

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

Dear Ms Balmarks,

**Submission to the Independent Review of the Public Governance, Performance and Accountability Act 2013 (PGPA Act)**

The Grains Research and Development Corporation (GRDC) is a corporate Commonwealth entity established in 1991 to plan and invest in research, development and extension for the Australian grains industry. The GRDC's enabling legislation is the *Primary Industries Research and Development Act 1989*, (PIRD Act) which provides for the establishment, financing and governance of the GRDC. The PIRD Act also provides the GRDC with powers to do all things necessary to perform its legislated functions, including the flexibility to apply and deal with patents, enter into agreements and joint ventures to co-ordinate research and development activities, and raise money for worthwhile research and development.

The GRDC Board is the Accountable Authority under the PGPA Act, with Directors appointed by the Minister for Agriculture and Water Resources. As such, the Board is responsible for the governance, accountability, performance and use of resources in accordance with the duties of an Accountable Authority.

Approximately 60 per cent of GRDC revenue is received from grower levies and royalties, with matching Commonwealth payments up to a limit of 0.5 per cent of Gross Value of Production making up the balance. GRDC's RD&E investments in 2017-18 will be around \$200m with additional support costs in the order of \$30m also incurred.

As a general comment, the GRDC is of the view that, for a business of the size and complexity of the GRDC, the PGPA Act promotes prudent corporate governance and business management principles. However, in our view the current broad definition of a Corporate Commonwealth Entity (CCE) is less than optimal as there is much diversity in entity roles, size and governance structures across the Commonwealth. A one-size-fits-all approach to accountability does not adequately reflect the risk and complexity profile of each CCE and is inconsistent with the Public Management Reform Agenda objective of a risk based approach to regulation that enhances efficiency and effectiveness. Unintended operational constraints can be imposed by the application of the PGPA Act. In particular, these constraints can arise as a result of the assignment of legislation across CCE's by other authorities over and above that intended under the PGPA Act.

The broad brush approach to applying legislation to CCEs, irrespective of size and complexity, can engender duplication of effort and have significant cost and resourcing impacts. A very good example of a likely organisational constraint is the proposed application of the Protective Security Policy Framework (PSPF). This policy is agnostic as to the risk profiles of CCE's by way of 36 mandatory elements. As GRDC's risk profile and operational requirements are materially different from a Non-Corporate Commonwealth Entity (NCE), our concerns relate to the costs and benefits with the implementation of a framework that is designed in the main for the security needs of a government department. There are elements of the PSPF that are good practice and are likely to be adopted by CCE's to meet their operating requirements, but to mandate requirements such as the appointment of an Agency Security Adviser, and establishing security

clearance policies and procedures adds little value to the operations of some CCE's and imposes an unnecessary cost burden.

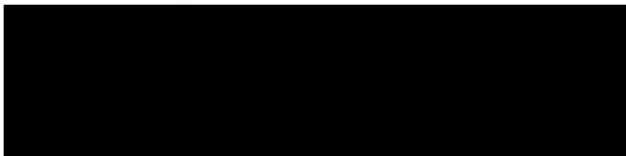
Similarly, the requirement to adhere to the Government's Enterprise Bargaining Policy is inconsistent with the flexibility envisaged and afforded under some enabling legislation such as the PIRD Act. This can inhibit the potential for CCE's to recruit employees when competing for staff in a commercial or research environment that often can offer more flexible work arrangements. It is difficult to explain this lack of flexibility to prospective employees that are considering the relative merits of government and non-government employers.

Another area of inconsistency and duplication that warrants further examination is the requirement to have the Minister of Finance approve the Outcome Statement of a CCE. We believe that approach is in direct contrast to the development of purpose statements and strategies for CCE's and no such requirements are attached to the corporate or operational plans of CCE's. The outcome statement is developed only for the Portfolio Budget Statements, whereas strategic and operational planning is underpinned by corporate purpose. In addition, any consideration of an earlier annual reporting timeframe should be contingent on the development of online reporting and the removal of hard copy tabling requirements. This would also have the effect of reducing reporting costs and delivering more timely reporting to stakeholders.

With respect to the enhanced Commonwealth performance framework, our view is that there has been strong improvements in developing a framework that supports clear and concise performance information, and that efforts have been made to ensure consistency between the PGPA Act and various pieces of enabling legislation. There is still duplication across Portfolio Budget Statements and various planning documents such as corporate plans, strategic plans, and operational plans required by enabling legislation but we accept that this is a continuing cycle of refinement and improvement to the performance framework.

If you would like further information or discussion on the points that we have raised, please contact Mr Martin Priest, Chief Financial Officer on [REDACTED]

Yours sincerely

A large black rectangular redaction box covering the signature of Steve Jefferies.

Steve Jefferies

Managing Director