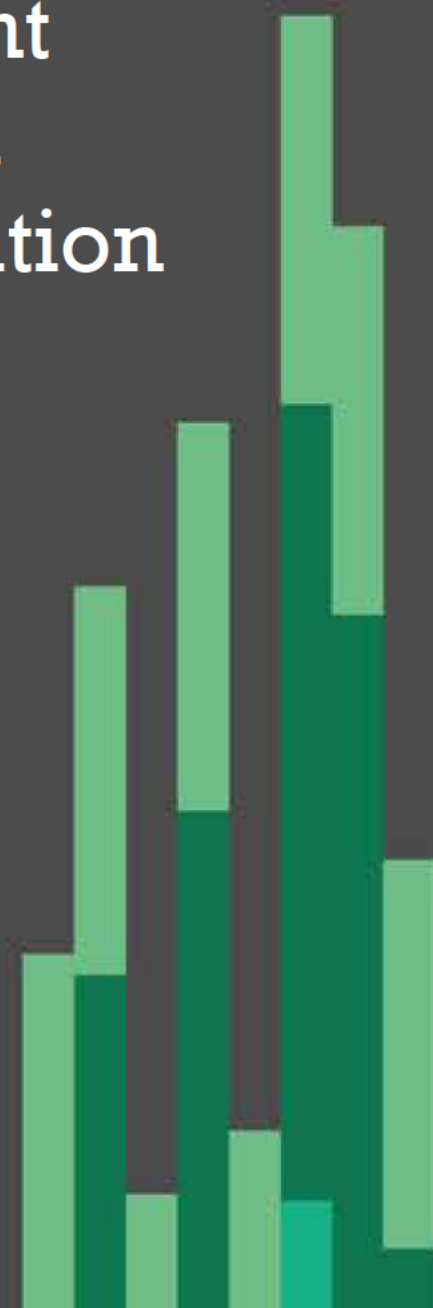

Victorian
Independent
Remuneration
Tribunal

Consultation paper — Members of Parliament (Victoria) salaries and allowances Determination 2023

December 2022



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Abbreviations and glossary

Term or abbreviation	Definition
2019 Determination	<i>Members of Parliament (Victoria) Determination No. 01/2019</i>
2023 Determination	A new comprehensive Determination to be made by the Tribunal in 2023, which will set the value of MP salaries, allowances and the EO&C Budget.
ATO	Australian Taxation Office
EO&C Budget	Electorate Office and Communications Budget
IBAC	Independent Broad-based Anti-corruption Commission
MP	Member of the Parliament of Victoria
MP Guidelines	Guidelines issued by the Tribunal under s. 36 of the VIRTIPS Act for or with respect to the use of the: <ul style="list-style-type: none"> • PASA • travel allowance • commercial transport allowance • international travel allowance • EO&C Budget.
Office holder	An MP who holds a specified parliamentary office in accordance with the PSAS Act.
PASA	Parliamentary accommodation sitting allowance
PAYG-W	Pay As You Go withholding
PSAS Act	<i>Parliamentary Salaries, Allowances and Superannuation Act 1968 (Vic)</i>
Tribunal	Victorian Independent Remuneration Tribunal
VIRTIPS Act	<i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)</i>

1 Context

The Victorian Independent Remuneration Tribunal provides transparent, accountable and evidence-based decision-making in relation to the remuneration of Members of the Parliament of Victoria (MPs), public sector executives and elected local government officials.

The Tribunal is established under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act).

The Tribunal made its first Determination of MP salaries and allowances in 2019 — the *Members of Parliament (Victoria) Determination No. 01/2019* (2019 Determination).¹ In each of 2020, 2021 and 2022, the Tribunal made Determinations providing for an annual adjustment to the values of the salaries and allowances set in the 2019 Determination.²

Every four years, the Tribunal is required to make a new Determination setting the value of salaries and allowances for MPs. This Determination is due by 20 June 2023, that is, within six months after the first sitting of the 60th Parliament (2023 Determination). The Tribunal's 2023 Determination will supersede the Tribunal's earlier Determinations and comprehensively review the following MP salaries and allowances, including the value of them:

- basic salary
- additional salaries for specified parliamentary office holders
- expense allowance
- electorate allowance
- parliamentary accommodation sitting allowance (PASA)
- travel allowance
- motor vehicle allowance
- commercial transport allowance
- international travel allowance
- Electorate Office and Communications Budget (EO&C Budget).

¹ Victorian Independent Remuneration Tribunal (2019).

² Victorian Independent Remuneration Tribunal (2020); Victorian Independent Remuneration Tribunal (2021a); Victorian Independent Remuneration Tribunal (2022a).

The Tribunal aims to ensure fair and reasonable recompense for MPs, helping to attract and retain talented MPs that effectively represent the interests of the community. The Tribunal does not assess the performance of any individual MP or group of MPs when making its Determinations.

To promote transparency and accountability, the Tribunal's Determinations, along with detailed Statements of Reasons, are published on its website.

In December 2022, along with this consultation paper, the Tribunal published on its website notice of its intention to make the 2023 Determination.

The Tribunal will also consider whether changes are required to the *Members of Parliament (Victoria) Guidelines No. 1/2022*, which set criteria for the use of particular allowances and the EO&C Budget.

This consultation paper briefly outlines a number of the issues that the Tribunal will consider in making its 2023 Determination. The paper:

- sets out the salaries, allowances and resources provided to MPs that are within the scope of the 2023 Determination
- invites interested persons or bodies to make a submission to the Tribunal on these or other relevant matters
- includes specific questions the Tribunal would particularly like addressed in submissions.

2 How to make a submission

The Tribunal invites interested persons or bodies to make a written or oral submission in relation to the 2023 Determination.

Submissions (and requests for assistance with making a submission) may be made at enquiries@remunerationtribunal.vic.gov.au.

Written submissions must be received by the Tribunal by 5pm on 24 February 2023.

Those wishing to make an oral submission must advise the Tribunal by 5pm on 10 February 2023.

Without limiting the matters on which interested parties might wish to make submissions, Chapter 6 of this consultation paper sets out particular topics and questions on which the Tribunal is interested in receiving submissions, including:

- value of salaries — page 17
- value and structure of allowances and the EO&C Budget — pages 18-19
- the potential to roll the expense allowance into additional salary — pages 19-20
- potential reforms to the PASA — pages 20-21.

All submissions will be published (in full or in summary) on the Tribunal's website, unless the person or body making the submission seeks confidentiality. If a submission contains commercially-sensitive information, it will be published in a form which protects commercial sensitivity. Submissions that contain offensive or defamatory comments, or which are outside the scope of the Determination, will not be published.

The Tribunal may receive a request under the *Freedom of Information Act 1982* (Vic). Any such requests will be determined in accordance with that Act, which has provisions designed to protect personal information and information given in confidence. Further information can be found at the Office of the Victorian Information Commissioner website.³

³ <https://ovic.vic.gov.au/>

3 Requirements for the 2023 Determination

In making a Determination, the Tribunal is required to consider:⁴

- 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
- the financial position and fiscal strategy of the State of Victoria
- current and projected economic conditions and trends
- submissions received in relation to the proposed Determination.

The VIRTIPS Act also sets out several specific requirements that the Tribunal must meet in making its 2023 Determination. The Tribunal must:⁵

- comprehensively review the existing salaries, additional salaries, work-related parliamentary allowances and other funding and superannuation and pension arrangements provided to MPs
- not set the basic salary at a rate that is higher than the basic salary for Members of the Parliament of the Commonwealth
- take into account the salary and allowances for, and the roles and responsibilities of, Members of the Parliaments of the Commonwealth, other States and the Territories
- take into account 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)
- 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
- in setting the value of the electorate allowance, take into account that the purpose of the electorate allowance is for costs associated with MPs providing services to their constituents.

⁴ VIRTIPS Act, s. 24(2).

⁵ VIRTIPS Act, s. 17.

4 Current values of salaries and allowances

This section sets out the current values of salaries and allowances for MPs, reflecting recompense for their responsibilities and duties, including in relation to:⁶

- the Parliament of Victoria, including parliamentary committees of which they are a member
- their constituents
- management of their electorate office.

Salaries

All MPs are provided with a basic salary as recompense for fulfilling their responsibilities and performing their duties. The current value of the basic salary is \$192,115 per annum.

In addition to the roles and duties performed by an MP, many members of the Victorian Parliament assume higher responsibilities by holding additional offices. The *Parliamentary Salaries, Allowances and Superannuation Act 1968* (Vic) (PSAS Act) lists ‘specified parliamentary offices’ (Table 4.1).

Collectively, MPs who hold a ‘specified parliamentary office’ are defined as ‘specified parliamentary office holders’ (office holders). The 2019 Determination highlighted key events in the history of remuneration arrangements for office holders in Victoria, and outlined the current role of each office holder.⁷

Office holders are provided with an additional salary, the value of which varies depending on the office held.

Table 4.1 sets out the current values of the additional salaries.

⁶ The role of an MP was set out in detail in the Tribunal’s 2019 Determination.

⁷ Victorian Independent Remuneration Tribunal (2019), Chapter 4.

Table 4.1: Value of additional salaries, as of 1 July 2022

Specified parliamentary office holder	Value (\$ p.a.)
Premier	214,368
Deputy Premier	181,299
Any other Minister; Leader of the Opposition	161,480
President; Speaker	141,053
Deputy Leader of the Opposition in the Assembly; Leader of the Opposition in the Council; Leader of the Third Party; Cabinet Secretary	77,250
Deputy President; Deputy Speaker; Parliamentary Secretary to the Premier	54,197
A Parliamentary Secretary (other than the Parliamentary Secretary to the Premier)	44,591
Chairperson of the Public Accounts and Estimates Committee	38,423
Government Whip in the Assembly; Deputy Leader of the Opposition in the Council; Deputy Leader of the Third Party	34,580
Government Whip in the Council; Opposition Whip in the Assembly; Opposition Whip in the Council; Whip of the Third Party in the Assembly; Whip of the Third Party in the Council	21,132
Deputy Government Whip in the Assembly; Chairperson of a standing committee appointed under standing order of the Assembly or the Council; 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	19,211
Shadow Minister	16,787
Chairperson of joint select committee when resolution establishing committee so provides that chairperson is entitled	9,606
Secretary of the Party forming the Government; Secretary of the Opposition Party; Secretary of the Third Party; Deputy chairperson of the Public Accounts and Estimates Committee; Deputy chairperson of the Scrutiny of Acts and Regulations Committee; Deputy chairperson of the Integrity and Oversight Committee	7,685

Source: Victorian Independent Remuneration Tribunal (2022b), pp. 11-12.

Allowances and the EO&C Budget

MPs are eligible to receive a range of work-related parliamentary allowances and an EO&C Budget. These support them in the exercise of their public duties,⁸ which include:⁹

- committee business
- electorate business
- Ministerial business
- parliamentary business.

⁸ *Members of Parliament (Standards) Act 1978* (Vic), s. 2; PSAS Act, s. 4A.

⁹ *Members of Parliament (Standards) Act 1978* (Vic), s. 2.

Some allowances (travel allowance, commercial transport allowance and international travel allowance) and expenditure from the EO&C Budget can be claimed on a reimbursement basis only, up to a maximum claimable amount. The expense allowance, electorate allowance, motor vehicle allowance and PASA are paid to eligible MPs as fixed amounts, regardless of actual expenditure incurred.

Criteria set by the Tribunal in its guidelines for the use of particular allowances and the EO&C Budget (MP Guidelines) are summarised in Chapter 5.

The PSAS Act includes a Statement of Principles in respect of the use of public resources by MPs (Box 4.1).

Box 4.1: PSAS Act — Statement of Principles

Fair and reasonable recompense for public duties

- A Member should receive fair and reasonable recompense for performing their public duties.
- Public resources are provided to a Member to support them in performing their public duties.

Good faith and integrity

- A Member 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.

Personal responsibility and accountability

- A Member must be responsible and accountable for their use of public resources.
- A Member must be prepared for their claims to be made publicly available.
- A Member must be able to publicly justify their use of public resources.

Source: PSAS Act, Part 2, Div. 1.

Expense allowance

Certain office holders receive an expense allowance in addition to their additional salary, to cover expenses particular to that office.¹⁰

Table 4.2 sets out the current expense allowance values for eligible office holders.

¹⁰ Victorian Independent Remuneration Tribunal (2019), p. 70.

Table 4.2: Value of the expense allowance, as of 1 July 2022

Specified parliamentary office holder	Value (\$ p.a.)
Premier	58,435
Deputy Premier	22,343
Any other Minister; Leader of the Opposition	17,187
Shadow Minister	12,031
President; Speaker	6,875
Deputy President; Deputy Speaker; Deputy Leader of the Opposition in the Assembly; Leader of the Opposition in the Council; Leader of the Third Party; Cabinet Secretary; Parliamentary Secretary	3,438

Source: Victorian Independent Remuneration Tribunal (2022b), pp. 11-12.

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

Electorate allowance

All MPs are paid an electorate allowance, which covers the costs associated with providing services to constituents, including additional costs incurred by MPs in electorates with a larger geographical area.¹¹

The value of this allowance varies depending on the geographical size of an MP's electorate. Table 4.3 sets out the current values of the electorate allowance.

Table 4.3: Value of the electorate allowance, as of 1 July 2022

Size of electorate (km ²)	Value (\$ p.a.)
< 500	42,155
500 – 4,999	45,771
≥ 5,000	50,499

Source: Victorian Independent Remuneration Tribunal (2022b), p. 6.

The electorate allowance is paid fortnightly. While tax is not withheld from the allowance through the PAYG-W system, MPs must account for the use of the allowance in their personal income tax returns and pay tax on any amount not spent on a deductible expense. The ATO's *Taxation Ruling 1999/10* explains the deductibility of expenses commonly claimed by MPs.

¹¹ VIRTIPS Act, s. 17(3)(e).

Parliamentary accommodation sitting allowance

This allowance is available to certain MPs in regional electorates who choose to maintain a second residence in metropolitan Melbourne to help them carry out their public duties while in Melbourne.¹²

The value of this allowance varies depending on the specified parliamentary office held by an MP (if any). Table 4.4 sets out the current value of this allowance.

Table 4.4: Value of the PASA, as of 1 July 2022

Parliamentary office held by MP (if any)	Value of the PASA (if eligible) (\$ p.a.)
Premier	53,217
Deputy Premier	46,565
Minister; Presiding Officer or Deputy Presiding Officer; Cabinet Secretary; Leader or Deputy Leader of the Opposition or of the Third Party; Leader or Deputy Leader of the Opposition in the Legislative Council	39,910
Other MP	26,609

Source: Victorian Independent Remuneration Tribunal (2022b), pp. 6-7.

MPs who claim the PASA are prohibited from claiming the travel allowance for stays within the ‘metropolitan area’.¹³

Travel allowance

This allowance is available to all MPs to cover the commercial costs of accommodation, meals and incidentals on occasions when they are required to stay overnight within Australia and away from their primary residence in order to perform their public duties.¹⁴ The allowance is provided on a reimbursement basis — MPs that meet the travel allowance eligibility criteria may claim up to the ‘travelling allowance rate’ for each overnight stay.

The ‘travelling allowance rate’ is equal to the rate set by the Commonwealth Remuneration Tribunal for Members of the Parliament of Australia. This rate varies depending on the location of the stay.

Table 4.5 sets out the ‘travelling allowance rate’ that currently applies for stays in Victoria. A higher ‘travelling allowance rate’ applies to the Premier, Deputy Premier, Ministers, Presiding Officers and Leader of the Opposition. These office

¹² Victorian Independent Remuneration Tribunal (2022c), p. 23.

¹³ Victorian Independent Remuneration Tribunal (2022c), p. 25.

¹⁴ Victorian Independent Remuneration Tribunal (2022c), p. 24.

holders may claim up to \$464 per overnight stay in Melbourne, and up to \$394 for stays in other Victorian localities.

Table 4.5: Standard ‘travelling allowance rate’, as of 28 August 2022

Location of overnight stay	Travelling allowance rate (\$ per night)
Ararat; Bairnsdale; Echuca; Hamilton; Mildura; Portland; Sale; Seymour; Warrnambool; Wodonga	311
Ballarat	333
Benalla	317
Bendigo	314
Bright	341
Castlemaine	320
Colac	312
Geelong	323
Horsham; Swan Hill	328
Melbourne	402
Shepparton	324
Wangaratta	332
Wonthaggi	334
Other locations	296

Note: The travel allowance can be claimed on a reimbursement basis only.

Source: Remuneration Tribunal (Cth) (2022), pp. 12-15.

Motor vehicle allowance

MPs are entitled under legislation to request that a motor vehicle be provided for their use while they serve as an MP.¹⁵

Since 2013, MPs who choose not to request a motor vehicle instead receive the motor vehicle allowance (formerly known as the ‘allowance in lieu of a motor vehicle’) to cover transportation costs associated with carrying out their public duties.¹⁶ For example, an MP may use the allowance to cover the cost of travel by taxi or similar services. The value of the motor vehicle allowance provided to an MP varies depending on the geographical size of their electorate (Table 4.6).

Table 4.6: Value of the motor vehicle allowance, as of 1 July 2022

Size of electorate (km ²)	Value (\$ p.a.)
< 5,000	22,353
≥ 5,000	33,680

Source: Victorian Independent Remuneration Tribunal (2022b), pp. 6-7.

¹⁵ PSAS Act, s. 6(6).

¹⁶ Victorian Independent Remuneration Tribunal (2019), p. 138; PSAS Act, s. 6(1)(c).

Commercial transport allowance

This allowance covers the cost of transport undertaken by an MP within Australia to perform their public duties.¹⁷ This allowance is available to all MPs on a reimbursement basis.

The maximum value of the allowance that can be claimed depends on the geographical size of the MP's electorate (Table 4.7). However, an MP is only entitled to that part of the commercial transport allowance which is equal to their claimable costs under the MP Guidelines.¹⁸

Table 4.7: Maximum value of the commercial transport allowance, as of 1 July 2022

Size of electorate (km ²)	Value (\$ p.a.)
< 10,000	5,000
10,000 – 19,999	10,971
≥ 20,000	17,226

Note: Allowance can be claimed on a reimbursement basis only.

Source: Victorian Independent Remuneration Tribunal (2022b), p. 7.

International travel allowance

This allowance covers the cost of international travel undertaken by an MP to perform their public duties and is available to all MPs on a reimbursement basis.

The maximum amount that each MP may claim is currently \$10,080 per annum.¹⁹

Electorate Office and Communications Budget

The EO&C Budget is available to all MPs to:²⁰

- fund the operating costs and maintenance of their electorate office
- communicate with their electorate in relation to the performance of their public duties.

The value of the EO&C Budget provided to an MP is based on the total number of voters enrolled in Victoria and, for members of the Legislative Assembly, the total number in the electoral district they represent.²¹

Box 4.2 sets out the current formulas used to determine the value of an MP's EO&C Budget in a non-election year. Special rules apply for calculating the value

¹⁷ Victorian Independent Remuneration Tribunal (2022c), p. 26.

¹⁸ Victorian Independent Remuneration Tribunal (2019), p. 7.

¹⁹ Victorian Independent Remuneration Tribunal (2022b), p. 8.

²⁰ PSAS Act, s. 7F(2).

²¹ Victorian Independent Remuneration Tribunal (2022b), p. 8.

of the EO&C Budget for a financial year in which a general election is held, or where an MP enters the Parliament other than as a result of a general election (e.g. a by-election).²²

Box 4.2: Formulas for determining value of EO&C Budget in a non-election year

Member of the Legislative Assembly:

$$\text{EO\&C Budget} = \left(\frac{N_V}{88} \times \$0.92 \times I \right) + (N_{ED} \times \$1.22 \times I)$$

Member of the Legislative Council:

$$\text{EO\&C Budget} = \frac{N_V}{88} \times \$2.14 \times I$$

where:

N_V : total number of voters enrolled in Victoria^(a)

N_{ED} : total number of voters enrolled in the electoral district that the MP represents^(a)

I : indexation factor^(b)

Source: Victorian Independent Remuneration Tribunal (2022b), p. 8.

Notes: (a) As published by the Victorian Electoral Commission as at the last day of February in the previous financial year. (b) Equal to 1.008 for the 2021-22 financial year and 1.044 for the 2022-23 financial year.

For the 2021-22 financial year, each member of the Legislative Assembly had a total EO&C Budget allocation of between \$93,458 and \$130,759 (average of \$105,373), while each member of the Legislative Council had a total allocation of \$105,373.²³

²² Victorian Independent Remuneration Tribunal (2022b), pp. 9-10.

²³ Tribunal calculations using VEC enrolment data as at the end of February 2021.

5 MP Guidelines

The Tribunal's MP Guidelines set rules and eligibility criteria for the use of the EO&C Budget and, as permitted by legislation, the following allowances provided to MPs:²⁴

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

The MP Guidelines currently in effect are the *Members of Parliament (Victoria) Guidelines No. 1/2022*.

The Tribunal will consider whether amendments are needed to the MP Guidelines as part of making the 2023 Determination.

Parliamentary accommodation sitting allowance

The MP Guidelines set out eligibility criteria for the PASA. To be eligible for this allowance an MP must:²⁵

- maintain a dwelling²⁶ (i.e. their second, parliamentary residence) that is located within 28km of the intersection of Elizabeth Street and Bourke Street — in the Guidelines, that intersection is referred to as the 'Melbourne centre', and the area within a 28km radius of the 'Melbourne centre' is referred to as the 'metropolitan area'
- have a primary residence that is located outside a radius of 80km from the 'Melbourne centre' (or satisfy the Clerk of their Chamber of Parliament that the shortest practicable route by road from their primary residence to the 'Melbourne centre' exceeds 80km)
- represent an electorate listed in Schedule 1 of the MP Guidelines.

²⁴ The Tribunal is not permitted to make guidelines for or with respect to the use of electorate allowances, expense allowances and the motor vehicle allowance, including terms or conditions relating to the use of these allowances. VIRTIPS Act, s. 36(2).

²⁵ Victorian Independent Remuneration Tribunal (2022c), p. 23.

²⁶ To claim the PASA, an MP must wholly maintain the dwelling for a period not less than the aggregate number of sitting days of their House of Parliament in a calendar year.

Travel allowance

The MP Guidelines state that MPs may claim the travel allowance for travel costs actually incurred to perform their public duties within Australia. Claimable travel costs include the cost of staying in commercial accommodation (hotels, motels, clubs, serviced properties or any other commercial property offering accommodation services to the public), as well as meals and incidental expenses.²⁷

Generally, MPs may only claim the travel allowance if the location of the overnight stay is a certain distance from their primary residence (at least 28km or 80km, depending on the reason for the MP's travel). However, the Guidelines also permit MPs to stay overnight in the metropolitan area where there is a break of less than 10 hours between parliamentary sittings.²⁸

Commercial transport allowance

The MP Guidelines state that MPs may claim the commercial transport allowance for transport costs actually incurred to perform their public duties within Australia.²⁹ The MP Guidelines provide that claimable transport costs include:³⁰

- costs required for a person to travel by commercial transport — defined as 'transit with an operator that, for remuneration, provides scheduled or non-scheduled transport services to the public for the carriage of passengers'
- parking fees at a Victorian airport.

The MP Guidelines prohibit MPs from claiming the commercial transport allowance for transport services provided by family members, public sector employees, electorate officers, ministerial officers or parliamentary advisers.³¹

Subject to limited exceptions, this allowance cannot be used for travel by motor vehicle in Victoria. MPs are expected to use their motor vehicle, motor vehicle allowance or access to free public transport to meet their transport costs in Victoria. The MP Guidelines do, however, enable certain MPs, depending on the

²⁷ Victorian Independent Remuneration Tribunal (2022c), pp. 4-5.

²⁸ Victorian Independent Remuneration Tribunal (2022c), pp. 24-25.

²⁹ Victorian Independent Remuneration Tribunal (2022c), p. 26.

³⁰ Victorian Independent Remuneration Tribunal (2022c), pp. 4-5.

³¹ Victorian Independent Remuneration Tribunal (2022c), p. 4.

location of the MP's primary residence, to claim the commercial transport allowance for travel to the Parliament of Victoria.³²

International travel allowance

The MP Guidelines state that an MP may claim this allowance for the cost of transport, accommodation, meals and incidentals incurred when they are required to travel outside of Australia to perform their public duties.³³ The MP Guidelines provide rules about what types of accommodation expenses MPs may claim from the international travel allowance (Box 5.1).³⁴

Box 5.1: MP Guidelines — accommodation expenses that may be claimed

Time

- days on which business is conducted and when single night accommodation is necessary due to flight connections
- one day prior to the business day
- one day after the business day in those instances where departure on the last business day is not practical
- for days when travel occurs between places of business
- weekends where business occurs on the Friday and Monday either side of that weekend

Location

- for the city or town where business is conducted, or for other locations when single night accommodation is necessary due to flight connections

Price

- accommodation expenses claimed must not exceed the prices for a four star hotel as prescribed by the ECA International Accommodation Report for the relevant city

Source: Victorian Independent Remuneration Tribunal (2022c), pp. 27-28.

Electorate Office and Communications Budget

Consistent with the requirements of the PSAS Act, the MP Guidelines specify the types of expenditure that can and cannot be claimed on a reimbursement basis from the EO&C Budget.³⁵

The MP Guidelines prohibit MPs from using the EO&C Budget to fund party political activity. MPs are also prohibited from using the EO&C Budget for the dominant purpose of providing a personal benefit to, or pursuing a commercial purpose of, the MP or any other person or body.³⁶

³² Victorian Independent Remuneration Tribunal (2022c), p. 26.

³³ Victorian Independent Remuneration Tribunal (2022c), p. 27.

³⁴ Victorian Independent Remuneration Tribunal (2022c), p. 27.

³⁵ Victorian Independent Remuneration Tribunal (2022c), Part D.

³⁶ Victorian Independent Remuneration Tribunal (2022c), pp. 12-14.

An MP may carry over up to 50 per cent of their EO&C Budget allocation for a financial year (excluding any carry over from the previous financial year) to the next year, subject to the availability of funds and the approval of the Treasurer.³⁷

³⁷ Victorian Independent Remuneration Tribunal (2022c), p. 12.

6 What to include in a submission

Without limiting the matters on which interested parties might wish to make submissions, the Tribunal is interested in receiving submissions on the following questions.

Value of salaries

The Tribunal's setting of salaries aims to ensure fair and reasonable recompense for MPs performing their public duties. In other words, the salaries provided to MPs and office holders should be commensurate with their roles and responsibilities, and be sufficient to attract and retain MPs that effectively represent the interests of the community.

Similarly, remuneration relativities — the relative differences between the salaries provided to different MPs, including office holders — should adequately reflect the differential responsibilities and characteristics of each role.

Questions for discussion

- Since the Tribunal's 2019 Determination, what substantive changes, if any, have occurred to:
 - the role of an MP?
 - each office holder role?
 - how MPs and office holders perform their roles?
- Do MP salaries, including additional salaries paid to office holders, provide fair and reasonable recompense for MPs performing their public duties?
- Do the relativities between the basic salary paid to all MPs and additional salaries paid to office holders accurately reflect their respective responsibilities?
- Are there any other matters that you believe the Tribunal should consider in setting the value of MP salaries?

Value and structure of allowances and the EO&C Budget

Allowances and the EO&C Budget support MPs to perform their public duties.

In 2020, the Tribunal carried out a comprehensive review of the MP Guidelines, aimed at addressing anomalies or areas of ambiguity, and released updated Guidelines in 2021.³⁸

Box 6.1 summarises the key changes to the MP Guidelines that were made following that review.

Box 6.1: Key changes to the MP Guidelines made in 2021

- The Statement of Principles and overarching obligations under the PSAS Act were inserted at the beginning of the MP Guidelines.
- Preambles were inserted to clarify the purpose of the different allowances and EO&C Budget.
- Definitions were included for the four categories of ‘public duties’ under the PSAS Act.
- The section on the EO&C Budget was amended to provide:
 - detailed and specific prohibitions on the types of expenses that can be claimed, in particular with regard to party political activity
 - that the names and logos of political parties may be included in communication materials
 - further clarity around the issuing of joint communications
 - that computer software and IT systems may be claimed, provided they comply with parliamentary networks and equipment
- Eligibility criteria for the commercial transport allowance and international travel allowance were amended to provide that MPs may claim the cost of reasonable commercial transport directly to or from a Victorian airport.

Source: Victorian Independent Remuneration Tribunal (2021b), pp. 3-7.

In addition to the MP Guidelines, other mechanisms govern the role, functions and duties of MPs, including the Code of Conduct for Members of the Parliament of Victoria established by the *Members of Parliament (Standards) Act 1978* (Vic). The Code of Conduct includes provisions relating to the public duties of MPs, the use of public resources, conflicts of interest and the personal conduct of MPs.

³⁸ The Tribunal further updated the MP Guidelines in October 2022 to reflect changes to electorates that were announced by the Electoral Boundaries Commission in October 2021.

MPs are also subject to the scrutiny of independent integrity bodies, including the Independent Broad-based Anti-corruption Commission (IBAC), which investigates corrupt conduct,³⁹ and the Victorian Ombudsman, which investigates public interest complaints against MPs.⁴⁰

In July 2022, IBAC and the Victorian Ombudsman released a report on Operation Watts, a joint investigation into allegations of serious corrupt conduct involving Victorian public officers, including MPs.⁴¹ The Victorian Government released its response to the report in July 2022, which stated that the Government supported all of the recommendations in the report and would work with the Victorian Parliament and other parties to implement specific recommendations.⁴²

These changes may affect the obligations of MPs to ensure the proper management of their electorate office, electorate staff and their use of allowances and the EO&C Budget.

Questions for discussion

- Do the values of allowances and the EO&C Budget provide fair and reasonable recompense to MPs in supporting them to perform their public duties?
- Should further changes to the MP Guidelines be considered, consistent with the overarching legislative framework and the implementation of the recommendations of the Operation Watts report?

Potential roll-in of expense allowance into additional salary

In its 2019 Determination, the Tribunal rolled the minimum expense allowance paid to all MPs into the basic salary, while retaining the expense allowance for eligible office holders. The Tribunal considered that this would make MP remuneration arrangements simpler and more transparent.

The expense allowance paid to eligible office holders has several similarities with MP additional salaries:

- the value depends on the office held

³⁹ IBAC (2022).

⁴⁰ *Ombudsman Act 1973* (Vic), Part 4, Division 1A.

⁴¹ IBAC and the Victorian Ombudsman (2022).

⁴² State Government of Victoria (2022).

- it is paid fortnightly and MPs are not required to spend it on particular categories of activities
- it is treated as income by the ATO.

There may be advantages to rolling the expense allowance for eligible office holders into their additional salary, for example, in terms of further clarifying and simplifying MP remuneration arrangements.

Questions for discussion

- Should part of or all of the expense allowance be rolled into the additional salary for eligible office holders? What would be the advantages and disadvantages of this approach?

Potential reforms to the PASA

In its 2019 Determination, the Tribunal stated that the introduction of the travel allowance:⁴³

... seemed 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.

In each of its 2020, 2021 and 2022 annual adjustment Determinations, the Tribunal made no change to the value of the PASA, effectively reducing its real value over time, given movements in inflation.

A further option would be to 'phase out' the PASA over time, for example, by setting the value of the PASA equal to zero for MPs elected after a certain date in the future. This type of grandfathering arrangement would provide continued eligibility for the PASA for sitting MPs elected prior to the making of the 2023 Determination, given they may have arranged their affairs expecting to claim the PASA. However, MPs elected after the date of the 2023 Determination would not be eligible for the PASA, but would instead be able to rely on claiming the travel allowance in accordance with the MP Guidelines.

⁴³ Victorian Independent Remuneration Tribunal (2019), p. 145.

This option may require the Governor in Council to amend regulations providing for an MP's date of election to be a prescribed criterion for varying a work-related parliamentary allowance.⁴⁴

Questions for discussion

- Given the diminished need for the PASA associated with the introduction of the travel allowance, should the Tribunal consider narrowing eligibility for claiming the PASA to MPs elected before the date of the 2023 Determination (noting this may require changes to regulations)? What would be the advantages and/or disadvantages of this option?
- Are there are other options that should be considered to reduce duplication between the PASA and the travel allowance?

⁴⁴ A Determination may provide for a work-related parliamentary allowance (including the PASA) to vary according to the area of the electorate represented by the MP, the number of electors represented by the MP, the place at which an MP usually resides, or any other prescribed criteria. VIRTIPS Act, s. 17(2).

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