

Ms Elizabeth Alexander AM and Mr David Thodey AO
Independent Reviewers of the PGPA Act and Rule
PGPAActReview@finance.gov.au

Dear Ms Alexander and Mr Thodey

Independent Review of the Public Governance, Performance and Accountability Act 2013

The following information is provided by the Sydney Harbour Federation Trust (SHFT) in response to your request of 9 October 2017 seeking submissions to the independent review of the *Public Governance, Performance and Accountability Act 2013 (Cth) (PGPA Act)* and the *Public Governance, Performance and Accountability Rule 2014 (PGPA Rules)*.

We have provided comments on the broad objectives of the review and additionally have also commented on specific areas of the legislation and rules.

Impact of the new legislative framework

SHFT is of the opinion that the new legislative framework has generally been successful in streamlining requirements for agencies, and appears to have modernised the financial accountability, performance and reporting framework.

However, SHFT believes that there are some areas where policy orders, now applicable to corporate Commonwealth entities, under the PGPA legislation, do not take into account the size of an agency and do not allow for thresholds that may be appropriate in excluding smaller agencies from compliance or reporting.

We are also concerned that not all equivalent provisions from the *Commonwealth Authorities and Companies Act 1997 (CAC Act)* have been included in the PGPA Act. Specifically, a director's statutory right of access to 'books' provided for under the CAC Act is not included in the PGPA Act or PGPA Rules. This right should be included in the PGPA Act or Rules so that organisations do not need to look at providing deeds of access.

Reduced disclosure in financial statements has been a positive result for SHFT as it has reduced the workload for a small agency.

Accountability and Governance

» *Commonwealth Risk management Policy*

This policy assists small agencies such as SHFT achieve compliance under the PGPA Act. Further guidance in this area would be appreciated.

» *Reporting of Senior Executive Remuneration*

In small agencies this can result in the identification of one particular executive, rather than providing information on a group or band of senior executives.

» *Duty to encourage cooperation with others*

SHFT believes that this section does not clearly articulate what is required and the anticipated outcomes.

» *Whether there would be any benefit in bringing forward and potentially legislating an earlier annual report deliver and tabling date*

For SHFT there is always a very tight timeframe between completion of the ANAO audit and the requirements for the finalisation and lodging of the Annual Report. Any change would impact on the ANAO and their ability to achieve earlier completion dates for the financial audits.

» *Requirements for and the role played by audit committee*

Rule 17 sets out minimum requirements for audit committees. Further clarification is required, particularly with regards to the committee's function of reviewing 'performance reporting'. Certainty around exactly what is required from the Committee as part of this review is important.

» *The enhanced Commonwealth Performance Framework*

Further guidance is needed as to the requirement for annual performance statements, and how this interacts with Portfolio Budget Statements. Some standardisation to ensure comparability may be of benefit. There often seems to some duplication of information across these statements.

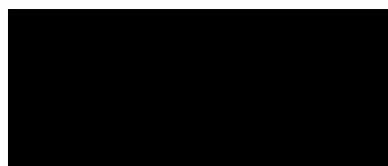
» *Support provided to Commonwealth entities*

Prompt guidance and support is required by smaller Commonwealth agencies in order for these organisations to adapt systems and processes to implement change. Resources are often minimal and the more advanced notice that is received, the greater the agency's ability to meet new requirements.

» *Communities of Practice and other communication strategies*

Small agencies located outside of Canberra are often at a disadvantage when accessing forums and other events that assist in understanding the requirements of the PGPA Act and Rules. Some Community of Practice meetings or forums at other major city venues could be beneficial.

Yours faithfully,



Susan Culverston

Deputy Executive Director (CFO)

10/11/2017