Overview of the process

In October 2001 the Prime Minister, the Hon John Howard MP, announced a commitment to improving the structures and governance practices of statutory authorities and office holders across the Australian Government.

As part of this commitment, the Government appointed Mr John Uhrig AC to conduct a review to identify issues surrounding existing governance arrangements and provide options for the Government to improve the performance and get the best from statutory authorities and office holders and their accountability frameworks.

The Review of the Corporate Governance of Statutory Authorities and Office Holders (Uhrig Review) was released on 27 June 2003. It provided governance principles and templates that the Government could extend to statutory authorities and office holders, and potentially beyond to a wider range of public sector bodies.


Role of Ministers and their departments

The Government’s response outlined a commitment for Ministers to assess statutory authorities and similar bodies within their portfolios against the Uhrig Review’s governance templates and principles and implement any necessary improvements.

Ministers scheduled over 160 bodies for assessment. Departments assisted their Ministers by drafting the assessments and consulting with portfolio bodies during the assessment process.

The role of the Finance Minister and Department of Finance and Administration

The Finance Minister had a coordination and facilitation role in implementing the Government’s response to the Uhrig Review. He considered the outcomes of the assessments to ensure a consistent and robust approach was taken to the application of the Uhrig principles.

The Department of Finance and Administration (Finance) supported the Finance Minister in his coordination and facilitation role. Finance assisted departments by providing advice as required on the application of the governance templates and principles established in the Uhrig Review and the process for undertaking assessments.

What is the status of the process?

The Uhrig assessment process has concluded, with Ministers having implemented numerous improvements to date. Further changes will occur as legislative priorities allow or following the resolution of other issues such as broader reviews or stakeholder consultation considered appropriate by Ministers.
What were the outcomes of the process?

The Uhrig Review process has successfully promoted significant consistency in the governance arrangements of Australian Government bodies. The key outcomes are detailed according to the Government’s objectives in implementing the Uhrig Review process.

Consistency in Organisational Design

Governance structures have been better aligned to the functions and characteristics of bodies. The Uhrig Review’s ‘board template’ and the Commonwealth Authorities and Companies Act 1997 should generally apply to bodies which have been provided the ‘power to act’ and are commercial or entrepreneurial in nature. On the other hand, the ‘executive management’ template and Financial Management and Accountability Act 1997 (FMA Act) should generally apply to bodies such as regulators, service providers or advisory bodies.

The assessment process has resulted in a number of changes proposed to better align governance structures with the functions of bodies, including:

- the Australian Prudential Regulation Authority, Corporations and Markets Advisory Committee and the Australian Securities and Investments Commission will remain executive management and, subject to the passage of legislation, move to coverage under the FMA Act;
- the Australian Research Council and Centrelink have moved to executive management and remained subject to the FMA Act;
- the Australian Institute of Family Studies, the Australian Sports Anti-Doping Authority (formerly the Australian Sports Drug Agency), the Australian Trade Commission (Austrade), Medicare Australia (formerly the Health Insurance Commission) moved to executive management and coverage under the FMA Act;
- the Australian Fisheries Management Authority, the Great Barrier Reef Marine Park Authority and the Australian Pesticides and Veterinary Medicines Authority will, subject to the passage of legislation, move to executive management and coverage under the FMA Act; and
- for bodies that suit the board template, the ‘power to act’ of governance boards is being strengthened where necessary. For example, the boards of the Export Finance and Insurance Corporation, the Australian Institute of Marine Science and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) are being given the power to appoint their CEOs, subject to the passage of legislation.

Clarity of Expectations

The Government’s expectation of numerous bodies has been clarified by means of written Statements of Expectations (SOE). For their part, entities are expected to respond by way of written Statements of Intent (SOI).

SOE and SOI are being introduced for the majority of bodies and are being made public, generally through the publication on the bodies’ websites. SOE and SOI published to date include the Classification Board and the Classification Review Board, Medicare Australia, the National Offshore Petroleum Safety Authority, the Australian Institute of Family Studies and the Austrade.

A small number of bodies have been exempted from the need to prepare SOE and SOI. These include government business enterprises (as foreshadowed in the Uhrig Review), bodies that for all intents and purposes are part of a department, and highly independent bodies which are not subject to ministerial direction.
Parallel Communication

The role of portfolio departments as the principal source of advice to Ministers on matters within the portfolio has been reinforced by requiring statutory authorities and office holders to provide relevant information to portfolio Secretaries in parallel to that information being provided to Ministers.

In some cases parallel communication is being addressed and strengthened through the SOE. An example of this is the SOE for the Australian Research Council (ARC), which recommends the development of a Memorandum of Understanding between the ARC and the portfolio department that recognises the role of the portfolio Secretary.

Board Better Practice

Governance arrangements for governing boards have been strengthened through the application of the Uhrig Review’s better practice principles. In cases where a governing board has been deemed appropriate by the Minister, changes have been made to enhance the governance arrangements. These changes relate to issues such as board size, tenure and representational appointments. Changes that have resulted include:

- the Secretaries of the Department of Defence and the Department of Foreign Affairs and Trade have been removed from the Board of the Australian Strategic Policy Institute;
- Government members will be removed from the governance boards of the Australian Wine and Brandy Corporation, the Cotton Research and Development Corporation, the Fisheries Research and Development Corporation, the Forest and Wood Products Research and Development Corporation, the Grains Research and Development Corporation, the Grape and Wine Research and Development Corporation, Land and Water Australia, the Rural Industries Research and Development Corporation and the Sugar Research and Development Corporation, subject to the passage of legislation; and
- adjustments have been, or will be, made to the size of the governance boards of Tourism Australia, the Export Finance and Insurance Corporation and Defence Housing Australia.

Who should I contact for further information on the outcomes?

Ministers and departments have been responsible for the assessment of portfolio bodies and implementation of the recommended improvements. Specific outcomes have been announced by Ministers on a rolling basis. Questions relating to the outcomes for assessed bodies should be directed to the relevant department.

Good governance, going forward

The Government’s response to the Uhrig Review recommended that a central area advise on the application of appropriate governance and legislative structures when establishing or reviewing statutory authorities. This function has been incorporated into the broader governance role of Finance.

In this context, Finance published whole-of-government advice – entitled *Governance Arrangements for Australian Government Bodies* – in August 2005, to provide a solid platform for informed discussion on the merits of alternative structures. The aim of the publication is to promote consistency in the governance arrangements of Australian Government bodies, while reinforcing the principles set out in the Uhrig Review. It outlines principles for helping determine the most appropriate structure and governance arrangements for Australian Government bodies.

For information on the Governance Arrangements for Australian Government Bodies document and Finance’s governance role, please contact the Legislative Review Branch on (02) 6215 3657 or email: LRB@finance.gov.au.