



SPECIAL REPORT

15 DECEMBER 2022

# Members' additional entitlements 2022

NEW SOUTH WALES AUDITOR-GENERAL'S REPORT

# THE ROLE OF THE AUDITOR-GENERAL

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Government Sector Audit Act 1983* and the *Local Government Act 1993*.

We conduct financial or 'attest' audits of state public sector and local government entities' financial statements. We also audit the Consolidated State Financial Statements, a consolidation of all state public sector agencies' financial statements.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to entities to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to entities and reports periodically to Parliament. In combination, these reports give opinions on the truth and fairness of financial statements, and comment on entity internal controls and governance, and compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an entity is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an entity's operations, or consider particular issues across a number of entities.

As well as financial and performance audits, the Auditor-General carries out special reviews, compliance engagements and audits requested under section 27B(3) of the *Government Sector Audit Act 1983*, and section 421E of the *Local Government Act 1993*.



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The Legislative Council  
Parliament House  
Sydney NSW 2000

In accordance with section 52B of the *Government Sector Audit Act 1983*, I present a special report titled '**Members' additional entitlements 2022**'.

A handwritten signature in black ink, appearing to read 'Margaret Crawford'.

**Margaret Crawford**

Auditor-General for New South Wales  
15 December 2022

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## RECONCILIATION COMMITMENT STATEMENT

The Audit Office of New South Wales pay our respect and recognise Aboriginal people as the traditional custodians of the land in NSW.

We recognise that Aboriginal people, as custodians, have a spiritual, social and cultural connection with their lands and waters, and have made and continue to make a rich, unique and lasting contribution to the State. We are committed to continue learning about Aboriginal and Torres Strait Islander peoples' history and culture.

We honour and thank the traditional owners of the land on which our office is located, the Gadigal people of the Eora nation, and the traditional owners of the lands on which our staff live and work. We pay our respects to their Elders past and present, and to the next generation of leaders.

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## **Section one**

### **Members' additional entitlements 2022**

# 1. Members' additional entitlements 2022

The Auditor-General has reviewed the compliance of the members of the NSW Parliament (members) with certain requirements outlined in the Parliamentary Remuneration Tribunal's Determination (the determination) for the year ended 30 June 2022.

The Auditor-General's review analyses claims made by members during the 2021–22 financial year. We use data analytics to select a sample of members' claims, and focus on claims that data analysis identifies as being at higher risk. We do not test every claim made by members. Our sample consisted of 63 claims submitted by 59 of the 142 members.

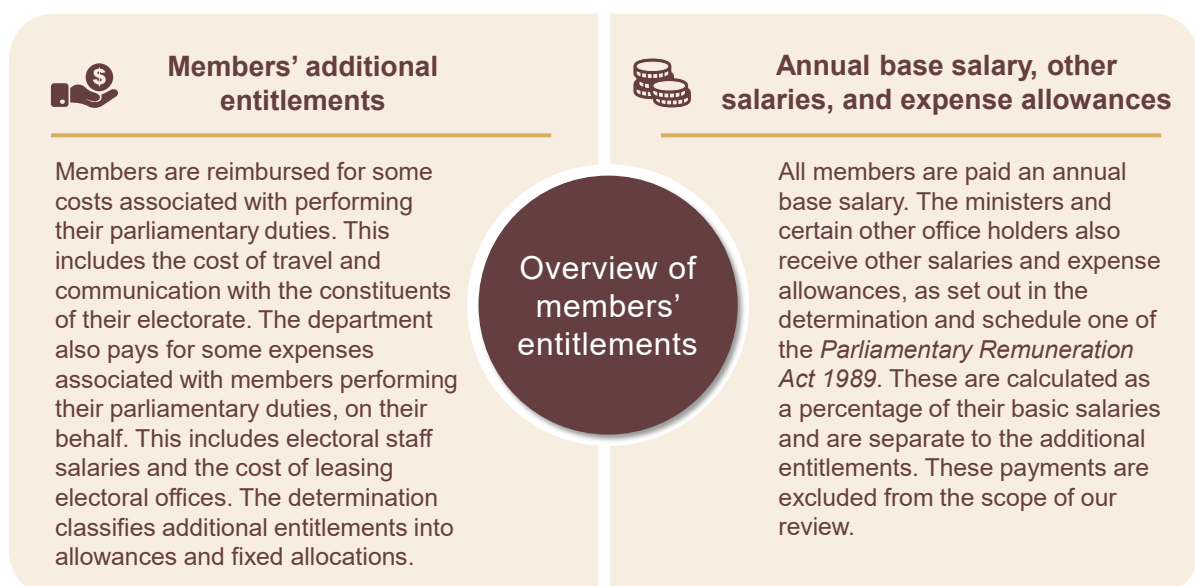
## Results

Although our review did not identify any instances of material non-compliance with the determination for the year ended 30 June 2022, we did identify 38 departures from the determination, which were of administrative nature. Such departures may help identify areas in the current processes where greater clarity is needed or where training or education for members is warranted. These departures were as follows:

- 12 claims were not submitted for payment within 60 days of receipt or occurrence of the expense
- 16 annual loyalty scheme declarations were submitted by members after the due date specified in the guidelines
- 6 reconciliations for the Sydney Allowance were submitted after the due date
- 4 publications claimed under the Communications Allowance had not made the required authorisations and attributions on the publication.

## Background

The Parliamentary Remuneration Tribunal (the tribunal) determines the salary and additional entitlements of the members, details of which are set out in the tribunal's annual determination. The NSW Parliament, through the Department of Parliamentary Services (the department), administers payments of additional entitlements to members. An overview is presented below:



In 2021–22, members claimed additional entitlements of \$22.5 million, which is consistent with 2020–21.

Although there was a 2.1% increase in the base and additional allocation component of the Electoral Allowance, Sydney Allowance, Communications Allowance, General Travel Allowance and Skills Development Allowance, this was offset by a decrease in the number of claims made by members for the Sydney Allowance, Electorate to Sydney Travel Allowance, General Travel Allowance and Skill Development Allowance. In 2020–21 there were 13,045 claims in these categories compared with 10,430 in 2021–22.

We did not test members' compliance with the determination for the following additional entitlements:

- Travelling Allowance for Recognised Office Holders. Members did not claim for reimbursement allowed under this allowance in 2021–22 or 2020–21.
- Equipment, Services and Facilities Fixed Allocation, Electoral Allowances and Committee Allowances. The determination excludes these allowances from the scope of this review.

The following table shows the amounts claimed by members for additional entitlements in the scope of our review.

Nature	Additional entitlements	2021–22	2020–21	Movement (%)
<b>Allowance</b>	Sydney Allowance	\$1.6m	\$1.8m	(13.3)
<b>Fixed</b>	Communication Allowance	\$9m	\$8.7m	4
<b>Allocations</b>	General Travel Allowance	\$537,000	\$708,000	(24.1)
	Electorate to Sydney Travel Allowance	\$337,000	\$426,000	(21)
	Skills Development Allowance	\$43,000	\$80,000	(46)

## Sydney Allowance

Under the determination, the Sydney Allowance is provided for the purpose of 'compensating members who reside in non-metropolitan electorates for the additional costs including commercial accommodation, meals and incidental costs associated with staying in Sydney to perform parliamentary duties'. Compensation is paid at a rate of \$315 per night or actual costs incurred once the entitled number of overnight stays is exceeded.

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## 2. Detailed findings

### **Twelve claims were not submitted for payment within 60 days of receipt or occurrence of the expense**

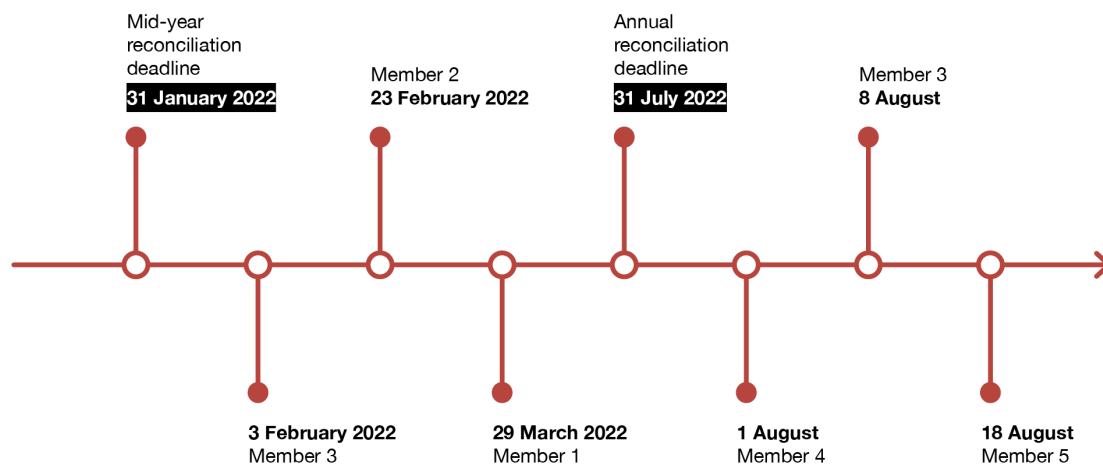
The determination requires members' expense claims to be submitted to the department within 60 days of when the expense is incurred or receipted. Our audit procedures identified 12 instances where members submitted their claims between 15 and 280 days late.

### **Sixteen annual loyalty/incentive scheme declarations were submitted by members after the due date specified in the guidelines**

At the end of each financial year, members must declare they have not used loyalty/incentive scheme benefits accrued from their parliamentary duties for private purposes. The determination requires current members to complete the declarations at the end of each year (by 31 July 2022 per the department's administrative process). Former members must complete the declarations within 30 days of leaving parliament.

We found 16 current members submitted their declarations between one and nine days late. The declaration is important as it affirms that loyalty benefits accrued using the members' parliamentary allowances and entitlements were not used for private purposes. Additionally, we found two members who did not submit their declaration form.

### **Six reconciliations for the Sydney Allowance reconciliations were submitted after the due date**



At the start of each financial year, a member can choose to receive the Sydney Allowance as either an annual fixed amount, or at a daily rate for each required overnight stay. Members who choose to receive an annual fixed amount must submit reconciliations twice a year to the department and return any excess of the allowance over actual expenses incurred by 30 September each year. Of the five members who submitted their Sydney Allowance reconciliations late, one member was late with their mid-year and year-end reconciliations.

Of the three members who submitted their year-end reconciliations late, all three needed to repay unspent allowances. One of these members repaid \$6,099 one month after the required date of 30 September 2022.

**Four publications claimed under the Communications Allowance had not made the required authorisations and attributions on a publication**

The Parliament's Communications Allowance Guidelines require that claims for the Communications Allowance, such as for radio and television advertisements and electronic publications are eligible only where the communication includes an acknowledgement that the communication has been 'authorised by' (the member) and that it has been 'funded using parliamentary entitlements'. Four members claimed the Communications Allowance for a magazine advertisement, e-newsletter update, in-app advertisement and sending Christmas cards to constituents that did not make the required statements.

Members are responsible for ensuring that their final published communications remain compliant with Parliament's Communications Allowance guidelines.

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## 3. Recommendations

### Open prior period recommendations

#### Enhanced public reporting

In 2016, the Auditor-General's Report to Parliament recommended the tribunal consider requiring the department to regularly publish full details of members' expenditure claims on its website in an accessible and searchable format. The tribunal had developed a plan requiring greater public reporting of members' additional expenditure from 1 July 2019 but does not have the power to require the department to facilitate this. This matter has been raised every year since 2016 and it continues to remain an open recommendation in 2022.

The Annual Reports of the Legislative Assembly and the Legislative Council, published on the Parliament's website, currently list the total amount claimed during the year by each member for each allowance. However, transparency around members' claims would be enhanced if information was more extensively and regularly published on the Parliament's website. The department should continue to work with the presiding officers, members, the clerk of the Parliaments and the clerk of the Legislative Assembly to enhance reporting of members' expenditure.

### Resolved prior period recommendations

#### Clarifying key parameters of the annual determination

In 2020, the Auditor-General's Report to Parliament recommended the department work with the tribunal to provide additional guidance to members to clarify the:

- definition of 'parliamentary duties'
- activities that meet the definition
- requirements for retaining documents.

To address this recommendation, the department performed a review of the definitions and activities used by other jurisdictions in their administration of members' entitlements. The department has clarified these items as part of their submission with respect to the 2022 determination. The department will continue to monitor for changes in the administration of members' entitlements occurring at the federal level.

## **Section two**

### Appendices

# Appendix one – response from Department of Parliamentary Services



**DEPARTMENT OF PARLIAMENTARY SERVICES**  
Office of the Chief Executive

Ref: D22/63842

25 November 2022

Ms Margaret Crawford  
Auditor-General of NSW  
The Audit Office of New South Wales  
GPO Box 12  
SYDNEY NSW 2001

Dear Ms Crawford

**Re: Auditor-General's Report to Parliament - Members' Additional Entitlements 2022**

I refer to your report to Parliament on Members' Additional Entitlements 2022 and specifically to the following items titled:

**1. Enhanced public reporting of Members' expenditure claims**

The Department remains committed to implementing the enhanced public reporting of Members' expenditure claims as contained in the Annual Report and Determination of the Parliamentary Remuneration Tribunal dated 16 May 2018.

As indicated in previous years, the Department requires significant funding from NSW Treasury to develop appropriate systems in respect to the original recommendation put forward by the Audit Office. The Department will again submit a proposal for funding to NSW Treasury, as part of its 2023/24 budget cycle.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Webb'.

Mark Webb  
Chief Executive

## OUR VISION

Our insights inform and challenge government to improve outcomes for citizens.

## OUR PURPOSE

To help Parliament hold government accountable for its use of public resources.

## OUR VALUES

Pride in purpose  
Curious and open-minded  
Valuing people  
Contagious integrity  
Courage (even when it's uncomfortable)

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