



**Australian Government**  
**Department of Home Affairs**

22 June 2018

Ms Elizabeth Alexander AM & Mr David Thodey AO

PGPA Act Review Secretary

[PGPAACTReview@finance.gov.au](mailto:PGPAACTReview@finance.gov.au)

Dear Ms Alexander and Mr Thodey

Thank you for the opportunity to provide comments on the draft report and recommendations of the Independent Review of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and Rule.

During the period of the review, the Department of Immigration and Border Protection (DIBP) ceased to exist as a consequence of machinery-of-government changes, as such these comments are submitted on behalf of the newly formed Department of Home Affairs.

The Department of Home Affairs incorporates the former DIBP in its entirety as well as elements from the Attorney-General's Department (security, law enforcement policy and emergency management), the Department of the Prime Minister and Cabinet (counter-terrorism and cyber security policy), the Department of Social Services (multicultural affairs), and the Office of Transport Security from the Department of Infrastructure and Regional Development.

Please find enclosed the Department of Home Affairs' submission.

The Department does not hold any objections to the submission being made publically available.

If you wish to discuss any aspect of the submission in further detail, please contact First Assistant Secretary, Enterprise Strategy, Risk and Performance, Abigail Bradshaw on (02) 6196 0838.

Yours sincerely



**Lachlan Colquhoun**  
A/g Deputy Secretary Executive



Australian Government  
Department of Home Affairs

# Independent Review of the PGPA Act and Rule – Consultation Draft

**Submission from the Department of Home Affairs  
June 2018**

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# Introduction

The Department of Home Affairs (the Department) appreciates the opportunity to provide comments on the draft report and recommendations of the Independent Review (the Review) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and Rule. The Department has identified a point of contact available to discuss its submission in further detail, if required.

## Departmental response

### Driving change through leadership

*(Recommendation 1)*

1. The Department supports Recommendation 1. The proposed changes are consistent with the Secretaries Board's existing scope and remit.

### Performance framework

*(Recommendations 2–9)*

2. The Department fully supports Recommendations 2 to 4 and 6 to 9:
  - The Department is currently undertaking a program of work consistent with these proposed changes, including a refined performance framework.
3. The Department supports the introduction of Department of Finance led learning programs for Audit Committee (AC) chairs as per Recommendation 5, noting that the experience and qualifications of an AC Chair are key drivers in determining the contents of such a learning program.

### Managing and engaging with risk

*(Recommendations 10–14)*

4. The Department agrees with Recommendations 10 to 14, noting that the Department is already implementing a program to improve effective risk management and engagement, including:
  - revision of Strategic Risks and Enterprise Risks to better reflect the span and functions of the Department and broader portfolio
  - single responsible Risk Stewards (SES Band 3 level) for Strategic Risks and Enterprise Risks—to work with identified Control Owners across the Department to identify, manage and engage with risk both within Groups and across the Department
  - a formal risk governance system
  - appointment of a Chief Risk Officer at the SES Band 2 level.

### Audit committees

*(Recommendations 15–22)*

5. The Department agrees with Recommendations 16 to 21:
  - The Department has established an AC forward work program that receives briefings from senior officers on all aspects of the Department's business, as well as out-of-session briefings on topics of particular significance.
  - All AC members have fixed appointment terms, with a review conducted and approval sought from the accountable authority, prior to a member's continuation on the AC.

6. The Department agrees with Recommendation 15 in principle, noting there is a limited pool of individuals with the experience, qualifications and availability to undertake the AC role. In a large entity, the AC would likely require five to seven members.
7. The Department agrees with Recommendation 22 in principle, noting that identification of members should be limited to their qualifications, skills and experience. The remuneration of AC members is a commercial-in-confidence matter.

## **Clarifying reporting requirements and reducing the reporting burden**

*(Recommendations 23–28)*

8. The Department agrees with Recommendations 23 to 28 in principle, noting that any requirement to report risks must incorporate a degree of flexibility in order to protect the operations of the agency, particularly where the agency has a law enforcement or national security focus.

## **Annual report timing and parliamentary scrutiny**

*(Recommendations 29–31)*

9. The Department agrees with Recommendations 29 to 31 in principle, noting that amending the tabling date will have a significant whole-of-government resourcing impact, specifically in relation to financial statements, data gathering and assurance. To recognise this impact, it is suggested that implementation occur in phases. This will allow agencies to adequately meet the new requirements without detrimental impact on the standard of reporting.

## **Cross-government cooperation**

*(Recommendations 32–33)*

10. The Department agrees with Recommendations 32 and 33 in principle. The Department would welcome further information concerning the scope and remit of the proposed trial and continued consultation detailing next steps, including feasibility and outcomes of the proposed trial.

## **Reporting of executive remuneration**

*(Recommendations 34–35)*

11. The Department agrees with Recommendations 34 and 35 in principle, noting that information provided must be in accordance with relevant privacy legislation and potentially de-identified, where appropriate. It should also be noted that remuneration for agency heads is determined by the Remuneration Tribunal and already publicly available.

## **Reporting of contracts and consultancies**

*(Recommendations 36–37)*

12. The Department agrees with Recommendation 36 in principle, noting that an opportunity exists to enhance the definitions and thereby the distinction between consultancy contracts and non-consultancy contracts:
  - In practice, it can be difficult to determine whether an individual has been engaged to provide labour or to produce a specialist outcome. It is suggested that the Department of Finance develop clearer guidelines for the reporting of contracts that contain consultancy services and non-consultancy services. This distinction would improve the accuracy and consistency of reporting in this area.

13. The Department agrees with Recommendation 37 in principle:

- The Department is currently providing information on the number of new consultancy contracts entered into, the number of ongoing consultancy contracts and the spend on consultants, with additional information available on Austender.
- The Department notes that extending this reporting to include all contracts will have a resource impact due to the large volumes of data involved and current system limitations. The Department is in the early stages of implementing a Procure-to-Pay solution which may make implementing this recommendation more feasible.

## **Finance support**

*(Recommendation 38)*

14. The Department agrees with Recommendation 38 to enhance the Department of Finance's role in the provision of advice and support to Commonwealth entities.

## **Technical and other matters**

*(Recommendations 39–46)*

15. The Department agrees with Recommendations 39 to 44 and 46, noting that the traditional definitions and protocols for banking do not readily apply to evolving arrangements.

16. The Department only partially supports Recommendation 45, noting that moving from a centralised approach to a devolved model will have resource and funding implications for key agencies. The Department of Finance would also need to provide clear guidelines for a consistent approach to waiving debts that ensures impartiality and consistency of decision-making for key agencies.