



Katy Gallagher MLA

CHIEF MINISTER

MINISTER FOR HEALTH
MINISTER FOR REGIONAL DEVELOPMENT
MINISTER FOR HIGHER EDUCATION

MEMBER FOR MOLONGLO

Ms Anne Cahill Lambert AM
Chair
ACT Remuneration Tribunal
PO Box 964
CIVIC SQUARE ACT 2608

Dear Ms Cahill Lambert

Thank you for the Tribunal's letter of 20 February 2013 inviting submissions to the Remuneration Tribunal's annual review of remuneration, entitlements and allowances for Members of the Legislative Assembly, executives, Directors-General, the Head of Service and full time holders of statutory offices.

Resettlement Allowance

As part of its review of entitlements for Members of the Legislative Assembly, the Government requests the Tribunal consider establishing a resettlement allowance for MLAs who are unsuccessful at a general election similar to the arrangements already in place at the Commonwealth level. The experience of our former parliamentary colleagues that departed the Assembly after recent elections demonstrates the difficult situation faced by Members who contest an election and are not re-elected, and are therefore not paid beyond polling day. Given their service to the Territory, the Government believes that it would be fairer to provide for an allowance in the future akin to the payment in lieu of notice that is afforded employees.

As such, it should not be available to re-elected members or members who voluntarily leave the Assembly (including by electing not to stand for re-election).

The Government suggests it would be appropriate to calculate such a benefit by reference to a former member's time of service in the current Assembly, and that it be based on the base salary for Members. One suggested model would be for the entitlement to accrue at the rate of two weeks' pay for each year of service to the current Assembly (i.e. a maximum of eight weeks salary). Given the operation of the *Australian Capital Territory (Self-Government) Act 1988 (Cwlth)*, had such a scheme been in place for the 2012 Assembly elections, such a scheme would, in effect, have seen former members receive some payment for the period between polling day and the declaration of the polls, and approximately six weeks thereafter.

ACT LEGISLATIVE ASSEMBLY

London Circuit, Canberra ACT 2601 GPO Box 1020, Canberra ACT 2601

Phone (02) 6205 0840 Fax (02) 6205 3030

Email: gallagher@act.gov.au Facebook: [KatyGallagherMLA](https://www.facebook.com/KatyGallagherMLA) Twitter: [@katyGMLA](https://twitter.com/katyGMLA)

100
CANBERRA

Budget Position

The Government requests that in its deliberations regarding any remuneration increases for the offices under review, including the suggested resettlement allowance, the Tribunal give consideration to the Territory's difficult economic position and the possible impact on the Budget.

As outlined in the 2012-13 Budget Review, the Territory's finances continue to be impacted by uncertainty in global economic conditions and financial markets. While the Territory economy generally remains strong, it is not immune from national and international economic conditions. A large portion of the ACT working population is employed in the public sector and economic activity in the ACT is forecast to be impacted by the Commonwealth's continued fiscal consolidation. Additionally, there is weak consumer and business sentiment, particularly in relation to the property market; the Territory is already experiencing reduced revenues in land sales and related taxes across the budget year and forward estimates. The land release program has been revised to reflect these circumstances.

The General Government Sector Net Operating Balance is forecast to be in deficit by \$362.9 million in 2012-13, remaining in deficit until 2015-16. While expenditure has been reduced across government and GST revenue to the ACT has increased by \$26.7 million, these gains have been outweighed by loss of approximately \$115.1 million in revenue due to the softening property market, a \$33.1 million increase in net interest over three years due to forecast additional borrowings, and other costs associated with reduced dividends and higher depreciation expenses. The return to surplus requires focused effort to restrain growth in expenditure.

Headline GGS Net Operating Balance	2012-13	2013-14	2014-15	2015-16
	\$m	\$m	\$m	\$m
2012-13 Budget Review	-362.9	-138.7	-103.2	29.3

With this in mind, I strongly urge the Tribunal to reserve any increase to remuneration to MLA's in this review. Effectively, a freeze for MLA's is proposed. In a tight fiscal environment I believe MLA's can cope without a pay increase in 2013-14. In relation to Director Generals and the Head of Service, wage increases should be in line with public sector outcomes and limited to that.

The Government suggests the Tribunal may wish to invite senior officers of the Chief Minister and Treasury Directorate to provide a further more detailed and confidential briefing during the review period to provide more detail around the Territory's financial position and possible approaches to a resettlement allowance.

Thank you for the opportunity to make a submission.

Yours sincerely


Katy Gallagher MLA
Chief Minister

08 APR 2013