

Australian Skills Quality Authority

PGPA Act and Rule Independent Review – draft report response

To: PGPA Act Review <PGPAActReview@finance.gov.au>

Subject: response to draft report. [SEC=UNCLASSIFIED]

The report makes a range of recommendations seeking to align practice with ASX listed companies. Whilst it may be possible to argue for some alignment for large agencies and Departments, the draft report provides little if any justification on why, and certainly provides nothing to suggest those arrangements are fit for purpose for small agencies. Adoption of many of the recommendations would increase the regulatory burden for small agencies without any corresponding benefit for the agencies or the sector more generally.

Recommendation 15 seeks all members of audit committees to be independent of the Commonwealth public sector. This is a very strange recommendation. There is no ASX rule that asserts that all members of private corporation audit committees be independent of the private sector or even the company. Many private sector audit committees are constituted primarily from the board membership of the company and executives. Appointing members who are not officials or employees may just result in panels of former officials or employees, or panels who don't know a lot about public sector governance or rules. The only accommodation in the report for small agencies is the prospect of small agencies sharing audit committees. If a change of the nature proposed is to be considered there should be greater justification in the report and a demonstration of what will be gained by making the change. There is no demonstration of why the existing more flexible arrangement is not fit for purpose.

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