



Australian Government
Department of Health

SECRETARY

Susan Cardell
Committee Secretary
Joint Committee of Public Accounts and Audit
via email to: jcpaa@aph.gov.au

Inquiry into Development of the Commonwealth Performance Framework

Thank you for the opportunity to inform the Committee's consideration of the development of the Commonwealth Performance Framework (the Framework).

Health continues to support the development of a performance and reporting framework that aligns planned and actual performance for both financial and non-financial information. To that end, Health has been actively involved in the stakeholder consultation processes facilitated by the Department of Finance (Finance), to inform development of the Framework.

A copy of Health's comments to Finance on the exposure draft of the *PGPA Amendment (Corporate Plan and Annual Performance Statements) Rule 2014*, and accompanying guidance, is provided for the Committee's reference at **Attachment A**.

A key concern for Health is the JCPAA's intention to require the publication of performance information in the Portfolio Budget Statements (PBS) and corporate plans. This duplication would create an unacceptable level of administrative burden, without improving the quality of the performance information.

To have a clear distinction between the policies and funding decisions of Government, and the way in which Departments conduct their business to implement these policies and decisions, Health supports removing the current performance information from the PBS.

Health also supports the development of corporate plans that are high-level strategic documents that will allow a clear line of sight to subordinate planning documents such as business plans, branch plans and individual performance agreements.

As a result, Health is concerned that the proposed direction, to be issued under s36(3) of the PGPA Act, would require more detailed performance information (than that published in the PBS) to be included in corporate plans. This would create a logical inconsistency that is likely to result in corporate plans that are lengthy, dense and pitched more at an operational level, than a strategic one – particularly for entities such as Health, with broad and complex portfolios.

Health is broadly supportive of the exposure draft of the *PGPA Amendment (Corporate Plan and Annual Performance Statements) Rule 2014*. The revisions made by Finance to the Framework were informed by extensive stakeholder consultation, and Health understands that removal of performance information from the PBS was widely supported by Commonwealth entities.

Further, Health considered that the revised draft Framework provided the opportunity to reconsider our current performance measures (and outcome/programme structure), and recalibrate them at the appropriate level, not only for inclusion in the corporate plan, but in line with the outcomes of the recent capability and functional and efficiency reviews of the Department. Health supports the move towards more meaningful performance reporting, but this will take time. The development of improved performance indicators (and the accompanying infrastructure) will require long periods to implement and bed down.

In order to balance administrative burden and the breadth of the changes proposed, Health supports an expanded implementation period. To enable sufficient time for Commonwealth entities to address the new requirements for corporate plans (which are yet to be finalised), Health recommends that corporate plans not be required until August 2016. This would be likely to result in much higher quality plans, with well-considered performance information. Further, it would allow the development of a set of common corporate level indicators (for inclusion in corporate plans) that would allow comparison of corporate functions between Commonwealth entities.

This additional time would also allow Finance to work with key entities to trial/pilot approaches, so that early lessons learned could be incorporated into the broader roll-out of improved performance reporting. Health envisages that by taking the time to properly implement these additional requirements over time, entities would be able to progressively build a greater level of performance reporting in the APS. Purely requiring duplication of, or more detailed reporting of, performance information will not itself result in improved performance measurement.

Health does not support the recently proposed “strategic sub-set” approach for dividing performance information between the PBS and corporate plan. In reality, this approach would be extremely difficult to implement. If performance information is to be retained in the PBS, Health suggests that it be included at the programme level, and that instead, outcome level indicators be published in the corporate plan. This hierarchy of performance indicators would avoid duplication, and enable the development of high-level strategic corporate plans, while still meeting the information needs of the Parliament. In addition, this approach would enable the Annual Performance Statements to report against programme level performance (as forecast in the PBS) and entity level performance (as forecast in the corporate plan).


One current gap in the proposed Framework is the interaction with the Regulator Performance Framework being implemented by the Department of the Prime Minister and Cabinet (PM&C), from 1 July 2015. As a portfolio with a strong regulatory focus, Health is concerned that the current lack of clarity on the interface between these two frameworks will result in further duplication and administrative burden, without measurable gain.

Enhancing the Commonwealth Performance Framework will be dependent on agencies' ability to effectively implement the proposed changes. This will require a shift in previous practice and take time to bed down the initial phases. It would be preferable to take the time to gradually build real improvements in APS performance management, rather than just ensuring compliance with mandatory standards.

Health recommends that JCPAA:

- note Health's support for an Enhanced Commonwealth Performance Framework which aligns planned and actual performance;
- recognise the level of administrative burden that this is creating across the Commonwealth, without the provision of additional resources;
- recognise that the delays in finalising the requirements of the Framework are likely to result in poor quality corporate plans if the current deadline for publication is enforced;
- support an extension to the publication date for corporate plans by one year (ie in August 2016, rather than 2015);
- reconsider the proposed direction under s36(3) of the PGPA Act, and remove the proposed duplication of performance information in the PBS and corporate plan;
- support the development of corporate plans which are high-level strategic documents (not weighed down with programme level indicators, or indicators reporting in greater detail than in the PBS);
- support the development of a hierarchy of indicators for entities with broad/complex responsibilities, to avoid duplication and enable more meaningful reporting; and
- encourage Finance and PM&C to work together to clarify the interface (and requirements of) the Enhance Commonwealth Performance Framework, and the Regulator Performance Framework.

Yours sincerely



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Secretary

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Feedback form

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Date: 27 January 2015

Comments are provided on each of the following documents:

- Exposure draft of PGPA Amendment (Corporate Plan and Annual Performance Statement) Rule 2014
- Draft Resource Management Guide No. 100 *Corporate Plans*
- Draft Resource Management Guide No. 101 *Annual Performance Statement*
- Draft Resource Management Guide No. 124 *Overview of the Enhanced Commonwealth Performance Framework*
- Draft Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*
- Proposed improvements to Portfolio Budget Statements

Section / para /page number	Feedback
PGPA (Corporate Plans and Annual Performance Statements) Rule 2014 – Exposure Draft	
<p>Health is concerned that the Draft Rule requires performance information to be included in both the Portfolio Budget Statements (PBS) and corporate plans. As previously indicated, Health supports the inclusion of this information in <u>either</u> the PBS <u>or</u> the corporate plan – to avoid duplication. As it stands, this new Rule will create additional administrative burden for Commonwealth entities, and is likely to increase duplication.</p>	
<p>- Para 2, page 1</p>	<p>The Department of Health (Health) notes that the Draft Rule does not reference the timing of the introduction of Annual Performance Statements. If the Rule is to take effect the day after it is registered, then Health suggests that the commencement section of the Rule be modified to specifically state that Annual Performance Statements are not required until the 2015-16 Annual Report (ie. the report required to be tabled by 15 October 2016).</p>
<p>- Section 16E(1), page 2</p>	<p>Health notes that the Draft Rule requires corporate plans to cover a period of at least 4 reporting periods. Health further notes that this is intended to align with the financial forward estimates. However, as 2015-16 is intended to be a transitional year, and the Rule is unlikely to be finalised until the 3rd quarter of 2014-15, Health suggests that consideration be given to allowing the first Corporate Plans to be prepared to cover only a single year, with a subsequent move to four year Corporate plans. This would enable entities to further develop/refine their plans over time – including to address the progressive introduction of performance information changes to the PBS and Annual Report.</p>
<p>- Section 16E(2)(4)(c) page 3</p>	<p>The performance information listed as required for inclusion in the corporate plan does not appear to be a summary, as indicated in 16E(3). By specifying that this is required to include <i>“any measures targets and assessments that will be used to measure and assess the entities performance”</i> this information could be quite extensive (eg, for Health that could potentially mean listing more than ninety KPIs and more than 75 deliverables).</p> <p>Health suggests that this section be revised to specifically state that for agencies with a broad/diverse range of outcomes and programmes, that only a summary of the entity’s performance information is required.</p> <p>This would enable entities to use higher level (ie outcome level) indicators in the Corporate Plan, and lower level indicators (ie at programme/ activity level) in the PBS, should they wish. A hierarchical indicator approach would still meet the requirements of section 16E(3) – which states that the performance information published in the corporate plan must not be inconsistent with what is published in the PBS.</p>

Section / para /page number	Feedback
Resource Management Guide No. 100: Corporate Plans	
<p>Health supports the development of Corporate Plans that are high-level strategic documents that will allow a clear line of sight to subordinate planning documents such as business plans, branch plans and individual performance agreements.</p> <p>However, the level of detail currently proposed for inclusion in Corporate Plans, as stated in this RMG, will potentially lead to Corporate Plans that are lengthy, dense and pitched more at an operational level, than a strategic one. In order to ensure that Corporate Plans that are high-level strategic documents, Health suggests that this guidance be revised to reduce the level of detail required.</p> <p>The feedback below is based on the premise that performance information will be required in both the PBS and the Corporate Plan. Health does not support the inclusion of performance information in both documents. However, if this is to be the case care needs to be taken to reduce duplication and these comments reflect that.</p>	
<ul style="list-style-type: none"> - Audience, page 2 	<p>In order to better target the audience for this guidance, Health suggests that the following text be added at the end of the final sentence:</p> <p><i>"... and officers responsible for measuring and reporting on the performance of programmes delivered by a Commonwealth entity."</i></p>
<ul style="list-style-type: none"> - Para 2, page 3 	<p>Health notes that the dot points in this paragraph are intended to outline the minimum requirements as defined in the Act. However, Health suggests that the dot point that relates to performance, be revised to reflect that a <u>summary</u> of performance information is required.</p>
<ul style="list-style-type: none"> - Para 8, page 6 	<p>Health suggests that the word "any" be removed from the following sentence:</p> <p><i>"The PBS will include any measure[s], targets and assessments that the entity plans to use to measure and assess its performance for the purposes of preparing the annual performance statement in its annual report."</i></p> <p>Removing this restriction will provide entities with the option to report additional performance information in the annual performance information (eg. against summary or higher level information in the Corporate Plan) instead of being limited to reporting against what was published in the PBS.</p>
<ul style="list-style-type: none"> - Para 9, page 6 	<p>The second sentence in this paragraph does not reflect the effort required to publish performance information in the Corporate Plan. Health suggests that this sentence be revised as follows. Replace:</p> <p><i>"However, all they need to do is include a summary of the performance information..."</i></p> <p>with:</p> <p><i>"However, rather than reproducing all the performance information contained in the PBS, those entities should prepare a summary of the performance information..."</i></p> <p>In addition, this paragraph incorrectly references Item 5 in subsection 16E(2). This should refer instead to Item 4.</p>

Section / para /page number	Feedback
- Diagram, page 7	While this diagram is attempting to show the role of the Corporate Plan in the performance framework, Health suggests that it be revised to acknowledge that, for many entities, the Annual Report may report results against the Corporate Plan <u>and the PBS</u> .
- Para 13, page 8	As previously indicated, Health suggests that the initial Corporate Plans be prepared to cover only a single year . This would acknowledge that the Rule is unlikely to be finalised until the 3 rd quarter of 2014-15, and enable entities to further develop/refine their plans over time – including to address the progressive introduction of performance information changes to the PBS and the Annual Report.
- Para 32, page 13	<p>Health notes the potential interaction between the Regulator Performance Framework and the performance metrics and assessment process under the Enhanced Commonwealth Performance Framework.</p> <p>In particular, Health notes that p13 of the Regulator Performance Framework states:</p> <p><i>“The integration between this [Regulator Performance] Framework and the PGPA performance assessment requirements will minimise burden on regulatory agencies. Further, it will deliver a single consistent report on regulator performance.”</i></p> <p>It is not clear how a single consistent report on regulator performance will be prepared under both frameworks.</p> <p>It is also not clear how integration between the two frameworks will minimise burden on regulatory agencies.</p> <p>To avoid duplication, and clarify expectations, Health suggests that Finance and PM&C develop guidance on the interaction between the frameworks, including a suggested way forward for ‘single consistent reporting’.</p>
- Para 35, page 14	<p>This paragraph essentially replicates paragraph 9 on page 6. As previously indicated, Health finds the second sentence in this paragraph does not reflect the effort required to publish performance information in the Corporate Plan. Health suggests that this sentence be revised as follows.</p> <p>Replace:</p> <p><i>“However, all they need to do is include a summary of the performance information... .”</i></p> <p>with:</p> <p><i>“However, rather than reproducing all the performance information contained in the PBS, those entities should prepare a summary of the performance information... .”</i></p>

Section / para /page number	Feedback
<ul style="list-style-type: none"> - Para 42, page 17 	<p>This paragraph is inconsistent with the requirements of the draft Rule in that it states: <i>"The Corporate plan should <u>provide details</u> of each activity's objectives and non-financial performance measures, including targets and deliverables."</i></p> <p>Taken literally, this statement would require Health, to reproduce the details contained in the PBS (ie details of all 31 programmes, with more than 90 deliverables and more than 70 KPIs) – this would not be a <u>summary</u>.</p> <p>Health suggests that this text be revised to indicate that for those entities that already prepare a PBS, it is a summary, rather than the <u>details</u> of all measures, targets and deliverables, that is required.</p> <p>This would also allow entities to report against higher, more strategic indicators (ie outcome level) in the Corporate Plan, in addition to programme level indicators contained in the PBS.</p>
<ul style="list-style-type: none"> - Paras 44-45, page 17 	<p>As currently written, it appears that paragraphs 44 and 45 require entities to identify, in the Corporate Plan, the objective of every activity undertaken. This would mean reproducing information that is already published in the PBS in the form of programme objectives. To avoid duplication, Health suggests that this section of the guidance be revised to indicate that a link to this information can be provided, if it is already published in the PBS. This would enable entities to focus more strategically in the Corporate Plan.</p>
<ul style="list-style-type: none"> - Para 48, page 18 	<p>Paragraph 48 is asking entities to reproduce information already published in the PBS (ie level of expected expenditure by programme, per year, over the four year period). To avoid duplication, Health suggests that this section of the guidance be revised to indicate that a link to this information can be provided, if it is already published in the PBS.</p> <p>In relation to resourcing, Health notes the suggestion in the guidance that entities also include FTE details for each activity. Any reporting in this regard would likely be inaccurate (over the forward estimates) and resource intensive to collect. Health recommends against requiring this information to be provided.</p>
<ul style="list-style-type: none"> - Para 53, page 19 	<p>In order to ensure that Corporate Plans remain concise and targeted, Health suggests that the guidance be revised to indicate that rather than reproducing existing risk management strategies, a brief summary of the entities risk management approach could be included, with a link provided to other more details risk strategies/plans etc.</p>
<ul style="list-style-type: none"> - Part 6(f), pages 20-21 	<p>Consistent with the approach to risk management (above), Health suggests that where other relevant documents exist (eg HR and ICT strategies), these be referenced rather than reproduced in the Corporate Plan.</p>
<p>Not covered in guidance</p>	<p>Health suggests that it would be useful in the guidance to include an indication of Finance's expectation in terms of the length of Corporate Plans. For large entities, with a breadth of responsibilities, it could be anticipated that a detailed and complex Corporate Plan is required. However, we understand that Finance is anticipating that Corporate Plans would not be longer than about 40 pages – being explicit about this expectation would assist entities in correctly pitching the level of information to be included.</p>

Section / para /page number	Feedback
Resource Management Guide No. 101: Annual Performance Statement	
- Audience, page 2	<p>In order to be more consisted with RMG No. 124 (p2), and better target the audience for this guidance, Health suggests that the text be revised to replace:</p> <p><i>"... and their units in all Commonwealth entities."</i></p> <p>with:</p> <p><i>"... and officers responsible for measuring and reporting on the performance of programmes delivered by a Commonwealth entity."</i></p>
- Key points, page 2	<p>Health suggests that the following statement:</p> <p><i>"This Guide comes into effect on 1 July 2015 when the amendments to the PGPA Rule 2014 take effect."</i></p> <p>be expanded to clarify that annual performance statements are not required until the publication of the 2015-16 Annual Report (ie the Annual Report to be tabled by 15 October 2016).</p>
- Para 3, page 3	<p>Health notes the final sentence in this paragraph which states:</p> <p><i>"The level of reporting detail should be commensurate with the size, nature and complexity of the programme or activity in question."</i></p> <p>This will be the key to ensuring that annual performance statements are kept to a manageable length, while improving readability. This will also ensure that there is not a disproportionate administrative burden on smaller entities.</p>
- Diagrams on pages 4 and 7	<p>These diagrams do not portray a consistent message:</p> <ul style="list-style-type: none"> • The diagram on p4 indicates that the Annual Performance Statement reports on targets outlined in the corporate plan, but there is no recognition that the PBS may still contain the bulk of the performance information. • The diagram on p7 implies that all planned performance information is in the PBS (for those agencies that prepare a PBS) – there is no indication of a link to the performance information summary required to be included in the corporate plan. <p>Health suggests that these diagrams be revised to reflect that (for those entities that prepare a PBS), the Annual Performance Statement will need to report against the performance information contained in the PBS <u>and</u>/or the corporate plan. This will be particularly important for agencies that chose to report higher level indicators in their corporate plan (eg, outcome level) and then programme/activity level indicators in their PBS – then both will need to be reported against in the Annual Performance Statement. The supporting text on p4 would also need to be revised accordingly.</p>
- Example Entity Performance Results report presentation, page 12	<p>Health notes that the proposed report presentation includes a number of suggested sections (eg. 'proposed target value', 'proposed assessment', 'benchmark', and 'proposed evaluation'. The template assumes that these will align with the relevant sections in an entity's Portfolio Budget Statement or corporate plan. However, as there is no Resource Management Guide on the preparation of the PBS, this kind of alignment would appear unlikely.</p>

Section / para /page number	Feedback
- Page 14	<p>Health notes that:</p> <ul style="list-style-type: none"> • The annual performance statement is intended to replace the previous annual report performance reporting requirements (Para 25) • The annual performance statement will form a separate appendix of the annual report in a similar fashion to financial statements (Para 27). <p>Health does not support duplication of programme information within the Annual Report. As a result, the format of future Annual Reports needs to be carefully considered, in consultation with Commonwealth entities, to avoid duplication.</p>

Section / para /page number	Feedback
Resource Management Guide No. 124: Overview of the Enhanced Commonwealth Performance Framework	
<p>Health agrees that there is value in having guidance which provides an overview, and links together the various elements, of the performance framework. Overall, this guidance is comprehensive and easy to understand. Feedback on suggested revisions is provided below – with the majority of comments focussed on adding clarity to the timing of the various framework elements.</p> <p>Health notes that the introduction of the framework will add additional reporting burden on entities, and that the development of improved indicators (and the accompanying infrastructure) will require long periods to implement and bed down, and also potentially add cost. As a result, Health is reassured that Finance does not expect entities to have these systems and processes in place immediately and this is acknowledged in the proposed phased implementation approach.</p>	
- Para 7, page 3	The reason for including ‘project managers’ within this selective list is unclear. Health suggests that consideration be given to including policy makers.
- Para 9, page 6	The text under the ‘Programme objectives’ heading appears to contain a couple of grammatical errors which mean that this section does not read cohesively.
- Para 15, page 8	<p><i>Annual report</i></p> <p>Health notes that the PM&C annual report guidelines are subject to ongoing discussion and development. It will be important for Finance and PM&C to work together to ensure that changes to the annual report guidance are consistent with the performance framework, in order to provide clarity and minimise duplication.</p> <p><i>Annual performance statement</i></p> <p>Health considers that there is value in adding to the text under the ‘Annual performance statement’ heading to clarify that Annual Performance Statements are not required until the production of the 2015-16 Annual Report (ie. the report required to be tabled by 15 October 2016).</p>

Section / para /page number	Feedback
Resource Management Guide No. 124: Overview of the Enhanced Commonwealth Performance Framework <i>Continued</i>	
- Para 15, page 9	<p>The last paragraph on page 9 states:</p> <p><i>"For example, entities will be expected to report on the results of planned evaluations"</i></p> <p>Health suggests that the word 'planned' be replaced with 'relevant' in order to provide entities with the flexibility to include relevant unplanned evaluations.</p> <p>The last paragraph on page 9 states:</p> <p><i>"The annual performance statement is intended to provide a summary of the entity's performance, focussing on its main priorities or critical factors that affect achievement of its published objectives."</i></p> <p>This statement is at odds with the level of information outlined in paragraph 18 of RMG No. 101 (p11), and the <i>Example Entity Performance Results report presentation</i> in RMG No. 101 (p12).</p>
- Commonwealth Performance Cycle diagram, page 10	<p>Health suggests that this diagram may be misleading to readers, in that it doesn't portray the required timing of key documents, or the link between them. For example, the Corporate Plan appears above the PBS, when the PBS is due for publication in May and the Corporate Plan is due to be published by 31 August. Further, Annual Performance Statements are published 17 months after the PBS they are reporting on, not five months after (as it appears in the diagram).</p> <p>Health suggests that this diagram be re-worked to cover the full 18 month performance reporting cycle, and specify the timing of each element.</p>
- Para 17, page 10	<p>In the same way that the <i>Commonwealth Performance Cycle</i> diagram needs to be revised (see comments above), the descriptive text in paragraph 17 also needs to be amended. For example, the last sentence in paragraph states:</p> <p><i>"The reporting cycle then begins again at the beginning of the next financial year (with an updated corporate plan that reflects the performance achieved in the previous year)."</i></p> <p>For those entities that produce a PBS, the reporting cycle actually begins with the production of the PBS, which is published in May, ahead of the corporate plan in August – as stated on page 11.</p>
- Para 31, page 12	<p>The URL in this paragraph needs to be updated to link to the current guidance (ie the 2014-15 guidance published in March 2014).</p>

Section / para /page number	Feedback
Not covered in guidance: <i>Regulator Performance Framework</i>	<p>This guidance does not include any reference to the Regulator Performance Framework being implemented by the Department of the Prime Minister and Cabinet from 1 July 2015.</p> <p>To avoid duplication, and clarify expectations, Health suggests that Finance and PM&C develop guidance on the interaction between the frameworks. Health further suggests that RMG No. 125 be modified to address this (at least briefly) to ensure that together, they don't create an unacceptable level of administrative burden.</p>
Not covered in guidance: <i>subsidiaries</i>	<p>Health notes that the PGPA Act makes numerous references to 'subsidiaries' eg. Section 35(5). However, RMG No. 124 does not provide any guidance in relation to this. Health suggests this term be clearly defined in the guidance, including to explicitly state that portfolio agencies are not considered to be subsidiaries.</p>
Not covered in guidance: <i>earned autonomy</i>	<p>Health notes that this guidance is silent in relation to 'earned autonomy'. It is understood that a Concept Paper is under development by Finance, which will inform a Discussion Paper to be released in 2015. Health looks forward to the opportunity to consider Finance's intentions in this regard.</p>

Section / para /page number	Feedback
Resource Management Guide No. 125: Technical Guidance for the Development of Performance Information	
<p>Overall the technical guidance provides detailed and useful information for developing performance measures.</p> <p>Health notes that the introduction of different types of performance measures will take time to implement. The infrastructure required for accurate reporting will likely require mature complex data systems which will also be costly and require long periods to implement and bed down.</p> <p>For ease of reference, it is suggested that paragraph numbering be added to this guide (to be consistent with RMGs 100, 101 and 124). Feedback on suggested revisions is provided below.</p>	
- Page 5, Part C, 'Of interest when...'	<p>The following paragraph is confusing as it is the only place it refers to the 'performance measurement framework':</p> <p><i>"The reader is tasked with developing a set of measures for a programme with a well understood programme objective (e.g. the reader is tasked with revisiting the performance measurement framework for an established programme)."</i></p> <p>Health suggests replacing '(e.g. the reader is tasked with revisiting the performance measurement framework for an established programme).' with '(e.g. an established programme).'</p>
- Pages 8 and 26	<p>Page 8 outlines 'Characteristics of Effective Performance Measurement', while page 26 identifies the 'Criteria for Establishing Appropriate Performance Measurement'. Having two different sets of criteria may lead to confusion.</p> <p>Health suggests avoiding the use of characteristics and criteria, and that instead, a single set of criteria be used.</p>
- Page 12, Figure 2: Programme Structure	<p>The 2nd paragraph on page 12 states:</p> <p><i>"Programme performance should be reported at a level that provides meaningful performance information on the achievement of objectives and outcomes to stakeholders, parliament and the public."</i></p> <p>There are many programmes which have a longer term focus. In order for performance information to be meaningful, Health suggests that some performance measures would need to be identified at the Outcome level.</p> <p>Health suggests including a 'performance measures' box directly connected to the Outcome level. This would more effectively represent the 'cascading of objectives' effect referred to in paragraph 4 on this page.</p>
- Page 25, Example: Reduce smoking via anti-smoking campaign	<p>The 'Output Indicator' column states:</p> <p><i>"Change in perception of smoking in target audience"</i></p> <p>Health notes that 'perception' is difficult to measure and would suggest replacing this output indicator example with 'Increased knowledge of the harmful effects of smoking in the target audience'.</p>
- Page 35-36, Portfolio Budget Statements & Figure 9:	<p>The 2nd last paragraph on page 35 states:</p> <p><i>"KPIs may be best reported annually whilst the results of a comprehensive evaluation may only be reported over the longer term."</i></p>

Section / para /page number	Feedback
<i>Presentation of programme information in the PBS</i>	<p>This statement (and the ‘when’ section of the figure on page 36) appear to be at odds with information contained in the Annual Performance Statement guidance. Health suggests that greater clarity be provided on reporting some performance measures on a less frequent basis than annually.</p> <p>The last paragraph on page 35 states:</p> <p><i>“Commonwealth entities present planned performance information in the Portfolio Budget Statements. In the format at figure 9.”</i></p> <p>This is not the layout that is currently contained in the PBS guidance material. It is also unclear as to whether this is a new proposed layout. Health suggests that clarity be provided on whether this is a proposed (ie new) format and which PBS it would potentially be relevant to.</p>
<p>- Page 37, <i>Corporate Plans</i></p>	<p>The performance information listed as required for inclusion in the Corporate Plan does not appear to be a summary. By specifying that this is required to include <i>“any measures targets and assessments that will be used to measure and assess the entities performance”</i> this information could be quite extensive (eg, for Health that could potentially mean listing more than ninety KPIs and more than 75 deliverables).</p> <p>Health suggests that this section be revised to specifically state that for agencies with a broad/diverse range of outcomes and programmes, that only a summary of the entity’s performance information is required.</p> <p>This would enable entities to use higher level (ie outcome level) indicators in the Corporate Plan, and lower level indicators (ie at programme/ activity level) in the PBS, should they wish. A hierarchical indicator approach would still meet the requirements of section 16E(3) – which states that the performance information published in the corporate plan must not be inconsistent with what is published in the PBS.</p>
<p>- Page 68, <i>Example: Underperforming health benefits payment scheme</i></p>	<p>Health suggests removing the word ‘health’. It is not necessary to imply a particular benefit payment scheme is underperforming, a generic payment scheme is sufficient.</p>
<p>Not covered in guidance: <i>deliverables</i></p>	<p>There is no mention of ‘deliverables’ in the technical guidance. This is confusing as the term features prominently in the PBS guidance material and is mentioned in the Corporate Plan guidance.</p> <p>Health suggests that clarity be provided on Finance’s expectation of future reporting against deliverables.</p>

Table / Section	Proposed change	Feedback
Proposed changes to the Portfolio Budget Statements (PBS)		
Year 1 (2015-16 Budget): Refinements		
Table 1 Portfolio Resources Table	Remove Table 1 from the PBS	Supported
Table 1.1 Agency Resource Statement and Table 3.1.1 Movement of Funds	Merge Table 3.1.1 Movement of Funds with Table 2.1 Budgeted Expenses for Outcome	Supported
Table 1.1 Agency Resource Statement: Third Party Payments from and on behalf of other entities	Remove - Instead require this table to be prepared for material entities/transactions only	<p>Health supports the removal of the 3rd Party Payments table as it does not provide useful or meaningful information for the reader.</p> <p>If the decision is made to keep the table (for material entities/transactions only) consideration should be given to:</p> <ul style="list-style-type: none"> defining the materiality threshold; and the intended use for this information - so that the table can be re-designed to make it more useful.
Table 2.1 Budgeted Expenses for Outcome and Table 2.2 Programme Expenses	Merge Tables 2.1 and 2.2 to provide a combined outcome-program expense table	Supported
Table 3.1.3 Australian Government Indigenous Expenditure (AGIE)	Remove Table 3.1.3	<p>Health supports the removal of the AGIE table as information on Indigenous expenditure is already published by the Productivity Commission.</p> <p>If the decision is made to keep the table (for material entities/transactions only) consideration should be given to:</p> <ul style="list-style-type: none"> defining the materiality threshold; and population threshold (eg. portion of Indigenous people affected by a programme).
Table 3.1.2 Estimates of Special Accounts Flows and Balances	Remove Table 3.1.2.	<p>Supported</p> <p>Health notes that Budget Paper No. 4 will be amended to include footnotes denoting whether a special account is Administered, Departmental or both. Health also notes that the PBS will be amended to include a footnote cross-referencing Budget Paper No. 4.</p>

Table / Section	Proposed change	Feedback
<i>Section 3.2.4: Notes to the budgeted financial statements</i>	<i>Remove Section 3.2.4.</i>	Supported
<i>Table 1.1 Agency Resource Statement</i>	Streamlining of special appropriations information - <i>Entities to show totals for special appropriations limited by criteria/entitlement and amount, rather than list each special appropriation in the Agency Resource Statement.</i>	Supported Health notes that Budget Paper No. 4 will be amended to include footnotes denoting whether a special appropriation is limited by criteria/entitlement, by amount, or both. Health also notes that the PBS will be amended to include a footnote cross-referencing Budget Paper No. 4.
Proposed changes to the Portfolio Budget Statements (PBS) Year 2 (2016-17 Budget): Further refinements		
<i>Table 1.1 Agency Resource Statement</i>	<p>Simplification and addressing cash versus accrual issues - The cash versus accrual issue will be addressed following further consultation with entities and implementation of changes to the appropriation bills as a result of the commencement of the <i>PGPA Act 2013</i>.</p> <p>The Third Party Payments section of <i>Table 1.1 Agency Resource Statement</i> could be moved to <i>Table 2.1 Budgeted Expenses for Outcome X</i>, which would provide greater transparency of payments at an outcome level, consistent with principles 1 and 2.</p>	<p>Health supports moving to consistent reporting throughout Sections 1 and 2 including the measures table.</p> <p>In most cases the difference between expense, cash and resourcing is minimal within the Department of Health. As a result, Health supports the proposed move to represent more of a resourcing view, rather than an appropriation view. Health considers that expense is probably the most appropriate view, as this reflects the actual expected cost of the programme in the reporting period. In any case, it is important that information is reported consistently within Section 2 tables.</p> <p>Health supports the removal of the 3rd Party Payments table as it does not provide useful or meaningful information for the reader (<i>see previous comments</i>).</p>
<i>Section 2: Outcomes and Planned Performance</i>	Introducing word limits for program descriptions - This section will be redesigned to provide concise and targeted information on programmes, in conjunction with the new performance framework and corporate plan requirements.	Health broadly supports the need for Section 2 to contain more concise and targeted programme information. However, rather than mandating a word limit, Health suggests that an indicative word count be developed.