



Australian Government
Department of Finance

Our Ref: RMS14/02955-02

Mr Muzammil Ali
Inquiry Secretary
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Mr Ali

Thank you for your letter of 21 September 2015 seeking a response to questions on notice regarding the *Inquiry into the development of the Commonwealth Performance Framework*. I have attached Finance's response to the Committee's questions.

The contact for this response is Mr Brad Cook, Assistant Secretary, Performance, Reporting and Planning who can be contacted by telephone on [REDACTED] or via email [REDACTED]

The Department of Finance looks forward to working further with you on this important reform.

Yours sincerely

[REDACTED]

Thea Daniel
First Assistant Secretary (A/g)
Governance and Public Management Reform Taskforce
Department of Finance

2 October 2015

Attachment A

Joint Committee of Public Accounts and Audit

Inquiry into the Development of the Commonwealth Performance Framework

Responses to Additional Questions on Notice

Corporate Plans

1. What is the compliance rate with the requirement for all entities to publish a corporate plan by 31 August 2015? Can the Department please provide the JCPAA with a list of agencies that have been unable to comply with the requirements along with any reasons provided for non-compliance?

Response

As at 31 August the Department identified that 87 per cent of relevant Commonwealth entities and Commonwealth companies had published their 2015-16 corporate plans on their websites.

As at 30 September, the Department has identified that 96 per cent of relevant Commonwealth entities and Commonwealth companies have published their 2015-16 corporate plans on their websites.

For details of relevant Commonwealth entities and Commonwealth companies who did not publish a corporate plan by 31 August 2015 please see **Attachment A**.

Annual Reports

2. Noting that the responsibility for drafting guidelines for annual reports recently transferred to the Department from the Department of Prime Minister and Cabinet, can the Department please provide the JCPAA with a timeline on the new guidelines for 2015-16 annual reports?

a. Would the Department please outline the consultation process to be undertaken in the lead up to providing the JCPAA with final guidelines?

Response

The Department intends to follow a consultation process consistent with the development of the broader Public Management Reform Agenda (PRMA) and the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act) and *Public Governance, Performance and Accountability Rule 2014* (PGPA rule).

The Department will shortly begin meeting with Commonwealth entities through existing communities of practice and forums. Feedback will be consolidated into a consultation paper and released for public consideration. Once settled the Department will consult with the JCPAA seeking in-principle endorsement of an approach to annual reporting for 2015-16. The Department will then prepare the draft 2015-16 annual reporting requirements for the JCPAA's approval as required under the PGPA Act, *Public Service Act 1999* (Public Service Act) and the *Parliamentary Service Act 1999* (Parliamentary Service Act).

b. Following the Department's consultation process, can the Department please nominate a date by when the Department will provide next year's proposed guidelines to be distributed to Commonwealth entities to the JCPAA for approval?

Response

The Department intends to consult with the JCPAA in February 2016 and seek in-principle endorsement to the approach to annual reporting. This will be followed by the presentation of finalised 2015-16 requirements to the JCPAA for approval in May 2016.

c. Will the Department be providing training to Commonwealth entities on the new guidelines for annual reports?

Response

The Department intends to provide sufficient support to entities to enable their production of annual reports. Commonwealth entities will be informed through the established channels Finance uses to communicate requirements and obligations under the PGPA Act and other relevant legislative instruments.

A primary communication mechanism will be guidance for the preparation of 2015-16 Annual Reports. This will help to ensure entities are aware of the annual reporting requirements and will provide guidance on any changes in practice from previous years. Other mechanisms will include communication via the Finance and Public Management Reform Agenda (PRMA) websites, communities of practice managed by Finance and presentations to regular CFO forums.

3. Will the Annual Report Guidelines be transitioned into a Resource Management Guide now that responsibility for issuing the guidelines has been transferred to the Department of Finance?

Response

The Department will produce guidance to assist entities in the production of their annual reports. Mandatory requirements will be included in a rule made for the purposes of section 46 of the PGPA Act, and with reference to section 63 of the Public Service Act and section 65 of the Parliamentary Service Act. This rule will replace the existing Requirements for Annual Reports for Departments, Executive Agencies and other Non-Corporate Commonwealth Entities.

Portfolio Budget Statements

4. Can the Department please advise the JCPAA on the proposed timeline for the final Direction?

a. When will the JCPAA be provided with a final draft of the Direction for endorsement?

Response

The Department will provide the JCPAA with a final draft of a direction from the Finance Secretary – under subsection 36(3) of the PGPA Act – during November 2015. This timeline will allow a position endorsed by the JCPAA to be reflected in guidance for the preparation of 2016-17 Portfolio Budget Statements, to be issued in early 2016.

5. The written directions, such as the Draft Direction, that can be issued by the Finance Secretary under section 36 of the PGPA Act are not legislative instruments. Can you provide the JCPAA with an understanding of the process of how these are developed, and ultimately signed off by the Secretary?

a. What involvement does the Minister have in the development of these directions and why are such directions not issued directly by the Minister to Australian Government entities?

Response

A direction from the Finance Secretary is considered the most appropriate means to specify requirements for performance information in Portfolio Budget Statements. This is consistent with the legislative and administrative approach to managing the annual budget process, which is largely done through Departmental directives. This approach is supported by section 36 of the PGPA Act which provides this power directly to the Finance Secretary rather than the Finance Minister.

Finance will consult with the Finance Minister on the content of the direction in question.

b. How will the final Direction be communicated to Commonwealth entities and how are entities informed of Parliament's requirement that the directive be adhered to?

Response

Commonwealth entities will be informed of the direction from the Finance Secretary through the established channels Finance uses to communicate Budget process requirements and obligations under the PGPA Act.

A key communication mechanism will be guidance for the preparation of 2016-17 Portfolio Budget Statements. This guide will help to ensure that relevant entities are aware of the direction and its legislative authority. It will also provide guidance on the presentation of high-level performance information consistent with the direction. Other mechanisms will include communication via the Finance and PMRA websites, communities of practice managed by Finance and presentations to regular CFO forums.

c. Are all Commonwealth entities compelled to follow the Draft Direction and how is this enforced?

Response

The Accountable authorities of Commonwealth entities will have a legal obligation to comply with the direction.

Non-compliance with obligations under the PGPA Act are generally expected to be addressed through the relevant employment framework of the official with reference to a breach of official's duties. This would include sanctions under the Public Service Act or other relevant employment provisions. In respect to accountable authorities of Commonwealth Corporate Entities, where there is serious non-performance, section 30 of the PGPA Act allows the appointer of an accountable authority to terminate their appointment if found in breach of their duties as an official.

d. When does a written direction commence and what is its validity?

Response

A direction from the Finance Secretary will have effect from its commencement date, as determined by the Finance Secretary. The Department expects that this direction will come into effect in the first quarter of 2016. It will apply to all Commonwealth entities required to prepare budget estimates under section 36 of the PGPA Act. This means that it will necessarily apply to entities that contribute to Portfolio Budget Statements.

Commonwealth Entities and Commonwealth Companies who did not publish a corporate plan on their website by 31 August 2015.

Entity / Company Name	Was a plan published after 31 August ?	Reason provided for late /non publication
Department of Agriculture	Yes	Delay due to clearance processes.
Australian Law Reform Commission	Yes	Delay due to difficulty encountered in web publication process.
National Museum of Australia	Yes	Delay due to difficulty encountered in web publication process.
Bundanon Trust	Yes	Entity overlooked the requirement to publish online, but has now done so.
Special Broadcasting Service Corporation	Yes	Delay due to difficulty encountered in web publication process.
Royal Australian Air Force Veterans' Residences Trust Fund	Yes	Entity overlooked the requirement to publish online, but has now done so.
Royal Australian Air Force Welfare Trust Fund	Yes	Delay due to difficulty encountered in web publication process.
Royal Australian Navy Relief Trust Fund	Yes	Delay due to difficulty encountered in web publication process. Entity does not administer its own website.
Australian Skills Quality Authority (National Vocational Education and Training Regulator)	Yes	Delay due to clearance processes.
Coal Mining Industry (Long Service Leave Funding) Corporation	Yes	Delay due to clearance processes.
Climate Change Authority	Yes	Delay due to difficulty encountered in web publication process.
National Blood Authority	Yes	Delay due to difficulty encountered in web publication process.
Food Standards Australia New Zealand	Yes	Entity overlooked the requirement to publish online, but has now done so.
Department of Immigration and Border Protection	Yes	
Indigenous Land Corporation	Yes	Delay due to difficulty encountered in web publication process.
Tiwi Land Council	Yes	Delay due to difficulty encountered in web publication process.
Australian Research Council	No	Delay due to clearance processes.
Australian National Preventive Health Agency (ANPHA)	No	Entity functions have been incorporated into the Department of Health. The Department has published a Corporate Plan that includes these functions.
IIF Investments Pty Limited	No	The function of this entity has ceased.
Anindilyakwa Land Council	No	Entity advises that a strategic plan (Anindilyakwa Land Council Strategic plan 2012-2027) has been developed and is expected to address the requirements of a corporate plan.
Wreck Bay Aboriginal Community Council	No	Delay due to clearance processes.
Outback Stores Pty Ltd	No	Delay due to clearance processes.

**Note: the Digital Transformation Office (DTO) has not yet published a corporate plan on its website. As an entity established on 1 July 2015, the DTO is required to prepare a corporate plan as soon as practicable (see Section 16E (8) of the Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014.*