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CORRUPTION AND CRIME COMMISSION

OF WESTERN AUSTRALIA

COMMISSIONER JOHN MCKECHNIE QC

TRANSCRIPT OF PROCEEDINGS

AT PERTH ON FRIDAY, 16 AUGUST 2019, AT 8.47 AM

COUNSEL ASSISTING:

MS KIRSTEN NELSON

MS CLARE STANYER

WITNESS: PROFESSOR MARAGARET SEARES

THE COMMISSIONER: Please be seated.

THE ASSOCIATE: The Commission is about to conduct a number of examinations for the purposes of an investigation under the Corruption, Crime and Misconduct Act 2003. That investigation has been designated Operation Betelgeuse.

The scope and purpose of the Commission investigation is to identify whether any public officer has, is, or may have engaged in serious misconduct in relation to, but not limited to, corruptly taking advantage of their public office for their own personal benefit or in any other function in their capacity as a public officer, and to consider and report on any corruption risks surrounding the electoral allowance.

THE COMMISSIONER: There are good reasons for the Commission to go about its work covertly. Firstly, it protects the integrity of the investigation; secondly and of equal importance, it protects the reputation of a person whose conduct may be subject to investigation. Many investigations in fact conclude with an opinion that there has been no serious misconduct. If no one knows that there has been an investigation, the person affected is not injured.

Under the Corruption, Crime and Misconduct Act section 139, the default position is that an examination will be conducted in private. However, a Commission may exercise a discretion to open a determination, an examination to the public if, after having weighed the benefits of public exposure and public awareness against the potential for prejudice or privacy infringements, it considers that it is in the public interest to do so.

Now that this investigation is in the public domain, the balance has shifted. Having weighed the benefits of public exposure and public awareness against the potential for prejudice or privacy infringements, I consider it is in the interests of the public to open some examinations in this investigation. However, at any time the Commission may close a public examination and continue the examination in private.

Specific considerations to which the Commission has had regard include first, the benefits in relation to public exposure and public awareness. The witnesses to be examined today will explain the practices and procedures of electoral and other allowances. It is in the public interest that the allowance procedures are transparent,

they hold statutory appointments and there are no countervailing privacy issues.

The Commission's investigation is advanced, but far from completed. It is important to stress that no conclusions about the conduct of any person has been reached. Until the Commission's investigation has concluded and a report is made to Parliament, in fairness no one should speculate as to any particular result or any particular person.

I appoint Ms Kirsten Nelson and Ms Clare Stanyer as counsel to assist me in the course of this investigation.

THE ASSOCIATE: Witnesses may be called for examination before the Commission for all sorts of reasons. Many witnesses are called whose own conduct is not in question, they may be called because they can assist the Commission by giving information about events, circumstances, systems, procedures, or the activities of other persons.

The examination of a person before the Commission is but one part of an investigative process, the purpose of which is to get to the truth of a matter. The Commission is not bound by the rules of evidence and can exercise its functions with as little formality and technicality as possible.

It will conduct its examinations as an investigative inquiry and not as an adversarial contest such as applies in a court, and may inform itself on any matter in such manner as it thinks fit.

An examination in the context of an investigative inquiry is an open-ended and very often unpredictable process which is essentially one that is intended to be instrumental in discovering facts which, once assessed by the Commission in conjunction with other material available to it, forms the basis of its subsequent opinions concerning misconduct and recommendations it might make.

There is a Commission Practice Direction which prohibits the use of electronic devices in the hearing room while an examination is in session, therefore all mobile phones and tablets must be switched off. Bona fide members of the media and members of the legal profession sitting at the Bench are exempt. Copies of the Practice Direction are available upon request.

For reasons of fairness to witnesses as well as the safety of those in this part of the building, the media will not be permitted to use cameras or to conduct interviews in the

precincts of the hearing room.

The Commission may make non-disclosure orders from time to time. Compliance with them is essential in maintaining the integrity of the Commission's work, thus the Commission will view any contravention of these orders by the media as extremely prejudicial.

It is likely that, at least for the moment, names and addresses of witnesses will be suppressed. This may be during - this may change during the course of the examinations. The Commission will take whatever action is at its disposal to ensure that non-publication orders are complied with.

The Commissioner orders that all witnesses are to remain out of the hearing room until such times as they are called to give their evidence; and further, orders that witnesses are not to discuss their evidence with any other witness until the witness has completed giving his or her evidence.

THE COMMISSIONER: Thank you.

I invite Ms Nelson to make any opening remarks you may wish.

NELSON, MS: Thank you, Commissioner.

The Western Australian Parliament pays parliamentarians a total of \$7.5 million per year in electorate allowances alone, yet Parliament cannot tell you how it is spent. The Commission is investigating whether a lack of public accountability and transparency as to how Members of Parliament spend their entitlement allowances is a serious misconduct risk.

The question is: should the base electorate allowance of \$78,000 per year received by all Parliamentarians be considered an income bonus, or is it necessary to cover work expenses? If it is necessary to perform their Parliamentary functions, should Parliamentarians be publicly accountable for how it is spent?

The Commission is conscious of the valuable and necessary position parliamentarians hold in our democratic system. As representatives of all Western Australians it is important that this high office attracts talented, hardworking people from all walks of life. Financial support should be given to Members of Parliament so they can perform their role. This is especially so for Members who represent a regional electorate.

Primarily the role of a Member is to attend Parliament to represent his or her electorate, but representing an electorate involves many varied activities; meeting with constituents, attending electorate activities and keeping themselves informed as to how they can deliver valuable public policies.

Keeping informed may involve interstate or overseas travel, or it may involve functions with constituents from their electorate. A Member who's a member of a political party is also expected to organise and sustain branches of the party, and help formulate policy through party committees.

Members have a broad range of responsibilities in Parliament and in the electorate, and as a result a Member owes duties to Parliament, the electorate and their political party. In order to assist them perform effectively in serving their electorate, a Member of Parliament receives allowances in addition to their salary.

Since the early 1950s an electorate allowance in some form has been paid directly to Western Australian Parliamentarians for spending as they see fit. The early allowances were said to be for expenses incurred in discharging parliamentary duties, and this general purpose still applies.

A determination of what are appropriate classes of allowance entitlements is made by an independent three-person Tribunal, the Salaries and Allowances Tribunal. This Tribunal decides what entitlements are available for parliamentarians, how much they are worth and their purpose.

Currently there are a range of approximately 26 allowance entitlements covering different types of expenses, such as there are various accommodation allowances to attend sittings of Parliament or for expenses incurred when a Member is away from home to undertake official duties.

There are communication allowances for telephone services and postal services. There is a transport allowance which can be taken as a leased private vehicle or as a \$25,000 per annum cash per the salary pay slip. There are charter transport allowances for Members representing a regional district.

There is an accommodation allowance for a regional Member to attend sittings of Parliament. And there are the electorate allowances comprised of the base allowance of

\$78,000 per year, with additional top-up for electorates that represent a region that is geographically complex or large.

Additional electorate allowances for regional district Members can range from just over \$10,000 to just over \$25,000 per annum, in addition to the base electorate allowance. There is also a parliamentary travel allowance of approximately \$7,000 per year for reimbursement of expenses incurred for travel and accommodation incidental to travel within Australia or overseas while on official business.

The Commission has been investigating the lack of regulatory constraints and controls surrounding the decisions made by Members of Parliament and their staff as to how they spend some of these parliamentary allowances. The purpose of the electorate allowance in particular is to allow the Member to cover the expected expenses that arise from various activities they perform representing their electorate. The Member is paid the allowance regardless of whether those expenses are actually incurred.

The Member of Parliament is the decision maker as to how the electorate allowance is spent. It can be spent entirely at their discretion. Accordingly, the electorate allowance can be lawfully spent on expenses incurred in assisting their electorate, or on personal expenses or not spent at all, but the foundational rule is that the purpose of the allowance is to assist them to serve their electorate.

This system does have a caveat. A parliamentarian cannot take those allowance moneys and use them for a personal purpose unrelated to his or her role without a consequence. The portion of the electorate allowance not spent on activities associated with the Members' representation of their electorate is taxed as personal income.

The Australian Taxation Office has published clear and specific rules on the tax treatment of allowances and entitlements enjoyed by Members of Parliament. The receipt of an allowance does not in itself entitle a Member to a deduction.

If in spending the electorate allowance the expenses incurred are connected with carrying on the Member's role as a parliamentarian, then the Member may claim deductions for those expenses in his or her income tax return.

The starting position is that the ATO considers allowances

paid to Members for spending at their discretion to be income. It will be assessed as taxable income, along with the Member's salary, unless the Member can satisfy the ATO that the activity which the allowance paid for was incurred while performing their role as a Member of Parliament.

If the parliamentarian wishes to spend the allowance on his or her own private and personal pursuits, that is permitted. However, the parliamentarian must pay income tax on that money when they lodge a personal tax return. If a parliamentarian was to claim a tax deduction for a private expense, then he or she has taken advantage of the office for a personal benefit. If this is done over a period of time, it's likely to be serious misconduct.

Allowances are paid from public moneys. Accountability is limited and is dependent on how the allowances are drawn down by the Member of Parliament. Some allowances are ongoing expenses that are paid directly by the Department of Premier and Cabinet to the service provider on the Member's behalf. For example, DPC pays the line rental for telephones in a Member's electorate office.

Other allowances are paid as reimbursements to the Member after a claim is lodged. An example is the base accommodation allowance for accommodation and incidentals of travel throughout Western Australia. Another example is the regional accommodation allowance for regional Members with a residence in their electorate. They may claim accommodation in the Perth metropolitan area while in Perth on official business.

Allowances that are claimable as reimbursements are not taxed. Reimbursements and accommodation allowances are not part of a parliamentarian's personal assessable income for tax purposes. The reimbursement is paid at fixed daily rates set by the ATO and generally followed across the whole of government when public officers travel for work.

If followed, the process of reimbursing parliamentarians for allowance expenditure has some in-built accountability. It is the allowances paid regularly through Members' pay slips that appear to lack a process of transparent accountability. These are the electorate allowance and the motor vehicle allowance.

At the time they are paid to the Member, they're not taxed. All pay slip allowances are processed by Parliamentary Services at Parliament House, whereas the reimbursement allowances are paid to the Member by the Department of Premier and Cabinet.

The Commission investigation does not question the lawfulness of Members obtaining parliamentary allowances, nor question whether the amounts are or were reasonable. The issue to which our inquiry is generated is whether the entitlement system has allowed, or is allowing, corruption to flourish. Serious misconduct will likely occur when a public officer corruptly takes advantage of their public position for a personal benefit.

The Commission's statutory purpose is to reduce the incidence of misconduct in the public sector. In the Commission's investigation, it will seek to answer two main questions concerning whether any Member has, firstly, knowingly claimed remuneration from the State for payments they made that had little to do with work as a parliamentarian and were more personal payments, and, secondly, whether any Member has abused the privilege of the electorate allowance entitlement system.

If a Member of Parliament used their electorate allowance to pay for private dinners, personal travel or personal entertainment, that is their right under the current entitlement system.

However, if that Member then claimed the private travel, private entertainment or private dinner was an expense incurred whilst serving their electorate, such as by claiming that expense as a tax deduction and representing to the ATO it was a legitimate parliamentary expense, it would be dishonest, improper and an abuse of the trust placed in the parliamentarian as an elected representative of the people.

It would also be improper for a Member of Parliament to claim from Parliament a reimbursement for expenses that were personal or private and not related to their parliamentary role.

During the Commission investigation, the parliamentary electorate allowance regime will come under some scrutiny to determine whether there have been instances of abuse of power by parliamentarians. The lack of adequate accountability may enable corrupt conduct to occur. The electorate allowance appears especially vulnerable.

Financial support is a necessary component of the democratic process. The trust and confidence in a politician's integrity in administering public money is important for maintaining confidence in government representatives overall, and maintaining legitimacy in

their public policies.

As an independent statutory agency with a mandate to reduce corruption in the public sector, the Commission is well-placed to conduct this investigation for the benefit of the community of Western Australia. The Commission investigation thus far has included private examinations of witnesses. The Commission has also served notices to produce documents that compel the receiver to give the Commission specified matter that will assist in our investigation.

The Commission investigation is ongoing and we would strongly encourage those with information about potential abuse of these and other allowances to come forward to assist the Commission.

Thank you, Commissioner.

THE COMMISSIONER: Thank you, Ms Nelson. I will adjourn briefly so that we can reformat the room, and then we'll take evidence from the first witness this morning. So we will adjourn briefly.

(Short adjournment)

THE COMMISSIONER: Please be seated.

SEARES, MARGARET SWORN AT 09.14 AM:

THE COMMISSIONER: Thank you for your attendance here today. Ms Nelson will in fact be asking questions on my behalf.

NELSON, MS: Thank you, Commissioner. Before I start with Professor Seares, the second witness, Mr Colin Murphy, is in the back of the court. I ask that you bury the order earlier to allow that.

THE COMMISSIONER: I bury the earlier order and he may remain.

NELSON, MS: Thank you.

Professor, can you please state your full name, just for the record?---Yes. Margaret Seares.

Thank you. And you're currently the chair of the Salaries and Allowances Tribunal, is that correct?---Correct.

And how long have you occupied that position?---Ah, I'd say

16 months.

And prior to that, what position did you hold in the public sector?---Ah, prior to that I was on a review panel for the public sector. Many years ago I was the head of a government department, and in between I was the Deputy Vice Chancellor at University of Western Australia.

Thank you. And apart from yourself, how many other people are on the Tribunal currently?---Two members.

And that's the full complement of members?---That's - yes, that's the full complement.

And have they all held the position as long as you have?---Ah, two - one has, and one probably 15 months, 14 months.

And as a statutory body, can you just explain broadly what the role of the Tribunal is in relation to Members of Parliament?---Right. Well, the role of the Tribunal is - is fundamentally to set both the salary and terms and conditions for Members of Parliament in this State, and, ah, it is done through what are called determinations. And we make a determination in - in the normal time, if I - I'll clarify that in a moment, it would be a regular determination of, um, yes, salaries and allowances for everyone within the sort of - particular echelons within the public sector. Because we have a wage freeze, um, in existence, we haven't actually done a determination - or well, the Tribunal has not for a - ah, two or so years and certainly the current members of the Tribunal have not done a determination for Members of Parliament.

In the usual course of events, how often would a determination be given for Members of Parliament?---Well, normally, ah, the - the determinations are looked at on an annual basis, ah, for most parts of the, um - of the sector.

And when do you envisage that your Tribunal will give the next determination?---Ah, not until leading into 2020 - 2021, which is when the wage freeze, um, ceases.

And if you were going to give a determination - you mentioned that you looked at the salaries of Members of Parliament, and then you said you'd looked into their entitlements. Is that the full complement of what Members of Parliament are paid by the State for their service? ---As - as best as comes under the Salaries and Allowances Tribunal, yes.

Are you aware of whether Members of Parliament are entitled to any other public monies other than what appears in the determination?---Ah, well, not - not - not that, um, we have any role in.

And if you were to do a determination, how does the Tribunal conduct its enquiry to inform itself?---Ah, okay. So it - it would commence with, um, looking at the - any sub-public sector wages policy statements, and that will take into wage price indexes, you know, CPI, and so forth. Um, it will look at any State fiscal statements, um, the Treasurer statements, government financial strategies. Um, it would take into account the government's financial projections, and it would look at, um, any submissions that have been made to the Tribunal by the government, and then it would - normally the process would be to, you know, request input from office holders, input from any, um, public submissions. Um, there would be looking at other officers, for example in the Eastern States, what other States, looking at, but also areas such as local government, what's going on in local government in Western Australia, salary areas. So in other words other jurisdictions. Um, and, as I said, economic and wages data, um, will all feed into the mix. Um, and, ah, we would consult with what we call a statutory advisor, and for each of the areas the Tribunal has responsibility for, we have a statutory advisor, so for the politicians, there is a former, ah - ah, politician normally who has, yeah, long experience in the Parliament and just can give the Tribunal advice and, um, you know, warnings or alerts or whatever if one were to go down the, sort of, particular path. We have the same for the local government and we have the same for senior members of the public sector.

Thank you. Why do you see the State's economic performance as being something that the Tribunal should inform itself about before making a determination?---Well, because, ah, the - the - the salaries, um, of course are public money, um, and we have to look at those responsible. There's - it'd be very irresponsible for us to sort of pick figures out of the air, to look at, for example, another State or another constituency where the - the economic conditions of that constituency are very different to our own. And so while we take those on board, we also have to look at what are the realities of the financial situation in the State.

And when you're determining the entitlements or the allowances that Members of Parliament are paid, do you also take into account the economic outlook at indicators in other States, as you've described?---Well, with the - things such as the electoral allowance, they - that is, um

- that has its own sort of notional components. For - for example, telecommunications. So telecommunications in, you know, 1990 were very different to telecommunications or what we mean by telecommunications in 2021. So we would be looking at, um, each of those components that is a part of the electoral allowance in - in terms of current costs, ah, that would be, you know, applied for politicians.

In that answer, when you referred to electorate allowance, were you meaning all the various nearly 26 allowances, or were you meaning just the electorate allowance?--No, no, I'm sorry. I - I was speaking just about the fund - the base electoral allowance, which is the \$78,000 base electoral allowance.

Right?--Within that, there are notional sub-categories, because that allowance is actually made up of what were a - a series of different allowances which were aggregated by the Tribunal some years ago to make just one large allowance. So there was someone's, for example, postal and telecommunications, establishing the, um, IT systems within an electorate office, and things like stationary and printing, and see, again, that's another one - I think by the time we reach 2021 we'll be looking at, "Well, what does that mean in this day and age?"

Right, thank you. I might just give you a copy of the determination from the end of June 2015.

Which is document 0014^ thank you, Madam Associate.

0014^

NELSON, MS: And I have a copy for yourself, the Commissioner, and for the witness, thank you.

While you're talking about the electorate allowance, if we can go to page 12. The very first sentence there:

A Member is entitled to an electorate allowance to assist in the effective representation of their electorate.

Can you expand on what that means to the Tribunal, please, Professor?--Right. Well, um, in addition to their salary, I think it - it would be seen as unreasonable if a Member were to spend their actual income, salary income, on, ah, the management of their electorate, and the running of their electorate. People expect a lot of their politicians, ah, not - not only in the metropolitan area, but in particular in the regions, and, ah, there are a lot

of requests put upon them for a range of things to be provided. There's also information that needs to be provided by the MP to their electorate, and the - so there are a range of that - that type of costs that need to be accounted for in - in a - a way different to the, ah, salary, the base salary of an MP. So in talking about the effective representation of their electorate, it's actually talking about representing the electorate, ah, and also informing themselves about their electorate, so in particular some of the very large electorates we have in this State, a new Member has to spend a lot of time informing them so that they can be an effective represent - representative for their electorate. So there are a lot of costs involved in being a Member and, um, some Members do it differently than others. Some Members you will hear will, you know, present books annually at their school, you know, school books prizes and so forth, that has to come out of their electorate allowance. Um, other Members support local groups in different ways, printing, stationary, advertising, for - for the local group, that has to come out of the electoral allowance. So that is really what is talking about the effective representation of their electorate.

Thank you. And before a Member uses their electorate allowance to pay for those expenses such that you mentioned, do they have to seek permission from anyone? ---No, not to my knowledge.

And is that in fact the meaning of that second paragraph:

The electorate allowance may be used at the Member's discretion.

?---Yes. I mean, ah, as - as you will be aware, there are - there are some items listed that are, you know, there's the type of thing, such as in 3.2(2), (a) to (f), that they might spend that money on. There may be something else that is not listed there that is a reasonable, um, ah, request to - to spend in the electorate. So that's what is meant by their discretion, ah, to spend - you know, there might be something else that will arise particular to their electorate, but, um, ah, it is not there, obviously, for party and political purposes.

Right. Which is what's mentioned in 3.1(2)?---That's right.

But shall not be used for campaigning, electioneering or political party promotion.

?---Yes, that's right.

In your opinion, if a Member of Parliament was to attend a dinner with other politicians, perhaps of the same party, perhaps mixed parties, would that be something that he could claim as an expense under the electorate allowance?
---It would be difficult to see the benefit - one would have to see the immediate benefit for that electorate to come out of such a thing. It is - the - the fundamental is in one - is 3.1(1), "Effective representation of the electorate", and if - if that can be demonstrated then that would be reasonable, if not, no.

And are you aware of any documentation that the Member is required to keep as to what they have expended their electorate allowance on?---Well, I would have thought the expectation would that all the documentation would be needed to be kept because of the ATO requirements and, um, ah, ah, you know, their ability to demonstrate that the allowance has been expended as required.

And does the Tribunal have any relationship with the ATO and - - -?---No.

Just look at 3.2, subsection (2), and particularly subsection (3), "Hospitality and entertainment associated with a Member's official business". The definition of "official business" is contained right at the beginning of the determination - I must just locate the page. Not right at the beginning, page 8. It says it includes business related to a Member's parliamentary, electorate or officer - office-holder role, sorry. What do you mean by "office-holder roles"?---Office holders are normally positions such as Ministers or President of the Council or Leader of the House.

And then it's got an exclusion clause:

Excludes Party business, other than meetings of a parliamentary political party or its executive or committees or formal meeting of a political party.

Is there anything you want to say to expand on that definition?---No. I would have thought it was - it was very clear that we're talking about the business of the Parliament as opposed to the business of the party.

Thank you. When you say it's very clear, does the Tribunal have any role in educating Members of Parliament as to what the electorate allowance is to be properly spent on?

---My understanding is that all new Members have an

induction process, and included in that induction process is, you know, the range of what - what they are entitled to and what it is intended that those things are to be spent on.

And who performs that induction process?---Parliament House.

Parliament?---Mm hmm.

Does the Tribunal come and speak to Members during the course of that process?---I haven't - I'm not aware that they do, but it's always a possibility. I believe the Executive Officer of the Tribunal has occasionally been asked to attend.

And how many employees does the Tribunal have to assist it? ---Three.

Three? And do those three employees have any role liaising with Members of Parliament to provide advice or given instruction as to the meaning of the allowance expenses? ---They get phone calls from Members of Parliament periodically to request clarification. There's no formal routine interaction with the Parliamentarians.

I spoke earlier in my opening, and you were sitting in the examination room for that, about the base electoral allowance of 78,000, and then I referred to there being additional allowances on top of that. Can you please explain what those additional allowances are?---Yes. The additional allowances are for regional members and they ascend according to the size of the electorate and, to some extent, the distance from Perth, but it's more the size of the electorate and the complexity of the electorate. So they range from \$10,400 for the Warren Blackwood district in the south, which is - and then up to \$25,350 for mining and pastoral, which is obviously a very large region in the north.

What's the current salary range for Members of Parliament? ---Well, the current sort of salary range is from 156,000 base salary.

And that would be for a back bencher?---Yes.

Are you aware of how Members of Parliament are paid their allowances?---They are normally paid as part of the salary, or within - with the salary slips, so to speak. Well, this will depend very slightly on which allowances we're referring to, but normally they would receive the allowance

as part of the salary slip, those that are potentially counted as income, if they expend it in the manner that it is provided for.

Now, if we could just look at the Parliamentary travel allowances, and if you go to page 24, thank you. And can you just explain generally what the Parliamentary travel allowance that we see on this page is about?---Yes. That allowance was put in place, and it has been an allowance that has been part of an imprest scheme as well in the past. It has had various iterations, but it's fundamental is that Politicians, Parliamentarians, should be able to inform themselves for the benefit of the community, so it's not specific to an electorate, it's about the community, the West Australian community, and it is intended to inform themselves either about specific issues that they might be involved with in the Parliament, or broader general issues to do with, you know, good governance - you know, it could be education, for example, sort of government administration or public administration policy and the like. So it is - it is fundamentally there to increase and broaden their - the awareness that they can bring back for the community.

And do they need to seek approval before they travel using this allowance?---In the current system, no, but if - again, as you outlined earlier, if it is unspent, then it is - it becomes a matter for the ATO.

And is this allowance capped at any dollar figure?---Yes. It's - it's basically 6,750 per annum, and 27,500 over four years.

THE COMMISSIONER: Is that what was formerly known as the imprest?---Yes. That's right, Commissioner.

NELSON, MS: Thank you, Commissioner.

And the imprest scheme, was that also capped in a monetary amount similar to how you've just described?---Yes. It was a similar - a similar amount. Yes.

And if you didn't use all of the - either the imprest travel or the current parliamentary travel during the life of the Parliament, what happened to that portion of the allowance?---My understanding in the imprest scheme was where you actually did provide documents for reimbursement.

Right?---So you could spend up to - the amount prescribed. In this scheme, it is - the funds are provided in advance, so to speak, and - - -

I see?--- - - - you, your accountability, really is to the ATO.

So in the imprest scheme, you have to seek approval before - - -?---Yes.

- - - you travelled, or - - -?---Yes. No, you had to seek approval.

And was the approval concerned with the amount being spent, or where you were going or both?---The approval was on the purpose. If a Member - as long as a Member kept within the totality of 27,000 in the four years, the - the funds were available, but in the former scheme, it was - there did need to be approval of the purpose of travel.

Is it correct - is your evidence that in the current scheme though you don't need to seek approval before you spend the Parliamentary travel allowance?---That's right. If there is approval sought, it might be within the parties themselves, but in the old system the approval initially was with the State Premier and then devolved to the Department of Premier and Cabinet, and that does not occur now.

Thank you. Now, under the old scheme, the imprest scheme, if, say, you only spent \$20,000 over the life of the Parliament, what happened to the balance of the imprest that had been allocated to you?---It remained in the coffers.

So it didn't go to the MP?---No, it didn't go to the MP.

Could the MP roll it over to the next term if they happened to be re-elected?---I - I'm not - I can't be definitive on that, but I would imagine not.

THE COMMISSIONER: No.

NELSON, MS: Thank you, Commissioner?---No, I wouldn't imagine - - -

Are you aware of when the imprest system changed to the current iteration of Parliamentary travel allowance?---Yes, the Tribunal in 2017 changed the system. It - the reason for the change, as we understood it, was primarily that - well, there were two reasons. One was there was a lot of administration involved in that - in that process, and the other was that there was a certain resistance amongst MPs to do with how their approvals were to be sought, you know,

particularly from Members of oppositions of whatever they happened to be talking about, needing to seek approval from senior people from the other party. So those apparently, as we are led to believe, to understand, are the reasons it was changed.

Could a Member of Parliament also use another allowance type, other than the Parliamentary travel to travel for their expenses for travel?---Well, within Australia there are - there was some allowances available to do some travel within an electorate. I mean, there's things like a chartered flight, and so forth, within the electorate.

Right?---If it were to be international, again, it would have to be seen to be of benefit to the electorate.

Where they could use their electorate allowance?---Well, there is nothing that is written that specifies that they cannot do that, but that - the wording at the very top of the electorate allowance is about the benefit for the electorate has to be paramount.

If we could turn to page 15 please, to the motor vehicle allowance, under the general heading Transport Allowances. Can you just generally describe what the purpose of the motor vehicle allowance is, and how it's actually given to Members of Parliament please?---Yes. So the motor vehicle allowance is provided to Members of Parliament for their use as part of their job. It's provided to them as - 25,000 you have here per annum, and they can use it for purchase of a car, they could use it as a novated lease, they could use a portion of it for a taxi or Uber expenses.

Was that given to the Member of Parliament through their pay slip, or do they need to put in a claim?---No, through their pay slip.

Would you use that transport allowance to pay for the registration of the vehicle and for any repairs you needed to do to the vehicle?---Look, that I'm not clear on, but my understanding was it was there to cover the costs of having a vehicle, which includes those elements, but that - that I would need to check.

And the vehicle was for the Member of Parliament's use?
---Yes, the Member of Parliament.

Could anyone else use the vehicle?---If anyone else used the vehicle, there could be no compensating circumstance, like additional funds or additional vehicle provided, or - - -

No?--- - - - additional Uber costs or whatever.

Was there any allowance for a regional Member to have additional transport allowance payments?---Well, regional members do have additional funds paid to them as part of the vehicle allowance, because they will often want to have a vehicle that's going to cope with the region that they happen to be in. You know, for example, we might be talking about, you know, going to - like a LandCruiser of something of that sort, with roof bars, but that is - that is why they receive a larger allowance, not because they can have two vehicles.

So they'd get \$25,000 plus a certain amount?---Yes, that's right.

Yes. If we go to the previous page, page 14, and the communication allowance?---Mm.

Are these allowances that are articulated here, so for electorate office telephones, for example, teleconferencing, postal allowances, are they paid through the Member's pay slip, or as a reimbursement. What's your knowledge about that?---These were - there was one set of communication allowances and so on which were wrapped up into the recurrent electoral allowance. These may refer to - no, I was going to say they may refer to some allowances that we don't oversee that come - are managed either by DPC or Parliament House, but I think this may be a reference to the separate component of what is now the electoral allowance, in the past which was the communication allowance.

THE COMMISSIONER: Can I ask a question which probably anticipates one of Ms Nelson's later questions, for which I apologise in advance to her, but just taking the communication allowance, 4.4(2):

This allowance must not be used for campaigning, electioneering, electorate business or personal business.

How is that enforced?---To my knowledge, Commissioner, it isn't.

Thank you.

NELSON, MS: And in the same vein, I was going to ask that about the electorate allowance and, in fact, the transport allowance. What role does the Tribunal have in enforcing

those expenses?---The Tribunal has no role in enforcing or inspecting any of the expenditures. We - we set the determinations. They're then administered by DPC or Parliament House, and we have - we have no role, other than setting that determination.

No further questions, thank you, Commissioner.

THE COMMISSIONER: Thank you.

Thank you very much for your attendance today, Professor Seares?---Thank you.

Most helpful.

I will adjourn briefly so we can reconstitute again.

(THE WITNESS WITHDREW)

AT 9.45 AM THE MATTER ADJOURNED ACCORDINGLY

**Certificate Made Under Section 50A of the
Evidence Act 1906**

The transcript of Professor Margaret Seares heard on 16 August 2019.

was made in good faith and, subject to any qualification referred to below, is correct, accurate and complete transcription of the contents of the recording;

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Certified on this 16th day of August 2019 by: Glenda Judge and Sheila Robbshaw

Full Name: Glenda Judge
Sheila Robbshaw

Occupation: Transcriber and officer of the Commission under the Corruption, Crime and Misconduct Act 2003 ss 182, 3 who has taken an oath before the Commissioner.

Signature: (Glenda Judge) (Sheila Robbshaw)

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