

**Submission  
No 5**

**REVIEW OF THE CONSTITUTION (DISCLOSURES BY MEMBERS)  
REGULATION 1983**

**Organisation:** The Audit Office of NSW

**Date Received:** 14 September 2018



The Chair  
Ethics Committee, NSW Legislative Assembly  
Standing Committee on Parliamentary Privilege and Ethics  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Contact: Barry Underwood  
Phone no: [REDACTED]  
Our ref: D1819716

14 September 2018

Dear Chair

**REVIEW OF THE CONSTITUTION (*DISCLOSURES BY MEMBERS*) REGULATION 1983**

Thank you for your communication of 23 August 2018 and the opportunity to make a submission on the Review of the Constitution (Disclosures by Members) Regulation 1983.

As a general principle, I and my office promote efforts to improve transparency and disclosure in the government sector.

More specifically, I would like to appraise the committee of Australian Accounting Standard AASB124 'Related Party Disclosures', an accounting standard that impacts pecuniary interest declarations, particularly for Cabinet Ministers at the whole-of-government level.

AASB 124 applies to the Australian Government, State Governments, local councils and other not-for-profit public sector entities for annual reporting periods on or from 1 July 2016. Under this standard:

- all not for profit public sector entities are required to disclose related party transactions and balances in the same way as for-profit public sector and private sector entities
- Cabinet Members are considered to be related parties to each State-controlled agency.

In essence, this means every NSW public sector agency needs to disclose, in its annual financial statements, 'material' related party transactions and balances with:

- Cabinet Members
- close family members of Cabinet Members, and
- entities controlled/jointly controlled or significantly influenced by Cabinet Members or their close family members.

It also means that as the auditor of the Total State Sector accounts and NSW Government agencies financial statements, my Office is required to assess evidence of Government and agencies compliance with AASB124.

The process for collecting such information and the extent, nature and timing of disclosures is included in documents prepared by NSW Treasury.

- a circular on 'Related Party Disclosures - TC16-12, December 2016'  
[https://www.treasury.nsw.gov.au/sites/default/files/pdf/TC16-12\\_Related\\_party\\_disclosures.pdf](https://www.treasury.nsw.gov.au/sites/default/files/pdf/TC16-12_Related_party_disclosures.pdf)



- Frequently asked questions: Implementing AASB 124 Related Party Disclosures  
<https://www.treasury.nsw.gov.au/sites/default/files/2017-05/Frequently%20asked%20questions%20-%20Implementing%20AASB%20124%20Related%20Party%20Disclosures%20%28AASB%20124%29.pdf>

The Committee may also find the NSW Public Service Commission's (PSC) *Code of Ethics and Conduct for NSW government sector employee* useful. In particular the section on declaration of private interests.

<https://www.psc.nsw.gov.au/employmentportal/ethics-conduct/behaving-ethically/behaving-ethically-guide/section-2/the-code-of-ethics-and-conduct-for-nsw-government-sector-employees>

Should you require further information, please contact Barry Underwood, Director, Auditor-General's Office on [REDACTED] or email [REDACTED]

Yours sincerely

[REDACTED]

Margaret Crawford  
Auditor-General NSW