

PAC

Re: 2012 Annual Account of the Houses of the Oireachtas Commission:

Allowances paid to Members of the Oireachtas and Political Parties

Opening Statement – 23 October 2012



In my letter of 4th October to the Clerk of the Committee I outlined under broad headings the various allowances currently paid to Members.

Article 15.15 of the Constitution stipulates that provision be made by law for the payment of allowances to Members of the Oireachtas in respect of their duties as public representatives and for travelling and other facilities in connection with these duties.

Expenditure under these various headings has fallen broadly in line with other cuts in the Public Service generally. I have circulated a detailed breakdown of these figures relating to each allowance.

From this breakdown it is clear the principal allowance is the Parliamentary Standard Allowance which is provided for under the 2009 legislation [namely the Oireachtas (Allowances to Members) and Ministerial and Parliamentary Offices Act 2009] which consolidated the allowances into one allowance the PSA with two tranches – The Travel and Accommodation Allowance (TAA) and the Public Representation Allowance (PRA).

The scheme which came into operation in March 2010 was also innovative in providing greater transparency in terms of verification and coincided with a number of budgetary cuts imposed by the then Minister for Finance across the Public Service.

To put the PSA scheme in perspective, since there is often incorrect speculation on what allowances our parliamentarians are provided with, the total spend on Members expenses this year will be about €11.7 or 11% of the total parliamentary budget. The corresponding figure for Members' salaries is just under €20m or 18.3%.

The total spend on allowances and salaries this year therefore will be €31.7m. This represents a fall of approximately 16% since 2008 when the total spend was €36.7m and represents a tiny fraction - one thousandth - of total State expenditure for 2012. Of course this is not to belittle what is a significant sum or to say that we should not have excellent monitoring, audit and control systems around the expenditure, which we do, but simply to position the sums involved in the overall picture.

All allowances bar two are statutory based and the Minister for Public Expenditure and Reform is the regulatory authority who under law sets the rates and scope of the allowances.

The PSA is currently under review by the Minister. A review was earmarked originally to be undertaken within a year of the new scheme but was delayed due to the 2011 general election.

For obvious reasons of a potential conflict of interest – neither the Houses of the Oireachtas Commission nor Members can set the rates or scope of these allowances. However, as an aside and in view of the apparent persistent negativity in regard to any expenditure in this area, is it time for the Minister's role in setting the rates and scope of allowances to be changed to an independent body as is the practice in other countries? I suggest consideration of this option both from the perspective of ensuring public trust in how these public funds are accounted for but also as it may help insulate our parliamentary democracy and our parliamentarians from unfair commentary that is corroding the public's trust.

Longer serving Members will recall that the Higher Body on Remuneration used to include Members' allowances in their review in the late '80s and '90s. While the Review Body subsequently in 1996 (Report No. 37) decided in effect to leave claims for improvements in expense allowances and facilities to the Minister for Finance, many of the key elements of the system of allowances as we knew it up to the change in 2010 arose from analysis and recommendations by the independent Review Body. Unlike other Civil and Public Service allowances, Members allowances, being statutorily based, are not amenable to being the subject of business cases. So, for all of these reasons, it may be more appropriate to have the review of allowances for Members restored in the future to an independent body review mechanism.

In the context of this Committee's review of allowances, it is important to draw a distinction between allowances for Members and other Public Service allowances. By definition Members of the Oireachtas are not public servants in the accepted sense of being an employee.

The allowances and expenses system for Members is thus not a regime of company expenses but a series of payments provided for in the Constitution and set mainly by law arising from election to or appointment as a Member of the Oireachtas.

The payment of the expenses incurred is subject to the normal system of civil service administrative controls and the rates applicable for Members travel and accommodation expenses are based on the rates payable to public servants.

The role of the Houses of the Oireachtas Service is thus to ensure that the payments are made in compliance with our system of financial controls and in accordance with the laws providing for them. In that regard it should be noted the statutory schemes require self-certification by Members and thus operate to a very significant extent on trust.

That being said there is a robust system of financial controls in place. For example, the Members Public Representation Allowance has been subject to two independent external audits since its inception in 2010. Moreover, in 2009 the internal auditor for the Houses of the Oireachtas Service conducted an audit of the payment systems and administrative control procedures for Members' Allowances and the processing of these allowances were found to be satisfactory with many strong controls in place.

In conclusion, I have tried to give a brief pen picture of the Members' allowance regime and to draw the distinction between these and other allowances under your examination and I have emphasised, as with all public expenditure, that the expenses are subject to rigorous financial controls.

