



## HON GARY GRAY AO MP

Special Minister of State  
Special Minister of State for the Public Service and Integrity

Ref:B11/1438

Senator Helen Polley  
Chair, Senate Finance and Public Administration Committee  
Parliament House  
CANBERRA ACT 2600


Dear Senator Polley

On 24 April 2011 I introduced the Remuneration and Other Legislation Amendment Bill 2011 (the bill) into the Parliament. The bill has been referred to the Senate Finance and Public Administration Committee for inquiry and report by 17 June 2011.

I am now proposing that amendments be moved when the bill is debated in the Senate. The amendments have come about because, under the bill as drafted, any additional salary determined by the Remuneration Tribunal (the Tribunal) would become part of a member or senator's 'parliamentary allowance', which is effectively their salary for superannuation purposes. Without the amendments, current and former parliamentarians who are members of the Parliamentary Contributory Superannuation Scheme (PCSS), established under the *Parliamentary Contributory Superannuation Act 1948* (the 1948 Act), would receive a superannuation benefit if the Tribunal decides to incorporate any allowances into parliamentary allowance. This would occur as, under that scheme, the benefits of former parliamentarians, and eligible dependants, are linked to the salaries of current parliamentarians.

The amendments provide the Tribunal with the authority to determine that a portion of parliamentary base salary is not parliamentary allowance for the purposes of the 1948 Act. Accordingly, a person covered by the 1948 Act would not be entitled to receive superannuation benefits based on those amounts. The amendments would be consistent with a recommendation of the Review of Parliamentary Entitlements.

I am providing you with a copy of the amendments to ensure that the Committee is fully informed of the Government's intentions in relation to the bill. I would be grateful if you would ensure that the amendments are included in the Committee's consideration of the bill. The text of the amendments is provided at Attachment A.

Yours sincerely 

**GARY GRAY**

**16 JUN 2011**

2010-2011

The Parliament of the  
Commonwealth of Australia

THE SENATE

## Remuneration and Other Legislation Amendment Bill 2011

(Government)

- (1) Schedule 2, item 1, page 14 (lines 14 and 15), omit paragraph (d) of the definition of *parliamentary allowance* in subsection 4(1), substitute:
  - (d) parliamentary base salary (within the meaning of the *Remuneration Tribunal Act 1973*), less any portion determined under subsection 7(1A) of that Act.  
**[allowance for superannuation purposes]**
- (2) Schedule 2, item 6, page 15 (lines 24 and 25), omit paragraph (b) of the definition of *parliamentary allowance* in section 3, substitute:
  - (b) parliamentary base salary (within the meaning of the *Remuneration Tribunal Act 1973*).  
**[allowance for superannuation purposes]**
- (3) Schedule 2, item 14, page 16 (lines 20 to 23), omit the definition of *parliamentary allowance* in clause 1A of Schedule 3, substitute:

*parliamentary allowance* means parliamentary base salary (within the meaning of the *Remuneration Tribunal Act 1973*).  
**[allowance for superannuation purposes]**
- (4) Schedule 2, page 17 (after line 2), before item 17, insert:

### 16A Subsection 3(1)

Insert:

*parliamentary base salary* means so much of the allowances determined under subsection 7(1) as:

- (a) represents the annual allowance payable for the purposes of section 48 of the Constitution; and

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(b) is identified in the determination as base salary.

***[allowance for superannuation purposes]***

- (5) Schedule 2, page 17 (after line 4), after item 17, insert:

**17A After subsection 7(1)**

Insert:

- (1A) The Tribunal may determine that a portion of parliamentary base salary is not ***parliamentary allowance*** for the purposes of the *Parliamentary Contributory Superannuation Act 1948*.

***[allowance for superannuation purposes]***

- (6) Schedule 2, item 19, page 17 (line 14), after “subsection (1)”, insert “, (1A)”.

***[allowance for superannuation purposes]***

- (7) Schedule 2, item 20, page 17 (line 25), after “subsection 7(1)”, insert “, (1A)”.

***[allowance for superannuation purposes]***

# **ATTACHMENT B**

2010-2011

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

**REMUNERATION AND OTHER LEGISLATION AMENDMENT BILL 2011**

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments Moved on Behalf of the Government

(Circulated by authority of the Special Minister of State for the Public Service and Integrity,  
the Hon Gary Gray AO MP)

# ATTACHMENT B

## REMUNERATION AND OTHER LEGISLATION AMENDMENT BILL 2011

### **OUTLINE**

The Remuneration and Other Legislation Amendment Bill 2011 (the Bill) expands the jurisdiction of the Remuneration Tribunal (the Tribunal) to determine the base salary of parliamentarians and the remuneration of Departmental Secretaries and other offices established under the *Public Service Act 1999*.

The *Parliamentary Contributory Superannuation Act 1948* (the 1948 Act) provides superannuation arrangements for persons who joined Parliament prior to the general election on 9 October 2004. It establishes a defined benefit scheme which is known as the Parliamentary Contributory Superannuation Scheme (PCSS). An eligible parliamentarian's superannuation pension payable under the PCSS is expressed as a percentage of 'parliamentary allowance' as defined in the 1948 Act. When the parliamentary allowance increases, the pension paid to former parliamentarians under the 1948 Act also increases. Electorate and other allowances such as travel allowances are excluded from the calculation of superannuation contributions and benefits.

The Report of the Committee for the Review of Parliamentary entitlements recommended (Recommendation 7) that the government take preventative measures so that any folding-in of allowances does not flow to the retirement benefits of members of the PCSS.

If the Tribunal decides to incorporate, for example, electorate or other allowances into base salary, these amendments would give the Tribunal the discretion to determine that those amounts do not form part of the salary used to determine contributions of current members and benefits payable to former members under the 1948 Act. Those amounts would, however, form part of the salary for superannuation purposes of members elected at the October 2004 and subsequent elections.

### **FINANCIAL IMPACT STATEMENT**

The measures proposed in this Bill have no direct impact on the budget.

# ATTACHMENT B

## ***Parliamentary Contributory Superannuation Act 1948***

### **Amendment 1**

This amendment inserts a new paragraph into the definition of ‘parliamentary allowance’ in the *Parliamentary Contributory Superannuation Act 1948*. New paragraph (d) of the definition of ‘parliamentary allowance’ provides that such an amount includes parliamentary base salary, within the meaning of the *Remuneration Tribunal Act 1973*, less any portion determined under section 7(1A) of that Act as not being parliamentary allowance for the purpose of the *Parliamentary Contributory Superannuation Act 1948*. This means that a person covered by the 1948 Act would not be required to make contributions on the portion determined under section 7(1A) of the *Remuneration Tribunal Act 1973* and they would not be entitled to receive superannuation benefits on those amounts.

## ***Parliamentary Superannuation Act 2004***

### **Amendment 2**

This amendment inserts a new paragraph into the definition of ‘parliamentary allowance’. New paragraph (b) provides that ‘parliamentary allowance’ includes parliamentary base salary within the meaning of the *Remuneration Tribunal Act 1973*. Those amounts would form part of the salary for superannuation purposes for members of the 2004 Act.

## ***Remuneration and Allowances Act 1990***

### **Amendment 3**

This amendment inserts a definition of ‘parliamentary base salary’ into the *Remuneration and Allowances Act 1990*. The new definition provides that ‘parliamentary allowance’ means parliamentary base salary within the meaning of the *Remuneration Tribunal Act 1973*.

## ***Remuneration Tribunal Act 1973***

### **Amendment 4**

This amendment inserts a definition of parliamentary base salary into the *Remuneration Tribunal Act 1973*. The new definition provides that parliamentary base salary means so much of the allowances determined by the Remuneration Tribunal under subsection 7(1) of the *Remuneration Tribunal Act 1973* as represents the annual allowance payable for the purposes of section 48 of the Constitution and is identified in the determination as base salary.

### **Amendment 5 – After subsection 7(1)**

This amendment inserts a new subsection 7(1A) into the *Remuneration Tribunal Act 1973* to provide that the Remuneration Tribunal may determine that a portion of parliamentary base salary determined under subsection 7(1) of the *Remuneration Tribunal Act 1973* is not parliamentary allowance for the purposes of the *Parliamentary Contributory Superannuation Act 1948*. Such an amount would therefore not be ‘parliamentary allowance’ for the purposes of the 1948 Act and a person covered by the 1948 Act would not be entitled to receive superannuation benefits based on those amounts.

### **Amendment 6**

This amendment would amend clause 19 of Schedule 2 of the Bill to insert a reference to the new subsection 7(1A) referred to in amendment 2.

# **ATTACHMENT B**

## **Amendment 7**

This amendment would amend clause 20 of Schedule 2 of the Bill to insert a reference to the new subsection 7(1A) referred to in amendment 2.