

ACCOUNTABILITY FOR PERFORMANCE

Introduction

- 3.1 The introduction of the FMA Act and the CAC Act has devolved responsibility for decision-making to Chief Executive Officers (CEOs). The reduced prescription has been complemented by allowing CEOs to issue instructions suited to the needs of the entity concerned. Evidence to the inquiry indicates this increased responsibility and flexibility has met with a positive response.
- 3.2 The reforms have been joined by the introduction of the accruals budgeting arrangements whereby entities are funded for the provision of outputs and outcomes rather than being appropriated money for specific program activities.
- 3.3 The Committee has examined the impact of these changes on the mechanisms of accountability for the use of the Commonwealth's resources. Evidence to the inquiry focussed on three important avenues of accountability:
 - the ex-ante scrutiny of appropriations;
 - the accountability arrangements of CEOs; and
 - the accountability provided by the annual report.

- 3.4 The Committee's examination has been made in the light of its concern as to whether accountability has been maintained and whether CEOs are subject to sufficient accountability and performance assessment.

The scrutiny of appropriations

- 3.5 All FMA Act agencies and a substantial number of CAC Act bodies receive funding via appropriations. The new accrual budgeting arrangements mean that appropriations will be for stated outcomes and outputs rather than for specific expenditure on programs. In addition, CEOs will:

... be able to shift resources between outputs and outcomes. Subject to agreement by their Minister, agency managers may respecify or replace outputs with others that are more cost-effective in achieving desired outcomes. Any such changes would need to be noted in the annual report.¹

- 3.6 Concerns about accountability for expenditure were raised with the Committee by Mr Maurie Kennedy:

Appropriation by a high-level description Outcome seems to have a systematic potential to permit payment activities/Executive actions that could be hidden from Parliament. ...

I think you have lost the ability to exert influence on government for the nature of its spending. ... you can cover a lot of things under the heading of a broadly expressed outcome. ... I do not believe it is impossible that if you, nevertheless, have your appropriation acts expressed in a more detailed cash form ... there is no impossibility in translating that through the portfolio budget statements into the larger realm of budget statements that does express outcomes and includes the accrual information.²

- 3.7 Mr Kennedy proceeded to cite as an example an act of grace payment for legal costs which had been identified in Senate estimates and subsequently altered—under the new accruals appropriations, Mr Kennedy suggested, payment for such costs would not be identified because it 'would be submerged in an outcome somewhere.'³

1 DoFA, *Accrual Resourcing Framework*, p. 2, [[www.dofa.gov.au/budgetgroup/training_materials/accrual_financ .../Res_frwk.html](http://www.dofa.gov.au/budgetgroup/training_materials/accrual_financ.../Res_frwk.html)], DoFA, 2000.

2 Mr Kennedy, *Submission*, p. S21; *Transcript*, p. 57.

3 Mr Kennedy, *Transcript*, p. 58.

- 3.8 The Committee notes that the National Commission of Audit discussed options for implementing accrual budgeting and identified two options:
- appropriating accrual amounts; and
 - appropriating only the cash amount that is required based on explicit linkage with the cash flow budget derived from the accrual operating and capital budgets.⁴
- 3.9 The National Commission of Audit commented that the first option had been adopted by New Zealand and was suited to situations where the Government's ownership interests were clearly separated from its purchaser role. The option made the full costs of deliverables the principle focus of budget and appropriation decisions.⁵
- 3.10 However, the National Commission of Audit favoured the second option because it 'achieved the benefits of accrual budgeting with very little change to current appropriation arrangements.'⁶ That option was similar to that preferred by Mr Kennedy which was to express the appropriation acts in cash terms with linkages through the portfolio budget statements to outcomes and accrual information.⁷
- 3.11 In the event, the Commonwealth has chosen the more radical approach.
- 3.12 DoFA's response to Mr Kennedy's concerns acknowledged that while the previous Appropriations Bills 'incorporated many more items, this necessarily involved greater complexity, often to the detriment of clarity and transparency.' Regarding act of grace payments, DoFA commented that 'monies are appropriated to individual agencies in-line with the outcomes based appropriations.' The Minister for Finance and Administration approved such payments under the FMA Act and details were reported in the annual reports of those agencies making the payments.⁸
- 3.13 The Committee concludes DoFA has been unable to counter Mr Kennedy's argument that accrual appropriations will reduce the ex-ante scrutiny Parliament is able to exercise on the detail of Government expenditure such as act of grace payments.

4 National Commission of Audit, *Report to the Commonwealth Government*, p. 234.

5 National Commission of Audit, *Report to the Commonwealth Government*, p. 234.

6 National Commission of Audit, *Report to the Commonwealth Government*, p. 235.

7 Mr Kennedy, *Transcript*, p. 57.

8 DoFA, *Submission*, p. S282.

- 3.14 However, the Committee considers that putting the portfolio budget statements (PBS), the appropriations and the annual report into a common format enables the Parliament to gain a clearer picture of the overall aims of government and the full accrual costs of achieving those aims. There is a re-focusing from process to outputs and outcomes—a re-focusing from process issues to the ‘big picture’.
- 3.15 A consequence of this clearer overall view will, therefore, be a reduced ability to identify and influence spending on the processes of government. This raises the risk that with less focus on the details of process, there will be increased temptation to, as Mr Kennedy put it, ‘push the boundaries’ of what **can** be done beyond the limits of what **should** be done.⁹
- 3.16 The Committee does not believe that the boundary is currently being pushed, but believes that Parliament is constitutionally required to remain vigilant. Parliamentary scrutiny will need to re-focus onto the efficient, effective and ethical achievement of outcomes while simultaneously endeavouring to ensure that the requirements of due process continue to be followed.
- 3.17 Parliamentary scrutiny will be aided by the link between the previous year’s annual report and the current PBS because outputs and outcomes are unlikely to change radically from year to year. Analysis of the information in the previous year’s financial statements will therefore provide a perspective on expenditure on the same outcome in subsequent years. (The Committee makes suggestions concerning the form this analysis might take later in this chapter.)
- 3.18 However, the Committee recognises that a full cycle of accrual appropriation-to-annual report has yet to be completed and so it is too early to determine the effect on the ability of the Parliament to undertake effective ex-ante scrutiny of the Executive.
- 3.19 The Committee has noted some concern among members of Parliament and intends at a later date to undertake a survey of members of both Houses seeking their comment on the impact of the new budget format on their ability to scrutinise proposed government expenditure.

Recommendation 3

- 3.20 **The Department of Finance and Administration review the accrual budget format to ensure that the change to full accrual accounting does not diminish the ability of Parliament to scrutinise appropriations.**

⁹ Mr Kennedy, *Transcript*, p. 56.

Accountability of chief executive officers

3.21 There are two avenues by which the CEOs of Commonwealth entities are held accountable:

- to the Prime Minister (FMA Act agencies) and to the Board of Directors or shareholder Ministers (CAC Act bodies); and
- via the entity's annual report tabled in Parliament.

3.22 The Committee explored the accountability of FMA Act CEOs with witnesses.

3.23 Mr Kennedy suggested to the Committee that Parliament's interests in CEO accountability differed from that of the Executive:

The executive government is concerned with how it manages, but the Parliament, I think, is concerned with stewardship, which is different from management. Of course there are overlaps, but the Parliament's role is to call the Executive to account partly for how it is managing but mainly for its stewardship of the resources that the Executive is entrusted with.¹⁰

3.24 The Committee believes there is merit in this management/stewardship model (although when the Committee reviews the reports of the Auditor-General management issues often become the focus.) Management in the Committee's view involves a greater emphasis on efficiency and effectiveness, whereas stewardship is broader encompassing non-financial and ethical performance, and whether resources are used in a sustainable manner.

3.25 The issue of the Executive's expectations of departmental secretaries was raised with Ms Barbara Belcher, First Assistant Secretary, Government Division, Department of Prime Minister and Cabinet. Ms Belcher told the Committee that the minister would judge secretary performance on a variety of issues including the performance before the Parliament, and the findings of the Auditor-General about the performance of their duties as reflected by the performance of their departments.¹¹

¹⁰ Mr Kennedy, *Transcript*, p. 52.

¹¹ Ms Belcher, First Assistant Secretary, Government Division, PM & C, *Transcript*, p. 34.

3.26 Ms Belcher further commented that a secretary's performance pay was determined by:

The Prime Minister [who] would take into account the views of his ministers and his overall understanding of the performance of departments and secretaries. ... The Department of Prime Minister and Cabinet would not be, at our level, making any recommendations to the Prime Minister.¹²

3.27 Departmental secretaries are appointed by the Prime Minister. The Committee therefore believes that the issue of the accountability of departmental secretaries for their **management** performance appropriately lies with the Prime Minister, and it is for him to determine any additional remuneration. In a similar vein, other CEOs are accountable to their boards and shareholder ministers for their management performance.

3.28 No doubt, shortcomings in performance revealed in questioning by the Parliament, in audits by the Auditor-General, and in other ways, will influence the assessment of performance.

3.29 Regarding the assessment of stewardship, the Committee believes that with the change towards more high level information provided by the new accrual framework, Parliament needs to refine its scrutiny.

3.30 Mr Kennedy suggested that the Committee could develop a template of a series of questions it wanted to know about CEO performance and perhaps biannually present a parliamentary question to every minister.¹³

3.31 The Committee does not support such a suggestion due to timeliness issues and also because generic questions would have less impact as they would not be focused on particular issues. Instead, the Committee believes advantage could be taken of the opportunities that are already available, especially through examination of annual reports.

12 Ms Belcher, PM & C, *Transcript*, p. 35.

13 Mr Kennedy, *Transcript*, p. 51.

Examination of annual reports

- 3.32 Under Senate and House of Representatives Standing Orders annual reports stand referred to particular standing committees.¹⁴ The Committee urges standing committees of the Parliament to take advantage of standing orders to review annual reports.
- 3.33 A useful mechanism could be through annual public hearings with particular agency heads. The Committee notes that since 1994 the House of Representatives Standing Committee on Economics, Finance and Public Administration has reported on its public hearings where the Governor of the Reserve Bank is examined on his half-yearly statement and annual report. That committee also conducts public hearings with other CEOs.¹⁵
- 3.34 Another House of Representatives Standing Committee—on Environment and Heritage—has taken advantage of Standing Orders to review the annual report of the Department of Environment and Heritage and subsequently to continue its interest in water resource issues through an inquiry into catchment management.¹⁶
- 3.35 The Committee notes also that an examination of an annual report can include investigation why a significant event was **not** reported. For example in 1992, the Senate Standing on Environment, Recreation and the Arts called to account the Australian Sports Commission (ASC) because of an omission from its 1988/89 and 1989/90 annual reports. The ASC had not included reference to the disqualification from the Seoul Olympics of Mr Alex Watson due to a positive drug test.¹⁷

Efficient, effective and ethical performance

- 3.36 The Committee believes examination of the content of annual reports of FMA Act entities should include consideration whether the information supports the section 44 requirement that Chief Executives manage in a way that promotes the efficient, effective and ethical use of Commonwealth resources. For CAC Act bodies emphasis could be on sections 22 and 23 which requires directors to act honestly, exercise care and diligence, and not use inside information to gain advantage or cause detriment. The requirements of CEOs under both pieces of legislation are

14 Senate Standing Order 25 (21), House of Representatives Standing Order 324 (b).

15 The Australian Consumer and Competition Commission, the National Competition Council and from 2000, the Australian Prudential Regulation Authority.

16 [<http://www.aph.gov.au/house/committee/environ/cminq/index.htm>]

17 Senate Standing Committee on Environment, Recreation and the Arts, *The Circumstances Surrounding the Positive Drug Test on Mr Alex Watson*, AGPS, Canberra, 1992, pp. 9–11.

therefore essentially the same, namely efficient, effective, and ethical performance.

- 3.37 In any examination of CEOs, Mr Kennedy pointed out that section 44(2) contained an 'escape clause':

... that allows chief executives to do as best they can efficiently, effectively and ethically if they have to comply with, say, a law or direction. Putting in that escape clause in fact invites chief executives to do the right thing by their own ethical standards and to seek a direction [from their minister] if that is called for.¹⁸

- 3.38 A similar clause under the CAC Act is section 28 requiring directors to comply with general policies of the Government.

Examination of efficiency

- 3.39 The financial statements contained within annual reports provide information which can be used to benchmark efficiency and enable comparisons between comparable entities. The Committee discussed this issue when it reviewed accrual accounting in 1995.
- 3.40 In *Report 338*, the Committee reviewed a booklet published by the then Department of Finance (DoF) which included a description of how data in financial statements could be analysed to measure performance by using ratios.¹⁹ As an example, DoF provided the Committee with a table comparing average employee support costs for twenty two agencies.²⁰ Appendix E provides this table and examples of other ratios that can be used for performance measurement.²¹
- 3.41 The Committee agreed that the use of ratios was a powerful tool enabling both agency managers and those reviewing annual reports to measure performance. The Committee subsequently recommended that Chief Executives be required 'to include in their financial statements a range of tables and charts, based on key performance ratios' and that DoF annually table in Parliament information based on key performance ratios comparing the performance of all Commonwealth agencies.²²

18 Mr Kennedy, *Transcript*, p. 55.

19 DoF, *The New Financial Reports of Agencies—A guide to the use of accrual accounting and reporting by Commonwealth Agencies*, DoF, Canberra, 1994.

20 JCPA, *Report 338, Accrual Accounting—A Cultural Change*, AGPS Canberra, 1995, p. 34.

21 The material appeared in *Report 338* at p. 34 and at Appendix V, pp. 109–113.

22 JCPA, *Report 338*, Recommendation 3, p. 36.

- 3.42 DoF responded to the Committee in a *Finance Minute* advising that it supported the thrust of the Committee's recommendation exhorting agencies to publish information in their annual reports. DoF stated, however, that its tabling of comparative information in Parliament would need to await government consideration following a scoping study arising from the report of the National Commission of Audit.²³ Since that time comparative information has not been tabled in Parliament.
- 3.43 The Committee still considers there is merit in such comparative performance information being made available to the Parliament as this would assist committees and others in evaluating the financial statements contained within annual reports.

Recommendation 4

- 3.44 **The Department of Finance and Administration should collect and table in Parliament on an annual basis a consolidated series of charts and tables comparing the performance of all Commonwealth agencies against a range of key performance ratios.**

Examination of effectiveness

- 3.45 The new annual reporting requirements being introduced for 1999/2000 complete the link between the agency PBS and the annual report. The draft *Annual Report Requirements* for 1999/2000 require consistency between the outcome and output structure described in the PBS and portfolio additional estimate statements (PAES) with the structure described in the annual report. The agency must report performance in achieving those outcomes and outputs using 'specific performance targets set out in the PBS/PAES.'²⁴ The criteria include quantity, quality, timeliness and cost.
- 3.46 The Committee believes there would be merit in standing committees reviewing the performance information contained within annual reports. In addition to examining whether an agency has met its performance targets, investigation could include:
- how the agency actually measured its performance;
 - the reasons for non-achievement of particular performance targets;
 - whether particular targets are sufficiently challenging;

23 DoF, *Finance Minute*, 23 December 1996, pp. 2, 5.

24 PM&C, *Draft Requirements for Departmental Annual Reports*, PM&C, September 1999, p. 5.

- how the agency set its targets, for example external benchmarks may have been used; and
- whether, with the benefit of hindsight, other performance measures and targets would have been more appropriate.

Examination of ethical behaviour

3.47 The issue of ethical behaviour was raised with the Committee when it first reviewed the FMA Act in 1994. The Committee noted that several commentators had called for the FMA Act to contain a clear definition of 'efficient, effective and ethical'. However, the Committee accepted there were 'no absolute definitions for the terms and that an attempt to define them precisely would reduce their utility.' The Committee believed the clause in the FMA Act should remain unamended and declared that, in its view, the clause was 'a particularly important provision.'²⁵

3.48 The question before the Committee in this inquiry, therefore, is whether devolution since 1994 warrants inclusion in the legislation of more detailed reference to ethical behaviour.

3.49 The submission from the ATO suggested that the trend in recent reforms encouraged the public sector to behave more like a business. This:

... might also place pressure on the ethics expected from within public sector businesses. For instance, it is not acceptable for public sector businesses to operate close to the literal limit of the law, nor is it acceptable for these businesses to act against the long term interests of clients for a short term gain in performance measures.²⁶

3.50 When he appeared before the Committee, Mr Kennedy reiterated the reasons for not defining ethical behaviour in legislation and argued that the reference to ethics would be a deterrent:

... to put ethics on the table and be able to call chief executives to account by at least asking them, 'Why do you think your action in this situation here was ethical?' is positive in terms of making chief executives conscious of the need that their ethics are capable of being questioned. But it is also a deterrent insofar as it can persuade people not to take the expedient course if that seems to nudge up against the boundaries of ethics.²⁷

25 JCPA, *Report 331*, pp. 14–15.

26 ATO, *Submission*, p. S45.

27 Mr Kennedy, *Transcript*, p. 54.

- 3.51 The Committee notes other deterrents to unethical behaviour are contained in the Australian Public Service Values and Code of Conduct, both of which include references to ethical behaviour.²⁸ Under both the Public Service and Parliamentary Service Acts, officers including CEOs will be required to uphold and promote legislated values and are bound by a legislated code of conduct.²⁹
- 3.52 The measure is strengthened by the new *Annual Report Requirements* which stipulate that agency annual reports must include a statement of corporate governance practices. The requirements suggest this include:
- ... the department's policy and practices on the establishment and maintenance of appropriate ethical standards. This should include how departments are upholding and promoting the Australian Public Service (APS) Values and ensuring compliance with the Code of Conduct.³⁰
- 3.53 For CAC Act bodies recent consequential amendments arising from the CLERP Act have clarified the behaviour, including ethical behaviour, expected of directors. Under the amendments, *Part 3, Division 4—Conduct of Officers* was repealed and replaced by expanded provisions to maintain the alignment of the CAC Act with changes to the Corporations Law.³¹
- 3.54 The Committee also notes the advice of the Auditor-General, when he gave evidence to the Committee as part of another inquiry, that while there was 'no specific obligation to report unethical behaviour to Parliament' the ANAO, 'as a matter of course, would look at ethical considerations as an endemic part of accountability'. In reporting to Parliament, he would be mindful to draw attention to the impact that ethical breaches had on efficiency.³²
- 3.55 The Committee considers there are ample legislative provisions to cover the ethical performance of CEOs. The legislation is strengthened by the occasional performance audit by the Auditor-General and the annual report requirements. Should Parliamentary committees review the annual reports that stand referred to them, there is sufficient leverage to call on CEOs to justify on ethical grounds the actions of their agencies.

28 *Public Service Act 1999*, section 10, APS Values; section 13, APS Code of Conduct; *Parliamentary Service Act 1999*, section 10, Parliamentary Service Values, section 13, Parliamentary Service Code of Conduct.

29 Section 12 of both Acts requires the CEO to 'uphold and promote' the Values; and section 14 of both Acts binds the CEO to the Code of Conduct.

30 PM&C, *Draft Requirements for Departmental Annual Reports*, p. 7.

31 The amendments also included changes to Schedule 2—Civil consequences of contravening civil penalty provisions.

32 Auditor-General, *Inquiry into the Community Education and Information Programme*, Transcript, pp. 7–8.

Risk Management

3.56 Under the new annual report requirements, CEOs will be able to report on their agency's approach to identifying areas of significant risk and arrangements in place to manage those risks.³³

3.57 Of concern to the Committee is the possibility that in an environment of increased devolvement and accountability pressures, CEOs will adopt a risk-averse approach. The issue was forcefully raised in the submission from the National Crime Authority (NCA):

It is unfortunate that whilst the Parliament espouses that risk management is the way of good public service managers, Parliament appears to have not yet come to terms with the fact that risk management means that risks are not eliminated. ... Any agency head knows that while they are expected to manage risks, when the risks in fact eventuate they will be left on their own in dealing with the particular catastrophe which confronts them. ... If the problems involve fraud, abuse of entitlements, payment of benefits which may have not been justified and so on, the public and Parliamentary expectation is such that what is expected is a risk averse approach as distinct from a risk management approach. None of us of course can operate at that level with present resources. Nor should we.³⁴

3.58 Mr John Broome, NCA Chairperson, appearing before the Committee cited the example of criticism levelled at the NCA for prosecution failures. In those cases, he commented, no-one acknowledged that a risk-management regime would result in some prosecutions failing. Indeed, he added, it would be dangerous if every NCA prosecution was successful because it would indicate either failure of the justice system—it was unrealistic to expect success every time—or that the NCA was only undertaking the 'soft' cases and so was not doing its job.³⁵

3.59 The Committee sympathises with the NCA's view that particular interests have yet to come to terms with the fact that risk management will at times result in failures. However, to adopt a risk-averse attitude and ensure there are no failures in an environment of scarce government resources is not responsible management.

33 PM&C, *Draft Requirements for Departmental Annual Reports*, p. 7.

34 NCA, *Submission*, p. S35.

35 Mr Broome, NCA, *Transcript*, p. 39.

- 3.60 CEOs should come to a clear understanding from their minister or board what risk management regime is to be put in place. There can be no central direction in this regard because, as Dr Boxall told the Committee, there may be certain areas of operation where a zero risk policy should be employed and others where limited risks may be taken.³⁶
- 3.61 The Committee notes that the draft annual report requirements for FMA Act agencies provides CEOs with the opportunity to place on the public record the risk management practices that are in place. The public knowledge that a comprehensive risk management strategy is in place could provide some comfort in the event of a failure.
- 3.62 In reviewing the reports of the Auditor-General, the Committee has often investigated instances where there has been a failure to manage risks appropriately. In those cases, the concern to the Committee is whether a risk management strategy had been in place, whether the agency has recognised the causes of the failure, and whether appropriate action has been taken to prevent a re-occurrence.³⁷
- 3.63 The Committee has devoted a chapter to the discussion of risk management in its *Report 372, Corporate Governance and Accountability Arrangements for Government Business Enterprises*.

Annual report guidelines

Responsibility for coordinating the guidelines

- 3.64 Due to the increasing importance of the annual report as an accountability document, the Committee considered it valuable to review the arrangements for coordinating annual report guidelines. The question put by the Committee was whether DoFA or PM&C should be the agency responsible for coordinating the annual report guidelines.
- 3.65 Currently, responsibility for coordination rests with PM&C. The secretary to PM&C, Mr Max Moore-Wilton in his covering letter to PM&C's submission, stated that while the annual reporting requirements needed to be closely integrated with financial reporting rules, the content of annual reports 'extended well beyond financial management.' He believed that the current arrangements remained appropriate.³⁸

36 Dr Boxall, Secretary, DoFA, *Transcript*, p. 13.

37 *Transcript*, p. 38.

38 PM&C, *Submission*, p. S235.

- 3.66 A similar view was put by Mr Kennedy who noted that the Finance Minister was statutorily responsible for determining the form and content of Annual Financial Statements, but those statements formed only a part of the annual report.³⁹
- 3.67 The Committee received no evidence which conflicted with this viewpoint and concludes that the current arrangements are appropriate. In coming to this conclusion the Committee notes the comment from PM&C that there is a close relationship with DoFA in any review of the guidelines.⁴⁰

The role of the Joint Committee of Public Accounts and Audit

- 3.68 Under subsection 25 (7) of the *Public Service Act 1922* departmental annual reports have to meet guidelines presented to Parliament by the Prime Minister after **approval** by the Committee. In 1997, the 1922 Act was reviewed and new proposed legislation introduced to Parliament. The Bill was referred to the Committee for review.⁴¹ The Committee's first recommendation was that two clauses in the Bill be amended to stipulate that annual report guidelines be approved by the Committee on behalf of the Parliament.⁴²
- 3.69 After the 1998 Federal Election the legislation was re-introduced in March 1999.
- 3.70 During the course of the current inquiry it became apparent to the Committee that a literal interpretation of the proposed *Public Service Bill 1999* and the submission from PM&C would indicate a downgrading of the Committee's role in approving the annual report guidelines to that of merely commenting on their content.
- 3.71 The Committee's concerns arose from:
- the *Explanatory Memorandum* to the Bill when first introduced in 1997 referred to **consultations** with the Committee, but when re-introduced in 1999 the new *Explanatory Memorandum* made no reference to the Committee's role;⁴³

39 Mr Kennedy, *Submission*, p. S25.

40 PM&C, *Submission*, p. S240.

41 The Committee's report was tabled in September 1997 as *Report 353, An Advisory Report on the Public Service Bill 1997 and the Public Employment (Consequential and Transitional Amendment Bill 1997)*, AGPS, Canberra, 1997.

42 JCPA, *Report 353*, Recommendation 1, p. 23.

43 JCPA, *Report 353*, p. 22; *Public Service Bill 1997, Explanatory Memorandum*, pp. 73-4.

- the lack of references in the 1999 Bill to annual report guidelines needing to be approved by the Committee on behalf of the Parliament,⁴⁴ despite the Committee's recommendation in 1997,⁴⁵ and Government acknowledgment in 1999 that it had incorporated the Committee's recommendation;⁴⁶ and
 - PM&C's submission which noted in two places that draft guidelines were to be provided to the Committee for **comment**.⁴⁷
- 3.72 The Committee raised its concern with PM&C and was assured that there was 'absolutely no intention to downgrade' the Committee's responsibilities from the current requirement.⁴⁸ Subsequent Government amendments to the Bill clarified the Committee's role, on behalf of the Parliament, in approving annual report guidelines.⁴⁹
- 3.73 The Committee notes that following the introduction of the new accruals budgeting and reporting framework, the annual report guidelines (now designated as 'requirements') have been extensively revised. Because of this and because the annual report is a key Executive accountability document, the Committee intends to undertake a close scrutiny of the requirements when they are placed before it for approval on behalf of the Parliament.

Bob Charles, MP
Chairman
8 March 2000

44 *Public Service Bill 1999*, pp. 22, 25, 30.

45 JCPA, *Report 353*, Recommendation 1, p. 23.

46 Hon Dr David Kemp, Minister Assisting the Prime Minister for the Public Service, Second Reading Speech, House of Representatives Hansard, 30 March 1999, p. 4684.

47 PM&C, *Submission*, pp. S239, S240.

48 *Transcript*, p. 31.

49 *Public Service Act 1999*, pp. 27, 31, 36, 42. Similar provisions appear in the *Parliamentary Service Act 1999*, pp. 27, 31, 40.

