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## 2018 Parliamentary remuneration and business resources: a quick guide

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### Introduction

In 2017 the Turnbull Government introduced the most extensive changes to parliamentary entitlements since the current system commenced in 1990. The new legislative framework implements many of the recommendations of the 2016 review [An Independent Parliamentary Entitlements Scheme](#).

This quick guide:

- provides a brief overview of the legislative and administrative changes to parliamentary business resources (as they are now known)
- updates Parliamentary Library information showing the total remuneration of members of Parliament, ministers and parliamentary office holders following the Remuneration Tribunal's decision to grant MPs a two per cent pay rise from 1 July 2018 and
- provides links to relevant resources, including Bills Digests and other relevant Parliamentary Library publications, Bill homepages and Acts.

The [Parliamentary Business Resources Act 2017](#) and the [Independent Parliamentary Expenses Authority Act 2017](#) together provide an overarching framework for members of parliament's (MPs) business resources, but much of the detail is outlined in determinations and regulations. The [Parliamentary Business Resources Regulations](#) (PBR Regs), which came into effect from 1 January 2018, provide detailed information such as which activities are included under parliamentary business, travel expenses, travel allowances and work expenses; what public resources may be available to MPs; what an MP has to provide in claiming public resources; and which parliamentary positions are eligible for office holder salary.

### Independent Parliamentary Expenses Authority

On 13 January 2017 the then Prime Minister, Malcolm Turnbull, [announced the establishment of an Independent Parliamentary Expenses Authority](#) (IPEA). He indicated that the United Kingdom's (UK) approach would provide the model for the new independent authority. The announcement came in response to a controversy over MPs' travel entitlements that culminated in the resignation of the then Minister for Health, Sussan Ley, from that position.

As is discussed in a separate [Parliamentary Library FlagPost](#) on the role and powers of the UK Independent Parliamentary Standards Authority (IPSA), not only are the expenses schemes in Australia and the UK very different, but 'the UK IPSA model operates within a [stronger integrity regime](#) in the UK Parliament—including a Parliamentary Commissioner for Standards and codes of conduct for MPs—than that currently operating in the federal Parliament'.

The Prime Minister introduced the [Independent Parliamentary Expenses Authority Bill 2017](#) on 9 February 2017, and it was passed by both Houses of Parliament the same month. The [Independent Parliamentary Expenses Authority Act 2017](#) established the [IPEA](#) as an independent statutory authority. The IPEA's responsibilities include advising on, administering, and reporting on the work resources and travel resources (travel expenses and travel allowances) of members of parliament and staff employed under the Members of Parliament (Staff) Act 1984. The functions remaining with the [Department of Finance](#) (DoF) are described in [DoF circular](#) 2017/09 as office accommodation and advice on and administration of non-travel related expenses.

Since 1 July 2017, the IPEA has operated as a Commonwealth statutory authority with Ms Jillian Segal appointed [Chair of the IPEA](#). Other members of the IPEA are Mr John Conde (President of the Remuneration Tribunal); Mr Gary Gray; Dr Julianne Jaques and Mr Jeffrey Spender. Ms Anwynn Godwin was appointed the inaugural Chief Executive Officer on 1 January 2018.

The new framework provides IPEA with the ability to make [rulings](#) as to whether travel expenses and allowances claimed by a parliamentarian are in accordance with the new framework. The Authority also has the responsibility to [audit MPs work expenses](#) (including those administered by DoF) and MOPs travel expenses.

A penalty loading scheme applies where a parliamentarian contravenes their obligations in respect of a travel or non-travel related activity.

The IPEA is responsible for preparing and [reporting on MPs work expenses](#), and the expenses of former parliamentarians and surviving spouses or de facto partners of former parliamentarians. These reports were previously published by DoF on a bi-annual basis. Since January–March 2017 the reports have been released publicly by IPEA on a quarterly basis.

A Parliamentary Library [publication on the IPEA legislation](#) noted that the administration of federal MPs' pay and business resources will now involve the IPEA, the DoF, and the Remuneration Tribunal (which will continue to determine MP's pay and work expenses). A [June 2017 article featuring an interview with the former head of UK's IPSA raised related concerns](#), suggesting:

There is already considerable scepticism about the new agency and what administrative reality will emerge in the months and years to come. If IPEA simply adds another layer of legitimacy to dubious travel expenses that still don't sound right when people read about them in the news, it will have achieved little.

## Changes to the Life Gold Pass

The Government introduced the [Parliamentary Entitlements Legislation Amendment Bill 2017](#) on 9 February 2017, and it was passed by both Houses of Parliament the same month. The [Parliamentary Entitlements Legislation Amendment Act 2017](#) ended access to the Life Gold Pass scheme other than for former Prime Ministers and their spouses or de facto partners. The Life Gold Pass scheme (now titled [Parliamentary Retirement Travel](#) by virtue of the amending legislation) had provided limited free domestic travel for eligible former members.

## Parliamentary business resources

In his [second reading speech on the IPEA Bill](#) (discussed above) the Prime Minister foreshadowed that the Government would present 'a further significant bill' to the Parliament which would 'improve the legislative and administrative framework of the ... work expenses framework—further encouraging transparency, accountability and value for money'.

The [Parliamentary Business Resources Bill 2017](#) and the [Parliamentary Business Resources \(Consequential and Transitional Provisions\) Bill 2017](#) were both introduced into the House of Representatives on 30 March 2017. The Bills received Royal Assent on 19 May 2017, and commenced 1 January 2018.

These Acts streamlined the framework into a single Act—the [Parliamentary Business Resources Act 2017](#) (*PBR Act*)—rather than the eight that underpinned the previous scheme. The [Parliamentary Business Resources \(Consequential and Transitional Provisions\) Act 2017](#) (*PBR (CTP) Act*) repealed the *Parliamentary Entitlements Act 1990* and the *Parliamentary Allowances Act 1952* and removed from other relevant Acts those provisions relating to MPs remuneration and work expenses. For example, while the Remuneration Tribunal is established by the *Remuneration Tribunal Act 1973*, the authority for determining remuneration and allowances for MPs is provided under the *PBR Act* (see below).

The Parliamentary Library's [Bills Digest](#) for the PBR and PBR (CTP) Bills noted that the legislation implements a principles-based framework that delineates between parliamentarians' remuneration and work expenses, as recommended by numerous reviews and audits. The *PBR Act*:

- introduces a 'dominant purpose test' as a purpose-based eligibility criterion for all work expenses, allowances and other public resources, which means that MPs can only use public resources for the dominant purpose of conducting parliamentary business
- defines 'parliamentary business' to include four streams: parliamentary duties, electorate duties, party political duties and official duties
- provides that MPs have to ensure value for money in incurring expenses or claiming allowances or other public resources, and
- introduces new obligations on MPs to use public resources appropriately, in good faith and ethically, and be accountable for their use. Financial penalties will be able to be imposed for contravention of these legislative requirements (as noted above).

The *PBR (CTP) Act*:

- makes consequential amendments to the legislation governing the IPEA to provide an additional function relating to rulings on travel resources, and
- provides transitional provisions to facilitate the move from the existing scheme to the new scheme.

Former UK IPSA head, Andrew McDonald, has [commented on the dominant purpose test](#), suggesting that deciding the dominant purpose of travel could be difficult in practice. McDonald has also noted that consistency of the IPEA's rulings could become an issue over time.

Along with the PBR Regs, the Minister has made Determinations relating to activities that constitute [parliamentary business](#); which parliamentary positions are designated as an [office holder](#); and the resources for [former prime ministers](#).

## Parliamentary remuneration

Under the *PBR Act* the Remuneration Tribunal has to determine, at least once a year, the remuneration of current MPs, the rates of travel allowance for domestic travel, and allowances and expenses for former members. Under the *PBR Act* remuneration must include the base salary and may include electorate allowance and office holder salary where applicable. The Tribunal also determines the portion of salary that is not to be counted for the purpose of calculating superannuation benefits under the *Parliamentary Contributory Superannuation Act 1948* for former members, office holders and ministers.

The Tribunal is required to report once a year on ministerial salaries provided for in section 66 of the [Australian Constitution](#). However, ministerial salary is ultimately a matter for executive government: while the Remuneration Tribunal *reports* on ministerial salary its recommendations are advisory only and Cabinet can vary ministerial salary if it so wishes.

On 22 June 2017 the Remuneration Tribunal announced its decision to increase remuneration by two per cent for public offices in its jurisdiction, with effect from 1 July 2017. This includes the base salary of MPs. In its June 2017 Statement, [2017 Review of remuneration for holders of public office](#), the Remuneration Tribunal stated that this 'represents an increase of 1.6 per cent per annum over the 18 months since the last general increase decided by the Tribunal, effective from 1 January 2016'.

Remuneration Tribunal [Determination 2017/12](#) stated that the base salary of an MP would increase from \$199,040 to \$203,030 per annum from 1 July 2017.

On 23 June 2018 the Tribunal announced a two per cent increase for public offices in its jurisdiction. The base salary for MPs increased to \$207,100 per annum from 1 July 2018. Office holder salary was not changed. The Tribunal did not suggest any changes to [ministerial salary](#).

The separate appendix table to this quick guide, [Remuneration of members of parliament, parliamentary office holders and ministers of state](#), provides the base salary for members of parliament, ministers and parliamentary officer holders.

## Sources and further reading

All hyperlinks are correct as at August 2018.

## **Acts and Bill homepages**

- [Independent Parliamentary Expenses Authority Act 2017](#) (Bill Homepage)
- [Independent Parliamentary Expenses Authority \(Consequential Amendments\) Act 2017](#) (Bill Homepage)
- [Parliamentary Business Resources Act 2017](#) (Bill Homepage)
- [Parliamentary Business Resources \(Consequential and Transitional Provisions\) Act 2017](#) (Bill Homepage)
- [Parliamentary Entitlements Legislation Amendment Act 2017](#) (Bill Homepage)
- [Remuneration Tribunal Act 1973](#)

## **Parliamentary Library publications**

- C Madden and D McKeown, '[Independent Parliamentary Expenses Authority](#)', FlagPost, Parliamentary Library blog, 7 February 2017.
- C Madden and D McKeown, '[Independent Parliamentary Expenses Authority Bill 2017 and Independent Parliamentary Expenses Authority \(Consequential Amendments\) Bill 2017](#)', FlagPost, Parliamentary Library blog, 14 February 2017.
- C Madden and D McKeown, [Parliamentary Business Resources Bill 2017 \[and\] Parliamentary Business Resources \(Consequential and Transitional Provisions\) Bill 2017](#), Bills digest, 97, 2016–17, Parliamentary Library, Canberra, 2017.
- C Madden, [Parliamentary Entitlements Legislation Amendment Bill 2017](#), Bills digest, 62, 2016–17, Parliamentary Library, Canberra, 2017.
- C Madden and D McKeown, [Parliamentary remuneration and entitlements: 2016 update](#), Research paper series, 2015–16, Parliamentary Library, Canberra, 2016.

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