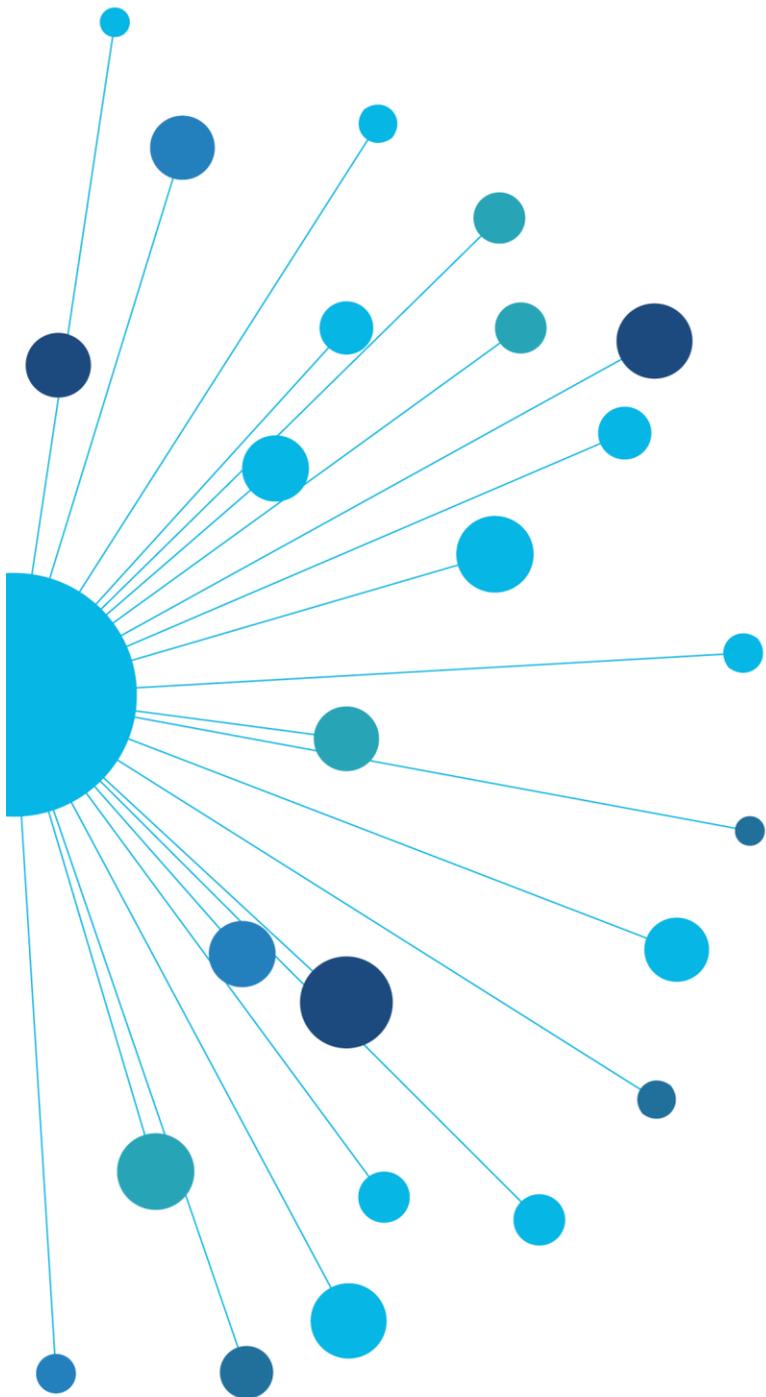


Queensland Independent
Remuneration Tribunal

2018 Review of Allowances

Determination 18/2018
18 December 2018



Determination 18/2018

Background and Reasons

Tribunal roles and responsibilities

The *Queensland Independent Remuneration Tribunal Act 2013* (the Act) provides for the Queensland Independent Remuneration Tribunal (the Tribunal) to review and determine remuneration (annual and additional salaries, allowances and entitlements) in connection with members and former members of the Queensland Legislative Assembly (section 7).

Under the Act, the Tribunal may have regard to the value to the community of a member carrying out their role, functions and responsibilities and the importance of a member being appropriately remunerated for carrying out their role. The Tribunal may also consider relevant laws and any other matters the Tribunal considers appropriate including, for example, the size of an electorate (section 29).

Before making a Determination, the Tribunal must consult with and consider the views of the Clerk of the Parliament (the Clerk). In making a Determination, the Tribunal must ensure any allowances paid to a member reflect the amount of reasonable expenses incurred by a member in servicing their electorate; ensure these allowances are not a substitute for other remuneration; and ensure accommodation services or other entitlements provided for in section 55 of the Act are not taken into account - for example, electorate offices, staffing support and major items of office equipment (section 30).

Background

On 25 November 2017, the Tribunal handed down Determination 16/2017 which amended the allowances system following changes to electorate boundaries as determined by the 2017 Queensland Redistribution Commission (the QRC). In Determination 16/2017, the Tribunal committed to continuing to consider allowance related issues and to monitor the use and acquittal of allowances and allocations to ensure their adequacy.

Determination 17/2018 was published on 19 June 2018 to make minor amendments to the allowances system following a six-month assessment of the implications of Determination 16/2017.

This Determination outlines the results of a twelve-month assessment of the allowances system.

Submissions and consultation

The consultation process for this review involved correspondence and meetings with a range of stakeholders, including from Government and non-Government members, the Committee of the Legislative Assembly (the CLA) and the Clerk. All stakeholder engagement has informed the Tribunal's review and the final decisions made in Determination 18/2018.

Electorate and Communication Allowance

The Electorate and Communication Allowance (ECA) is provided to cover a range of expenditure associated with:

- providing constituent assistance and service for the electorate
- obtaining and disseminating information to constituents that is relevant to fulfilling parliamentary and constituency responsibilities, and
- meeting incidental costs relating to the operation of a member's electorate office.

The ECA may not be used to meet expenditure for:

- private or commercial purposes or to purchase goods and services where the member, or a connected party is the provider of the goods and services
- political party activity, or
- electioneering and campaigning purposes.

The ECA provided for in Determination 16/2017 resulted in the following bands:

Band	No. of electorates in band	Quantum of allowance
Band 1	10	\$67,800
Band 2	36	\$70,400
Band 3	26	\$72,000
Band 4	21	\$74,500

Expenditure against ECA

The Annual Report of Electorate and Communication Allowance Expenditure by Members of the Legislative Assembly for the period 1 July 2017 to 30 June 2018 provides the following data based on 113 members (including those members not returned at the 2017 State Election):

- 21 members expended greater than 100% of their ECA
- 78 members expended between 90% and 100% of their ECA, and
- 14 members expended less than 90% of their ECA.

This indicates that members are expending a significant proportion of their ECA on servicing their electorate. The Tribunal also notes that those members that expended between 90% and 100% of their ECA are able to carry-over up to 10% of the total allowance for each financial year that is unexpended at 30 June, while any expenditure over 100% of the ECA is borne by the member personally.

Within the overall ECA expenditure amount, members spent 46% of the ECA on the production, publication and distribution services category. Within that category, 42% was spent on postage and delivery.

The Tribunal is cognisant that, despite the increasing use of digital communication, it is not always possible to contact constituents via electronic means and notes that postage and delivery is still the key mechanism for communication with constituents. Based on the acquitted data, on average members spent \$13,300 on postage and delivery in 2017-18. This is an increase from \$9,900 in 2016-17.

While the Tribunal notes the 2017 State Election is likely to have impacted on members' postage costs, the cost of standard letter postage has also significantly increased over the past five years since Determination 1/2013.

Increase to the ECA

The Tribunal has considered the following economic indicators consistent with indicators considered by the Tribunal and validated by the Government Statistician in previous Determinations:

- Consumer Price Index
- Average Weekly Ordinary Time Earnings
- Wage Price Index for both the public and private sector
- Queensland's projected economic growth, and
- Queensland Government indexation rates (see Appendix A).

Additionally, consideration has been given to any increases or decisions regarding allowances in other jurisdictions, increased costs associated with servicing a member's electorate, including postage and that the quantum of the ECA has not increased since 1 January 2016.

Accordingly, the Tribunal considers that a general increase to the quantum of the ECA for all bands is appropriate.

The Tribunal has decided to increase the quantum of the ECA bands by 2.60%, effective 1 January 2019. The Tribunal will continue to monitor the appropriateness of the ECA and encourages members to acquit all expenditure against the ECA, including expenditure exceeding 100% to enable the Tribunal to consider whether any further increase to the ECA is required. The Tribunal relies on the data in the Annual Reports to make evidence based decisions about any necessary increases to allowances.

After applying the increase (rounded to the nearest \$100) the rate of the ECA will be:

Band	Quantum of allowance
Band 1	\$69,600
Band 2	\$72,200
Band 3	\$73,900
Band 4	\$76,400

Geographic considerations for certain electorates within the ECA

The Tribunal remains mindful of the challenges faced by members whose electorates are below the 100,000 km threshold for a second electorate office, but still represent large electorates with population centres spread across the electorate.

The Tribunal is supportive of members wishing to use their ECA to assist in maintaining mobile offices to improve support and access to constituents in large regional electorates. The Tribunal acknowledges that there are some logistical and cost issues associated with establishing short-term premises and coordinating staffing, computing and telecommunications support services.

In particular, the Tribunal has noted representations about the challenges faced by members who do not have access to a second electorate office, but who still need to meet with community representatives and industry stakeholders in diverse locations in key communities within their electorates.

In recognition of the geographical challenges faced by the Members for Callide, Burdekin and Southern Downs (the three largest electorates currently in Band 3 of the ECA) and the significant expenditure by members representing these electorates against the ECA for the 2017-18 reporting period, the Tribunal has determined to move these electorates from Band 3 to Band 4 of the ECA.

General Travel Allocation

The General Travel Allocation (GTA) covers a range of travel expenses incurred by members when required to travel for the primary purpose of conducting parliamentary business.

The GTA is provided as follows:

Band	Quantum	Size of electorate (km²)
Band 1	\$18,360	0 – 4,499
Band 2	\$30,040	4,500 – 49,999
Band 3	\$40,000	50,000 – 99,999
Band 4	\$77,720	100,000 and over

In 2017-18, eleven members exceeded their GTA. Of these members, it is noted that three members represent the largest GTA band (Band 4) and the remaining eight members served as shadow ministers for all or part of the reporting period.

Changes made to the allowances system in 2015 recognised in part the financial burden and limited options for travel between and around multiple population centres in the largest electorates. The Tribunal further recognised specific issues relating to the electorates of Burdekin and Callide through the establishment of a new Band 3 of the GTA in Determination 16/2017.

Data from the Annual Report of General Travel Allocation Expenditure by Members shows the following:

- Band 1 – members expended between 0% and 200%, with average expenditure of 29% of their GTA
- Band 2 – members expended between 8% and 113%, with average expenditure of 48%
- Band 3 – members expended between 41% and 75%, with average expenditure of 61%, and
- Band 4 – members expended between 37% and 125%, with average expenditure of 83%.

The Tribunal notes that Band 4 members are expending a higher proportion of their GTA than members in other bands.

In accordance with its legislative requirement to ensure allowances paid to members reflect the reasonable expenses incurred by a member in servicing their electorate, the Tribunal has decided to increase the quantum of the GTA Band 4 as per the increase provided for the ECA,

2.60% (rounded to the nearest \$100). The Tribunal will continue to monitor expenditure against all bands throughout 2018-19 to ensure the adequacy of this allocation.

In relation to the cost of travel by shadow ministers, the Tribunal does not consider it appropriate to provide an additional allocation to those members who hold shadow ministerial roles. To do so would represent a significant departure from the current rationale for determining GTA (i.e. electorate specific factors such as size and location, rather than per office holder). The Tribunal notes that the allocation of funding and resources for the Office of the Leader of the Opposition is approved by the appropriate minister.

Claims for overnight stays in Brisbane city (Brisbane Daily Travel Allowance)

Where a member travels for the primary purpose of conducting parliamentary business in Brisbane city (including attending parliamentary sittings), a Daily Travel Allowance (DTA) may be claimed including meals, incidentals and, where relevant, accommodation expenses. The Brisbane DTA is currently available to all members and is not claimed against a member's GTA.

Where a member is provided with overnight accommodation in the parliamentary annexe, the available Brisbane DTA is \$105 per day to cover meals and incidental expenses. Where a member is not provided with overnight accommodation in the parliamentary annexe and stays in commercial accommodation facilities, the available Brisbane DTA is \$315 per day including commercial accommodation costs, meals and incidental expenses. There are currently 14 members who are not allocated accommodation in the Parliamentary Annexe.

Since the Brisbane DTA was established in Determination 1/2013, the Tribunal has made amendments to the allowance to ensure no member is disadvantaged when required to be in Brisbane for parliamentary business. Based on an assessment of acquittals received from members, it is noted that some Brisbane-based members have not made any claims against the Brisbane DTA.

The Tribunal has received a number of submissions regarding the Brisbane DTA, both in support of retaining and abolishing the allowance.

The Tribunal maintains its position that abolishing the Brisbane DTA would unfairly disadvantage regional and outer metropolitan members who are required to attend Brisbane for parliamentary sittings and other parliamentary business. However, the Tribunal does not consider it appropriate for Brisbane-based members to access the full Brisbane DTA (\$315), including an accommodation component given the close proximity of their electorates (and homes) with the Queensland Parliament. The Tribunal acknowledges its responsibility to ensure the occupational health and safety and wellbeing of members. To ensure these members are not put at risk as a result of attending late night events or Parliamentary sittings in Brisbane, the Tribunal notes that taxi fares, or other transport arrangements may be used by members and claimed against the GTA to ensure safe travel home.

The Tribunal has therefore decided to limit use of the full Brisbane DTA to members whose electorates are outside of Brisbane. Members in these electorates are still entitled to claim the one-third DTA (\$105) which is provided for meals and incidental expenses. Any allocation of a room in the Parliamentary Annexe is not affected by this decision.

The Tribunal has considered the Electoral Commission of Queensland electoral boundaries and maps and decided to exclude the following electorates from claiming the full Brisbane DTA (\$315):

- Algester
- Aspley
- Bulimba
- Chatsworth
- Clayfield
- Cooper
- Everton
- Ferny Grove
- Greenslopes
- Inala
- Lytton
- Maiwar
- Mansfield
- McConnell
- Miller
- Moggill
- Mount Ommaney
- Nudgee
- Sandgate
- South Brisbane
- Stafford
- Stretton
- Toohey

The Tribunal appreciates that some Brisbane-based members who were previously able to access the full Brisbane DTA will be excluded from claiming the accommodation component of the DTA in the future. Accordingly, the Tribunal will closely monitor the use of allowances as reported in the Annual Reports, and consider advice from members to ensure the removal of the Brisbane DTA does not adversely impact on their ability to serve their electorate by attending parliamentary business.

Currently, the Brisbane DTA is referred to as the DTA and discussed alongside the DTA provided within the GTA under 'Claims for overnight travel expenses – DTA (domestic)' in the *Members' Remuneration Handbook*. The Tribunal notes that there is a significant risk of misinterpretation and confusion between the two DTAs discussed in this section of the Handbook.

The Brisbane DTA (full and one-third amounts), is reimbursed to members upon completion of the 'Claims for Overnight Stay in Brisbane' form at Attachment A to the *Members' Remuneration Handbook*. This is in contrast to an allowance, such as the ECA which is generally paid to members in advance and acquitted as expended. As such, the Brisbane DTA is more appropriately referred to as a 'rate of reimbursement' rather than an allowance.

To avoid confusion with the DTA provided within the GTA and misunderstanding and misreporting as to its purpose and the nature of its use, the Tribunal has decided to name the Brisbane DTA the *Parliamentary Business Overnight Rate (Brisbane)*.

Motor Vehicle Allowance

The Motor Vehicle Allowance (MVA) is provided to cover expenditure incurred in acquiring and maintaining a member's vehicle. The current MVA bands are as follows:

Band	Quantum	Size of electorate (km ²)
Band 1	\$25,500	0 – 1000
Band 2	\$32,000	1001 – 10,000
Band 3	\$37,000	10,001 – 70,000
Band 4	\$42,000	70,001 and over

The quantum of the allowance is based on the allowance provided to a Senior Executive Service (SES) Level 2 Officer in the Queensland Public Service and increases depending on the size of the member's electorate. The allowance of \$25,500 provided to an SES Level 2

Officer in the Queensland Public Service has not changed since the MVA was first decided in Determination 1/2013.

Having regard to various indicators including registration fees, running costs, insurance premiums and fuel prices, the Tribunal considers an increase of 3.00% to the MVA for all bands to be appropriate.

Determination 16/2017 created a new band within the MVA in recognition of the size (km²) of electorates following the state redistribution. The Tribunal acknowledges that there have been unintended consequences as a result of Determination 16/2017. As such, the Tribunal has decided to revert to the three MVA bands that applied prior to the 2017 State Redistribution in the interests of ensuring that members who relied on rates prior to the redistribution are not disadvantaged. Electorates that are currently in Band 3 will stay in the new Band 3, thereby returning the allowances for these electorates to the pre-2017 levels with effect from 1 January 2019.

The new MVA bands (including the increase referenced above to the nearest \$100) will therefore be as follows:

Band	Quantum	Size of electorate (km ²)
Band 1	\$26,300	0 – 1000
Band 2	\$33,000	1001 – 10,000
Band 3	\$43,300	10,001 and over

Air Warrants (Alternate Travel)

Members representing 24 regional electorates are provided with an allocation of 'Air Warrants' to facilitate commercial air travel from a member's electorate to Brisbane and return. The availability of air warrants supports the long-standing principle that regionally-based members should not be disadvantaged for travelling to and from Brisbane to conduct parliamentary business.

Currently, alternate travel may be claimed where a scheduled commercial airline service is unsuitable. A member can claim travel by charter flight or direct operating costs for a member's private aircraft (up to the value of the lowest commercial flight cost excluding GST for travel between the electorate and Brisbane to which the member is entitled). A warrant is still issued to the member to enable them to make a claim for alternate travel.

The Tribunal appreciates that some regional members may find it more efficient and cost effective to drive from their electorate to Brisbane to attend to parliamentary business, rather than fly. This situation has been particularly evident since the 2017 QRC electoral redistribution.

Representations have been made to the Tribunal which indicate that, in certain instances, it is more cost effective for the member to drive to Brisbane where a regional airport offers irregular or limited services and a member is located three hours' drive from the airport and six hours' drive from Brisbane. The Tribunal appreciates that currently, where a member in this position chooses to drive to Brisbane, the cost would need to be met from their MVA. This evidently disadvantages a member in this position as the MVA may be rapidly expended as a result.

To afford members a greater level of flexibility in how they travel to Brisbane for parliamentary business, the Tribunal has decided to allow regional members the opportunity to convert their air warrant allocations for a kilometric rate of reimbursement under the provisions for 'Alternate Travel'. Members will be able to claim for travel by private vehicle – kilometric payment (at public service kilometric rates) up to the value of the lowest commercial flight cost (excluding GST), for travel between the electorate and Brisbane to which a member is entitled.

Minister for Employment and Industrial Relations Directive: Motor Vehicle Allowances, Directive 20/16 provides that where a public service employee chooses to use their private motor vehicle for official purposes, they are entitled to be paid an allowance determined by the chief executive. The allowance is not to exceed 37.5 cents per kilometre.

To acquit a claim in lieu of normal Air Warrant arrangements, and to ensure transparency and accountability in this process, the member will be required to provide the Clerk with the dates of travel and appropriate documentary evidence of the distances travelled prior to reimbursement.

Annual Reporting

The Tribunal maintains its position that public reporting of allowances is necessary to maintain transparency and accountability for members. Further, acquitting all expenses assists the Tribunal to assess the adequacy of the allowances system.

The Annual Reports on allowances currently show members' acquittal or claims against categories of expenditure. Where a member's expenditure exceeds their annual allowance, the amount of any over expenditure is met personally by the member. Formerly, a note was included in each member's report noting that over-expenditure was a personal cost to a member.

In recent years, media reporting has intimated that over-expenditure of an allowance was at an additional cost to taxpayers, or a matter of mismanagement by the member. However, this is not necessarily the case. The Tribunal is of the view that members should not be deterred from acquitting their expenses for fear of misreporting in the media.

To address this issue, in Determination 16/2017, the Tribunal amended the annual report format to separately list any money personally contributed by the member in addition to their allowance. However, media misrepresentation of allowance expenditure has persisted.

In an attempt to balance public accountability and members utilising the acquittal system without fear of misreporting, the Tribunal has determined to remove the public annual reporting of expenditure which exceeds 100% of their allowance or allocation. Data on expenditure exceeding 100% of allowances will continue to be collected by the Parliamentary Service and made available to the Tribunal for the purpose of determining the adequacy of the allowances and allocations.

The Clerk will continue to provide annual reports to Parliament following each financial year. However, annual reports will only include expenditure up to 100% of a member's allowance or allocation.

The Tribunal reiterates that it relies upon the data in the Annual Reports and provided to the Clerk to assess the adequacy of allowances and encourages members to expend their allowances as necessary to service their electorate. The Tribunal will monitor this expenditure and make any resulting adjustments to the quantum of allowances.

Other Issues

Minor equipment

Minor equipment is one of the seven categories within the ECA and is utilised for minor electorate office equipment not provided by the Parliamentary Service. The category was designed to meet the cost of a range of small equipment items that had been previously provided by the Parliament. The shift to allow members to purchase minor equipment items allowed for greater flexibility, an ability for members to purchase goods locally and a reduction in administrative costs to purchase and track low value items.

Equipment purchased by members is deemed to be the member's property and, as such, expenditure on equipment which exceeds Fringe Benefit Tax (FBT) thresholds incurs FBT. The Tribunal notes the Clerk is considering this taxation issue and will provide further advice in due course.

Child care expenses

In the Tribunal's 2017 review of allowances, consideration was given to provision of a child care allowance for members with young children. Since the 2017 review, the Tribunal notes that Parliamentary sitting hours have been amended to commence at 9:30 am and automatically adjourn at 7:30 pm on Tuesday and Wednesday and at 6:30 pm on Thursday.

The Tribunal supports the work-life balance for members offered by the amended parliamentary sitting hours and will maintain a watching brief on the matter of child care in future reviews.

Determination 18/2018

Any inconsistencies between earlier Tribunal Determinations and Determination 18/2018 are resolved in favour of Determination 18/2018. Matters in earlier Determinations not addressed in this Determination are confirmed by the Tribunal and not amended.

Electorate and Communication Allowance

1. The Tribunal determines that the Electorate and Communication Allowance will be increased by 2.60% (rounded to the nearest \$100) as set out in the table below:

Band	Quantum of allowance
Band 1	\$69,600
Band 2	\$72,200
Band 3	\$73,900
Band 4	\$76,400

2. The Tribunal determines that the electorates of Burdekin, Callide and Southern Downs are in Band 4 of the Electorate and Communication Allowance.

General Travel Allocation

3. The Tribunal determines that the quantum of Band 4 of the General Travel Allocation will be increased by 2.60% (rounded to the nearest \$100) to \$79,700.
4. The Tribunal determines that the following electorates are not eligible to receive the full Daily Travel Allowance for overnight stays in Brisbane city (\$315):

- Algester
- Aspley
- Bulimba
- Chatsworth
- Clayfield
- Cooper
- Everton
- Ferny Grove
- Greenslopes
- Inala
- Lytton
- Maiwar
- Mansfield
- McConnell
- Miller
- Moggill
- Mount Ommaney
- Nudgee
- Sandgate
- South Brisbane
- Stafford
- Stretton
- Toohey

Members in these electorates are still entitled to claim the incidental and meal expense components of the Daily Travel Allowance for overnight stays in Brisbane city (\$105). This determination does not affect a member's allocation of a room in the Parliamentary Annexe.

5. The Tribunal determines that the Daily Travel Allowance for overnight stays in Brisbane city will be renamed the *Parliamentary Business Overnight Rate (Brisbane)*.

Motor Vehicle Allowance

6. The Tribunal determines the bands for the Motor Vehicle Allowance will be increased by 3.00% (rounded to the nearest \$100) as set out in the table below:

Band	Quantum	Size of electorate (km ²)
Band 1	\$26,300	0 – 1000
Band 2	\$33,000	1001 – 10,000
Band 3	\$43,300	10,001 and over

Air Warrants (Alternate Travel)

7. Members entitled to receive air warrants (Alternate Travel) may claim travel by private vehicle using a kilometric payment at Queensland public service kilometric rates (currently set out in *Motor Vehicle Allowances (Directive 20/16)*) up to the value of the lowest commercial flight cost excluding GST for travel between the electorate and Brisbane to which a member is entitled. The use of a private vehicle will be acquitted under Alternate Travel arrangements with appropriate documentary evidence to support a claim decided by the Clerk of the Parliament.

Annual Reporting

8. The Tribunal determines that the Annual Reports on Electorate and Communication Allowance and General Travel Allocation expenditure for Members of the Legislative Assembly will no longer include expenditure exceeding 100% of the member's allowance or allocation.

Date of Determination: 18 December 2018
Effective Date: 1 January 2019



Professor Anne Tiernan
Chairperson



Mr Walter Tutt
Member



Ms Karyn Walsh
Member

Appendix A – Economic Indicators

Indicator	Annual rate
Average Weekly Ordinary Time Earnings (a)	
- Australia	2.70%
- Queensland	3.10%
Consumer Price Index (b)	1.80%
Wage Price Index (c)	2.30%
- Private Sector	2.20%
- Public Sector	2.60%
Queensland's projected economic growth (d)	
- 2018-19	3.00%
- 2017-18	2.75%
Queensland Government indexation rates	
- Fees and charges (e)	2.50%
- Community funding/grants	2.63%

Notes:

- (a) ABS 6302.0 Average Weekly Ordinary Time Earnings, Full-time Adults, Persons, annual % change 6 months to June 2018 on 6 months to June 2018, original terms
- (b) ABS 6401.0, Consumer Price Index, Brisbane, All Groups, annual % change September quarter 2018 on September quarter 2017
- (c) ABS 6345.0, Wage Price Index – Total Hourly Rate (excluding bonuses), annual % change September quarter 2018 on September quarter 2017
- (d) Queensland projected economic growth consistent with 2018-19 State Budget.
- (e) The government announced an indexation policy announced in the 2018-19 State Budget (Budget Paper 4) to apply from 1 July 2019 to keep it in line with the consumer price index. A decision on the rate to be applied is pending.