



Ms Elizabeth Alexander AM and Mr David Thodey AO
C/- Review Secretariat
PGPAActReview@finance.gov.au

Dear Ms Alexander and Mr Thodey,

Consultation Draft – independent review of the PGPA Act

Thank you for the opportunity to comment on the draft report arising from your independent review of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). TEQSA welcomes many of the findings of the report as a valuable contribution to improving public sector productivity, accountability and transparency. We appreciate the consultative approach taken in preparing the report and particularly the steps taken to ensure that the report considers perspectives from a broad range of Commonwealth entities and stakeholders.

This submission is made on behalf of the Tertiary Education Quality and Standards Agency (TEQSA) and reflects the views of the Commissioners of TEQSA, who are collectively the accountable authority of TEQSA.

The following comments address particular aspects of the draft report.

Reporting arrangements

We are very pleased to see that the reporting burden on smaller agencies that has arisen with the Regulator Performance Framework has been acknowledged in the review and addressed in Recommendation 24.

Recommendations 6, 25, 27 and 38 regarding further support by the Department of Finance will greatly assist smaller agencies by reducing the reporting burden and improving the quality of performance reporting. Further support in the form of communities of practice for entities of similar size or type i.e. regulatory agencies, would facilitate the development and improvement of planning and performance information.

In terms of the timeliness of annual reports, the requirement to produce hard copy reports contributes unnecessarily to the time taken to present annual reports to the Parliament. Typesetting for printing and the need to deliver annual reports to Parliament House for an agency not based in Canberra is time consuming and complex. TEQSA would welcome the option of tabling electronic annual reports in place of hard copies independent of the development of a digital reporting platform and would encourage this ahead of the suggested timeframe of 2019-20 in Recommendation 30.

A consequence of the proposed requirement in Recommendation 37 for agencies to report contracts that receive five per cent or more of the entity's total expenditure on contracts and consultancies would report relatively small amounts and be burdensome for small agencies with relatively small budgets such as TEQSA. A much greater threshold than five per cent of total expenditure on contracts and consultancies should be considered for smaller agencies.

Other matters

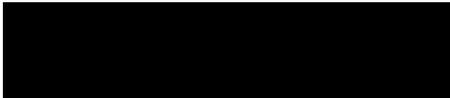
TEQSA agrees that it is important for audit committees to provide independent scrutiny of the operations of an entity, as envisaged by Recommendation 15. However, the basis on which it is necessary to require that audit committee members not be officials or employees of any other Commonwealth entity is not apparent from the report. Concerns about the potential lack of diversity across Commonwealth audit committees could be addressed through guidance to accountable authorities in the selection and appointment of audit committee members.

We particularly support Recommendation 40 for the sharing of advice on the PGPA Act and Rule across Commonwealth entities. This aligns with the encouragement of cooperation by Commonwealth entities highlighted in Recommendation 32.

Although in some cases the draft recommendations specify their applicability to agencies based on their size, the independent nature of agencies such as TEQSA does not seem to have been taken into account. This is particularly the case in relation to Recommendations 1 and 3 for the proposed role of the Secretaries Board in assessing the performance, governance and accountability of agencies within the portfolio.

Once again, thank you for the opportunity to provide comments on the draft report. Please contact me or Rosemary Marcon on 03 8306 2510 if you wish to discuss these comments.

Yours sincerely

A solid black rectangular box used to redact the signature of Professor Nick Saunders.

Professor Nick Saunders AO
Chief Commissioner

21 June 2018