

1986

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

Remuneration and Allowances Alteration Bill 1986

EXPLANATORY MEMORANDUM

(Circulated by authority of the Special Minister of State)

## OUTLINE

The Remuneration Tribunal presented its 1986 Review to the Government in June, in which it recommended for all offices falling within its jurisdiction increases in allowances in line with cost of living increases, and salary increases in line with National Wage Case adjustments. In addition the Tribunal recommended an 11.7% catch-up salary increase for Ministers, Senators, Members and parliamentary office holders.

On 1 July 1986 the Government announced its intention not to accept the Tribunal's recommendation of the 11.7% catch-up salary increase for parliamentarians. The Government has accepted the Tribunal's recommendations in other respects.

This legislation accordingly amends the relevant Tribunal determinations to disallow the 11.7% catch-up for parliamentarians retrospective to 1 July 1986. To the extent necessary, the legislation implements other aspects of the Tribunal's Review; in particular it amends the Judicial and Statutory Officers (Remuneration and Allowances) Act to give effect to the Tribunal's recommendations with regard to the salaries and allowances of judges and the President and members of the Inter-State Commission.

Finally, the Ministers of State Act is amended so that the annual amount appropriated for Ministers' salaries can be increased by regulation rather than amendments to the Act.

### Financial Impact Statement

The Government's proposal not to accept the catch-up element determined by the Tribunal for parliamentary salaries will result in a sizeable saving in this area, estimated at \$1.3m in 1986/87. There will also be a saving in parliamentary superannuation benefits flowing from the Government's proposal, estimated at \$650,000 in 1986/87.

As sub-section 3(2) of the Judicial and Statutory Officers (Remuneration and Allowances) Act already provides for the automatic flow-on of National Wage Case decisions to judicial and related salaries, the financial impact of the Bill in this area relates only to the cost of living increases in allowances. The expenditure in 1986/87 is estimated at \$50,000.

## CLAUSE NOTES

### PART I - PRELIMINARY

#### Clauses 1 and 2

1. The first two clauses of the Bill provide for the short title and commencement of the legislation. The provisions relating to modifications of Determinations of the Remuneration Tribunal (Part II) and amendments of the Judicial and Statutory Officers (Remuneration and Allowances) Act 1984 (Part III) shall be deemed to have come into operation on 1 July 1986. The remaining provisions will come into operation on the day the Bill receives Royal Assent.

### PART II - MODIFICATION OF DETERMINATIONS OF THE REMUNERATION TRIBUNAL

#### Clause 3: Allowances for office holders of the Parliament

2. Amends Determination No.7 relating to the salaries of parliamentary office holders, with the effect that they receive only National Wage Case increases since the previous Determination.

#### Clause 4: Allowances for members of Parliament

3. Amends Determination No.8 with the effect that Senators and Members receive only National Wage Case increases since the previous Determination.

### PART III - AMENDMENTS OF THE JUDICIAL AND STATUTORY OFFICERS (REMUNERATION AND ALLOWANCES) ACT 1984

#### Clause 5

4. Citation clause.

#### Clauses 6 to 12: Remuneration of judges and members of the Inter-State Commission

5. Implement the recommendations of the Remuneration Tribunal 1986 Review to increase salaries by the amount of National Wage Case decisions and allowances to reflect cost of living increases.

6. The areas covered by particular clauses are as follows:

Clause 6 - expense of office allowance for the Chief Judge of the Supreme Court of Norfolk Island, President of the Administrative Appeals Tribunal, President of the Trade Practices Tribunal, and members of the Inter-State Commission

Clause 7 - travelling allowance for Justices of the High Court

- Clause 8 - allowance payable to Justices of the High Court who are not residents of the Australian Capital Territory
- Clause 9 - travelling allowances for other judges
- Clause 10 - travelling allowances for members of the Inter-State Commission
- Clause 11 - allowance payable to the Solicitor-General if not originally a resident of the Australian Capital Territory
- Clause 12 - salaries and allowances for judges and President of the Inter-State Commission.

#### PART IV - AMENDMENTS OF THE MINISTERS OF STATE ACT 1952

##### Clause 13

7. Citation clause.

##### Clauses 14 and 15: Salaries of Ministers

8. Amends the Ministers of State Act to allow that the annual amount appropriated for the purpose of Ministerial salaries can be increased by regulation rather than amendment to the Act.

#### PART V - MISCELLANEOUS

##### Clause 16: Remuneration Tribunals Act 1973

9. Exempts Remuneration Tribunal determinations amended by this Act from the disallowance provisions set out in sub-section 7(8) of the Remuneration Tribunals Act.

##### Clause 17: Recovery of overpayments

10. Provides for the repayment of salary or superannuation benefits which have been paid in line with the Remuneration Tribunal's Determinations prior to the enactment of this legislation, insofar as they exceed the amount to which the persons would have been entitled under the amended Determinations provided for in this Act. Such repayment may be enforced by an appropriate court as well as be made by deduction from future salary payments or parliamentary superannuation benefits. The retrospective operation of Clause 2 will have the effect that overpayments will not be regarded as being in the nature of salary for taxation purposes.