



Australian Government
Department of Jobs and Small Business

Our Ref



Secretary
Kerri Hartland

Ms Elizabeth Alexander AM
Independent Reviewer
C/o Review Secretariat
Department of Finance
One Canberra Avenue
Forrest ACT 2609

Dear Ms Alexander

***Public Governance, Performance and Accountability Act 2013 (PGPA) and Rule
Independent Review Consultation Draft***

Thank you for the opportunity to comment on the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)* and the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)* Independent Review Consultation Draft. The Department of Jobs and Small Business supports the overall direction of the Consultation draft, and offers some specific observations in relation to the recommendations.

Recommendation 8 suggests the Australian Accounting Standards Board be approached to develop a standard for performance reporting. An alternative approach may be for the Department of Finance to develop guidance and enhance its stewardship role in providing accounting advice to agencies.

A principles-based approach for the PGPA Act and Rule enables entities of all sizes to establish a performance reporting framework relevant to the entity. A rules-based approach may be more restrictive. It is important that when extending the scope of requirements of the PGPA Rule, that it does not become overly prescriptive.

For example, recommendation 14 proposes where a separate risk committee is not established, the audit committee should adopt this function becoming the 'audit and risk committee'. There may be circumstances where entities may require governance structures tailored to their purpose. This recommendation also has the potential to erode the independence of audit committees by making them responsible for risk management and possibly in conflict with the assurance role that audit committees provide.

In relation to recommendation 15, external members are invaluable in strengthening committee independence. This is one of the reasons our audit committee is chaired by an independent external member. However, senior public service managers who are familiar with, and experienced in public sector performance also offer an important perspective, in keeping with recommendation 4 that would ensure audit committee members have sufficient knowledge of the business of the entity.

As a final observation, recommendation 17(c) could be broadened to recognise that different audit committee members accept their role with the committee for different reasons. Some members do not seek remuneration; rather they view their participations as part of their professional development or broader contribution to public service.

Thank you again for the opportunity to comment on the Consultation Draft.

Yours sincerely

A black rectangular redaction box covering the signature of Kerri Hartland.

Kerri Hartland

21 June 2018