



**Australian Government**  
**Department of Finance**

**EXECUTIVE MINUTE**

on

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT**

**REPORT No.457**

***Development of the Commonwealth Performance Framework - Second Report***

**General Comments**

On 26 March 2015, the Joint Committee of Public Accounts and Audit (Committee) resolved to inquire into and report on the development of the Commonwealth Performance Framework to ensure an effective, integrated performance management system that continues to improve accountability to the Parliament and the public, with particular reference to enhancing the effectiveness of key performance information under the framework, including:

- performance measures that both foreshadow and subsequently assess the impact of government programs;
- criteria that performance information must satisfy, to enable performance comparisons across Commonwealth entities and ensure auditable performance information;
- reporting of high level, quantitative key performance information across the Australian Government;
- enhancing the effectiveness of performance documentation under the framework, including annual reports, corporate plans and Portfolio Budget Statements;
- enhancing the effectiveness of the *Public Governance, Performance and Accountability Act 2013* rule and Department of Finance Resource Management Guides for the Commonwealth performance framework;
- Commonwealth entity requirements concerning implementation of the performance framework;
- Australian and international models; and
- any other relevant matters.

Report 457, tabled in Parliament on 5 May 2016, is the second report of this inquiry. It made two recommendations, noted below along with the responses.

## Response to the recommendations

### **Recommendation 1**

*To facilitate prompt and thorough engagement with the Public Management Reform Agenda by the Joint Committee of Public Accounts and Audit of the 45<sup>th</sup> Parliament, the Committee recommends that the Department of Finance prepare an incoming brief addressing the following issues:*

- *A summary of the history of the PMRA – including its achievements and challenges to date*
- *Progress on key elements of Phase 3 of the Public Management Reform Agenda*
- *A summary of the forward plan for the Public Management Reform Agenda – including priority areas and key timeframes as appropriate.*

### **Response**

**Agreed.** The Department of Finance (Finance) provided an incoming briefing to the Committee on 6 November 2016 to inform the Committee on the matters outlined in Recommendation 1. Officials from Finance attended a private briefing with the Committee on 9 November 2016 to expand on the briefing.

### **Recommendation 2**

*To facilitate consideration of the 2016-17 Annual Reporting Rule, the Committee recommends that the Department of Finance include the following elements in their submission to the Committee:*

- *An update on progress to bringing forward and formally legislating earlier Annual Report delivery and tabling dates*
- *A detailed consideration of issues raised by other Parliamentary Committees, as forwarded to the Department of Finance by this Committee*
- *Consideration of proposals for change to the Annual Reporting Rule, including those stemming from the recommendations of the Belcher Review.*

### **Response**

**Agreed.** Finance provided an incoming briefing to the Committee on 6 November 2016 to inform the Committee on the matters outlined in Recommendation 2. Officials from Finance attended a private briefing with the Committee on 9 November 2016 to expand on the briefing.

Issues have been raised by other Parliamentary Committees relating to the content and timeliness of annual reports, in particular that:

- annual reports provide a formal record of a point in time for an entity and include Machinery of Government changes;
- changes to annual reports should not reduce the amount of information in annual reports;
- near-time or continuous reporting could present challenges to the integrity of the data over time; and

- reporting of remuneration of entity Directors and Senior Executives is an important part of transparency.

### ***Content of Annual Reports***

In response, Finance notes the following:

Annual report requirements have not changed substantively since 1995. Finance is aware of the importance of consistency of annual reporting formats to provide both a point in time record and data analysis over time.

Currently, there is a legislative requirement for annual reports to be for each reporting period (Section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)). For the overwhelming majority of Commonwealth entities and companies, the reporting period ends on 30 June each year.

Any changes to include real or near-time reporting would require legislative change, and the benefits and costs associated with any such change would need to be weighed carefully. It is worth noting that there is near-time reporting and accountability through AusTender for all procurement contracts valued at \$10,000 and above, including consultancies. From mid- 2017, grants reporting will be available through a new website called GrantConnect.

### ***Reporting of Remuneration***

In 2014-15, the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (PGPA Rule) was introduced to align the requirements for annual Financial Statements (including executive remuneration disclosure) with international and Australian Accounting Standards. The PGPA Rule does not prevent an entity from reporting individual executive salaries or remuneration arrangements in detail, but establishes a minimum requirement for reporting. The Minister for Finance, Senator the Hon. Mathias Cormann, wrote to Chairs of Government Business Enterprises (GBEs) in February 2017 requesting that senior executive remuneration be disclosed.

All GBEs have since provided details of remuneration for each of their key management personnel and Board members.

### ***Independent Review of Whole-of-Government Internal Regulation***

The Independent Review of Whole-of-Government Internal Regulation made several recommendations to enhance entity planning and reporting processes and products. An important element of these recommendations was to have reports made available online in a format accessible and manipulable by users. Finance has been exploring the best way to approach this with regard to annual reports. Through joint work with the Department of the Prime Minister and Cabinet, it has become apparent that having annual reports in HTML with the underlying information on [data.gov.au](http://data.gov.au), and preferably in the one location, will enhance transparency and accessibility. Under this arrangement, the Committee and other interested users would be able to compare entity results over several years and make comparisons between entities. Improving reporting and transparency is a commitment under Australia's Open Government Partnership-National Action Plan. Finance (with the Digital Transformation Agency) is leading the commitment to improve corporate and administrative information.