

Preliminary Assessment Report

TO: Ms Petra Gartmann
Branch Manager, Executive Support and Assurance

SUBJECT: Senator the Hon. Mathias Cormann
Minister for Finance and the Public Service
Special Purpose Aircraft – 22 June 2018

BACKGROUND:

On 10 and 11 January 2019, numerous media outlets published articles relating to Minister Cormann's use of the 'Special Purpose Aircraft' (SPA) on 22 June 2018 to travel from Canberra to Adelaide and then to Perth between a sitting week. Those articles include but are not limited to:

<https://www.theguardian.com/australia-news/2019/jan/11/mathias-cormann-spent-37000-on-flights-in-one-day-to-lobby-for-tax-plan>

<https://www.perthnow.com.au/politics/federal-politics/cabinet-colleague-defends-mathias-cormanns-37000-taxpayer-funded-flight-ng-b881071851z>

<https://starts60.com/discover/news/politics/finance-minister-mathias-cormann-37000-taxpayer-money-flights>

The Audit and Assurance Team are undertaking a preliminary assessment to ensure the effective use of Commonwealth resources in accordance with the *Independent Parliamentary Expenses Authority Act 2017* (the IPEA Act) and the *Parliamentary Business Resources Act 2017* (the PBR Act).

LEGISLATIVE FRAMEWORK:

Independent Parliamentary Expenses Authority Act 2017
Parliamentary Business Resources Act 2017
Parliamentary Business Resources Regulations 2017
Parliamentary Business Resources (Commonwealth Transport) Determination 2017

Can IPEA audit the use of the SPA?

Yes.

Section 12(1)(i) of the IPEA Act gives IPEA the power to audit an "MP work resource" which is defined as:

- (a) MP travel resource; or
- (b) an allowance or expense that is payable under section 15 of the *Parliamentary Business Resources Act 2017*; or
- (c) goods, services, premises, equipment or any other facility that is provided under section 16 of that Act; or
- (d) a public resource that is provided by the Commonwealth under Part 3 of that Act.

Subsection 33(1) of the PBR Act 2017 states that:

- (1) The Minister may determine, in writing, that the Commonwealth must provide the public resources that are prescribed by the regulations relating to the conduct of a member's parliamentary business.

Section 62 of the *Parliamentary Business Resources Regulations 2017* states 'For the purposes of subsection 33(1) of the Act, Commonwealth transport is prescribed'. The associated Determination being the *Parliamentary Business Resources (Commonwealth Transport) Determination 2017* states that

I, Mathias Cormann, Minister for Finance, determine that, for subsection 33(1) of the *Parliamentary Business Resources Act 2017*, Commonwealth transport (as prescribed in section 62 of the *Parliamentary Business Resources Regulations 2017*) is to be provided in accordance with this instrument.

COMMUNICATION:

On 31 January 2019, the Audit and Assurance Team wrote to Minister Cormann seeking his response to questions regarding his use of the SPA. Those questions were:

- (1) What was your dominant purpose for undertaking this travel?
- (2) What was your value for money assessment when undertaking this travel?

On 1 February 2019, the Audit and Assurance Team received a written response from Minister Cormann outlining his use of the SPA.

- (1) What was your dominant purpose for undertaking this travel?

On Friday 22 June 2018, I was required in Canberra, Adelaide and Perth all on the same day before spending a day and a half at home in Perth before flying back to Canberra commercially on the direct Qantas flight on the Sunday afternoon.

*I had parliamentary business (official duties relating to my role as a Minister of State, as defined by section 6(1)(d) of the *Parliamentary Business Resources Act 2017*) in Canberra on Thursday night and Friday morning, followed by an urgent and important official parliamentary business commitment related to my role as a Minister of State and Leader of the Government in the Senate in Adelaide later that day.*

This travel from Canberra to Perth via Adelaide took place on a Friday in between parliamentary sitting weeks during the last sitting fortnight before the winter break, was facilitated by the Prime Minister's office at the time and was approved in the appropriate way.

- (2) What was your value for money assessment when undertaking this travel?

*The sole purpose of my travel to Adelaide on 22 June 2018 was to conduct parliamentary business (official duties relating to my role as a Minister of State and Leader of the Government in the Senate). No commercial flight options were available to accommodate commitments in Canberra, Adelaide and Perth on that day. Given travel by special purpose aircraft was the only option available that would allow me to fulfil my parliamentary business commitments, this travel was consistent with IPEA's Principles-Based Framework as well as obligations on the proper use of public resources by Commonwealth officials under the *Public Governance, Performance and Accountability Act 2013*.*

The use of the special purpose aircraft was facilitated through the Prime Minister's office at the time and approved in the appropriate way for that purpose following all the proper procedures.

ANALYSIS:

Following the media articles, a spokesperson for Minister Cormann released a statement providing an explanation for the use of the SPA on 22 June 2018. The media release outlined Minister Cormann's morning media commitments in Canberra and subsequent meetings in Adelaide for parliamentary business. Due to the timing of those media commitments and meetings, no commercial flight was available for the Minister.

A spokesperson for the Minister for Defence, the Hon. Christopher Pyne MP, also stated that "When considering the use of the SPA to enable Ministers to adequately perform their duties, consideration is given to the availability and suitability of commercial travel.

In circumstances where commercial alternatives are readily available, the most efficient means of transport will be utilised and the SPA may not be used."

Minister Cormann's written response and explanation for the use of the SPA is consistent with the legislative framework and tests outlined in the PBR Act 2017. It is not IPEA's role to determine the merits of 'parliamentary business' for Members of Parliament.

Minister Cormann's use of the SPA in this instance is consistent with the legislative framework.

RECOMMENDATION:

It is recommended that you:

- (1) Note the contents of this report; and
- (2) Approve the finalisation of this matter and no further action be taken.

Section 22

A/Director Audit and Assurance
Executive Support and Assurance

2 May 2019