

PARLIAMENTARY SUPERANNUATION AMENDMENT BILL 2011

Second Reading

Resumed from 23 February.

MRS M.H. ROBERTS (Midland) [1.06 pm]: The Parliamentary Superannuation Amendment Bill 2011 is a relatively simple bill, which the opposition supports. I note that in his second reading speech the Treasurer referred to three key changes to the Parliamentary Superannuation Act 1970. Firstly, the Parliamentary Superannuation Board membership increases from five members to six members by the addition of a parliamentary pensioner representative. This simply reflects that the majority of the members of the scheme are, in fact, parliamentary pensioners these days and it is appropriate that they be represented. Another change is to delete provisions in the act that no longer have effect. That makes sense. One of the provisions noted in the second reading speech allowed members to exit the parliamentary super scheme in certain circumstances. Essentially, they were the people who were elected at the December 1996 election. I am advised that there are no current members of Parliament that would qualify in that circumstance, so it makes sense to delete provisions such as that. The other key provision is to incorporate appropriate Salaries and Allowance Tribunal determinations into the act. I note that the two key areas are the dependent child allowance payable in the event of the death of a member who is in the parliamentary pension scheme or a former member in receipt of a pension, and also to deal with the minimum benefit payable from the parliamentary pension scheme to meet the minimum benefits required under the commonwealth superannuation guarantee legislation. These are, in my view, necessary and sensible amendments to the Parliamentary Superannuation Act. The opposition supports the bill.

MR W.J. JOHNSTON (Cannington) [1.08 pm]: I rise to speak on the Parliamentary Superannuation Amendment Bill 2011. It is not common that the parliamentary superannuation scheme is amended, so it is not often that we get to talk about the provisions of the parliamentary superannuation scheme. At the outset I make the point that one of the provisions being amended is part of a very important series of amendments. It is set out in the third paragraph of the Treasurer's second reading speech where he explains that it is removing a penalty where a member has remarried and then, if the member dies and the spouse remarries, the spouse can lose their entitlements. Clearly that is a ridiculous situation. It has actually happened with a former Labor member, who many people on our side of the chamber will know.

Mr C.C. Porter: They do not lose them; they have to wait longer.

Mr W.J. JOHNSTON: If a member leaves the Parliament and then marries, and then dies, if their spouse remarries, the spouse loses the pension. That is what this bill is fixing up.

Mr C.C. Porter: Sorry, remarries? Yes, I understand that. They have to wait longer than a comparative spouse who was remarried.

Mr W.J. JOHNSTON: If the surviving spouse remarries, they lose the entitlement. This has actually happened to a former Labor member, and there are questions about their children and all sorts of things. This has actually happened and these are important amendments.

I think there are 19 serving members left who are covered by the parliamentary superannuation scheme. Obviously, many members who have retired are still covered by the scheme and still appropriately receiving payments because that was a condition of their engagement as members of Parliament. I have no problem with that. I do not feel any pangs of jealousy towards the serving members who receive this additional benefit. What does strike me is that the continued existence of the parliamentary superannuation scheme for existing members leads to confusion. How many times have we in this chamber been somewhere or another—say, to a community function—and people say that we are privileged because we get a defined benefit scheme that is very generous? That does not happen. We get 12.5 per cent, which is more than the national minimum of nine per cent but not a particularly unusual amount, paid into an accumulation fund. My accumulation fund is the Government Employees Superannuation Board, like many others. In preparing for this speech, I looked up the rate of return for GESB since its creation. It is 0.3 per cent over the life of the Parliament. That is a little less than the scheme that I was in before I became a member of Parliament. I keep my other funds in CareSuper, which is an industry fund. It has returned about 6.8 per cent over the past 10 years, so 0.3 per cent is not a particularly good return.

It is time that there was further reform on this issue. I want to make it clear that I am not jealous of any members who are members of the old scheme.

Mr M.P. Murray interjected.

Mr W.J. JOHNSTON: I know that there are members who are jealous, but I am not. I do not have a problem with the salary entitlements that I receive. Some people think that we are overpaid and some people think that we are underpaid. I think we are paid about right. I think the superannuation scheme is about right. As the SGC

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increases over time, so should our payments. As secretary of the Labor Party, my superannuation was more generous than the superannuation I now receive. When I was an industrial officer at the shop assistants union, my superannuation arrangements were more generous than the scheme that I am currently in. Let us not pretend that members of Parliament get some special treatment, because we do not get special treatment. We are treated just like everybody else. This is not one of those self-serving speeches in which a member of Parliament stands up and says we should cut benefits, because I think our salary and allowances package in Western Australia is pretty reasonable. Our electorate allowance is too low. It is about \$5 000 per month. It is not a lot of money. I spend \$1 000 a month just on postal costs. I am not in a marginal seat. Imagine what a person in a marginal seat is churning through on their electorate allowance.

Mr Acting Speaker (Mr J.M. Francis), you seem to be trying to make an interjection but you are not allowed to.

People have to spend a lot of money in this job, and that is appropriate. I am not saying that we are underpaid or overpaid; I think we are paid about right. It is time to reform parliamentary superannuation.

Why does the Minister for Police get paid \$35 000 more than the Attorney General? I have done the calculations on the back of an envelope. I am no actuary but we can work it out. About \$35 000 extra would have to be paid into an accumulation scheme for a minister to get the same amount as they would have received under the old scheme because the old scheme is a defined benefit. In other words, the Minister for Police receives \$35 000 more than the Minister for Transport. The Minister for Transport might like to contemplate that. It is time for reform. Again, I am not saying that members should lose something. I am saying that we should have a new arrangement in place at the next election. The parliamentary superannuation scheme should close and those members who get re-elected should be allowed to have their entitlement under the parliamentary superannuation scheme paid to them as a lump sum into an accumulation fund and then we will all be under the same arrangements. If a member has an entitlement of \$1.1 million after being here for 20 years and serving as a minister, that much would be paid into an accumulation fund. From then on, members would get the same superannuation —

Mr C.C. Porter: What do you say the entitlement would be?

Mr W.J. JOHNSTON: It is about \$1.8 million.

Mr C.C. Porter: And that person has been in Parliament for 20 years and has spent X percentage as that of a minister?

Mr W.J. JOHNSTON: Yes, for 20 years and 10 years as a minister or something like that. I could email the Treasurer a little spreadsheet that shows the calculations. I am not an actuary; I am not saying this is 100 per cent accurate. It is pretty easy to work out the superannuation entitlement of a person covered by the superannuation scheme because it is a formula and all we have to do is sit down and apply the formula.

This is not a question of saying that somebody should lose something. These members are entitled to their superannuation payments. That is what was bargained with them when they entered this place under that scheme. It would be unreasonable and unfair to remove the benefit from them. That is not what I am saying. I am saying that their entitlement as at 9 March 2013 should be transferred into an accumulation fund and they should get the same amount as everybody else in Parliament. We are talking about a declining number of people. The new scheme has applied since 2001. Former Premier Alan Carpenter was the only member elected before 2001 who transferred into that scheme. Leaving that aside, the scheme has applied since 2001, only 10 years ago, yet nearly 80 per cent of the members of both houses in those 10 years are new. We should protect the entitlements of the existing members—those 17 or 19 or whatever it is who are covered by the old scheme. There should be no diminution of the benefits of those who are retired. They are entitled to receive, with my blessing, the money that they are entitled to.

Mr D.A. Templeman interjected.

Mr W.J. JOHNSTON: I am a former union official. People are entitled to entitlements. If they receive an entitlement, they should keep it. I am not that sort of guy. It is time everybody came under the same arrangements. That would mean after the 2013 election, anybody lucky enough to be re-elected to this chamber would be paid exactly the same as everybody else.

We do not make a contribution to our superannuation arrangements. Under the parliamentary superannuation scheme, members are required to make a payment to their superannuation. If we max out on our entitlement—it is a formula-based defined benefits scheme—we are paying for no benefit so I am proposing a favourable option for those very long-serving members because they will keep the maximum benefit that they are entitled to and they will be relieved of an obligation to pay the 12.5 per cent contribution to the parliamentary scheme. What I am suggesting is better for those who have very long service rather than continuing in the parliamentary superannuation scheme. It is time for that reform.

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Sometimes people in the media say that there are these rorts and things that members of Parliament get away with and are entitled to that others in the community do not get. That is not what happens. We do not get special privileges. We are treated in accordance with the determination of the Salaries and Allowances Tribunal. It is very transparent. Some people say that we are overpaid. That is fair enough. Some businesspeople I talk to say that they would never do this job for the money that we get. It is a bit odd that the Premier gets paid less than a senior public servant. A minister gets less than a director general. These are clear anomalies, but I will not get into that.

Mr I.C. Blayney: Council CEOs get paid more.

Mr W.J. JOHNSTON: Yes, there are plenty of anomalies. In life there are always anomalies. I said the other day that if we want justice, we have to wait for the afterlife. I am not asking for justice; I am just saying that this is a proper and appropriate reform. When I talk across parties, this is one thing that we all seem to agree on. It is clearly a matter for action by the government. It is not the sort of thing that the opposition will move on. It is a minor issue. It relates to 17 or 19 people.

Mr C.C. Porter: Nineteen people at \$1.8 million is a \$36 million hit. That is not a one-off hit.

Mr W.J. JOHNSTON: Yes, but the government has to do it anyway, it is —

Mr C.C. Porter: But you'll do it over a longer period of time.

Mr W.J. JOHNSTON: Not really; the point I am making is that that is not right.

Mr C.C. Porter: They're not all going to retire at the same time.

Mr W.J. JOHNSTON: No, but —

Several members interjected.

Mr W.J. JOHNSTON: I am asking for it to be transferred into a fund. Yes, \$36 million is a lot of money. The alternative, of course, is that the salaries of people continue to increase in the future and the liability continues to increase. We can do an actuarial calculation for these things and say, "This is the amount to pay." Quite frankly, what is the budget—\$14.5 billion a year? Give me a break.

Mr C.C. Porter: Watch the pennies.

Mr W.J. JOHNSTON: But the Treasurer is not watching the pennies. Come on, Treasurer, do not get me on to that; I will start talking about all the waste in government!

Mr C.C. Porter: I do now understand what you're saying. You're saying that this money exists, move it, park it and stop.

Mr W.J. JOHNSTON: Yes; that is it and then it is finished. I do not want to be unfair to those members; they are entitled to that payment because it is part of the conditions under which they work. What I am saying, though, is that the world has moved on from the old way that used to be have and have-nots. I will not go much further on that because I want to speak on the State Superannuation Amendment Bill in a minute. However, the world has moved on. Defined benefit schemes are not the norm anymore; that is not the way superannuation arrangements are made; now they are made with an accumulation fund. A lot of other things can be done with superannuation to make it —

Mr C.C. Porter: You could achieve the same outcome by passing a bill through both houses to make them all retire.

Mr W.J. JOHNSTON: Yes, but that is not democracy, Treasurer. It might be beneficial for the Treasurer's career because there is a vacancy created in the seat in front of him, but —

Mr C.C. Porter: Member, that was a joke but if you want to turn it into something else, please feel free in your usual fashion!

Mr W.J. JOHNSTON: That is not democracy. This is a way to bring everybody onto an equal footing without penalising those successful and long-serving members.

Mr C.C. Porter: Is there a hit that you won't take? Have you ever pulled a punch—ever? Ever accepted a warm-hearted joke?

Mr W.J. JOHNSTON: The one thing that we all know is that the Treasurer will never be a comedian! The one thing that we all know is that the Treasurer will never be a genius. The one thing that we all know is that the Treasurer will never make a contribution to public policy debate in this state. If the Treasurer wants to continue inane and ridiculous interjections, please feel free, but he might instead listen occasionally instead of talking all

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the time. The Treasurer has a well-known reputation in this place for never listening, even to his own backbench. The Treasurer is well known for that. If the Treasurer wants to make a contribution on that, fair enough.

Mr C.C. Porter: The point I'm making, member, is that you're not very good natured.

Mr W.J. JOHNSTON: I close by making it clear that this bill is not about penalising people; it is about a fair and reasonable reform.

MR D.A. TEMPLEMAN (Mandurah) [1.22 pm]: I will be very brief. It was a little heated there!

Ms R. Saffioti: Calming it down!

Mr D.A. TEMPLEMAN: I want to calm it down a bit.

Mr F.A. Alban: The member for Mandurah is good natured.

Mr D.A. TEMPLEMAN: Absolutely. This bill of course —

Mrs M.H. Roberts: Did you just hear someone say “sense of humour” and decided to stand up?

Mr D.A. TEMPLEMAN: The Parliamentary Superannuation Amendment Bill 2011, of course, is important because it corrects an anomaly with the partners of former members and current members if circumstances change. I hoped that our unappointed but strongly supported shop steward, the member for Darling Range, would speak today for those members who are in fact on the new scheme. I hoped that he would get up and speak on behalf of the members who are in the current scheme—the post-2001 scheme—but maybe he is not able to. I listened to the member for Cannington's comments that, as he said quite rightfully, there is a perception in the community and many of us have experienced that members of the public, constituents, assume that all members are currently treated the same way in this place. The reality is that 19 members are not because they are on a different scheme. I agree with what the member for Cannington said; essentially, there is no use in members coming into this place with the proverbial on their liver because they will not benefit from a scheme that basically they knew, coming into this place, they were not entitled to. However, it is highlighted, of course, for those of us who are not on the old scheme.

It is interesting that I actually have some what I call “old schemers” who haunt my electorate at the moment. They are my constituents, so I am very careful what I say about them! But a number of old schemers, as they are affectionately called, reside in the Peel region who, as is their right, enjoy the benefits of the scheme that existed when they were elected to this place. I find it a little offensive that some of them—I will never name any of them—are very keen that I use their frequent coffee card for The Merchant Tea and Coffee Co or the Dome Cafe, when I buy them a coffee. That way they get a few stamps on their card that allows them to have a free coffee every nine drinks, although I am paying the bill!

Ms R. Saffioti: Who does that?

Mr D.A. TEMPLEMAN: I could never mention them! I could never mention any former member or presiding officer of this house—I could never name them!

However, I think the point that the member for Cannington made is worthy of consideration in ultimately bringing the scheme to its termination. As the member said, it will not affect the ultimate outcome for those members. It will allow us to ensure that there is a greater perception amongst the community that members who serve in this place now and in the future are part of a different superannuation entitlements scheme in the future. Mind you, as I have said on a number of occasions to our shop steward, the member for Darling Range, members in government should never be influenced by their current leader, the Premier, who is a member of the old scheme, to allow a deterioration of members' current entitlements. There is always a risk that that will happen. We know there are issues about some of our allowances, such as imprest, and changes have been made. Quite often there is a tendency for leaders to be tempted to make government look good and allow for the deterioration of entitlements that I think are important. I think it is important that members of the most isolated city and the most isolated state actually have an opportunity to travel for their work including intrastate, interstate and overseas. I think anybody, particularly members in government, should be very careful when there is a move to make someone look good publicly by in the end downgrading an entitlement that I think is an important entitlement.

With those few words, I do not expect that the member for Darling Range, our shop steward, will move the amendment that he had prepared some years ago. We were going to do that at two o'clock in the morning, but it did not happen.

Mr M.P. Whitely: The superannuation equalisation bill!

Mr D.A. TEMPLEMAN: That is right. Therefore, with those words, this bill needs to progress and I will sit down.

MR M.P. MURRAY (Collie–Preston) [1.29 pm]: I, too, will say a few brief words about the superannuation scheme under the Parliamentary Superannuation Amendment Bill, having been a representative for the Labor Party on the Parliamentary Superannuation Board for several years and having heard many arguments in that time. The one thing that always has rankled with me about the scheme itself was not that we talked about members' conditions; it was about political considerations, and that is something that I believe stifled growth of the scheme itself in many, many ways. That is because people would say, and the majority of the people who were on the board at the time we had the old scheme would say, "We cannot do that. That would look terrible to people in the street. We cannot give them an increase. We cannot even level it up." So there lies the problem: the people who had the money were making the decisions, and the ones who did not have the money, or were not getting the money, were not able to contribute strongly enough. I certainly remember one occasion when the chair said, "We cannot do that, because the Treasurer has said that it would get into the press, and the government would be embarrassed." It was not about that. We should not have been talking about that. It was about people making a decision to discontinue the scheme, because it was in the newspapers, and because different people were saying they would not take it if they got into Parliament. However, I can tell members that it is a costly exercise—a lot of people here would know that—to come into Parliament. I certainly remember my wife giving me a fair roasting about giving up \$100 000 in entitlements to get into Parliament. At the time, there was a redundancy entitlement in the mining industry, and out of 350 people who were offered redundancies, I was muggins and never got one, because, instead of taking that redundancy, I resigned because I thought that was the right thing to do. But when we come into Parliament and see the different rates of pay, I suppose, to use the old shop steward analogy that the member for Mandurah was talking about, there is some element of unfairness in that.

To say that we cannot backdate is a furphy, because there was a year when the Salaries and Allowances Tribunal made a decision about our electorate allowances, and everyone got about a \$6 000 increase, but I got \$33, because it deemed that I lived a bit too close to Perth and I should not get it. Everyone else got the \$6 000 increase in their electorate allowance, and, as I said, I got about \$33. So, rules are made that do affect some and not others, or different financial arrangements come out of the process.

One of the anomalies that I believe is in the system is that when we look at our statements, the superannuation contribution of 12.5 per cent does not go across the total amount of our taxable income. Although it is not law that it has to go across—it goes across on the base rate—if we look at community standards, many, if not all, people in the executive side of the world get a payment based on their total gross income rather than their taxable income. I do not quite understand why our electorate allowance is part of our taxable income as such. When people say, and they rightly quote, that we get another \$60 000-odd on top of our base salary that says "electorate allowance", that electorate allowance is utilised in many different ways. If we are in a 20 per cent marginal seat, or a one per cent marginal seat, as has been mentioned here, the amount of money that we expend on different issues in our electorate will certainly vary. I would hate to suggest that some people would put some of that money into their pockets or use it for other purposes, but what I am trying to point out is that that should have come under the superannuation calculation as such. That would have made it a community-based standard. It would also have made it very close to the "old" scheme, because it would have meant on today's rates—this is straight off the top of my head—that around another \$6 000 or \$8 000 a year would go into our superannuation fund, and that would have levelled up very quickly the amount that we get upon retirement. For me, it is a long way down the road as far as trying to up the superannuation amount that I would get if I were to leave Parliament tomorrow. That is just another one of those anomalies that has been mentioned and not dealt with in this bill.

The other thing that does concern me is the step toward privatisation of this fund. That certainly is a major step, in that we will lose much of the control of our fund—and I say "our fund". Also, what costs will need to be borne into the future, at the stroke of a pen, because this bill has come forward? I think we should keep the control of our superannuation fund in house and deal with it ourselves. The executive of the board has been excellent over the years in giving advice. I think anyone who has been on the superannuation board would agree that they are very good at their job, and certainly the market itself has been probably more conducive to achieving the returns, or lack of returns, than certainly the expertise that has been provided to the board that has been representing us.

I think that we talk very long and loud about community standards. I too, like the member for Cannington, did a few calculations a year or two ago, and I can tell members that if I was still in the mining industry, my super fund would have been higher than what it will be here—and quite substantially higher to say the least. So it is not as though we are out there feathering our own nests. But I do think that we should look after the members here in their retirement. Maybe some people will come into Parliament later in life, and when they leave Parliament will not be able to maintain a standard of living that probably most of the community would expect of a parliamentarian upon retirement.

Having said those few words, I must say it disappoints me to see the Treasurer—that is why I got up to speak—make a mockery of what is a common standard within our community, and that is reasonable superannuation. I not know his background. He might have a few bob that his old man chucked to him and does not have to worry about it. He might just have been born a gold spooner. I am not sure. But to make a mockery in here of the superannuation scheme I think is wrong, because the Treasurer is talking about retired members, or maybe just members who missed out at an election, and their future.

Mr C.C. Porter: Are you saying I am making a mockery of the scheme?

Mr M.P. MURRAY: I am just saying I do not think this bill is the best bill that is around. I do not think it has been thought through far enough to address some of the problems about costs into the future if it goes down the semi-privatisation or full privatisation road. I think more information should be forthcoming on that matter. In the future, I am sure that people will talk about the Treasurer in the same way as they talked about the previous members who voted us down in some interesting speeches that I have read in *Hansard* about why we should change the superannuation scheme—“as long as it does not affect me”. That is what I am seeing here—that, in the future, people will talk about the day the scheme was changed, and the costs which we are bearing now out of our scheme and which previously were absorbed within the scheme. With those few words, I have some concerns about where the scheme is headed, and maybe there should be a bit more thought and some amendments made into the future.

MR C.C. PORTER (Bateman — Treasurer) [1.38 pm] — in reply: I thank members present for their contributions to the second reading debate on the Parliamentary Superannuation Amendment Bill. I might just start with the member for Collie–Preston’s contribution. As I understand this bill, the member sits on the committee that considered these matters, and, indeed, it was that committee that informed this bill. This bill does what the member’s committee said should occur. Now, to accuse me of somehow making a mockery of the superannuation —

Mr M.P. Murray interjected.

Mr C.C. PORTER: If the member would like to interject, let me know what it is that he thinks I have done wrong here today in introducing this bill.

Mr M.P. Murray: It is where we are moving away from control of our own. That is the main thing that I’m against.

Mr C.C. PORTER: Just explain to me where in this bill that occurs.

Mr M.P. Murray: I don’t have it in front of me. I have read it.

Mr C.C. PORTER: I cannot say that I can agree with that assessment based on what the member has said today. Can the member show me how this bill is moving away from the existing levels and requirements of control that presently apply to the parliamentary superannuation scheme? I am now standing on my feet. The member has read the bill; he can tell me how.

Mr M.P. Murray: Give me some time, and I’ll come back to you on that.

Mr C.C. PORTER: This bill attempts to amend the parliamentary superannuation scheme, as I understand it, completely in accord with the recommendations that have come from the member’s committee. Some people have a degree of enthusiasm for the old scheme—the member for Mandurah called them “schemers”—and some people do not have that same level of enthusiasm. I myself am completely agnostic about the issue. I have brought this bill in here, because it seems to me that if that scheme does exist —

Mr M.P. Whitely: It would be nice if there was a god.

Mr C.C. PORTER: Sometimes I ask whether there is a dog!

If this scheme exists and is intended to remain in existence, which appears to be the case, then it seems appropriate, as the member for Collie–Preston’s committee has recommended, that the rules that apply to the scheme are the same types of rules that apply to similar types of schemes in existence. Hence the three changes. Firstly, in the event that a member leaves Parliament, remarries and becomes deceased, his new spouse is not adversely affected and does not receive a lesser entitlement to others in the same position in commensurate schemes. Secondly, a wife of a deceased member who remarries is not treated differently to another person in that same situation in similar schemes. Thirdly, the commuting rules for the system are the same as they are in similar schemes.

If this scheme exists, which it clearly does, and if it is intended to continue existing in the absence of some kind of reform along the lines that the member for Cannington suggested, which appears not to be on the horizon, then all this bill does is try to make the finer edges of the scheme that exist commensurate to those existing in

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other similar schemes in other jurisdictions—that is it. As I understand it, those were part of recommendations from the member’s committee. The member for Collie–Preston still remains silent. The fact is that this bill does not do what he thinks it does. It is not some part of some nasty plot for private control of parliamentary superannuation; it is just not that.

I have brought in this bill that, as I understand it, the member’s committee has in effect recommended. If there is time and the member has some complaints about this outside the house, he can knock on my door and tell me about them, and I will give them full assessment. This bill does no more than those three things that I have mentioned. The fact is that people’s views about the merits or otherwise of having in effect two tiers of parliamentary superannuation in this place are completely irrelevant to this bill, which does something in the matter of administration, although the input has been interesting.

The point has been made that somehow I have made a mockery of this or am behaving anti-democratically because I had the temerity to raise some joke. I agree that I am not the funniest person in the world, but that does not mean that people who are not funny cannot every now and again try to crack a joke; it makes us feel good. When I tried to crack a joke about those 19 people, the member for Cannington accused me of being undemocratic. What a load of nonsense! In any event, I think this bill, to the extent that it is understood by members present, has the support of members present.

Question put and passed.

Bill read a second time.

Leave granted to proceed forthwith to third reading.

Third Reading

Bill read a third time, on motion by **Mr C.C. Porter (Treasurer)**, and transmitted to the Council.