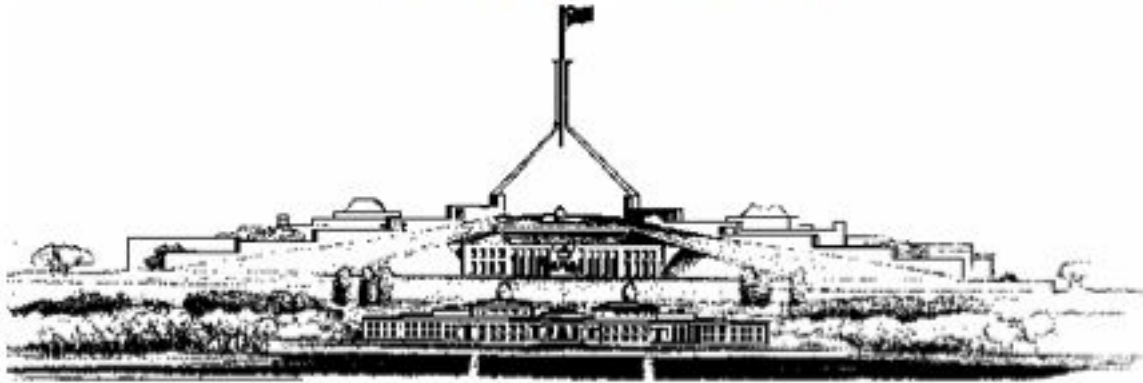




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014, Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 1), (No. 3) and (No. 5)) Bill 2014, Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (No. 2), (No. 4) and (No. 6)) Bill 2014, Public Governance, Performance and Accountability (Consequential Modifications of Appropriation Acts (Parliamentary Departments)) Bill 2014

Second Reading

SPEECH

Wednesday, 25 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Wednesday, 25 June 2014
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Questioner
Speaker McCormack, Michael, MP

Source House
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Question No.

Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (11:01): The Public Governance, Performance and Accountability Act 2013—the PGPA Act—is scheduled to replace the Financial Management and Accountability Act 1997—FMA Act—and the Commonwealth Authorities and Companies Act 1997—the CAC Act—from 1 July 2014, as the main legislation covering the financial operations of entities across the Commonwealth. It is important legislation.

To support this change the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014—the PGPA(C and TP) Bill—has been introduced into parliament to repeal the CAC Act and to substantially reduce the number of operative provisions within the FMA Act, as it is now known. The PGPA amendment bill generally makes necessary technical amendments to the PGPA Act that had become apparent over the past 12 months as a result of the development of the supporting rules, as well as some amendments which are needed to properly implement the operation of the supporting PGPA rules to be proposed to parliament.

This bill also addresses—this is important—some drafting errors in the PGPA Act that were not noticed during its drafting. We heard the member for Watson talk about the fact that Labor was, indeed, the party which, when in government, introduced this bill. But they did not get it right. How often have we heard that Labor did not quite get something right? They missed by that much!

Mr Morrison interjecting—

Mr McCORMACK: I hear the Minister for Immigration and Border Protection chuckling. He might well chuckle, because Labor missed out by just that much when it came to border security. There were 55,000 people arriving on hundreds of boats but that all stopped when the coalition put in place its new border protection regime. They put in place a minister who actually knew how to stop the boats. But I digress.

The PGPA (Consequential and Transitional Provisions) Bill will make amendments to around 250 pieces of legislation as a result of the PGPA Act's introduction. The amendments include technical changes to replace reference to the FMA and CAC acts with references to the PGPA act; repealing or amending provisions in enabling legislation where the PGPA provisions will operate in future, or where they operate together, such as with corporate planning and annual reports; application provisions to specify when provisions in the PGPA Act apply, such as in relation to annual reports; savings and transitional provisions for various provisions in the FMA Act and CAC Act to allow for an effective transfer from those arrangements to the PGPA Act.

We heard the member for Watson earlier in this debate overegging the issue when he was talking about what a huge thing this was. It is important but the member for Watson did overegg the issue, when some of these matters are just cross-referencing in this legislation.

The Australian Constitution provides that amounts for the ordinary annual services of government and amounts for other purposes cannot be presented to the parliament in the same bill. As a result, the bills are being presented in three separate bills. I will go through them: the ordinary annual services of government bills numbered 1, 3 or 5; amounts for other purposes bills, numbered 2, 4, and 6; and amounts for the parliamentary departments.

We heard the member for Watson talk about the necessity to push these through. Yes, there is a necessity to get them through before 1 July 2014. The member for Watson, the Manager of Opposition Business, made out that the necessity to get something through in a quick and timely fashion was something that had never occurred since Federation. Certainly under his watch as water minister, Labor tried to get through the Water Act such that the Murray Darling Basin Plan could be implemented.

We saw 8,000 people turn out to a protest rally at Griffith. In fact, it did not start as a protest rally. It actually started as an information session by the Murray Darling Basin Authority to—

Mr Brendan O'Connor: Get back to the bill.

Mr McCORMACK: I will get back there, Member for Gorton, but this is important. Those on the Labor side of the chamber claim that it is unusual for this parliament to be rushing through timely legislation but when the member for Watson was in charge of water he attempted to rush through legislation which affected hundreds of thousands of people who grow food on behalf of this nation.

If this bill's passage is delayed it will have consequences for payments continuing to be made under the provisions of the FMA Act and the CAC Act. The delay would have consequences for the amendment of 250 acts across the Commonwealth to support the implementation of the Public Governance Performance and Accountability Act 2013 and the development of related PGPA rules and instruments.

While these amendments to enabling legislation are typically difficult to quantify in monetary terms, it is expected that simplification of these regulatory requirements will contribute to long-term efficiencies in terms of achieving improved governance, and transparency and accountability arrangements for Commonwealth entities, including non-corporate Commonwealth entities and Commonwealth entities within the Australian government.

It is important that we get this legislation through before 1 July 2014. I look forward to seeing what the amendments will be from the other side. We heard the member for Watson complaining about gag motions. There were gag motions placed in the last parliament on what was called the clean energy legislation. We called it the carbon tax. All Australians called it the carbon tax. There were gag motions placed on Gonski.

Ms Owens interjecting—

Mr McCORMACK: There actually was, Member for Parramatta, a gag motion on Gonski. I was lined up to talk about some of the important things in Gonski but was prevented from doing so, by a gag motion, from the then Labor government. There were gag motions placed on so many other important pieces of legislation we wanted to have a say on, when we were in opposition, but we were prevented from doing so, because Labor wanted to rush them through.

We heard the member for Watson using terms such as chaos, incompetence and broken election promises, all of which were writ large when he and his party were in government over the last six years. Chaos and incompetence. He should not come into this chamber and utter those words when we recall the sheer chaos and incompetence we had from Labor.

The other side talk about the Public Service. Our public servants do a good job; let us be honest. The member for Fraser, who has just joined us, would agree with me that the public servants of Australia do a good job. From what the member for Watson said, we would think that the only friends of public servants in this country are those on the other side.

The APS employed 167,257 staff on 30 June last year. This was 907 fewer than a year earlier. It was the biggest decline in 14 years. The federal bureaucracy, under Labor, copped its largest staff cut since the late 1990s, according to the then latest *State of the Service* report. Labor are no friends of the Public Service.

We realise this bill before us is important. We know it was introduced by Labor in the last days of the last parliament. We heard the member for Bowman eloquently say that the changes we are making, through this legislation, were omitted by Labor's own drafters in the last parliament. It is important to remember that we are merely finishing a reform process started under Labor.

A core piece of legislation—the PGPA Act—was passed in June 2013 and is due to come into effect on 1 July 2014. It has to. We were left to do the difficult work of putting meat on the bones left to us by those opposite.

Ms Owens: Ha ha!

Mr McCORMACK: I will repeat that for the member for Parramatta. We were left to deal with the difficult work of putting the meat on the bones left to us by those opposite. More than 250 other acts make reference to the two predecessor bodies of financial-framework legislation and many of these would be rendered ineffective if consequential legislation were not enacted to align those 250-plus acts to the main PGPA Act before it comes into effect.

Many of the amendments in the consequential bills merely—that is an important word to consider, in the context of this sentence—insert cross-references to the PGPA Act in substitution for all references to the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997. 'References and cross-references to the FMA and CAC acts required rigorous checking before the bills could be finalised for introduction.'—they did not get that rigorous checking when Labor pushed it through by 1 July 2013.

As the member for Watson himself seemed to acknowledge, this has been a complex and time-consuming task. It has. We are fixing up the mess left by Labor. I am sure the Minister for Immigration and Border Protection, sitting here beside me, would know all about fixing up messes left by Labor. He and he alone has probably had the biggest mess to fix up. Most critically, if the PGPA Act cannot commence without these consequential amendments also being made, all current appropriation acts would be rendered ineffective.

The provisions contained in the PGPA Act and bolstered by these amending bills seek to modernise the Commonwealth's current financial accountability performance and reporting framework, by shifting from a prescriptive compliance based approach to a broad principles based approach based on uniform duties, stronger accountability, better reporting and a focus on risk. That is something we all want to see, as legislators. Traditionally, the high level of scrutiny placed on the work of the Commonwealth public sector and the low level of tolerance for failure has created a culture that limits the ability to engage positively with risk.

These issues have been a frequent point of criticism from the commercial and third sectors when they find themselves joined, in some way, with Commonwealth entities. These reforms acknowledge that acceptance of some risk is necessary to improve performance, allow for more effective joining up with others and reduce unnecessary administrative burden. An increased focus on risk management and better dialogue on risk issues within government and the parliament will lead to more informed strategic and operational decision making within the public sector.

We heard the member for Watson criticising the Minister for Finance, Senator Cormann. I agree, in some part, with the member for Watson that the Minister for Finance has had a big job to do; a very onerous task. Most of it is concerned with fixing up the debt and deficit legacy left by Labor: \$123 billion of deficit; \$667 billion worth of debt, if left unchecked. It is not being left unchecked, because the Minister for Finance, the Treasurer, Mr Hockey, and the rest of the Liberal-Nationals coalition are getting on with the job of fixing the mess left by Labor.

Dr Leigh: By increasing the deficit!

Ms Owens: After you've doubled it!

Mr Brendan O'Connor interjecting—

Ms Rishworth interjecting—

Mr McCORMACK: They can cry out all they like, because these four opposite were some of the people who created that mess. We are getting on with the job of fixing it. An increased focus on risk management and better dialogue within the parliament will lead to better decision making. The amendments contained within these bills go to supporting a better way for the Commonwealth to do its business. We all want that. That is something I had understood Labor would support. It was, after all, the government that introduced the PGPA Act in the first place. It was the party that introduced it, in the last days of the last parliament. I look forward to hearing and reading the Labor amendments. With that, I commend the bills.

Question agreed to.

Bills read a second time.

Messages from the Governor-General recommending appropriation announced.