

**Media release**  
**17 September 2019**

### **Victorian Independent Remuneration Tribunal makes first determination for MPs**

The Victorian Independent Remuneration Tribunal has handed down its first review and determination on the salaries and allowances of State Members of Parliament (MPs).

“This is an historic day,” Chair of the Tribunal, Warren McCann, said.

“It is the first time an independent body has taken a fresh look at the system and compared it with other jurisdictions,” Mr McCann said.

Prior to the Determination all Victorian MP’s were entitled to a basic salary of \$163,189. On top of this, they were entitled to an additional 8% ‘expense allowance’ (\$13,055) for back benchers and more if they were an office bearer, like the Premier or Leader of the Opposition. The amount was calculated as a percentage of ‘basic salary’ and the level varied from 10% - 42%.

Office bearers were also entitled to an ‘additional salary’ as a percentage of the their ‘basic salary’. This percentage varied from 4% – 100%.

“Some important changes have been made which aim to simplify the system and bring Victoria more in line with other states and community expectations,” Mr McCann said.

#### **Changes to salary**

Following the determination, Victorian MPs earn an extra 3.5% on their base salary. This decision was made in light of:

- the roles and responsibilities of MPs, including the results of independent benchmarking undertaken by Mercer (Australia) Pty Ltd
- what happens in other Australian jurisdictions
- economic conditions, including movements in wages and prices in Victoria
- the Wages Policy of the Victorian Government.

The ‘additional salaries’, given to MPs who hold higher office, have also increased because of the 3.5% rise.

Another key change is incorporating the minimum ‘expense allowance’ into the ‘basic salary’ for MPs.

“This will reduce complexity and improve transparency,” Mr McCann said.

“This expense allowance was for most purposes treated in the same was as MP salary, taxable and payable fortnightly. There were also no rules applying to how it was spent and thus no reporting obligations,” he said.

As of 16 September 2019, the ‘basic salary’ of an MP is \$182,413. This includes the incorporated ‘expense allowance’ and the 3.5% rise. It is at the lower end of the salary range independently recommended by Mercer. The ‘basic salary’ for Victorian MPs now ranks third highest of the nine jurisdictions. Prior to the Determination it ranked fifth.

The effect of these decisions is that office holders will receive an increase of between 3.8% and 11.8% to be phased in over two years (attachment). The expense allowance for office holders will be varied to allow this phasing to occur.

### **Changes to allowances**

The Tribunal also reviewed the allowances MPs are entitled to. Some of the key changes are:

- The expense allowance has been incorporated into the basic salary to increase transparency and simplify the system (as outlined above).
- The Parliamentary accommodation sitting allowance has been frozen at July 2019 levels pending further review of this system. No other jurisdiction has this allowance.
- A number of the travel and accommodation allowances have been rolled into one ‘Travel allowance’.
- A new ‘International travel allowance’ has been set to comply with regulations, also bringing the Victorian system in line with other jurisdictions.

The three-member Tribunal was established in March under an Act of Parliament and operates independently of Government. It is responsible for making impartial decisions on the remuneration for MPs and for executives in the Victorian public sector.

“This determination was complex, but it is important to understand it was also analytical and evidence based,” Mr McCann, said.

“The Tribunal was required by law to take into account a number of factors when making its determination including the roles and responsibilities of MPs, submissions from MPs and the public, what happens in other jurisdictions, wages policy, the fiscal position of the state and current economic conditions and trends,” he said.

An important part of the review involved seeking input from independent bodies, MPs and the community. A key theme of consultations was that MPs should first and foremost serve their constituents and the people of Victoria.



Victorian  
Independent  
Remuneration  
Tribunal

The determination and statement of reasons can be viewed here <https://www.vic.gov.au/victorian-independent-remuneration-tribunal>.

For further information please contact the Tribunal at [enquiries@remunerationtribunal.vic.gov.au](mailto:enquiries@remunerationtribunal.vic.gov.au)

Attachment – Total salaries for certain specified parliamentary office holders as at 1 July 2020\*

Specified parliamentary office holder	Total salary, \$	Total increase in salary, \$	Total increase in salary, %
Premier	441,439	46,522	11.8
Deputy Premier	375,771	39,601	11.8
Minister	352,057	37,102	11.8
Leader of the Opposition	352,057	37,102	11.8
President	322,871	34,026	11.8
Speaker	322,871	34,026	11.8

\* Includes basic salary, additional salary and expense allowance.