

Comments on the Consultation Draft Report of the Review of the *Public Governance, Performance and Accountability Act 2013*

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Thank you for the opportunity of commenting on the Consultation Draft of the Review of the *Public Governance, Performance and Accountability Act 2013*. As we see from its objectives, the latter is the backbone of the Commonwealth Public Service and this Review is timely.

We begin by noting that these comments are our own and do not necessarily reflect those of the University of Canberra.

The draft report has recommendations that will strengthen the Act. Our suggestions below are to reinforce the Review's objectives which were to review how the PGPA Act and Rule have worked and whether improvements can be made.

1. Minimal Consultation with the Parliament.

Importantly for the Consultation Draft's usefulness, there was a noticeably small amount of consultation with the Parliament. The Review's terms of reference, prepared by the Department of Finance, required it to consult with the JCPAA which it did. That interview supplemented the Review's scrutiny of JCPAA reports. However, the terms of reference did not exclude further consultation with the Parliament.

Since Parliament is the principal stakeholder of public sector reporting, what Parliamentarians had to say on the principal issues would have been of signal importance, especially on governance and accountability which are central to the Act and a focus for the Review. A review of governance and accountability for major private sector entities would involve considerable consultation with at least major shareholders. This opportunity was overlooked in preparation of the Consultation Draft.

As Parliament is a place in which ideas, policies and programs are contested, we suggest the report would be strengthened by a broader account of the perceptions of Parliamentarians on the adequacy of public sector reporting and, in particular, financial reporting such as in financial statements. At the very least, the report should spell out the interests of a broader range of members of the JCPAA, Standing Committees, Senate Budget Estimates Committees and other expenditure-related committees.

The draft did not indicate whether it sought written submissions from the Parliament, nor whether it attempted to interview any Senators or MPs outside the JCPAA. There was no written submission by any Senate or House Committee. There was no sign of the Review consulting with the Lower House or its Committees' actions with annual reports including with financial statements.

It was surprising to learn that the Senate still does not automatically refer annual reports through its Standing Committees to its Estimates Committees, and thus it was sensible for the Review to propose that they do so. Consultation with the Senate would have informed the authors of why the Senate had not adopted this practice, but there was no consultation with that Chamber.

Other than meeting JCPAA members, the absence of contact with Parliament did not allay doubt about the adequacy of agencies' information for elected representatives. An effect is that inattention to the information requirements of Senators and MPs will limit the Review's readership and impact.

2. Few Practical Examples of Agencies' Implementation of the Act Reduces the Review's Impact and Usefulness

The draft affirmed that:

Overall, we suggest that risk practice across the Commonwealth is still relatively immature. ...There is still significant work to be done to embed an active engagement with risk into policy development processes and program management practice, and to have officials at all levels appreciate their role to identify and manage risk.

An example is the Defence of Defence which does not recognise in its annual report the risks associated with management of a large and rapidly increasing budget. We feel that the report could be strengthened if it included specific examples of the lack of engagement with risk in policy development and program management, such as in the Department of Defence. Examples of challenges in risk management will increase considerably the Consultation Draft's readership outside the Department of Finance.

The near-absence of practical and actual examples of problems that agencies face in implementing the PGPA Act limits the Consultation Draft's impact, and its potential for enhancing the public's appreciation of the significance of the PGPA Act. That is because agencies will be less likely to consider the relevance of proposals.

3. Minimal Consultation with Government Companies

While acknowledging and welcoming the breadth of consultation within the public sector by the Review, certain information-gathering activities seemed somewhat limited in light of high expectations of the Review. For instance, there was limited consultation with government companies to which the legislation applies. The appendices show that only one small government company made a written submission to the Review, while the Review consulted with one very large Commonwealth company, NBN Co. The absence of written submissions by all but one government company suggests either that the sector had few problems with

the Act or that it chose discreet silence. Users of the Consultation Draft were not informed of why there was so little consultation with government companies, leading to uncertainty about the completeness of relevant recommendations.

4. Absence of Urgent Public Administration Problems

The Review did not find urgent problems that it was trying to solve and there did not appear to be any. Consequently, readers unfamiliar with the public service and with the broader public sector will be reassured by the report's content since the latter did not find any problem of great import – despite their existence.

5. The Risk of Little Impact from the Review

The combination of inattention to the importance of readily understood financial information and financial statements, the minimal interaction with Parliamentarians, and the very few examples of agencies' problems will not harm the report's acceptance by Finance and government agencies, while remaining distant for those who do not work in Canberra. The partial exception will be Parliament House where its use will be modest outside the JCPAA. In other words, despite the potential merit of the Review's draft recommendations, the Consultation Draft was not prepared for the wider national audience in whose interests agencies implement the Act. This was surprising since the terms of reference highlighted accountability.

There are few opportunities for consideration of the above Act which is fundamental to Commonwealth public administration. We hope that the suggestions here will be considered by the Review's authors with the objective of strengthening the Consultation Draft.

Other

We have reviewed some of the other comments on the draft report, and find ourselves in broad agreement with those of Professor Andrew Podger.