



Australian Government

Department of the Environment and Energy

Ms Elizabeth Alexander AM and Mr David Thodey AO
Independent Reviewers of the PGPA Act and Rule
PGPAActReview@finance.gov.au

Dear Ms Alexander and Mr Thodey

Thank you for your letter of 9 October 2017 inviting the Department to make a submission to the Independent Review of the *Public Governance, Performance and Accountability Act 2013*. Please note that this submission is on behalf of the Department of the Environment and Energy and the Director of National Parks and that references to the Department are inclusive of both accountable authorities.

The PGPA Act has brought rigour and value to governance and performance functions within the Department. The Department welcomes the independent review and the opportunity to provide feedback on the operation of the Act.

There are three key challenges that provide opportunities for change to enhance public sector productivity and maximise alignment with the intent of the Act.

Interaction of the PGPA Act with other transformation agendas

The practical application of the PGPA Act in support of the transformation agenda relating to the use of third party service providers is still being worked through. To provide a clear example, my comments will relate to the Grants Hub process, although they could also be applied to other transformation agendas such as shared services.

Operationally, the Grants Hub is an example of shared risk, where risk and control ownership is shared between the hub provider and the consuming agency which retains policy authority and accountability. Many of the business process controls owned by the hub provider do not yet provide adequate assurances to the consuming agency. This is not a criticism of the hub provider, but a recognition that the transformation process is still a work in progress and therefore immature in its risk management and assurance processes

What is emerging is potential ambiguity in terms of how a supplier agency delivers accountability and assurance to the consuming agency accountable authority. A concerted effort by Finance, ANAO and both supplier and consuming agencies to clarify how such mechanisms will practically work will help Departments quickly achieve the envisaged streamlining benefits while being confident that system assurances are in place.

Performance reporting

The Enhanced Commonwealth Performance Framework has reasonable ambitions to ensure that non-financial performance reporting is of a high calibre. There is recognition from both the Department of Finance and the ANAO that this is an immature process. Guidance provided has been amended several times, which although reflecting the learning process, makes it difficult for Departments to respond in a timely manner given that the performance reporting process consists of large bodies of work against predetermined timelines.

For Departments with multiple and varied activities such as the Department of the Environment and Energy, it will take time to lift the standard of non-financial performance reporting. The Department, supported by its Audit Committee, is committed to this improvement and suggests that reviews or audits of improvement provide clear guidance and assistance, rather than an assessment approach.

Training and development

In addition to processes and practices, there are behaviours and leadership styles that support the principles of good governance. This enhances the various governance elements of engaging with risk, project management, evaluative thinking, robust assurance and outcome-orientated performance measurement and reporting.

At present, process training is run on the discrete elements of the PGPA Act or as a 'fundamentals of the Act' approach. These are normally run by private consultants or through the Department of Finance. There is an opportunity now to embed the values of the intent of the PGPA Act into other APS essential development and leadership training. Thought should be given to integration with the Learning and Development Strategy of the APS Centre for Leadership and Learning. Such an approach would strengthen the core skills of our leaders of tomorrow.

In raising these three areas of challenge of the operation of the Act, my Department is willing to discuss the practical implications in more detail if that provides assistance to your review process. I look forward to your report.

Yours sincerely



Dr Rachel Bacon

Acting Deputy Secretary

13 November 2017