

Dr Colin Adrian  
Chair  
ACT Remuneration Tribunal  
PO Box 964  
CIVIC SQUARE ACT 2608

Carter Sullivan  
ACT Resident and Voter

**Re: Members of the Legislative Assembly (MLA) remuneration, 2018 Autumn Review**

Dear Chair,

Please find attached my submission to the Australian Capital Territory Remuneration Tribunal's 2018 Autumn Review. My submission concerns the remuneration for MLAs and are in reference to 'Members of the ACT Legislative Assembly Determination 2 of the 2017' as made by the Tribunal as approved and signed by you as a Member of the Tribunal.

As I was unable to locate any definitive list of MLAs and their respective total effective salaries I am afraid my submission is incomplete, however I have provided a submission based on the information available to me at the time of writing. I will seek this information in time for the next submission period.

Sincerely,  
Carter Sullivan

## Recommendations

1. **Directly link MLA pay rises with the pay rises enjoyed by the electors of the ACT.**
2. **Abolish all existing 'additional annual salaries', provide a one-off compensatory pay rise of 50% (\$80,167), and provide a single uplift of 50% to the Chief Minister.**
3. **Abolish the resettlement allowance.**
  - 3.1 Abolish the resettlement allowance and provide a one-time compensatory 3.84% (\$6,169) pay rise.
4. **Abolish the travel allowance and increase the base salary by a compensatory amount.**
  - 4.1 Fly economy.
5. **Abolish the motor vehicle allowance and replace with complementary access to public transport and a bicycle allowance.**
  - 5.1 Abolish the motor vehicle allowance and provide a one-time \$25,000 (15.6%) compensatory pay rise.

## Prior year pay rises for MLAs – out of step with electors

In April 2016 a raise of 2.5% was provided to MLAs.

### 2016 Review – Determination 1 of 2016 & Determination 7 of 2016

In Determination 1 of 2016, the Tribunal decided to increase the base rate of Members' salary by 4% (comprising a 2.5% general increase plus a 1.5% increase in line with the Tribunal's intentions as part of the 2014 review, and the recognition of the personal contributions that Members' make towards their own ongoing professional development following the abolition of study travel).

In March 2017 a raise of 2% was provided to MLAs.

Having balanced these considerations, the Tribunal decided to:

- increase Members' base salary by 2% (noting that this increase includes a portion of the increases identified in the 2014 review); and

At April 2016, ACT electors had enjoyed pay increases of just 1.4% over the prior year. At March 2017, electors had enjoyed just 1.3% in pay increases over the prior year. Over a two-year period where ACT electors received pay rises of 3.2%, MLAs were handed a raise of 4.6%. Noting that these raises are on already high bases, this is out of step with community expectations and the general principle of fairness.

	Quarterly Index ; Total hourly rates of pay excluding bonuses ; Australian Capital Territory ; Private and Public ; All industries ; Index Numbers	ACT workers year on year increase	ACT workers two year increase	MLA pay rises	Two year MLA pay rises
Unit					
Series Type	Original				
Data Type	INDEX				
Frequency	Quarter				
Collection Month	3				
Series Start	Sep-1997				
Series End	Sep-2017				
No. Obs	81				
Series ID	A2604939T				
Mar-2015	119.8	1.4%	3.7%		
Jun-2015	120.3	1.1%	2.8%		
Sep-2015	120.9	1.2%	2.9%		
Dec-2015	121.4	1.3%	3.1%		
Mar-2016	122.0	1.4%	3.3%	2.5%	
Jun-2016	122.6	1.4%	3.0%		
Sep-2016	123.2	1.5%	3.1%		
Dec-2016	123.7	1.4%	3.3%		
Mar-2017	124.2	1.3%	3.2%	2.0%	4.6%
Jun-2017	124.9	1.4%	3.3%		
Sep-2017	125.5	1.5%	3.4%		

In two years the base MLA pay enjoyed a pay rise of \$18,145 from \$142,228 to \$160,373. This increase amounts to an increase over two years equal to half of the national minimum wage, which means the Chief Minister who enjoys an extraordinary 110% uplift in salary has enjoyed a pay rise equal to more than an entire year of labouring for the minimum wage workers of the ACT. This represents an unreasonable, unjustified and unequal rise over and above that enjoyed by electors.

**Recommendation 1 – directly link MLA pay rises with the pay rises enjoyed by the electors of the ACT.**

Pay increases of the MLAs must be equal to the wage increases of the workers of the ACT to ensure that the MLAs economic fortunes are intrinsically linked to the electors they represent.

**Advantages of this recommendation:**

- Provides for a normal wage rise in line with workers where any additional rises will be provided for independently and justified independently.
- Provides a substantive incentive for MLAs to increase the prosperity of those who they represent.
- Assures the long-term viability of MLA remuneration. The ultimate budgetary burden of MLA remuneration is on the residents of the ACT, through this link the ability of ACT residents to pay MLA salaries will be guaranteed.
- Simplifies the role of the Tribunal in this regard and allows deeper analysis of other determinations for which the Tribunal is responsible.
- Helps reduce the perception held by 74% of Australians<sup>1</sup> that politicians are 'too often interested in looking after themselves', this is at an all-time high and this perception is corrosive to our democracy.
- 40% of Australians<sup>2</sup> are dissatisfied with democracy, remuneration out of step with electors is undoubtedly an element of this sentiment.

<sup>1</sup> <http://www.abc.net.au/news/2016-12-20/2016-australian-election-disaffected-study/8134508>

<sup>2</sup> *ibid.*



## Additional annual salary and allowances – intentional obfuscation of total MLA remuneration

There appears to be an intentional effort to conceal from the public the total remuneration enjoyed by MLAs. Indeed, 'Appendix 13 – Remuneration of MLAs' found in the 2016-17 Annual Report for the Office of the Legislative Assembly lists only the opaque numbers found in the Tribunal's determinations. When topped up with allowances, an MLAs final salary is unlikely to be even close to the already high base remuneration of \$160,373. This is not transparent, and it is at best a negligent form of administrative oversight and at worst an attempt to deceive the electorate of the ACT.

### Additional annual salary – public money for your mates

'Additional annual salary' top-ups are incredibly large and widely granted – which raises a question of equity and the effects on our democracy (given the increased likelihood of those enjoying a larger remuneration package to maintain their seats by virtue of their wealth). Naturally, in any Westminster system, additional responsibilities may be taken up by certain members of the Legislative Assembly, however these responsibilities are entirely optional and are taken up as a matter of course for the governing party. Given every Taylor, Dianne and Harry in the Assembly has additional postings it would be prudent that, rather than giving millions of dollars of public funds to those who manage to curry favour, an uplift should instead only be granted to the Chief Minister; a recognition of the significant responsibilities of the post and the exceptional qualities required to be granted such a post by their peers. All other MLA remuneration should be equal.

**Recommendation 2 – abolish all existing 'additional annual salaries', provide a one-off compensatory pay rise of 50% (\$80,167), and provide a single uplift of 50% to the Chief Minister.**

Additional annual salaries obfuscate the total MLA remuneration. An uplift provided widely is essentially equivalent to a base salary, and instead of obfuscating this fact and granting favoured MLAs extra public money (which in turn allows them to be more likely to be re-elected) a singular uplift for the Chief Minister is the most efficient and least discriminatory mechanism.

Advantages of this recommendation:

- Increases the transparency of the base MLA remuneration through the removal of uplifts.
- Removes any likelihood of discriminatory practices through allocations of 'additional annual salaries' by the government MLAs.
- Assures that one MLA will not receive twice the amount of another MLA without any more votes at an election.
- It is par for the course in the Westminster system for MLAs to take up additional appointments, and to propose that MLAs who are not granted positions by the government are doing less work for their electors is untrue and inappropriate. In other words, a Minister is no more required to do more work than any other MLA (despite what they may think).
- Simplifies the administration of MLA entitlements.

### Resettlement allowance – golden parachutes for the corrupt, inept and unelected

Golden parachutes, the domain of the bankers, CEOs and parliamentarians – the only classes in our society who enjoy handsome payouts if they resign for corruption or incompetence. These styles of payout are not available to the average elector, nor should they be available to our representatives. Losing your elected position is no excuse to receive \$37,009 (an amount more than an entire year worked at the minimum wage), and resigning in disgrace lacks any justification for such a payout.



**Recommendation 3 – abolish the resettlement allowance.**

The resettlement allowance obfuscates the total MLA remuneration. Golden parachutes should not be provided to MLAs in the same way MLAs do not provide such benefits to the employees of the ACT Public Service or the electors of the ACT.

Advantages of this recommendation:

- Increases the transparency of the base MLA remuneration through the removal of add-ons.
- Keeps MLA benefits in-line with community expectations.
- Prevents golden parachutes being provided to disgraced MLAs.
- Simplifies the administration of MLA entitlements.

**Sub-recommendation 3.1 – abolish the resettlement allowance and provide a one-time compensatory 3.84% (\$6,169) pay rise.**

*This recommendation is provided on the basis that Recommendation 3 does not proceed.*

The resettlement allowance obfuscates the total MLA remuneration. Provide a one-off 3.84% pay rise (2 weeks' salary pro-rated over the annual salary) and abolish the allowance.

Advantages of this recommendation:

- Increases the transparency of the base MLA remuneration through the removal of add-ons.
- Simplifies the administration of MLA entitlements.

Issues to consider:

- Provides entitlements to MLAs out of step with community expectations.

**Travel allowance – public monies for private fun**

Travel allowances increase the likelihood of wasted public funds by requiring no out-of-pocket expenditure by an MLA. A simple solution is to roll an appropriate amount into the base salary of MLAs and require that MLAs travel on their own dollar, this reduces the administrative burden on the Legislative Assembly staff and removes any requirement for accountability as a result of it being their money and their expenditure.

**Recommendation 4 – abolish the travel allowance and increase the base salary by a compensatory amount.**

The travel allowance obfuscates the total MLA remuneration. If MLAs believe travel is in the public interest, they should be willing to use their taxpayer funded salaries to travel and are eligible to deduct such expenditure from their personal taxes.

Advantages of this recommendation:

- Removes any questions of impropriety.
- Automatically assures the appropriateness and importance of travel by having MLAs undertake the travel with their taxpayer funded salaries.
- Reduces the administrative burden of the Office of the Legislative Assembly.



- Allows MLAs to travel at their preferred standard and at a cost they are comfortable with proportionate to their personal requirements.

**Sub-recommendation 4.1 – fly economy.**

*This recommendation is provided on the basis that Recommendation 4 does not proceed.*

Business class travel provides no benefits to the electors of the ACT and provides an unnecessary luxury to the already well remunerated MLAs. Reimbursement should be provided to the cost of economy class where an MLA chooses to pay for business class travel from their own pocket. Further, business class travel provides no significant benefits on domestic flights and is entirely out of step with standard business practice which requires a certain distance be travelled for business class to be allowed.

Advantages of this recommendation:

- Keeps MLA benefits in-line with community expectations.
- Protects wasted public money.

**Motor vehicle allowance – motor vehicles are the future?**

MLAs are responsible for our public transportation network, and yet they are encouraged to bypass this fact of life for many residents of the ACT in favour of their own private motor vehicles. Each step a representative is removed from the people they represent, the further we are from a healthy democracy. Tax payer funded motor vehicles are not in the public interest and they do not encourage MLAs to consider alternative forms of transportation such as the public transportation network, cycling or walking. Instead of contributing to congestion, it would be advisable that MLAs are granted complementary access to the public transportation networks to encourage MLAs to use the services for which they are responsible.

**Recommendation 5 – abolish the motor vehicle allowance and replace with complementary access to public transport and a bicycle allowance.**

We should keep private matters private where possible, requiring MLAs to take a motor vehicle allowance instead of a functionally identical increase in salary only confuses the total packages received by MLAs and encourages MLAs to avoid public transport, cycling and walking.

Advantages of this recommendation:

- Encourages MLAs to use public transport and healthy transportation options.
- Increases the transparency of the base MLA remuneration through the removal of add-ons.
- Keeps MLA benefits in-line with community expectations.
- Simplifies the administration of MLA entitlements.

**Sub-recommendation 5.1 – abolish the motor vehicle allowance and provide a one-time \$25,000 (15.6%) compensatory pay rise.**

*This recommendation is provided on the basis that Recommendation 5 does not proceed.*

The motor vehicle allowance obfuscates the total MLA remuneration. Motor vehicles are a private matter and MLAs would be entitled to a tax deduction for their use of their own motor vehicles to the extent that it is used in the course of their duties. There is no reason for this allowance to be separate from pay as it functionally identical.

Advantages of this recommendation:

- Increases the transparency of the base MLA remuneration through the removal of add-ons.
- Keeps MLA benefits in-line with community expectations.
- Simplifies the administration of MLA entitlements.