct proceedings in a formal manner (s13(c))
- is not bound by the rules of evidence (s13(d)).

Before making a Determination, the Tribunal must:

- publish notice of its intention to make a Determination (s24(1)(a))
- include details about the proposed Determination in the public notice(s24(1)(b))
- give any affected person or class of persons a reasonable opportunity to make a submission in relation to the proposed Determination (s24(1)(c)).

In performing its functions, the Tribunal must also act independently and impartially and is not subject to the control or direction of any person, including the Minister.

## Legislative requirements when making a Determination

The VIRTIPS Act specifies matters the Tribunal is required to take into account in making its Determination:

- salary and allowances for, and the roles and responsibilities of, MPs of the Commonwealth and other States and Territories (s17(3)(b))
- existing guidelines and rulings governing the use of work-related parliamentary allowances and the EO&C Budget, including any relevant rulings by the Australian Taxation Office (ATO) (s17(3)(c))
- the requirement to ensure that individual MPs are in an overall position that is no less favourable than the arrangements that are in place before the making of the Determination taking into account the basic salary, additional salary, the EO&C Budget, work-related parliamentary allowances and superannuation and pension arrangements (s17(3)(d))
- the purpose of the electorate allowance is for costs associated with Members providing services to their constituents (s17(3)(e))
- any statement or policy issued by the Government of Victoria which is in force with respect to its Wages Policy (or equivalent) and the remuneration and allowances of any specified occupational group (s24(2)(a))
- the financial position and fiscal strategy of the State of Victoria (s24(2)(b))
- current and projected economic conditions and trends (s24(2)(c))
- submissions received in relation to the proposed Determination s24(2)(d)).

## 1.2 Scope of the Determination

In making its Determination in relation to MP remuneration, the VIRTIPS Act (s17(5)(a)) requires the Tribunal to comprehensively review existing:

- basic salary
- additional salaries — the salary, in addition to the basic salary, provided to specified parliamentary office holders as defined in the VIRTIPS Act (e.g. the Premier, Deputy Premier, Ministers, and the Leader of the Opposition)
- work-related parliamentary allowances — as defined in the VIRTIPS Act — means an electorate allowance, any expense allowance, a parliamentary accommodation sitting allowance, a travel allowance, a motor vehicle allowance or any other prescribed allowance.

- other funding
- superannuation and pension arrangements.

In light of these requirements, the Tribunal’s first Determination of the salaries and allowance for MPs in the Victorian Parliament sets the values of the following:

- basic salary
- additional salaries for specified parliamentary office holders
- work-related parliamentary allowances, including any expense allowances, travel allowances, parliamentary accommodation sitting allowance and motor vehicle allowance
- EO&C Budget.

In addition, the Determination sets the ‘basic salary portion’ — that is, basic salary for the purpose of s10(1) of the *Parliamentary Salaries and Superannuation Act 1968* (PSS Act) — as required by section 17(5)(b) of the VIRTIPS Act.

In accordance with s39 of the VIRTIPS Act, the Tribunal will also review and report on superannuation and pension arrangements for MPs. This report is due in late 2020.

## 1.3 Consultation

In accordance with section 24(1) of the VIRTIPS Act, on 29 July 2019, and before making the Determination, the Tribunal:

- published notice of its intention to make a Determination on its website, including details about the proposed Determination
- gave any affected person or a class of affected persons a reasonable opportunity to make a submission in relation to the proposed Determination, by 22 August 2019 (when requested, the Tribunal also accepted submissions after this date).

As part of the notice of intention, the Tribunal published a summary of the matters it was required to consider in the making of the Determination on its website (appendix A).

In addition, the Tribunal sent a brief questionnaire to all MPs (MP questionnaire) via the Clerks of the Parliament. Over 60 MPs responded to the questionnaire, nearly 50 per cent of sitting MPs. A copy of the questions contained in the MP questionnaire, and a summary of the responses, is provided in appendix B.

The Tribunal also asked MPs to form a consultative committee, that was broadly representative of the parties and views across the Victorian Parliament. The consultative committee consisted of eight MPs from across the Parliament. The Tribunal met with the consultative committee four times to discuss the roles and responsibilities of MPs and to better understand the remuneration framework applicable to MPs.

Further, the Tribunal invited all interested parties to participate in the Tribunal's deliberations in two other ways:

- by completing an anonymous questionnaire comprising five questions which was available on Engage Victoria ([engage.vic.gov.au](http://engage.vic.gov.au)) the Victorian Government's online consultation platform
- by providing a written submission.

In total, the Tribunal received:

- 154 responses to the public questionnaire
- 61 responses to the MP questionnaire
- 12 unique written submissions (including one confidential submission) and several oral submissions
- 391 submissions that were either identical or contained very similar content.

A summary of the consultation approach used by the Tribunal, and results, is contained in appendix B.



## 1.4 Other accountability reforms

The Government's intention for the VIRTIPS Act was to reform and improve Victoria's parliamentary salaries and allowances system, to restore public confidence in the Parliament and to ensure that parliamentary standards are consistent with community standards and current professional practices.<sup>2</sup>

The VIRTIPS Act also amended the PSS Act to:

- rename the PSS Act the 'Parliamentary Salaries, Allowances and Superannuation Act' (PSAS Act) to reflect that this Act provides for allowances for MPs to undertake their public duties
- insert purposes in the PSAS Act for work-related parliamentary allowances to promote transparency
- create a Statement of Principles (figure 1.1) in the PSAS Act to guide the use of public resources by MPs, and the claiming of work-related parliamentary allowances
- establish a monitoring, compliance and enforcement regime in relation to work-related parliamentary allowances.

Further, the VIRTIPS Act amended the *Members of Parliament (Register of Interests) Act 1978* (Vic) to:

- introduce a Statement of Values —the values are serving the public interest; integrity; accountability; respect for the diversity of views and backgrounds within the Victorian community
- revise the Code of Conduct for MPs — including providing greater clarity on what constitutes a conflict of interest, and setting new obligations for former MPs to not take improper advantage of any office held as an MP
- revise and clarify the details required under the Register of Interests — including that MPs be required to disclose additional information about interests above specific thresholds.

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<sup>2</sup> Victoria, *Parliamentary Debates*, 'Legislative Assembly', 6 February 2019 (Jacinta Allan, Leader of the House, Minister for Transport Infrastructure).

**Figure 1.1 Statement of Principles set out in the PSAS Act**

<p><b>Fair and reasonable recompense for public duties</b></p> <ul style="list-style-type: none"><li>• MPs should receive fair and reasonable recompense for performing their public duties</li><li>• public resources are provided to MPs to support them in performing their public duties</li></ul>	<p><b>Good faith and integrity</b></p> <ul style="list-style-type: none"><li>• MPs must act ethically, reasonably and in good faith when using, and accounting for the use of, public resources in relation to the performance of their public duties</li></ul>	<p><b>Personal responsibility and accountability</b></p> <ul style="list-style-type: none"><li>• MPs must be responsible and accountable for their use of public resources</li><li>• MPs must be prepared for their claims to be made publicly available</li><li>• MPs must be able to publicly justify their use of public resources</li></ul>
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Source: PSAS Act, s52

### **Monitoring, compliance and enforcement regime**

The VIRTIPS Act confers a broad monitoring, compliance and enforcement role on the Secretary of the Department of Parliamentary Services (in relation to the EO&C Budget) and on the Clerks of the Parliament (in relation to work-related parliamentary allowances). The regime is underpinned by legal principles that apply to MP use of, and conduct in relation to, the work-related parliamentary allowances and the EO&C Budget, including that:

- the allowances and EO&C Budget must be used for the dominant purpose of MPs performing their public duties
- MPs must obtain value for money
- MPs must not make claims or incur expenses in breach of the terms or conditions in relation to a work-related parliamentary allowance.

If an MP has misused a work-related parliamentary allowance, or the EO&C Budget, the PSS Act requires the MP to repay the amount that was misused as well as a 25 per cent penalty on the amount that was misused.

A position of Compliance Officer, attached to the Tribunal, has been established to provide an avenue of appeal to MPs who dispute a finding that they have misused allowances.

The Members of Parliament (Victoria) Guidelines No. 01/2019, accompanying the Determination and governing the use of certain work-related parliamentary

allowances and the EO&C Budget, form part of the monitoring, compliance and enforcement regime.

## Regulations

The Government has made the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Amendment Regulations 2019* (Vic) which prescribe:

- two additional work-related parliamentary allowances that the Tribunal is required to make a Determination on – the commercial transport allowance and the international travel allowance
- that work-related parliamentary allowances may vary by specified parliamentary office held.

The Government has also made the *Parliamentary Salaries, Allowances and Superannuation (Provision of Motor Vehicles) Regulations 2019* (Vic) under which MPs may elect to receive a fully funded motor vehicle.

The Government has also made the *Parliamentary Salaries and Superannuation (Allowances) Regulations 2019* (Vic) under section 59 of the VIRTIPS Act.

Under section 59 of the VIRTIPS Act, if a regulation is inconsistent with any Tribunal Guidelines in effect before, or after the making of the regulation, the Guidelines prevail to the extent of the inconsistency.

## 2 Roles and responsibilities of an MP



In making its Determination of the value of salaries and allowances, the Tribunal is required to consider the roles and responsibilities of Members of Parliament (MPs) (s17(3)(b) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (VIRTIPS Act)).

Generally speaking, the level of remuneration paid for a given role reflects factors such as the knowledge, skills and responsibilities required.

This chapter discusses the role and duties of an MP, drawing on the Tribunal's consultations with MPs and members of the community.

### 2.1 Role of an MP

Various reports have examined the roles of MPs. In Victoria, the *Independent Review of Victorian MPs' Salary Entitlements, Allowances and Other Arrangements* undertaken by Malcolm Hazell CVO AM in 2013 explored this issue, as did reports prepared by independent remuneration tribunals in other jurisdictions including the Commonwealth, Queensland and the Australian Capital Territory. In each of these reviews, the roles of MPs were broadly categorised as responsibilities and duties in relation to:

- the Parliament
- constituents in the MP's electorate
- the MP's political party
- management of their electorate office.

Many respondents to the Tribunal's public consultation questionnaire (appendix B) stated that the role of an MP in Victoria is 'to serve their constituents and the people of Victoria'.



For example, one response stated that the role of an MP is to:

*“Represent and reflect constituents’ views, wishes and opinions in ways that constituents’ interests are protected by existing and future laws within the state of Victoria.”*

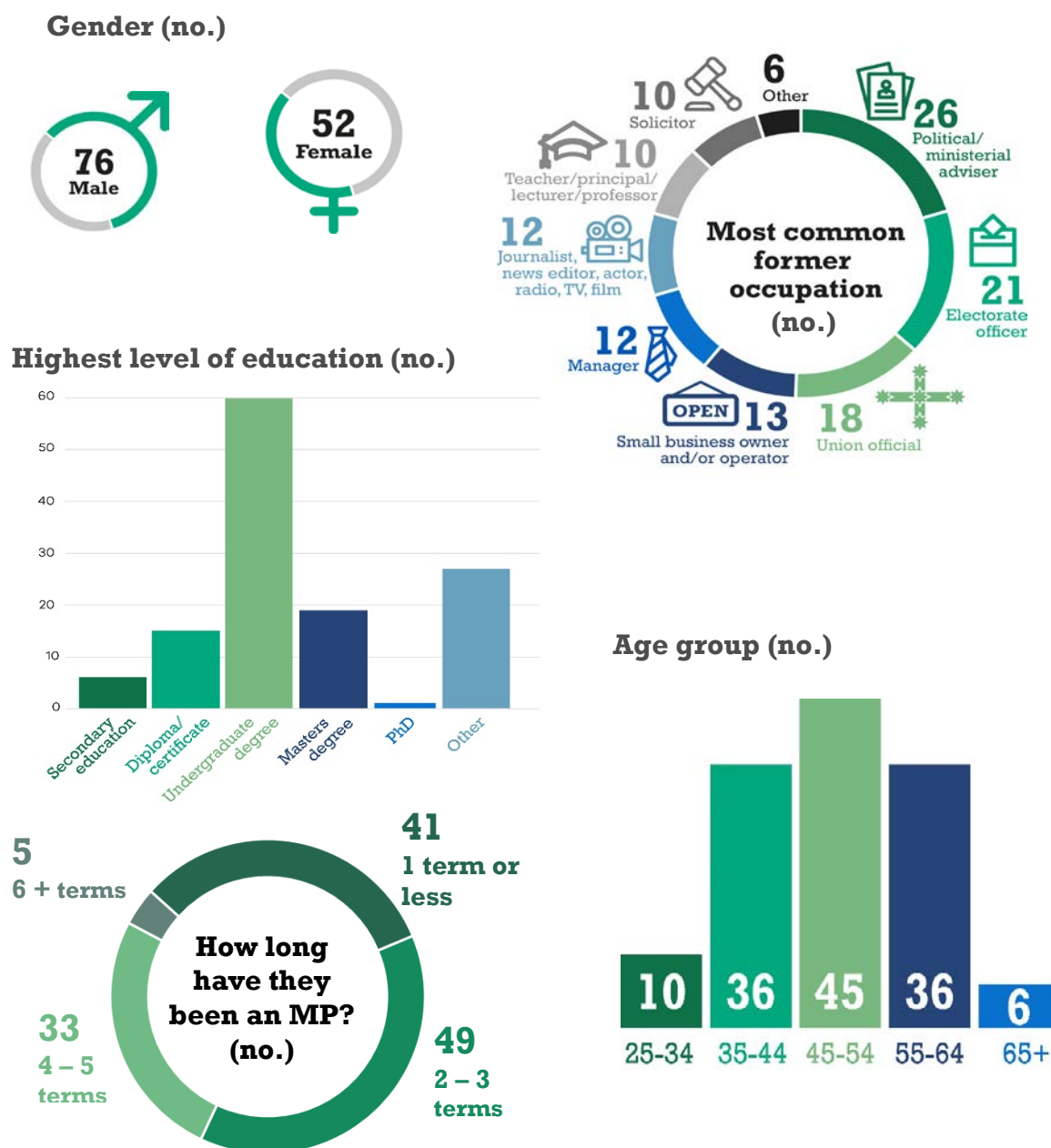
Respondents to the Tribunal’s MP questionnaire (appendix B) expressed similar views about their primary role:

- 27 per cent of MPs said they ‘become an MP to represent their electorate’
- 27 per cent said they ‘become an MP to participate in the social, cultural and economic development of their electorate and Victoria’.

## 2.2 Who becomes an MP?

Figure 2.1 presents information about the demographic characteristics of MPs of the 59<sup>th</sup> Parliament of Victoria. Generally speaking, there is diversity in age and occupation backgrounds and most MPs have completed an undergraduate (or higher) degrees.

Figure 2.1: a snapshot of MPs of the 59<sup>th</sup> Parliament of Victoria (2018-2022)



Source: Parliament of Victoria.

## 2.3 Work of an MP in Victoria

Historically, being a parliamentarian was considered a part-time role. MPs often had to support their parliamentary work and families with income from other occupations or private interests.<sup>3</sup> Some MPs were practising barristers or solicitors, or worked in other professions. Others were independently wealthy. Requiring MPs to support themselves meant that, for many, it was not possible to devote time and attention to their parliamentary obligations.

In 1954, a Parliamentary Committee of Inquiry considering the salaries and allowances of MPs found that the business of government was so large and so complex, that an MP could not perform their duties efficiently and effectively on a part-time basis.<sup>4</sup>

As performing the role and responsibilities of an MP became a full-time profession, it became apparent that it was necessary to provide a salary to MPs to support their families. Providing a salary to MPs also ‘opened’ the Parliament to the working class, bringing a diversity of views, experiences and voices to the Parliament.<sup>5</sup> However, simply deciding to pay MPs a salary was not sufficient. There is an expectation that adequate work, which reflects the value of the salary to be paid, is completed. To this end, appropriate pay for the role, duties, and responsibilities of an MP in Victoria has always been a source of debate both in, and outside, of the Parliament

In undertaking this review, the Tribunal found common threads throughout the history of MP remuneration in Victoria. There have been several inquiries into the salaries of MPs with a focus on understanding the work of an MP, and many touched on similar aspects of the role that the Tribunal discusses below.<sup>6</sup>

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<sup>3</sup> Fitzgerald, G., Richardson, F., Westhoven, J. *Report of the Committee Appointed to Inquire into the Salaries and Allowances of Members of the Parliament of the State of Victoria*. Parliament of Victoria: Victoria, 1954

<sup>4</sup> Fitzgerald, G., Richardson, F., Westhoven, J. *Report of the Committee Appointed to Inquire into the Salaries and Allowances of Members of the Parliament of the State of Victoria*. Parliament of Victoria: Victoria, 1954

<sup>5</sup> Raymond Wright, *A People’s Counsel: A History of the Parliament of Victorian 1856 - 1990* (Melbourne: Oxford University Press, 1992), 84-86.

<sup>6</sup> See for example, Abbott, C., Herring, E., Piper, H. *Report of the Committee of Enquiry to Investigate the Question of Salaries of Members of Parliament and of Ministers of the Crown the State of Victoria*. Parliament of Victoria, 1948

Although technology has evolved, and brings with it its own challenges and benefits, the Tribunal considers that the core work of an MP — to represent their constituents in the Parliament, and to participate in the legislative process — has remained unchanged.

## A many-faceted role

In many ways, the role of an MP is unique. While similarities may be drawn between MPs and other occupations, there are no equivalent jobs that encompass all the different aspects of being an MP in quite the same way.

The job of an MP is unlike almost any other job, in either the private or public sector. There are no official barriers to becoming an MP. There are no education standards, or required qualifications, and most Victorians can stand for election. There is no formal application process, no ‘key selection criteria’ to address, and no specific position description to consult that outlines the extent of the role and responsibilities.

Yet, once elected, an MP must satisfy high levels of parliamentary and public accountability and is subject to continuous scrutiny.

### Employment arrangements

MPs are not considered common law employees, that is, a person employed by an employer with the right to control their work.<sup>7</sup> There is no specific identifiable ‘employer’, in the sense of someone who controls the work of an MP on a day-to-day basis. While MPs are recognised as employees for the purposes of income tax and superannuation, they do not have the same employment standards and protections as employees in most other industries. For example, MPs do not:

- accrue annual leave
- accrue sick or personal leave
- have employee protection rights
- have access to insurance schemes, such as WorkSafe.

Additionally, MPs are effectively ‘employed’ on a ‘fixed term contract’ of four years. Every four years, MPs ‘apply’ for their position through both the pre-selection process and the election. In contrast, in 2018 less than 4 per cent of

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<sup>7</sup> *State Chamber of Commerce & Ors v The Commonwealth of Australia* (1987) 163 CLR329.



private sector employees were employed on a fixed term contract<sup>8</sup> and, while there may not be a guarantee of re-employment, there is often an expectation that contracts of high performers will be renewed or extended.

In contrast, the individual performance of a specific MP can carry less weight than other factors in determining whether their job is likely to be extended. For example, as observed in a written submission received by the Tribunal:

*“... in recent years, the performance of an individual MP can carry less weight than the performance of the political party or government which they are a member of.”*

Comments in another written submission received by the Tribunal suggested that it consider the risk associated with becoming an MP:

*“If we are to encourage a diverse range of skilled men and women to offer themselves for election, then the salary has to be sufficient to convince them that it is worth taking the risk that their tenure may be short lived.”*

A further point of difference is that while employees in the private sector are protected by legislative provisions which prohibit unfair dismissal and entitle employees to redundancy or termination payments when they lose their jobs. While MPs, in contrast, carry the risk that they may lose their job as the result of an election, without any form of termination provisions (unless specifically legislated e.g. ‘separation payment’ in Victoria since 2013, discussed below).

In the past, superannuation arrangements in the form of a defined benefits scheme (chapter 3) were designed to partially provide MPs who lost their seat with a financial ‘safety net’ to offset some of the risk of job insecurity.<sup>9</sup> Since 2004, a defined benefits scheme is no longer available to new MPs, about 86 per cent of sitting MPs. MPs elected after late 2004 are members of an accumulation superannuation scheme, like most other Australian employees.

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<sup>8</sup> ABS, *Characteristics of Employment*, cat. no. 6333.0, 2018

<sup>9</sup> Victoria, *Parliamentary Debates*, Legislative Assembly, 11 December 1973 (John Cain Snr, Premier and Treasurer).

Along with facing an uncertain job future in terms of the likely length of employment, a submission to the Tribunal stated that MPs face challenges in seeking employment post-parliament, largely due to their involvement in politics:

*“... former MPs often have considerable difficulty finding work after leaving Parliament and their political career can be a factor against them.”*

In 2013, the Victorian Government introduced the ‘resettlement allowance’ (now called the ‘separation payment’) which is designed to:

*“...recognise the difficulties and challenges that members of Parliament who suddenly find themselves former Members of Parliament often have in moving on with their lives”.<sup>10</sup>*

## **Work in the Parliament**

MPs are required to be present on all sitting days, unless otherwise approved and a ‘pair’ – where an MP from the Opposition or Government is also absent to ‘even the numbers’ – is organised.

In Victoria, there are 40-50 sitting days each year, including in recent election years (2010, 2014 and 2018) and the average sitting day lasts more than 8 hours (figure 2.2). During parliamentary sitting weeks, Members of the Legislative Assembly and Legislative Council engage in a variety of activities such as:

- taking part in debates on legislation
- challenging and asking questions of the Executive Government during Question Time
- participating in various Parliamentary Committees
- attending meetings of the Party Caucus.

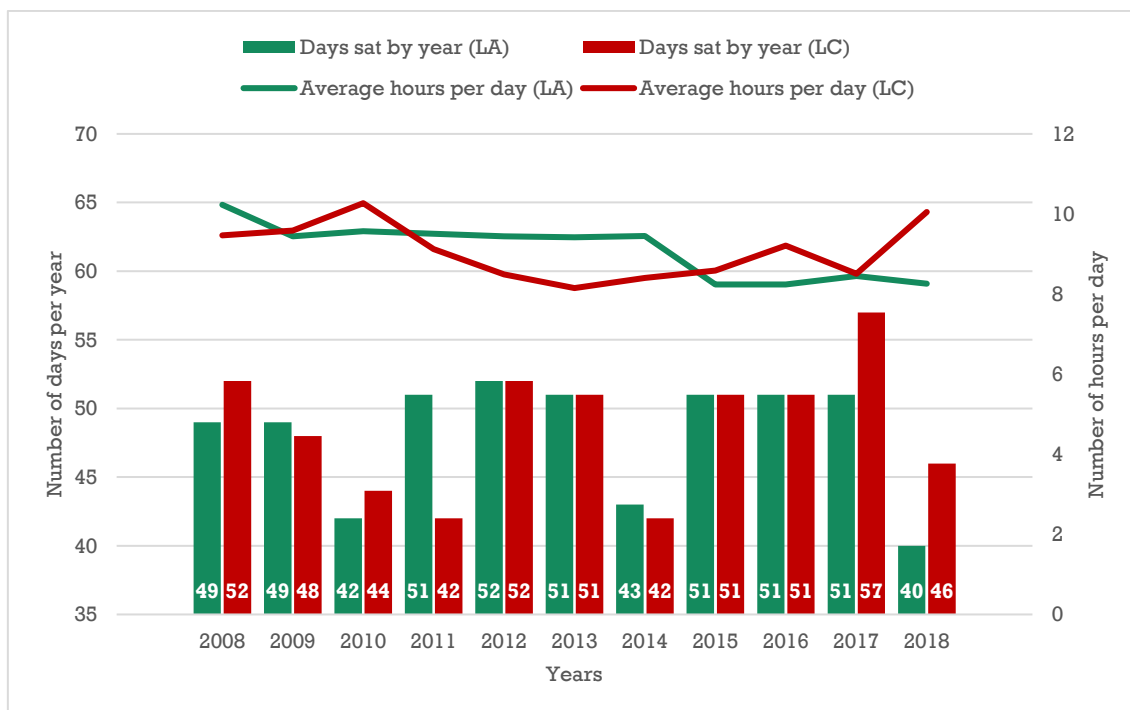
Sitting days may run late into the evening. In some instances, the Chamber may sit for more than 24 hours, such as occurred during the debate regarding voluntary assisted dying legislation in 2017, although such extreme instances are rare.<sup>11</sup>

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<sup>10</sup> Victoria, *Parliamentary Debates*, Legislative Assembly, 11 June 2013 (Gordon Rich-Phillips, Assistant Treasurer).

<sup>11</sup> Legislative Council, ‘Legislative Council Statistics 2017’, *Legislative Council Statistics*, accessed 2 August 2019.

Figure 2.2: number of sitting days and average sitting days hours over 10 years



Note: LA = Legislative Assembly; LC = Legislative Council.  
Source: Parliament of Victoria.

In their responses to one of the Tribunal’s questionnaires (appendix B), MPs reported that they spend more than 12 hours a day working during a parliamentary sitting week, indicating that while the Parliament itself may sit for 8 hours, MPs work for at least an additional four hours each sitting day.

MPs need to understand the content and implications of various pieces of legislation that come from the government or private members’ Bills and be able to engage in debate. Undertaking research, reading and writing documents and preparing questions or speeches to contribute to the parliamentary process takes much of an MP’s time. An MP told the Tribunal that they spend much of their time:

*“...preparing for Parliament (reading and forming views on each piece of legislation and each procedural and other matter that the Government or Opposition determines... we [crossbench MPs] need to cover everything in Parliament ourselves rather than relying on whips or Ministers to provide guidance)...”*

Responses to the Tribunal’s questionnaire for MPs indicated that approximately 35 per cent of an MP’s time during a sitting week is spent preparing for, or participating in, parliamentary activities.

Question Time is an opportunity for the Opposition and cross-bench to scrutinise the actions, behaviour and policies of the government. It is the most visible aspect of the work of the Parliament, as many media outlets will air segments of Question Time during news items. During Question Time, Ministers, including the Premier, are questioned for approximately an hour by the Opposition and cross-bench. In relation to Question Time, one submission to the Tribunal stated:

*“Question Time ... serves as a testing ground and soon exposes Ministers who are not on top of their portfolio and it identifies Opposition spokespersons who possess the ability to hold Ministerial office in a future government.”*

### **Committee work**

In addition to preparing for, and attending, regular parliamentary proceedings, many MPs also sit on various Parliamentary Committees that are the principal forums for debating public policy in greater detail.

Community consultation and public engagement are a key part of the parliamentary committee model in Victoria, with committee members often travelling to gather evidence and to give members of the public an opportunity to have their opinions heard and acknowledged by the Parliament. Committees often sit outside of regular parliamentary sitting weeks, and MPs spend significant time preparing for the sessions of the committee, in the actual committee and drafting committee reports.

Beyond the roles and responsibilities outlined above, many MPs perform additional roles within the Parliament, such as Speaker of the Legislative Assembly, President of the Legislative Council, Party Whip, or Parliamentary Secretaries.

## Work in the electorate

MPs provide a link between constituents and the Parliament by representing their constituents and the interests of their electorate in the Parliament. In doing so, MPs provide important information about what happens in Parliament and how it affects the local community. In a submission received by the Tribunal, the following was observed about the work of an MP:

*“...members of the public are largely unaware of how MPs spend their time when Parliament is not in session. There is a widespread belief that when Parliament is not sitting, Members are on holidays, running their private businesses, or gadding about overseas on a taxpayer funded junket. Nothing could be further from the truth.”*

While there is time for MPs to raise constituency questions during the parliamentary sitting week, MPs may need to find time to seek meetings outside Parliament to raise constituent matters with the government.

MPs maintain an electorate office which offers constituents a fixed point of contact for approaching MPs with any concerns or questions, or for making representations about issues they would like to see addressed. Electorate officers support their MP by managing the daily diary, correspondence and constituent concerns. Constituents contact the electorate office of their local State MP for any number of reasons, which according to MP responses to the Tribunal’s MP questionnaire include to:

- seek further representation for a particular issue
- bring important community matters to the attention of the MP
- seek information about developments in the electorate or on government policy
- invite the MP to attend an event.

Similar responses to the Tribunal’s questionnaire for public consultation were received:

- 25 per cent of respondents reported contacting their local State MP to make suggestions
- 22 per cent of responses said they sought help on a particular issue.

Many MPs noted in their response to the Tribunal's MP questionnaire that constituents insist on quick responses and results when they do bring issues to the MP's attention. For example, one MP stated that:

*"...because modern communication is instant, so too are expectations about responsiveness."*

MPs are involved in many community organisations and attend numerous events to support local businesses, schools, charities or clubs. Examples include:

- presenting awards at schools or sporting clubs
- attending local celebrations or festivals
- attending events at hospitals, aged care facilities, and businesses.

### **A link to other levels of government**

State MPs also provide a link for their constituents to the Commonwealth Government and to local governments. Constituents are not always aware of the separation of responsibilities between local, state and federal governments on policy or legislative issues that are of concern to them. For example, a constituent might approach a State MP to discuss an immigration issue, which is the responsibility of the Commonwealth Government, or to object to a planning permit, the responsibility for which resides with the relevant local government. MPs often work with their Commonwealth or local government counterparts to resolve enquiries or provide representation on behalf of the constituent. The Tribunal was told in a response to the MP questionnaire that there is:

*"...an expectation that we [Victorian MPs] enter every community or political debate, that we offer an informed comment on every issue, if not intervene in every issue."*

### **Communicating with their electorate**

Apart from being available to constituents who wish to approach their MP directly, another core responsibility of an MP is to communicate with their electorate more broadly. Many do this by distributing newsletters and writing opinion pieces for local newspapers about matters of importance to the electorate. Some MPs also appear on television or local radio. Many MPs use social media platforms, such as Facebook and Twitter. Indeed, MPs told the Tribunal in their questionnaire responses that social media has become a primary form of communication. For example, one MP wrote:

*“There is an increasingly higher level of engagement by the community in their politics and a much higher level of accessibility of politicians and with this comes a higher expectation of access, immediate engagement and an immediate response to contact.”*

Several MPs told the Tribunal that social media has substantially increased their workload, and that it often requires MPs to spend hours in the evening checking, responding and dealing with emails, comments and feedback across several social media platforms. While platforms such as Twitter and Facebook enable MPs to engage with their constituents, they also provide members of the public increased access to MPs. In a response to the MP questionnaire:

*“...pervasiveness of technology have effectively removed all barriers between private and public time.”*

Some MPs noted the negative impacts that social media can have, including online harassment and bullying, and bringing work into the home. MPs have publicly reported that they have been targets of violent and hateful comments online.<sup>12</sup>

Several MPs reported in their response to the MP questionnaire to the Tribunal that they are never ‘off-duty’ and that, even when going about their private lives, members of the public often stop them wishing to speak to them to seek assistance in a matter, or to express a point of view. MPs told the Tribunal that their family and personal life suffers as a result of the workload. For example, one MP wrote:

*“...[I] am almost never home in time to cook dinner or do household jobs or life administration... I have missed important milestones because I believe my duty to Parliament and my constituents should always take precedence. A few years ago, I missed the wedding of one of my closest friends. I have missed many birthdays for similar reasons.”*

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<sup>12</sup> See for example: Victoria, *Parliamentary Debates*, Legislative Assembly, 20 March 2019 (Steve Dimopoulos, Parliamentary Secretary); Adam Carey, ‘“Vile abuse”: Online death threats against premier, minister aired in parliament’, *The Age*, 30 May 2018; Shannon Molloy, ‘Why would any woman sign up for a life in politics when this is how they’re treated?’, *news.com.au*, 25 January 2019.

## Party political work

The majority of MPs in the Victorian Parliament are members of a political party (table 2.1). This means that, in addition to the roles and responsibilities outlined above, MPs have duties they are required to perform as part of being a member of their Party. For MPs with additional parliamentary roles, such as Whips, extra party responsibilities are expected to be carried out in addition to their duties to their electorate, the Parliament and their Party.

MPs who are members of a political party engage in various political activities, both inside and outside the Parliament, which are aimed at ensuring election or re-election. Examples of such activities that MPs regularly engage in include:

- attending branch meetings
- political fundraising events
- campaign-planning meetings
- campaign events such as door knocking or street stalls
- participating in internal party-specific committees and meetings.

Table 2.1: Representation in the 59<sup>th</sup> Victorian Parliament, 1 July 2019

Party	Total number of MPs
Australian Labor Party	73
Liberal Party	31
The Nationals	7
Independent	4
Victorian Greens	4
Derryn Hinch's Justice Party	2
Liberal Democrats	2
Animal Justice Party	1
Fiona Patten's Reason Victoria	1
Shooters, Fishers and Farmers	1
Sustainable Australia	1
Transport Matters Party	1

Source: Parliament of Victoria.



For the major parties, in addition to undertaking specific activities within their electorate, MPs also lend support to other party MPs. MPs have continuous involvement in local and nearby party branches and associated fundraising activities. As an MP told the Tribunal:

*“...the unique circumstances of the role [of an MP] is in addition to the required work week there are multiple community events, out of hours meetings and local functions.”*

While MPs who are members of a parliamentary political party are expected to support their party during parliamentary debates and in votes on legislation and resolutions, MPs are occasionally granted leave to vote with their conscience. This requires MPs to come to their own decision about which way to vote on particular legislation. A recent example is the voluntary assisted dying legislation, which passed the Victorian Parliament in 2017.

## **Role as a manager**

Apart from undertaking the tasks described above as part of their ‘job’, every MP of the Victorian Parliament must also manage their electorate office staff and the operation of their electorate office.

The Tribunal was told that an MP’s duties include:

*“...managing an electorate office and staff team (including all the administration this involves, which currently is required to be done directly by the MP. plus hiring and managing staff)...”*

All MPs are entitled to the services of two and a half full-time equivalent (FTE) electorate staff, with funding to do so provided by the Victorian Parliament. While electorate officers are legally employed by the Parliament of Victoria, under the terms and conditions of an Enterprise Bargaining Agreement, each individual MP decides how to supervise and allocate tasks to these staff members. For example, some MPs choose to have one full-time staff member, and divide the remaining FTE role between part-time staff. MPs are also responsible for interviewing and selecting their preferred staff, and for informing the Parliament about who they wish to employ.

MPs are accountable for the activities that electorate officers perform whilst in their employment. MPs must ensure that their staff are aware of, and comply with, any guidelines and rules that apply to the use of allowances available to the MP to perform their work, and of the administrative conditions that govern MP conduct and the conduct of the electorate office, including any expenditure made under the Electorate Office and Communications Budget (EO&C Budget). MPs are accountable to the Parliament for the use of the EO&C Budget and must work with their electorate staff to ensure that expenditure is within the EO&C Budget and guidelines for its use, as any further costs will be incurred personally by the MP.

In summary, in addition to their roles and responsibilities as ‘employees’, MPs are also effectively ‘employers’ and, to some extent, akin to small business owners by virtue of managing their staff, electorate office and a budget.

## 2.4 Summary

The Tribunal has examined the various functions that MPs perform. The Tribunal considers that the work of MPs is unique in some respects, by virtue of the combination of roles and responsibilities it comprises. The Tribunal also acknowledges that it is difficult to define the ‘job’ specifically, not least because MPs as individuals place different emphasis on the role’s constituent parts.

While there are no formal job descriptions, performance measures or assigned responsibilities, a summary of the job of an MP is to:

- provide constituents with information about matters which affect them
- represent constituents
- contribute to the legislative process
- for non-government MPs, hold the government of the day to account
- represent and support the ideas and philosophies of political parties
- manage the EO&C Budget and employment arrangements for the electorate office and staff.



# 3 Current remuneration framework



Appropriate remuneration for Members of Parliament (MPs) has been the subject of debate since Victoria’s establishment. As the responsibilities and workload of MPs grew, it became accepted that MPs should receive a salary for their service. Setting the appropriate size of the salary for MPs is a complicated issue and a variety of methods for setting it have been used in Victoria over time.

It has become standard practice across Australia for a tribunal, or similar body, to set MP remuneration. With the passage of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act), Victoria joined other Australian jurisdictions in establishing an independent body — this Tribunal — to determine some or all components of parliamentary salary and allowances.

Under the VIRTIPS Act, the Tribunal is required to set the value of salaries and allowances for MPs in the Determination (s17(1)). The Tribunal may also set guidelines in relation to the use of certain work-related parliamentary allowances (s36 of the VIRTIPS Act).

This chapter provides a brief overview of key events in the history of the remuneration of MPs in Victoria. It also reviews some of the remuneration framework available to MPs — salaries, allowances, superannuation and pension benefits — prior to the making of the Tribunal’s Determination. Chapter 4 sets out the remuneration arrangements for specified parliamentary office holders. Chapter 5 sets out arrangements for the Electorate Office and Communications Budget.

## 3.1 Key historical events

Table 3.1 summarises the key events in the history of MP remuneration in Victoria, including:



- establishment of the distinction between salaries and allowances (see below)
- sever the link between MP salaries in Victoria and MP salaries in the Commonwealth in 2013.

**Table 3.1: Highlights in the setting of Victorian MP remuneration**

Year	Event
1850s	Victoria established as a separate Colony and the Constitution sets salaries (from £1 500 - £2 500 p.a.) for seven ministerial offices. Salaries for selected positions (e.g. Presiding Officers) provided through annual appropriations. Other MPs not paid a salary.
1870	Legislation passes to pay MPs of both Houses a salary of £300 p.a. for the next session of Parliament. Payment described as a 'reimbursement' of expenses (rather than a salary).
1877	Council blocks a move to continue to pay MPs. Disputes between the Houses lead to an eventual compromise to temporarily continue payment.
1880	Council denies payment of its own Members but allows payment of Assembly Members.
1886	Payment of Assembly Members is made permanent.
1890s	Australia experiences economic crash and depression. Payments to MPs (and Ministerial salaries) temporarily reduced by legislation.
1900s	In response to the Kyabram Reform Movement (which calls for reduction in the number of MPs and in State expenditure), legislation passes to reduce the number of MPs and the maximum number of Ministers.
1920s	Salaries of Assembly Members increased to £500 p.a. and salaries of Council Members (£200 p.a.) introduced shortly after.
1930s	Temporary reductions to MP and office holder salaries during the Great Depression.
1944	MP salaries increase — £650 p.a. Assembly Members and £350 p.a. Council Members.
1948 - 1950	A Committee of Inquiry is established to investigate MP salaries. Salaries increase to £1,050 p.a. for both Houses. MPs representing certain country electorates provided an additional £100 p.a. Ministerial salaries are significantly increased.
1954	Another Committee of Inquiry established to investigate MP salaries. All MPs are provided with a basic salary, ending the distinction between salaried office holders and those provided an allowance. An electorate allowance is introduced for all MPs.
1958 - 1973	Various Committees of Inquiry investigate MP salaries and recommend increases (1959, 1964, 1968, 1973).
1973	Commonwealth Remuneration Tribunal established, to determine Commonwealth MP salaries, although determinations are disallowable by the Commonwealth Parliament.
1975	Victorian MP basic salary linked to Commonwealth base salary (less \$500 per year).
1990	Commonwealth Parliament regains primary responsibility for setting remuneration of Commonwealth MPs from Commonwealth Remuneration Tribunal.
1993 - 2012	Victoria alters link between Victorian and Commonwealth MP salaries several times.
2011	Commonwealth Remuneration Tribunal regains power to set Commonwealth MP salaries. It increases base salary, significantly reforms Commonwealth allowances and recommends that States/Territories sever links (if any) between the salaries they set for their MPs and the salaries of Commonwealth MPs.
2012 - 2013	Following the Hazell Review, the link to Commonwealth MP salaries is removed and MP salaries automatically adjust annually by movements in average weekly ordinary time earnings.
2019	Victorian Independent Remuneration Tribunal is established.

## 3.2 Remuneration framework prior to the Determination

This section summarises the remuneration framework for MPs in place as at 1 July 2019, under the *Parliamentary Salaries and Superannuation Act 1968* (PSS Act).

MP remuneration may be broadly split into two categories:

- salary (including superannuation)
- allowances, which are designed to help cover the cost of MPs carrying out their work.

These items are outlined further below.

In addition to salary and allowances, MPs receive various ‘entitlements’ by virtue of their role, such as staff and advisers and free public transport. These entitlements are out of scope of the Determination.

In addition, all MPs have access to an Electorate Office and Communications Budget (EO&C Budget). Prior to the Determination, MPs were permitted to use the EO&C Budget for:

- communicating with their constituents
- funding the operating costs and maintenance of their electorate office
- undertaking some forms of travel.

The *Electoral Act 2002* (Vic) also provides registered political parties and independent candidates and MPs with several sources of public funding.

### Salary

Salary comprises a ‘basic salary’, payable to every MP, and an ‘additional salary’ which is paid only to MPs who hold a specified parliamentary office defined in s3 of the VIRTIPS Act. The value of the additional salary varies according to the office held (chapter 4). For MPs holding more than one additional office, only one additional salary is payable at any one time.

Prior to the making of the Determination, the PSS Act set the basic salary and additional salaries for MPs in Victoria (table 3.2).

**Table 3.2: Parliamentary salaries prior to the Determination, as at 1 July 2019**

Component	Eligibility	Amount
Basic salary	All MPs	\$ 163,189 per year
Additional salary <sup>1</sup>	Certain office holders (e.g. Premier, Deputy Premier, Leader of the Opposition, Ministers, Speaker, Whips)	Calculated as a percentage of basic salary Percentage varies from 4 to 100 per cent according to the office held

Note. For MPs who hold multiple specified parliamentary offices, only the highest value additional salary is paid each year.

Source: PSS Act, ss3 and 6.

## Superannuation

Superannuation entitlements for MPs vary depending on the scheme that applies to each individual. Under the PSS Act, there are three superannuation schemes that could apply to current (and retired) MPs:

- an accumulation scheme (with a fund of the MP's choosing) — open to new members from 10 November 2004
- a defined benefit scheme, the 'New Benefits Scheme' — closed to new members on 10 November 2004
- a defined benefit scheme, the 'Existing Benefits Scheme' — closed to new members on 2 July 1996.

The date an MP first entered Parliament is, generally speaking, the key determinant affecting which scheme applies. Most sitting MPs, in the 59<sup>th</sup> Parliament of Victoria, are members of the accumulation scheme (approximately 86 per cent). Some MPs may be members of more than one scheme, if they left Parliament and subsequently returned to the Parliament when their original superannuation scheme option was no longer open to new members.

In the Determination, the Tribunal cannot directly alter MP superannuation contributions and/or benefits. However, superannuation contributions and entitlements are indirectly affected by the Tribunal's determination of the:

- basic salary
- additional salaries
- 'basic salary portion' — an amount the Tribunal has been asked to determine in relation to pensions for the defined benefit schemes.

The VIRTIPS Act (s60) changes how pension entitlements of beneficiaries under the defined benefit schemes are indexed year to year. Previously, pension entitlements were adjusted based on whichever method was used at the time to adjust basic salary (e.g. changes to Commonwealth MP salaries, growth in average weekly earnings of Victorians). From 16 September 2019, pension entitlements will instead be adjusted by the greater of:

- the indexation method set by the Tribunal in its first Determination
- the annual increase in the All Groups Consumer Price Index number for Melbourne
- the annual increase in full-time adult average weekly ordinary time earnings of employees in Victoria (in original terms).

An overview of some of the key attributes of MP superannuation schemes, including contributions payable and benefits available upon retirement, is provided in table 3.3.



Table 3.3: Comparison of MP superannuation schemes prior to the Determination, as at 1 July 2019

Scheme	Contribution phase	Retirement phase
Defined Benefits Scheme	<p><b>Employee</b> contributions only<sup>1</sup>:</p> <p>For basic salary:</p> <ul style="list-style-type: none"> <li>• mandatory 11.5 per cent times basic salary (first 20.5 years of service)</li> <li>• zero (after 20.5 years of service)</li> </ul> <p>For additional salary:</p> <ul style="list-style-type: none"> <li>• mandatory 11.5 per cent of additional salary (if any) during all years of service</li> </ul>	<p>Balance available for lump sum and/or pension at retirement is based on:</p> <ul style="list-style-type: none"> <li>• basic salary<sup>3</sup> payable to current MPs</li> <li>• length of time served in Parliament</li> <li>• additional salary received for any additional offices held (if any).</li> </ul> <p>Pension (reduced by any lump sum taken) is payable for the life of the member, subject to eligibility requirements. Upon the member's death, pension reverts to the MP's partner or to eligible dependants.<sup>4</sup></p>
Accumulation scheme <sup>2</sup>	<p><b>Employer</b> contributions:</p> <p>Basic salary (plus additional salaries, where applicable)</p> <p><i>Multiplied by 15.5 per cent (i.e. Commonwealth superannuation guarantee rate of 9.5 per cent, as at 1 July 2019, plus 6 per cent)</i></p> <p>Members may make additional contributions at their discretion.</p>	<p>Generally speaking<sup>5</sup>, balance available for lump sum and/or pension/annuity at retirement reflects:</p> <ul style="list-style-type: none"> <li>• contributions made to fund prior to retirement plus</li> <li>• share of fund net earnings over the period prior to retirement</li> </ul> <p>Upon the member's death, pension may revert to partner and/or eligible dependents</p>

1. The State may be required to contribute to the Parliamentary Contributory Superannuation Fund to ensure sufficient funds are available to provide for entitlements.

2. Commonwealth law requires employers to provide employees with a minimum superannuation contribution equivalent to 'ordinary time earnings' multiplied by the superannuation guarantee percentage (9.5 per cent in 2019-20). Ordinary time earnings include salary, and may also include certain allowances, and are capped at the maximum contribution base (\$55,270 per quarter for 2019-20). The Tribunal understands that currently, the contributions to each scheme exceed the minimum required under Commonwealth law.

3. From 16 September 2019, the Determination will affect the calculation of the pension entitlement under the defined benefit schemes (chapter 7)

4. Payable for life in the case of a partner or adult dependant (i.e. person with a permanent disability) and payable up to age 25 for a child in full-time study.

5. Options and values available on retirement depend on accumulation scheme selected and individual member choices.

Sources: ESSSuper; PSS Act, *Superannuation Guarantee (Administration) Act 1992* (Cth).

## Allowances

Prior to the Determination, there were eight allowances MPs could potentially receive:

- expense allowance
- electorate allowance
- motor vehicle allowance
- parliamentary accommodation sitting allowance
- Melbourne allowance
- general travel allowance
- overnight electorate allowance
- commercial transport allowance.

Different eligibility rules and methods of payment applied to these allowances:

- some allowances (e.g. the electorate allowance) were automatically provided to all MPs, while others (e.g. the parliamentary accommodation sitting allowance) were provided to a limited number of eligible MPs
- some allowances (e.g. the motor vehicle allowance) were paid in instalments on an annual basis, while others (e.g. the general travel allowance) were paid on a case-by-case basis
- some allowances (e.g. the parliamentary accommodation sitting allowance) were paid as a fixed rate or amount, while others (e.g. overnight electorate allowance) were paid as a reimbursement of actual expenditure incurred.

All allowances were provided in the *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* (Vic), except for the expense allowance which was provided under the PSS Act. Each allowance is explained below.

### Expense allowance

Prior to the Determination, an expense allowance equivalent to 8 per cent of basic salary was payable to MPs who did not receive a specified expense allowance under s6 of the PSS Act. This allowance emerged as an extension of a previous 'entertainment allowance', which was originally provided to a small number of office holders and was provided to all Ministers in 1948.<sup>13</sup> The list of

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<sup>13</sup> Abbott, C., Herring, E., Piper, H. *Report of the Committee of Enquiry to Investigate the Question of Salaries of Members of Parliament and of Ministers of the Crown the State of Victoria*. Parliament of Victoria, 1948.

offices eligible for the allowance grew over time. In 2013 the Hazell Review recommended abolishing several allowances and courtesies provided to MPs (e.g. allowance to attend committee meetings not requiring an overnight stay, travelling allowance for a member’s spouse, free interstate rail travel, free parking at Melbourne Airport and free entry to Crown Land). The Government implemented this recommendation and at the same time provided the 8 per cent expense allowance. Higher expense allowances, as outline in table 3.4 were payable to certain office holders.

The expense allowance is paid to MP fortnightly, treated as income by the Australian Tax Office (ATO), and is subject to the Pay As You Go Withholding (PAYG-W) system.

**Table 3.4: expense allowance values payable to certain specified parliamentary office holders prior to the Determination, at 1 July 2019**

Office	Value (% of basic salary)
Premier	42
Deputy Premier	21
Other Minister	18
Leader of the Opposition	18
Shadow Ministers	15
President	12
Speaker	12
Deputy President	10
Deputy Speaker	10
Leader of the Opposition in the Council	10
Leader of the Third Party	10
Deputy Leader of the Opposition in the Assembly	10
Cabinet Secretary	10
Parliamentary Secretaries	10

Source: PSS Act, s6.

## Electorate allowance

The electorate allowance was first introduced in 1954 to cover some of the costs of serving as an MP<sup>14</sup> such as travel, accommodation and telephone and postage charges. The value of the allowance initially varied depending on whether the electorate was considered ‘metropolitan’, ‘urban’, ‘inner country’ or ‘outer country’. In 1973, the value of the allowance changed to reflect the size of the electorate, on the basis that expenses were likely to be greater in geographically larger electorates (table 3.5).<sup>15</sup> In 2008, steps were taken to gradually make the electorate allowance the same for all MPs,<sup>16</sup> but this did not proceed after the recommendations of the Hazell Review in 2013.

The electorate allowance is paid to all MPs fortnightly, on an ‘untaxed’ basis, and there are no specific rules about how the allowance may be used. While tax is not withheld from the electorate allowance through the PAYG-W regime, MPs must account for the use of the electorate allowance in their personal income tax returns and pay tax on any amount not spent on a deductible expense in accordance with ATO Tax Ruling 1999/10.

Table 3.5: electorate allowance values prior to the Determination, at 1 July 2019

Size of electorate	Value (\$ per financial year)
< 500km <sup>2</sup>	40,367
500 – 4 999km <sup>2</sup>	43,830
≥ 5 000km <sup>2</sup>	48,357

Sources: Department of Parliamentary Services; *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* (Vic).

## Motor vehicle allowance

Under the *Parliamentary Salaries, Allowances and Superannuation (Provision of Motor Vehicles) Regulations 2019* (Vic), all MPs are entitled to request that a motor vehicle be provided for their use while they serve as a member. Prior to September 2019, MPs electing to receive a motor vehicle were required to

<sup>14</sup> Fitzgerald, G., Richardson, F., Westhoven, J. *Report of the Committee Appointed to Inquire into the Salaries and Allowances of Members of the Parliament of the State of Victoria*. Parliament of Victoria: Victoria, 1954 *Parliamentary Salaries and Allowances Act 1954* (Vic).

<sup>15</sup> Victoria, *Parliamentary Debates*, Legislative Assembly, 11 December 1973 (Rupert Hamer, Premier and Treasurer).

<sup>16</sup> *Parliamentary Allowances Amendment Regulations 2008* (Vic).

contribute a portion of their basic salary to meet the costs of the vehicle. This contribution is no longer required.

Since 2013, MPs who chose not to request a motor vehicle received an allowance (the motor vehicle allowance) in lieu to cover the transportation costs associated with their work as an MP (table 3.6).

Table 3.6: motor vehicle allowance values prior to the Determination, as at 1 July 2019

Size of electorate	Value (\$ per financial year)
< 5 000km <sup>2</sup>	16,500
≥ 5 000km <sup>2</sup>	25,000

Source: *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* (Vic), reg 13.

## Parliamentary accommodation sitting allowance

The parliamentary accommodation sitting allowance (PASA) is available to regional MPs who choose to maintain a second residence in metropolitan Melbourne to help them carry out their parliamentary duties while in Melbourne. Prior to reforms made in 2017,<sup>17</sup> this allowance was called the ‘second residence allowance’.

Prior to the Determination, MPs were eligible for this allowance if:

- their electorate was included in a schedule of ‘regional electorates’ in the *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* (Vic); and
- they had a second residence located within 28km of the intersection of Elizabeth Street and Bourke Street (‘Melbourne centre’) that they wholly maintained for a period not less than the total number of sitting days of their House of Parliament in a calendar year; and
- their primary residence was more than 80km from the ‘Melbourne centre’ or was more than 28km from the ‘Melbourne centre’ and the MP showed that the shortest route by road between their primary residence and the Melbourne centre exceeded 80km.

<sup>17</sup> *Parliamentary Salaries and Superannuation (Allowances) Amendment Regulations 2017* (Vic).

The reforms of 2017 added the requirement that MPs wishing to claim this allowance had to represent a regional electorate listed in the regulations to ensure MPs representing metropolitan electorates could not establish a primary residence outside of their electorate for the purpose of claiming this allowance.

The minimum value of this allowance was \$26,609 (at 1 July 2019) with a higher value payable for certain office holders (table 3.7).

**Table 3.7: parliamentary accommodation sitting allowance values, at 1 July 2019**

Office	Value (\$ per financial year)
Premier	53,217
Deputy Premier	46,565
Other Minister or specified office holder	39,910
Other MPs	26,609

Source: Department of Parliamentary Services.

## Other travel-related allowances

The VIRTIPS Act combined the four travel allowances described below into a single travel allowance which is intended to cover costs associated with travelling (including transport, accommodation, meals and incidental costs) for parliamentary business within Australia (table 3.8).

Table 3.8: travel-related allowance values prior to the Determination, as at 25 August 2019

Allowance	Purpose	Eligibility	Value
<b>Melbourne overnight accommodation</b>	Stay overnight in Melbourne for parliamentary business <sup>1</sup>	<ul style="list-style-type: none"> <li>have a principal residence more than 28km from the Melbourne centre</li> <li>stay overnight within 28km of the Melbourne centre for parliamentary business</li> <li>not be in receipt of PASA</li> </ul>	Reimbursed for actual accommodation expense incurred, up to \$291 per night.
<b>General travel</b>	Stay overnight for parliamentary business <sup>1</sup> in Australia	Location of the stay must not be within 28km of the: <ul style="list-style-type: none"> <li>MP's principal residence, or</li> <li>Melbourne centre</li> </ul>	Received an allowance, regardless of actual expenditure.
<b>Overnight electorate</b>	Stay overnight within electorate for electorate business <sup>2</sup>	<ul style="list-style-type: none"> <li>location of the stay is at least 80km from the MP's principal residence</li> <li>general travel and Melbourne allowances cannot be claimed</li> <li>cap of 20 overnight stays in each financial year</li> <li>not for stays within 28km of the Melbourne centre if the parliamentary accommodation sitting allowance is claimed</li> </ul>	Reimbursed for actual accommodation expense incurred.
<b>Commercial transport</b>	To help meet some of the costs of representing an electorate at least 10,000km <sup>2</sup> in size	Electorate must be listed in Schedule 4 or 5 of the <i>Parliamentary Salaries and Superannuation (Allowances) Regulations 2013 (Vic)</i> .	Reimbursed for actual expenditure incurred for commercial air travel for electorate business, per year, up to: <sup>2</sup> <ul style="list-style-type: none"> <li>\$5 971 for electorates &lt;20,000km<sup>2</sup></li> <li>\$12 226 for electorates ≥ 20,000km<sup>2</sup></li> </ul>

1. Parliamentary business means attendances that are occasioned by sittings of the Member's House of Parliament, Parliamentary party meetings on a sitting day, committee attendances, official government functions, parliamentary functions or vice-regal functions. For some office holders, parliamentary business includes attendances that are occasioned by official business resulting from the office held.

2. Electorate business means functions or activities, other than parliamentary business, which arise as a consequence of the MP carrying out their parliamentary responsibilities and duties to their electorate.

Sources: Department of Parliamentary Services; *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013 (Vic)*, regs 8-10 and 12.

## Other payments and entitlements

MPs receive several other benefits or entitlements that are outside the scope of the Tribunal's Determination:

- offices and electorate office staff
- ministerial officers and parliamentary advisers
- free public transport in Victoria for all MPs (and some free air travel for some regional MPs)
- separation payment (which replaced the resettlement allowance).

### Offices and electorate office staff

All MPs are provided with an electorate office in their region or district. The Parliament of Victoria is responsible for funding electorate office rental, municipal and other rates, taxes and establishment costs. A standard set of furniture and office equipment is included.

Each MP is entitled to 2.5 full-time equivalent electorate office staff positions. Electorate officers are nominated by the MP but are employed by the Parliament on behalf of the MP.

Each MP is also provided with an office in Parliament House.

### Ministerial officers and parliamentary advisers

The Premier employs ministerial officers to support the work of the Executive.

Leaders of parties not forming government, and MPs who are Independents, may employ parliamentary advisers to support them or their party in their role. The number of parliamentary advisers that may be employed varies depending on the size of the party, reflecting that larger parties are more likely to act as the alternative government and require additional resources to satisfy public expectations regarding their role<sup>18</sup>:

- parties with more than eleven elected MPs receive one full-time equivalent position for every two MPs
- parties with fewer than eleven elected MPs receive a higher ratio of parliamentary advisers.

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<sup>18</sup> Electoral Legislation Amendment Bill 2018, Explanatory Memorandum.



## Transport

Public Transport Victoria provides all MPs with free public transport in Victoria.

For a small number of MPs who reside further than 240km from Melbourne, the Department of Premier and Cabinet provides the following free air travel between the MP's nearest home airport and Melbourne:

- one return journey per week, when Parliament is in session
- one return journey per week to attend parliamentary committee meetings, when Parliament is in recess
- two return journeys per month to attend official parliamentary business, when Parliament is in recess.

## Separation payment

The separation payment was introduced in 2019 as part of the reforms establishing the Tribunal. It replaced the former resettlement allowance, which operated in a similar manner and was provided to MPs in a narrower set of circumstances.

The separation payment is provided to an MP (or their beneficiary) when an MP:

- dies while in office
- does not seek re-election or
- otherwise ceases to be an MP, provided the MP does not lose the seat as a result of corrupt conduct, or as the result of a significant and willful breach of the Code of Conduct for MPs.<sup>19</sup>

The payment is also not available to MPs who are members of either of the defined benefit superannuation schemes.

Eligible MPs receive a lump sum which varies according to the time served in Parliament:

- three months basic salary, if they served one term or less
- six months basic salary, if they served at least two terms
- a pro-rata sum between three and six months basic salary, if they served between one and two terms.

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<sup>19</sup> PSS Act, s7E.

In its Determination, the Tribunal cannot directly alter the value of, or eligibility criteria for, the separation payment. However, the value of the separation payment will be indirectly affected by the Tribunal's determination of the basic salary.

### **3.3 Summary**

The structure of the remuneration framework for MPs is complex, reflecting factors such as responses to large increases to MP remuneration at the Commonwealth level and changes to superannuation arrangements. The framework is also inter-related, in that changes to one component, in particular, basic salary, can have flow on consequences for other components such as additional salaries and expense allowances.



## 4 Roles of specified parliamentary office holders



In addition to the roles and duties performed by a Member of Parliament (MP) many members of the Victorian Parliament assume higher responsibilities by holding additional offices. The role of the Premier is the most recognisable example. As a group, these MPs are defined as ‘specified parliamentary office holders’ (office holders). In recognition of their higher responsibilities, office holders receive salary additional to their basic salary, with the amount of additional salary varying by type of office. Some office holders also receive an expense allowance.

The Tribunal is required to set the value of additional salaries for MPs in the Determination under s17(1(b)) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act). The Tribunal may vary the value of the additional salaries according to the office held. Under section 7 of the *VIRTIPS Act Amendment Regulations 2019* a work-related parliamentary allowance – including the expense allowance – may also vary by office held.

This chapter highlights key events in the history of remuneration arrangements for office holders in Victoria and outlines the current role and remuneration for each office holder as specified in the VIRTIPS Act.



## 4.1 What are specified parliamentary office holders?

In Victoria, most MPs hold executive or parliamentary offices within the Parliament.

The Victorian Parliament consists of 128 MPs. At 1 July 2019, 102 MPs held a specified parliamentary office. Examples include:

- 20 Ministers, plus the Premier and Deputy Premier
- 22 Shadow Ministers
- 15 Parliamentary Secretaries
- 15 Chairs and Deputy Chairs of parliamentary committees.

Ministers, including the Premier and Deputy Premier, are members of the Executive, and are appointed by the Governor. Ministers make up the Cabinet and, along with the Governor, perform the functions of the Executive Government.<sup>20</sup> Parliamentary office holders are either appointed or elected by their respective Chamber – the Legislative Assembly or Council – or by their political party.

## 4.2 Key historical events

Table 4.1 summarises the key events in the history of MP remuneration in Victoria, including:

- the introduction of salaries for Ministers in the 1850s
- the provision of additional salaries and expense allowances for certain office holders from the 1950s.

In the years between 1954 and 2019, offices have been added or removed and the rate of the additional salaries and expense allowances have changed.

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<sup>20</sup> Department of Premier and Cabinet, *Cabinet Handbook*, Victoria, 2019.

**Table 4.1: Highlights — specified parliamentary office salaries, 1855 to 2019**

Year	Key events
1855	Victoria's Constitution passed by the British Parliament. Backbench MPs were not paid a salary. The Constitution set salaries for seven Ministers. Salaries were also provided to the Speaker of the Assembly, President of the Council, and the two 'Chairman of Committees'
1859	Governor could appoint up to nine Ministers. Total salary of all Ministers set at £14,000 p.a.
1883	Tenth Ministerial position created with a salary of £1,500 p.a.
1890s	Australia experiences economic crash and depression. Total annual amount allocated to Ministerial salaries temporarily reduced to £10,400 p.a by legislation.
1903	In response to the Kyabram Reform Movement, <i>Constitution Act 1903</i> passed reducing maximum number of Ministers to eight with a combined salary of £8,400 p.a
1920	Allowance introduced for the Leader of the Opposition. Maximum number of Ministers, and as a consequence, salaries increased from £10,000 p.a between eight Ministers, to £11,250 p.a between nine Ministers, then £12,500 p.a between ten Ministers
1930s	Temporary reductions to office holder salaries during Great Depression.
1939	Additional salaries introduced for Unofficial Leader of the Council and for the Leader in the Assembly of another party (with at least 15 members)
1944	<i>Constitution Act Amendment Act 1944</i> provided for 'Honorary Ministers' to formally receive an additional allowance of £250 per year.
1947	Allowances introduced for Whips and for the Parliamentary Secretary of the Cabinet.
1948 - 1950	Following a Committee of Inquiry to investigate MP salaries, Ministerial salaries increase significantly. Premier's salary set to £2,750 p.a and the salaries of other Ministers set to £2,250 p.a.
1954	All MPs provided with a basic salary for the first time. All office holders receive an additional salary, ending the distinction between salaried office holders and office holders given an allowance. Additional salary is introduced for the Deputy Leader of the Opposition.
1958 - 1973	Various Committees of Inquiry investigate MP salaries and recommend increases, including to additional salaries.
1975	Victorian basic salary linked to Commonwealth base salary (less \$500 per year). Additional salaries and allowances of office holders expressed as a percentage of basic salary to ensure periodic automatic adjustment.
1992	Additional salary introduced for Party Secretaries and Parliamentary Secretaries.
2013	Shadow Ministers provided a 15 per cent expense allowance.
2019	Two new specified parliamentary office holders created — Parliamentary Secretary to the Premier and Deputy Government Whip in the Assembly. Victorian Independent Remuneration Tribunal established to determine the remuneration of MPs, including office holders.

## 4.3 Remuneration framework prior to the Determination

Tables 4.2, 4.3, 4.4 and 4.5 list the parliamentary offices specified in the *Parliamentary Salaries and Superannuation Act 1968* (Vic) (PSS Act) and the additional salaries and expense allowances received by MPs who hold these offices, as at 1 July 2019:

- table 4.2 lists the offices for which holders receive both an additional salary and an expense allowance
- table 4.3 and 4.4 lists the offices for which holders receive only an additional salary (and no additional expense allowance)
- table 4.5 lists the offices which receive an expense allowance only (and no additional salary).

### Additional salary

Prior to the Determination, the additional salary for specified parliamentary offices was expressed as a percentage of basic salary (for example, the Premier's additional salary was equal to 100 per cent of the basic salary). Additional salary is treated in the same way as the basic salary in relation to income tax and superannuation.

### Expense allowance

Prior to the Determination, several office holders also received an expense allowance, also paid as a percentage of basic salary.

The expense allowance is to cover expenses particular to that office. For example, the Speaker of the Legislative Assembly is expected to entertain foreign dignitaries, MPs from other Australian jurisdictions or important community groups.

As with the 8 per cent expense allowance provided to other MPs (chapter 3), an office holder expense allowance is paid fortnightly and is subject to Pay-As-You-Go Withholding tax. However, it is not considered income for superannuation purposes.

Table 4.2: Specified parliamentary office holders — in receipt of an additional salary and an expense allowance, at July 2019

Role	Additional salary %	Additional salary \$	Expense allowance %	Expense allowance \$
Premier	100	163,189	42	68,539
Deputy Premier	85	138,711	21	34,270
any other responsible Minister of the Crown	75	122,392	18	29,374
Leader of the Opposition	75	122,392	18	29,374
President	65	106,073	12	19,583
Speaker	65	106,073	12	19,583
Deputy President	20	32,638	10	16,319
Deputy Speaker	20	32,638	10	16,319
Deputy Leader of the Opposition in the Assembly	32	52,220	10	16,319
Leader of the Opposition in the Council	32	52,220	10	16,319
Leader of the Third Party (unless also the Leader or Deputy Leader of the Opposition or a Minister of the Crown)	32	52,220	10	16,319
Cabinet Secretary	32	52,220	10	16,319
Parliamentary Secretary	15	24,478	10	16,319

Source: PSS Act, s.6.



Table 4.3: Specified parliamentary office holders — an additional salary only (value greater than 10 per cent of basic salary), at July 2019

Role	Additional salary %	Additional salary \$
Chairperson of the Public Accounts and Estimates Committee	20	32,638
Government Whip in the Assembly	18	29,374
Deputy Leader of the Opposition in the Council	18	29,374
Deputy Leader of the Third Party	18	29,374
Chairperson of the Scrutiny of Acts and Regulations Committee	15	24,478
Chairperson of the Integrity and Oversight Committee	15	24,478
Government Whip in the Council	11	17,951
Opposition Whip in the Assembly	11	17,951
Opposition Whip in the Council	11	17,951
Whip of the Third Party in the Assembly	11	17,951
Whip of the Third Party in the Council	11	17,951

Source: PSS Act, s.6.

Table 4.4: Specified parliamentary office holders —additional salary only (value less or equal to 10 per cent of basic salary), at July 2019

Role	Additional salary %	Additional salary \$
Chairperson of a standing committee appointed under standing orders of the Assembly or the Council	10	16,319
Chairperson of a Joint Investigatory Committee	10	16,319
Chairperson of joint select committees where the Chairperson is entitled	5	8,159
Deputy Chairperson of the Public Accounts and Estimates Committee	4	6,528
Deputy Chairperson of the Scrutiny of Acts and Regulations Committee	4	6,528
Deputy Chairperson of the Integrity and Oversight Committee	4	6,528
Secretary of the Party forming the Government	4	6,528
Secretary of the Opposition Party	4	6,528
Secretary of the Third Party	4	6,528

Source: PSS Act, s.6

Table 4.5: Specified parliamentary office holders —expense allowance only, at July 2019

Role	Expense allowance %	Expense allowance %
Shadow Minister	15	24,478

Source: PSS Act, s.6.

## 4.3 Role of each office

This section examines the roles and responsibilities of the office holders in the Victorian Parliament and compares their remuneration across other Australian jurisdictions, at August 2019:

- Premier and Deputy Premier and Ministers
- Leaders and Deputy Leaders of the Opposition
- Leaders and Deputy Leaders of the Third Party
- Presiding and Deputy Presiding Officers
- Parliamentary Secretaries
- Shadow Ministers
- Whips
- Chair and Deputy Chairpersons of Parliamentary committees
- Secretary of the Party forming Government, Opposition and the Third Party.

### Premier

The Premier is elected as the parliamentary leader of the party which has the support of the majority of MPs in the Victorian Legislative Assembly.<sup>21</sup> For this reason, by convention, the Premier is a Member of the Legislative Assembly. The Governor then formally appoints the Premier.<sup>22</sup>

In addition to being the leader of the government in Victoria, the Premier:

- is the Chairperson of the Cabinet
- chooses and recommends Ministers for appointment<sup>23</sup>
- is the Governor's chief advisor, relaying information between the Governor and the Cabinet
- allocates portfolio responsibilities to Ministers
- has responsibility for portfolio matters allocated to the Premier
- is the main communication channel between the government and Australian governments and international governments.<sup>24</sup>

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<sup>21</sup> Parliament of Victoria, 'Premier of Victoria', *About Parliament*, 30 August 2019.

<sup>22</sup> Department of Premier and Cabinet, *Cabinet Handbook*, .Government of Victoria: Melbourne 2019.

<sup>23</sup> Department of Premier and Cabinet, *Cabinet Handbook*, 2019.

<sup>24</sup> Victorian Government, 'The Premier', *The Premier and Ministers*, 30 August 2019.

As the leader of the Government in the Legislative Assembly, the Premier sets the agenda of the Assembly, in consultation with the Leader of the House. The Premier is responsible for ensuring that the government fulfils its responsibility to the Parliament. During Question Time, the Premier answers questions of the Opposition and cross-bench.

Table 4.6 sets out the remuneration of Premiers or First Ministers in each Australian jurisdiction. Victoria ranks fifth out of nine jurisdictions when taking into account base salary, additional salary and expense allowance.

**Table 4.6: Premier or First Minister — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	338,000	n.a	549,250
New South Wales	169,192	160,732	78,056	407,980
South Australia	200,626	200,626	n.a	401,252
Queensland	159,122	240,833	n.a	399,955
Victoria	163,189	163,189	68,539	394,917
Western Australia	156,536	199,145	n.a	355,681
Australian Capital Territory	168,492	185,341	n.a	353,833
Northern Territory	162,696	162,696	n.a	325,392
Tasmania	140,185	161 212	16,822	318,219

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

## Deputy Premier

In the Premier's absence, the Deputy Premier becomes the Acting Premier. On a day-to-day basis, the Deputy Premier supports the Premier in fulfilling the Premier's responsibilities to the Cabinet, the Legislative Assembly and the Party.

Table 4.7 shows remuneration for this office across Australia. Victoria ranks fifth out of nine jurisdictions when considering basic salary, additional salary and expense allowance all together.

**Table 4.7: Deputy Premier or First Minister — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	221,813	n.a	433,063
South Australia	200,626	170,253	n.a	371,158
Queensland	159,122	192,666	n.a	351,788
New South Wales	169,192	128,586	45,682	343,460
<b>Victoria</b>	<b>163,189</b>	<b>138,710</b>	<b>34,269</b>	<b>336,169</b>
Australian Capital Territory	168,341	134,793	n.a	303,285
Western Australia	156,536	146,342	n.a	302,878
Northern Territory	162,696	130,156	n.a	292,852
Tasmania	140,185	114,951	n.a	255,136

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

## Minister

The Victorian Constitution allows for a maximum of 22 (plus the Premier) Ministers. The Governor appoints and dismisses Ministers, typically on the Premier’s advice.<sup>25</sup>

Ministers, led by the Premier, provide advice to the Governor. Ministers (and the Premier) are individually responsible to the Parliament of Victoria for the administration of their portfolios and have three key roles and responsibilities:

- individual responsibility for the portfolios of government allocated to them
- participation in decision-making, through the Cabinet
- participation in the Executive Council.

<sup>25</sup> *Constitution Act 1975 (Vic)*, s50.

## Ministerial responsibility

Ministers have significant responsibilities for decision-making in relation to their portfolios.

This includes responsibility for overseeing the management of considerable portfolio budgets.

## Cabinet

Cabinet is made up of all Ministers of the Crown and is the principal decision-making body for the Victorian Government. While Cabinet is a formal meeting of Ministers, it has no legal powers.<sup>26</sup>

In Victoria, Cabinet considers questions of significant matters of state, including: major policy issues; legislation; matters likely to impact relations with other state governments or local and Commonwealth governments; and considers significant appointments to government boards and committees.<sup>27</sup> Ministers may request that matters be included on the Cabinet agenda for discussion or decision via the Cabinet Secretary.

Ministers may also be members of one or more Cabinet Committees. Cabinet committees focus on specific subjects or functions and provide a forum for detailed discussions across a broad portfolio perspective.<sup>28</sup> Ministers are expected to fulfil their duties to Cabinet Committees in addition to their responsibilities to Cabinet, the Parliament and their portfolio/s.

## Executive Council

The Executive Council advises the Governor when he or she is required by law or convention to act in accordance with the advice of the Executive Council or when he or she is permitted or required to act in Council. Functions carried out by the Executive Council include seeking the Governor's approval (Royal Assent) for Bills which have passed Parliament and appointing individuals to government boards and committees. Typically, four Ministers attend Executive Council meetings.<sup>29</sup>

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<sup>26</sup> Department of Premier and Cabinet, *Cabinet Handbook*, 2019.

<sup>27</sup> Department of Premier and Cabinet, *Cabinet Handbook*.2019

<sup>28</sup> Department of Premier and Cabinet, *Cabinet Handbook*, 2019.

<sup>29</sup> Department of Premier and Cabinet, *Cabinet Handbook*, 2019.

Table 4.8 sets out the remuneration of Ministers across Australian jurisdictions and shows that Victorian Ministers are the fourth highest paid behind Ministers of the Commonwealth, South Australia and Queensland.

**Table 4.8: Minister — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	153,156	n.a	364,406
South Australia	200,626	150,470	n.a	351,096
Queensland	159,122	168,583	n.a	327,705
Victoria	163,189	122,392	29,374	314,955
New South Wales	169,192	96,439	43,990	309,621
Australian Capital Territory	168,492	117,944	n.a	286,436
Western Australia	156,536	120,694	n.a	277,230
Northern Territory	162,696	105,690	n.a	268,386
Tasmania	140,185	98,129	n.a	238,314

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

## Leader of the Opposition

The Leader of the Opposition is the leader of the largest non-government party and is generally a member of the Legislative Assembly. The Leader of the Opposition is seen as the alternative Premier.

The Opposition's primary role is to hold the government to account and to scrutinise the government's policies and decisions. The Leader of the Opposition:

- leads the Opposition in parliamentary and policy debate
- presents the views of an alternative government
- chairs the meetings of a shadow cabinet
- leads and publicises the development of party policy

- leads the party in an election.<sup>30</sup>

Table 4.9 shows that Victorian remuneration for this office ranks fourth out of nine Australian jurisdictions as at August 2019.

**Table 4.9: Leader of the Opposition — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	179,563	n.a	390,813
South Australia	200,626	150,470	n.a	351,096
Queensland	159,122	168,583	n.a	327,705
Victoria	163,189	122,392	29,374	314,955
New South Wales	169,192	96,439	43,990	309,621
Australian Capital Territory	168,492	117,944	n.a	286,436
Western Australia	156,536	120,694	n.a	277,230
Northern Territory	162,696	105,752	n.a	268,448
Tasmania	140,185	98,129	n.a	\$ 238,314

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

### Leader of the Opposition in the upper house

The Leader of the Opposition in the Legislative Council is determined by the parliamentary political party or coalition constituting the Opposition.

The Leader of the Opposition in the Council has responsibility for all policy areas and acts as the Opposition's principal voice in the upper house.

There are only five Australian jurisdictions, including Victoria, which recognise the office of the Leader of the Opposition in the upper house. In Victoria, the Leader of the Opposition in the Council is entitled to the same level of remuneration as the Deputy Leader of the Opposition in the Assembly.

<sup>30</sup> D. R. Elder and P. E. Fowler, eds., *House of Representatives Practice*, 7th ed. (Canberra: Department of the House of Representatives, 2018).



Table 4.10 shows that the Leader of the Opposition in the upper House in Victoria is ranked fourth out of five jurisdictions taking into account basic salary, additional salary and expense allowances.

**Table 4.10: Leader of the Opposition in the upper House — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	121,496	n.a	332,746
South Australia	200,626	120,376	n.a	321,002
Western Australia	156,536	82,978	n.a	239,514
Victoria	163,189	52,220	16,319	231,728
New South Wales	169,192	33,838	23,687	226,717

Sources: RT 2019; NSW PRT 2019; SA RT 2019; PSS Act; SAT 2017.

### Deputy Leader of the Opposition in the lower house

The Deputy Leader of the Opposition in the Legislative Assembly is also known as the Deputy Leader of the Opposition. The role is determined by the parliamentary political party or coalition forming the Opposition.

The Deputy Leader of the Opposition supports the Leader to manage the political party or coalition making up the Opposition and acts as the Leader of the Opposition when the Leader is unavailable.<sup>31</sup>

All jurisdictions in Australia recognise and pay an additional salary and/or expense allowance to the Deputy Leader of the Opposition.

<sup>31</sup> Parliament of Victoria, 'Roles in the Assembly', *Legislative Assembly Fact Sheets*, accessed 30 August 2019

Table 4.11 sets out the remuneration of each Deputy Leader of the Opposition in all Australian jurisdictions, indicating that Victoria ranks fourth out of nine jurisdictions.

**Table 4.11: Deputy Leader of the Opposition — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	121,496	n.a	332,746
South Australia	200,626	120,376	n.a	321,002
Queensland	159,122	96,333	n.a	255,455
Victoria	163,189	52,220	16,319	231,728
Western Australia	156,536	67,891	n.a	224,427
New South Wales	169,192	33,838	23,687	226,717
Northern Territory	162,696	48,780	n.a	211,476
Australian Capital Territory	168,492	33,698	n.a	202,190
Tasmania	40,185	49,065	n.a	189,250

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

### Deputy Leader of the Opposition in the upper house

The Deputy Leader of the Opposition in the Legislative Council is determined by the parliamentary political party or coalition constituting the Opposition.

The Deputy Leader of the Opposition is a member of the Opposition's leadership team and supports the Leader of the Opposition in the Council.

Only four Australian jurisdictions, including Victoria, recognise the office of the Deputy Leader of the Opposition in the upper house. Of the four jurisdictions that recognise this position, Victoria pays the least taking into account basic salary and additional salary (table 4.12).

Table 4.12: Deputy Leader of the Opposition in the Upper House— annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	42,250	n.a	253,500
South Australia	200,626	20,063	n.a	220,689
New South Wales	169,192	18,611	10,152	197,955
Victoria	163,189	29,374	n.a	192,536

Note: Figures above for Victoria exclude 8 per cent expense allowance (\$13,055) otherwise payable to Victorian MPs. Sources: RT 2019; NSW PRT 2019; SA RT 2019; PSS Act.

## Leader of a Third Party

The Leader of a Third Party is eligible for an additional salary, unless he or she is also the Leader (or Deputy Leader) of the Opposition or a Minister of the Crown.

This role involves leading the Party in parliamentary and policy debate, being the party spokesperson in the media, seeking to hold the government to account and being across government decisions and policies.

Unlike the Opposition, the Third Party is not seen as the ‘alternative government’. However, a third party may form a coalition with another party and become part of the opposition.<sup>32</sup>

To be a recognised a Leader of a Third Party, the Party must have at least 11 MPs in Parliament.<sup>33</sup> In the 59<sup>th</sup> Parliament, none of the political parties not forming government or Opposition meet the requirements and this role is vacant.

Of the six jurisdictions that pay an additional salary to the Leader of a Third Party, Victoria ranks second highest, behind the Commonwealth (table 4.13).

<sup>32</sup> Parliament of Victoria, ‘Roles in the Assembly’, *Legislative Assembly Fact Sheets*, accessed 30 August 2019.

<sup>33</sup> PSS Act, s.3

Table 4.13: Leader of a Third Party — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	89,781	n.a	301,031
Victoria	163,189	52,220	16,319	231,728
New South Wales	169,192	33,838	23,687	226,717
Western Australia	156,536	67,891	n.a	224,427
Queensland	159,122	60,208	n.a	219,330
Tasmania	140,185	49,065	n.a	189,250

Sources: RT 2019; NSW PRT 2019; QIRT 2016; PSS Act; SAT 2017; TIC 2019.

### Deputy Leader of a Third Party

Much like a Deputy Leader of the Opposition, the Deputy Leader of a Third Party supports the Leader to seek to hold the government to account and to carry out the functions of a third party in the Parliament.

Only Victoria and New South Wales pay an additional salary for this additional office. New South Wales paid around \$16,000 more than Victoria for this office at August 2019 (table 4.14).

Table 4.14: Deputy Leader of a Third Party — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
New South Wales	169,192	21,995	11,843	203,030
Victoria	163,183	22,846	n.a	186,035

Note: Figures above for Victoria exclude 8 per cent expense allowance (\$13,055) otherwise payable to Victorian MPs.  
Source: NSW PRT 2019; PSS Act, s6.

## Speaker of the lower house and President of the upper house

At the beginning of a new Parliament, Members of the Legislative Assembly elect one Member to be the Speaker. Members of the Legislative Council also elect one member to be the President. The Speaker and President can only be removed from office by a vote of the Assembly or Council.<sup>34</sup>

The Speaker and President, also called the ‘Presiding Officers’ hold an important position in the Parliament. Presiding Officers chair parliamentary debate and enforce the rules of the House. The Speaker or President can ask MPs to withdraw comments which use offensive or ‘un-parliamentary’ language and apologise or, in more serious cases, they can suspend MPs from the Chamber. The Speaker and President also regulate the conduct and behaviour of persons in the Parliament building and precinct, including MPs, visitors and staff.

The Presiding Officers are impartial, even if they are elected to parliament as members of a political party, and they do not participate in parliamentary debate like other MPs. However, if votes are equal in the Legislative Assembly, the Speaker will have the casting vote.

The Speaker and President have joint responsibility for the Department of Parliamentary Services and are individually responsible for the administration of the Department of the Legislative Assembly and Department of the Legislative Council. The Presiding Officers have the same responsibilities in relation to the Departments of the Legislative Assembly and Legislative Council as do other Ministers for their portfolios.

The Presiding Officers also have a ceremonial role outside of the Chamber. As official representatives of the Parliament, the Speaker and President attend official functions, entertain important guests at Parliament House and are the formal channel of communication between the Houses and the Governor.<sup>35</sup>

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<sup>34</sup> Parliament of Victoria, ‘Roles in the Assembly’, *Legislative Assembly Fact Sheets*, accessed 30 August 2019; Parliament of Victoria, ‘The President’, *Legislative Council Information Sheets*, accessed 30 August 2019.

<sup>35</sup> Parliament of Victoria, ‘Roles in the Assembly’, *Legislative Assembly Fact Sheets*, accessed 30 August 2019; Parliament of Victoria, ‘The President’, *Legislative Council Information Sheets*, accessed 30 August 2019.

Across jurisdictions where there are two parliamentary houses, the Presiding Officers for each House are paid the same. Queensland, the Australian Capital Territory and the Northern Territory operate a unicameral (one house of parliament) parliamentary system.

When remuneration for these offices is compared for all jurisdictions, regardless of number of parliamentary houses, Victoria’s Presiding Officers remuneration was ranked fifth out of nine jurisdictions at August 2019 (table 4.15).

**Table 4.15: Presiding Officers of Parliament — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	158,438	n.a	369,688
South Australia	200,626	150,470	n.a	351,096
New South Wales	169,192	96,439	43,990	309,621
Queensland	159,122	144,500	n.a	303,622
<b>Victoria</b>	<b>163,189</b>	<b>106,072</b>	<b>19,582</b>	<b>288,845</b>
Northern Territory	162,696	105,752	n.a	268,448
Australian Capital Territory	168,492	92,670	n.a	261,162
Western Australia	156,536	99,573	n.a	256,109
Tasmania	140,185	49,065	8,411	197,661

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

### Deputy Speaker and Deputy President

At the time that the Legislative Assembly and Legislative Council elect the Speaker and President, MPs also elect a Deputy Speaker and Deputy President to help Presiding Officers carry out their duties and functions. The Deputy Speaker chairs the consideration in detail stage and the Deputy President chairs the committee of the whole stage, where the Houses debate legislation clause by clause and consider amendments.

As with Presiding Officers, in jurisdictions where there are two parliamentary houses, the Officers for each House are paid the same.

Across all jurisdictions, regardless of number of parliamentary houses, remuneration for Victoria's Deputy Presiding Officers was ranked fifth highest out of nine jurisdictions (table 4.16).

**Table 4.16: Deputy Presiding Officers of Parliament — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
South Australia	200,626	75,235	n.a	275,861
New South Wales	169,192	50,758	33,838	253,788
Commonwealth	211,250	42,500	n.a	253,500
Queensland	159,122	84,292	n.a	243,414
Victoria	163,189	32,638	16,319	212,146
Western Australia	156,536	45,260	n.a	201,796
Northern Territory	162,696	32,539	n.a	195,235
Australian Capital Territory	168,492	25,274	n.a	189,656
Tasmania	140,185	28,037	n.a	168,222

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

## Parliamentary Secretaries and Parliamentary Secretary to the Premier

Parliamentary Secretaries are government MPs appointed by the Premier to support Ministers to carry out some of their responsibilities.<sup>36</sup>

Parliamentary Secretaries do not attend Cabinet meetings, although they can support Ministers in the Cabinet process. They are not members of Cabinet Committees, but they may attend Committee meetings solely to support a Minister. There are currently 14 Parliamentary Secretaries, excluding the Parliamentary Secretary to the Premier (an office introduced in 2019, discussed below).

Table 4.17 shows that remuneration for this office in Victoria ranked fourth highest of six jurisdictions which recognise the office of Parliamentary Secretary.

Table 4.17: Parliamentary Secretaries — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	52,813	n.a	264,063
Queensland	159,122	84,292	n.a	243,414
South Australia	200,626	40,125	n.a	240,751
Victoria	163,189	24,478	16,319	203,986
New South Wales	169,192	21,995	11,843	203,030
Western Australia	156,536	22,631	n.a	179,167

Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017.

### Parliamentary Secretary to the Premier

The Parliamentary Secretary to the Premier is a new position, introduced in 2019 to recognise the relatively higher workload required of the Premier's Parliamentary Secretary, when compared to other Parliamentary Secretaries.<sup>37</sup>

<sup>36</sup> Department of Premier and Cabinet, *Cabinet Handbook*, 2019.

<sup>37</sup> Victoria, *Parliamentary Debates*, Legislative Council, 7 March 2019 (Gavin Jennings, Special Minister of State).



The Parliamentary Secretary to the Premier assists the Premier to carry out duties and undertakes activities on behalf of the Premier.

As at August 2019, the Parliamentary Secretary to the Premier was receiving the same remuneration as other Parliamentary Secretaries. When the position was introduced into legislation, the Parliament left the responsibility of determining the appropriate rate of remuneration to the Tribunal in the Determination. NSW is the only Australian jurisdiction which pays additional remuneration for the office of the Parliamentary Secretary to the Premier (table 4.18).

**Table 4.18: Parliamentary Secretary to the Premier — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
New South Wales	169,192	50,758	33,838	253,788

Source: NSW PRT 2019.

## Shadow Ministers

The Leader of the Opposition selects members of his or her party or coalition to be Shadow Ministers. Shadow Ministers, along with the Leader and Deputy Leader of the Opposition make up the ‘Shadow Cabinet’. The Shadow Cabinet is regarded as the alternative government.<sup>38</sup> The Leader of the Opposition may appoint up to 22 MPs to be Shadow Ministers.<sup>39</sup>

Generally, Shadow Ministers are assigned areas of policy which loosely align with ministerial portfolios. Shadow Ministers scrutinise the work of the government, Ministers and their portfolios. They also propose new or alternative policy options in their assigned areas. Unlike Ministers, Shadow Ministers do not have access to the departments, including staff and resources, of the Victorian Public Service to provide policy advice or research when formulating policies.<sup>40</sup>

<sup>38</sup> Parliament of Victoria, ‘Roles in the Assembly’, *Legislative Assembly Fact Sheets*, 30 August 2019.

<sup>39</sup> *Parliamentary Salaries, Allowances and Superannuation Act 1968*, s6.

<sup>40</sup> D. R. Elder and P. E. Fowler, eds., *House of Representatives Practice*, 7th ed, Department of the House of Representatives: Canberra, 2018.

Shadow Ministers are also responsible for leading Opposition debate in the Parliament. Shadow Ministers may introduce private member's Bills into the Parliament, which reflect a policy position of the Opposition.<sup>41</sup>

Shadow Ministers do not receive an additional salary; however, they are paid an expense allowance equivalent to 15 per cent of basic salary. Remuneration for Shadow Ministers in Victoria ranked lowest of the four jurisdictions which recognise the office of Shadow Minister (table 4.19).

**Table 4.19: Shadow Ministers — annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	52,813	n.a	264,063
South Australia	200,626	50,157	n.a	250,783
Queensland	159,122	60,208	n.a	219,330
Victoria	163,189	n.a	24,478	187,667

Sources: RT 2019; SA RT 2019; QIRT 2016; PSS Act.

## Whips

Whips help keep party discipline and are appointed by their political party.<sup>42</sup>

Whips act as administrative officers to their parliamentary political party. They make sure members speak during debates and vote in divisions. Whips also determine when each member will speak in each debate and they prepare lists of speakers to help the Speaker or President.<sup>43</sup> Whips may also grant leave to MPs who are unable to attend parliamentary sessions.

The Government Whip in the Legislative Assembly must ensure that the government has the majority in every division to avoid the risk of defeat. Whips also coordinate second reading speeches and statements of compatibility for legislation introduced in the Parliament.

<sup>41</sup> Parliament of Victoria, 'Roles in the Assembly', *Legislative Assembly Fact Sheets*, 30 August 2019.

<sup>42</sup> Parliament of Victoria, 'Roles in the Assembly', *Legislative Assembly Fact Sheets*, accessed 30 August 2019.

<sup>43</sup> D. R. Elder and P. E. Fowler, eds., *House of Representatives Practice*, 7th ed, Department of the House of Representatives: Canberra, 2018

Remuneration for this office in Victoria ranked fifth highest of the nine Australian jurisdictions (table 4.20)

Table 4.20: Government Whip in the lower house — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	54,925	n.a	266,175
Queensland	159,122	84,292	n.a	243,414
South Australia	200,626	36,113	n.a	236,739
New South Wales	169,192	21,995	11,843	203,030
Victoria	163,189	29,374	n.a	192,563
Northern Territory	162,696	24,404	n.a	187,100
Australian Capital Territory	168,492	16,849	n.a	185,341
Western Australia	156,536	27,157	n.a	183,693
Tasmania	140,185	8,411	n.a	148,596

Note: Figures above for Victoria exclude 8 per cent expense allowance (\$13,055) otherwise payable to Victorian MPs.  
Sources: RT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

Opposition Whips have the same responsibility for the Opposition as the Government Whip. In some jurisdictions, the remuneration paid to an Opposition Whip is less than the remuneration paid to a Government Whip. In Victoria, the Opposition Whip is paid less than the Government Whip in the Assembly. Remuneration for the Opposition Whip in Victoria is seventh out of nine jurisdictions (table 4.21).

Table 4.21: senior Opposition Whip — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	48,588	n.a	259,838
South Australia	200,626	36,113	n.a	236,739
New South Wales	169,192	21,995	11,843	203,030
Queensland	159,122	36,125	n.a	195,247
Northern Territory	162,696	24,404	n.a	187,100
Australian Capital Territory	168,492	16,849	n.a	185,341
Victoria	163,189	17,951	n.a	181,140
Western Australia	156,536	18,105	n.a	174,641
Tasmania	140,185	8,411	n.a	148,596

Note: Figures above for Victoria exclude 8 per cent expense allowance (\$13,055) otherwise payable to Victorian MPs.  
Source: CRT 2019; NSW PRT 2019; SA RT 2019; QIRT 2016; PSS Act; SAT 2017; ACT RT 2019; NT RT 2018; TIC 2019.

## Deputy Whips

Deputy Whips support the Whip in maintaining party discipline and organising members during debates and divisions.

In 2019, the Parliamentary Committees Amendment Bill 2019 (Vic) introduced the new position of the Deputy Government Whip in the Legislative Assembly. As for the other office created in 2019, the Parliamentary Secretary to the Premier, the Parliament has asked the Tribunal to determine the appropriate remuneration for this position in the Determination.

Only the Commonwealth, New South Wales and Queensland recognise and pay the office of the Deputy Whip (table 4.22).

Table 4.22: Deputy Whips — annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary \$	Expense allowance \$	Total salary \$
Commonwealth	211,250	10,563	n.a	221,813
New South Wales	169,192	18,611	11,843	199,647
Queensland	159,122	30,104	n.a	189,226

Source: CRT, 2019; NSW PRT 2019; QIRT 2016.

## Chairperson (and deputy chairperson) of a parliamentary committee

Parliamentary Committees carry out responsibilities assigned to them by legislation or the Parliament. They investigate topical issues in detail by taking expert evidence, engaging with members of the public and making recommendations to the government.<sup>44</sup>

There are usually between seven and ten MPs on each Parliamentary Committee. The Committee elects a Chairperson to take overall responsibility for the Committee’s work. The Chairperson is expected to manage Committee meetings and to ensure that members follow procedural rules.

The PSS Act sets out the rate of remuneration for the chair and deputy chairperson of a specific parliamentary committee or class of parliamentary committee. The VIRTIPS Act consolidates these office holders into a single group but allows the Tribunal to make a Determination which varies the rate of remuneration of the Chair or Deputy Chair according to the Committee.

A Deputy Chairperson of a Parliamentary Committee assists the Chairperson to carry out their duties and responsibilities.

Parliamentary Committees vary in their type, function and composition across jurisdictions. This makes it difficult to undertake a jurisdiction comparison. However, there are some common committees across each jurisdiction. For example, all jurisdictions have a committee which is responsible for examining

<sup>44</sup> Parliament of Victoria, ‘The President’, *Legislative Council Information Sheets*, accessed 30 August 2019

public finances and accounts. Many also have committees which deal with the procedures and processes of the Parliamentary Houses.

In the 59<sup>th</sup> Parliament of Victoria, there are 15 Parliamentary Committees. The position of Chair or Deputy Chairperson of these Parliamentary Committees attracts an additional salary. Tables 4.23, 4.24 and 4.25 set out the functions of each of these Committees:

- table 4.23 sets out the functions of the Joint Committees of the Parliament
- table 4.24 sets out the functions of the committees of the Legislative Council
- table 4.25 sets out the functions of the committees of the Legislative Assembly

**Table 4.23: Committees of the 59<sup>th</sup> Parliament – Joint Committees**

Name	Function
<b>Electoral Matters Committee</b>	<p>Inquire into, consider and report to the Parliament on any proposal, matter or thing concerned with:</p> <ul style="list-style-type: none"> <li>• the conduct of parliamentary elections and referendums</li> <li>• the conduct of local council elections</li> <li>• the <i>Electoral Act 2002</i> and any other law relating to electoral matters</li> </ul>
<b>Integrity and Oversight</b>	<p>Monitor and review the performance of the:</p> <ul style="list-style-type: none"> <li>• Independent Broad-based Anti-corruption Commission</li> <li>• Victorian Ombudsman</li> <li>• Office of the Victorian Information Commissioner</li> <li>• Victorian Inspectorate.</li> </ul>
<b>Public Accounts and Estimates</b>	<p>The Public Accounts and Estimates Committee:</p> <ul style="list-style-type: none"> <li>• scrutinises budget papers</li> <li>• reviews the outcomes achieved from budget expenditure and revenue raised</li> <li>• conducts inquiries into any aspect of public administration or public sector finances</li> <li>• follows up Victorian Auditor-General reports</li> <li>• monitors the Victorian Auditor-General’s Office and the Parliamentary Budget Office.</li> </ul>
<b>Scrutiny of Acts and Regulations</b>	<p>The Scrutiny of Acts and Regulations Committee considers any Bill or regulations introduced to the Parliament and reports to the Parliament whether the Bill or regulations directly or indirectly trespass on rights and freedoms.</p>
<b>Dispute Resolution</b>	<p>The Dispute Resolution Committee seeks to resolve disputes arising from Bills in the Legislative Assembly or Council.</p>

Source: Parliament of Victoria.

Table 4.24: Committees of the 59<sup>th</sup> Parliament – Legislative Council Committees

Name	Function
Privileges	The Privileges Committee inquires into and reports to the Legislative Council on complaints of breach of parliamentary privilege.
Procedure	The Procedure Committee considers any matter regarding the practices and procedures of the House.
Economy and Infrastructure	The Economy and Infrastructure Committee inquires into and reports on any proposal, matter or thing concerned with agriculture, commerce, infrastructure, industry, major projects, public sector finances, transport and education.
Environment and Planning	The Environment and Planning Committee inquires into and reports on any proposal, matter or thing concerned with the arts, environment and planning the use, development and protection of land.
Legal and Social Issues	The Legal and Social Issues Committee inquires into and reports on any proposal, matter or thing concerned with community services, education, gaming, health, and law and justice.

Source: Parliament of Victoria.

Table 4.25: Committees of the 59<sup>th</sup> Parliament – Legislative Assembly Committees

Name	Function
Privileges	The Privileges Committee inquires into and reports to the Legislative Assembly on complaints of breach of parliamentary privilege.
Standing Orders	The Standing Orders Committee considers any matter regarding the practices and procedures of the House and makes recommendations for change.
Economy and Infrastructure	The Economy and Infrastructure Committee inquires into and reports on any proposal, matter or thing concerned with the Department of: <ul style="list-style-type: none"> <li>• Education and Training</li> <li>• Jobs, Precincts and Regions</li> <li>• Transport</li> <li>• Treasury and Finances</li> </ul>
Environment and Planning	The Environment and Planning Committee inquires into and reports on any proposal, matter or thing concerned with the Department of Environment, Land, Water and Planning.
Legal and Social Issues	The Legal and Social Issues Committee inquires into and reports on any proposal, matter or thing concerned with the Departments of: <ul style="list-style-type: none"> <li>• Health and Human Services</li> <li>• Justice and Community Safety</li> <li>• Premier and Cabinet</li> </ul>

Source: Parliament of Victoria.

## **Secretary of the Party forming the Government, Opposition and the Third Party**

The Secretary of the Party forming Government, Opposition and the Third Party is a political position within the Parliament.

MPs holding these positions link the parliamentary party to the broader political party. They are responsible for ensuring information passes between the parliamentary party and the political party.

The Secretary of the Party forming the Government, Opposition and the Third Party also liaises with the Departments of the Legislative Council and Assembly to inform the Departments about appointments to specified parliamentary offices (e.g. Ministers).

There are no other Australian jurisdictions with a recognised comparable role.

### **4.4 Summary**

Office holders are provided with additional salary and in some cases, an expense allowance, as recompense for their additional duties and responsibilities. In most jurisdictions, the additional remuneration payable is expressed as a percentage of basic salary payable to an MP. In these cases, changes to the basic salary have flow on impacts to office holders.





# 5 Electorate Office and Communications Budget



In addition to salary and allowances, each Member of Parliament (MP) in Victoria is allocated an Electorate Office and Communications Budget (EO&C Budget). The EO&C Budget is made available for the MP to fund:

- operating costs and maintenance of their electorate office
- the costs of communicating with constituents in the electorate in order to perform their public duties.

The Tribunal is required to set the value of the EO&C Budget in the Determination under section 17(1)(e) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act)). The Tribunal may also set guidelines in relation to the use of the EO&C Budget (s36 of the VIRTIPS Act).

This chapter provides an overview of the following aspects of the EO&C Budget:

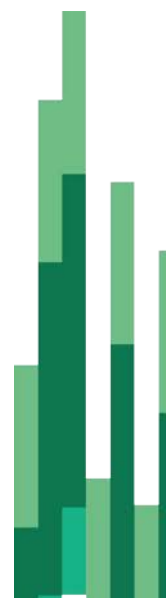
- a brief history of its evolution
- existing EO&C Budget arrangements, including its value and permitted uses
- comparison of the Victorian EO&C Budget arrangements to arrangements in other Australian jurisdictions.

## 5.1 Brief history of the EO&C Budget

The origins of the EO&C Budget can be traced back many years. Before the 1950s, MPs were provided with small allowances to cover the costs of telephone calls and postage stamps used to communicate with people in their electorates.<sup>45</sup> In 1954, a Parliamentary Committee of Inquiry recommended that

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<sup>45</sup> Abbott, C., Herring, E., Piper, H. *Report of the Committee of Enquiry to Investigate the Question of Salaries of Members of Parliament and of Ministers of the Crown the State of Victoria*. Parliament of Victoria, 1948.



the stamp allowance be discontinued as it had been provided for in the electorate allowance.<sup>46</sup>

A formal electorate office allowance was first introduced in 1973 following a recommendation of the Committee of Inquiry into the Salaries and Allowances of Members of Parliament.<sup>47</sup> The allowance was introduced to support MPs to establish dedicated office space in each electorate to accept petitions from constituents and to receive guests. At the time, the Committee of Inquiry noted that many MPs were conducting parliamentary business out of their own homes, often relying on families to provide secretarial and administrative support.<sup>48</sup> While MPs were already receiving an electorate allowance and expected to meet many of the costs of carrying out their duties from the electorate allowance, the Committee recognised that a specific payment (called the Electorate Office Allowance) was required solely for the purpose of establishing an electorate office, and that this would encourage more MPs to do so.

By 1997, the size of the Electorate Office Budget paid to MPs was determined by the area and location of the province or district the MP represented. Funding varied according to category of electorate:

- Category A: \$21,000
- Category B: \$22,500
- Category C: \$24,000.

The Members Guide specified allowable expenditure items including cleaning, furniture, computer and other equipment, postage and communications, telephone costs, printing and stationery, staff replacement, training and air travel. A maximum of \$8,000 could be carried forward to the following year subject to the agreement of the Treasurer.

In the 2008-09 Electorate Office Budget calculation process, the Government changed the method for determining the funding allocation from varying it according to the geographic size of the MP's electorate to a model where funding was determined according to a 'rate per constituent'. The rate was

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<sup>46</sup> Fitzgerald, G., Richardson, F., Westhoven, J. *Report of the Committee Appointed to Inquire into the Salaries and Allowances of Members of the Parliament of the State of Victoria*. Parliament of Victoria: Victoria, 1954

<sup>47</sup> Bland, H., Conchrane, D., Paton, G., *Committee of Inquiry into the Salaries and Allowances of Members of Parliament*. Parliament of Victoria: Melbourne, 1973; *Parliamentary Salaries and Allowances Act 1973* (Vic), s8c.

<sup>48</sup> Bland, H., Conchrane, D., Paton, G., *Committee of Inquiry into the Salaries and Allowances of Members of Parliament*. Parliament of Victoria: Melbourne, 1973.

initially set at \$0.90 per constituent for the Electorate Office Budget, \$0.81 per constituent for the Communication Allowance and \$0.50 per constituent for the Printing Allowance. The change in the funding model resulted in the total budget increasing from an approximate average of \$50,000 in 2007-08 to \$90,000 in 2008-09.

In 2009-10, the Electorate Office Budget, Printing and the Communications Allowances were consolidated to form one pool of funding known as the EO&C Budget. The EO&C Budget has since been indexed annually in line with changes in the Consumer Price Index (CPI) and with changes in the number of voters in each electorate.

In 2010, the Electorate Office Allowance and the Communications Allowance were consolidated to form one pool of funding known as the EO&C Budget. The EO&C Budget has been indexed annually in line with changes in the CPI and to changes in the number of electors in each electorate.

## **5.2 Existing EO&C Budget arrangements**

Except in an election year (when it is allocated on a pro rata basis), the Department of Parliamentary Services (DPS) allocates an amount to each MP at the beginning of each financial year to serve as the MP's EO&C Budget. The average size of the EO&C Budget was \$96,500 in 2018-19.

Prior to the Determination, use of the EO&C Budget — that is, what goods or services may be purchased with the Budget — was subject to guidelines set out by the Presiding Officers in the Members Guide (which changed from time to time).

Each individual MP is accountable for the use of his or her EO&C Budget. This includes ensuring that any expenditure is compliant with guidelines set out in the Members Guide. If an MP spends all their allocated EO&C Budget in a given year, the Budget cannot be supplemented with additional funds from another MP's EO&C Budget or from the Parliament and the MP is required to personally pay the expenditure, or 'top up' their Budget with personal funds.

During consultation, the Tribunal was advised that some MPs exhaust their allocations and must repay DPS. An MP may choose not to spend their entire EO&C Budget allocation and may ‘carry over’ up to 50 per cent of the Budget to the next financial year, subject to the approval of the Treasurer.

While the EO&C Budget allocation comprises funding for operating costs of an office and funding for communication which are calculated separately, expenditure of the EO&C Budget is treated ‘as a whole’. MPs may choose how little or how much of each component of the EO&C Budget to spend, provided the total expenditure does not exceed the total Budget. For example, if an MP had a total EO&C Budget of \$101,400, the MP could choose to spend \$30,000 on maintaining an electorate office and \$71,400 on communications, or vice versa.

## Value of the EO&C Budget

Prior to the Determination, the value of the EO&C Budget for each MP was determined according to two formulas initially agreed with the Government through the State Budget process and updated annually on the basis of voter count and CPI as at December of the previous year. Voter count information is provided by the Victorian Electoral Commission and CPI information is provided by the Australian Bureau of Statistics. Some components of funding are the same for all MPs, and some vary according to whether they are a member of the Legislative Assembly or the Legislative Council (table 5.1).

Table 5.1: formulas used for determining the EO&C Budget, as at 1 July 2019

Electorate office component	Communications component
Rate per voter x $\frac{\text{State voter count}}{\text{total number of LA districts (88)}}$	<b>Legislative Assembly:</b> total voters in district multiplied by rate per voter <b>Legislative Council:</b> Rate per voter x $\frac{\text{State voter count}}{\text{total number of LA districts (88)}}$

Source: Members Guide.

The 2019-20 rate per voter for the electorate office component is \$0.92.

The 2019-20 rate per voter for the communications component is \$1.22.

The electorate office component of the EO&C Budget was equal to \$43,500 in 2019-20 for all MPs, regardless of the location or size of their electorate or of the MP’s Chamber (table 5.2).

And, in the same year, the communications component of the EO&C Budget was:

- \$57,700 for all Members of the Legislative Council
- \$57,705 on average for Members of the Legislative Assembly — each individual MP’s amount varies according to the number of electors the MP represents.

Table 5.2: value of the EO&C Budget, as at 1 July 2019

	Electorate office component \$	Communications component \$	Total EO&C Budget \$
<b>Legislative Assembly</b>	43,500	47,700 – 76,400	91,200 – 119,900
<b>Legislative Council</b>	43,500	57,700	101,200

Source: Department of Parliamentary Services.

## Permitted uses of the EO&C Budget

The electorate office component of the EO&C Budget is made available to meet the costs of items required to operate an office such as:

- cleaning and cleaning supplies
- minor equipment purchases including mobile phones, tablets and laptops security systems
- funding the wages of additional casual electorate office staff (MPs are also entitled to 2.5 full-time equivalent staff funded by DPS).

The communications component may be used to meet the costs of materials such as minor promotional items (e.g. fridge magnets), newsletters, cinema advertising, mail-outs and other methods of communicating with constituents in the electorate.

Any expenditure on communication paid for via the EO&C Budget must comply with the EO&C Communications Guidelines issued by the Presiding Officers. Under these Guidelines, a communication must include the Member’s name, contact details, declaration of the funding source and must not include a political party logo or party-political content.

Funding for party-political purposes or funding party-political communication from the EO&C Budget is prohibited. Further, the EO&C Budget cannot be used to produce material which surveys or requests information about constituents’ voting intentions or to solicit donations to a party, the MP or to other persons or

organisations. Similarly, communication materials funded using the EO&C Budget must not attack or make personalised statements against political opponents.

While the EO&C Budget comprises the two components discussed above, MPs are permitted to use a sub-limit of up to \$10,000 per year of the Budget to meet the costs of airfares and international accommodation primarily for Parliamentary purposes, including undertaking studies and investigations or researching matters related to the Member's duties, interests and responsibilities as a Member of Parliament. The funds cannot be used for accommodation within Australia.

A Member may use the \$10,000 sub-limit amount of the EO&C Budget for travel by an accompanying electorate office staff member or by a parliamentary intern, if the travel is for a Parliamentary purpose and is pre-approved by the relevant Presiding Officer. However, a parliamentary intern may only accompany the Member within Australia.

MPs cannot exceed or carry-over any part of the \$10,000 sub-limit for this type of expenditure. In the event an MP chooses to use up to the maximum allowed in the EO&C Budget for airfares and international accommodation, the remaining funds available in the EO&C Budget for the operations of the electorate office and for communications are reduced accordingly.

Table 5.3 outlines items that are allowable expenditure using the EO&C Budget.

Table 5.3: allowable expenditure under the EO&C Budget, as at 1 July 2019

Electorate office	Communications
<ul style="list-style-type: none"> <li>• Additional electorate office salary expenses</li> <li>• Cleaning of, and cleaning supplies for, electorate offices and cleaning of MP motor vehicles that have been supplied by Parliament</li> <li>• Expenses for maintenance of electorate offices, including maintenance of equipment and furniture</li> <li>• Purchase, replacement and upgrade of furniture and minor equipment of a non-capital nature, including nonstandard or additional furniture</li> <li>• Purchase and installation of some flags and freestanding flagpole stands for the electorate office</li> <li>• Security costs, including monitoring and alarm response call-out costs</li> <li>• Photocopier click charges for the electorate office multifunction device</li> <li>• Photocopier and computer printer consumables</li> <li>• General stationery of a non-political nature — personalised letterhead, stationery and envelopes, stores and requisites, newspapers and magazines of a relevant business-related nature</li> <li>• Telephone call costs, including mobile telephones, all smart phone devices including data charges and other communication charges</li> <li>• Additional telephone costs, e.g. purchase of mobile devices</li> <li>• Costs associated with training fees (excluding accommodation, food and drink) for the MP and electorate office staff that exceed the annual office training budget of \$1,000 per electorate</li> <li>• Air travel (up to \$10,000)</li> <li>• Expenses relating to participation in the Parliament’s Internship Program (university students are placed with MPs to undertake a research report in consultation with their MP)</li> </ul>	<ul style="list-style-type: none"> <li>• Printed communication such as official stationery, flyers, leaflets, brochures, religious event communications (Christmas cards, Ramadan, etc) distributed within the MP's electorate</li> <li>• Newspaper advertisements</li> <li>• Billboards (stationary and mobile) within the MP's electorate</li> <li>• Venue hire costs within the MP's electorate</li> <li>• Cinema, radio and television advertising</li> <li>• Social media advertisements (Twitter, Facebook)</li> <li>• MP's personal website</li> <li>• Expenditure on specialist services to help deliver allowable communications (e.g. website design, graphic design, and advertisement production)</li> <li>• Promotional items, provided that each item:               <ul style="list-style-type: none"> <li>○ costs up to \$2.00 (excluding GST) inclusive of all costs associated with producing the item including design, artwork, printing, setting and production (i.e. the entire promotional package)</li> <li>○ postage and/or distribution costs can be incurred in addition to the \$2.00 (excluding GST) unit price</li> </ul> </li> </ul>

Source: Members Guide.



## 5.3 Jurisdictional comparisons

Arrangements for MPs regarding budgets, along the lines of the EO&C Budget, differ across Australian jurisdictions (table 5.4).

The only other Australian jurisdictions where MPs receive a budget similar to the EO&C Budget are Queensland and the Commonwealth.

South Australia, Western Australia and the Australian Capital Territory do not provide any type of electorate office or communications allowance for MPs.

In New South Wales, all MPs receive a communications budget. However, for Legislative Assembly MPs, the fit out, including equipment and maintenance of the electorate office is covered by the NSW Parliament.

In Tasmania, MPs receive a small resources allowance of \$7,500 per annum (1 July 2019), while MPs in the Northern Territory may receive up to \$1,550 (1 July 2019) each year to help cover the costs of accessing and maintaining an electorate database. In these jurisdictions, the government or Parliament is responsible for providing and maintaining an electorate office for each MP.

MPs in all jurisdictions, except Queensland and the Australian Capital Territory, generally also receive the equivalent of an electorate allowance (as do MPs in Victoria) which can be used for covering additional costs of the office, as well as communications with constituents.

Table 5.4: office and/or communication budgets — jurisdictional comparison, as at 1 July 2019

	Victoria	Commonwealth	Queensland	New South Wales
<b>Name</b>	Electorate Office and Communications Budget	Office Expense Budget	Electoral and Communications Allowance	Communications Allowance
<b>Value</b>	<b>Legislative Council:</b> \$ 101, 200 <b>Legislative Assembly:</b> \$ 91,200 – \$ 119,900	<b>House of Representatives:</b> \$ 209,991 – \$ 266,945 <b>Senate:</b> \$ 110,792	\$ 69,600 – \$ 76,400	<b>Legislative Council:</b> \$ 4,695 <b>Legislative Assembly:</b> \$ 98,423 – \$ 122,360
<b>Purpose</b>	<ul style="list-style-type: none"> <li>• fund the operating costs and maintenance of the electorate office</li> <li>• communicate with electorate in relation to the performance of public duties.</li> </ul>	<ul style="list-style-type: none"> <li>• provision of office expenses</li> <li>• printing, production, communication and distribution of material and establishing and maintaining websites</li> <li>• printing and distributing postal vote applications, including reply paid envelopes.</li> </ul>	<ul style="list-style-type: none"> <li>• providing constituent assistance and service for the electorate</li> <li>• obtaining and disseminating information to constituents relevant to fulfilling parliamentary and constituency responsibilities</li> <li>• meeting incidental costs relating to the operation of the electorate office.</li> </ul>	<ul style="list-style-type: none"> <li>• production and distribution of newsletters and brochures</li> <li>• printing of letterhead and flyers</li> <li>• audio posters and other e-publications</li> <li>• website and/or other social media</li> <li>• email distribution services</li> <li>• advertisements</li> <li>• other forms of communications approved by Parliament</li> </ul>

Note: House of Representative MPs also receive an additional ‘distribution’ component of \$1.03 per number of enrolled voters in electorate.



## 6 Economic factors



In accordance with the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act), the Tribunal is required to consider the economic and fiscal conditions of the State of Victoria.

In particular, the VIRTIPS Act requires the Tribunal to give consideration to:

- current and projected economic conditions and trends (s24(2)(c))
- the financial position and fiscal strategy of the State of Victoria (s24(2)(b))
- any statement or policy issued by the Government of Victoria which is in force with respect to its Wages Policy (or equivalent) and the remuneration and allowances of any specified occupational group (s24(2)(a)).

### 6.1 Current and projected economic conditions and trends

Section 24(2)(c) of the VIRTIPS Act requires the Tribunal to consider current and projected economic conditions and trends. The Tribunal has considered both Australian and Victorian economic conditions.

#### Australian economic conditions

The Reserve Bank of Australia's (RBA) *Statement on Monetary Policy – August 2019* (RBA Statement) notes that the Australian economy is in a period of slow growth, 'with subdued growth in household income weighing on consumption spending'.<sup>49</sup>

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<sup>49</sup> RBA, *Statement on Monetary Policy – August 2019*, RBA: Sydney, 2019.

The RBA's Statement forecasts that Australian Gross Domestic Product (GDP) growth is expected to reach about 2.5 per cent over 2019, around 2.75 per cent over 2020, and around 3 per cent over 2021. The Australian unemployment rate is expected to remain around its current level of 5.2 per cent, before declining to around 5 per cent in 2021. Wages growth is expected to remain low, and underlying inflation measures are forecast to remain at around 1.5 per cent for the rest of 2019, before increasing to around 2 per cent in 2020 and 2021.

## Victorian economic conditions

The *Victorian Budget 2019/20*<sup>50</sup> reports the following economic outlook for Victoria:

- real (inflation-adjusted) Gross State Product (GSP) growth is forecast to moderate to the trend rate of 2.75 per cent in 2019-20, driven by household consumption and supported by population growth, low interest rates, low unemployment and accelerating wages growth
- employment growth is forecast to slow to 2 per cent in 2019-20 and 1.75 per cent over the next four years
- the unemployment rate is expected to fall to 4.5 per cent in 2019-20 and gradually return to its estimated trend rate of 5.5 per cent by 2022-23.

The *Victorian Budget 2019/20* states that risks to the economic outlook for Victoria are 'broadly balanced and that on the upside, continued momentum in the labour market could boost employment growth and household consumption. On the downside, there is uncertainty about the outlook for the residential property market, and the pace of moderation in population growth.

The *Victorian Budget 2019/20* reported that, over the period 2013-14 to 2017-18:

- real GSP grew by almost \$55 billion, or 14.8 per cent
- real GSP per capita increased 4.8 per cent
- Victoria accounted for almost one-third of national Gross Domestic Product growth, and nearly 45 per cent of all full-time jobs created nationally.

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<sup>50</sup> State Government of Victoria, 'Budget Paper No.2,' *Victorian Budget 2019/20*, Department of Treasury and Finance: Victoria, May 2019.

Regarding price movements, Australian Bureau of Statistics (ABS) data show that the Melbourne Consumer Price Index (CPI) for 2018-19 grew by 1.8 per cent.<sup>51</sup> The *Victorian Budget 2019/20* forecasts annual growth in the Melbourne CPI of 2 per cent in 2019-20, gradually increasing to 2.5 per cent by 2021-22.

Regarding wage movements, ABS data show that, in 2018-19, the Victorian Wage Price Index increased by 2.6 per cent.<sup>52</sup>

The *Victorian Budget 2019/20* forecast wage growth to rise to 2.75 per cent in 2019-20 and return to trend of 3.5 per cent over the next four years.

An alternative measure of wage growth, Average Weekly Ordinary Time Earnings (AWOTE) for adults in Victoria increased by 2.3 per cent in 2018-19 (ABS).<sup>53</sup>

## 6.2 Financial position and fiscal strategy of the State of Victoria

Section 24(2)(b) of the VIRTIPS Act requires the Tribunal to consider Victoria's financial position and fiscal strategy. As such, the Tribunal has considered the Victorian Auditor-General Office's financial report on Victoria's finances, and the *Victorian Budget 2019/20*.

### Victorian Auditor-General Office's financial report

The latest available Victorian Auditor-General's financial report on the State of Victoria states that 'the state continues to operate sustainably and is well positioned financially'.<sup>54</sup>

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<sup>51</sup> ABS, *Consumer Price Index, Australia*, cat. 6401.0, June 2019.

<sup>52</sup> ABS, *Wage Price Index, Australia*, cat no. 6345.0, June 2019

<sup>53</sup> ABS, *Average Weekly Earnings, Australia*, cat no. 6302.0, February 2019.

<sup>54</sup> Victorian Auditor-General's Office, *2017–18 Annual Financial Report of the State of Victoria*, tabled 24 October 2018. .

## Victorian Budget

The *Victorian Budget 2019/20* reports that the operating surplus is expected to be \$1.0 billion in 2019-20, and to average \$3.4 billion a year over the forward estimates. Revenue growth is forecast to moderate, increasing by 2.2 per cent in 2019-20, primarily as a result of weaker property market conditions which will impact state taxation revenue. Expense growth is forecast to be 2.3 per cent.

The *Victorian Budget 2019/20* notes that significant government investment in infrastructure is expected, forecast to reach \$14.2 billion in 2019-20, and to average \$13.4 billion a year over the Budget and forward estimates. Net debt is forecast to stabilise at 12 per cent over the medium term, to accommodate the delivery of major transport projects and changes in accounting standards. The *Victorian Budget 2019/20* reports that Moody's Investor Services has stated that this level is 'manageable within Victoria's current AAA rating and stable outlook.'<sup>55</sup>

The *Victorian Budget 2019/20* also includes several efficiency measures for Victorian Government departments, including that indexation of output funding will be aligned with the forecast inflation rate in 2019-20, and expanding the General Efficiency Dividend from 2020-21. The Budget also sets out the Government's revised wages policy.

## 6.3 Victorian Government's Wages Policy

Section 24(2)(a) of the VIRTIPS Act requires the Tribunal to consider any statement or policy issued by the Government of Victoria which is in force with respect to its Wages Policy (or equivalent) and the remuneration and allowances of any specified occupational group.

Box 6.1 re-produces the *Victorian Government Wages Policy and Enterprise Bargaining Framework* (Wages Policy) which applies to departments and agencies in the Victorian public sector.<sup>56</sup>

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55 State Government of Victoria, 'Budget Paper No.2,' *Victorian Budget 2019/20*, Department of Treasury and Finance: Victoria, May 2019, 19.

56 Industrial Relations Victoria, 'Victorian Government Wages Policy,' *Wages Policy and the Enterprise Bargaining Framework*, Department of Premier and Cabinet: Victoria, 2019.

### **Box 6.1: Victorian Government Wages Policy and Enterprise Bargaining Framework**

The Victorian Government Wages Policy and Enterprise Bargaining Framework has three pillars:

- Pillar 1: Wages — increases in wages and conditions will be capped at a rate of growth of 2 per cent per annum over the life of the agreement. In practice this means employee wages and conditions will be allowed to grow at this rate.
- Pillar 2: Best Practice Employment Commitment — all public sector agencies will be required to make a Best Practice Employment Commitment which will outline measures to operationalise elements of the Government's Public Sector Priorities that reflect good practice within Government and can be implemented operationally or without significant costs.
- Pillar 3: Additional strategic changes — additional changes to allowances and other conditions (not general wages) will only be allowed if the Government agrees that the changes will address key operational or strategic priorities for the agency, and/or one or more of the Public Sector Priorities.

A 'Secondary Pathway' is also available for public sector agencies whose current enterprise agreement reaches its nominal expiry date on or before 30 June 2020 which permits one annual wage and allowance increase capped at 2.5 per cent (instead of at 2 per cent).





# 7 Guidelines and rulings



Section 17(3)(c) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) requires the Tribunal to consider existing guidelines and rulings governing the use of work-related parliamentary allowances and the Electorate Office and Communications Budget (EO&C Budget), including any relevant rulings by the Australian Taxation Office (ATO). The Tribunal identified the following relevant guidelines and rulings:

- the Parliament of Victoria’s Members Guide
- ATO rulings relevant to MP salaries and allowances.

## 7.1 Members Guide

Prior to the Determination, the Parliament of Victoria’s Members Guide outlined the rules about permitted and non-permitted uses of the EO&C Budget.

In addition, the Department of Parliamentary Services has authority to set guidelines for the use of certain work-related parliamentary allowances (e.g. commercial transport allowance) which vary from time to time and which deal predominantly with administering the allowance system (e.g. forms required for submitting claims for reimbursement of expenses).

Prior to the Determination, other eligibility requirements for work-related parliamentary allowances were contained in the *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* (Vic).

## 7.2 ATO rulings and determinations

The Tribunal considered the following public ATO rulings and determinations:

- Taxation Ruling 1992/15 Income tax and fringe benefits tax: the difference between an allowance and a reimbursement
- Taxation Ruling 1999/10 Income tax and fringe benefits tax: Members of Parliament – allowances, reimbursements, donations and gifts, benefits, deductions and recoupments
- Taxation Determination 2019/11 Income tax: the reasonable travel and overtime meal allowance expense amounts for the 2019-20 income year

### Taxation Ruling 1992/15

This ruling explains the difference between an allowance and a reimbursement, particularly for income tax and fringe benefits tax purposes:

- a payment is generally treated as an allowance when a person is paid a definite pre-determined amount to cover an estimated expense, and the amount is paid regardless of whether the recipient incurs the expected expense
- a payment is generally treated as a reimbursement when the recipient is compensated exactly (whether wholly or partly) for an expense already incurred, although not necessarily disbursed.

The Tribunal notes that some components of the remuneration framework are defined and prescribed in the VIRTIPS Act (and regulations) as ‘allowances’ yet have the characteristics of reimbursement payments. This applies to the travel allowance, international travel allowance, commercial transport allowance and the EO&C Budget.

### Taxation Ruling 1999/10

This ruling is about the tax treatment of allowances, reimbursements, donations and gifts provided to MPs, including:

- deductibility of losses or outgoings commonly claimed by MPs
- re-couplement of deductible expenses.

This ruling explains how general income and fringe benefits tax requirements apply to the circumstances of MPs. For example, MPs may deduct expenditure such as stationery and computers and software used for work-related purposes.

### **Taxation Determination 2019/11**

This ruling provides travel and overtime meal allowance expense amounts that are considered reasonable for the 2019-20 income year for claim substantiation purposes. These amounts differ according to the location of the stay (where accommodation is claimed) and the annual salary of the individual.



## 8 Tribunal's consideration



The Tribunal now turns to consider the matters it must determine being the value of the:

- basic salary
- any expense allowances
- additional salaries for specified parliamentary office holders
- basic salary portion, including setting a method for its indexation
- motor vehicle allowance
- travel allowance
- parliamentary accommodation sitting allowance (PASA)
- commercial transport allowance
- international travel allowance
- electorate allowance
- Electorate Office and Communications Budget (EO&C Budget).

This chapter also discusses the guidelines the Tribunal has developed for the:

- PASA
- travel allowances
- EO&C Budget.

### 8.1 Value of the basic salary

The current basic salary for Members of the Parliament of Victoria (MPs) is \$163,189 per year. MPs also receive an expense allowance of at least 8 per cent of their basic salary. In monetary terms, the minimum expense allowance is currently \$13,055 per year. For most purposes, except superannuation, the expense allowance is regarded as salary.

The *Victorian Independent Remuneration and Improving Parliamentary Standards Act 2019* (2019) (VIRTIPS Act) specifies that the basic salary determined by the Tribunal for MPs must be no higher than the base salary for a Commonwealth MP (\$211,250 as at 1 July 2019) (s17(3)(a)).



The value of the basic salary set by the Tribunal will:

- determine the gross (before tax) salary for MPs
- have consequential impacts on MPs superannuation arrangements
- affect additional salaries and expense allowances for specified parliamentary office holders (as these have historically been set as a percentage of the basic salary)
- be relevant for setting the value of the ‘basic salary portion’ for the purposes of calculating pensions for MPs who are members of defined benefit schemes.

The Tribunal considers there is merit in incorporating one or more allowances into basic salary to make the remuneration system simpler and more transparent.

## **Roles and responsibilities of MPs**

The roles and responsibilities of MPs span four broad areas:

- parliamentary
- electorate
- party responsibilities
- management of their electorate office.

Mercer has independently reviewed the base salary paid to MPs in the Parliament of Victoria, taking into account these roles and responsibilities.

When conducting a work value assessment for any position, Mercer applies its ‘job evaluation methodology’ to the role and responsibilities of the position to express its ‘worth’ in terms of a ‘work value points score’. The ‘work value points score’ takes into account expertise, judgement and accountability factors. Mercer reviews a broad range of remuneration benchmarks at similar work value levels across a range of job families and market sectors to arrive at a recommended salary range for the assessed position.

Mercer assigned a work value points score of 756 to the role of a backbench MP in the Victorian Parliament. As a result of benchmarking the role of such MPs in the Victorian Parliament against private and public sector benchmarks of similar work value, Mercer recommended that an appropriate MP basic salary would fall in the range between \$171,400 and \$202,800 per year (table 8.1).

**Table 8.1: Annual basic salary range recommended by Mercer for a Victorian backbench MP**

Role	Minimum	Midpoint	Maximum
Backbench MP	\$ 171,400	\$ 187,100	\$ 202,800

Source: Mercer *Backbench Member of Victorian Parliament Salary Benchmarking*, August 2019.

By comparison, in 2011, when Mercer completed a work value assessment of the roles and responsibilities of backbench MPs in the Commonwealth Parliament, it set a work value score of 954, approximately 20 per cent higher.<sup>57</sup>

The Mercer recommendation provides a guide but cannot be definitive, particularly when it comes to comparing basic salaries which may be affected by other aspects of remuneration. In the case of MPs, this may include the provision of a motor vehicle for private use without any financial contribution from the MP or retained unspent electorate allowance.

## Jurisdictional comparisons

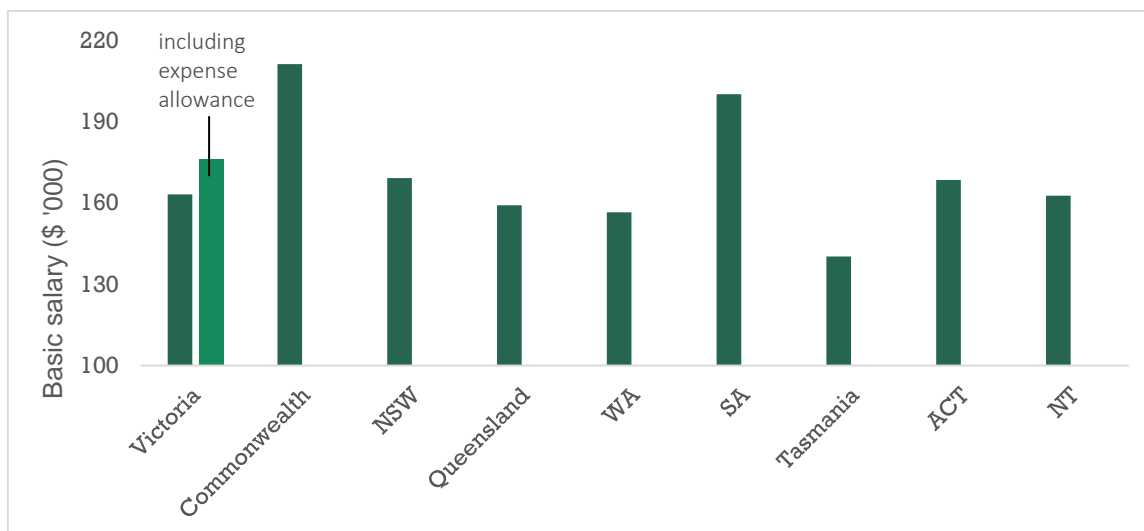
The basic/base salaries provided to MPs in each Australian Parliament, as of 1 July 2019, are shown in figure 8.1. The basic salary of MPs in the Victorian Parliament ranks fifth highest of the nine jurisdictions.

Figure 8.1 also shows jurisdictional comparisons when the value of basic salary for MPs in the Victorian Parliament is inclusive of the value of the minimum 8 per cent expense allowance. Victoria is the only jurisdiction where backbench MPs receive an expense allowance. In contrast to other allowances often payable to MPs, which are based on the expense they are intended to cover, the expense allowance is determined as a percentage of basic salary. In addition, no rules apply as to how it may be spent, and there are no reporting obligations about its expenditure. When the value of the 8 per cent expense allowance is included, the basic salary in Victoria ranks third highest of the nine jurisdictions, behind only the Commonwealth and South Australia.

<sup>57</sup> RT, *Review of the Remuneration of Members of Parliament Initial Report*, RT: Canberra, December 2011.



**Figure 8.1: MP basic salaries in Australia, jurisdiction comparison, as at 1 July 2019**



Source: Based on data gathered for the Tribunal by the Department of Parliamentary Services.

Comparisons to other Australian jurisdictions should be treated with caution for several reasons. Firstly, remuneration structures differ across jurisdictions. For example, as Box 8.1 shows, in the South Australian Parliament, the base salary for an MP is significantly higher than in other states and territories. This higher salary compensates MPs for the removal of allowances and benefits they previously received.

**Box 8.1: base salary of MPs in the South Australian Parliament**

The base salary of MPs in the South Australian Parliament is set by the *Parliamentary Remuneration Act 1990 (SA)* as:

- \$42,000 below the base salary of MPs in the Commonwealth Parliament per year
- plus a ‘common allowance’ set by the South Australian Remuneration Tribunal (up to a maximum of \$42,000 per year).

The common allowance is divided into two parts:

- an amount to compensate MPs for the removal of an annual travel allowance, metrocard special pass (public transport), and subsidised or free interstate travel (valued at \$17,728 as at 25 July 2019)
- an amount to compensate MPs for their service as ordinary members on parliamentary

Source: SA RT, *Determination of the Remuneration Tribunal No 5 of 2019 Common Allowance for Members of the Parliament of South Australia*, SA RT: Adelaide, 2019.

Secondly, the nature of the parliaments, and the roles of MPs within them, differ. For example, the Parliaments of Queensland, the Australian Capital Territory and the Northern Territory are unicameral (only one House of Parliament) unlike other Australian jurisdictions which have both a lower House and an upper House. In the Australian Capital Territory, the responsibilities of MPs also include

those typically handled at local council level, rather than state level. This means that MPs in the ACT Parliament also deal with municipal issues.

At the Commonwealth Government level, the roles and functions of MPs differ markedly to those of state and territory MPs. The parliamentary work of Commonwealth MPs primarily focuses on matters of national importance, including legislation on matters such as foreign affairs and trade, defence, taxation and immigration. However, one submission to the Tribunal suggested:

*“... State Members of Parliament have a heavier workload than do their Federal counterparts. Federal members certainly deal with weighty matters such as the economy... but their interface with electors can be relatively restricted because other than the pension and welfare issues, most day to day issues of concern to electors are within the State sphere; schools, hospitals, water supply... etc...”*

However, MPs in the Commonwealth Parliament represent more population per head than any other jurisdiction, and generally represent larger electorate areas.

## **Measures of workload and productivity**

Some submissions and responses to the public consultation questionnaire received by the Tribunal (appendix B) suggested that the salary of MPs should be based on performance or productivity measures. For example:

*“...I am very concerned that Parliament sits for very few days of the year.”*

Similarly:

*“...write conditions into their pay arrangements that require each MP to provide their value to the community by improving their communities...”*

And:

*“...furthermore, [MP] conduct in Parliament and their constituencies continues to fall far below acceptable community standards for honesty, transparency and responsiveness...”*

The Tribunal has considered two approximate measures of workload and productivity and compared these for MPs in various jurisdictions. The approximate measures compared are:

- size of population represented
- days parliament sits each year.

### Size of population relative to the number of MPs

While imprecise, a measure of workload is the population of the jurisdiction relative to the total number of MPs. All other things being equal, MPs in jurisdictions with a higher population, are likely required to spend a greater proportion of time on electorate work serving their constituents.

Table 8.2 compares each jurisdiction’s approximate total population with its total number of MPs. While jurisdictions with higher populations (e.g. Victoria, the Commonwealth and NSW) tend to have more MPs in total in their parliaments, each MP also represents more individuals (population per MP) than jurisdictions with smaller populations (e.g. Northern Territory and Tasmania).

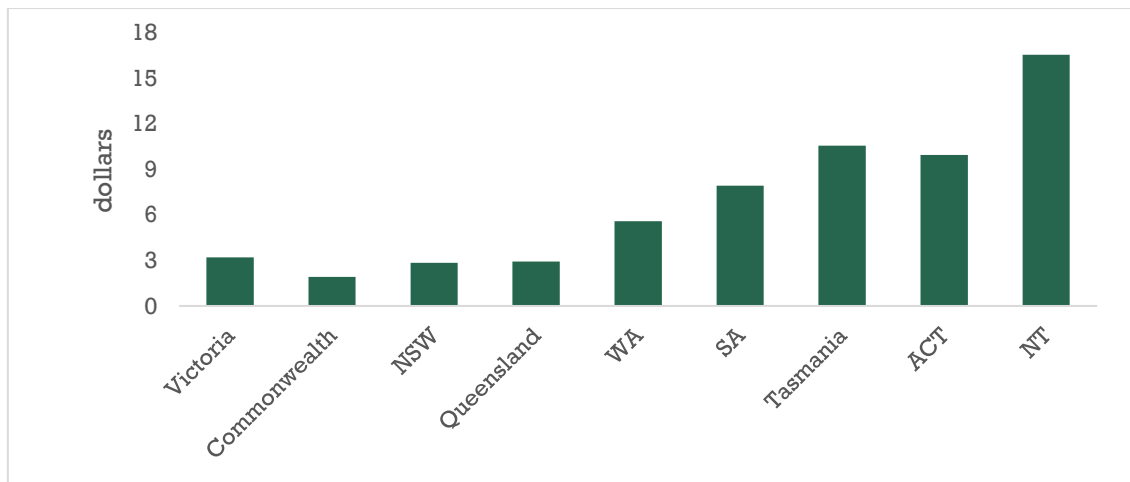
**Table 8.2: total population relative to the number of MPs, December 2018**

	VIC	CTH	NSW	QLD	WA	SA	TAS	ACT	NT
Population (000)	6,526.4	25,180.2	8,046.1	5,052.8	2,606.3	1,742.7	531.5	423.8	245.9
Assembly Members	88	151	93	93	59	47	25	25	25
Council Members	40	76	42	n.a	36	22	15	n.a	n.a
Total MPs	128	227	135	93	95	69	40	25	25
Population per MP	50,988	110,926	59,601	54,331	27,435	25,257	13,288	16,952	9,836

Source: ABS, *Australian Demographic Statistics*, cat no. 3101, December 2018.

Figure 8.2 shows the basic salary for MPs in all Australian parliaments, relative to the size of the population in each jurisdiction. Jurisdictions with smaller populations tend to pay MPs more per resident. MPs in the Victorian Parliament are paid a slightly higher rate per person represented compared to MPs in the NSW or Queensland Parliaments.

Figure 8.2: approximate MP basic salary per person represented per year, as at 1 July 2019



Note: Values were calculated using the following formula: basic salary divided by population per MP  
Sources: ABS, *Australian Demographic Statistics*, cat no. 3101, December 2018; basic salary information based on data gathered by the Department of Parliamentary Services for the Tribunal.

### Parliamentary sitting days

Another approximate measure of productivity that may be compared across jurisdictions is time spent by MPs on parliament sitting days. As table 8.3 shows, on average, Victorian lower House MPs sit relatively fewer days than both MPs in the Commonwealth and NSW Parliaments, but more days than MPs in the Queensland Parliament.

Table 8.3: Parliament sitting time per year, average for the lower House, 2008 – 2018

	VIC	CTH	NSW	QLD
Parliament average sitting days per annum	48.2	63.5	57.8	39.4
Average length (hours) per sitting day	9.1	10.3	8.3	10.9
Average hours in parliament sitting p.a	452.3	653.5	477.3	436.2

Sources: Parliament of Victoria; Parliament of NSW; Parliament of Australia; Parliament of Queensland.

### Movements in wages and prices

The Tribunal has compared movements in the basic salary for MPs in the Victorian Parliament over the past 10 years against movements in consumer prices and employee wages in Victoria.

Several submissions the Tribunal received also suggested the Tribunal should consider the economic conditions of Victoria and Australia, including the movement of wages in the community. For example:

*“Any increases should be at the same rate as average wages...”*

And another submission stated:

*“... current and projected economic conditions and trends do not look good!...”*

In addition, the Tribunal received 392 submissions with the following, or a very similar, request for the Tribunal to consider the Government’s Wages Policy:

*“... Victorian MPs as public servants should be held to this [Wages Policy] same standard... the total increase in remuneration for Victorian MPs, including allowances, should not exceed 2% until this cap is increased”*

The measure used by the Tribunal to consider changes in prices is the Melbourne Consumer Price Index (CPI). Since 2009, the basic salary for MPs has grown slightly faster (annual average growth rate of 2.75 per cent) than the CPI (average annual growth rate of 2.2 per cent per annum).<sup>58</sup>

For changes in wages, the Tribunal compared changes in the MP basic salary to two variables:

- Victorian Wage Price Index (WPI) — measures changes in wages paid for a given unit of labour, where quality and quantity of that unit of labour are held constant<sup>59</sup>
- full-time average weekly ordinary time earnings (AWOTE) of Victorian employees — provides an estimate of average wages in the community.

Between June 2009 and June 2019, the basic salary of MPs grew by 5.7 per cent in real (inflation adjusted) terms and 31.2 per cent in nominal terms.

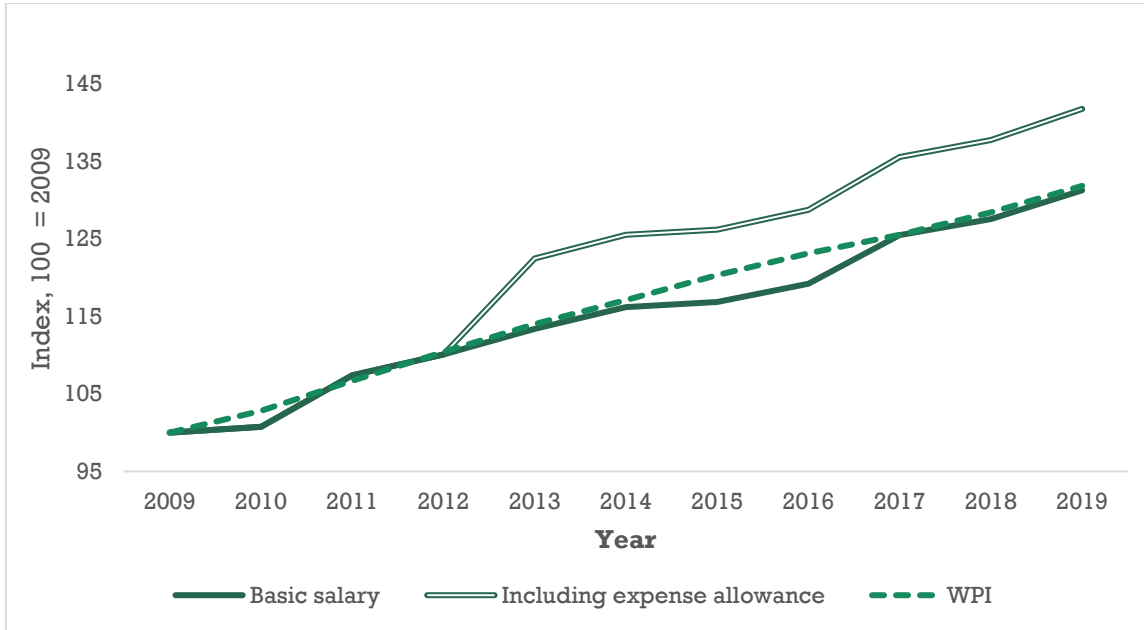
Figure 8.3 shows that over the same period, the WPI increased by 6.2 per cent in real terms and 31.8 per cent in nominal terms.

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<sup>58</sup> ABS, *Consumer Price Index, Australia*, cat. 6401.0, June 2019

<sup>59</sup> ABS 2019, “Wage Price Index Explanatory Notes,” *Wage Price Index*, cat no. 6345.0, June 2019

Figure 8.3: Victorian MP basic salary and the Wage Price Index, 2009 – 2019, nominal change



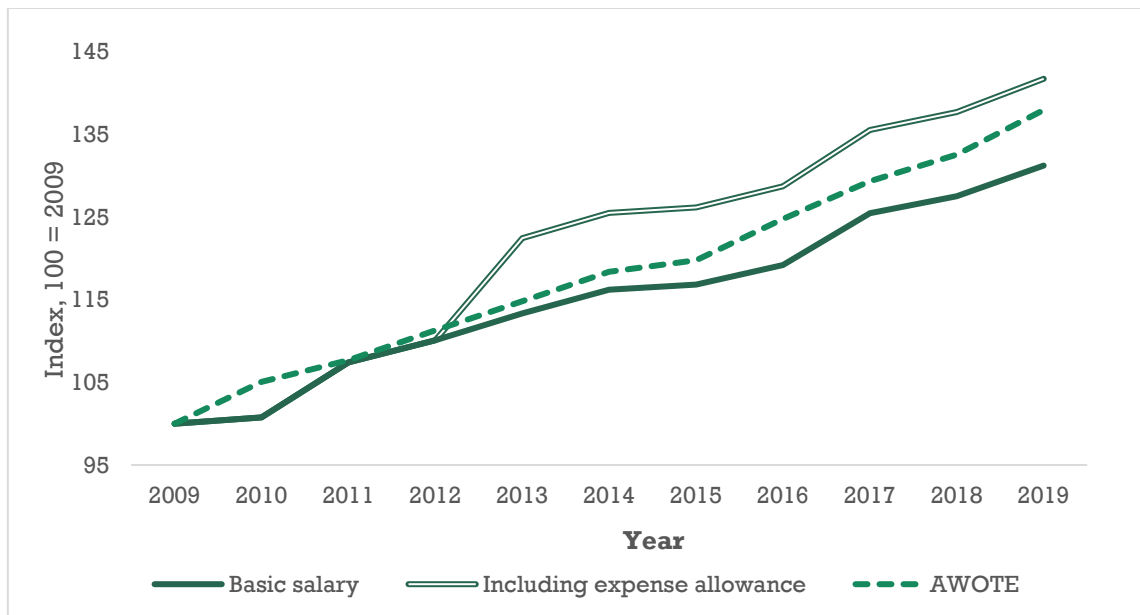
Note: 'including expense allowance' means basic salary plus equivalent dollar value of 8% expense allowance payable from 2013.

Sources: ABS, *Wage Price Index*, cat no. 6345, June 2019; Department of Parliamentary Services.

Figure 8.4 shows that between June 2009 and June 2019, AWOTE increased by 11.1 per cent in real terms and 37.9 per cent in nominal terms.

If the value of the 8 per cent expense allowance is added to basic salary, MP salary grew by more than AWOTE between June 2009 and June 2019 — approximately 14 per cent in real terms and approximately 42 per cent in nominal terms.

Figure 8.4: Victorian MP basic salary and average weekly ordinary time earnings (Victoria), 2009 – 2019, nominal change



Note: 'including expense allowance' means basic salary plus equivalent dollar value of 8% expense allowance from 2013.

Sources: ABS, *Average Weekly Earnings*, cat no. 6302.0, 2019; Department of Parliamentary Services.

## Conclusion on basic salary

To reduce complexity and improve transparency, the Tribunal has decided to incorporate the current value of the minimum expense allowance into basic salary. As previously indicated, at 1 July 2019 the value of the minimum expense allowance was \$13,055, being eight per cent of \$163,189.

The rationale for making this change is that Victoria is the only jurisdiction providing MPs with a minimum level of expense allowance. For most purposes, this allowance is treated in the same way as MP salary — that is, it is taxable and payable fortnightly.

The current combined basic salary and minimum expense allowance (\$176,244) for MPs in the Victorian Parliament compares favourably to the basic salary for MPs in most other jurisdictions. The movement in the value of the combined basic salary and minimum expense allowance over the last decade also compares favourably to movements in wages and prices generally.

However, the Tribunal is tasked with more than determining the basic salary for MPs having regard to these comparisons. A comprehensive review of various components of MPs remuneration is required.

Mercer’s independent work value assessment suggests that on a work value basis some re-setting of the base salary of MPs is warranted.

In the circumstances, including the earlier set out statements or policies of the Victorian Government in respect of wages and other relevant remuneration and allowances, the Tribunal has determined that at this stage a 3.5 per cent increase to the basic salary of an MP is appropriate.

Since the Tribunal has decided for reasons of simplicity and transparency to also incorporate the current value of the minimum expense allowance into the basic salary, this 3.5 per cent increase brings the basic salary for MPs to \$182,413 per year from 16 September 2019.

## **8.2 Value of the expense allowance**

A consequence of incorporating the current minimum 8 per cent expense allowance into the basic salary is that from 16 September 2019, the value of that expense allowance is reduced for zero for MPs who currently have an 8 per cent expense allowance.

## **8.3 Value of additional salary and expense allowance for office holders**

The increase in the value of the basic salary has flow-on effects for specified parliamentary office holders because their additional salaries and expense allowances are calculated as a percentage of the basic salary.

In addition to setting the value of additional salaries and expense allowances for specified parliamentary office holders listed in the *Parliamentary Salaries and Superannuation Act 1968* (Vic) (PSS Act) in the Determination, the Tribunal is required to set the value of additional salaries and any expense allowances to be provided to two new specified parliamentary office holders — the Parliamentary Secretary to the Premier and the Deputy Government Whip in the Legislative Assembly — introduced from 2019 by the VIRTIPS Act.

In the following, the Tribunal considers the value of the additional salaries and expense allowances for office holders under the PSS Act and then the value of the additional salaries and expense allowances for the two newly created



specified parliamentary offices, being Parliamentary Secretary to the Premier and the Deputy Government Whip in the Assembly.

## **Offices under the PSS Act**

On 16 September 2019, section 6 of the PSS Act which sets out the specified parliamentary offices, and the rate of additional salaries and allowances they receive, will be repealed and replaced with the Tribunal's Determination. The Tribunal is required to set the value of the additional salaries and expense allowances provided to MPs who are specified parliamentary office holders, as defined in section 3 of the VIRTIPS Act:

- Premier, Deputy Premier and Ministers
- Leader, and Deputy Leader, of the Opposition
- Leader, and Deputy Leader, of the Third Party
- Presiding, and Deputy Presiding, Officers
- Parliamentary Secretaries
- Shadow Ministers
- Whips
- Chairs, and Deputy Chairpersons, of Parliamentary committees
- Secretary of the Parties forming Government, Opposition and the Third Party.

The Tribunal has reviewed the existing additional salaries and expense allowances provided to specified parliamentary office holders in Victoria against the additional salary or expense allowances paid to specified parliamentary office holders in other Australian jurisdictions. Generally speaking, when compared in terms of total additional remuneration received per year, office holders in the Victorian Parliament currently generally rank about fourth highest (chapter 4).

The flow-on effects of increasing the basic salary for MPs result in an increase of between 3.8 per cent and 4.8 per cent in the total salary (basic salary, additional salary and expense allowance) for parliamentary office holders whose expense allowance is currently 8 per cent and an increase of 11.78 per cent in total salary for parliamentary office holders whose expense allowance is currently above 8 per cent.

At this stage there is no firm basis for adjusting the percentages of the current additional salaries and expense allowances, above 8 per cent, for specified parliamentary office holders, except to phase-in the 11.78 per cent increase in

their total salary having regard to the various matters the Tribunal must take into account or consider in making its Determination.

The Tribunal has decided the most appropriate way to phase-in this increase is to provide for a seven per cent increase in the total salary of specified parliamentary office holders from 16 September 2019 and a further 4.78 per cent increase in the total salary of specified parliamentary office holders from 1 July 2020. Such phasing also needs to recognise the incorporation of the 8 per cent minimum expense allowance into the basic salary.

The Tribunal considers this phasing provides an appropriate balance between competing matters, including the statements or policies of the Victorian Government in respect of wages and other relevant remuneration and allowances and the flow-on effects of the increase in the basic salary for MPs.

The resultant total salaries for specified parliamentary office holders are expressed in monetary terms in table 8.4.

Table 8.4: phase-in of the total remuneration for specified parliamentary office holders in 2019 and 2020

Specified parliamentary office holder	Total salary, before Determination \$ p.a	Total salary, 16 September 2019 \$ p.a	Total increase in salary, applied 16 September 2019 % p.a	Total salary, 1 July 2020 \$ p.a	Total increase in salary, applied 1 July 2020 % p.a
Premier	394,917	422,562	7	441,439	4.8
Deputy Premier	336,170	359,701	7	375,771	4.8
any other responsible Minister of the Crown	314,955	337,002	7	352,057	4.8
Leader of the Opposition	314,955	337,002	7	352,057	4.8
President	288,845	309,064	7	322,871	4.8
Speaker	288,845	309,064	7	322,871	4.8
Deputy President	212,146	226,996	7	237,137	4.8
Deputy Speaker	212,146	226,996	7	237,137	4.8
Deputy Leader of the Opposition in the Assembly	231,728	247,949	7	259,026	4.8
Leader of the Opposition in the Council	231,728	247,949	7	259,026	4.8
Leader of the Third Party (unless they are also the Leader or Deputy Leader of the Opposition or a Minister of the Crown)	231,728	247,949	7	259,026	4.8
Cabinet Secretary	231,728	247,949	7	259,026	4.8
Parliamentary Secretary to the Premier*	203,986	226,996	11.3	237,137	5.0

Specified parliamentary office holder	Total salary, before Determination \$ p.a	Total salary, 16 September 2019 \$ p.a	Total increase in salary, applied 16 September 2019 % p.a	Total salary, 1 July 2020 \$ p.a	Total increase in salary, applied 1 July 2020 % p.a
a Shadow Minister	187,667	200,804	7	209,775	4.8
Government Whip in the Assembly	205,618	215,247	4.7	215,247	0
Deputy Government Whip in the Assembly*	176,244	200,654	13.9	200,654	0
Deputy Leader of the Opposition in the Council	205,618	215,247	4.7	215,247	0
a Parliamentary Secretary (other than the Parliamentary Secretary to the Premier)	203,986	218,265	7	228,016	4.8
Deputy Leader of the Third Party (unless they are also the Leader or Deputy Leader of the Opposition or a Minister of the Crown)	205,618	215,247	4.7	215,247	0
Government Whip in the Council	194,195	202,478	4.3	202,478	0
Opposition Whip in the Assembly	194,195	202,478	4.3	202,478	0
Opposition Whip in the Council	194,195	202,478	4.3	202,478	0
Whip of the Third Party in the Assembly	194,195	202,478	4.3	202,478	0
Whip of the Third Party in the Council	194,195	202,478	4.3	202,478	0
Secretary of the Party forming the Government	182,772	189,710	3.8	189,710	0
Secretary of the Opposition Party	182,772	189,710	3.8	189,710	0

Specified parliamentary office holder	Total salary, before Determination \$ p.a	Total salary, 16 September 2019 \$ p.a	Total increase in salary, applied 16 September 2019 % p.a	Total salary, 1 July 2020 \$ p.a	Total increase in salary, applied 1 July 2020 % p.a
Secretary of the Third Party	182,772	189,710	3.8	189,710	0
Chairperson of the Public Accounts and Estimates Committee	208,882	218,896	4.8	218,896	0
Chairperson of the Scrutiny of Acts and Regulations Committee	200,722	209,775	4.5	209,775	0
Chairperson of the Integrity and Oversight Committee	200,722	209,775	4.5	209,775	0
Chairperson of a standing committee appointed under standing orders of the Assembly or the Council	192,563	200,654	4.2	200,654	0
Chairperson of a Joint Investigatory Committee within the meaning of the <i>Parliamentary Committees Act 2003</i> (Vic) which is not otherwise provided for in this table	192,563	200,654	4.2	200,654	0
Chairperson of joint select committee when resolution establishing committee so provides that chairperson is entitled	184,403	191,534	3.9	191,534	0
Deputy chairperson of the Public Accounts and Estimates Committee	182,772	189,710	3.8	189,710	0
Deputy chairperson of the Scrutiny of Acts and Regulations Committee	182,772	189,710	3.8	189,710	0
Deputy chairperson of the Integrity and Oversight Committee	182,772	189,710	3.8	189,710	0

\* Note: New offices introduced into the VIRTIPS Act in 2019.

Table 8.5 shows the position of selected specified parliamentary office holders relative to comparable roles in other jurisdictions taking into account the full phase-in of the Tribunal’s Determination.

**Table 8.5: total remuneration for selected specified parliamentary office holders, jurisdictional comparison\***

Office	Vic \$	Cth \$	NSW \$	Qld \$	WA \$	SA \$	Tas \$	ACT \$	NT \$
Premier/Prime Minister /Chief Minister	441,439	549,250	407,980	399,955	355,681	401,252	318,219	353,833	325,392
Deputy Premier/Prime Minister/Chief Minister	375,771	433,063	343,460	351,788	302,878	371,158	255,136	303,285	292,853
Minister	352,057	364,406	309,621	327,705	277,230	351,096	238,314	286,436	268,448
Leader of the Opposition	352,057	390,813	309,621	327,705	277,230	351,096	238,314	286,436	268,448
Deputy Leader of the Opposition	259,026	332,719	226,717	255,455	224,427	321,002	189,250	202,190	211,505
Leader of the Opposition in the upper house	259,026	332,719	226,717	n.a	239,514	321,002	n.a	n.a	n.a
Deputy Leader of the Opposition in the upper house	215,247	253,500	197,955	n.a	n.a	220,689	n.a	n.a	n.a
Leader of other recognised Party	259,026	301,031	226,717	219,330	224,427	n.a	189,250	n.a	n.a
Presiding Officers	322,871	369,688	309,621	303,622	256,109	351,096	197,661	261,162	268,448
Deputy Presiding Officers	237,137	253,500	253,788	243,414	201,796	275,861	168,222	193,766	195,235
Cabinet Secretary	259,026	n.a	n.a	n.a	224,427	n.a	182,240	n.a	n.a
Parliamentary Secretaries (other than Parliamentary Secretary to the Premier)	228,016	264,063	203,030	243,414	179,167	240,751	n.a	n.a	n.a
Shadow Minister	209,775	264,063	n.a	219,330	n.a	250,783	n.a	n.a	n.a
Whip	215,247	266,175	203,030	243,414	183,693	236,739	148,596	185,341	187,100
Senior Opposition Whip	202,478	259,838	203,030	195,247	183,693	236,739	148,596	185,341	187,100

\* Note: Victorian figures are total salary at 1 July 2020. All other figures are total salaries at August 2019.

## New specified parliamentary offices

With respect to the two new offices — Parliamentary Secretary to the Premier and Deputy Government Whip in the Assembly — the VIRTIPS Act requires the Tribunal to examine the roles and set the additional salary and any expense allowance.

The Parliamentary Secretary to the Premier role serves to support the Premier in his responsibilities to the Government, Cabinet, the Parliament and the Department of Premier and Cabinet.

New South Wales is the only other jurisdiction which specifically recognises and provides additional remuneration for a Parliamentary Secretary to the Premier (table 8.6).

**Table 8.6: Parliamentary Secretary to the Premier, annual remuneration, August 2019**

Jurisdiction	Base salary \$	Additional salary %	Additional salary (equivalent \$ amount)	Expense allowance %	Expense allowance (equivalent \$ amount)	Total salary \$
New South Wales	169,192	30	50,758	20	33,838	253,788

Sources: *Parliamentary Remuneration Act 1989 (NSW)*; Parliament of NSW, 'Salaries and Allowances for Members of the Legislative Assembly July 2019', *Legislative Assembly – Members*, 8 August 2019.

The role of the Deputy Government Whip in the Assembly is to support the Government Whip in the Assembly to carry out his or her duties in the Parliament. There are three jurisdictions where a Deputy Whip is provided with an additional salary and/or expense allowance (table 8.7).

Table 8.7: Deputy Whips, annual remuneration, August 2019

Jurisdiction	Base salary \$	Additional salary %	Additional salary (equivalent \$ value)	Expense allowance %	Expense allowance (equivalent \$ value)	Total salary \$
Commonwealth	211,250	5	10,563	n.a	n.a	221,813
New South Wales	169,192	7	18,611	6	11,843	199,647
Queensland	159,122	12.5*	30,104	n.a	n.a	189,226

\*Note: In Queensland, additional salaries are set as a percentage of the Premier's salary, not the basic salary (i.e. 12.5% of \$399,955).

Sources: Department of Finance, 'Salary', *Ministerial and Parliamentary Services*, 8 August 2019; *Parliamentary Remuneration Act 1989 (NSW)*; Parliament of NSW, 'Salaries and Allowances for Members of the Legislative Assembly July 2019'; Parliament of Queensland, 'Members Remuneration Handbook', QIRT, *Additional Salary of the Offices of the Chair and Member of Select Committees: Determination 15/2017*.

The Tribunal has decided to set the additional salary and expense allowance of the Parliamentary Secretary to the Premier at the same level as the Deputy Presiding Officers.

These figures recognise the additional workload expected of the Parliamentary Secretary to the Premier above that of an ordinary Parliamentary Secretary.

For the office of the Deputy Government Whip in the Assembly, the Tribunal has set the additional salary at 10 per cent, consistent with that of the Chairpersons of certain Parliamentary Committees.

This recognises the work of the Deputy Government Whip in the Legislative Assembly.

The Tribunal's decision on the alignment of these new offices results in larger increases for them from 16 September 2019.

The resultant total salaries for these two new offices, are shown in monetary terms are set out in table 8.4.



## 8.4 Value of the basic salary portion

The VIRTIPS Act (section (s17(5)(b)) requires the Tribunal to set a portion of the basic salary (the basic salary portion) that is basic salary for the purposes of the definition of basic salary in section 10(1) of the PSS Act.

The Tribunal is also required to provide for the annual indexation of the basic salary portion (s17(5)(c) of the VIRTIPS Act)).

Amongst other things, the PSS Act sets out superannuation entitlements of MPs in the Victorian Parliament. There are three superannuation schemes that potentially apply to current and retired MPs. An accumulation scheme and two defined benefit schemes:

- ‘Existing Benefits Scheme’ — closed to new members on 2 July 1996
- ‘New Benefits Scheme’ — closed to new members on 10 November 2004.

The Tribunal has been informed that, under the PSS Act, the basic salary portion will directly affect the pension entitlements of former MPs (and their eligible beneficiaries) in the Existing Benefits Scheme and will not directly affect the pension entitlements of MPs in the New Benefits Scheme. However, the Tribunal has been informed that the Government intends to amend legislation to also apply the basic salary portion to the New Benefits Scheme.

All MPs serving in the current Parliament are members of either the New Benefits Scheme or the accumulation scheme. There are no MPs currently in the Victorian Parliament in the Existing Benefits Scheme. There are some retired MPs (and eligible beneficiaries) who receive a pension under the Existing Benefits scheme.

Currently, the value of pension entitlements of retired MPs, or their eligible beneficiaries, in the defined benefit schemes are based on the basic salary that is payable to currently serving MPs.

The VIRTIPS Act has changed this link such that future pension entitlements will be calculated as a percentage of the basic salary portion (instead of the basic salary). The Commonwealth Government implemented a similar change in 2012.<sup>60</sup>

## Commonwealth approach

Until 2004, all Commonwealth MPs were members of a defined benefit scheme. A 2011 review of Commonwealth MP remuneration found that transparency would be improved if entitlements providing personal benefit to MPs were rolled into salary.<sup>61</sup> However, the review noted that this could have an unintended effect of increasing retirement benefits under the defined benefit scheme. The review stated that the closure of the defined benefit scheme was related to a perception that it was too generous, and that MPs in that scheme would be further advantaged over MPs in the accumulation scheme if an allowance were to be folded into salary. The Committee recommended that the Commonwealth Government take preventative measures to prevent this from occurring.

The *Remuneration and Other Legislation Amendment Act 2011* (Cth) implemented this recommendation by giving the Commonwealth Remuneration Tribunal the power to set a portion of the base salary that is excluded for the purposes of determining contributions and benefits under the defined benefit scheme.<sup>62</sup>

In 2012, the Commonwealth Remuneration Tribunal broke the link between the base salary for Commonwealth MPs and pensions by setting the value of the basic salary at \$185,000, and effectively setting the value of basic salary for superannuation purposes at \$146,380.<sup>63</sup>

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<sup>60</sup> RT, *Remuneration Tribunal: Determination 2012/02: Members of Parliament - Base Salary and Related Matters*, RT: Canberra, 2012.

<sup>61</sup> Barbara Belcher, et al, *Review of Parliamentary Entitlements Committee Report*. Report prepared for the Department of Finance and Deregulation. Commonwealth of Australia. Canberra, 2010.

<sup>62</sup> RT, *Review of the Remuneration of Members of Parliament Initial Report*, Canberra: December 2011. .

<sup>63</sup> RT, *Remuneration Tribunal: Determination 2012/02: Members of Parliament - Base Salary and Related Matters*, RT: Canberra, 2012.

## Conclusion on basic salary portion

The Tribunal has decided to set the value of the basic salary portion at \$168,901 or 3.5 per cent above the basic salary as at 1 July 2019. This in line with the adjustment the Tribunal has made to the basic salary.

An amendment to the PSS Act (s60 of the VIRTIPS Act) provides that the basic salary portion is to be indexed annually by the greater of the:

- annual increase in the All Groups Consumer Price Index number for Melbourne or
- annual increase in full-time adult average weekly ordinary time earnings of employees in Victoria in original terms as published by the Australian Bureau of Statistics or
- annual indexation of the basic salary portion method determined by the Tribunal in its first Determination for MPs.

In this latter regard, the Tribunal has decided to provide for the annual indexation of the basic salary portion to be based on the annual increase in full-time adult average weekly ordinary time earnings of employees in Victoria in original terms as published by the Australian Bureau of Statistics.

This is consistent with how pension entitlements were indexed prior to the Determination.

## 8.5 Value of motor vehicle allowance

All MPs in the Victorian Parliament are entitled to request that a motor vehicle be provided for their use while they serve as an MP. Since 2013, MPs who choose not to request a motor vehicle receive an allowance (the motor vehicle allowance) in lieu to cover the transportation costs associated with their work as an MP.

The motor vehicle allowance was introduced in 2013 following a recommendation of the Hazell Review which stated that the motor vehicle provided to MPs should be:

*“... considered as one of the ‘tools of trade’ necessary to allow MPs to discharge their duties effectively, rather than as remuneration providing a personal benefit”.<sup>64</sup>*

The motor vehicle allowance was introduced to provide MPs with greater flexibility in choice of travel (e.g. taxis, hire cars or similar services) to carry out parliamentary and electorate responsibilities. MPs receiving the allowance would use it to cover travel costs incurred in the course of performing their duties.

To set the value of the motor vehicle allowance, the Tribunal has considered:

- the method originally used to set the value of the allowance, and movements in prices in the Victorian economy since the allowance was introduced,
- contributions previously required to be made by MPs that elect to receive a motor vehicle
- the estimated average cost of providing a motor vehicle to MPs in Victoria, and
- interjurisdictional comparisons in cases where motor vehicle allowances are provided.

## **Movements in prices**

The value of the motor vehicle allowance set in 2013 was based on estimates of the cost of providing a motor vehicle to an MP.

As at 1 July 2019, the value of the motor vehicle allowance (unchanged since its introduction in 2013) is:

- \$16,500 per year for MPs who represent electorates that are less than 5000km<sup>2</sup> in size
- \$25,000 per year for MPs who represent electorates that are 5000km<sup>2</sup>, or more, in size.

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<sup>64</sup> Hazell, M. *Independent Review of Victorian MPs’ Salary Entitlements, Allowances and Other Arrangements*. Report prepared for the Department of Premier and Cabinet. Victoria, 2013.

Unlike other allowances provided to MPs in the Victorian Parliament, the motor vehicle allowance has not been automatically indexed to account for inflation over time. As a result, the value of the motor vehicle allowance has dropped by approximately ten percent in real terms since 2013.

In addition, while the average costs of purchasing a motor vehicle have stayed largely the same, the costs associated with running and maintaining a vehicle have steadily increased since 2013.<sup>65</sup>

## Contributions required from MPs

Prior to the Hazell Review, MPs who elected to receive a motor vehicle were required to contribute to the costs of the vehicle. This contribution rate was increased in 2013 following the introduction of the motor vehicle allowance as recommended in the Hazell Review, for MPs electing to receive a motor vehicle (instead of the allowance).<sup>66</sup>

However, the requirement to make a contribution to the costs of the vehicle for MPs who elect to receive a motor vehicle was recently removed in the *Parliamentary Salaries, Allowances and Superannuation (Provision of Motor Vehicles) Regulations 2019*. This change increases the cost to Government of providing vehicles to MPs (and increases the benefit to MPs who elect to take-up the motor vehicle).

To promote neutrality for MPs between electing to receive the motor vehicle or the motor vehicle allowance, the Tribunal has taken the removed MP contribution into account when setting the value of the motor vehicle allowance so that it broadly aligns with the cost to Government of providing a motor vehicle to an MP.

## Jurisdictional comparisons

MPs in most other Australian Parliaments are entitled to receive a motor vehicle allowance. In some jurisdictions (Commonwealth, NT and Tasmania), MPs may choose between receiving the allowance or receiving a motor vehicle. In other

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<sup>65</sup> ABS, *All Groups CPI, Melbourne*, cat no. 6401.0, 2019

<sup>66</sup> *Parliamentary Salaries and Superannuation (Provision of Motor Vehicles) Regulations 2013*, reg 7.

jurisdictions (ACT, Queensland and WA), all MPs receive the motor vehicle allowance only, and there is no option to receive a motor vehicle.

In some jurisdictions (Commonwealth, ACT and Tasmania) the motor vehicle allowance is set as a flat rate. In others (Queensland, WA and the NT), a three-tiered approach is used with the value varying based on the size of the MP's electorate. In Victoria there are two tiers for the motor vehicle allowance.

The value of the motor vehicle allowance available to MPs in the Victorian Parliament is lower than the value set in most other jurisdictions (table 8.8). This is partially because most Australian jurisdictions are geographically larger than Victoria and it is likely MPs in those other jurisdictions are required to travel more by vehicle. However, even accounting for differences in the average size of electorates, values for the motor vehicle allowance available to MPs in the Victorian Parliament are lower. For example:

- all MPs in the ACT Parliament receive a larger motor vehicle allowance than MPs in the Victorian Parliament, even though the ACT is the smallest Australian jurisdiction, and
- MPs in the Victorian Parliament who represent inner-city electorates may elect to receive a motor vehicle allowance of \$16,500 per year, while MPs in the Parliaments of Queensland, Western Australia and the Northern Territory representing similar inner-city electorates receive at least \$25,000 per year.

**Table 8.8: motor vehicle allowances where provided<sup>1</sup>, jurisdictional comparison, 1 July 2019**

	VIC	CTH	QLD	WA	TAS	ACT	NT
Motor vehicle allowance (\$ value)	16,500 25,000	19,500	26,300 33,000 43,300	25,000 32,000 42,000	16,200	25,500 <sup>2</sup>	25,000 33,000 40,000
Total land area (km <sup>2</sup> )	227,000	7,688,000	1,730,000	2,527,000	68,000	2,000	1,348,000

1. In several jurisdiction the value of the motor vehicle allowance depends on the size MP's electorate.

2. An allowance of \$2,500 per year is also provided for taxis/hire cars for travel to, and from, official functions where private transport may not be appropriate in the interests of workplace safety and/or security.

Sources: PSS Act Regulation 2013; RT 2019; QIRT 2016; SAT 2017; TIC 2019; ACT RT 2019; NT RT 2018; "Geoscience Australia, Area of Australia - States and Territories", Geoscience Australia, accessed September: 2019.

## Conclusion on motor vehicle allowance

To adjust for inflation, and to bring Victoria into line with practices in other jurisdictions where a motor vehicle allowance is provided, the Tribunal has decided to set the value of the motor vehicle allowance as:

- \$20,000 for MPs representing electorates less than 5000km<sup>2</sup> in size
- \$30,000 for MPs representing electorates greater than 5000km<sup>2</sup> in size.

These values are broadly in line with the average costs of providing motor vehicles to MPs in Victoria.

## 8.6 Value of travel-related allowances

The VIRTIPS Act and the *Parliament Salaries, Allowances and Superannuation Regulations 2019* (Vic) require the Tribunal to set the value of four travel-related allowances for MPs. Two of these allowances, the PASA and the commercial transport allowance, existed prior to the making of the Determination. The other two allowances, the travel allowance and international travel allowance, are new allowances created in 2019. The full list of travel-related allowances considered by the Tribunal therefore are the:

- travel allowance
- PASA
- commercial transport allowance
- international travel allowance.

### Jurisdictional comparisons

The Tribunal has considered the values of the travel allowances in the context of practices for similar allowances adopted in other Australian jurisdictions.

Each Australian jurisdiction has its own unique system of travel allowances payable to MPs. Broad areas of difference include:

- type of work for which MPs are eligible to claim travel-related allowances (e.g. in some jurisdictions, an allowance is payable to MPs only when they are engaged in travel for parliamentary business, while in others an allowance is payable only for travel for electorate business)

- types of costs that can be covered by the allowance (e.g. in some jurisdictions, only accommodation costs may be met using the allowance, while in others the allowance can also be used to meet the costs of meals and incidentals incurred while travelling for work)
- the rate of allowance payable (e.g. in some jurisdictions, MPs are paid a fixed amount, regardless of the actual costs incurred by the MP, while in others MPs are reimbursed in full for the actual costs incurred when travelling for work, provided the costs fall within the scope of the eligibility criteria)
- whether caps apply to costs that can be reimbursed using the allowance (e.g. daily and/or annual caps).

In most Australian jurisdictions, reimbursement of accommodation costs for overnight stays for parliamentary business is available for MPs whose principal residence is outside the metropolitan area where Parliament sits. For example, in New South Wales, the ‘Sydney allowance’ is available to MPs whose principal residence is more than 70km by road from parliament. A fixed nightly rate applies for the use of this allowance in combination with an annual limit on total nights that can be claimed. An overnight stay might be deemed necessary for MPs a long distance from parliament during parliamentary sitting weeks when sitting days may last late into the night and re-commence early in the morning.

Other than attending parliament for sitting days, or to attend to other work, MPs may need to travel within their electorate, or Australia more broadly, for parliamentary or electorate business. Across most jurisdictions, MPs are usually eligible to claim travel allowance to help meet these travel costs up to the value of a maximum daily rate, set by the Commonwealth Remuneration Tribunal, or by the Australian Taxation Office (ATO), and annual caps or limits usually apply.

The Tribunal considers that there is merit in clarifying MP entitlements in respect of each of the travel-related allowances when setting their value.

### **Value and eligibility criteria for the travel allowance**

The Tribunal considers the travel allowance should be available to reimburse MPs for the reasonable accommodation, meals and incidental costs they incur in relation to eligible overnight stays in Victoria or other states and territories for parliamentary or electorate business.



The Tribunal has decided to set the maximum travel allowance per night payable at the travel allowance rate set (from time to time) by the Commonwealth Remuneration Tribunal as the travel allowance for an overnight stay in commercial accommodation in a particular location. The travel allowance rates set by the Commonwealth Remuneration Tribunal are comprehensive and vary according to:

- geographic location within Australia
- whether the MP claiming the allowance is a particular office holder or otherwise.

The Tribunal has also decided that if the MP is the Premier, Deputy Premier, other Minister of the Crown, Presiding Officer or the Leader of the Opposition, the maximum travel allowance payable per night will be that for an office holder of the Parliament of the Commonwealth, as set out by the Commonwealth Remuneration Tribunal. For all other MPs, the maximum travel allowance payable per night will be that for a Member of the Parliament of the Commonwealth, as set out by the Commonwealth Remuneration Tribunal.

The Members of Parliament (Victoria) Guidelines No. 01/2019, accompanying the Determination set out the guidelines for, or with respect to, the use of the travel allowance, including that the travel allowance:

- may be claimed by non-metropolitan MPs staying overnight in Melbourne for parliamentary business
- cannot be claimed for accommodation costs incurred within 28km of the Melbourne centre by MPs who are recipients of the PASA
- may be claimed by MPs who stay overnight within their electorate for electorate business, if the location of that stay is at least 80km from the MP's home base as defined in the Determination.

### **Value and eligibility criteria for the parliamentary accommodation sitting allowance**

The PASA is available to regional MPs who choose to maintain a second residence in metropolitan Melbourne to help them carry out their parliamentary duties while in Melbourne.

The Tribunal has decided to retain eligibility for, and the quantum of the value of the PASA, as at 1 July 2019, which is:

- if the Member is the Premier, \$53,217
- if the Member is the Deputy Premier, \$46,565
- if the Member is any other specified parliamentary office holder, \$39,910
- if the Member is none of the above, \$26,609.

The travel allowance described above, that has been decided upon by the Tribunal, seems to have diminished the need for the PASA. This suggests further consideration of the PASA, including setting any limitations on it, is desirable. However, the Tribunal is conscious that some MPs in the current Parliament are in receipt of this allowance and have organised their affairs accordingly. At this stage the most appropriate course is to not vary the current arrangements in respect of the PASA.

The Members of Parliament (Victoria) Guidelines No.01/2019 accompanying the Determination set out guidelines for, or with respect to, the use of the PASA.

### **Value and eligibility for the commercial transport allowance**

The Tribunal considers the commercial transport allowance should be available to meet certain commercial transport costs incurred by MPs who need to travel to undertake parliamentary or electorate business within Australia.

As all MPs are entitled to receive either a fully maintained motor vehicle or a motor vehicle allowance, MPs should use these options as far as possible to meet transport costs associated with undertaking parliamentary or electorate business. In addition, MPs have access to free public transport within Victoria that can be used to meet transport costs associated with travel for parliamentary or electorate business.

In light of this, and current arrangements, the Tribunal has decided to set the annual value of the commercial transport allowance at:

- \$5,000 per year, payable on a reimbursement basis, if the electorate an MP represents is less than 10,000 square kilometres
- \$10,971 per year, payable on a reimbursement basis, if the electorate an MP represents is between 10,000 and less than 20,000 square kilometres
- \$17,226 per year, payable on a reimbursement basis, if the electorate an MP represents is 20,000 square kilometres or more.

The Members of Parliament (Victoria) Guidelines No. 01/2019, accompanying the Determination, sets out guidelines for, or with respect to, the use of the commercial transport allowance, including different eligibility criteria for claiming the commercial transport allowance for parliamentary business compared to electorate business.

## **Value and eligibility for the international travel allowance**

The Tribunal considers the international travel allowance should be available to reimburse MPs for the reasonable travel and transport costs they incur in relation to eligible travel outside of Australia for parliamentary business.

The Tribunal has decided to set the international travel allowance per year at \$10,000.

This amount is consistent with the amount MPs are currently permitted to use from their EO&C Budget to fund eligible interstate and international travel costs. MPs will no longer be able to use the EO&C Budget for travel purposes given the travel-related allowances the Tribunal has now decided to make.

The Members of Parliament (Victoria) Guidelines No. 01/2019, accompanying the Determination, sets out guidelines for, or with respect to, the use of the international travel allowance.

## **8.7 Value of the electorate allowance**

There are currently three levels of electorate allowance, with higher allowances payable to MPs representing larger geographic areas:

- for Members representing an electorate less than 500km<sup>2</sup>, \$40,367 per year
- for Members representing an electorate of 500km<sup>2</sup> but less than 5,000km<sup>2</sup>, \$43,830 per year
- for Members representing an electorate larger than 5,000km<sup>2</sup> or more, \$48,357 per year.

The VIRTIPS Act states that the Tribunal must set the value of the electorate allowance at not less than \$20,000 (s17(5)(d)) and that the Tribunal cannot make guidelines about the use of the electorate allowance (s36(2)(a)).

The Tribunal understands that some MPs spend all of their electorate allowance on deductions permitted under ATO TR1999/10, whereas other MPs report their unspent electorate allowance in their annual taxation returns. Beyond this, it is not possible for the Tribunal to know exactly how MPs use this allowance as there are no reporting requirements on electorate allowance expenditure.

The Tribunal also understands that there is some potential overlap between deductions that MPs may acquit under the electorate allowance and some permitted uses of the EO&C Budget. An example is office stationery that can either be a permitted deductible item under the electorate allowance, or an expense claimed as a reimbursement under the EO&C Budget.

In setting the value for the electorate allowance, the Tribunal has considered the:

- current value of the electorate allowance relative to movements in prices in the Victorian economy, and
- value of electorate allowances in other jurisdictions.

### **Movements in prices**

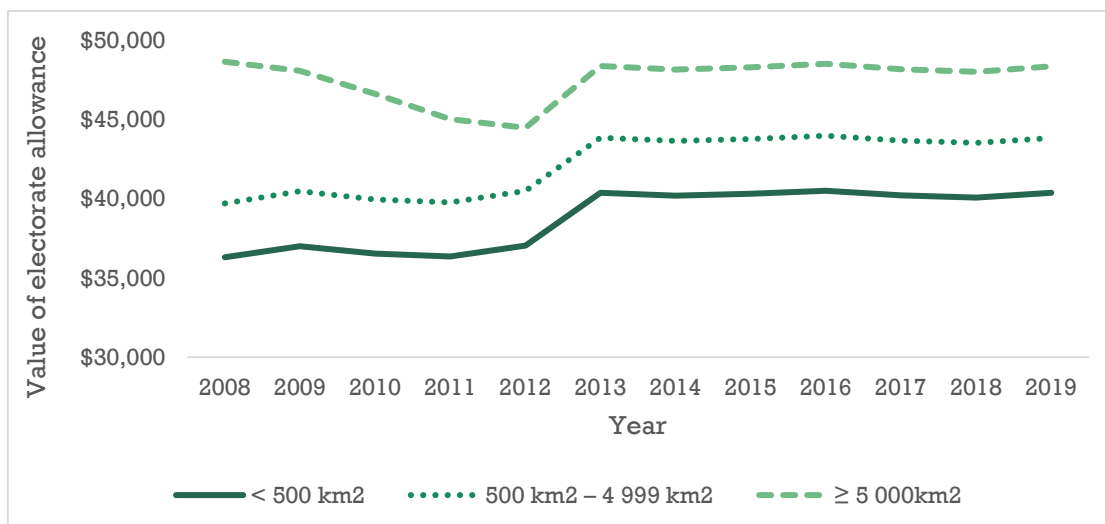
From the 1990s to 2008, the electorate allowance was indexed in line with changes to the electorate allowance for Commonwealth MPs.<sup>67</sup> From 2008, this changed to indexation based on the Melbourne CPI.<sup>68</sup> However, changes to regulations made in 2008 also stopped indexation of the value of the third (highest value) level of the electorate allowance. The third level applies to electorates that are 5000 square kilometres or greater in size. As a result of the combination of these changes, the gap between the value of the third level of the electorate allowance and the value of the other two levels has narrowed (figure 8.5).

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<sup>67</sup> *Parliamentary Allowances Regulations 1992 (Vic)*.

<sup>68</sup> *Parliamentary Allowances Amendment Regulations 2008 (Vic)*.

Figure 8.5: value of electorate allowance in Victoria (June 2019 dollars), 2008 – 2019



Sources: Department of Parliamentary Services; *Parliamentary Salaries and Superannuation (Allowances) Regulations 2013* ABS, *Consumer Price Index*, cat no. 6401.0, June 2019.

Indexation of the third level of the electorate allowance, based on Melbourne CPI, was re-instated in 2013, following the Hazell Review.<sup>69</sup> In addition, in the same year, each of the electorate allowance levels were increased by approximately 10 per cent.

These changes have resulted in the first and second levels of the electorate allowance growing by approximately one per cent per annum in real terms since 2008, while the value of the third level has decreased slightly in real terms over the same period (table 8.9).

Table 8.9: change in Victorian electorate allowance values, cumulative annual growth rate (CAGR), 2008 to 2019

Electorate size	< 500 km <sup>2</sup>		500 km <sup>2</sup> – 4 999 km <sup>2</sup>		≥ 5 000km <sup>2</sup>	
	Nominal	Real	Nominal	Real	Nominal	Real
CAGR (%)	3.40	1.07	3.32	0.99	2.24	-0.06

Sources: Department of Parliamentary Services; ABS *All Groups CPI, Melbourne*, cat no. 6401.0, 2019.

<sup>69</sup> Hazell, M. *Independent Review of Victorian MPs' Salary Entitlements, Allowances and Other Arrangements*. Report prepared for the Department of Premier and Cabinet. Victoria, 2013.

## Jurisdictional comparisons

Table 8.10 compares minimum and maximum rates for electorate allowances payable to MPs across Australia. Overall, the value of the electorate allowance paid to MPs in the Victorian Parliament is approximately in the middle of the range of values.

**Table 8.10: electorate allowance values (range), jurisdiction comparison, July 2019**

	VIC	CTH	NSW	WA	SA	TAS	NT
Electorate allowance (\$)	40,367	32,000	66,560	78,000	16,619	32,394	60,500
	to 48,357	to 46,000	to 173,415	to 103,350	to 50,763	to 53,992	to 116,000

Sources: RT 2019; NSW PRT 2019; SAT 2017; SA RT 2018; TIC 2019; NT RT 2018.

However, comparisons of allowances between jurisdictions should be treated with caution as salary and allowance structures differ across jurisdictions. For example, while electorate allowance values are generally higher for MPs in New South Wales than Victoria, MPs in the NSW Parliament, unlike MPs in Victoria, do not have access to a motor vehicle allowance, or to a private-plated vehicle. In addition, MPs in the parliaments of some Australian jurisdictions do not have access to a budget of the nature of the EO&C Budget in Victoria. MPs in those jurisdictions are required to use their electorate allowance to pay for expenses that could be met through the EO&C Budget in Victoria.

While MPs in Queensland receive an ‘electorate and communication allowance’, this differs from the electorate allowance received by MPs in other jurisdictions, and is similar to the EO&C Budget provided to MPs in Victoria as:

- MPs in Queensland are required to acquit expenditure under this allowance,
- amounts not spent are deducted from future payments of the allowance or are repaid, and
- this allowance is deemed to be a reimbursement by the ATO.<sup>70</sup>

<sup>70</sup> Parliament of Queensland, *Members Remuneration Handbook*. Parliament of Queensland: Brisbane 2019.

Electorate allowances provided to MPs representing the largest electorates in New South Wales, Western Australia and the Northern Territory are significantly higher than the electorate allowances payable to MPs in Victoria. However, rural electorates in these jurisdictions are much larger than those in Victoria. For example, the largest electorate in each of these jurisdictions is:

- Victoria — Lowan, 39,182 square kilometres<sup>71</sup>
- New South Wales — Barwon, 356,292 square kilometres<sup>72</sup>
- Northern Territory — Barkly, 458,576 square kilometres<sup>73</sup>
- Western Australia — North West Central, 817,103 km<sup>2</sup> (prior to the 2019 redistribution).<sup>74</sup>

### **Tribunal's conclusion on electorate allowance**

The Tribunal recognises and takes into account that the purpose of the electorate allowance is for costs associated with MPs providing services to their constituents, including the additional costs incurred by an MP when providing services to their constituents in electorates with larger geographic areas.

At this stage there is an insufficient basis to warrant a change in the current levels of the electorate allowance. The Tribunal has decided to set the value of the electorate allowance at its current levels (i.e. the levels existing before the making of the Determination).

## **8.8 EO&C Budget**

All MPs in the Victorian Parliament have access to an EO&C Budget. The purpose of the EO&C Budget is to help MPs meet the costs of maintaining their electorate office and the costs of communicating with their constituents.

The EO&C Budget is allocated on a financial year basis. In 2018-19, the total value allocated to each MP was determined by the formula outlined in table 8.11. For MPs in the Legislative Assembly, the value of the EO&C Budget varies by the number of electors the MP represents. Prior to the making of the

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<sup>71</sup> VEC, 'Lowan District profile,' VEC, Melbourne. Accessed September 2019.

<sup>72</sup> NSW Electoral Commission, "Barwon," NSW Electoral Commission: Sydney. Accessed September 2019.

<sup>73</sup> Western Australian Electorate Distribution Commission, *2015 Current Boundaries*, Western Australian Electorate Distribution Commission: Perth. Accessed September 2019.

<sup>74</sup> ABC, "Northern Territory 2016 Election Guide," Collection, *ABC News*, accessed August 19, 2019, <https://www.abc.net.au/news/elections/nt-election-2016/guide/bark/>.

Determination, the Members Guide set out the rules that applied to the use of the EO&C Budget by MPs.

Table 8.11: formulas used to determine the value of the EO&C Budget, July 2019.

Electorate office component	Communications component
Rate per voter x $\frac{\text{State voter count}}{\text{total number of LA districts (88)}}$	<b>Legislative Assembly:</b> total voters in district multiplied by rate per voter <b>Legislative Council:</b> Rate per voter x $\frac{\text{State voter count}}{\text{total number of LA districts (88)}}$

Source: Members Guide, 2019.

The Tribunal understands that, on average, a few MPs overspend their EO&C Budget allocation each financial year and are therefore required to re-pay money to the Parliament.

Some MPs informed the Tribunal that the EO&C Budget has not kept up with the cost of new technology and that it is not sufficient to meet all the costs an MP is expected to cover. For example, one MP noted that the cost of postage has risen significantly in recent years from 0.70c a stamp to \$1 a stamp and in a comment received in response to the MP questionnaire (appendix B):

*“I am comfortable with the arrangements. However, the size of the budget does not allow for much direct mail to constituents”*

As discussed above, there appears to be some overlap between expenditure permitted through the EO&C Budget and the allowable deductions under ATO rulings (e.g. TR1999/10) in relation to the use of the electorate allowance. This implies that MPs may be able to claim some expenses from the electorate allowance instead of the EO&C Budget where the EO&C Budget is depleted or insufficient to meet costs.

## Jurisdictional comparison

The only other Australian jurisdictions where MPs have access to a budget to support their work that is similar to the EO&C Budget are Queensland and the Commonwealth, while New South Wales provides a communications budget (table 8.12).

In South Australia, Western Australia and the Australian Capital Territory, MPs do not receive any type of electorate office or communications allowance.



In all Australian jurisdictions, except Victoria, the relevant Parliament covers the costs of fit-out and general maintenance, including rent and utilities, for electorate offices for each MP. In Victoria, the Department of Parliamentary Services only covers the standard fit out of the electorate office, costs of rent, utilities, security equipment and fixed landline services, but the EO&C Budget is used to meet maintenance costs such as cleaning the electorate office, recycling costs and Australia Post charges.

Like MPs in Victoria, MPs in all jurisdictions (except Queensland and the ACT) generally also receive an electorate/electoral allowance which can be used to meet the costs of maintaining an office, as well as the costs of communicating with constituents.

**Table 8.12: office/communications budgets, jurisdictional comparison July 2019**

Jurisdiction	Name	Value (\$)
Victoria	Electorate Office and Communications Budget	<b>Legislative Assembly:</b> 91,200 – 119,900 <b>Legislative Council:</b> 101, 200
Queensland	Electoral and Communications Allowance	69,600 – 76,400
Commonwealth	Annual Budget for Office Expenses	<b>House of Representatives:</b> 209,991 – 266,945 <b>Senate:</b> 110,792
NSW	Communications Allowance	<b>Legislative Assembly:</b> 98,423 – 122,360 <b>Legislative Council:</b> 4,695

Sources: Members Guide; *Queensland Members' Remuneration Handbook*; Department of Finance, *Salaries*, Government of Australia 2019; NSW PRT 2019.

## **Tribunal's conclusion on the EO&C Budget**

At this stage, there is insufficient basis to warrant a change in the current formulas and rates used for the EO&C Budget. The Tribunal has decided to set the value of the EO&C Budget on the basis of the formulas and rates in place before the making of the Determination.

## 8.9 Guidelines for the EO&C Budget

Some MPs informed the Tribunal that the existing guidelines governing the use of the EO&C Budget are confusing or restrictive. For example:

*“Mostly it works well. However approval processes and decisions for some spending of the E&OC budget are opaque, inconsistent and illogical.”*

Other MPs who responded to the MP questionnaire said that current arrangements for the EO&C Budget do not necessarily reflect the needs or work of a modern MP:

*“The current guidelines are needed to ensure spending in appropriate areas but need to be able to be amended to reflect MP practice”*

A suggestion made was that the Tribunal consider the guidelines for the Annual Budget for Office Expenses for MPs in the Commonwealth Parliament as an option for revising the EO&C Budget guidelines.

At this stage the Tribunal has decided to adopt the current guidelines, in the Members Guide, governing the use of the EO&C Budget, excepting those relating to travel which instead will be incorporated into the Members of Parliament (Victoria) Guidelines No. 01/2019, for, or with respect to, the use of the travel-related allowances.

The Members of Parliament (Victoria) Guidelines No. 01/2019, accompanying the Determination set out guidelines for or with respect to the use of the EO&C Budget.

## 8.10 Conclusion

This Statement of Reasons deals with the first Determination of the Tribunal on the salaries and allowances for MPs in the Parliament of Victoria. Under the VIRTIPS Act, the Tribunal can generally adjust the values it has set for those salaries and allowances annually.

In the Statement of Reasons, the Tribunal has examined the role and responsibilities of MPs including specified parliamentary office holders, their current remuneration framework, their current EO&C Budget, economic factors and existing guidelines and rulings applying to their remuneration and EO&C Budget.

In deciding on the values for the salaries and allowances for MPs, including the basic salary portion for superannuation purposes and its annual indexation, the Tribunal has comprehensively reviewed the existing basic salary, additional salaries, work-related parliamentary allowances and other funding and superannuation and pension arrangements provided to MPs.

The Tribunal has also taken into account the salary and allowances for, and roles and responsibilities of, MPs of the Commonwealth and other States and Territories, as well as existing guidelines and rulings governing the use of work-related parliamentary allowances and the EO&C Budget, including relevant rulings of the ATO.

Further, in setting the value of the electorate allowance the Tribunal has taken into account its legislated purpose.

The Tribunal received many submissions in relation to the proposed Determination for MPs which it has considered in making its decisions. The Tribunal expresses its appreciation to those who made submissions, including those who responded to the questionnaires.

Finally, the Tribunal has considered, but sees no need to alter, the decisions it has reached in light of the financial position and fiscal strategy of Victoria, or current and projected economic conditions or trends. Nor does further consideration of the Victorian Government's statements or policies in respect of

wages and other relevant remuneration and allowances warrant altering those decisions.

Under the Determination arising from the Tribunal's decisions, individual MPs will be in overall position that is no less favourable than the arrangements in place before the making of the Determination taking into account the basic salary, additional salary, the Budget, work-related parliamentary allowances and superannuation and pension arrangements.

The resultant Determination for MPs will take effect on 16 September 2019.

Warren McCann  
*Chair*

Victorian Independent  
Remuneration Tribunal

The Honourable Jennifer Acton  
*Member*

Victorian Independent  
Remuneration Tribunal

Barbara Belcher AM  
*Member*

Victorian Independent  
Remuneration Tribunal

Date: 16 September 2019



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# Appendix A – Notice of Intention



Available on the Tribunal's website.

# Appendix B – Consultation



Available on the Tribunal's website.