



PGPA Act Review  
Department of Finance  
One Canberra Avenue  
FORREST ACT 2603  
Attention: Review Secretariat

Dear Review Secretariat

### **Independent Review of the *Public Governance, Performance and Accountability Act 2013***

I am writing in response to your correspondence of 9 October 2017 seeking submissions to the independent review of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

I welcome this review and would like to provide this submission on behalf of the Clean Energy Regulator. My comments have been framed against the objectives and defined scope of the review.

- **The impact of the new legislative framework**

The implementation of reduced disclosure requirements for the agency's financial statements has had a positive impact on the preparation of financial statements by reducing the workload and effort required.

- **Accountability and Governance**

- » *Reporting on contracts and consultancies in annual reports.*

Information on agencies' contracts, consultancies and future procurements are currently published on AusTender. We believe AusTender should serve as the sole reference point for Commonwealth information on these matters and the requirement to detail these in annual reports removed. This may also be an opportune time to review the requirements for the management and accountability section of annual reports.

- » *Whether there would be benefit in bringing forward and potentially legislating an earlier annual report delivery and tabling date.*

In relation to legislating an earlier annual report delivery and tabling date we would request that this issue be the subject of discussions with the Australian National Audit Office (ANAO). The completion of annual reports is dependent on the finalisation of the ANAO's audit of financial statements and the presentation of independent audit reports from the ANAO. A change of tabling date could only be achieved if the ANAO has the capacity to complete the financial statement audit within the timeframes required for an earlier tabling deadline.

» *Requirements for and the role played by entity audit committee.*

The requirement of the entity's audit committee to have oversight of the performance of the agency and oversight of the agency's annual performance statement needs clarification.

The requirements and role of the audit committee needs to be reviewed and more clearly defined by the PGPA Act and the associated Rule. The audit committee's role should be explicitly defined in the Rule and not by an interpretation applied through the findings of a performance audit undertaken by the ANAO. This will provide certainty in the operating environment for agencies and also for audit committee Chairs and members.

The role of the audit committee may also need further clarification with the government's proposed move to shared services arrangements. In addition, the oversight of an agency's performance for the entity's audit committee will be challenging in a shared services environment.

• **The Commonwealth Risk Management Policy**

Introduction of the PGPA Act and subsequently the Commonwealth Risk Management Policy has provided the agency with greater visibility of the elements of sound risk management and how it can contribute to our purpose. Developing and maintaining the agency's risk appetite statement, for example, has been a valuable exercise that has encouraged senior executive and members of the Clean Energy Regulator to clearly articulate and test their expectations.

Now that the building blocks are in place, the Clean Energy Regulator is turning its attention to embedding risk management in decision making and rewarding appropriate risk taking, which is proving challenging. The informal executive network operating across the Commonwealth that enables agencies to share experiences and seek support is helpful in this regard. Periodic consideration of the practical development of risk culture across the Commonwealth by the Secretaries board would also be welcome as agencies increasingly work together to deliver complex Government priorities in collaboration with industry and state and territory governments.

In addition, there need to be alignment on risk tolerances between the ANAO and Commonwealth Risk Management policy for the intent of the PGPA Act to be realised. The ANAO can often apply a more rigorous approach than the agency. If an agency has undertaken a process and assessed a risk and agreed to the level of risk, this should be sufficient and not subject to external opinion.

• **The enhanced Commonwealth Performance Framework**

While the current framework has delivered enhanced performance information for agencies there is still some work to be progressed to provide a clear read of performance across the range of government documents:

- » Performance information should be included in one document, the agency's corporate plan. The portfolio budget statement should make reference to the agency's corporate plan, but not duplicate the information, in particular non-financial performance information. If there is a disconnect between the two perhaps the publication date of corporate plans needs to be reviewed.
- » The duplication between the portfolio budget statement and corporate plans on the purpose of the agency should also be streamlined. Agencies should have a purpose statement or an outcome statement—but not both. An agency should be funded for its purpose or its outcome to government



and this should be the same regardless of what publication they are contained in. Again, this would clarify the role of the agency, increase readability and remove duplication.

- » There is currently a wide range of approaches used by agencies in the preparation of annual performance statements which makes comparison between agencies difficult. Further standardisation would assist with readability and comparability across government. This would also assist with an eventual progression to the publication of annual report data online in line with the digital prototype in development by the Department of Finance and the Department of the Prime Minister and Cabinet.

- **Support provided to Commonwealth entities**

The timeliness of advice from central agencies is critical to enable agencies to review and implement changes. Agencies have processes and systems in which to undertake planning and performance reporting, as such changes need to be considered well in advance of the commencement of the reporting year to enable changes to be implemented internally. If the government wishes to make amendments than agency need advance notice, months, prior to the commencement of the reporting year.

Thank you for the opportunity to provide this submission to your review which I am comfortable to have published. If you have any questions regarding this submission, please contact Chris Ramsden, Chief Operations Officer, who can be contacted at [REDACTED]

I look forward to seeing the outcomes of this review.

Yours sincerely

[REDACTED]  
David Parker AM  
Chair, Clean Energy Regulator  
November 2017