

**Australasian Study of Parliament Group – Victorian Chapter
Meeting**

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Rewarding our Parliamentarians

by

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I last addressed this issue with some thoroughness, when reviewing the structure of parliamentary salary and allowances for the Federal Parliament in the second half of 1988.

That journey caused me to focus on a number of issues, though in particular for the purpose of establishing a community based salary, the nature of the work of a parliamentarian and some assessment of work value.

In considering these issues, I highlighted a number of demanding features of the role of a member, which could not be taken into account in the assessment of work value, these attributes included:

- The time commitment required;
- The extent of dislocation to normal life; and
- The lack of security in the position.

The three streams of a member's role, parliament, constituency and party – create inordinate time demands. The most obvious demands revealed to me were:

- Long sitting hours;
- Travel between Parliament and a member's constituency; and
- The pressure to be available to the constituency 24/7.

Personal dislocation to family and working life arises on a number of fronts and is at a level uncommon in the wider community. Attendance at Parliament can for many members mean separation from spouse and children for long periods. Such absences can have financial consequences, such as the need for home help. For country members, at State level and most members at Federal level, overnight absences from home can be so demanding that a member has

difficulty in attending to normal everyday personal business and social issues, for example, banking, shopping, maintaining contact with friends.

While lack of security was a predominant feature in the research undertaken some 15 years ago, as evidenced by the rate at which members secure second and third terms, it is no longer as pronounced as a unique community circumstance, with significant volatility among middle management and executives in the total workforce.

An issue of relevance is however, that a number of members give up other careers to enter Parliament and can find that on return to their former career, their time in Parliament is a disadvantage rather than an advantage. Nevertheless, private sector employees as noted, do not any longer enjoy tenure of appointment.

I raised these observations and note them this evening, as they do represent features of a member of Parliament's role and I believe they should have an impact on the employment conditions and/or allowances provided to members. They do not, on the other hand constitute a work value consideration.

In considering the nature of the role of a member of Parliament, in my earlier research, which I believe remains consistent today, one needs to consider the role of a member within the Parliament, outside the Parliament and within the constituency, acknowledging that the primary accountability of a member of Parliament is to represent, defend and promote national and state interests by contributing to the development of public policy and legislation, via the process of community, party and parliamentary debate.

It also is to further the needs and interests of constituents, reconciling these with both national and state interests and Government policy as implemented in the bureaucracy, so far as possible.

As a result of the diversity of issues before parliaments in Australia, members generally pursue areas of specific interest in caucus and parliamentary committees which relate to personal interests, a previous occupation or skill or their constituents' priorities.

Across the country, it would appear that committees are now the principal forum for rigorous debate and discussion of issues of public policy. As a consequence members make limited contribution across the spectrum of legislative initiatives, though particular contribution in areas of their specific engagement.

Within the Parliament, it would be my view that a member is required to:

- Contribute to the formulation of legislation and the development of public policy;
- Participate in parliamentary enquiries;
- Conduct research into matters before parliament of special or constituent interest;
- Participate in Party room discussion and the formulation of policy initiatives;
- Prepare questions to be addressed by Ministers or their representatives;
- Prepare speeches on matters of public importance, electorate interest and/or in contributing to general parliamentary debate;
- Manage conflict between state, national and local electorate needs as appropriate.

Within the constituency, a member of Parliament has another series of roles, which might include but are not limited to:

- Representing the interests of constituents in a wide range of matters affecting their wellbeing;
- Managing the contribution of the electoral office;

- Attending community functions across a wide spectrum of local organisations, which may include hospitals, schools, clubs, special interest groups, as well as local authorities and councils, to observe the electoral pulse;
- Acting as a patron of constituent organisations;
- Representing Ministers, Shadow Ministers, Premiers, the Prime Minister and other leaders in Parliament as appropriate;
- Responding to correspondence, managing or influencing community initiatives and liaising widely in the community.

At an administrative level, a member of Parliament must as a minimum:

- Keep electorate staff fully informed;
- Encourage electorate staff to manage issues within the constituency;
- Ensure that electorate staff comply with established administrative requirements;
- Ensure that all records management is completed thoroughly and entitlements managed in accordance with the rules of Parliament and/or regulations.

An individual generally becomes a Parliamentarian as a result of membership of a political party and in this context they have a further role, which might include:

- Participating in and contributing to fund raising activities in the electorate;
- Publicising issues and reflecting the values of the Party widely throughout the constituency;

- Serving the Party in a variety of constituent based roles; and
- Attending branch meetings, electorate committee, area regional conferences, state council, policy assembly and administration committees of the Party.

It can be seen from the above that to effectively fulfil the role, a member of Parliament needs to have a number of attributes reflective of an executive or a senior professional, as well as be an emphatic, thoughtful and compassionate member of the community.

Therefore in addressing work value and any sense of comparator pay justice, one would clearly have regard to the knowledge, experience and skills needed to fulfil the job effectively, while recognising the complexity of the role and the requirements of a member of Parliament in solving a diversity of problems and being required to act both independently within Parliament and within the Party, both decisively and collaboratively in addressing a multitude of expectations.

Notwithstanding these work value attributes, a fundamental collar or cap on parliamentary reward is influenced by the process that individuals become members of Parliament, the diversity of their background and the community's view of fair pay.

In this context, it is both unwise and impracticable to draw upon the previous work or life experiences of a member of Parliament and reward individual members differentially on the basis of the attributes which they bring to their role.

Members of Parliament, at the Commonwealth level have a most varied background, including:

- a meatworker and rural worker;
- a bank officer;
- a teacher;

- a senior executive officer in a regional Government organisation;
- a nurse;
- a barrister or solicitor;
- an administrator;
- a management consultant;
- an industrial officer;
- an accountant;
- a company director;
- a barman;
- an economics researcher; and so on.

It was interesting to refer in this context to the first speech of Andrew Murray who entered Parliament as a Senator for Western Australia in 1996. He reveals that

“With politics as a new career, I have asked myself the question as to whether or not I have entered profession or even an honourable one. My Chambers dictionary defines a profession as requiring some degree of learning and as a calling. It also defines it as a pretence! For the first time in my life, I know what it is like to be a lawyer, always having your occupation pilloried. I am now a member of a profession, which is characterised at its worst as opportunistic, cynical, manipulative, self serving, dishonest and not to be trusted. I do not like that much. I doubt that any of us do. It may not be true, but that perception is out there and I think it is important to conduct politics in a way that lessens and not increases that perception.”

In wrestling with the advice provided by me in 1988 and while being reflective of a diversity of submissions, history and a sense of what is reasonable, the Commonwealth Remuneration Tribunal chose to align the base salary of members of Parliament to a senior executive role in the Federal public service.

This alignment has remained for the duration, with a majority of State bodies further aligning their member of Parliament remuneration arrangements with the outcome of Commonwealth deliberations.

In framing their recommendations, the Commonwealth Tribunal have acknowledged that they have regard to a diverse array of pressures and considerations, including:

- “*Work value* – the complexity of the work of Senators and Members, Ministers and parliamentary office holders, their responsibilities and accountabilities, and their contribution to a better governed and more prosperous nation.
- *Productivity* – the range of duties undertaken by Senators and Members, Ministers and parliamentary office holders and changes in the quantity and quality of the various key outputs they deliver, including legislative, executive and management outputs.
- *Total remuneration* – in considering the salaries of Senators and Members, Ministers and parliamentary office holders, the Tribunal has taken into account their total remuneration package, which includes superannuation and a private-plated motor vehicle.
- *Community wage and salary movements* and remuneration trends in specific market segments, especially the public sector.”

It is thus evident that parliamentary compensation, whether at Federal or State level is governed by an array of rules and regulations pertaining to expenses in a variety of circumstances, with base remuneration determined through various alignments to community pay standards.

From my perspective as an outsider, the bulk of discussion and comment however on parliamentary pay does not relate to the base salary or allowance, but rather the perceived benefits associated with managing electorate costs, travel, both intrastate, interstate and international, and retirement benefits.

As noted above, on the advice of the Remuneration Tribunal, Federal parliamentarians' base pay is aligned to the SES Level 2.

Further as noted, major states appear to reward their parliamentarians in accord with this benchmark, occasionally with a modest discounts.

Electoral allowances are based on a myriad of issues and are an endeavour to compensate parliamentarians for expected out of pocket costs. In this sense, in the normal community context they would constitute a reimbursement of expenses and would not constitute base or disposable remuneration. There are clearly allowances and benefits, which might however be perceived as unnecessary or a generous supplement including research or study travel and accompaniment by one's spouse or partner.

Retirement provisions for those serving minimum periods of time also appear generous, though by community standards contributions by members out of their parliamentary allowance or salary (as it is variously described) are generally higher than the community standard and higher than that required under the Superannuation Guarantee legislation.

The community's concern and response to parliamentary retirement is likely to have two points of focus. One, is that the defined benefit appears generous by community standards and secondly, there appears to be an absence of the imposition of RBL considerations and an opportunity for extended service to deliver a substantial pension as a proportion of the parliamentarian's salary, including loadings associated with offices held, such as Prime Minister, Premier, Minister, etc. In this context, the community may have a legitimate right to be concerned in relation to the generosity of treatment, which operates at two levels. One is the proportional benefit after

relatively short periods of service in relation to annual earnings and the other is the lack of punitive tax imposition.

The argument of tenure at risk due to the requirement to reapply for the position every three or four years, is no longer seen as valid in Australia's highly volatile and mobile employment market.

The community may also have the perception that supplementary allowances and provisions made to parliamentarians in relation to travel are generous. My observation in relation to the parliamentarians' base pay level is that they are certainly above average and probably reflective of the top quartile. In relation to senior executives, they are not lavish and would be reflective of costs below that of the average or median.

In relation to class of travel, a view would be that senior employees in Government, members of Parliament and Ministers, are more generously treated than would be the case of counterparts on similar emoluments in the private sector, thus providing perceived benefits in kind which appear generous by community standards. This provides a further overlay of potential discontinuity with the private sector, both in terms of the reason for travel and the level of personal comfort afforded a member of Parliament.

Given the responsibility of a Minister, Premier or Prime Minister, with accountability for a significant array of economic and social issues for State Inc., or Australia Inc., their compensation is modest. The Ministerial, Premier and Prime Ministerial pay differentials in relation to the management of directors' compensation in enterprises of significant scale and complexity are also modest in that directors would normally receive a fee between 50% and 35% of that of a Chairman (for example, Premier, Prime Minister), where such differentials are not evident in the political arena.

Retirement allowances for non-executive directors in leading companies have also been generous. One could argue comparably generous to those of parliamentarians for service of two to four terms or six to twelve years. Equally, in recent times, with strong reaction from investors, both

ordinary shareholders and institutional shareholders, Boards have radically reformed their approach to remuneration, adopting a far more transparent pay regime, albeit at higher levels than those previously disclosed or widely understood.

Governments at both State and Federal level are now legislating and/or endorsing governance, accounting and other related disclosure protocols, in an endeavour to ensure that the private sector, particularly that in which the public invest, behave reasonably in relation to payments to directors and executives and further are requiring that these individuals are suitably qualified for their role. From this potpourri of possibilities, are there any potential lesions or guidelines for parliamentarians?

- Would increasing pay attract a different representative of the community and would that be in the community's interests?
- At what point is the cognitive dissonance so extreme that parliamentary pay would not work and that the community's reaction or response would be more negative than it may appear today? That is, paying an eminent business person or professional \$300,000 a year may appear below average, though paying a horticulturist, carpenter, nurse, policeman, fireman or school teacher \$300,000 a year or a multiple of many times their professions' earnings might create intolerable tensions.
- Paying for time worked on an hourly rate, would also not work, as this would lead to the potential for dishonest recording of time, working unnecessary time in order to maximise income and also lead to differentials where the output between Members of Parliament were similar. Is the concern expressed by some in the judiciary similar to that which might be expressed by some members of Parliament? That is, the capacity to attract those most able to contribute is being significantly curtailed by pay and conditions.

If this means that second division lawyers are being called to the Bench to adjudicate on most significant legal issues, is this in the interest of the community?

Would doubling judicial pay lead to a better judiciary?

Would modifying the way in which judges or parliamentarians are paid, by providing community based retirement benefits, be beneficial?

Would this lead to a 100% increase in pay?

Is the gap in pay between Members, office holders, Ministers, Premiers and Prime Ministers appropriate?

What community standard does it reflect? Does it reflect precedent rather than work value and workload?

Should the parliaments of Australia embark upon a courageous path finding study to ascertain whether modifying the reward levels of parliamentarians in either direction, that is up or down, would dramatically enhance the quality of the work of the Parliament of the work of parliamentarians in the constituency?

Would this be better addressed by uplifting the quality of electorate staff?