



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Public Governance, Performance and
Accountability Amendment Bill 2014**

Second Reading

SPEECH

Thursday, 5 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 5 June 2014
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Questioner
Speaker McCormack, Michael, MP

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Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (09:38): I thank all members who have contributed to the debate on these amendments to the Public Governance, Performance and Accountability Amendment Bill 2014. In particular I thank the member for Boothby as well as the member for Hume for their contributions this morning. The member for Hume represents a number of public servants and he brings to this parliament a great interest in private industry and what it can do to help the public service and what it can do to help our deliberations in this place.

The bill before us if enacted would make a number of technical changes to clarify, simplify, enhance and improve the understanding and operation of the Public Governance, Performance and Accountability Act 2013, the PGPA Act, and ensure the effective implementation of the supporting PGPA rules. This bill, the PGPA Act and the broader public management reform agenda of which they are a part are based on four guiding principles. These are: government should operate as a coherent whole; a uniform set of duties should apply to all resources handled by Commonwealth entities; performance of the public sector is more than financial; and engaging with risk is a necessary step in improving performance.

The Joint Committee of Public Accounts and Audit, headed by the member for Boothby, has requested that a fifth guiding principle be added to these four, specifically that the financial framework should support the legitimate requirements of the government and parliament in discharging their respective responsibilities. We heard the member for Boothby talking about cooperation we have received from the Minister for Finance, Senator Mathias Cormann. This will be adopted by the government and will inform the implementation of the agenda going forward.

The provisions contained in the PGPA Act, and bolstered by this amending bill, 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. These reforms give all Commonwealth entities an appropriate level of operational independence within a broad control framework and the tolerances set by specific enabling or general purpose legislation enacted by the parliament. These reforms encourage all Commonwealth entities to engage appropriately with risk.

The amendments contained in this bill make it clear that the accountable authority of a Commonwealth entity has the formal power to issue instructions about the operation of the PGPA Act in the context of the system of risk management and oversight that relates to the entity. This supports the considered management of risks which relate to each entity by those responsible for running the entity. It also supports effective, efficient and economical public administration and the delivery of innovative public programs and services. Traditionally, the high level of scrutiny placed on the work of the Commonwealth public sector and a low level of tolerance for failure have created a culture that limits the ability to engage positively with risk. This issue has been a frequent point of criticism from the commercial and other sectors of the economy when they find themselves joined up 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 beyond the Commonwealth and reduce unnecessary administrative burden. An increased focus on risk management, and better dialogue about risk within government and with the parliament, will lead to more informed strategic and operational decision-making in the public sector. In this context, the public management reform agenda should support the government's deregulation agenda. Officials who are better able to engage with risk are less likely to develop regulatory frameworks which are unnecessarily prescriptive and out of step with commercial practice. The amendments contained within this bill go to supporting a better way for the Commonwealth to do its business. I commend the bill to the House.

Question agreed to.

Bill read a second time.