

Determination 2/2013

Background and Reasons

Introduction

On 15 October 2013, the Queensland Independent Remuneration Tribunal (Tribunal) handed down Determination 1/2013.

In response to Determination 1/2013, the Clerk of the Parliament (the Clerk) commenced development of the new *Members' Remuneration Handbook* (the new Handbook) as required under the *Queensland Independent Remuneration Tribunal Act 2013* (the Act). The new Handbook will reflect the principles and decisions of Determination 1/2013 and will replace the current *Members' Entitlements Handbook* and *Members' Office Support Handbook*. The Clerk is engaged in consultation with the Tribunal to ensure the new Handbook accurately reflects the Tribunal's Determinations.

In developing the new Handbook the Clerk in his role as the accountable officer of the Parliament has sought and provided the Tribunal with taxation advice on the implementation of Determination 1/2013. The Tribunal has also been informed of some minor technical and administrative issues that have arisen in relation to some of the new allowances in Determination 1/2013. Specifically, matters have arisen in relation to the Motor Vehicle Allowance and the timing of carry-over periods.

The Tribunal is therefore issuing Determination 2/2013 to address these issues. Determination 2/2013 does not change the three categories or amounts of allowances set in Determination 1/2013.

Determination 2/2013 also sets new rates for the Daily Travel Allowance.

Motor Vehicle Allowance

Taxation advice received by the Clerk and provided to the Tribunal indicates that the Motor Vehicle Allowance will be subject to PAYG income tax.

As discussed in Determination 1/2013, given the role of an MP, it is evident that an MP needs a vehicle or equivalent travel allowance as a tool of trade to fulfil their electorate and constituency responsibilities. That is, it is impossible for an MP to fulfil their duties satisfactorily without having access to travel within their electorate or for parliamentary duties.

Accordingly, having considered that the Motor Vehicle Allowance will be subject to taxation at the marginal personal income tax rate and any acquittal of expenditure in relation to claiming a tax deduction is a matter for the individual MP and the Australian Taxation Office (ATO), the Tribunal is satisfied that the additional acquittal system outlined in Determination 1/2013 is not required for the Motor Vehicle Allowance. In summary, this allowance can be accounted for by MPs in accordance with ATO requirements.

The quantum of the Motor Vehicle Allowance remains unchanged.

The payment of the Allowance will be made on a quarterly basis that reflects the need for flexibility for individual MPs across a diverse 89 electorates and the different demands of their constituents. A quarterly basis allows members to adjust their travel arrangements within the year to better service the communities within their electorate.

Finally, it follows that as the reporting and acquittal system is no longer required the Motor Vehicle Allowance will not be subject to any carry-over between periods but must be expended within the current year.

Daily Travel Allowance

Within the General Travel Allocation an example of a type of claimable expenditure is the Daily Travel Allowance, both for domestic and overseas travel. In developing the new Handbook, the Tribunal has taken the opportunity to consider whether existing rates should apply or whether these rates should be varied.

In the current *Members' Entitlements Handbook* the Domestic Daily Travel Allowance rate is currently \$305.00 per day for State and Territory capital cities within Australia, Wellington (New Zealand) and Port Moresby (Papua New Guinea). For all other destinations, the Daily Travel Allowance is currently \$240.00 per day. The Overseas Daily Travel Allowance (excluding New Zealand and Papua New Guinea) is currently \$333.00 per day.

The Tribunal notes that the current equivalent daily travel allowance rates paid to public service officers for State and Territory capital cities ranges from \$238.10 to \$314.10 and for regional centres ranges from \$204.30 to \$293.10.

As part of its identified work plan, the Tribunal has reviewed and set new rates for the Daily Travel Allowance in Determination 2/2013.

The Domestic Daily Travel Allowance will increase from \$305.00 to \$315.00 from 1 January 2014 for State and Territory capital cities within Australia, Wellington (New Zealand) and Port Moresby (Papua New Guinea). For all other domestic destinations the amount will increase from \$240.00 to \$270.00 per day from 1 January 2014.

The current rates for overseas destinations will be maintained.

In Determination 1/2013, the Tribunal determined that, effective 15 October 2013, MPs who are not provided with overnight accommodation in the Parliamentary Annexe and make a Daily Travel Allowance claim for an overnight stay in Brisbane when conducting parliamentary business including attending parliamentary sittings will have such costs met by the Parliament, but not have that claim charged against their individual General Travel Allocation. The Tribunal notes that the Daily Travel Allowance includes provision for accommodation, meals and incidental expenses.

In developing the new Handbook, the Clerk has advised the Tribunal of a potential inequity where MPs who are provided with overnight accommodation in the Parliamentary Annexe are required to pay for their meals and incidental expenses personally, while from 15 October 2013 those without overnight accommodation in the Parliamentary Annexe have this provided as part of their Daily Travel Allowance.

To correct this inequity, effective from 15 October 2013, MPs who are provided with overnight accommodation in the Parliamentary Annexe will be able to make a claim for one-third of the capital city Daily Travel Allowance amount for an overnight stay in Brisbane when conducting parliamentary business including attending parliamentary sittings. The Daily Travel Allowance claim costs will be met by the Parliament, and not charged against the MP's individual General Travel Allocation.

Carry-over of allowances

Determination 1/2013 enables an MP to carry-over up to 10% of the total allowance for each bi-annual period that is unexpended to the next bi-annual allowance period.

Noting the taxation implications with the Motor Vehicle Allowance, a carry-over amount is no longer appropriate and will not apply to the Motor Vehicle Allowance as it must be fully expended within the year.

In relation to the Electorate and Information and Communication Allowances, the Tribunal has received advice from the Clerk that a bi-annual carry-over presents a number of administrative difficulties for the Parliamentary Service. The Tribunal also notes following further consideration that each MP may have seasonal variations in expenditure as a result of varying needs in their electorate over an annual period.

As such, the bi-annual carry-over will be amended to an annual carry-over of 10% of the total allowance paid for each financial year for use in the next financial year. The carry-over amount will be deemed as the first amount acquitted in the next financial year so that any carry-over is fully expended within the next immediate 12 months. Amending the carry-over to an annual basis has no effect on the amount of either the Electorate or the Information and Communication Allowance.

Determination 2/2013

Preamble

Determination 2/2013 is issued by the Queensland Independent Remuneration Tribunal (Tribunal) under the *Queensland Independent Remuneration Tribunal Act 2013* (the Act).

Determination 2/2013 supersedes those relevant parts of Determination 1/2013 relating to the Motor Vehicle Allowance and carry-over periods for the Electorate Allowance, Information and Communication Allowance and Motor Vehicle Allowance.

Determination 2/2013 also sets new rates for the Daily Travel Allowance as part of the General Travel Allocation.

Any inconsistencies between Determination 1/2013 and Determination 2/2013 are to be resolved in favour of Determination 2/2013. Matters in Determination 1/2013 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.

Determination 2/2013 takes effect on 1 January 2014 unless otherwise specified.

Motor Vehicle Allowance

1. The Motor Vehicle Allowance is to be provided to MPs on a quarterly basis and is not superannuable.
2. The Motor Vehicle Allowance will not be subject to acquittal, reporting or audit requirements under the new *Members' Remuneration Handbook*.

Daily Travel Allowance

3. The Daily Travel Allowance (Domestic) for State and Territory capital cities within Australia, Wellington (New Zealand) and Port Moresby (Papua New Guinea) is \$315.00.
4. The Daily Travel Allowance (Domestic) for all other domestic destinations is \$270.00.
5. The Daily Travel Allowance (Overseas) is \$333.00 (excluding New Zealand and Papua New Guinea).

6. Effective 15 October 2013, MPs who are provided with overnight accommodation in the Parliamentary Annexe will be able to claim for one-third of the capital city Daily Travel Allowance amount for an overnight stay in Brisbane when conducting parliamentary business including attending parliamentary sittings. The one-third capital city Daily Travel Allowance claim costs will be met by the Parliament, and not charged against the MP's individual General Travel Allocation.

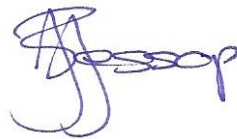
Carry-over of allowances

7. There is no carry-over for the Motor Vehicle Allowance.
8. For the Electorate Allowance and Information and Communication Allowance up to 10% of the total allowance paid for each financial year (excluding any reductions or carry-overs from previous years) that is unexpended at 30 June is able to be retained by the MP and carried over for use in the next financial year.

Date of Determination: 14 November 2013



Professor Tim Brailsford
Chair



Ms Joanne Jessop
Member



Mr David Harrison
Member