

## Agreement in Principle

**Mr RICHARD TORBAY** (Northern Tablelands—Speaker) [10.00 a.m.]: I move:

That this bill be now agreed to in principle.

I am pleased to introduce the Parliamentary Remuneration Amendment (Salary Packaging) Bill 2009. The bill enables members of Parliament access to salary packaging arrangements similar to those available to New South Wales public sector employees. It will also remove some anomalous limits on the contributions to superannuation accounts that apply to members of Parliament. The bill will not impose any additional costs on the Government of New South Wales. These types of salary packaging arrangements are commonly used throughout the public and private sectors in Australia as a means of providing benefits to employees without additional cost to employers.

As Speaker of the House, I examined this issue on behalf of all members, and I have received representations from members from all political backgrounds. I have done so with an appreciation of the need to ensure the continuing integrity of the Parliament. This place is rightly proud of its traditions of robust and transparent law making in the public interest. The people of New South Wales expect those who seek election to public office to do so not to advance their own private interests but to participate in the vital work of law making in the public interest on behalf of those who have chosen them as their representatives.

I believe the recent focus on parliamentary remuneration and the claims of official expenditure, particularly in the United Kingdom, mean that it is timely to undertake a re-examination of some of the aspects of this issue in New South Wales. The bill proposes a transparent new system for members to access some very commonplace modern employment benefits in a straightforward and cost-effective way. It does so by enabling the Parliamentary Remuneration Tribunal to determine that salary packaging is available for some items that can already be packaged by public sector employees, members of the teaching service and police officers. It creates an alternative, more transparent way to cover some of the ordinary work-related costs of all parliamentarians.

The question of whether members of Parliament in New South Wales should be able to make additional superannuation contributions and include a motor vehicle as part of a salary package has been a longstanding one. I am advised that a previous bill, which had bipartisan support, that would have effected change in this area lapsed as long ago as 1992. The proposal is also in line with a scheme that already exists for members of Parliament in Western Australia. The Parliamentary Remuneration Tribunal, which is charged with the statutory role of independently determining the remuneration available to members, has been recommending change for some years. In its latest annual report the tribunal again noted that the electoral allowance may be reduced if members were otherwise provided with a motor vehicle.

On taking office, I became aware of previous attempts on behalf of all members seeking legislative change to modernise parliamentary remuneration. While I followed up on that approach, I understand that it is difficult to argue for any reform that might confer a benefit on an individual member of Parliament. Any changes to the way in which members of Parliament are remunerated, even when a proposal is equitable and cost neutral, can be misconstrued. I have decided that it is right that I introduce this private member's bill in the interests of all the elected representatives in this Parliament, as well as to advance the public interest by ensuring that aspects of the remuneration of members of Parliament are regulated in a contemporary and transparent manner. It does not advance the public interest to avoid updating the way in which members of Parliament are remunerated for fear of misinterpretation. Useful and practical changes such as those contained in this bill are not about members conferring upon themselves additional benefits at the expense of the public purse.

The bill does not contain any proposals for "packageable" items that are not already widely available in other employment arrangements. The bill also requires other remuneration of members to be reduced by the cost of any item to be packaged. In other words, this is funding coming from the members for packaging arrangements. This is a sensible and fair modernisation of the way in which members of this Parliament are paid. Items that the Parliamentary Remuneration Tribunal could approve in a salary-packaging arrangement include, for example, additional voluntary contributions to superannuation and one 100 per cent private novated motor vehicle lease. As I have noted already, the packaging of a motor vehicle is of longstanding interest to the tribunal. The existing prohibitions and caps on pre-tax contributions to superannuation by members of Parliament are also anomalous in Australia, particularly since caps were removed for New South Wales public servants back in 2006. The Commonwealth has also recently removed the cap on superannuation contributions by its members of Parliament.

I have been advised that to implement these reforms legislative amendment is necessary to the Parliamentary Remuneration Act 1989, the Parliamentary Contributory Superannuation Act 1971 and the Constitution Act 1902. The amendments to the Parliamentary Remuneration Act 1989 will confer on the tribunal the power to determine the availability of salary packaging benefits for members of Parliament. The power is limited to benefits already

available to public servants—no different. The amendments will also ensure that any benefits are cost neutral to the Government by requiring that the cost of providing a benefit be offset against remuneration. The Executive Manager, Department of Parliamentary Services, is nominated as the "designated employer" for salary-packaging arrangements. The Executive Manager will determine the cost of the relevant items so that they may be offset.

The amendments to the Parliamentary Contributory Superannuation Act 1971 would allow members to salary sacrifice part or all of their compulsory contributions to the Parliamentary Contributory Superannuation Fund. At present members of the old superannuation scheme cannot sacrifice any part of their remuneration, which is inconsistent with the position for public servants in the old defined benefit schemes. It is also inconsistent with the position for members of Parliament first elected at the 2007 election and who are not members of the old parliamentary superannuation scheme. The proposed amendments to the Constitution Act 1902 ensure that participation in the proposed arrangements does not trigger section 13 of the Constitution Act so as to disqualify the member.

It is also important for members to note that before any amendments to the Parliamentary Contributory Superannuation Act 1971 can be passed in the Legislative Assembly the Parliamentary Remuneration Tribunal must certify that the amendments are warranted. The Parliamentary Remuneration Tribunal, under the hand of His Honour Judge Conrad Staff, has provided such certification. I have tabled the certificate to the House. I stress once again that the new arrangements proposed in this bill will be cost neutral to the New South Wales Government. It is also possible that the new arrangements may not, in fact, benefit all members of Parliament. Therefore, members of Parliament, like public servants and private sector employees, should seek their own independent financial advice before entering into any salary packaging arrangement. The reforms are, however, a welcome update to the way in which members of Parliament are remunerated. I am confident that they will support improved accountability and transparency in Parliament. I commend the bill to the House.