



Auditor-General for Australia



6 August 2015

Senator Lee Rhiannon
Senator for New South Wales
Parliament House
CANBERRA ACT 2600

Dear Senator Rhiannon

Request regarding the use of charter entitlement by the former Speaker of the House of Representatives

Thank you for your letter of 16 July 2015 in which you referred to the use of a charter flight entitlement by the former Speaker of the House of Representatives to fund travel to what has been reported to be a Liberal party fundraiser, and your request that I assess whether that instance of entitlements use falls within the guidelines.

In the context of the issues discussed below, in particular the number of previous reviews and recommendations for reform by the Australian National Audit Office (ANAO) and other reviewers, I do not propose to undertake an audit examining the particular instance of charter travel you have raised with me.

The ANAO has undertaken a series of performance audits examining the administration of Parliamentarians' entitlements over the past 15 years. The most recent of those audit reports, which specifically focussed on the administration of travel entitlements (including for charter transport), was tabled in the Parliament on 3 June 2015 (Audit Report No.42 2014–15, a copy of which is enclosed). Each of the ANAO's audit reports have highlighted the inadequacy of the existing legislative and administrative framework, and the need for fundamental reform so as to provide appropriate clarity about the purposes for which entitlements are provided; any limits on their use; and to allow for a stronger accountability regime over expenditure.

The 2009 commissioning by the then Government of an independent 'root and branch' review of Parliamentarians' entitlements, in response to an earlier ANAO audit report, resulted in recommendations for significant legislative and administrative reform in order to establish a consistent, simple and transparent framework for funding Parliamentarians' non-remuneration business expenses, including travel. Those recommendations were supported by subsequent recommendations of the independent Remuneration Tribunal. However, as is outlined in Audit Report No.42, those recommendations have not been actioned or otherwise formally responded to in the five years since they were first provided to government in 2010. Various incremental amendments to the framework, particularly in relation to administration of travel entitlements, introduced or proposed in the subsequent period have not addressed the need for

more extensive reform that has been consistently highlighted by independent reviews, including ANAO audit reports.

In particular, it remains the case that the use by Parliamentarians of the entitlements available to them, including for travel, are largely subject to a self-assessment regime under which individual judgements as to the eligibility of use are undertaken within a complex and opaque framework where the eligible purposes of entitlements use (such as for 'official business') are ill-defined. It is similarly largely within individual Parliamentarians' discretion as to whether costs incurred in a given circumstance are reasonable, such as the cost of a particular charter flight or the distance that should be travelled from home before claiming travelling allowance for an overnight stay. Further, the associated certification processes do not encourage reasonable disclosure of the purposes of travel for which public moneys have been applied.

As Audit Report No.42 observed, as a consequence of failure to implement substantive reform of the existing complex and opaque framework, there continues to be:

- a lack of transparency as to the particular purposes for which entitlements have been accessed, which can be expected to give rise to continued concerns that the framework is providing greater latitude to Parliamentarians in their use of public money than might be expected in the public interest; and
- a heightened risk of Parliamentarians being criticised for the judgements they individually make in relation to whether a particular use of publically funded resources was within the terms of the relevant entitlement and represented an efficient, effective, economical and ethical use of public resources.

As Audit Report No. 42 further observed, it has often been the case that it is only when particular entitlements usage is highlighted through other sources, including the media, that closer consideration is able to be applied as to whether undertaking specific activities represented an eligible or appropriate use of entitlements. That is the case again in respect to the particular entitlements use you have raised with me.

A further matter raised in Audit Report No. 42 was that the published administrative protocol for responding to any allegations of potential misuse of entitlements has not been amended in the nearly 17 years since its introduction. This is despite its evident shortcomings as an effective accountability mechanism and that the published protocol does not accurately reflect the processes that are employed. Under existing arrangements, it will continue to be the case that the Department of Finance will be largely reliant upon Parliamentarians' self-assessing whether it would be appropriate to make a voluntary repayment where there is an allegation of misuse of entitlements. I understand from public reporting that the former Speaker has indicated that she has chosen to undertake that course in relation to the instance of travel referred to in your letter.

Public reporting also indicates that the former Speaker's use of the Presiding Officer charter transport entitlement for the travel referred to in your letter exhibited the same type of issues that have been consistently highlighted in previous ANAO audit reports, including the most recent report tabled in June 2015, and which the still outstanding recommendations of the 2010 independent 'root and branch' review were directed at addressing. It is for that reason that Audit Report No. 42 made no further ANAO recommendations concerning improvements to the entitlements framework.

As you would be aware, in the context of announcing that Mrs Bishop had tendered her resignation as Speaker, the Prime Minister also announced on 2 August 2015 that a further 'root and branch' review of the entitlements framework would now be undertaken.

Yours sincerely

A handwritten signature in black ink, appearing to read 'G Hehir', written in a cursive style.

Grant Hehir
Auditor-General

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