



Department of Parliamentary Services

Mr Warren McCann
Chair
Victorian Independent Remuneration Tribunal
Suite 1, Ground Floor, 1 Treasury Place
MELBOURNE VIC 3000

9 July 2020

Dear Mr McCann

Parliament of Victoria's Submission to Tribunal on Review of Superannuation Arrangements for Victorian Members of Parliament

Thank you for the opportunity to make a submission in relation to the Tribunal's review of Superannuation Arrangements for Victorian Members of Parliament.

The Parliament of Victoria wishes to make a submission regarding the indexation of the basic salary portion.

The basic salary portion is used to calculate contributions and benefits for MPs in the Existing and New Benefits Schemes under Part 3 of the *Parliamentary Salaries, Allowances and Superannuation Act 1968*.

Clause 10 of the *Parliamentary Salaries, Allowances and Superannuation Act 1968* provides that the Basic Salary Portion is set in the following way:

***basic salary** means in relation to any period before 30 March 1975 the annual salary payable to a member of the Parliament of Victoria under Part I or any corresponding previous enactment to a person holding the office specified as "any other member of the Council or the Assembly"*

*and in relation to any period commencing on or after that day but before the first Determination is made under **section 17 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019** means basic salary as defined in section 3,*

and in relation to any period commencing on or after the first Determination is made, means the basic salary portion indexed annually in respect of each relevant financial year— (a) by the annual indexation of the basic salary portion as set out under section 17(5)(c) of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019; or (b) by the annual increase in the All Groups Consumer Price Index number for Melbourne; or

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(c) by the annual increase in full-time adult average weekly ordinary time earnings of employees in Victoria in original terms as published by the Australian Bureau of Statistics— whichever results in the greater value;

The Parliament submits that current method is unnecessarily complicated and creates ambiguity about which figures should be used for each index. For example, CPI is published quarterly with new releases issued as at September, December March And June. The Average Weekly Wage index is published twice yearly with releases as at May & November each year. There is significant lag in the publishing of these indexes with late July and August the schedule publishing dates for these indexes respectively.

In order to remove the ambiguity around the administration of the indexation of the basic salary portion the Parliament submits that a single indexation method should be adopted, and that the Tribunal should make such a recommendation in its review into Superannuation arrangements.

I thank you for the opportunity to provide this submission and would be happy to meet with you and the Tribunal members to discuss these matters further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Lochert', written in a cursive style.

Peter Lochert
Secretary
Department of Parliamentary Services