



Submission by the Independent Parliamentary Expenses Authority

Independent Review of the *Independent Parliamentary Expenses Authority Act 2017* and the *Parliamentary Business Resources Act 2017*

Introduction

The Independent Parliamentary Expenses Authority (IPEA) and the *Independent Parliamentary Expenses Authority Act 2017* (IPEA Act) were established within a relatively short timeframe. Announced 13 January 2017, IPEA commenced as an interim executive agency on 3 April 2017 and became a statutory agency on 1 July 2017. Additionally the *Parliamentary Business Resources Act 2017* (PBR Act) and subordinate legislation (collectively the PBR Framework) commenced on 1 January 2018. The PBR Framework provides a very broad range of work resources and support services for parliamentarians.

The primary functions of IPEA with regard to the PBR Framework relate to administration and advice for travel related work resources and assurance, audit and reporting for all work resources. IPEA does not administer non-travel related work expenses; they are administered by Finance and other agencies.

IPEA has now been delivering against its legislated functions for 4.5 years. This review is a welcome opportunity to consider some of the embedded processes and consequential assumptions that were not obvious during IPEA's rapid establishment period and the transition to the principles based PBR Framework. A number of issues and IPEA's preliminary views and considerations are set out below. If these are of interest to the Review and require further elaboration, IPEA is able to provide additional information for further discussion.

Achieving Legislative Objectives

In IPEA's view, the IPEA Act¹ and the PBR Framework are progressing well the objective of improving transparency and accountability. The principles based approach has proven to be flexible and adaptable - it has catered for bushfires, the pandemic, an election and floods - and is well accepted by parliamentarians and their staff.

The legislative approach has assisted the administration and the claiming of travel related expenses and built a level of trust with parliamentarians, their staff and the general public. While it is difficult to measure the overall level of improved trust, IPEA's client satisfaction survey results (approximately 80% of clients are very satisfied with the service and role of IPEA) coupled with minimal media and press coverage of travel related issues, support this assessment. In addition, we believe IPEA has established a strong culture of assistance and parliamentarians and their staff regularly use the advice line to seek and receive considered and accurate travel related advice.

In a typical non-COVID year, IPEA processes travel related work expense claims totalling approximately \$62 million (in excess of 200,000 transactions), and provides advice, either written or

¹ There has only been one legislative rule made under the IPEA Act (*Independent Parliamentary Expenses Authority (President of the Remuneration Tribunal Fees and Allowances) Rule 2017*), which is not related to members, former members or their staff and therefore not relevant to this submission.



on the telephone, on approximately 10,000 occasions. IPEA also provides in excess of 4,000 reports on work expenses and undertakes a program of assurance activities across all work expenses.

Since inception, IPEA adopted an education first approach for travel related expenses. This included developing IPEA-Ed, an on-line training tool capturing the processes and decision making for claiming travel expenses, aligning it to the principles based framework and also providing the education material to the public.

Building on this education focus with new parliamentarians and staff as they commence their parliamentary career has led to increased understanding and capability in the administration and management of travel related work expenses; IPEA believes this is critical to the on-going success of its administration of the PBR Framework.

Supporting Good Public Policy

IPEA has administered travel and travel related expenses as efficiently and effectively as the new legislation and ICT systems allow. There are however a number of opportunities for minor legislative and policy change that would augment the efficiency and effectiveness of the administration of resources to IPEA's clients. These opportunities include clarification of, and/or amendments to, jurisdictional and functional boundaries, and fine tuning of cross agency collaboration.

For example, the PBR Framework provides for a number of Australian Government agencies to administer resources provided to parliamentarians, including Finance, IPEA and the Department of Parliamentary Services (DPS). In particular, collaboration is necessary to support administration of work expenses; reporting those expenses, applying the Framework consistently; and general information sharing and IPEA's assurance and audit activities.

IPEA is committed to working collaboratively across agencies to ensure the ongoing delivery of high-quality services. Further strengthening cross agency collaboration would enhance the consistency of and accessibility to parliamentary expenses information and assist IPEA in the performance of its legislative responsibilities.

Parliamentary Expenses Management System

IPEA also awaits the implementation of the Parliamentary Expenses Management System (PEMS) to better support future efficient and effective administration. PEMS was initiated by Finance in 2018 and is a cornerstone ICT system to replace ageing and antiquated backend systems. PEMS is expected to support increased and more regular reporting to the Australian public on work expenses and provide parliamentarians and their staff with much needed on-line expense claim functionality and office management tools, including reporting and budget management.

The PEMS travel, budget, assurance and reporting functions for IPEA are still being developed and are the last modules scheduled for delivery. PEMS functionality is critical for IPEA to deliver its legislated mandate for increased reporting frequency and greater transparency. Delivery of PEMS is also critical for IPEA and parliamentarians and their staff (Clients) to administer and manage seamlessly work expenses provided under the PBR Act. Ongoing support from the parliament is needed to ensure PEMS is delivered to the level required and ongoing development work is funded appropriately.



Transparency and Accountability

IPEA has improved transparency and accountability in the provision of work resources and service delivery to members, former members, their staff and the public through non-legislative means. It has done this through:

- Targeted, specific personal advice at a senior staffing level for parliamentarians and staff to base travel related work expense decisions
- Undertaking and publishing a number of audits on the use of work expenses
- More regular public reporting on work expenses, from biannually to quarterly
- More accessible reporting on work expenses (csv format on data.gov.au)
- Making IPEA-Ed training modules available online and accessible to members and their staff, former members, and the general public
- Providing tailored historical usage data to members to improve decision making.

The PBR Framework supports parliamentarians assuring the Australian public that the resources expended under the Framework were consistent with the principles and obligations as prescribed by the legislation. While all principles must be met – dominant purpose, specific conditions, personal responsibility and accountability, good faith and value for money – the threshold or gateway principle is dominant purpose. That is, was the work expense accessed and used for the dominant purpose of parliamentary business, rather than a commercial or personal use.

The Explanatory Memorandum (EM) to the IPEA Act states:

Acting in good faith goes to the core of the requirement that members claim or use public resources for the dominant purpose of conducting their parliamentary business (clause 26).

Specifically, the Review [An Independent Parliamentary Entitlements System Review, 2016] provided that members must not seek to disguise their personal or commercial business as parliamentary business. Acting in good faith would require that members act honestly and consider the subjective reasons for claiming or using public resources in the circumstances, and account for their claim or use of those public resources with sufficient candour.

Certification

Certification is a public facing practice that has been in place since the 1990's in various forms for parliamentarians' expenses; it enables a parliamentarian to confirm publicly that the principles have been met. It is an important element in meeting transparency and accountability expectations of the Australian public. Consistent with the EM, it enables a parliamentarian to confirm, even where they have limited control over a resource (for example an electorate office premise), that the expense was incurred for the dominant purpose of parliamentary business and not for a commercial or personal use. Where a parliamentarian has limited control (for example premise lease costs that are currently negotiated by Finance), the parliamentarian is able to rely on their negotiated outcomes to confirm that the value-for-money provisions have been satisfied.

The accuracy of the data published by IPEA is important to both parliamentarians and the public. Prior to IPEA publishing details of claims for work resources made under the PBR Framework, current and former parliamentarians are asked to certify that the usage of those work resources was within the "legislated purpose". Parliamentarians can then rely on this information and be confident in the accurate attribution of costs to support good office management. IPEA is aware of the personal and security implications of the information it holds and discloses this information responsibly.



Whilst there are currently very high rates of compliance with the certification process during a parliamentary term (certification rates for the last three quarters were 98%, 97% and 95%), there are areas where the certification process could be better communicated or understood. While this approach does not require legislative amendment, change could also involve a range of possible legislative and non-legislative options.

Conclusion

IPEA looks forward to the Review's consideration of public policy benefits and opportunities to improve, and possibly streamline, services delivered to parliamentarians under this Framework. As noted, IPEA's establishment was rapid and the in-built mechanism for this legislative Review was designed as an opportunity to reflect on and address any concerns, and make appropriate amendments. If the Review is considering making recommendations, other than technical clarifications to the IPEA Act and PBR Framework, the following considerations may be of assistance:

- Since its inception, IPEA has built expertise in service delivery (including 3rd party contract management), administration of expenses and related advice, audit and assurance and, data management and reporting. IPEA does not have expertise in operational delivery of specialised services (fleet management in a variety of forms, property management and facilities services or information technology).
- Given the flexibility of the principles-based Framework and IPEA's statutory advice function, IPEA has built a strong culture of support for parliamentarians and transparency to the public. Aligning with this culture and building upon IPEA's areas of expertise and assurance role, would require any new roles and/or functions to be principles based and not involve direct operational delivery.

As previously noted, IPEA would be pleased to assist with any further enquiries or suggestions the Review might have.

Annwyn Godwin

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