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Senator Cory Bernardi
Chair
Finance and Public Administration Committee
Parliament House
CANBERRA ACT 2600

**Submission to the Senate Finance and Public Administration Committee's Inquiry
into the Parliamentary Entitlements Legislation Amendment Bill 2014**

Dear Senator

I seek your Committee's consideration of a number of improvements to the proposed Parliamentary Entitlements Legislation Amendment Bill 2014 (The Bill) currently referred to your committee.

The changes to the Members of Parliament (Life Gold Pass) Act 2002 are supported. Abolition of the Gold Pass is important and should not cause a claim to be successful against the Commonwealth. I understand some retired members will challenge the Gold Pass abolition legislation in the High Court. I disassociate myself from this challenge. I support the parts of this bill that abolish the Gold Pass and I also support previous legislation passed during my time as Minister that may also be challenged in the High Court.

The functionality of The Bill can be improved. It should be improved for its content, its purpose and its practicality. I hope that through this Committee these improvements can be made.

There are unwise measures and lost opportunities in The Bill that can be fixed at very little or no additional cost to the taxpayer and they will produce better outcomes, better management systems and hold not just Parliamentary Office Holders, Ministers, Members and Senators accountable but also the Department of Finance.

The Bill introduces more bureaucracy and cost. The Bill requires that all travel post-service be for an undefined concept; called public benefit. I argue all such travel is for that purpose, but what impact will this new test have aside from additional bureaucracy? And how will it be administered? If there are to be parameters for this test; they should

be defined in The Bill for all of us to see and consider. A seemingly good idea such as public benefit will bring additional work for the already stretched entitlements administration area within the Department of Finance. It will create an environment where former parliamentarians are too nervous to access this entitlement at all. For example, I do not think it would include travel to attend Gough Whitlam's funeral—and I think it should. The Bill makes travel for the public benefit risky. Because Parliamentary Office Holders, Ministers, Members, Senators and ex-parliamentarians cannot get advice that helps them do their job well, sometimes there are things that we just decide not to do, because of the inability to interpret the guidance. This is not a good outcome and in this test The Bill moves us further away from achieving a more functional entitlements system.

The Bill imposes cost-recovery onto Parliamentary Office Holders, Ministers, Members and Senators for errors made by others. The current debt recovery system works by allowing repayments to be made as needed and in consultation with the Parliamentary Office Holder, the relevant Minister, Member, Senator or their staff. This new provision would mean any overpayment to a staff member could, at the delegated officer or Secretary's discretion, be recovered from future travel allowance claims of a Parliamentary Office Holder, Minister, Member or Senator.

A Minister with a large staff may not know of, or be expected to know about, claim errors that may have occurred at staff level. The Bill creates a cost-recovery process from a future travel entitlement payment to that Minister or Parliamentary Office Holder which will lead to confusion and possible financial embarrassment.

The Bill cuts the ability of former Prime Ministers to travel and therefore to function. The entitlement to travel for former Prime Ministers has never been cut. Our former Prime Ministers do good work. Even when that good work is partisan, and even when that good work is to support political parties, they travel our country bringing exposure to issues and communities in ways that add to the quality of political debate and engagement.

Changes need to be practical and workable. The measures in The Bill fail this test.

The Bill does nothing to make the work of Parliamentary Office Holders, Ministers, Members, Senators or the Department of Finance more efficient or cost effective, creating bureaucracy and blurred accountability.

All recommendations, including The Bill and the following improvements, designed to build upon the useful components of The Bill, should be reviewed and determined by the Remuneration Tribunal.

1. A 25% imposition for knowingly making an error is fair.
2. Alignment of any cost recovery investigation with existing high level departmental and Minchin Protocol processes is essential, it should not be delegated to an SES officer.
3. Making the resettlement payment a redundancy payment is fair.

Currently, when a Member or Senator ceases their parliamentary duty through a loss at an election—there is a resettlement allowance paid for those who served more than one term, two terms or three. Because that is paid as salary it is taxed

as salary. It should be a redundancy payment and be taxed accordingly. This is a cost-less measure. This is about equal treatment of parliamentarians as with other employees. Resettlement provisions need to reflect the practicalities of long service, and be extended to four, five, six or more parliaments and a recommendation should be sought from the Remuneration Tribunal on this recommendation in light of the substantial savings in the whole range of measures in this Bill.

4. A small amendment to the superannuation arrangements for parliamentarians should allow parliamentary superannuation payments to be paid into self-managed superannuation funds. This is a cost-less measure and a practical way to improve the current system. This too should be considered by the Remuneration Tribunal. Naturally any Member or Senator who becomes a Member of the Governing Executive will need to attend to probity matters as directed by the Prime Minister of the day.
5. The Remuneration Tribunal should consider other measures that are needed which could be funded through winding back the 60 parliamentary retirement travel trips. Critically this extends to occupational health and safety, sickness and death benefit insurance for all Parliamentary Office Holders, Ministers, Members and Senators. A Parliamentary Office Holder, Minister, Member or Senator who is injured on service is entirely at risk for costs themselves. Such a scheme should be on offer to all State and Territory Members of Parliament.

It should be the case that from the point of election to the point of not being a parliamentarian, 24 hours a day and seven days a week, Parliamentary Office Holders, Ministers, Members and Senators are covered for simple work, health, safety and death benefit insurance. It is a cheap thing to do, especially for a class of people such as parliamentarians whereas individually the cost of carrying that insurance is quite high. We have seen former Parliamentary Office Holders, Ministers, Members and Senators leave their service having been harmed. Since 2004 we have not had adequate coverage in place.

6. Aligning Comcar and private car rules in Canberra and home base for Shadow Ministers and members of the parliamentary or governing executive will bring simplicity and reduce unnecessary bureaucracy. The Canberra rules for Comcar use and home state rules should be identical. This is a zero cost alignment since Comcar is already available in home state for appropriate purposes. Increasingly members of the parliamentary executive on all sides are met with conflicting advice in regard to vehicle use.
7. The Remuneration Tribunal should carefully consider and make recommendations upon the proposal to abolish travel by dependent children over the age of 18.

Any matter affecting the entitlements and remuneration—certainly the salary and conditions—of Parliamentary Office Holders, Ministers, Members and Senators should only ever be introduced into the Parliament after it has been thoroughly considered and recommendations made by the Remuneration Tribunal. That should be the case with all recommendations in this submission.

We can improve the effect of The Bill upon Parliamentary Office Holders, Ministers, Senators and Members, fix some of the problems and save public money.

Please contact my office if there is any way I can be of assistance to the Committee in its consideration of these matters.

Yours sincerely

GARY GRAY

7 November 2014