

Queensland Independent
Remuneration Tribunal

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20 April 2015

Research Director
Finance and Administration Committee
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Administration Committee

Dear Committee Members

This letter is in response to your call for submissions to the Committee's inquiry into the *Parliament of Queensland and Other Acts Amendment Bill 2015*.

The focus of this response is in relation to the proposed legislative changes to the *Queensland Independent Remuneration Tribunal Act 2013*.

As we understand from your letter and the Explanatory Notes to the Bill, the primary objective of this part of the Bill is to provide for a new process for the Queensland Independent Remuneration Tribunal (the 'Tribunal') to follow when making determinations concerning the salaries of MPs such that any increase that the Tribunal awards is capped at the most recent increase awarded to the public service; and that such decisions are aligned to occur closely to the date when any public service wage rise comes into effect. A second objective of the Bill is to revoke Determination 7/2015 that has provided for an increase in the base salary of MPs of 2.58% effective from 6 April 2015.

The Tribunal understands that the intent of these amendments is to put into force the Premier's pre-election policy statement. The Tribunal notes the subsequent policy stance on this matter taken by the Government and respects the Government's intent.

The principle of independence of decision-making is a foundation on which the Tribunal was established and this principle is underscored by safeguards which are contained in the current legislation that governs the Tribunal. Since its inception, the Tribunal has had continual regard to the principle of independence in all of its deliberations. The Tribunal believes that its actions and decisions have been consistently unbiased, neutral and apolitical. Consistent with this philosophy, this submission is made in this spirit and the Tribunal trusts the Committee appreciates this context.

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In relation to the general policy matter, the Tribunal advises caution. The development of the Act that established the Tribunal arose as a direct response to previous Government intervention in member salaries and entitlements. While the Tribunal understands the relevant amendments in the Bill are well intentioned, the reality is that the history of Government decision-making and intervention in this area has been fraught with difficulty.

The fundamental principle of independence of the Tribunal is arguably challenged by the proposed reform as it has the effect of directing or at least influencing the Tribunal's decision-making.

Moreover, as the Tribunal has noted in its prior Determinations and public statements, public service wages are an explicit benchmark that the Tribunal already takes into account in its Determinations. For instance, the Tribunal's first Determination 1/2013 contains an extensive discussion of, and comparison to, public service wage benchmarks. Further, the recent Determination 7/2015 delivered an outcome (2.58% on 6 April 2015) that is close to the most immediate past public service wage directive (2.20% on 1 December 2014). This matter is further discussed below.

The Tribunal suggests there is perhaps another way to enshrine the intent of the Government's policy reform. The benchmark of the public service wage conditions could be embedded within section 29 of the Act which deals with the principles and factors the Tribunal must have regard to when making decisions.

In relation to the revocation of Determination 7/2015, the Tribunal asks the Committee to note that the matter is complex and a number of perspectives are relevant. As outlined below, one such perspective is that Determination 7/2015 when considered in the context of the various periodic adjustments to MP salaries and the proposed amendments in the Bill is indeed consistent with the underlying intent of the Government's policy.

To explain, Public Service Directive 16/13 provides for the annual wage increases for certain employees in the public service and is generally regarded as the document that gives force to the 2.2% annual increase granted for each of 2013, 2014 and 2015. In this Directive, the applicable date each year is 1 December.

The Tribunal did not hand down a determination on or around 1 December 2014 (as it was not required to do so). In this sense, Determination 7/2015, which came into effect on 6 April 2015, may be thought of as being four months 'late' in relation to the alignment of timing with the Public Service Directive. While the decision in Determination 7/2015 to increase the base salary of an MP by 2.58% contains a margin above the Public Service Directive of 2.2%, this margin is insufficient to compensate MPs for the 125 day lag between 1 December 2014 and the effective date of Determination 7/2015. That is, when the full period in the context of the amendments of the Bill is considered (ie successive years using 1 December as the anniversary date), Determination 7/2015 will have delivered an outcome whereby the effective periodic increase in the base salary of an MP from 1 December will be less than that corresponding increase awarded to the public service.

The Tribunal trusts that it is clearly understood that, if Determination 7/2015 is revoked, an implication of the legislative amendments is that the base salary of an MP will not have been adjusted since the 1 July 2013 which was the effective date of Determination 1/2013; and the next public service salary increase is not scheduled until 1 December 2015. While the Tribunal has made adjustments to the additional salaries of office holders and implemented changes to the allowances system over this period, the creation of long gaps and sporadic adjustments to member base salaries has been criticised in the past and generally regarded as being inconsistent with good policy.

Thus, we submit that there is reason to leave Determination 7/2015 in place.

Yours sincerely



Professor Tim Brailsford
Chair



Ms Joanne Jessop
Member



Mr David Harrison
Member