HOUSE OF REPRESENTATIVES

COMMITTEES

Public Accounts and Audit Committee

Report

SPEECH

Thursday, 5 May 2016

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

Reports made parliamentary papers in accordance with standing order 39(e).

Mr IAN MACFARLANE: by leave—I wish to speak to both of the Joint Committee of Public Accounts and Audit reports just presented, commencing with the report entitled Defence major equipment procurement and evaluation, and Great Barrier Reef regulation.

This report sets out the findings of the committee's examination of three Australian National Audit Office reports. A key theme emerging from the committee's review of these reports was the importance of effective risk management.

Chapter 2 of the report discusses the committee's findings concerning Audit report No. 52 on Defence vehicle fleet replacement. In terms of the Defence risk management of procurement, the committee noted that the failed first tender process for this matter resulted in an estimated seven-year delay in delivering new vehicles and the need to sustain the existing fleet far beyond initial specifications. The committee made one recommendation: that Defence provide additional evidence that the lessons learned from this project have been embedded in standard operating procedures.

Chapter 3 of the report discusses the committee's findings concerning Audit report No. 3 on the regulation of Great Barrier Reef Marine Park permits. The committee noted the seriousness of the Auditor-General's overall conclusion that shortcomings in the regulatory practices of the Great Barrier Reef Marine Park Authority have undermined the effectiveness of the permit system as a means of managing risks to the marine park. The committee made three recommendations—that the Great Barrier Reef Marine Park Authority: firstly, appropriately accelerate its time frame for implementation of the ANAO recommendations; secondly, implement more effective performance information in this area; and, further, report back to the committee on the implementation of a range of initiatives related to permit application assessment, compliance management and response to noncompliance.

Chapter 4 of the report discusses the committee's findings concerning Audit report No. 9 on the test and evaluation of major Defence equipment acquisitions. Effective risk management in the context of procurement was again emphasised in this inquiry. Several past ANAO reports and external reviews have identified deficiencies in aspects of Defence's test and evaluation program. The committee made one recommendation—that Defence report back to the committee on: the coordination of test and evaluation across the department; how this is consistent with the outcomes of the recent Defence first principles review; key improvements to performance reporting; and implementation of competency and training arrangements in this area.

I commend the report to the House.

I now move to the second report presented, entitled Development of into the Commonwealth performance framework—Second report.

This report is a continuation of the committee's ongoing scrutiny of the development of the Commonwealth performance framework. The report incorporates the committee's review of the draft 2015-16 annual report rules, and also marks the first time the committee has also considered the annual report rules for corporate Commonwealth entities.
The committee has consulted with other committees of the parliament, on the form and content of annual reports, and has identified issues for further discussion and consideration in the longer term.

The committee has reviewed and approved both rules, and anticipates a broader discussion about enhancing the rules for both corporate and non-corporate entities next year. Further the committee hopes to see legislative changes set by parliament to ensure that annual reports are tabled earlier.

The committee has made two recommendations. The first requests that Finance provide the committee of the 45th Parliament with an incoming brief addressing key issues in the Public Management Reform Agenda. As the PMRA moves into its third stage, it is important that Finance briefs the incoming committee to facilitate prompt and thorough committee engagement.

The second recommendation requests that Finance address a range of issues identified through the inquiry to facilitate consideration of the 2016-17 annual reporting rule in 2017.

I thank the Department of Finance for their continued engagement with the committee.

In conclusion, I wish to thank committee members for their deliberations on these significant matters.

I commend the report to the House.