



Tasmanian Unions

Fairer ▶ Stronger ▶ Community

Submission to the Tasmanian Industrial Commission (TIC):

Parliamentary Salaries, Allowances and Entitlements Inquiry

April 2019

Unions Tasmania
212 Liverpool Street, Hobart TAS 7000

Per: Jessica Munday
Secretary
jmunday@unionstas.com.au

1. Introduction

Unions Tasmania is the peak body for trade unions in Tasmania. With 26 affiliate unions in Tasmania, we represent approximately 50,000 union members across industry, in both the public and private sector. Unions Tasmania is also the local branch of the Australian Council of Trade Unions (ACTU).

The Tasmanian trade union movement works everyday towards building a better society for everyone. We do this by ensuring that workers have, at a minimum, fair pay, secure jobs and a safe workplace. We advocate for worker's pay rises at bargaining tables in the public and private sector, in industrial tribunals and in the Parliament where legislation directly impacts wage outcomes for workers. It is for these reasons that we make this submission in this Inquiry by the Tasmanian Industrial Commission (TIC).

We are pleased to submit the following points addressing the considerations set out in the *Inquiry into Parliamentary Salaries by The Full Bench of the Tasmanian Industrial Commission: Issues Paper* (March 2019) - "Issues Paper".

2. Matters to be Determined

Role of an MP

4.1 The Commission is interested in any submissions about this issue with a particular focus on whether any changes to the role impact on the salaries and allowances that should be paid to MPs.

Unions Tasmania submits that there has been no fundamental change to the role of an MP in Tasmania. While other large groups of workers in the private and public sector have had to deal with technological change, digital disruption and globalisation changing their jobs, the same cannot be said for MPs.

The role of an MP continues to predominately involve parliamentary attendance and electorate representation. Many do this as a member of a political party. This has not substantially changed.

Parliamentarians must continue to engage with the constituents of their electorate in a variety of ways and represent their interests in the public domain and in the Parliament. For these reasons, Unions Tasmania submits that this review need not consider in depth the role of an MP.

Mechanism for the Future Adjustment of Salary

6.1 The Commission seeks submissions about whether there should be an annual salary adjustment, and if so, whether this should be based on the annual increase in WPI or some other method.

Unions Tasmania submits that all workers deserve to have their salary maintained in real terms. When a worker's pay does not rise at a rate commensurate with living costs, then this is an effective pay cut.

Unions Tasmania would, however, like to point out that politicians in Tasmania have been fortuitous in recent years. Their pay packets have not been subject to the same prolonged wage suppression as that of other workers in the Tasmanian State Service.

They received the same 2% wage capped increases as public sector workers when inflation was running below 2% which means they received real wage rises. They then missed out on a wage increase in one year and then received a 10.53% 'catch up' increase in the next year. No other public sector workers received such a catch up. Following this, their wage increases were linked to WPI so that as inflation rose, they continued to get increases above inflation. Other public servants' wages were capped at 2%, sending their pay backwards.

By way of comparison, between 2015 and 2018 the salary package (base salary, loading, electorate and vehicle allowances) paid to the Treasurer Peter Gutwein rose from \$262,819 to \$299,090 – a rise over 3 years of \$36,271 or more than 12%. Over the same period the wages paid to public sector workers, who are on far less generous salaries, rose by just over 6%.

Unions Tasmania also submits that politicians are fortuitous in that the only performance appraisal they receive is at the ballot box where popularity does not necessarily equal competence. While most workers in the private and public sectors have had to justify 'productivity gains' or other savings in order to win sometimes meagre wage raises, no such trade off occurs with MP salaries.

For example, the Treasurer Peter Gutwein released a budget in June 2018 that forecast surpluses in excess of \$620m over the forward estimates. Only six months later he released a Revised Estimates Report that downgraded that surplus forecast by almost 80%. A public sector worker whose work performance was this poor would have been subject to performance review and if, like the Treasurer, had exhibited similar failures in the past, would have been subject to sanction up to and including termination.

Unions Tasmania supports a mechanism to maintain the real value of the salaries of politicians. We submit that the mechanism should have some reference to the increases the government considers fair for other public sector workers.

Additional Salary for Certain Office Holders

7.1 Whether the existing additional salary amounts in Tasmania are appropriate;

7.2 Whether there are offices in Tasmania for which the payment of an additional salary amount may be appropriate, but for which additional salary is not currently provided; and

7.3 The quantum of additional salary paid in relation to the offices of President of the Legislative Council and Speaker of the House of Assembly.

Unions Tasmania submits that there be no increase to the additional salary amounts currently in operation. We do not support extending these payments to any additional office bearers including the President of the Legislative Council or the Speaker of the House of Assembly.

We note that the Premier receives an allowance of double the base salary for an MP while other office bearers receive significant additional salary amounts of between 35% and 82% depending on the role, with the exception of less senior office holders such as Whips and Committee Chairs who, appropriately, receive much less.

Unions Tasmania submits that a number of our members would already find these additional salary amounts to be in excess of community expectations and any increases would not be viewed favourably.

Motor Vehicle Allowance

8.1 The Commission invites submissions as to the adequacy or otherwise of this allowance.

Regarding allowances broadly, it is worth noting that allowances are not meant to supplement the income of politicians. Allowances are provided to cover legitimate expenses incurred in connection with carrying out a role. Their formulation should therefore be considered in that light.

Unions Tasmania recognises that an MP should be undertaking travel across their electorate and, if in a Ministerial position, across Tasmania. It is reasonable, therefore, to provide a standard vehicle for work-related travel. We support the provision of a motor vehicle as opposed to an allowance. We further support the documentation of the usage of that vehicle and clear guidelines around whether it can be used for private purposes.

Electorate Allowance

9.1 As proposed by the 2016 Report, a detailed review of the allowance will be undertaken in the upcoming 2019 Inquiry. The Commission seeks submissions about the objective, legitimate uses and administration of the Electorate Allowance as related matters (in the sense of section 3C (2) of the 2012 Act).

9.2 Additionally, the Commission invites submissions as to the way in which the Electorate Allowance is currently being used, and whether some of the expenses met out of the allowance can be met from other existing allowances or benefits and whether this should occur?

9.3 The Commission also seeks submissions as to whether, having regard to the legitimate purposes and use of the Electoral Allowance, that allowance should be adjusted so as to identify the specific purposes for which the allowance is to be used, and to establish other specific allowances or benefits for other purposes which currently (but ought not) fall within the electoral allowance; for example whether there should be a specific allowance for home offices and the electoral allowance adjusted accordingly.

Unions Tasmania believes it is important that MPs communicate with their constituents and would encourage more elected members to be proactive in their engagement with their electorate. We would encourage them to do this in face rather than via semi-regular newsletters, though we acknowledge that this forms a part of their communications. We also note that some MPs utilise this allowance in meaningful ways such as supporting local organisations within their electorate to run events and activities.

We do, however, contend that there is a lack of clarity around the purposes of this allowance. We submit that broadly, costs that are incurred by all MPs should be funded through Ministerial and Parliamentary budgets, not an allowance.

Unions Tasmania questions why taxi fares are included when MPs are provided with either a motor vehicle or a significant allowance in lieu of a vehicle. We also question whether it is appropriate the allowance is used for home office and internet fees. We submit that our members would question whether it was appropriate that the allowance could be utilised to upgrade a vehicle to a four-wheel drive. We would encourage the Commission to consider whether these items in particular should be included in this allowance.

Legislative Council Electoral Boundaries Redistribution

10.1 Submissions are sought on the proposed reassignment of groupings for the Legislative Council Electorate Allowance.

Unions Tasmania notes the boundary redistributions and supports the proposed reassignment of groupings for the Legislative Council Electorate Allowance.

Committee Sitting Fees

11.1 It should be noted that Chairs of a Committee already receive an additional salary of 20% as prescribed by the PSSAA, see Table 6. In light of this, the Commission seeks submissions about whether committee fees should be re-considered as part of this Inquiry.

Unions Tasmania submits that sitting fees should be scrapped. While we understand that a Chair of the Committee has an additional workload, we submit that the 20% additional salary is adequate to recognise this additional effort.

Telecommunications Allowance

12.1 Telecommunications and technology are changing rapidly and therefore the Commission seeks submissions from MPs and interested parties about what technology should be included in future Telecommunications Allowances.

12.2 The Commission also seeks submissions relating to the specific legitimate uses of the Telecommunications Allowance.

Unions Tasmania submits that the Telecommunications Allowance be abolished and instead MPs should be given the required telecommunications and IT equipment necessary to perform their role. This should include the provision of a mobile telephone and potentially a laptop or tablet device. The costs of these expenses should be paid for by the taxpayer.

The purchasing power of the Government, along with the options in the market to purchase mobile phones and other IT at a competitive price, should be harnessed to reduce telecommunications costs for MPs. Unions Tasmania notes now that many mobile phone plans include large amounts of internet data and unlimited calls that should more than meet an MPs needs.

MPs should be contactable by a mobile as supplied and therefore should not need to be compensated for the provision of a home landline telephone service.

Entertainment Allowance

13.1 The Commission invites submissions as to whether there are any reasons to depart from the recommendation of the 2016 Tribunal.

Unions Tasmania recognises that certain office holders such as the Premier will be required to engage with constituents and stakeholders as part of their roles. We submit that there be no increase to these allowances and note that, at 12% of salary, the Premier's entertainment allowance equates to \$17,000 per year, which is not insignificant.

We further submit that there should be additional guidelines around the use of this allowance to ensure that it meets community expectations.

Unions Tasmania also submits that it is important these allowances are considered relevant to the treatment of other allowances in the public service. By comparison, Premier Hodgman has recently refused to increase the Health Care Procedures Allowance that is paid to Teacher Assistants in Tasmania's public schools. This allowance is paid for undertaking procedures to students at school that include catheterisation, rectal delivery of certain medications, resuscitation, stoma care and blood and urine testing to name just a few procedures.

For administering these medical procedures, teacher assistants, who generally work part time, earn around \$25,000 per annum and are stood down without pay over school holidays, receive an allowance of around \$12.50 per week. In comparison, the Premier's entertaining allowance seems quite generous.

Away from Home Travelling Allowance

14.1 The Commission invites submissions as to the adequacy or otherwise of this entitlement.

Unions Tasmania supports the current treatment of the Away from Home Travelling Allowance.

Bass Strait Islands Travelling Allowance

15.1 The Commission invites submissions as to the continuation of the Bass Strait Islands Travelling Allowance.

Unions Tasmania supports the continuation of the Bass Strait Islands Travelling Allowance as it currently applies.

Resettlement Allowance

16.1 The Commission invites submissions as to whether a resettlement allowance should be adopted (within the meaning of section 3C(2) of the PSSAA) and if so, what the qualifying period (the number of terms) should be and the appropriate quantum.

Unions Tasmania supports the adoption of a Resettlement Allowance as follows:

1. A period of 8 weeks at base salary be provided as a resettlement allowance in the event that a sitting member is defeated at election, following the completion of at least one full term.
2. That where a member has served at least 3 terms, that member not be eligible.
3. Members who choose to retire are not eligible for the resettlement amount.

4. Conclusion

In conclusion, Unions Tasmania offers the following additional points that we have made in previous submissions regarding development, training and transparency.

A mechanism should be established to ensure that newly elected MPs are provided with an induction process and the opportunity to undertake skill development.

Further consideration should be given to establishing a minimum set of conditions applicable to MPs, for example paid parental leave, domestic violence leave, and personal leave.

Finally, a transparent and fair system of remuneration for MPs should not allow Parliament to veto increases awarded through any independent external statutory mechanism. Legislation which enables political interference with recommendations arising from annual reviews of salaries must be disallowed. In extraordinary circumstances, when it is the view of Parliament that the decision of the Commission should not be implemented, then those arguments should be put before the Commission.