
Audit of Members' Additional Entitlements

AUDIT OPINION

Members substantially complied with the requirements of the Parliamentary Remuneration Tribunal's (PRT) Determination for the year ended 30 June 2008.

KEY ISSUES

Loyalty and Incentive Scheme Points

We recommend the Legislature introduce a formal process that requires members to certify that Frequent Flyer Benefits are used for Parliamentary purposes only and do not accrue to members for personal use. The process should incorporate the current requirements of the PRT Determination.

The PRT Determination provides for members' travelling expenses for Parliamentary duties through the 'Electorate Charter Transport Allowance', 'Electorate to Sydney Travel Allowance' and the 'Travelling Allowance for Recognised Office Holders'. The Determination provides that:

Benefits accrued by a Member by way of loyalty/incentive schemes such as frequent flyers, as a consequence of the Member using his or her additional entitlements, are to be used only for Parliamentary duties and not for private purposes. Any outstanding benefits of this nature, when the Member ceases to be a Member, are to be forfeited.

Compliance with the Determination was not monitored. This increases the risk that points accruing to members' loyalty or incentive scheme accounts may be used inappropriately.

Sydney Allowance

The Sydney Allowance is provided to Members who reside in non-metropolitan electorates to compensate for the additional costs associated with staying in Sydney to attend to Parliamentary business. A Member can choose to receive the Sydney Allowance as either an annual fixed allowance or a daily rate. The election is made at the start of each financial year by each member.

Timely reconciliation of members' annual entitlements improved significantly this year, with only one member returning the annual reconciliation late.

Year ended 30 June	Legislative Assembly			Legislative Council		
	2008	2007	2006	2008	2007	2006
Members receiving entitlement on an annual basis	22	25	21	7	7	7
Members' reconciliations submitted on time	21	21	14	7	4	1

Source: The Legislature.

OTHER INFORMATION

Review of the Management of Members' Entitlements

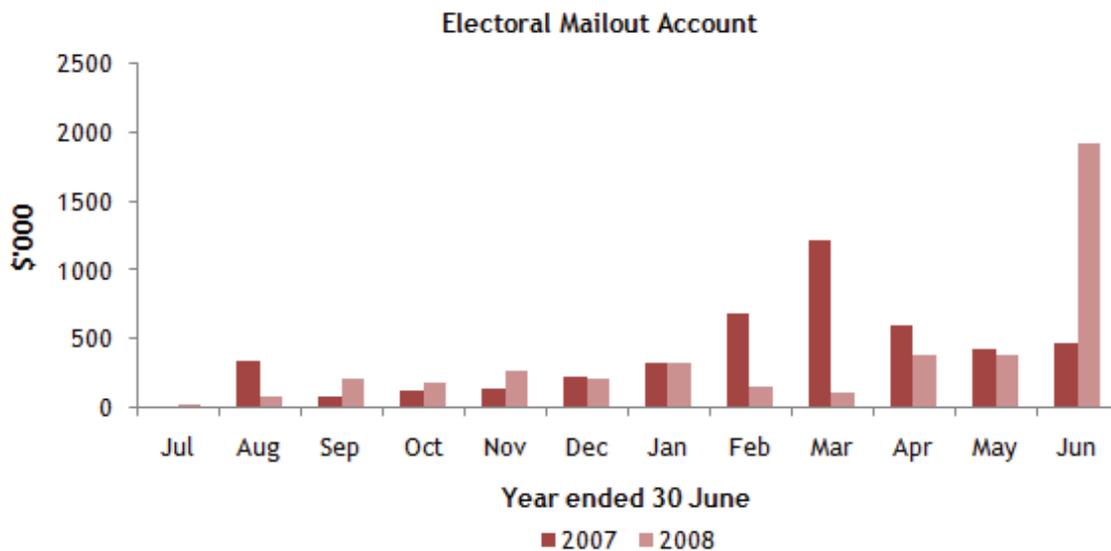
During the year the Parliament engaged a consultant to conduct a review of the management of members' additional entitlements. The review made a number of recommendations to help simplify and streamline existing administrative practices and procedures to reduce the administrative burden on both members and parliamentary staff. The review recommendations have been approved by the Parliament's Presiding Officers and will take effect from 1 July 2009.

Electorate Mailout Account (EMA)

We recommend that members should ensure their EMA entitlement spending is better planned and not concentrated at the end of each financial year.

Members of the Legislative Assembly are provided with an annual amount to fund the cost of preparing and distributing newsletters to their electorate twice each year.

While we recognise that it is a matter for a Member to determine when the allowance is used, the graph below indicates Members spent their EMA allowance more in the last quarter of the financial year (46 per cent was spent in June). This may be partly due to members communicating with their constituents the details of the budget announced in late May or early June each year. The increase in March 2007 coincided with the date of the last election. The increase in June 2008 may reflect the fact that unspent entitlements cannot be carried from one financial year to another. An inference can be drawn that current expenditure pattern could give the impression of lack of forward planning into the timing of EMA expenditure.



Members spent \$4.1 million (\$4.5 million in 2007) of the total available allocation of \$5.8 million (\$5.7 million).

The Role of the PRT

The PRT's principal function is to determine 'additional' entitlements available to Members of Parliament.

These additional entitlements fall into two categories:

- allowances:
 - Electorate Allowance
 - Sydney Allowance
 - Committee Allowance
- fixed allocations:
 - Electorate to Sydney travel
 - Logistic Support Allocation
 - Electorate Mailout Account for Members of the Legislative Assembly
 - Electorate Charter Transport for Members of the Legislative Assembly
 - Travelling allowance for Recognised Office Holders
 - Equipment services and facilities.

The Legislature pays the additional entitlements where Members incur the actual costs. It can either reimburse the Member or pay third parties (e.g. travel providers) for services to the Member.

The additional entitlements determined by the PRT are separate to:

- Members' annual basic salaries, set by the *Parliamentary Remuneration Act 1989* (the Act)
- additional salaries paid to Ministers and certain other office holders, set out in Schedule 1 of the Act as varying percentages of their basic salaries
- expense allowances paid to Ministers and certain other office holders, set out in Schedule 1 of the Act as varying percentages of their basic salaries.