

Members of Parliament (Life Gold Pass) Bill 2002

Additional Comments by Senator Andrew Murray: Australian Democrats

September 2002

The *Members of Parliament (Life Gold Pass) Bill 2002* is an improvement on the current retirement travel entitlements system for federal parliamentarians and their spouses. It will be improved further if the amendments proposed by the Committee are accepted.

However, the Bill is built on a premise and a practice that is fundamentally wrong. There is no justification for retirement travel benefits being provided to former parliamentarians and their spouses or partners.

The introduction of this Bill provides an opportunity to end retirement travel entitlements and thus address one of the most inequitable aspects of the remuneration package available to members of parliament.

Over time, the Australian Democrats, along with other Senators and Members, have called for a number of major changes to parliamentarians' entitlements. These have included calling for a reduction in parliamentarians' superannuation to more closely match community standards, and the cessation of parliamentarians' retirement travel benefits.

The Senate has consistently expressed reluctance to take a policy position on these matters, claiming that these are the province of the Remuneration Tribunal.¹

There are essentially three categories of entitlements afforded to Members and Senators. These are

- their 'salary package'
- what they need to do their job
- their 'retirement package'

The first includes matters such as salary and fringe benefits (car and other benefits). The second includes electorate allowances, office expenses, and staff allocations.² The third includes superannuation and retirement travel benefits, including entitlements available under the Life Gold Pass.

There has long been a great public clamour for parliamentarians' entitlements to more closely match community expectations and standards. This has been a key feature of the inquiry into the proposed Bill, with submitters overwhelmingly opposed to travel entitlements as 'perks' that have no place in modern Australia.

The Australian Democrats agree that it is inequitable that such entitlements are available to a privileged few.

¹ For instance, the Hansard debate of the 13th March 2002 – see Senator Murray and others.

² Note the ANAO are presently auditing the staffing for Senators and Members.

The entitlements are also out of step with benefits available to Australian government officials and to former members of parliament in other countries.

The Australian National Audit Office advised the Committee that entitlements similar to the Life Gold Pass retirement travel benefits had never been available to public servants either past or present. They confirmed that retirement benefits for bureaucrats were comprised solely of superannuation.³ The Department of Finance and Administration told the Committee that it understood that Life Gold Pass entitlements were 'ahead of the field' with regard to retirement benefits available to former members of parliament internationally.⁴

Given these precedents within the public sector, those who support the continuation of these perks need to justify their retention. Based on the evidence before the Committee, I continue to judge their defence of these entitlements as weak and unconvincing.

Many submissions referred to the generous superannuation benefits already received by former members of parliament, arguing that these were also excessive and out of step with community standards. Additional benefits such as the Life Gold Pass travel entitlements were considered completely unjustified.

I agree with submitters that there is no justification for the existing post-retirement travel entitlements. I note that, (apparently apart from retired members of some private sector air or rail corporations), equivalent perks are simply not a feature of normal retirement. The Australian Democrats consider post-parliamentary travel benefits a justifiable source of public resentment, and consider that the Life Gold Pass, in particular, is an indulgent unjustified waste of taxpayers' money.

We do not accept that retirement travel entitlements are necessary for former members, even those who wish to continue to provide public service or perform official duties. Such public service or official duties, if part of the function of Government, should be funded as such and not slipped through via a perks regime.

There should be one exception. Former Prime Ministers do have justifiable official engagements post-retirement and continued travel entitlements for them are appropriate. Their expenses should however be funded as an Executive cost, and not as a Parliamentarian's benefit.

For other Members of Parliament, such entitlements are simply an indulgence that is unwarranted.

The argument that the continuation of these retirement travel benefits is necessary to fund pro-bono, community or charity work is self-serving. Why is it acceptable for a former parliamentarian or spouse to select his or her own worthy cause on unknown criteria, to be funded at public cost?

Frankly, either the organisations themselves must fund such travel, or Government must decide in the public interest to make grants to charities for such services. One of the good

3 Committee Hansard, pp. 4-5

4 *Committee Hansard*, p. 11

principles followed by both this Coalition Government and the previous Labor Government is that hidden subsidies should be transparent.

In summary, the retirement package must be significantly reduced in scope. Whether there would need to be an appropriate compensation as a result, to at least retain parity, may need consideration, but if retrospectivity is avoided the necessity for that mostly falls away. Cessation should only apply from the next new Parliament commencement date, to avoid the difficulties of retrospectivity.

Although I have views on how the three entitlements categories mentioned above should be reconfigured, here is not the place to advocate them or to put them in detail. The context, however, can be laid out.

As for any employee, the salary package of a parliamentarian should be assessed, first, in terms of the work a parliamentarian does ('work value'), and, second, in terms of each member's specific personal responsibilities.

Other factors bear consideration. A few come to mind. There is risk – for instance, the risk of not getting re-elected, or the risk of having greater difficulties in securing employment post-politics. There are community standards and expectations, and how to assess or determine them. In assessing an appropriate salary package, what are the community standards and expectations? Then there is comparative analysis - should entitlements be affected by international or federal benchmarking?

It does seem certain that the community will not judge the appropriateness of a parliamentarian's salary package in isolation from other entitlements. The three categories outlined above do intertwine in the public mind. The public (and many parliamentarians) do seem to have the view that when the present superannuation entitlements are taken into account, overall, parliamentarians are well paid. This is probably true for long serving backbench parliamentarians, but it is less the case for parliamentarians serving a shorter term.

The public seem less convinced that members of the Executive are paid appropriately, taking the Prime Minister and the Treasurer as obvious examples. It is striking that the salaries of ministers are far below the salaries of senior executives in the private sector, (and even some in the public sector). Service as a Minister of the Crown is a great privilege and honour, and one expects it to be accompanied by a lower salary package than commensurate work in the private sector. However, if the objective of parliamentary entitlements is to reflect community standards, the point must be made that ministerial salaries are way out of touch with salaries paid to executives with far less responsibility than ministers.

This inquiry provided support for this view. The Department of Finance and Administration advised the Committee that federal members' salaries were lower than might be expected. It referred to Parliament's rejection of the recommendation by the Remuneration Tribunal to increase the salaries of federal members and the consequent introduction of the Parliamentary Remuneration and Allowances Act.⁵

Mr Brian Moore referred to the results of work value studies undertaken for both federal and state members of parliament that found that rates of remuneration for members of parliament were not equivalent to their respective levels of responsibility.⁶

Mr Moore and the W.A. Salaries and Allowances Tribunal advised the Committee that that body had undertaken a review of the overall remuneration of state members of parliament in that state. They advised that the Tribunal had taken the view that it was more appropriate for a person to be remunerated appropriately while giving service, rather than afterwards. It had, therefore, on the basis of work value studies, awarded a salary increase to state members in return for reducing and, finally, phasing out the retirement travel benefits to which former members had previously been entitled.⁷

Some submitters, including the Association of Former Members of Parliament, argued that retirement travel benefits are legitimate compensation for the lower rates of salary that sitting members receive while in office, and for the difficulties and stresses associated with being a member of parliament.

The Australian Democrats consider that, instead of providing for compensation post service, members of parliament should be paid an appropriate salary for the work they do while in office. Except for transitional arrangements on leaving office, retirement benefits should be confined to superannuation at levels in accordance with community standards.

The Australian Democrats oppose the retention of retirement travel benefits for former members of Parliament under the Life Gold Pass or any other arrangement, on the grounds that such entitlements are not justifiable and are out of step with community standards.

We support the Committee's proposed amendments as they improve the Bill (which as we have said earlier is itself an improvement on the existing scheme). Nevertheless, the scheme should be ended. We will move an amendment for the cessation of former parliamentarians travel entitlements, and will consider other amendments as appropriate.

The introduction of this Bill provides an opportunity to address more than the excessively generous retirement package available to some former members through the Life Gold Pass. I agree with the Committee that it also provides an opportunity for an holistic re-examination of parliamentarians' salary packages and entitlements on an objective basis. Crucially, this should provide an opportunity to bring superannuation entitlements into line with community standards.

Senator Andrew Murray

6 *Committee Hansard*, p. 26

7 *Committee Hansard*, p. 27