



Canberra Consulting Group Pty Ltd

Public financial management training and advisory services

ABN 58625001685

ccg.jns@gmail.com

PGPA Act Review
Review Secretariat
Department of Finance
One Canberra Avenue
FORREST ACT 2609

Dear Sir/Madam

Thank you for the opportunity to comment on the draft Independent Review of the PGPA Act. I have commented on recommendations I consider to be of particular importance.

Reporting of contracts and consultancies

It is in the right direction to set a standard definition for the term 'consultancy'.

Applying the definition to information entered in AusTender is indeed important. With the objective being transparency of public resources used on consultancies, then of equal and perhaps of greater value would be to use the same standard definition in annual reports and financial reporting. Such consistent reporting, even in aggregate, would be a step forward.

Managing and engaging with risk

Recommendation 10 is " Accountable authorities should identify ways to embed effective risk management and engagement into policy development and program management, and incentivise officials at all levels to manage and engage better with risk".

While the review is of the Act and it legislates a requirement to engage with risk, it would be of assistance if the review also recognised accountable authorities operate within the parameters of their Minister. I believe it is the risk appetite of the relevant Minister that imbues an accountable authority and entity. If a Minister's risk appetite were to be articulated, this would provide clarity for the relevant accountable authority.

Finance support

When an entity transformation exercise seeks cultural change, 'hand-holding' is essential. Identifying a principles approach for managing public resources is a massive step forward, however, pointing people to principles is insufficient to effect change.

The recommendation correctly provides for support in the form of 'one-on-one interactions with entities'. This is the kind of the support that would help entities to ingrain the principles and embed the values associated with expectations for managing public resources. This approach is resource intensive. Further, entities cannot source this kind of support efficiently from outside the government sector. It all comes down to resourcing and expectations. Currently, Finance is not resourced to provide 'hand-holding'. As a consequence, it does the best it can using the panacea of technology through the Internet and web-based materials. I don't know of any training or teaching intuition that is a leader in its field, by relying singularly on one-way information and guidance material dissemination.

An option to support resourcing the training and guiding of entities, while not reducing the government's bottom line, would be to appropriate Finance for this task through the use of a special account. The required training of entities is internal to government and a special account keeps the funds within government. Success with this transformation sought depends on how much effort, resources and skill are committed to the activities. By resourcing it seriously we should, at a minimum:

- develop a deeper understanding of the Australian Public Service; e.g. its resourcing structures, dependencies and influencers
- improve ability to identify risks and prevent disruptions; and
- increase integration and maturity of the pursued principles and culture.

Performance reporting

Recommendations 2 to 9 are on performance reporting. Recommendations 34 and 35 are on reporting executive remuneration. With expenditure on HR inputs being one of the largest for an entity, the linkages are natural and obvious between HR reporting and entity performance reporting.

I wish consideration had been given to greater harmonisation between personnel performance reporting and entity performance reporting. This would truly uphold intent of the PGPA Act to integrate the management of all public resources.

It might be a revealing exercise to identify alignments between 4 to 5 years of annual reports for entities and the annual State of the Service reports. This may be constrained by the existing structures of government entities; which may be timely for reconsideration. Hopefully, for another report ...

Yours sincerely

Julia Sisson

Director



22 June 2018