



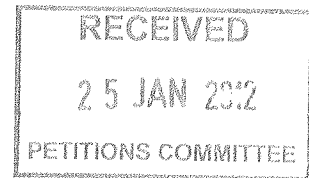
HON GARY GRAY AO MP

Special Minister of State
Special Minister of State for the Public Service and Integrity

REF: C11/2975

08 DEC 2011

The Hon John Murphy MP
Chair
Standing Committee on Petitions
PO Box 6021
Parliament House
CANBERRA ACT 2600



Dear Mr Murphy

Re: Petition regarding entitlement usage.

Thank you for your letter of 19 September 2011 regarding a petition considered recently by the Standing Committee on Petitions seeking an audit, with oversight by the Australian National Audit Office (ANAO), of entitlement use by the Member for Fisher. The petition required that he specify the parliamentary or electorate business that he was undertaking on each occasion in the past decade that he accessed his parliamentary entitlements. The petition also sought a tightening of the parliamentary entitlements framework to require Senators and Members to provide detail of the parliamentary or electorate business associated with each use of their entitlements.

To begin with, I can inform your Committee that there is no statutory or other basis for me to request any such action on the part of any individual Member or Senator to specify the precise nature of the Parliamentary or electorate business undertaken over the past decade. You would be aware that, since August 2003, all Members or Senators are required to personally certify that the use of entitlements is for those prescribed purposes. I also draw the attention of the Committee to the enhancements of accountability and transparency mechanisms which have been added to the Parliamentarian's entitlements system, as set out below, since 2007.

Key features of the Government's actions in this area are greater transparency and accountability, including an expanded range of parliamentarians' entitlement use tabled bi-annually in Parliament covering all parliamentary entitlements administered by the Department of Finance and Deregulation (Finance). Previously, only the travel expenditure of Senators, Members and former parliamentarians was tabled; this represented less than 10 per cent of the value of all entitlements use. Tabled reports now include the cost of travel, printing, postage, telecommunications, stationery, office fit outs and furniture, office administration costs as well as all family travel expenditure.

In addition to tabling all entitlement use, the Government has introduced the six-monthly reporting of parliamentary entitlement expenditure on Finance's internet site. This has dramatically improved the availability of information to the media and the general public, which has enhanced the debate on entitlement use. Details of parliamentary entitlements expenditure since July 2008 are available on Finance's internet site at www.finance.gov.au/publications/parliamentarians-reporting/index.html. I note that the petitioners' reference to the Member for Fisher's specific use of entitlements is directly linked to information available as a consequence of the Government's policy of greater transparency and accountability.

In November 2008, the first ever annual report on staff employed by Senators and Members under the *Members of Parliament (Staff) Act 1984* (MOP(S) Act) was presented by the then Special Minister of State. This report, which has now been produced three times, presents details of staffing numbers, salary ranges, payroll, travel and support costs as well as non-salary benefits and details of professional development, other training and occupational health and safety of all MOP(S) Act employees. The three MOP(S) Act annual reports are also available online on Finance's internet site.

The new disclosure requirements under the *Freedom of Information Act 1982* (FOI Act) which were established by this Government and took effect from 11 May 2011 ensure that all material released under the FOI Act that relates to parliamentary entitlements is also made public on Finance's internet site. Finance also proactively published certain material that was released under the FOI Act prior to 11 May 2011, including information on parliamentary entitlements.

In the interests of transparency, the *Senators and Members' Entitlements* handbook and other documents relating to the framework of parliamentary entitlements are also published by Finance on its intranet site at <http://www.finance.gov.au/parliamentary-services/documents-relating-to-parliamentary-entitlements-legislation.html>.

Although Senators and Members remain responsible for their use of entitlements, Finance monitors expenditure under capped parliamentary entitlements to help ensure that Senators and Members do not exceed their entitlement budgets. This is yet another tool to ensure that usage is within entitlement.

In circumstances where there is an allegation of misuse of an entitlement, there is an established protocol for considering such matters which was first put in place by then Special Minister of State Minchin in 1998. Under the protocol followed by Finance when it is alleged that a Senator or Member has misused an entitlement, Finance makes inquiries to confirm that the entitlement was used in accordance with its purpose. In the event of a more serious allegation or high incidence of transgression (or further investigation would involve interviewing members of the public) the matter is referred to a high-level departmental committee. In considering the allegation, the high-level committee may seek the advice of the Secretary, Attorney-General's Department, as to whether the matter warrants referral to the Australian Federal Police for any further action.

The ANAO conducts regular audits into Finance's administration of parliamentary entitlements, most recently in 2009-10, 2003-04 and 2001-02. Consistent with their purpose, these audits provided the Parliament with an independent assessment of the administration of parliamentary entitlements. Although the ANAO has powers to initiate audits in addition to its regular audit plan, it has not historically conducted audits of individual parliamentarians' use of entitlements.

To ensure that Finance is appropriately administering parliamentary entitlements and to help maintain an appropriate level of accountability, Finance has adopted a number of the recommendations from the ANAO's recent audits. In addition to the audits conducted by the ANAO, Finance also undertakes regular internal audits to help ensure that Parliamentarians' use of entitlements is consistent with the legislative framework.

These mechanisms are reinforced by Senators and Members' regular certification that their use of entitlements is in accordance with the purpose for which they are provided, generally for parliamentary or electorate business. A new element of the latest tabling of entitlement expenditure on the Finance internet is the inclusion of a record of Senators and Members' certification of their entitlement use. Backed by the *Criminal Code Act 1995* which applies to false or misleading declarations, I consider that the checks and balances that exist in the system of parliamentary entitlements provide an appropriate level of accountability, a level which is consistent with the level of trust placed in Senators and Members by the Australian people in electing them as their parliamentary representatives.

However, it is recognised that there is scope for improvement in the parliamentary entitlements framework, which is why this Government commissioned a review of the entitlements system in April 2009. The recommendations of this review are currently under consideration by the Remuneration Tribunal, and I look forward to receiving its advice in due course. The Government is also currently undertaking a full-scale review of the Parliamentary Entitlements Act and associated regulations, with the aim of simplifying them and making them easier for politicians and administrators to understand and comply with, with a firm legislative base for the accountability and transparency mechanisms referred to above.

Thank you for seeking my views on this matter. You may wish to consider drawing the issues surrounding parliamentarians' use of entitlements that are raised in this petition to the attention of the Senate Standing Committee of Privileges in the context of their development of a draft code of conduct for Senators, and to the Standing Committee of Privileges and Members' Interests in relation to their recently tabled Report on the same matter.

Yours sincerely

GARY GRAY

cc: Mr Ian McPhee PSM, Auditor-General