



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

**Public Governance, Performance and
Accountability (Consequential and
Transitional Provisions) Bill 2014**

Second Reading

SPEECH

Tuesday, 24 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date Tuesday, 24 June 2014
Page 7187
Questioner
Speaker McCormack, Michael, MP

Source House
Proof No
Responder
Question No.

Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (16:24): I move:

That this bill be now read a second time.

Today I bring forward a package of four bills to support the implementation of the Public Governance, Performance and Accountability Act 2013 (the PGPA Act).

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 (FMA Act) and the Commonwealth Authorities and Companies Act 1997 (CAC Act). The PGPA Act will become the primary resource and governance legislation for Commonwealth entities and companies.

The PGPA Act marks an important evolution in public sector management, in the same way that the introduction of the FMA Act and the CAC Act did, more than 15 years ago.

The PGPA Act was passed in the last days of the last Parliament. While the government, then the opposition, supported the aims of the reform process enshrined in the PGPA Act, we understandably had concerns about how its underlying principles would work in practice.

The government continues to support the aims of the PGPA Act and places great importance on ensuring it is properly implemented.

The PGPA Act consolidates under one law the governance, performance and accountability framework for the Commonwealth and relevant entities. Detailed arrangements on how these principles will be applied are to be set out in the PGPA rule.

The package of bills I am introducing today involves:

the Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Bill 2014 (the PGPA C&T bill); and

three bills to modify the application of the annual Appropriation Acts for 2014-15 (once passed by the parliament) and for the two previous financial years.

The PGPA C&T bill would, if enacted, amend more than 250 acts across the Commonwealth to support the implementation of the PGPA Act and its related rules and instruments.

As you can see from the sheer size of the legislative package the effect of these amendments goes across all of government and is essential to effective implementation of a new resource and governance framework.

The legislation affects every portfolio, covering amendments ranging from the Auditor-General Act to the Water Act and many in between.

The legislation covers the details of when certain provisions of the PGPA Act start and when certain provisions of the FMA and CAC Acts cease operating.

It is extensive and wide-ranging in its coverage and ensures that legislation currently based on the working of the FMA and CAC Acts can work under the PGPA arrangements.

This includes clarifying where Commonwealth entities should operate in a consistent fashion and where, as a result of decisions by parliament, an entity has particular obligations that depart from the standard approach—as in the case of the parliamentary departments or the Reserve Bank or the Research and Development Corporations.

The bill would also amend the Public Service Act 1999 to address a recent recommendation of the Parliamentary Joint Committee of Public Accounts and Audit (the JCPAA).

In considering the development of draft rules under the PGPA Act, the JCPAA recommended that the Department of Finance and the Australian Public Service Commission work collaboratively to develop amendments to the PGPA Act and the Public Service Act to reduce potential confusion regarding the duties for public officials and the Australian Public Service (APS) Code Of Conduct for APS employees. This is being achieved through making amendments to the code of conduct to align the wording of the code with the general duties of officials in the PGPA Act.

To ensure continuing alignment with the Public Service Act, the bill also proposes making amendments to the Parliamentary Service Act 1999 and its code of conduct similar to those proposed for the PS Act.

I wish to thank the Speaker and the Senate President for their prompt consideration of—and support for—these proposed changes.

The amendments to these two acts will complement amendments to the duties of officials under sections 25 to 29 of the PGPA Act that were moved on the floor of this House on 4 June 2014 to amend the Public Governance, Performance and Accountability Amendment Bill 2014, and would ensure an improved alignment of the duties of officials under the PGPA Act with the corresponding duties under the PS Act and the Parliamentary Service Act.

The other three bills in this package modify the application of the annual appropriation acts for 2014-15 (once passed by the parliament) and for the two previous financial years. These bills are designed to change the terminology in existing appropriations acts from the current financial legislation to the equivalent PGPA Act terminology.

Separate bills are needed, rather than just making the amendments through the PGPA C&T Bill, as an appropriation act can only be amended by a subsequent appropriation bill.

These bills are split to cover appropriation acts across the three years dealing with:

the ordinary annual services of government contained in Appropriation Acts (No. 1), (No. 3) and (No. 5),

other amounts included in Appropriation Acts (No. 2), (No. 4) and (No. 6); and

the parliamentary departments.

They confirm the continuing ability of entities to access the appropriations approved by the parliament.

The package of bills I am introducing today would, if enacted:

update references in Commonwealth legislation from the FMA Act and CAC Act to the new financial framework,

simplify enabling legislation where provisions of the PGPA Act cover an issue previously dealt with in enabling legislation, and

provide a more streamlined approach to resource management and governance matters across government.

These bills arise from the development of the detail needed for the implementation of the PGPA Act.

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.

The bills, if enacted, will support the PGPA Act and simplify the regulatory requirements and contribute to long-term efficiencies, in terms of achieving improved governance, transparency and accountability arrangements for Commonwealth entities (including both non-corporate Commonwealth entities and corporate Commonwealth entities) within the Australian government.

They are part of a broader public management reform agenda which is intended to support the government's deregulation agenda and the active management of risk in delivering services to the Australian community.

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.

These bills represent, 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.