

# COMMONWEALTH OF AUSTRALIA.

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## SPEECH

BY

The Rt. Hon. SIR ROBERT MENZIES,  
K.T., C.H., Q.C., M.P.,

ON THE

## PARLIAMENTARY ALLOWANCES BILL 1964 AND ASSOCIATED BILLS.

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[From the "Parliamentary Debates," 28th October, 1964.]

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Sir ROBERT MENZIES (Kooyong—Prime Minister) [3.22].—I move—

That the Bills be now read a second time.

Honorable members may recall that when, in April 1959, I introduced legislation dealing with Ministers of State, parliamentary allowances and parliamentary retiring allowances, I indicated the Government's view that these matters should be dealt with every three years at the beginning of each Parliament. What I said was—

The proposal to which effect is now being given is a proposal that the salary and allowances of members of this Parliament should be dealt with every three years, at the beginning of each Parliament, and that the decision should endure, except for some quite phenomenal or catastrophic circumstances, for the whole of the period of three years.

These, of course, are matters for Parliament since, under section 48 of the Constitution of the Commonwealth, alterations in the emoluments of members of the Parliament must be made by Parliament itself.

The Government did not, in the event, bring down any proposals at the beginning of the 24th Parliament—that is, the early part of 1962—or at any time in the life of that Parliament. It is now, therefore, more than five years since the last review. Having

regard to the great changes which have occurred during this period in the rates of earning outside Parliament, and the increasing pressure of parliamentary business, the Government has decided that a review of emoluments should not be further delayed, but should be made now in respect of the 25th Parliament and to take effect from 1st November 1964. As regards parliamentary retiring allowances, I shall say something in detail a little later on. At present I limit myself to the observation that steps to amend the benefits upwards are due, and in reality overdue. The increased pension benefits proposed will, as I will indicate later, require increased contributions on the part of members.

In relation to increases in salaries and allowances, the Government is again convinced that the adjustments proposed are due, and even overdue. Circumstances are, of course, never really propitious for dealing with parliamentary salaries and allowances. Certainly some people are always found to say, "Now is not the time". No doubt on this occasion, as in the past, that will be said. But to understand the Government's decision it is only necessary to understand the facts pertaining to salary incomes. Recently the Leader of the Opposition (Mr.

Calwell) asked me if I would make available to the House certain information and comparisons in the parliamentary pension and salary field and in certain related areas of salary, for instance in the Public Service. I agreed, as I said at the time, with the implication of the honorable member's request; that is, that a first requirement in this matter is to have and to study the facts. The Leader of the Opposition added—

Most importantly, will his Government take suitable action to adjust parliamentary and electorate allowances in such appropriate fashion and at such time as it deems desirable in the light of movements in the directions that I have just instanced?

As honorable members know, material, in response to the honorable member's request, has been tabled by my colleague, the Deputy Prime Minister (Mr. McEwen), on my behalf. This material shows what I may call a cycle of increases in salary incomes since the 1959 adjustment of Parliamentary salaries and allowances. The salaries and allowances of members of State Parliaments, which were increased following the Commonwealth adjustment of March 1959 have, with the exception of Victoria, been increased again by substantial amounts in 1963 or 1964.

A very significant comparison may be made with the position of members of the Assembly in the State Parliament of New South Wales. Their salary is £2,650. Members of the National Parliament, a parliament which has to deal with the greatest national and international problems and with a vast complex of social, economic and financial responsibilities, now receive £2,750. The State electorate allowances range from £650 to £1,050, the Commonwealth from £850 to £1,050. Clearly, this state of affairs ought not to continue, and only this Parliament can change it.

Both this year and last year there have been large increases in Public Service salaries—in the professional grades and the administrative grades and, I may add, largely as a result of arbitration. As I shall be indicating a little later, when I come to a subsequent bill, there are now to be, on the decision of the Government, necessary adjustments in the salaries in the First Division of the Public Service, that is to say in the salaries of the Permanent Heads of Departments and also of statutory officers and related officers. I shall come to that matter later when moving the second

reading of a subsequent bill, but I just interpose on my own remarks at this stage to say that, as a result of all these changes that have been made through arbitral processes, there are officers in the Second Division of the Public Service who are now being paid more than the Permanent Heads who are in the second grade of Permanent Heads. This, of course, is a state of affairs that really nobody could allow to continue if we are to have an orderly and properly organised Public Service.

The Government has necessarily had regard to all these developments and I believe that thoughtful and reasonable people will, on the evidence, be ready to accept that increases are now justified. We have considered whether, even though the salary adjustments are more than due, we ought to defer them still longer. We have concluded that we should not. In the first place, we are firm in our view that the adjustments are warranted. In the second place, they are adjustments which come at the end of a cycle of adjustments and not at the beginning.

Sir, as politicians—and we must all plead guilty to being politicians—we are well aware of the facts that increases in the provision for Federal members are always attacked—this seems to be something from which State members have a certificate of exemption—and that a Senate election is in front of us.

Nevertheless, we are convinced that honest dealing with the electors requires that they should know right away what our proposals are; we believe that they will appreciate the propriety of this course, and that on proper consideration they will see the fairness of the changes that are being made.

On some previous occasions a review has been approached by first having an independent committee inquire and report to the Government. We had the Nicholas Committee in 1951. In 1955 and 1959, we had a committee of inquiry under the chairmanship of Sir Frank Richardson. This, however, has not been an invariable practice. On other occasions, the Government of the day itself has brought proposals to Parliament without recourse to such a committee, and we have decided to do that on this occasion. We decided against a

committee because what we are now proposing to the House is essentially an upgrading of the amounts applying under the existing arrangements for salaries, allowances and retiring allowances. It is not a review of the structure of the arrangements or of other parliamentary privileges.

Honorable members will see that the salary of members and senators is to increase by £750 per annum to £3,500 per annum. As there are misapprehensions in some quarters, I would like to make it clear that members' salaries, like ministerial salaries, are taxable at the normal rates. Thus, the increase of £750 is subject to income tax—say, £280 in an average case, and this is a modest figure—and to an increased retiring allowance contribution—£143—a matter that I shall refer to later. This means that the net current cash gain, if I may so describe it, to the member is £327 per annum.

The supplementary salaries of Ministers and other office bearers have been increased broadly in parallel with this basic increase. In the case of senior Ministers and the Leader of the Opposition the increases range from £1,000 per annum to £1,250 per annum; in the case of junior Ministers, the increase is £750 per annum. In general, the increases represent of the order of 30 per cent. of the 1959 level—a little more in some cases, a little less in others.

The electorate allowances have been increased, by no means extravagantly, by £250 per annum, while special allowances have been increased by amounts varying for different offices—from £100 per annum in the case of Whips, to £250-£300 per annum in the case of Ministers and the Leader of the Opposition in the House, and £500 per annum in the case of the Prime Minister. Electorate allowances are, of course, granted to cover expenses incurred by members and their wives in discharging their public responsibilities. These costs have increased significantly since 1959. The same can be said of the costs of discharging the duties of various parliamentary offices. These expenses, which private citizens do not normally encounter, are ones which, in turn, the special allowances are designed to cover.

It is proposed, although this will be done administratively, to increase travelling allowances for senior Ministers and the Leader of the Opposition by £3 per day and for junior Ministers and members by £2 per day. As I do not want to take up time by reading through a mass of figures, with the concurrence of honorable members I incorporate in "Hansard" a statement setting out in detail the proposed changes in salaries and allowances. Copies of the statement are available to honorable members and the Press.

**THE COMMONWEALTH PARLIAMENT**  
**SALARIES AND ALLOWANCES**  
SUMMARY OF PROPOSED CHANGES

—	Present per annum	Proposed per annum
1. Members—	£	£
(a) Salary .. .. .	2,750	3,500
(b) Electorate Allowance—		
Senator .. .. .	800	1,050
City Electorate .. .. .	850	1,100
Country Electorate .. .. .	1,050	1,300
(c) Travelling Allowance (per day) .. .. .	4	6
2. Ministers—		
(a) Salary (additional to 1 (a) above)—		
Prime Minister .. .. .	7,250	8,500
Deputy Prime Minister (not being Treasurer) .. .. .	3,850	5,000
Treasurer .. .. .	3,750	4,900
Other Senior Ministers .. .. .	3,250	4,250
Junior Ministers .. .. .	2,250	3,000
(b) Special Allowance (additional to 1 (b) above)—		
Prime Minister .. .. .	3,500	4,000
Senior Ministers .. .. .	1,500	1,800
Junior Ministers .. .. .	1,250	1,500
(c) Travelling Allowance (per day)—		
Prime Minister .. .. .	15	18
Senior Ministers .. .. .	12	15
Junior Ministers .. .. .	10	12

	Present per annum	Proposed per annum
<b>3. Other Office Bearers—</b>		
<b>(a) Salary (additional to 1 (a) above)—</b>		
President and Speaker .. .. .	£ 2,250	£ 3,000
Chairman of Committees .. .. .	1,000	1,250
Leader of Opposition (Representatives) .. .. .	3,250	4,250
Leader of Opposition (Senate) .. .. .	1,500	2,000
Deputy Leader of Opposition (Representatives) .. .. .	1,500	2,000
Deputy Leader of Opposition (Senate) .. .. .	500	650
Leader of Third Party (subject to existing conditions) .. .. .	750	1,000
<b>(b) Special Allowance (additional to 1 (b) above)—</b>		
President and Speaker .. .. .	500	600
Leader of Opposition (Representatives) .. .. .	1,500	1,800
Leader of Opposition (Senate) .. .. .	500	600
Deputy Leader of Opposition (Representatives) .. .. .	500	600
Deputy Leader of Opposition (Senate) .. .. .	250	300
Leader of Third Party (subject to existing conditions) .. .. .	250	300
Government Whip (Representatives) .. .. .	500	600
Other Whips .. .. .	400	500
<b>(c) Travelling Allowance (per day)—</b>		
President and Speaker .. .. .	10	12
Leader of Opposition (Representatives) .. .. .	12	15
Deputy Leader of Opposition (Representatives) .. .. .	10	12

The actual adjustments to salaries and allowances must, inevitably, be in some degree a matter of judgment. Obviously, the adjustments must have regard to adjustments which have already been made in other incomes. Incidentally, average earnings in Australia have risen 35 per cent. since early 1959. The adjustments must have regard to trends in expenses incurred by members and office bearers. We have considered the facts on both these points and the proposals now before the House have been devised having regard to the facts. We believe that the basis arrived at is justified by the facts and is one which will serve to sustain the quality and prestige of the National Parliament.

I turn now to members' retiring allowances, the amounts of which are no longer appropriate to the increased parliamentary salaries. In considering the standard of benefits, we concluded that members should be entitled to contribute for a basic pension which, in ordinary circumstances, would be 50 per cent. of the salary they were receiving on retirement. The 1959 legislation resulted in 30 per cent. of the cost of pensions being met from members' contributions to the Fund. I want to emphasise that, because I think it is little understood around Australia that this is a contributory pensions scheme. We have preserved this basis of financing in adopting the scale of contributions which the Commonwealth Actuary has calculated for the benefits set out in the

Parliamentary Retiring Allowances Bill. The contribution henceforth will be 11½ per cent. of salary, or, as I indicated a little earlier, £7 14s. 10d. per week on the proposed salary. The scheme has now been in force since 1948 and, in the course of our review of the Fund, the Actuary reported that at 26th March 1963 there was a substantial surplus in the Fund, which then amounted to £77,000, and which now would undoubtedly exceed £100,000. This surplus, which has been built up entirely from the contributions of members, has enabled us to review the rates of pension now being paid. There are many who were once well known in this Parliament and who are now receiving pensions at the rates prevailing prior to the 1959 legislation. We have decided to raise these pensions to the rates that were adopted in 1959 and, as a result of the surplus in the Fund, 30 per cent. of the cost of these pensions will be met from the Fund. Those who have retired since the 1959 legislation will receive either a lump sum payment from the surplus or an increased pension related to 50 per cent. of the parliamentary salaries hitherto in force. These pensions will also be financed on the basis of 30 per cent. from the Fund.

Finally, as I said in my speech in 1959, we have examined the possibility of a contributory scheme to give very much modified effect to the recommendations of the Richardson Committee for a supplementary

scheme for Ministers and certain other office bearers. The scheme now to be introduced, based upon actuarial advice, provides for a basic contribution rate of £4 5s. per week and pensions varying with service from a minimum of eight years to a maximum of fourteen years. That will be service as a Minister or as Leader of the Opposition or whatever the office may be.

**Mr. Calwell.**—Eight years of service in the position will be necessary before one can qualify.

**Sir ROBERT MENZIES.**—That is right. The contribution rates have also been calculated on a basis to ensure that 30 per cent. of the pensions will be met from the Fund. I commend these three Bills to the House.