

The Senate

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Finance and Public Administration  
Legislation Committee

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Parliamentary Expenses Amendment  
(Transparency and Accountability) Bill 2015

November 2015

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# Membership of the Committee

## Members

Senator Cory Bernardi (Chair)	LP, SA
Senator Jenny McAllister (from 12.11.2015 and Deputy Chair from 16.11.2015)	ALP, NSW
Senator Katy Gallagher (Deputy Chair) (until 12.11.2015)	ALP, ACT
Senator the Hon Joseph Ludwig (until 12.11.2015)	ALP, QLD
Senator Bridget McKenzie	NAT, VIC
Senator Nova Peris (from 12.11.2015)	ALP, NT
Senator Janet Rice	AG, VIC
Senator Dean Smith	LP, WA



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# Report

## Referral

1.1 On 20 August 2015, pursuant to the Selection of Bills Committee report, the Senate referred the Parliamentary Expenses Amendment (Transparency and Accountability) Bill 2015 (bill) to the Senate Finance and Public Administration Legislation Committee (committee) for report by the last sitting day in the first sitting week in February 2016.<sup>1</sup>

## Overview of the bill

1.2 The bill is a private senator's bill, introduced by Senator Nick Xenophon on 13 August 2015.<sup>2</sup> The bill amends the *Parliamentary Entitlements Act 1990* to require an explanatory statement to be provided with certain types of travel entitlement claims by members, parliamentary office-holders and ministers; and provide for penalties if claims are made in excess of entitlement.

1.3 The bill also amends the *Ombudsman Act 1976* to expand the powers of the Commonwealth Ombudsman to include the scrutiny of parliamentary entitlements claims.

## Conduct of the inquiry

1.4 Details of the inquiry, including links to the bill and associated documents were placed on the committee's website at: [www.aph.gov.au/senate\\_fpa](http://www.aph.gov.au/senate_fpa).

1.5 The committee also directly contacted a number of relevant organisations to notify them of the inquiry and invite submissions by 30 October 2015. The committee did not receive any submissions and did not hold any public hearings.

## Independent review of the parliamentary entitlements system

1.6 On 2 August 2015, the then Prime Minister, the Hon Tony Abbott MP, announced a fundamental review into the parliamentary entitlements system. The review is co-chaired by Mr David Tune AO PSM, former Secretary of the Department of Finance, and Mr John Conde AO, President of the Remuneration Tribunal. Other members of the Review Committee are the Hon Dr Brendan Nelson, Mr Harry Jenkins AO and Ms Linda Nicholls AO. The Review Committee is expected to report to the government in the first half of 2016.<sup>3</sup>

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1 *Journals of the Senate*, No. 110 – 20 August 2015, pp 3007-3008.

2 *Journals of the Senate*, No. 106 – 13 August 2015, p. 2942.

3 See Department of the Prime Minister and Cabinet website, *Review Committee – An Independent Parliamentary Entitlements System*, available at: [www.dpmpc.gov.au/taskforces/review-parliamentary-entitlements](http://www.dpmpc.gov.au/taskforces/review-parliamentary-entitlements) (accessed 9 November 2015).

1.7 According to the Department of the Prime Minister and Cabinet the Review Committee will:

undertake a wide-ranging review into the entitlements system, consider how to reduce ambiguity and how to better deal with alleged misuse of entitlements. The Government has asked that the committee consider options for an independent entitlements system that can set and monitor the entitlements used by parliamentarians.<sup>4</sup>

## **Conclusion**

1.8 The committee notes that Senator Xenophon has stated that the bill should be seen as a 'parallel process that complements' the independent parliamentary entitlements system review.<sup>5</sup>

1.9 The committee also notes that the bill was introduced into the Senate following intense media scrutiny of particular travel entitlement claims by the former Speaker of the House of Representatives, the Hon Bronwyn Bishop MP. Ms Bishop has subsequently repaid the entitlements, including a 25 per cent penalty loading.<sup>6</sup>

1.10 The committee strongly supports transparency and disclosure in relation to parliamentarians' travel entitlements, as should be the case with any expenditure of taxpayers' money. However, given that no submissions have been received in relation to the bill, the committee does not believe it is a sensible use of its resources to further inquire into this bill.

1.11 Further, it appears to the committee that the bill was introduced to address perceived problems with the entitlements system arising from claims made by the former Speaker of the House of Representatives. In the committee's view, ad hoc legislative reform is not the way to address concerns in relation to the parliamentary entitlements system. The appropriate forum for the discussion of the issues raised in the bill is the current independent review of the parliamentary entitlements system.

## **Recommendation 1**

**1.12 The committee recommends that the Senate does not pass the bill.**

**Senator Cory Bernardi**

**Chair**

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4 Department of the Prime Minister and Cabinet website, *Review Committee – An Independent Parliamentary Entitlements System*, available at: [www.dpmmc.gov.au/taskforces/review-parliamentary-entitlements](http://www.dpmmc.gov.au/taskforces/review-parliamentary-entitlements) (accessed 9 November 2015).

5 Senator Nick Xenophon, second reading speech, *Senate Hansard*, 13 August 2015, p. 5246.

6 Senate Finance and Public Administration Legislation Committee, *Estimates Hansard*, 20 October 2015, p. 120



# **Transparency and Accountability**

## **Dissenting Report by Senator Xenophon**

1.1 Recent reports of alleged misuse and excessive claims of Parliamentary travel entitlements highlight a broken system in which public confidence has been eroded. A system that needs reform.

1.2 Too many Australians have lost faith in the current transparency and accountability of Members of Parliament. As expressed by Terry Sweetman, there “is a pattern of unacceptable behaviour for which no responsibility is taken until somebody is caught out through the curiosity or the diligence of others.”<sup>1</sup>

1.3 This Bill offers the Parliament an opportunity to show it can reform the system. It is a sensible and practical approach to give all Australians a better understanding of how Members of Parliament spend taxpayer money, while fostering ethical behaviour and respect to the taxpayer amongst Parliamentarians.

1.4 Through faster and more detailed public reporting of travel claims, and much tougher penalties, it will change the political culture from one of entitlement to a practice of responsibility and prudence.

1.5 It is my view that Parliamentary entitlements are not something that is owed to us, but rather an expense to the Commonwealth and the taxpayers of Australia which must be respected.

1.6 As I stated in the Second Reading speech, ‘the measures in this Bill seek to implement a new level of transparency and disclosure around the process for claiming travel entitlements. It includes two main measures: the need for Parliamentarians to provide explanatory statements in respect of certain types of travel claims, and providing the Commonwealth Ombudsman with the power to oversee claims and make recommendations to the Minister in this regard. It is important to note that this Bill does not seek to change the amount that can be claimed under entitlements or the circumstances under which it is appropriate to make a claim; it simply requires disclosure from MPs who do make a claim.’<sup>2</sup>

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<sup>1</sup> Terry Sweetman, *Truth Swept Under the Table*, Courier Mail, 23<sup>rd</sup> October 2015

<sup>2</sup> Senator Nick Xenophon, *second reading speech*, Senate Hansard, 13 August 2015, p. 5246

### **Rectifying a deep and systemic problem - not flash in the pan legislation**

1.7 The Chair seems to believe that this Bill was introduced as a result of intense media coverage of travel entitlement claims by the former Speaker of the House of Representatives, the Hon Bronwyn Bishop MP<sup>3</sup> and suggests that as Ms Bishop subsequently repaid the entitlements, the Bill is no longer relevant.

1.8 The Chair's position ignores reasonable and widespread concerns of systemic problems.

1.9 This is not 'flash in the pan' legislation. I have been working for change in this area for over 15 years, first within the South Australian Parliament<sup>4</sup> for greater transparency in overseas travel reports, and within Federal Parliament demanding 'pollies' perks be audited and an independent parliamentary standards commissioner be appointed<sup>5</sup> in 2009.

1.10 This Bill creates real and immediate reform of a system that has been dysfunctional for too long. It will create a new regime of transparency and accountability in relation to travel benefits claimed by members, Parliamentary office-holders and Ministers, working towards restoring trust in the people we represent to act with an appropriate level of respect and responsibility.

### **Independent review of Parliamentary entitlements a complementary process to current review**

1.11 This bill complements the process instigated by the Prime Minister for an independent review of Parliamentary entitlements by the President of the Remuneration Tribunal, John Conde AO, and former Secretary of the Department of Finance, David Tune AO.

1.12 The Chair states that '(t)he appropriate forum for the discussion of the issues raised in the bill is the current independent review of the parliamentary entitlements system.'<sup>6</sup> I strongly support the review and the opportunity it presents to have robust discussions.

1.13 However, while the Independent review offers the opportunity for discussion, this Bill provides for prompt and sensible measures that can be put in place immediately, concurrently with the broader review process.

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<sup>3</sup> Chair's Report, Senate Finance and Public Administration Legislation Committee Inquiry into Parliamentary Expenses Amendment (Transparency and Accountability) Bill 2015, p.2. 1.9

<sup>4</sup> Kevin Naughton, *Retiring MPs join \$20,000 bowls junket – Your Tax at work*, Sunday Mail, 26<sup>th</sup> March 2006

<sup>5</sup> Phillip Hudson and Annabel Crabb, *Snouts in the trough*, Sydney Morning Herald, 23<sup>rd</sup> May 2015

<sup>6</sup> *Chair's Report*, Senate Finance and Public Administration Legislation Committee Inquiry into Parliamentary Expenses Amendment (Transparency and Accountability) Bill 2015, p.2.

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## **Transparency and Accountability**

1.14 Broadly, the Bill will result in;

- Statements detailing aspects of the travel taken being provided to the Department.
- The Department publishing travel claim details on its website meaning this information is available to the public.
- More responsive timeframes for the provision and publishing of information.
- Additional penalties applied if claims are made in excess of the relevant entitlement.
- Extending the powers of the Commonwealth Ombudsman to oversee the claims process

1.15 As I stated in the Second Reading speech, this Bill ‘brings in accountability where currently there is little, and transparency where there is none’<sup>7</sup>.

### **Conclusion**

1.16 This Bill aims to bring about immediate and real change to address ongoing and systemic problems with the practices and culture surrounding Parliamentary travel entitlements while complementing the Independent review of Parliamentary entitlements.

1.17 The reforms proposed in the Bill are moderate and achievable. In short, to support this Bill is to respect and value the privileges bestowed on politicians.

### **Recommendation 1**

**1.18 That the Bill be passed.**

**Senator Nick Xenophon**

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<sup>7</sup> Senator Nick Xenophon, *second reading speech*, Senate Hansard, 13 August 2015, p. 5246