

2 August 2002

Ms Sue Morton  
Secretary  
Senate Finance and Public Administration  
Legislation Committee  
Parliament House  
CANBERRA ACT 2600

Dear Ms Morton *Sue*

#### **Inquiry into Members of Parliament (Life Gold Pass) Bill 2002**

Thank you for your letter of 15 July 2002 on behalf of the Senate Finance and Public Administration Legislation Committee inviting ANAO to make a submission to the Committee's inquiry into the Members of Parliament (Life Gold Pass) Bill 2002.

Audit Report No.5 2000-2001, *Parliamentarians' Entitlements: 1999-2000*, tabled in August 2001 was undertaken in response to the 2 October 2000 resolution of the Senate requesting the Auditor-General to review all expenditures and entitlements accruing to Parliamentarians and Ministers for the 1999-2000 financial year. The Senate resolution set out a range of matters the Senate wished the audit to consider. As part of this audit, ANAO examined the administration of the travel entitlements provided to retired Parliamentarians.

The ANAO audit noted that some retirement privileges were provided for in Remuneration Tribunal Determinations whilst others were provided by the Executive. As a result, the legal framework for retirement travel privileges was complex and difficult to understand. Grandfathering provisions made administration problematic because the available benefits, and any limits on those benefits, varied according to length and nature of Parliamentary service and the date of retirement. ANAO notes that the Bill seeks to establish a uniform set of arrangements for all Life Gold Pass holders, their spouses, their widows or widowers. In particular, the Bill proposes, for the first time, annual trip limits on all classes of Gold Life Pass holders but does not impose any financial cap on the cost to the Commonwealth of retirement travel entitlements.

The audit found that the cost of retirement travel entitlements in 1999-2000 was at least \$2 million but that it was not publicly reported. Accordingly, ANAO

recommended that Finance examine the merits of expanding the public reporting of Parliamentarians' travel costs to include the cost of retirement travel entitlements.

ANAO identified systemic deficiencies in the administration of retirement travel entitlements. At the time of the audit, the annual reports provided to retired Parliamentarians on travel taken at Commonwealth expense during the year were not timely, and, on occasion, inaccurate, and the format of the reports did not assist retired Parliamentarians to monitor adequately their usage of their entitlement. On the basis of these reports, Finance requested most Parliamentarians to certify their use of entitlements but such certifications were voluntary and, of themselves, did not provide sufficient basis to confirm all travel taken at Commonwealth expense was identified and was within entitlement. ANAO identified instances in the year examined where Parliamentarians and their spouses had travelled at Commonwealth expense outside of their entitlement. Finance's investigations were not yet complete at the time of the audit but, to 8 June 2001, a total of \$29 146 in debit notes had been issued to 49 retired Parliamentarians. Some debit notes were subsequently cancelled or reduced by Finance such that, as of 20 July 2001, recoveries had occurred or were still in progress in relation to 43 retired Parliamentarians to the value of \$27 562.

In these circumstances, ANAO identified improvement opportunities for Finance's administration of retirement travel entitlements in relation to:

- providing retired Parliamentarians with timely, accurate and comprehensive information on their use of their entitlements;
- documenting administrative procedures that ensure adherence to any limits or restrictions on travel by retired Parliamentarians and their spouses; and
- implementing effective procedures for the monitoring and enforcement of limits on retirement travel, and taking prompt recovery action where travel is not within entitlement.

ANAO notes that clause 33 of the Bill proposes to put beyond doubt the liability of a person who travels at Commonwealth expense without entitlement to pay the Commonwealth the expenses incurred. The clause covers the entitlement provided both under the proposed legislation and by the Remuneration Tribunal in respect of Life Gold Pass travel prior to the commencement of the proposed legislation and severance travel both before and after the commencement of the proposed legislation. This proposed provision should assist Finance in the administration of Life Gold Pass travel and recovery of amounts paid outside of Gold Life Pass holders' entitlements.

Another area of concern identified in the audit was the provision to Life Gold Pass holders of access to official car transport for direct travel between home and the nearest airport, and between the airport and the capital city destination. During the audit, the Department of Finance and Administration advised ANAO that the provision of official car transport at Commonwealth expense was a decision of a former Minister, based on departmental advice that such benefits could be provided without the need for legislative cover. However, ANAO's legal advice was that the provision of COMCAR, hire car, self-drive vehicle and taxi transport, which are not provided on a regular or scheduled basis, but are rather provided on demand, were outside the scope of the Life Gold Pass under the applicable Remuneration Tribunal Determination. ANAO commented in the audit report that this advice presented an anomaly that should be examined by the Department of Finance and Administration

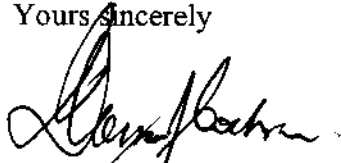
as soon as practicable and recommended that the Department clarify the basis for retirement travel privileges provided other than under Remuneration Tribunal Determinations.

ANAO notes that the Special Minister of State advised the Senate Finance and Public Administration Committee at the 2002-03 Estimates hearing on 29 May 2002 that this issue had been reviewed and that the Department was in the process of getting feedback from former Parliamentarians ahead of a final decision being made on the continuation or discontinuation of access for Life Gold Pass holders to official car transport. The Bill appears to address this matter by specifying the number of domestic return trips the various classes of Gold Life Pass holders are entitled to each year and then including in the definition of 'domestic return trip' the specification that such a trip is 'on a scheduled transport service or on a combination of scheduled transport services'. The Bill also defines 'scheduled transport service'. The Bill's explanatory memorandum notes that scheduled transport service is taken to mean any regular timetabled transport whether metropolitan, intrastate or interstate. This would appear to exclude from Life Gold Passes access to travel services provided on demand such as COMCAR, hire car, self-drive vehicle and taxi transport.

ANAO's audit reported that an important element of the administrative scheme for Life Gold Pass travel was the end-of-year management reports provided to Life Gold Pass holders and Finance's request that they identify any discrepancies or amendments; advise on any use of Frequent Flyer Points; and certify that travel was used for non-commercial travel in Australia. ANAO noted that there was no legal obligation on Life Gold Pass holders to provide the requested certification. The audit identified that at least two retired Parliamentarians had refused to certify their use of their retirement travel entitlements. As of February 2001, certifications had been received by Finance from 67 retired Parliaments (45 per cent). By July 2001, the response rate had risen to 83 retired Parliamentarians (56 per cent). In response to final inquiries from ANAO before the tabling of the audit report in August 2001, Finance advised ANAO in July 2001 that it would, in the near future, follow-up with those retired Parliamentarians who had not yet certified their report for the period 1 July 1999 to 30 June 2000. The Bill does not address the issue of requiring Life Gold Pass holders to certify that their use of the pass is within entitlement. However, the Bill does specify that when a person has accrued frequent flyer points as a result of travel at the expense of the Commonwealth, and by choice uses the points to undertake travel that would otherwise have been available under their Life Gold Pass entitlement, then that trip is counted against their annual trip limit.

If we can be of any further assistance please contact Mr Colin Cronin (telephone 6203 7507).

Yours sincerely



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