OFFICE OF THE AUDITOR-GENERAL
Te Mana Arotake

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AUDITOR-GENERAL'S DECISION ON PARLIAMENTARY AND MINISTERIAL ACCOMMODATION ENTITLEMENTS

In September, the Auditor-General received some requests to inquire into the way parliamentary and ministerial accommodation entitlements are administered and how they have been applied in relation to Hon Bill English. We gathered extensive background information on the two systems for administering accommodation entitlements and analysed their application to individual circumstances, including those of Mr English.

Our conclusions

In relation to reimbursement of accommodation costs by the Parliamentary Service and Mr English's "primary place of residence", we have concluded that:

- The current parliamentary system is designed to establish whether a member of Parliament (MP) maintains a current residence (other than a holiday home) outside Wellington rather than to decide where an MP "lives" in an everyday sense. Traditionally, that residence was in the MP's electorate.

- Mr English correctly completed the declarations he was required to as an MP, and provided other information on his accommodation arrangements, in order to claim Wellington accommodation costs.

- Mr English's various declarations and claims relating to his "primary place of residence" and accommodation costs were considered and approved as appropriate by the Parliamentary Service or successive Speakers.

- The Parliamentary Service therefore reimbursed Mr English's Wellington accommodation costs on the basis that he maintains a home in Dipton, as well as the Wellington homes Mr English and his family have lived in since 2000.

- For at least 15 years, the parliamentary rules for claiming accommodation costs have specifically provided for MPs to claim their costs when they buy or rent a property in Wellington. This has enabled a range of practices to arise, including renting from family trusts. The administrative system now includes protections such as a market evaluation of rent and a cap on the total that can be claimed to manage the associated risks. The fact that Mr English was being reimbursed for the cost of renting a house owned by his family trust was not exceptional.

- The Speaker and the Parliamentary Service have agreed with our concerns on issues we have identified in relation to the current system for administering accommodation entitlements and the term “primary place of residence”. They have begun to review those issues with a view to amending the rules.

In relation to the provision of a ministerial residence, we have concluded that:

- The long-standing practice has been for the Crown to provide Ministers with a residence, but it was not until 2003 that this was formalised in law as an entitlement and linked to the Minister’s primary place of residence.

- Ministerial Services owns some properties and rents others for Ministers, and tries to find properties that suit the needs of individual Ministers. It has sometimes taken over the lease of a property that an MP was already renting when they became a Minister.

- If a Minister wishes to stay in their own home rather than take up a ministerial residence, they have in the past stayed on the parliamentary level of support and had costs reimbursed up to the cap of $24,000.

- Ministerial Services had not considered the status of a home owned by a family trust until Mr English asked if Ministerial Services could take over the lease of the property he was already renting from a family trust. Ministerial Services decided it would rent the property if Mr English did not have a financial interest in the family trust.

- Ministerial Services asked Mr English to sign a declaration that he did not have a pecuniary interest in the family trust. He did so, and attached a copy of the advice he had received about what amounted to a beneficial interest in a trust for the purposes of Standing Orders. Having received that declaration, Ministerial Services got a market evaluation of the rent, took over the existing rental agreement, and provided the house as a ministerial residence.

- In our view, the advice that Mr English relied on to make his declaration was not applicable to this situation and was based on too narrow a test for the Ministerial Services’ situation. We consider that Mr English does have an indirect financial interest in the trust.

- This issue arose because of Ministerial Services’ evolving practice of renting properties for Ministers combined with the parliamentary rules that enable MPs to rent from family trusts or similar. The two systems do not fit well together.

- At Mr English’s request, the rental agreement between Ministerial Services and the trust has now ended. Mr English has reimbursed the rent and other costs that had been paid.

- The Prime Minister has announced that a new policy is being implemented under which Ministerial Services will no longer provide accommodation directly for Ministers. Instead, Ministerial Services will simply provide a fixed level of financial assistance to Ministers, who

will make their own accommodation arrangements. This approach will mean that the question of whether a Minister has a personal financial interest in a property will no longer be relevant, and may help to smooth the interface between the parliamentary and ministerial accommodation entitlements systems.

As a result of our work, we have decided that there is no need for the Auditor-General to inquire further or more formally into these particular issues.

Improving the rules and administrative systems

In our view, the issues that require further attention relate to the improvement of both sets of rules and the two administrative systems for ministerial and parliamentary accommodation entitlements. The ministerial rules have been reviewed and will be amended and the parliamentary rules are about to be. We agree that this is necessary and recommend that both of these rule change processes specifically consider the interface between the two systems, to ensure a smooth transition from one system to the other, and that any differences in the systems are deliberate and clear.

In particular, we recommend that the aim be to develop a simple and sensible system for providing MPs and Ministers with appropriate support for the costs of their accommodation while in Wellington. The system should be:

- clear and well explained;
- grounded in principle, with a clear purpose and scope;
- controlled by appropriate checks and limits;
- transparent; and
- seamless for those receiving the support, whether they are an MP or a Minister.

As with the administration of all public money, the system should also reflect the fundamental principles of accountability, transparency, fairness, and value for money. We emphasise that the system needs to be able to be understood not only by those administering it, but also by those to whom service is being provided, and by the general public who fund it.

We endorse the new practice of publicly releasing information at regular intervals on the various support arrangements for MPs and Ministers that are being funded by the public purse. It is an important step towards better transparency and accountability.

Closing statement

We acknowledge the co-operation we have received from the Speaker, Mr English, and from staff in the Parliamentary Service, and Ministerial Services while we have been considering these issues.

We have attached a detailed analysis that sets out our full findings and conclusions on the two systems for ministerial and parliamentary accommodation entitlements and how they were applied in relation to Mr English. We will not be making further public comment.

ANALYSIS OF PARLIAMENTARY AND MINISTERIAL ACCOMMODATION ENTITLEMENTS, AND HOW THEY WERE APPLIED IN RELATION TO HON BILL ENGLISH

Background

In September, the Auditor-General received some requests to inquire into the way parliamentary and ministerial accommodation entitlements are administered and how they have been applied in relation to Hon Bill English. We gathered background information on the systems for administering the entitlements and analysed their application to individual circumstances, including those of Mr English.

We have considered four main issues:

- how an MP's "primary place of residence" is determined and the parliamentary system for meeting the costs of accommodation in Wellington;
- the way in which Ministerial Services has provided ministerial residences for Ministers;
- the particulars of Mr English's situation; and
- our assessment of the parliamentary and ministerial systems.

The system for determining a member of Parliament's "primary place of residence"

Most MPs do not come from Wellington but must spend time there once they are elected. The rules on entitlements have for many years included provisions to meet the costs of an MP travelling to and staying in Wellington. This is consistent with the general principle that an employer should meet the costs when a person is required to travel for their work. It is appropriate that MPs are able to claim for the accommodation costs that result from them carrying out their parliamentary duties.

The current rules[1] state that an MP is entitled to have the actual and reasonable costs of their accommodation in Wellington paid for them (up to a cap of $24,000 a year), if their "primary place of residence" is outside Wellington. The term "primary place of residence" is defined simply as the place determined by the Speaker. There is no other guidance in the rules on what the term means.

In practice, the Parliamentary Service asks MPs to complete a form, in which they certify the address they consider to be their primary place of residence. The form includes a checklist of questions about that residence. The form does not include any questions about other accommodation or the MP's living arrangements in Wellington. Many MPs effectively maintain two residences, one in Wellington and one in their electorate or other base, but no information is

[1] The rules are set out in the Parliamentary Travel, Accommodation, Attendance, and Communications Services Determination 2008.

gathered that would enable an assessment of the relative importance or “primacy” of one residence over the other.

When the form is returned, the Parliamentary Service checks it for any obvious deficiencies or inconsistencies then passes it to the Speaker. The Speaker considers the information on the form and he may ask the Parliamentary Service to follow up any questions that arise. Sometimes, the Speaker may discuss practical situations or questions with an MP directly before giving approval. The approved form then provides the basis for the Parliamentary Service to administer the entitlements that depend on this declaration.

From time to time, the Parliamentary Service sends each MP a copy of their existing declaration and asks them to update it if anything has changed. If there is no change, no action is required and the original declaration stands. In our view, this process should be strengthened by requiring an MP to make a new declaration at the start of each Parliament.

Given that the rules do not explain what is meant by “primary place of residence” and that the form looks only at the out-of-Wellington property, we have spent some time gathering information on the history of the system and the development of the rules and terminology, as well as on how the system has been understood and administered over time.

We are satisfied that the system is designed to meet the costs of Wellington accommodation if an MP maintains a current residence elsewhere, even if the MP also has a “home” in Wellington. The history of the system shows that these rules have always been closely linked to the representative role of MPs, and the assumption that an MP will be maintaining a home and ongoing presence in their electorate or other base.

Once the primary place of residence has been determined as being outside Wellington, the MP is entitled to be reimbursed for the actual and reasonable expenses of their accommodation in Wellington, up to the specified cap of $24,000 a year. The rules have recognised for at least 15 years that many MPs have found it more practical to buy a property in Wellington or to have a long-term rental agreement rather than use short-term accommodation, and therefore have provided for costs to be met in those circumstances as well. When an MP owns the property, the current rules specify that the MP can claim the cost of the interest payments on the mortgage but not the cost of repaying the principal of the loan.

The result is that the system for accommodation support for MPs is largely neutral about the form of ownership of the property or the individual living arrangements. That has enabled a range of practices to develop, including owning properties directly and renting from family trusts or other related parties. The system is designed to meet the actual and reasonable costs of having to stay in Wellington, up to a fixed cap.

Sometimes, the Parliamentary Service has obtained market appraisals of rent to be assured that the costs being claimed were reasonable. The Speaker and the Parliamentary Service have

told us that they have recently made this check compulsory for all situations where an MP has an interest in the property being rented. In our view, this is an important protection, given the risks created by the conflict of interest, along with the overall cap on what can be claimed.

The provision of ministerial residences

For many years, Ministers have been provided with a ministerial residence by the Crown. This service is provided by Ministerial Services, which is part of the Department of Internal Affairs.

Until 2002, the Higher Salaries Commission (HSC) was responsible for the remuneration, allowances, and entitlements of Ministers and MPs. The ministerial residence was not part of the entitlements or allowances administered by the HSC although it was formally acknowledged in the HSC determinations (for example, by the provision of a modest housing allowance for a Minister not in a ministerial residence). The provision of a ministerial residence was not conditional on where a Minister might already have a home.

The HSC also provided all Ministers with an annual allowance for maintenance for their non-Wellington home, if they were from an electorate outside Wellington and were maintaining a house there "for personal or electorate purposes or both". This former entitlement reinforces the point that, when looked at historically, the provision of Wellington accommodation support has been intertwined with the recognition of the representative role of an MP.

In 1999, the incoming Prime Minister instructed Ministerial Services to restrict the provision of ministerial residences to be available only to Ministers from outside Wellington. Ministerial Services told us that the aim of this change was to ensure that Wellington electorate MPs did not move to ministerial residences as this had happened once in the past. In 2003, this restriction was written into the first formal determination of executive entitlements under the amended Remuneration Authority Act, by linking the entitlement to the primary place of residence, as determined by the Speaker. That determination was the first time that the provision of ministerial residences was described in a legal document as an entitlement.

The Crown traditionally owned a number of houses for use as ministerial residences. Over time, it has moved to renting some properties rather than owning them, as that gave greater flexibility to provide houses that suited the needs of individual Ministers.

Over the years, many Ministers have moved their families to Wellington as the demands of ministerial office mean that it is harder for Ministers to spend time away from Wellington. Ministerial Services has for many years provided houses that were suitable for family homes. The 2003 change to link the entitlement to the primary place of residence did not change the practice of some Ministers choosing to move their families to be with them in a ministerial residence in Wellington.

If a Minister does not want to take up a ministerial residence, but prefers to stay in their own home, they remain entitled to have their costs reimbursed in the same way as the parliamentary system. That is, they are reimbursed for actual and reasonable costs up to the cap of $24,000.

As Ministerial Services has started to rent more properties, and to tailor what it rents to the needs of individual Ministers, it has in some situations taken over an existing rental agreement so that a new Minister can stay in the house they are already renting while transferring from the parliamentary to ministerial accommodation entitlements system. In general, this has been straightforward.

Mr English's situation was the first time that Ministerial Services had to consider whether it would take over an existing rental agreement for a property that was owned by a Minister's family trust. We explain how they dealt with this issue in the next section.

The policy decisions announced in September 2009 mean that, in general, Ministerial Services will no longer provide accommodation directly to Ministers. Instead, Ministerial Services will simply provide a fixed level of financial assistance to Ministers, who will make their own accommodation arrangements. This approach will mean that the question of whether a Minister has an interest in a property will no longer be relevant, and may help to smooth the interface between the parliamentary and ministerial accommodation entitlements systems.

However, it will still be important for Ministerial Services to operate sound financial management and accountability systems to ensure that spending in the Vote it administers is appropriate.

Mr English's situation

Mr English's family moved to Wellington when he was a Minister in the 1990s. He told us that, when he subsequently had senior roles in the Opposition, the family made a series of short-term decisions that it was sensible for the family to stay in Wellington for the time being. They have moved several times in Wellington during the last 10 years.

Mr English's most recent declaration about his primary place of residence was made in 2004 and approved by the then Speaker, Rt Hon Jonathan Hunt. As Mr English has moved house and entered into new rental arrangements between 2000 and now, he has had a series of different arrangements and claims considered and approved by the Parliamentary Service.

Mr English told us that he maintains a residence in Dipton for his personal and family use. He also maintains a residence in Wellington that, in everyday terms, he currently lives in with his family. We accept that successive Speakers have endorsed Mr English's declaration that his primary place of residence is in Dipton and that this has been in accordance with the accepted purpose of the system.

Before the 2008 general election, Mr English lived in a Wellington property that he rented from a family trust. It was apparent from the rental agreement and other documentation that it was his

own family trust and that he and his wife were the trustees. The Parliamentary Service had a copy of this rental agreement, and got a market appraisal of the rent in 2007 when the arrangement was put in place. Given that the parliamentary system supports accommodation costs without regard to the form of ownership or the interest of the individual MP in the property, this arrangement had not caused any difficulty or been seen as unusual.

When Mr English became a Minister, he was offered a ministerial residence. Instead, he asked to stay in the house he was already renting and advised that it was owned by a family trust. Ministerial Services agreed to look into whether it could take over the rental agreement.

Once Ministerial Services realised that the house was rented from Mr English's family trust, it began to consider whether that made a difference. It approached the issue by trying to define the line between a person's own house and a general property they might rent. That approach led Ministerial Services to consider whether Mr English had a financial interest in the property.

Ministerial Services decided that:

- If the Minister did have a financial interest, Ministerial Services would regard it as essentially "his house" and would not have rented it for him. He would revert to the entitlement to have costs reimbursed at the same level as other MPs.
- If Mr English did not have a financial interest, Ministerial Services could rent the property as a ministerial residence.

Ministerial Services asked Mr English to sign a declaration that he had no pecuniary interest in the family trust. Mr English told us that for a range of reasons he was already taking steps to remove himself as a trustee and potential beneficiary of the family trust. He sought advice from the Registrar of the Pecuniary Interests of Members of Parliament on what amounted to a pecuniary interest in a family trust. The Registrar responded with advice that discussed generally what is a beneficial interest in a trust for the purposes of the Standing Orders requirements. The changes to the trust deed were made in January 2009. As a result, Mr English's name was also later removed from the title to the house. In February 2009, Mr English provided Ministerial Services with the declaration that he did not have a pecuniary interest in the trust, and attached the advice from the Registrar.

The Registrar's advice was based on the definition in Standing Orders of when a beneficial interest in a trust should be declared for the Register of the Pecuniary Interests of Members of Parliament. We have concluded that this was not the right test to apply in this situation, as it is a narrow definition of pecuniary interest for a particular purpose. In general, it is usual to regard an interest held by a spouse or close family member (such as a dependent child) as creating an indirect financial interest. In our view, Mr English has an indirect financial interest in his family trust, because of his relationship with the likely beneficiaries.

Ministerial Services accepted Mr English's declaration, although it was aware that the advice attached to it might not be directly applicable. It proceeded to get a market evaluation of the rent and to finalise a lease between Ministerial Services and the family trust for the house. The result was that the Crown was renting a property for Mr English from a trust in which he had an interest, and the arrangement was explicitly based on a view that he did not have an interest. Clearly, this was unfortunate. We emphasise that the Minister's declaration was based on advice. However, in our view, the advice was not directly relevant to this situation. We consider that Ministerial Services should have raised this with the Minister.

This issue illustrates the different starting points of the two accommodation entitlement systems and that they do not fit well together. Having an interest in a property is not a barrier in the parliamentary system, and protections are in place to manage the risks created by the conflict of interest. The issue has only arisen in the ministerial system because Ministerial Services has moved to rent properties rather than own them and has worked to tailor the housing support it provides to the needs of individual Ministers, including sometimes taking over existing rental arrangements.

The Government's recent review considered these issues and a new policy was announced by the Prime Minister in September 2009. Ministerial Services will now largely move away from providing accommodation and will instead simply provide financial support to Ministers, who will be responsible for their own housing arrangements. As a result of this change, the question of personal financial interest in a property is unlikely to be relevant.

Our view on the two systems

We have also considered the overall adequacy of the parliamentary and ministerial systems for providing accommodation entitlements to MPs when they are in Wellington.

The parliamentary system for providing accommodation entitlements

The system of an administrative decision-maker making an explicit determination about a primary place of residence, supported by the form and checklist, was introduced from the start of 2001. The HSC was responsible for these accommodation entitlements and introduced the administrative system shortly before we carried out an inquiry into the accommodation entitlements of two Ministers in 2001.

We commented in our 2001 report[2] on that inquiry that the new system was an improvement on what had existed before, when there was no formal statement of the place of residence, and suggested that it should be developed over time. We also made some suggestions for additional questions that might be included in the form. We then published a second more

2 *Members of Parliament: Accommodation allowances for living in Wellington*, March 2001.

general report that recommended more substantial changes to the overall system for administering entitlements and allowances.[3]

Administrative responsibility for accommodation entitlements moved to the Speaker and the Parliamentary Service in 2002, as a result of amendment to the Remuneration Authority Act. The rules and the associated form have changed little since then.

We consider that the current parliamentary system for accommodation entitlements is opaque. In particular, we consider that the term “primary place of residence” is unclear and does not adequately describe the purpose of the reimbursement system. The surrounding administrative documentation does not make this clear either. Nor are the checks in the system well understood.

In our view, this situation is unsatisfactory. The rules and supporting explanatory and administrative information should make clear what the purpose of the entitlement is, what it covers, how eligibility is assessed, and what the limits and checks are. It is particularly important that it is clear whether personal interests are relevant and what steps are taken to manage the risks created by any conflict of interest. Clear explanations of these points are important both for effective public accountability and for those using the system.

We have already noted that the system for gathering information from MPs should be strengthened by requiring new declarations regularly.

We also consider that thought needs to be given to what information needs to be collected from MPs to support the decisions being made.

The Speaker and the Parliamentary Service have told us that they agree with these concerns and have begun work to review the system for reimbursing Wellington accommodation costs, with a view to amending the rules and other documentation.

The ministerial system for accommodation entitlements

In relation to the ministerial system that was in place at the time of these events, we would have made similar comments about the importance of clarity and transparency. We would also have recommended that greater consideration needed to be given to whether and how personal interests were relevant and what protections were needed to manage the risks they create.

The announcements on the new policy in September 2009 mean that these concerns are likely to have largely been addressed. In our view, the new system is much simpler and clearer. In particular, questions about whether a Minister has a personal interest in a property are unlikely to be relevant once this system is implemented.

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3 *Parliamentary Salaries, Allowances and Other Entitlements*, July 2001.

As the detail of the new system is finalised and it is fully implemented, we also encourage Ministerial Services to consider the importance of transparency, clarity, and accountability.

The interface between the two systems

The administration of accommodation entitlements is inconsistent between the two agencies involved, with different practices and rules applying. In some instances, the reasons for these differences appear to be largely historical rather than deliberate. They are not well explained. We doubt that the differences are clear to MPs as they move from one system to the other. The obvious example that these events highlighted is the different significance given to a personal interest in a rented property when a person is an MP and when they are a Minister. The financial benefit to the individual MP or Minister is also different, and that will be even more apparent under the new ministerial system of a direct financial entitlement.

In our view, it is important that any differences between the two systems are deliberate and for good reason, and that they are clearly explained to those receiving entitlements. The aim of the two administering agencies should be to provide seamless support for MPs as they move from one system to the other.

We recommend that both of the rule change processes under way at present specifically consider the interface between the two systems, to ensure that the transition from one system to the other is seamless for MPs, and that any differences in the systems are deliberate and clear.

General comment

We endorse the new practice of publicly releasing information at regular intervals on the various support arrangements for MPs and Ministers that are being funded by the public purse. It is an important step towards better transparency and accountability.

However, we consider that more needs to be done towards those goals. Although information on the amount of money being spent is released, there is very little clear public information about the rules governing these entitlements, their purpose and limits, and how they are administered in practice. In our view, this information needs to be available as well if there is to be effective public accountability for this area of public spending. The system needs to be able to be understood not only by those administering it, but also by those to whom service is being provided, and by the general public who fund it.

We are pleased that the ministerial system for accommodation support has been reviewed as a result of this set of issues, and that changes are now being made to modernise and simplify it. We are also pleased that the Speaker and the Parliamentary Service have begun to review the basis for the Wellington accommodation allowance in the parliamentary system, with a view to amending the rules in the Speaker’s Direction and the associated procedures.

We recommend that the aim of both rule change processes should be to develop a simple and sensible system for providing MPs and Ministers with appropriate support for the costs of their accommodation in Wellington that is:

- clear and well explained;
- grounded in principle, with a clear purpose and scope;
- controlled by appropriate checks and limits;
- transparent; and
- seamless for those receiving the support, whether they are an MP or a Minister.

As with the administration of all public money, the system should also reflect the fundamental principles of accountability, transparency, fairness, and value for money.

Conclusion and recommendations

In relation to reimbursement of accommodation costs by the Parliamentary Service and Mr English's "primary place of residence", we have concluded that:

- The current parliamentary system is designed to establish whether an MP maintains a current residence (other than a holiday home) outside Wellington rather than to decide where an MP "lives" in an everyday sense. Traditionally, that residence was in the MP's electorate.
- Mr English correctly completed the declarations he was required to as an MP, and provided other information on his accommodation arrangements, in order to claim Wellington accommodation costs.
- Mr English's various declarations and claims relating to his "primary place of residence" and accommodation costs were considered and approved as appropriate by the Parliamentary Service or successive Speakers.
- The Parliamentary Service therefore reimbursed Mr English's Wellington accommodation costs on the basis that he maintains a home in Dipton, as well as the Wellington homes Mr English and his family have lived in since 2000.
- For at least 15 years, the parliamentary rules for claiming accommodation costs have specifically provided for MPs to claim their costs when they buy or rent a property in Wellington. This has enabled a range of practices to arise, including renting from family trusts. The administrative system now includes protections such as a market evaluation of rent and a cap on the total that can be claimed to manage the associated risks. The fact

that Mr English was being reimbursed for the cost of renting a house owned by his family trust was not exceptional.

- The Speaker and the Parliamentary Service have agreed with our concerns on issues we have identified in relation to the current system for administering accommodation entitlements and the term “primary place of residence”. They have begun to review those issues with a view to amending the rules.

In relation to the provision of a ministerial residence, we have concluded that:

- The long-standing practice has been for the Crown to provide Ministers with a residence, but it was not until 2003 that this was formalised in law as an entitlement and linked to the Minister’s primary place of residence.
- Ministerial Services owns some properties and rents others for Ministers, and tries to find properties that suit the needs of individual Ministers. It has sometimes taken over the lease of a property that an MP was already renting when they became a Minister.
- If a Minister wishes to stay in their own home rather than take up a ministerial residence, they have in the past stayed on the parliamentary level of support and had costs reimbursed up to the cap of $24,000.
- Ministerial Services had not considered the status of a home owned by a family trust until Mr English asked if it could take over the lease of the property he was already renting. Ministerial Services decided that it would rent the property if the Minister did not have a financial interest in the family trust.
- Ministerial Services asked Mr English to sign a declaration that he did not have a pecuniary interest in the family trust. He did so and attached a copy of the advice he had received on what amounted to a beneficial interest in a family trust for the purposes of Standing Orders. Having received that declaration, Ministerial Services got a market evaluation of the rent, took over the existing rental agreement, and provided the house as a ministerial residence.
- In our view, the advice that Mr English relied on to make his declaration was not applicable to this situation and was based on too narrow a test for the Ministerial Services’ situation. We consider that Mr English does have an indirect financial interest in the trust.
- This issue arose because of Ministerial Services’ evolving practice of renting properties for Ministers combined with the parliamentary rules that enable MPs to rent from family trusts or similar. The two systems do not fit well together.
- At Mr English’s request, the rental agreement between Ministerial Services and the trust has now ended. Mr English has reimbursed the rent and other costs that had been paid.

- The Prime Minister has announced that a new policy is being implemented under which Ministerial Services will no longer provide accommodation directly for Ministers. Instead, Ministerial Services will simply provide a fixed level of financial assistance to Ministers, who will make their own accommodation arrangements. These changes should mean that questions about a Minister's personal financial interest in a property will no longer be relevant.

We have therefore decided that there is no need for the Auditor-General to inquire further or formally into these particular issues.

We have not examined every aspect or answered all factual questions arising from these issues, as we have not done a full inquiry. However, we have done sufficient preliminary work to be satisfied that there is no need for further inquiry by this Office.

The issues that we have identified as needing further attention relate to the improvement of policies and systems. Those matters are best pursued by the Speaker and the Minister responsible for Ministerial Services and the two administering agencies.

Review and change processes are already under way for both sets of rules and the two administrative systems. We have already commented on what we consider that work needs to address. We will contribute as needed and will monitor developments in both systems carefully. We will also consider what further assurance we might usefully provide over the systems for meeting MPs' and Ministers' accommodation costs in future.