



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

Dear Ms Cahill Lambert

I refer to the annual review of remuneration for members of the Legislative Assembly that the Tribunal is currently conducting. I wish to provide the following submission that addresses a number of issues that have been identified by the Office of the Legislative Assembly through their administration of the entitlements of non-Executive members.

**Provision of Territory Leased Vehicles to Members**

The remuneration package for MLAs includes an entitlement to a fully maintained, privately plated vehicle for use on official as well as private business. MLAs who elect to not be provided with such a vehicle are paid an allowance in lieu of that entitlement – which is currently \$17,500 per annum. This submission asks the Tribunal to consider whether:

1. the \$17,500 annual allowance is sufficient or whether there is justification to raise it to a higher level, more closely reflecting the actual cost to the Territory of providing and maintaining vehicles provided to members; and
2. based on the not insignificant resources that need to be devoted to administering a vehicle fleet for MLAs, and the availability to all MLAs of salary packaging, there is a basis to discontinue the provision of an entitlement to a Territory leased vehicle and, instead, to simply provide the value of the benefit as salary and allow members to make their own vehicle arrangements.

The basis for these questions being raised is discussed below in more detail.

While the intentions and objectives of successive tribunals are not known, it is perhaps not unreasonable to assume that, after considering that MLAs should have access to similar vehicle entitlements as statutory office holders and public sector executives, the allowance in lieu option was developed to enable an MLA to have the option of taking, in cash, the amount that the Territory would otherwise incur in acquiring, maintaining, administering and disposing of the vehicle. If this is the case, OLA would draw the Tribunal's attention to a detailed costing analysis it recently undertook which identified that the annual cost of providing an MLA's vehicle was well in excess of \$17,500 – and was closer to \$30,000. The costing was based on a vehicle valued at \$46,000 (the current threshold) and is broken down as follows:

Item	Typical Monthly Expense	Annual Expense
lease payments (principal and interest)	\$1,000	\$12,000
Running and administration cost	\$700	\$8,400
Fringe Benefits Tax (based on 20% statutory formula)		\$10,000
Total		\$30,400

In terms of the second question posed above, the above cost is a summary of the direct costs attributable to a vehicle and makes no allowance for the not insignificant staff resources that are devoted to, or associated with, the administration of MLAs' vehicle entitlements. In this regard, OLA has estimated, for each Territory leased vehicle provided to an MLA, a staff cost in excess of \$1,100 per annum is consumed in a number of ways through the vehicle lease cycle. A detailed analysis of those items is provided at Attachment A

OLA's experience is that the majority of MLAs opt for the provision of a vehicle. However, I should point out that, currently, five of the 12 non-Executive MLAs have opted to not be provided with a vehicle and this is the highest level that can ever be recalled. While some of those MLAs have made a conscious decision to drive their own private vehicles, it is expected that some of the newly elected MLAs are considering the option of a Territory leased vehicle and it is expected that the actual number of MLAs taking that option would rise slightly.

**Allowance for Study/ Accompanied Travel**

The Tribunal has, for a number of years, determined that an amount of \$24,000 should be available to non-Executive members for the purposes of undertaking study travel and to meet the cost of accompanied travel when those members travel on Assembly business.

A submission made to the Tribunal in March 2011 by the former Speaker referred to observations from some other MLAs that the \$24,000 entitlement had remained at that level since July 2005 when significant changes were made to the entitlement and the Speaker sought some reassurance that the entitlement is periodically reviewed and would be adjusted when underlying movements in costs had occurred. The Tribunal's Secretary subsequently responded with advice that "a further comprehensive review of the allowance will be undertaken in 2012". I am aware that several members continue to ask about whether such a review was conducted or is still to be conducted.

Details of expenditure by MLA's on this entitlement is available on the Assembly's website.

**Provision of a separation benefit to Members who are unsuccessful in seeking re-election**

In raising this issue, I simply wish to draw the Tribunal's attention to the fact that, from time to time, and often after an Assembly election which may have resulted in one or more individuals failing to be re-elected, some MLAs have reflected on the fact that the salary and entitlements of those MLAs simply ends on polling day. Beyond that date, some of those members often endure an anxious wait for a period of days or weeks before their fate is confirmed.

In reflecting on those situations, there has often been an observation that perhaps consideration could be given to some form of payment or separation benefit to certain members who are unsuccessful in their attempt at re-election. I am aware that it has taken some time for some individuals to secure post assembly employment in those cases where members have not retired from the workplace.

I understand that three Australian jurisdictions have some form of scheme providing payment in those sorts of circumstances - the Federal Parliament, the Queensland Parliament and the

Legislative Assembly of the Northern Territory - and the Tribunal may wish to examine such arrangements and explore whether they might be worthy of application in the ACT Assembly.

**DOA/Communication Allowance**

I have previously lodged submissions indicating difficulties administrating the Discretionary Office Allocation (DOA) for Members. I understand that the Speaker is lodging a submission which requests the Tribunal give further consider to a communications allowance to all MLA's (including Ministers) and I would support that proposal.

I would be more than happy to discuss any of these matters further with the Tribunal if that would assist.



Tom Duncan  
Clerk of the Legislative Assembly  
8 March 2013

## Detailed analysis of administrative processes associated with the provision to MLAs of Territory leased vehicles

Acquisition of vehicles	<p>Though it varies, all MLAs to some extent or another seek assistance and guidance in establishing what vehicles/models are available, whether this model/option is within the value cap. This invariably involves liaison with a fleet provider and, in some cases, dealers/manufacturers.</p> <p>Time is often spent following up MLAs to finalise their vehicle/options choice(s) to ensure that an order is placed in sufficient time to enable the current vehicle to be returned at end of lease</p>
Recognition of assets and liabilities in financial systems and statements	<p>Changes made to ACT Government accounting policies in recent years means that vehicles are now treated as finance leases and not as operating leases. This change introduced more complex financial management and accounting treatments associated with recognising the respective assets and liabilities, the separation of principal from interest in the repayment, the calculation of accumulated depreciation and residual values and the classification of vehicles in each year's financial statements as either current or non-current assets.</p> <p>It is also a requirement that, when a vehicle is disposed of by auction at the end of its lease term, any shortfall in sale price below the residual value becomes a cash liability of the agency and, similarly, any surplus above the residual value is reimbursed. These adjustments are difficult to forecast and can interfere with cash budgeting.</p>
Calculation of Fringe Benefits Tax (FBT) liabilities and reportable FBT amounts	<p>All MLA vehicles are captured by FBT provisions and require the Assembly administration to maintain detailed records, and statements to be signed by the respective MLAs. These include odometer readings to enable distance travelled in the FBT year to be calculated, the number of days on which a vehicle may have been unavailable and also the calculation of the vehicles' FBT base value.</p> <p>For each separate vehicle – and bearing in mind that leases normally run for 2 years so, in any one year, half the MLAs will have utilised two vehicles – a detailed calculation of FBT liabilities must be undertaken and included in the agency FBT return.</p> <p>Because car benefits are “reportable” under the FBT regime, it is also a requirement that a calculation is made of the reportable FBT amount for each member and that amount must be processed through the relevant payroll system so that it is reported on the MLAs payment summary.</p>
Accidents and repairs	<p>MLA vehicles are inevitably involved in breakdowns and accidents and this leads to Assembly staff being involved in assisting with accident</p>

	notification and insurance claim processing, assistance with short term rental cars
Fuel reimbursements	MLAs who opt for vehicles are provided with fuel cards but various circumstances arise where MLAs have to incur fuel costs out of their own pocket and fuel reimbursement are often required to be made.
Management of traffic infringements	Because the vehicles are registered in the Territory's name, any traffic infringement notices (speed and red light cameras, parking infringements and unpaid toll notices) are initially sent to the Fleet provider, who forwards them to the Assembly's relevant administrative area. At this point, a statutory declaration must be completed identifying the name and address of the MLA to whom the vehicle was issued and this then leads to the traffic infringement being re-issued
Fleet administration	The monthly fleet invoice is more complex because it can involve the need to separate out cost related to
Parking labels, registration, etc	
End of assembly retrieval and re-allocation	
Others	