

PARLIAMENTARY SALARIES AND ALLOWANCES

Statement by the Prime Minister Mr. William McMahon

The Government has decided not to proceed with any of the three Bills relating to increases in Parliamentary salaries and allowances. In practical terms this means that Parliamentary salaries will not be increased in the life of this Parliament. Parliamentary salary determinations are a difficult subject at any time. They give rise to a variety of public consideration and emotions. For this reason, it has been customary to proceed in the Parliament only on the basis of unanimity or near unanimity. The recent decision to have the salaries and allowances independently reviewed was initiated on that basis.

The Leader of the Opposition wrote to me on 13 September, 1971 and said that his executive had discussed replies which I had given in answer to questions in the House concerning Parliamentary salaries. He went on to say that, in the opinion of the executive, the salaries should be periodically reviewed by a member of the Conciliation and Arbitration Commission or by an industrial judge in the same way as salaries of other citizens.

Further on 16 September, after I had decided upon an inquiry into Parliamentary salaries and allowances, the Leader of the Opposition, in a statement in support, said that the Opposition had suggested, and had supported, the approach which the Government had adopted. Also he expressed pleasure that the Government had sought and secured the services of a judge of such distinction in industrial matters.

Mr. Justice Kerr submitted his report in which he put forward a set of detailed recommendations. He expressed the view that the report should be considered as a whole. In paragraph 217, from which I quote, he said:-

"I have considered remuneration as a whole and my recommendations in respect of particular financial matters are connected with my recommendations on other related matters and the results should be looked at as a whole."

The Government exercising its responsibility put forward to the Parliament proposals based on Judge Kerr's recommendations. The one point of difference was that exercising its responsibility to give leadership in the present situation of wage and salary pressures it proposed that the salary increases recommended by Judge Kerr should in all instances - members, ministers and other office holders - be reduced by 28.6%. This is not in conflict with the Judge's recommendation that the report be treated as a whole. Judge Kerr said that he did not recommend any reduction by way of creating an example. But he also stated that it was a matter for Parliament to decide what, if anything, it should do along these lines.

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The Opposition has indicated that it does not accept the Government's proposals. Instead it proposes that only those sections of the Bills relating to the basic salary and allowances of Senators and Members should be adopted. This would upset and distort the pattern of Judge Kerr's recommendations. Further, there would be no unanimity between the parties. In the circumstances, the Government sees only one responsible course. This course is not to proceed with any of the three Bills. Whatever procedural steps are necessary for their withdrawal will be taken.

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9 DECEMBER, 1971.