From Hansard 12 May 2004:

PARLIAMENTARY SUPERANNUATION BILL 2004 Cognate bill: PARLIAMENTARY SUPERANNUATION AND OTHER ENTITLEMENTS LEGISLATION AMENDMENT BILL 2004: Second Reading

Mr ANDREN (Calare) (4.48 p.m.) —I would have liked to have congratulated the government and opposition for these two bills, the Parliamentary Superannuation Bill 2004 and the Parliamentary Superannuation and Other Entitlements Legislation Amendment Bill 2004, ending the taxpayer funded rort that is the Parliamentary Contributory Superannuation Scheme—the PCSS—but I cannot, because they do not. I must, however, commend the member for Kingston on the frankness of his remarks a moment ago and his recognition of the generosity of this scheme, which is quite remarkably outside anything that applies to anything that we expect and devise for our constituents.

The PCSS continues because new retirement arrangements contained in the bills apply only to new members and senators who come to this place after the next election and former members and senators who return to parliament after retiring or having lost their seat. The outrageously overgenerous and fully protected PCSS remains for currently sitting MPs and senators. So, despite the fact we have these bills recognising how out of touch the retiring benefits of elected representatives are when compared with those of the rest of the Australian community, most members and senators on both sides have made it perfectly clear that applying the new retirement arrangements to themselves is well and truly off the agenda. The great disconnect between the people and their parliamentarians will therefore continue while the existing benefits are still applicable. [start page 28325]

I hope to restore some confidence amongst the electorate that some politicians do not seek to place themselves outside and above the laws they make for the rest of the community by moving amendments in the consideration in detail stage allowing all MPs the opportunity to opt in to the new superannuation arrangements under the nine per cent super guarantee. I invite members on both sides to support my amendments. I will expand on these later in these remarks, but first I will look at the new arrangements contained within these bills.

Prior to that, I will make a few comments on the speech of the Leader of the Opposition. It is true it took his initiative to bring us to the point we are at today, debating this legislation, and for that he must be praised. It is something none of his predecessors—along with leaders of government on both sides of politics over many years—had the fortitude to touch. It is true that it would take such a move from a government or opposition leader before any substantial political imperative was established to force these changes.

The Leader of the Opposition says this legislation is a result of Labor's policy announcement. But, before anyone tries to climb to the high moral ground on this issue, let me remind the House of the words of a man who could really be said to be the architect of this long-belated reform. Ted Mack, the Independent member for North Sydney from 1990 to 1996, was a man who twice retired from parliaments—

first the NSW parliament and then this one—to avoid accessing the parliamentary superannuation scheme.

Let me quote from the *Hansard* of this House from 9 June 1994, when the member for North Sydney stood a few seats behind where I stand now in this chamber and spoke in the second reading debate of the Superannuation Laws Amendment Bill, which was ironically a bill to give members and ex-members of parliament the option to take improved superannuation benefits. By such improved benefits the parliamentary superannuation scheme has over the years been transformed from a scheme for which its maker, Ben Chifley, had honourable intentions, a scheme honestly designed to attract and secure a wide range of parliamentarians from career paths into the uncertainty of politics. The scheme today bears no resemblance to the scheme Chifley introduced, yet MPs have themselves improved a scheme over the years that completely cocoons eligible recipients from the realities of the real world, a world that today has job uncertainty as a fact of life.

They are my words, but the words of Ted Mack, when he was one of only three speakers—it was not unlike this debate—on that June day 10 years ago were these:

If there is one thing that brings parliamentarians and the institution of parliament into disrepute it is the enormously generous unfunded parliamentary superannuation schemes that exist for federal parliament and also for the state parliaments. It is interesting that the Superannuation Laws Amendment Bill is getting very minimal attention, because I think most people in here are really aware of the situation.

Mr Mack went on:

Further expanding the benefits for members and ex-members on top of the recent salary and benefit rises is quite unjustified and is guaranteed to bring this institution and all of us in here into contempt.

Speaking of his constituents later in that speech, Mr Mack said:

Most of them have to pay—

into superannuation, that is—

... for around 40 years and get far less in benefits than we can get after eight years.

How relevant those words still are today.

It was Ted Mack's long campaign from the mid-1980s that brought us to this point, not necessarily the recent moves by the Leader of the Opposition and the government. My two private member's bills, in the previous parliament and last year, were designed to obtain the outcome built into the amendments I will move in the consideration in detail stage. My argument was and remains simple. We should have superannuation arrangements with employers' contributions no more generous than we legislate for the rest of the community—our constituents.

I have consistently argued that parliamentary salaries should be a separate debate and subject to proper independent inquiry. We have allowed superannuation entitlements and other overgenerous allowances to grow as a de facto salary compensation by parliamentarians too afraid to debate payment but quite happy to self-manage a host of arrangements, including super, whose benefits, until exposed by non party members, have been a mystery to most people. Indeed, it was not until I included the Government Actuary's assessment of the nominal employer—that is, the taxpayer—contribution to the parliamentary scheme at 69 per cent in the explanatory memorandum to my 2001 bill that the public knew just how outrageously generous this scheme is.

Those private member's bills also served to focus public attention on this issue in such a way that almost 3,000 public submissions were lodged with the Senate inquiry into my 2001 private member's bill and there was widespread media coverage and interest taken by programs, especially *A Current Affair*. The public hostility generated by decades of inaction by the major parties was the message the Leader of the Opposition heard before he made his policy announcement in February, and which was recognised by the announcement by the Prime Minister at a later date. Had there not been that exposure and those committed efforts over almost 20 years by non major party members of parliament, particularly Ted Mack, we would not be here today—it is as simple as that. It has been an absolute no-go zone for the Labor and coalition parties until the opposition leader quite correctly read the extent of the public hostility. [start page 28326]

I will move on to this legislation. The Parliamentary Superannuation Bill 2004 establishes the new superannuation arrangements for members and senators elected at the next federal election, which could be sooner than we think, given last night's budget. New members and senators will receive employer contributions of nine per cent of salary, in line with the superannuation guarantee, paid into a complying fund of their choice. In the absence of the member nominating a fund, the nine per cent will be paid into a default fund determined by the Minister for Finance and Administration. However, there is little detail available as to the process by which the default fund is to be selected and I would be grateful if the minister could provide any information in this regard in the summing up of this somewhat minuscule debate.

The accompanying bill, the Parliamentary Superannuation and Other Entitlements Legislation Amendment Bill 2004 provides for the closing of the PCSS to new members after the next election and suspends pensions being paid to former members and senators who re-enter parliament at the next federal election. These former parliamentarians will be subject to the new superannuation arrangements for their service from that election onwards. This bill also provides the means for new members and senators to salary sacrifice up to 50 per cent of their parliamentary salaries to their superannuation, which could deliver an advantage of bringing them in under the marginal tax rate of 30 per cent. Of course I welcome this legislation, but it needs further amendment and I will be listening carefully to the arguments in support of the amendments to be moved by the opposition and the member for Cunningham.

I am persuaded, after a lot of advice, of the difficulty of drafting, let alone moving, amendments that would wind up the scheme for existing members, and of the political impossibility of seeing this place pass such amendments. Yet we are putting in place a

two-tier system, which in some respects is a beautiful irony because the very parliamentary super scheme we are debating here has been a two-tier system for many years with MPs, federal and state, enjoying benefits far in excess of those enjoyed by their constituents who are lucky enough to have superannuation arrangements.

While I am mentioning the states, it is interesting to see how quickly they fell into line like a pack of cards the moment this issue was brought into the open by the Leader of the Opposition. I acknowledge he kicked open the door to expose this issue, or not to expose it—that had been well done by non party members over many years—but to acknowledge and reinforce the strength of the message that he was hearing from the electorate. It has not only happened since he has been opposition leader. I must acknowledge that he has mentioned it at various stages during his backbench career and, indeed, his opposition frontbench career. He has been consistent on this matter and I commend him for that, but we must go further. There are amendments on the table and I will listen to the arguments carefully.

We are weaving a tangled mess in setting up a two-tier system—a mess of the political system's own making. It could have been sorted out years ago by having an honest and proper debate—an independent inquiry on parliamentary salaries that are attached to a superannuation scheme that is properly funded. Preferably it would be a marketplace scheme at arms-length from the interference of members as trust members and the influence of the government of the day—a scheme matching that available to our constituents.

All along we could have suffered the rises and falls of the marketplace and the battering that superannuation has suffered over recent years, as any of us who happen to have small superannuation savings and our constituents in the marketplace have recognised. There has been an absolute gutting of some people's savings in recent years because of the vagaries of the marketplace. If we are such disciples of the free market then why haven't we all along—in those 20-odd years of ecorationalism, where we have argued so strongly for the virtues of the marketplace in this post-Thatcher era—placed our own entitlements at the mercy of that very market that we go to the altar and pray to so regularly in this modern economic era? We could have done it but we did not.

That debate about parliamentary salaries needs to be held soon, with all current entitlements on the table. With all the privileges, and I deliberately say `privileges' and not `entitlements' of office, put on the table—including travel, car, phone, phonecard, cab card and study tours, and for ministers and prime ministers there is even more, including housing—let us have a proper debate about salary. That is the debate we always should have had, out of which, and only out of which, comes the super guarantee of the day. If we do not think that that is good enough to guarantee long-term retirement benefits then we are in there with the rest of our constituents—we can adjust it, we can argue for it, we can suffer the pain and consequences of whatever legislation we put in place, and we are therefore party to the same standards that we apply to our constituents. [start page 28327]

Many—including some commentators and business leaders—disagree that we should make the changes, saying that the existing scheme provides fair compensation. Let us have the debate, once and for all, about what we are worth. Let us have an

honest debate about what we are worth. It may be that our Prime Minister, according to an independent assessment, is worth a million dollars or half a million dollars—whatever the figure might be. Let us not have this argument being used to justify hidden entitlements and accoutrements—entitlements that should be called privileges—that top up what are argued to be inadequate salaries. Let us have the proper debate. Maybe we could look at the Singapore example or some other constituencies around the world. Let us look at their schemes and their payments. Let us come up with a proper figure. Let us separate the debates and, once and for all, bring this largesse to an end, because it is the great disconnect between us and those we represent.