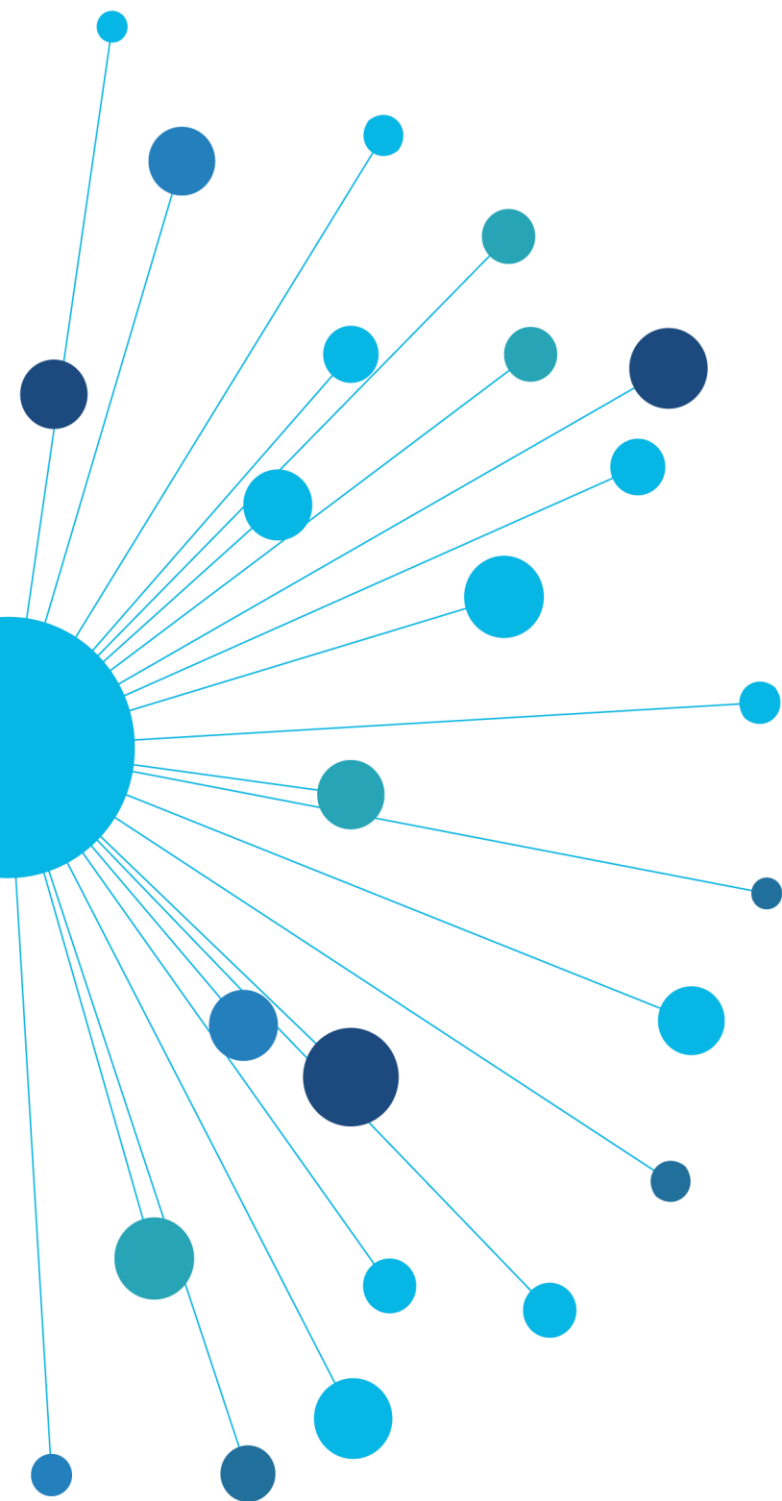


Queensland Independent  
Remuneration Tribunal

# Review of Salary Levels of Members of the Queensland Parliament

Determination 10/2016  
12 January 2016



# Executive Summary

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- 1.1 The Queensland Independent Remuneration Tribunal (the Tribunal) has conducted a review of the salaries payable to Members of the Queensland Parliament (MPs). This review is a legislative requirement under the Act that governs the Tribunal.
- 1.2 After its establishment in mid-2013, the Tribunal holistically examined the role, functions and responsibilities of an MP in Queensland. A resultant decision was made in Determination 1/2013 to set the base salary of Members. Subsequent to that Determination the Tribunal issued further determinations including setting the level of additional salaries payable to MPs who hold specific offices such as Ministers, formal Parliamentary roles and key positions in the Opposition.
- 1.3 The Tribunal reviewed the base salary in 2015 and issued Determination 7/2015 which increased the base salary and additional salaries of office holders by 2.58% effective from 6 April 2015.
- 1.4 Determination 7/2015 was subsequently revoked by the *Parliament of Queensland and Other Acts Amendment Act 2015* on 1 June 2015 and the base salary and additional salaries of MPs were returned to the 1 July 2013 rates.
- 1.5 The various amendments to the Act made by the new Government in 2015 set new procedures for how the Tribunal can deliver a Determination with respect to the salaries of MPs. Specifically, the Tribunal is now obliged to deliver a Determination with respect to Member salaries within 90 days of a decision in respect of certain core public service salaries. Further, any decision to increase salaries is capped to the increase in salary awarded to the relevant public service employees.
- 1.6 A new public service salary decision Directive 5/15 was issued on and effective from 1 December 2015. That Directive provides for a 2.5% increase effective to employees in the public service back-dated to 1 September 2015. It follows that the question before the Tribunal is whether an increase in base salary is warranted and if so the Tribunal is required to determine the quantum of such an increase which is capped at 2.5% to be compliant with the Act.
- 1.7 A comparative analysis of the base salary of Members across the eight state and territory jurisdictions finds that the average increase in the base salary since 1 July 2013 has been 4.43%, which is equivalent to an annual compound increase of 1.74% pa. In comparison, the equivalent annual increase in Queensland has been 1.20% pa. This comparison suggests that the base salary for MPs in Queensland has not maintained parity with other jurisdictions.
- 1.8 A clear intent of Parliament is to set any change in the salary of Members with reference to the change in salary of the public service. The recent legislative changes to the Act are consistent with the adoption of a perspective that focuses on the forward

outlook notwithstanding historical comparisons of the base salary. Consistent with this perspective the Tribunal has placed greater weight on the State's forecast economic conditions rather than on a series of jurisdictional and historical benchmarks.

- 1.9 Taking into account a range of factors, the Tribunal concludes that an increase in base salary is warranted. The Tribunal has also considered the impact of the legislative specification concerning the effective date of the increase in salary which creates a situation wherein Members will automatically receive back pay from 1 September 2015.
- 1.10 In conclusion, the Tribunal has determined that the increase in base salary is 1.73%. The Tribunal has also determined that the additional salaries of office holders will also increase by 1.73% to ensure that relativities within and between office holders is maintained.

# 1 – Background and Context

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## 1.1 Overview

The Queensland Independent Remuneration Tribunal (the Tribunal) is an independent statutory authority established by the *Queensland Independent Remuneration Tribunal Act 2013* (the Act) to determine remuneration in connection with Members of the Queensland Parliament (MPs) and former MPs.

The definition of ‘remuneration’ includes the additional salary and associated allowances payable to an MP for performing roles as an office holder in addition to that of an MP in the Queensland Legislative Assembly.

Determination 1/2013, issued on 15 October 2013, holistically examined the role, functions and responsibilities of an MP in Queensland. A resultant decision was made in that Determination to set the base salary.

Subsequent to Determination 1/2013 the Tribunal issued further determinations which have dealt with additional salaries for office holders, the allowances system, termination arrangements and entitlements for former MPs.

On 5 March 2015, the Tribunal issued Determination 7/2015 which considered the level of the annual base salary for an MP and the levels of additional salaries of office holders. Determination 7/2015 increased the base salary and additional salaries of office holders by 2.58% effective from 6 April 2015. However, that Determination was subsequently revoked by the *Parliament of Queensland and Other Acts Amendment Act 2015* on 1 June 2015 and the base salary and additional salaries of MPs were returned to the 1 July 2013 rates.

The various amendments to the Act made by the new Government set new procedures for how the Tribunal can deliver a determination with respect to the salaries of MPs. Specifically, the Tribunal is now obliged to deliver a determination with respect to Member salaries within 90 days of a decision in respect of public service salaries. Further, any decision to increase salaries is capped to the increase in salary awarded to the public service.

A new public service salary decision, Directive 5/15<sup>1</sup>, was issued on and effective from 1 December 2015. That Directive provides for a 2.5% increase to certain employees in the public service effective from 1 September 2015. As such, this Determination is issued in response to that Directive.

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<sup>1</sup> Office of Industrial Relations, Directive 5/15, *Minister for Employment and Industrial Relations Directive: Remuneration for Certain Employees*, <<http://www.psc.qld.gov.au/publications/directives/assets/2015-05-Remuneration-for-certain-employees.pdf>>.

## 1.2 Context of Determination 10/2016 in relation to recent legislative changes

The *Parliament of Queensland and Other Acts Amendment Bill 2015* was introduced in the Legislative Assembly on 27 March 2015 by the Premier and Minister for the Arts to implement an election commitment to limit future salary increases for MPs to salary increases received by public sector employees.

In addition to amending the Act to limit future salary increases, the amendments revoked Determination 7/2015 and introduced a number of provisions into the Act that specify the timing of future salary determinations made by the Tribunal and the commencement date of any salary increases decided by the Tribunal.

The Act now provides that the Tribunal cannot make a determination about a Member's salary entitlement unless a salary decision is first made through an industrial instrument or a directive for public service employees who work in the administrative stream of the Department of the Premier and Cabinet.<sup>2</sup>

In essence, the new requirements place restrictions on the Tribunal's determination in respect of Member salaries. The Tribunal's decision must be reached having regard to decisions made elsewhere in respect of public service salaries.

Specifically, if the Tribunal determines that the salary of Members is to increase, then the increase cannot be greater than the increase received by public sector employees, and the determination must provide for the increase to take effect, or to have taken effect, on the same day the increase to the salary of public sector employees takes effect.<sup>3</sup> There is nothing preventing the Tribunal from decreasing Member salaries. The Tribunal is also required to make its determinations about the salary of Members within 90 days following a public service salary decision.<sup>4</sup>

There is also provision in the Act that, if the public service *Directive 16/13: Remuneration for Certain Employees*<sup>5</sup> is still in effect on 1 December 2015, the Tribunal must make a determination about Members' salary entitlements as if the directive were made on 1 December 2015.<sup>6</sup>

Directive 5/15 was issued by the Minister for Employment and Industrial Relations on 1 December 2015. It follows that Directive 16/13 was superseded by Directive 5/15 and therefore not in effect on 1 December 2015. Hence the relevant reference for the Tribunal is Directive 5/15.

The Tribunal is therefore handing down Determination 10/2016 in response to the legislative requirement to make a determination within 90 days of the effect of Directive 5/15.

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<sup>2</sup> *Queensland Independent Remuneration Tribunal Act 2013* (Qld) ss. 31A (1) and (5).

<sup>3</sup> *Ibid*, ss. 31A (3) and (4).

<sup>4</sup> *Ibid*, s. 31A (2).

<sup>5</sup> Queensland Public Service Commission, *Directive 16/13, Directive of the Minister Assisting the Premier: Remuneration for Certain Employees*, <<http://www.psc.qld.gov.au/publications/directives/assets/2013-16-Remuneration-for-Certain-Employees.pdf>>.

<sup>6</sup> *Queensland Independent Remuneration Tribunal Act 2013* (Qld) s. 75.

### 1.3 Directive 5/15

In accordance with the Act, Directive 5/15 is considered to be a public service salary decision as it is a directive that includes provisions about the 'salary or wage of a departmental employee'.

In addition to prescribing the remuneration of the employees in the administrative section of the Department of the Premier and Cabinet (including Arts Queensland and the Corporate Administration Agency), Directive 5/15 also applies to the employees of 43 government entities whose wages and conditions are specified in one of five certified agreements, including the *State Government Departments Certified Agreement 2009*.

Directive 5/15 provides that employees in the public service are entitled to an increase of 2.5% to salary and salary-based allowances back-dated to 1 September 2015.

It follows that the question before the Tribunal is whether an increase in base salary is warranted and if so the Tribunal is required to determine the quantum of such an increase. Further if after reaching a decision on a salary increase, the percentage of the increase is in excess of 2.5% then the resultant determination must set at a maximum of 2.5% to be compliant with the Act.

## 2 – Recent History of the Base Salary

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### 2.1 *Determination 1/2013 – base salary*

Determination 1/2013 provided a detailed review of the base salary of an MP. In that Determination the Tribunal undertook an assessment of the work value of an MP examining:

- the role of an MP in Queensland;
- a comparison of the characteristics of the role of an MP with those of an employee; and
- the distinction between ‘work value’ and ‘work load’ of an MP.

To determine the base salary, the Tribunal conducted a detailed comparison of the base salary with various benchmarks including general wage increases, the salaries of other occupations, salary levels in the public sector and base salaries of MPs in other jurisdictions. Determination 1/2013 also considered historical trends and a range of economic factors.

In its Determination, the Tribunal set the annual base salary for an MP at \$144,485 effective from 1 July 2013 and subsequently determined that an increase of 3.02% was applicable to the base salary from 1 July 2013.

### 2.2 *Determination 3/2014 – additional salary*

Additional salaries are provided to certain office holders such as Ministers, various Parliamentary positions and some Opposition roles. These additional salaries are provided as compensation for Members who undertake additional roles and responsibilities. In order to qualify for an additional salary, the role must be formally recognised either through inclusion of the list of office holders under section 42 of the Act or approved by resolution of the Legislative Assembly.

The Tribunal conducted a detailed examination of the nature of the roles of the various office holders in Determination 3/2014.

As a result, the Tribunal determined that the annual additional salary for the office of the Premier of Queensland be set at \$223,560 and that the additional salary be increased by 3.02% from 1 July 2013 bringing the annual additional salary to \$230,312.

The effect of Determination 3/2014 established the total annual salary of the office of the Premier at \$379,160 (which includes a base salary of \$148,848 and an additional salary of \$230,312) as at 1 July 2013.

Determination 3/2014 also set the additional salary payable to each office holder relative to the additional salary payable to the office of the Premier as outlined in the following table:

Band	Office	Relativity between offices %
1	Premier	100.0
2	Deputy Premier	80.0
3	Minister Leader of the Opposition	70.0
4	Speaker Assistant Minister and Leader of the House	60.0
5	Deputy Leader of the Opposition	40.0
6	Chief government whip Deputy Speaker Manager of Opposition Business Assistant Minister	35.0
7	Opposition Spokesperson Leader in the Assembly of a recognised political party, other than the Leader or Deputy Leader of the Opposition Chairperson of a committee	25.0
8	Senior government whip Opposition whip	15.0
9	Government deputy whip Deputy Opposition whip <sup>7</sup>	12.5
10	Member of a committee	10.0

<sup>7</sup> Note, the additional salary for the office of the Deputy Opposition Whip was determined by the Tribunal in Determination 8/2015, effective from 27 March 2015:  
Queensland Independent Remuneration Tribunal, *Additional Salary of Deputy Opposition Whip, Determination 8/2015* (12 May 2015), <<http://www.remunerationtribunal.qld.gov.au/assets/determination-08-2015.pdf>>.



### 2.3 *Determination 7/2015*

Determination 7/2015 provided a detailed analysis of benchmarks of base salary and examined a range of economic factors since Determinations 1/2013 and 3/2014 had been issued.

The Tribunal considered in Determination 7/2015 that the role and work value of an MP and the various offices had not changed in a substantive way since Determinations 1/2013 and 3/2014 were issued.

In Determination 7/2015, the Tribunal determined that the base salary and additional salaries of office holders would increase by 2.58% from 6 April 2015. The increase would have moved the base salary from \$148,848 to \$152,688 (an increase of \$3,840).

However, as discussed in Chapter 1, Determination 7/2015 was subsequently revoked by Parliament on 1 June 2015 and the base salary and additional salaries of MPs were returned to the rates applicable at 1 July 2013. Notwithstanding, the analysis and general discussion in the reasons for Determination 7/2015 remain of some relevance to the current Determination.

## 3 – Analysis

### 3.1 Base salary

The Tribunal considered comparable jurisdictions in Determination 1/2013 when arriving at the base salary. The Tribunal notes that allowances and other entitlements that make up the full remuneration package of an MP vary considerably across the Australian States and Territories and therefore jurisdictional comparisons of the base salary alone need to be interpreted with caution.

In Determination 7/2015 the comparison of base salary levels across jurisdictions was analysed. It was noted that increases in base salary since mid-2013 across comparable jurisdictions ranged from 2.25% to 6.00%. Of the six jurisdictions which increased their base salary since 1 July 2013 (including Queensland), the average increase in the base salary was 3.42%. If Queensland is excluded, the average rose to 3.50%.

Since 1 January 2015, six out of the eight jurisdictions received an increase to the base salary. The increases have ranged from 0.54% to 4.00%, with the average increase being 2.43%. MPs in the Northern Territory (NT) received the highest increase of 4.00%<sup>8</sup>, with the Australian Capital Territory (ACT) receiving 3.00%<sup>9</sup>, South Australia 2.55%<sup>10,11</sup>, New South Wales 2.50%<sup>12</sup>, Tasmania 2.00%<sup>13</sup>, and Victoria 0.54%<sup>14</sup>. These increases were effective from 1 July 2015 in the ACT, New South Wales, Tasmania and Victoria, and from 1 January 2016 for the NT and South Australia.

The increases in the ACT, NT and New South Wales were based upon determinations by the relevant state or territory remuneration tribunal, however the increase in South Australia was due to a determination made by the Commonwealth Remuneration Tribunal. In Tasmania, the state government introduced legislation to allow the increase. While in Victoria, the base salary

<sup>8</sup> Northern Territory of Australia Remuneration Tribunal, *Report on salaries and other entitlements of Assembly Members and Determination No. 1 of 2015 on salaries and other entitlements of Assembly Members*, (29 July 2015), 4 <[http://dcm.nt.gov.au/\\_\\_data/assets/pdf\\_file/0009/65529/Report-Salaries-Other-Entitlements-Assembly-N1-2015.pdf](http://dcm.nt.gov.au/__data/assets/pdf_file/0009/65529/Report-Salaries-Other-Entitlements-Assembly-N1-2015.pdf)>.

<sup>9</sup> Australian Capital Territory Remuneration Tribunal, *Determination 2 of 2015: Members of the ACT Legislative Assembly*, (April 2015), 2 and 4 <[http://www.remunerationtribunal.act.gov.au/\\_\\_data/assets/pdf\\_file/0009/714285/Determination-2-of-2015-Members-of-the-Legislative-Assembly-signed.pdf](http://www.remunerationtribunal.act.gov.au/__data/assets/pdf_file/0009/714285/Determination-2-of-2015-Members-of-the-Legislative-Assembly-signed.pdf)>.

<sup>10</sup> Section 3 of the *Parliamentary Remuneration Act 1990* (South Australia) provides that the annual base salary of an MP is linked to Commonwealth MPs, a rate equal to \$42,000 less than the Commonwealth base salary.

<sup>11</sup> Remuneration Tribunal (Commonwealth), *Determination 2015/22: Members of Parliament – Base Salary, Additional Salary for Parliamentary Office Holders, and Related Matters*, (9 December 2015), 1 <<http://www.remtribunal.gov.au/media/documents/2016/2015-determinations/2015-22-principal-determination-members-of-parliament-base-salary,-additional-salary-for-parliamentary-office-holders,-and-related-matters/2015-22-MPs-Determination-1.1.2016.pdf>>.

<sup>12</sup> Parliamentary Remuneration Tribunal (New South Wales), *Annual Report and Determination*, (28 August 2015), 28 <<http://www.remtribunals.nsw.gov.au/ArticleDocuments/207/2015%20Annual%20Determination-PRT.pdf.aspx>>.

<sup>13</sup> *Parliamentary Salaries, Superannuation and Allowances Act 2012* (Tasmania), Schedule 1, Part 1, 2 (4).

<sup>14</sup> Section 3 of the *Parliamentary Salaries and Superannuation Act 1968* (Victoria).

is indexed to a formula which is a function of the average weekly ordinary time earnings (AWOTE) of Victorian workers.

In the NT, the base salary of MPs was previously aligned to the Northern Territory Public Sector wage and an increase of 3.00% was expected in August 2015. However, the relevant legislation was recently amended to remove the link between the salary of MPs and public servants thereby returning the power of setting salaries to the Northern Territory of Australia Remuneration Tribunal. That Tribunal subsequently determined that the base salary of members would increase by 4.00% from 1 January 2016.

In relation to the remaining jurisdiction (excluding Queensland), the Western Australian Salaries and Allowances Tribunal was due to issue an annual determination in 2015. That Tribunal did not award any increase in 2015<sup>15</sup>, hence the base salary of an MP in Western Australia remains at the rate applicable at 1 January 2015.

In Queensland, as a result of the revocation of Determination 7/2015, the base salary has not increased since 1 July 2013.

As discussed in Determination 1/2013, the Tribunal notes that a comparison to the Commonwealth is tenuous because of the lack of direct equivalence of roles and policy matters.<sup>16</sup> The Tribunal continues to consider that comparison of MP base salary across States is more valid than a comparison with the Commonwealth.

Figure 3.1 provides the comparison of base salaries across the States and Territories as at 1 January 2016.

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<sup>15</sup> Salaries and Allowances Tribunal (Western Australia), *Determination of the Salaries and Allowances Tribunal: Remuneration of Members of Parliament*, (23 June 2015), i  
<<http://www.sat.wa.gov.au/MembersOfParliament/Documents/Determination-On-MPs-remuneration-Final-Signed-23-June-2015.pdf>>.

<sup>16</sup> Queensland Independent Remuneration Tribunal, *Building a new remuneration structure for Members of the Queensland Parliament, Determination 1/2013* (15 October 2013), 58  
<<http://www.remunerationtribunal.qld.gov.au/assets/determination-01-2013.pdf>>.

**Figure 3.1 – Comparison of base salary across Australian States and Territories between 1 July 2013 and 1 January 2016**

Jurisdiction	Annual base salary as at 1 July 2013	Annual base salary as at 1 Jan 2016	% increase
South Australia	\$153,130	\$157,040	2.55%
Western Australia	\$148,638	\$154,223	3.76%
Northern Territory	\$143,122 <sup>17</sup>	\$153,312	7.12%
New South Wales	\$146,251	\$153,280	4.81%
Queensland	\$144,485	\$148,848	3.02%
Victoria	\$140,973	\$145,227	3.02%
Australian Capital Territory	\$125,259	\$136,758	9.18%
Tasmania	\$118,466	\$120,835	2.00%

Across the eight state and territory jurisdictions (including Queensland), the average increase in the base salary since 1 July 2013 has been 4.43%, which is equivalent to an annual compound increase of 1.74% pa. If Queensland is excluded, the average rises to 4.63%, which is equivalent to an annual compound increase of 1.82% pa. In comparison, the equivalent annual increase in Queensland has been 1.20% pa. This comparison suggests that the base salary for MPs in Queensland has not maintained parity with other jurisdictions. The Tribunal notes however that had Determination 7/2015 taken effect the parity between the base salary in Queensland and that of other jurisdictions would have been maintained. Moreover, the equivalent annual increase in Queensland would have been 2.20% pa.

### 3.2 *Economic benchmarks*

In the reasons for Determination 7/2015, a range of economic data and indicators were analysed for the 2013-14 financial year.

Figure 3.2 provides a comparison of key economic indicators across the States and Territories, updated for the 2014-15 financial year.

<sup>17</sup> For the Northern Territory, the base salary is as at August 2013.

Figure 3.2 – Comparison of economic indicators of Australian States and Territories

Jurisdiction	Gross State Product (GSP) 2014-15 levels \$M <sup>18</sup>	GSP Chain Volume measures, annual growth 2014-15 % <sup>19</sup>	GSP Chain Volume measures, average annual compound growth 2005-06 to 2014-15 % <sup>20</sup>
New South Wales	506,918	2.4	2.0
Victoria	355,580	2.5	2.1
Queensland	300,270	0.5	3.1
Western Australia	276,312	3.5	5.3
South Australia	98,539	1.6	2.0
Australian Capital Territory	34,866	1.4	2.5
Tasmania	25,419	1.6	1.2
Northern Territory	22,450	10.5	4.1

In the last financial year Queensland's economy ranked third in size behind New South Wales and Victoria but ranked last in economic growth (GSP).

In January 2015, the *State of the States* report ranked the performance of Queensland's economy as fourth behind the Northern Territory, Western Australia and the Australian Capital Territory.<sup>21</sup> The current *State of the States* report (issued October 2015), indicates that Queensland's economic activity is down 0.2% on the previous year and the State's economic growth fell to sixth ahead of only Tasmania and South Australia, with Victoria and New South Wales moving ahead of Queensland since January 2015 to fourth and fifth respectively.<sup>22</sup>

Since the Tribunal last considered these economic data in March 2015 in the context of the analysis in Determination 7/2015, the current data indicate that the performance of the Queensland economy has deteriorated.

<sup>18</sup> Australian Bureau of Statistics (5220.0), *Australian National Accounts: State Accounts, 2014-15, Table 1, Gross State Product, Chain volume measures and current prices*

<<http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5220.02014-15?OpenDocument>>.

<sup>19</sup> Australian Bureau of Statistics (5220.0), *Australian National Accounts: State Accounts, 2014-15, Analysis of Results*

<<http://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/5220.0Main+Features12014-15?OpenDocument>>.

<sup>20</sup> Ibid.

<sup>21</sup> CommSec, *State of the States* (January 2015) State and Territory economic performance report, 2

<[https://www.commsec.com.au/content/dam/EN/campaigns/stateofstates.pdf?icid=123849:commsec:m:public:Public\\_Home:::State\\_of\\_the\\_States:Download\\_Bottom](https://www.commsec.com.au/content/dam/EN/campaigns/stateofstates.pdf?icid=123849:commsec:m:public:Public_Home:::State_of_the_States:Download_Bottom)>.

<sup>22</sup> CommSec, *State of the States* (October 2015) State and Territory economic performance report, 2

<[https://www.commsec.com.au/content/dam/EN/ResearchNews/CommSecStateofStates\\_October2015.pdf](https://www.commsec.com.au/content/dam/EN/ResearchNews/CommSecStateofStates_October2015.pdf)>.

### 3.3 Queensland economic conditions

The Tribunal's framework as now specified in the Act and a clear intent of Parliament is to set any change in the salary of Members with reference to the change in salary of the public service. It follows that this is a forward-looking exercise. In this regard, the Tribunal understands that the forward economic projections are particularly relevant to its decision.

Figure 3.3 shows the Queensland Government's forecast for key economic variables outlined in the Mid Year Fiscal and Economic Review 2015-16.

**Figure 3.3 – Economic forecasts for the Queensland economy<sup>23,24</sup>**

Parameter	2014-15	2015-16		2016-17		2017-18 <sup>25</sup>	2018-19 <sup>26</sup>
	Actual	Budget	MYFER	Budget	MYFER	Forecast	Projection
Gross state product	0.5	4.5	4.0	4.5	4.5	3.75	3.25
Employment	0.3	1.25	1.25	1.75	1.5	2.0	2.25
Unemployment rate	6.5	6.5	6.5	6.5	6.5	6.25	6.0
Inflation	1.9	2.25	2.0	2.5	2.5	2.5	2.5
Wage Price Index	2.4	2.5	2.25	2.75	2.75	3.0	3.25
Population <sup>27</sup>	1.4	1.75	1.5	1.75	1.5	1.75	1.75

Economic growth in Queensland is forecast to be 4.0% in 2015-16 which is weaker than the budget forecast and will then grow to 4.5% in 2016-17.

Labour market conditions are expected to be generally steady albeit with a softer wage price index than previously anticipated. The wage price index for the current financial year is forecast to be 2.25% subsequently rising to 2.75% in the 2016-17 financial year.

The inflation forecast for the current financial year is 2.0% which is expected to increase to 2.5% in the 2016-17 financial year.

Another relevant figure is the community grants indexation rate which is 2.88% in 2015-16<sup>28</sup> and has decreased from 3.25% in 2014-15. This figure is derived as a weighted composite of wage price indexation and CPI. The index is applied to State funded ongoing service procurement and operational grants to non-government organisations.

<sup>23</sup> Queensland Government, *Mid Year Fiscal and Economic Review 2015-16*, 20

<<https://www.treasury.qld.gov.au/publications-resources/mid-year-review/mid-year-review-2015-16.pdf>>.

<sup>24</sup> Annual % change, except for unemployment rate.

<sup>25</sup> 2017-18 and 2018-19 are as per the 2015-16 Budget.

<sup>26</sup> 2017-18 and 2018-19 are as per the 2015-16 Budget.

<sup>27</sup> Population growth for 2014-15 is the annual growth rate in the three quarters to March quarter 2015, as June quarter 2015 data were not available at the time of printing.

<sup>28</sup> 2015-16 Queensland State Budget – Service Delivery Statements – Department of Communities, Child Safety and Disability Services, 2 <<http://www.budget.qld.gov.au/budget-papers/documents/bp5-doccsds-2015-16.pdf>>.

### 3.4 Summary

As evidenced in the comparative analysis with other Australian jurisdictions, there is a case to justify increasing salaries for Queensland MPs. Specifically since July 2013 the base salary in Queensland has fallen in comparative terms. However, the subsequent economic analysis would suggest that any increase on a forward looking basis be modest.

The challenge for the Tribunal is to balance the implicit argument that an increase should be awarded to restore parity between the base salary in Queensland with the base salary in other jurisdictions against an alternate argument that, at this point in time, the softer economic outlook is inconsistent with awarding an increase in base salary of such a magnitude.

The recent legislative changes to the Act are consistent with the adoption of a perspective that focuses on the forward outlook notwithstanding historical comparisons of the base salary. Consistent with this perspective the Tribunal has placed greater weight on the State's forecast economic conditions rather than on a series of jurisdictional and historical benchmarks.

## 4 – Discussion

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### 4.1 *Effective date*

As discussed in Chapter 1, if the Tribunal determines that a Member's salary is to increase, then the determination must provide for the increase to take effect, or to have taken effect, on the same day as the increase to the salary or wage of departmental employees takes effect.

While Directive 5/15 was issued on 1 December 2015, the increase in salary provided for in the Directive applied from 1 September 2015. Consistent with the requirements of the Act the effective date of any increase in the salary of Members specified herein must also be 1 September 2015.

The implication of specifying the effective date as a retrospective date is that there is a gain in the form of back pay. This factor creates a further complexity in reaching a decision.

### 4.2 *Base salary*

While the analysis and the discussion in this Determination, and indeed prior Determinations, provides for comparison with various benchmarks, as discussed above such comparisons now have less relevance for the purposes of the current decision before the Tribunal.

The essential question before the Tribunal is whether an increase in base salary is warranted on a forward-looking basis notwithstanding a wider perspective of historical movements, comparable benchmarks and relativities.

Taking into account a range of factors, the Tribunal concludes that an increase in base salary is warranted.

In addition to considering changes in base salary in comparable jurisdictions, the Tribunal has considered the following factors and economic indicators:

- inflation and price level increases
- average weekly earnings
- Queensland wage indices
- public sector wage comparisons
- State indexation
- economic data.

The Tribunal has considered the analysis documented in the reasons for Determination 7/2015 in conjunction with the analysis above.



As discussed above the Tribunal has also considered the impact of the legislative requirement concerning the effective date of the increase in salary which creates a situation wherein Members will receive back pay from 1 September 2015.

As a consequence, the Tribunal has placed particular weight on more recent economic forecasts and data which shows a deteriorating position since Determination 7/2015.

Having regard to a wide range of factors the Tribunal determines that the increase in base salary is 1.73%.

#### *4.3 Additional salary*

Since Determination 3/2014, the Tribunal has consistently set additional salaries of office holders as a fixed percentage relative to the additional salary of the office of the Premier. The effect of this methodology is to ensure that relativities within and between office holders is maintained irrespective of changes in the base salary.

The Tribunal also considers the remuneration of an MP to include both base salary and any additional salary. Hence it follows by applying the same percentage increase to both the base salary and the additional salaries the relativity in remuneration is maintained. The Tribunal has adopted this philosophy in previous determinations and sees no reason to diverge from this practice.

Therefore the Tribunal determines that the additional salary payable to the most senior office holder (the office of Premier) will also increase by 1.73%. This decision has the effect of increasing additional salaries of all office holders by 1.73%.

# Determination 10/2016

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## *Preamble*

Determination 10/2016 is issued by the Queensland Independent Remuneration Tribunal (Tribunal) under the *Queensland Independent Remuneration Tribunal Act 2013* (the Act).

Any inconsistencies between earlier Tribunal Determinations and Determination 10/2016 are to be resolved in favour of Determination 10/2016. Matters in earlier Determinations not addressed in this Determination are confirmed by the Tribunal and not amended.

All Tribunal Determinations must be read in the context of the relevant Background and Reasons.

## *Base salary*

1. The Tribunal determines that the annual base salary for an MP will increase by 1.73% thereby setting the annual base salary at \$151,425.

## *Additional salary*

2. The Tribunal determines that the additional salary for the most senior office holder (the office of Premier) will also increase by 1.73%. The Tribunal confirms that the relativities decided in Determination 3/2014 for each office holder, relative to the additional salary of the most senior office holder, remain unchanged.

## *Effective date*


3. As required by the Act and to be consistent with Directive 5/15 the effective date of these increases must be 1 September 2015.

**Date of Determination: 12 January 2016**



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**Professor Tim Brailsford  
Chair**



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**Ms Joanne Jessop  
Member**



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**Mr David Harrison  
Member**