



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

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

Second Reading

SPEECH

Thursday, 29 May 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Thursday, 29 May 2014
Page 4791
Questioner
Speaker McCormack, Michael, MP

Source House
Proof No
Responder
Question No.

Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (09:44): I move:

That this bill be now read a second time.

The stewardship of public resources by Commonwealth entities is surely one of the most important topics to anyone with an interest in good government.

The Public Governance, Performance and Accountability Amendment Bill 2014 would, if enacted, amend the Public Governance, Performance and Accountability Act 2013 (PGPA Act) to clarify specific resource management and governance matters for Commonwealth entities and ensure the effective implementation of the rules that will support the operation of the PGPA Act and the broader financial framework of the Commonwealth.

The PGPA Act will replace, from 1 July 2014, the existing model for Commonwealth financial management established through the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997. The PGPA Act consolidates under one law the governance, performance and accountability framework for the Commonwealth and relevant entities, with detailed arrangements on how these principles will be applied to be set out in the PGPA rules.

The PGPA Act was passed in the last days of the last parliament. While the government, in its then capacity as the opposition, supported the aims of the act we did not support its passage. The detail of how its underlying principles would be applied was not available and we had concerns about the speed with which such important reforms were being pushed through.

The government continues to support the aims of the PGPA Act but we will ensure that it is properly implemented and we will be vigilant in monitoring its efficacy in practice.

On 13 February 2014, the Joint Committee of Public Accounts and Audit (JCPAA) resolved to inquire into the development of the PGPA Act rules. The JCPAA confirmed that it believes that 'the PGPA Act and the implementation of the first set of PGPA rules, establishes a solid foundation for efficiencies and the framework for cultural change in Commonwealth resource management in future years'.

The JCPAA has however made a number of recommendations in its report. These are currently under consideration by the coalition government.

As presented to this House, the bill clarifies one matter raised in the JCPAA report, in that it includes a note to put beyond doubt the continuing powers of the Auditor-General to conduct a performance audit of a Commonwealth entity at any time. This will ensure that there is no doubt about the Auditor-General's ability to perform one of the core functions of that office.

This bill arises from the development of the detail needed for the implementation of the PGPA Act, and is an outcome of consultation within government. The contents of the bill can be summarised as:

amendments to correct drafting errors in the current act;

technical amendments to improve the operation of the act's provisions as a result of more detailed consideration since June 2013; and

adjustments to ensure that the rules that support the PGPA Act are able to operate as effectively as possible, consistent with the aims of a simplified and streamlined framework.

While the changes are technical in nature they provide greater certainty in relation to the operation of the act as well as supporting the design of more operationally effective supporting rules. Such clarity is important if the act is to live up to its aims.

The bill, if enacted, will contribute to long-term public sector efficiencies by improving governance, transparency and accountability arrangements for Commonwealth entities (including both non-corporate Commonwealth entities and Commonwealth entities).

This bill is, accordingly, another crucial step to help ensure the smooth transition to a more effective financial framework for the Commonwealth.

I commend the bill to the House.

Debate adjourned.