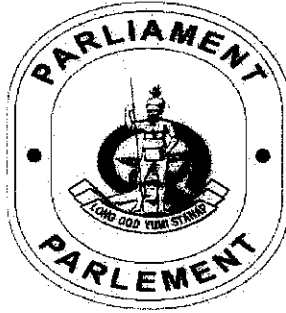


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PARLEMENT DE LA
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PARLIAMENT OF THE REPUBLIC OF VANUATU

TWELVTH PARLIAMENT

**REPORT OF THE
COMMITTEE ON INSTITUTIONAL AND CONSTITUTIONAL AFFAIRS**

ON

**THE PROPOSED REVIEW OF THE PARLIAMENT MEMBERS (EXPENSES
AND ALLOWANCE) ACT**

**MAY 2022
REPORT**

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MANDATE OF THE COMMITTEE

The Standing Committee on Institutional and Constitutional Affairs is established under Standing Orders 62, a Motion made pursuant to article 23 of the Constitution, and under that Motion and Part 8 of the Standing Orders has the roles and functions, together with the necessary powers to discharge its duties.

Parliament had appointed the Committee members including the Chairman and Vice-Chairman through same Motion No. 4 of 2021 in the First Extra Ordinary Session of 2021

COMMITTEE MEMBERSHIP

The current members of the Standing Committee on Institutional and Constitutional Affairs (12th Legislature) are:

NAME	CONSTITUENCY	POSITION
Hon. SAKEAS LULU	MEMBER FOR SANTO	CHAIRMAN;
Hon. JOHN NIL ROY, MP	MEMBER FOR EPI	MEMBER;
Hon. MARCELLINO BARTHELEMY	MEMBER FOR MALEKULA	MEMBER;
Hon. Nako NATUMAN	MEMBER FOR TANNA	MEMBER;
Hon. FRANCOIS BATICK	MEMBER FOR MALEKULA	MEMBER;
Hon. SILAS DANNY	MEMBER FOR BANKS	MEMBER;
Hon. ALFRED MAOH	MEMBER FOR SANTO	MEMBER;

CHAIR'S FORWARD



I am honoured to present the report of the Committee on Institutional and Constitutional Affairs on the review of Parliament Members Expenses and Allowances.

This report presents the summary discussions and verbal comparative analysis being proposed to review the member's expenses and allowance under the Parliament Members (Expenses and Allowances) Act.

Pursuant to the Standing Order 91 of Parliament of 2020 and as Chairman on Institutional and Constitutional Affairs Committee, it is an honor and pleasure for me Mister Speaker, to present the Report of the Committee, which contains discussions and recommendations of the Committee during its first meetings of 2022 from the 14th of February 2022 to 4th of March 2022.

Despite the challenges of COVID 19 which was encountered by the committee during its first meeting this year the committee through the cause of deliberations on this matter product this report on proposed review in some of the member's expenses and allowances.

Therefore, as Chairman of the Committee, I would like to express my sincere thanks and appreciation to all Honorable Members of the Committee and the Secretariat team who actively involved with the Committee's meeting and production of its report

On behalf of the Committee, I commend this Report to Parliament.

A handwritten signature in black ink, consisting of several overlapping, stylized strokes that form the name 'Sakeas Lulu'.

.....
Hon. Sakeas LULU, **MP**
Chairman,
Committee on Institutional and Constitutional Affairs.

INTRODUCTION

The work of the Committee on Institutional and Constitutional Affairs is governed by the revised Standing Order of 2020. Its fundamental role to scrutinize the Government Institutions, Government Entities and Statutory Bodies, Constitutional Bodies on strengthening their performance and overall functioning.

Background of Review

The Committee on Institutional and Constitutional Affairs had compiled this reviewed report following its work plan referred by Parliament in the Second Ordinary Session of 2021. The Committee had commenced the review on the Parliament (Members Expenses and Allowances) Act (CAP 109) from the 14th of February to the 4th of March 2022. This review is concentrated on a number of member's expenses and allowances provided for in the Parliament Members (Expenses and Allowances) Act.

The Committee in its meetings has carried out the mandate given to it by Parliament through the endorsement of its work plan for the year 2022 in considering the review of Parliament Member's Expenses and Allowances as follows;

1. Travelling Expenses;
2. Overseas Travelling Expenses;
3. Responsibility Allowances
4. Subsistence Allowances;
5. Sitting Allowances;
6. Accommodation;
7. Touring Allowances;
8. Gratuity;
9. Constituency Allowance;

Objective of the Review

The objectives of the review are:

- To ensure that Members of Parliament have sufficient financial resources to address the needs of the island constituencies;
- To Assist the Members of Parliament in performing their representational role in their respective constituencies effectively;
- To consider and review any other matters relating to members expense and allowances.

Brief background of the review on the Parliament Members Expenses and Allowance

The Members Expenses and Allowances is regulated under the Parliament Members (Expense and Allowances) Act [CAP109], and stands for reviewing if sees fit.

The Standing Committee on Institutional and Constitutional Affairs is established under Standing Orders 62, a Motion made pursuant to article 23 of the Constitution, and under that Motion and Part 8 of the Standing Orders has the roles and functions, together with the necessary powers to discharge its duties.

Today, Vanuatu's population has been growing rapidly and considering the cost of living, cost of materials commercially, even the Government decentralization policies is not reaching most of the remote areas in each island constituencies. This has raise heavy demands from each constituencies towards Members of Parliament to be the vocal lead addressing this demands being imposed to them since each MP represent the people also their voice in decision making.

COMMITTEE PROPOSED REVIEW AND RECOMMENDATION

1.0 TRAVELLING EXPENSES

Discussions and Recommendations

- 1.1 The Committee was informed that the Travelling Expenses of Members of Parliament by the most direct route to attend sessions of Parliament or to attend meetings of any Committee of Parliament shall be paid in full.
- 1.2 It was also informed that the Clerk of Parliament, unless requested not to, shall make all necessary travel arrangements including payment of fares. If a Member makes his own travel arrangement, those fares incurred by him in compliance with subsection (1) of Parliament (Members' Expenses and Allowances) Act shall be refunded to him by the Clerk of Parliament on production of the appropriate documents showing his expenditure.
- 1.3 The Committee felt that with the information given by the Secretary of the Committee the Travelling Expenses under Section 1 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] should remain unchanged.

Recommendation 1/2022

That the Travelling Expenses under Section 1 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] remains unchanged.

2.0 OVERSEAS TRAVELLING EXPENSES

Discussions and Recommendations

2.1 The Committee was informed that any Member sent upon a mission overseas at the request of Parliament shall receive reimbursement of his necessary travelling expenses and payment of daily allowance at such rate as shall be agreed by the Speaker of Parliament and the Minister responsible for finance.

2.2 The Committee learned that the provisions relating to Overseas Travelling Expenses as provided for under Section 2 of the Parliament (Members Expenses and Allowances) Act [CAP.109] are no longer applied. The rates that are currently apply were determined by the Government Remuneration Tribunal in 2005 and that the rates are follows:

a) Pacific Region

Group A	20 000 VT per day
Group B	15 000 VT per day

b) Australia, New Zealand and Asia

Group A	25 000 VT per day
Group B	20 000 VT per day

c) Europe, America and Africa

Group A	50 000 VT per day
Group B	35000 VT per day

d) Vanuatu 10 000 VT per day (currently amended to 5 000 VT per day)

2.3The Committee felt that it is unfair to have two different categories of allowances as shown in 2.2. The Members of Parliament often travel also to the various countries and should receive the overseas travelling allowance at the same rate like Government Ministers and Speaker of Parliament.

2.4The Committee felt that the Members of Parliament, when travelling, they meet same expenses like Ministers in whichever region or country they travel to. They suggest that the current Overseas Travelling Expenses be reviewed.

2.5They also felt that the rate of overseas travelling allowance as determined by the Government Remuneration Tribunal (GRT) in 2005 for Ministers should also apply to Members of Parliament.

Recommendation 2/2022

That the Overseas Travelling Expenses under Section 2 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] be reviewed and determined at the following rates and that should apply to Members of Parliament, Ministers, Prime Minister and Speaker of Parliament) in the following;

- a) Pacific Region
30 000 VT per day
- b) Australia, New Zealand and Asia
45 000 VT per day
- c) Europe, America and Africa
50 000 VT per day
- d) Vanuatu
10 000 VT per day

3.0 RESPONSIBILITY ALLOWANCE

Discussions and Recommendations

- 3.1 The Committee was informed that the Responsibility Allowances (previously Representation Allowance) under Section 3 of the Parliament Members (Expenses and Allowances) [CAP. 109] is paid on monthly basis to Members of Parliament (including Ministers and Speaker of Parliament) as a monthly salary – it has been subject to various amendments in the past and the current rate is at 5 989 600 VT per annum.
- 3.2 The Committee felt that the Members of Parliament should not be consider as an ordinary public servant. They are performing a specific role or task, which is to make laws for the good government, peace and order of the Nation.
- 3.3 They also felt that as Legislators of the country the Members of Parliament should accordingly be paid a reasonable salary to reflect their status.
- 3.4 Considering the huge demands implies to them as MPs from their electorates and even non- electorates as they are now representing a full island constituency, referring to the current allowance it is not enough weighting it against the requests and demands from the constituencies.
- 3.5 The Committee also felt that the Cost of living in Vanuatu has increased rapidly and MP compared to a State minister having no housing allowance and other entitlements, the challenge when being summon to a parliamentary sitting or committee meetings, according to the Parliament Expenses and Allowances Act it only provides for the subsistence allowances, accommodation allowances payed one day before the commencement of the

meeting. The remaining days whence the arrival of one MP depending on the Air Vanuatu flight schedules, each island has different flight schedules, so in the case of a Member of Parliament travelling to a Parliament or Committee sitting, arrives few days before commencement of the meeting, that MP has to be paid for his/her stay until the meeting commences to access subsistence and accommodation allowances.

- 3.6 Parliament has allocated each Member of Parliament a resourced office inside the Parliament building however, the MP cannot use the office to administer their work, because of insufficient funds to employ few full time staffs to administer the office and their political work overseeing their electorates requests.
- 3.7 The Committee also see fit, that the Touring Allowance rate 1 605 000, automatically should be inserted as part of the Responsibility Allowance and to repeal the "Touring Allowance".

Recommendation 3/2022

- 3.8 That the Responsibility Allowances under Section 3 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] be reviewed and increased from the current amount 5 989 600 per annum to 11 979 200 and also to insert the Touring Allowance amount of 1 605 000 per annum to be part of the Responsibility Allowance totaling up to 13 584 200 per annum.**
- 3.9 That the touring Allowance be repealed and inserted into the Responsibility Allowance.**

CALCULATION		
	CURRENT	PROPOSED REVIEW
RESPONSIBILITY ALLOWANCE	5 989 600 per annum × 2	11 979 200 per annum +
TOURING ALLOWANCE		1 605 000 per annum
TOTAL		13 584 200 per annum

4.0 SUBSISTENCE ALLOWANCES

Discussions and Recommendations

- 4.1 The Committee was told that subject to the provisions of this subsection, Member of Parliament (other than the Speaker and Ministers) shall be paid a subsistence allowance at the rate of 5 000 VT for each day of the session when Parliament or a committee thereof sits.
- 4.2 The Committee was also told that when a Member of Parliament arrives in Port-Vila a day before the commencement of the session, he shall be paid an additional allowance of 5 000 VT for that day.

- 4.3 The Committee also learned that when the Parliament is in session the subsistence allowance shall also be paid for Saturdays, Sundays and public holidays notwithstanding that Parliament may stand adjourned on those days –
- 4.4 The Committee felt that due to big increasing in other Allowances the Subsistence Allowance will remain unchanged on the currently amount of 5 000 VT per day.

Recommendation 4/2022

That the Subsistence Allowance under Section 4 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] remain unchanged on the current amount of 5 000 VT per day.

5. SITTING ALLOWANCE

Discussions and Recommendations

- 5.1 The Committee was informed that every Member of Parliament (including the Speaker and Ministers) are entitled to a sitting allowance at the rate of 7 500 VT (previously 2 000 VT for each day that Parliament or a Committee thereof sits).
- 5.2 It was also informed that no such allowance should be paid unless such Member actually attends the sitting.
- 5.3 Concerning the sitting allowance, the Committee expressed the same concerns as in regards to the subsistence allowance. The Committee felt that it dates back to 1980 and that it does not reflect the cost of living of today.
- 5.4.1 However, the Committee felt that due to big increases done in other Allowances the Sitting Allowance will still remain unchanged as 7 500 VT per day.

Recommendation 5/2022

That the Sitting Allowance under Section 4 of the Parliament (Members Expenses and Allowances) Act [CAP. 109] remain unchanged as the current amount of 7 500 VT per day.

6.0 TOURING ALLOWANCES

Discussions and Recommendations

- 6.1 The Committee was informed that the Touring Allowances under Section 4 of the Parliament (Members Expenses and Allowances) Act is paid to Members of Parliament (including Speaker and Ministers). The Committee was also informed that the current rate of the Touring Allowance is currently at the rate of 1 605 000 VT per annum.
- 6.2 The Committee has taken into consideration that all Members of Parliament are not facing the same transport difficulties as some have to travel to remote areas such as in Torres islands and Banks and also in Tafea Outer Islands, Santo big bay and other remote Constituencies. The Members of Parliament of Port-Vila as well as those from Luganville travel easily in these two constituencies but they are entitled to the same rate of Touring Allowance like the other Members of Parliament of remote areas. The Committee agreed that the Touring Allowances be reviewed following the geographical locations of the various constituencies and inserted the allowance into the Responsibility Allowance.

Recommendation 6/2022

Recommend that the Touring Allowance be repealed and inserted into the Responsibility Allowance.

7.0 ACCOMMODATION

Discussions and Recommendations

- 7.1 The Committee was informed that a Member of Parliament (other than the Speaker, Prime Minister, any Ministers and the Leader of the Opposition) is entitled to an Accommodation allowance at the rate of 7 500 VT per day that Parliament or a Committee thereof sits.

Recommendation 7/2022

- 7.2 That the Accommodation Allowance under the Parliament (Members Expenses and Allowances) (Amendment) Act NO. 45 of 2017, remains unchanged on the current amount of 7 500 VT per day due to increases proposed on some other allowances.**

8.0 GRATUITY

Discussions and Recommendations

- 8.1 The Committee was informed that according to the Section 6 of the Parliament (Members Expenses and Allowances) Act a Member of Parliament is entitled to receive a gratuity at the rate of monthly allowance specified in Section 3, multiplied by three (3), for each year during which he was a Member of Parliament and pro rata for each uncompleted year. Also that 25% of the said amount is also added according to Section 6 of the Parliament (Members Expenses and Allowances) (Amendment) Act .
- 8.2 The Committee was also informed that according to Section 6 of the Parliament Members Expenses and Allowances)(Amendment) Act NO. 24 of 2008, The increase under section 6 may only be reviewed by Parliament after a period of 5 years from the date on which this Act takes effect.” The Committee realize that it has been over 8 years now and felt that it should increase by another 25% total to 50% on the total amount of gratuity payable under section 6.
- 8.3 The Committee felt that they have only four (4) years term in Parliament and that after these four years term if they are not reelected the current rate of gratuity is not enough to help them to set up a business to sustain their living.
- 8.4 The Committee was also informed that if the Responsibility Allowance is increased the gratuity is automatically increased due to the formula used in Section 6 of the Act.

Recommendation 8/2022

That it has been over 8 years now according to Parliament Members Expenses and Allowances) (Amendment) Act NO. 24 of 2008, Section 6B that states that review may done after a period of 5 years, therefore the committee recommended that this be reviewed to 50% increase on the total amount of gratuity.

9.0 CONSTITUENCY ALLOWANCES (MP ALLOCATION)

Discussions and Recommendations

- 9.1 The Committee was informed that the Constituency Allowance (previously MP allocation) is currently at 3 000 000 VT per Member of Parliament and per annum. This allocation is a fund that is paid to Members of Parliament quarterly and upon application, to assist Members of Parliament to finance small-scale project in their respective constituencies.

9.2The Committee Stress the insufficiency of funds to accommodate project proposals from Members of Parliament in their Constituency base. They refer to Section 3 (1) (b) of the Parliament Members (Expenses and Allowances) Act, currently at, 3 000 000 per annum is very low and compare to the demands of their constituency, it is impossible to work with the current amount allocated for per annum.

9.3Committee also consider in the event of a natural disaster or human disaster, from many experience the 3 000 000 VT can be applied and committed once to address such circumstances. A typical example from passed Tropical Cyclone PAM and Harold and now that we are facing this Global Pandemic (COVID 19), demands are extremely increasing from the Members Constituencies and for that purpose the Constituency Allowance should be review and increase to address the current constituency demands.

9.4The Committee felt that due to these demands, it is timely and appropriate to increase these Constituency allocations.

Recommendation 9/2022

That the Constituency Allowance (previously MP's Allocation) be reviewed and increase to the following reviewed proposals;

- a) Proposal 1 - 10 000 000 VT per Member of Parliament per annum;**
- b) Proposal 2 - 7 000 000 VT per Member of Parliament per annum.**

CONCLUSION

The report contain recommendations to review some of the Members Expenses and Allowances under the Parliament Members (Expenses and Allowance) Act. The recommendations represent the Committee's view on the responsibilities and towards the Member of Parliament in their three (3) code functions; Legislator role (Lawmaker); Representation role (represent the voice of the people) and Oversight role (scrutinizes, reviews, and enquires on matter concerning the Government institutions and Constitutional bodies).

The Committee encourages the executive to consider the recommendation is as it represents the Committee's views following some intense discussions and verbal comparative analysis being in this comprehensive report to further improve their status.

Finally, in accordance with Standing Orders 92, the Committee requires a written response from the Government to this reviewed report within 90 days after this report is being table in Parliament.