

# Politicians Salary

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## AUSTRALIAN DEMOCRATS ACTION PLAN POLITICANS SALARY AND ENTITLEMENTS ACCOUNTABILITY

*Parliamentary salaries, allowances and benefits generate high public and media interest. There are essentially three categories of entitlements afforded to MPs: their salary package, which includes benefits such as a car; the resources required to do their job, which includes electorate allowances, office expenses and staff allocations; and their retirement package, which includes superannuation and entitlements available under the Life Gold Pass for qualifying former MPs. All these should be reasonable, independently determined, audited and transparent.*

### Our Action Plan

*“... it must be said that the pay and conditions for current entrants to parliament ... is pretty good by community standards. It is not good by some private sector standards, it is true, but that should be irrelevant anyway”.*

**Professor John Warhurst**  
Australian National  
University.

- To have the salary and retirement packages of parliamentarians and ministers set by an independent statutory body, the Remuneration Tribunal;
- The Remuneration Tribunal to benchmark the resources parliamentarians need to do their job against relevant international and national standards;
- Campaign for the Remuneration Tribunal to conduct public hearings;
- Ensure triennial audits of parliamentarians functions and offices by the Auditor General, including benchmarking to detect unusual usages of entitlements;
- Any wage or entitlement change must be able to be voted on. These are the sort of matters on which there should be a conscience vote;
- Continue our campaign to have the Life Gold Pass retirement benefit discontinued for some politicians, except Prime Ministers.

### Accountability and politicians entitlements

A section of the public and media do not seem to respect value or understand the work of a parliamentarian. Criticism from this sector just goes with the job.

What must be heeded though are legitimate concerns – where ministers and parliamentarians salary and retirement packages, and office resources, are ahead of reasonable community standards; where these are not subject to proper independent determination and audit; and where reporting and disclosure is not full and transparent. After all, parliamentarians’ packages involve public monies.

In 2000 and with Labor support, the Democrats successfully moved a motion to initiate the first ever audit of all parliamentary entitlements in 100 years. This essential step to achieving greater transparency resulted in the Auditor-General’s Report No 5 in 2001.

In 2003, a Democrat initiative generated the Auditor-General’s Report No.15, the first ever audit of the staff of parliamentarians.



Other ACTION PLANS are available online at  
[www.democrats.org.au](http://www.democrats.org.au)

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## Issue one: Salary and retirement packages

Parliamentarians must not set their own salaries and entitlements. The conflict of interest is too great. The Democrats believe that parliamentarians and ministers salary and entitlements packages should be set by an independent Remuneration Tribunal. The Remuneration Tribunal should benchmark the resources parliamentarians need to do their job against relevant international and domestic standards. The present Remuneration Tribunal is a fairly secretive body that needs to be far more accountable, including by holding public hearings.

The Democrats believe any wage or entitlement change should be voted on, and the vote should be a conscience not a party vote.

By and large the salary package of parliamentarians is considered reasonable, but not so for senior Ministers such as the Prime Minister and Treasurer, who are underpaid by community standards for their responsibilities.

Parliamentary superannuation has now been brought into line. The Democrats long campaigned to end the over-generous parliamentary contributory superannuation defined benefit scheme. MPs entering parliament after the 2004 federal election are now subject to an accumulated fund based on public sector standards. Unfortunately this has left a two-tiered system for a period, since pre-2004 MPs are left better off than post-2004 MPs.

The Life Gold Pass retirement benefit entitles some eligible former parliamentarians and their spouses to travel within Australia for life for 'non-commercial' purposes at government expense. This taxpayer funded perk costs \$2 million annually, and should be abolished, except for former prime ministers.

## Issue two: Electorate office entitlements

Since 1996 there have been major improvements in the reporting, disclosure and management of the resources parliamentarians use to do their job, often referred to as 'entitlements'. This was achieved by huge media and political pressure by the Democrats and Labor. This area can be further improved by benchmarking techniques to help detect unusual usages of entitlements.

The Democrats accept the need for an Electoral Allowance (now about \$27000 pa), but believe that the allowance should be paid into a separate bank account other than a salary account, with clear proof that it is used only for electoral and not private purposes.

Incumbency has been disgracefully enhanced by the Howard government. Although the Democrats, Labor and Greens opposed new hugely excessive printing and postal allowances, Coalition control of the Senate enabled them to be passed. The Democrats are deeply concerned about the nature of these and other incumbency enhancements. They represent the heavy use of taxpayer funds for re-election purposes, and a strong anti-competitive barrier to entry. Existing members of the House of Representatives now have a clear taxpayer-funded advantage over other competitors in the political field who are not incumbents.



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