



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

Reference:  
SEC0011496

Dr Andrew Southcott MP  
Chair  
Joint Committee of Public Accounts and Audit  
Parliament House  
CANBERRA ACT 2600

Dear Dr Southcott

I enclose a written update from the Department of Finance (Finance) to the Joint Committee of Public Accounts and Audit (JCPAA) on work to develop and implement the enhanced Commonwealth performance framework ([Attachment A](#)).

The written update provides a summary of the performance framework proposed for implementation, including key changes made to reflect feedback from public consultation (Appendix A) and key findings from the international environment (Appendix B). An indicative timetable for implementation is also included (Appendix C), together with a revised version of the proposed amendment to the *Public Governance, Performance and Accountability (Corporate Plans and Annual Performance Statements) Rule 2014* (Appendix D).

Subject to JCPAA's endorsement of the proposed way forward, tabling of the amended rule is planned for April 2015, followed by the launch of the performance framework and supporting guidance.

Supporting guidance issued by Finance

To assist the JCPAA in its considerations of the proposed performance framework and amendments to the PGPA Rule, advanced drafts of supporting guidance are also attached for information ([Attachments B – E](#)). Substantive changes to the earlier drafts submitted to the JCPAA in November 2014 have been incorporated to reflect feedback. A professional editor has been engaged to review the supporting guidance prior to its planned public release. This may result in other editorial and presentational refinements being incorporated.

Should the JCPAA wish to provide any comments on this guidance material, which is operational in nature and issued by Finance to support entities to interpret and implement the formal requirements of the performance framework, Finance will take this into account prior to finalising the draft guidance for public release.

Please note that Finance does not consider there is a need for the information in the submission to be kept confidential.

Yours sincerely



Stein Helgeby

Deputy Secretary

27 February 2015

Attachments

- |              |  |
|--------------|--|
| Attachment A | Summary of the enhanced Commonwealth performance framework proposed for implementation   |
|              | Appendix A – Feedback from public consultation   |
|              | Appendix B – Key findings from the international environment   |
|              | Appendix C – Indicative timetable for implementation   |
|              | Appendix D – Revised version of the proposed amendment to the <i>Public Governance, Performance and Accountability (Corporate Plans and Annual Performance Statements) Rule 2014</i> |
|              | Appendix E – Graphical representation of the relationship between the Portfolio Budget Statements, Corporate plan and Annual report (annual performance statement).                  |
| Attachment B | Draft Resource Management Guide No. 130 Overview of the Enhanced Commonwealth Performance Framework  |
| Attachment C | Draft Resource Management Guide No. 131 Good Performance Information   |
| Attachment D | Draft Resource Management Guide No. 132 Corporate Plans for Commonwealth entities  |
| Attachment E | Draft Resource Management Guide No. 133 Corporate Plans for Commonwealth companies   |
| Attachment F | Draft Resource Management Guide No. 134 Annual Performance Statements  |

## **Attachment A**

### **Summary of the enhanced Commonwealth performance framework proposed for implementation**

#### ***Context***

For the first time, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) introduces a performance framework for all Commonwealth entities (corporate and non-corporate). New performance requirements under the PGPA Act – namely, the need for all Commonwealth entities to publish corporate plans and annual performance statements – together with other systemic enhancements, including flexible performance measurement and reporting arrangements, are designed to improve performance information across the Commonwealth. Fundamentally, this approach is based on the premise that better quality performance information will drive better performance of government activities.

#### ***Aims of the performance framework***

The performance framework aims to:

- improve public accountability;
- improve the quality of performance information;
- ensure that the relevant information needs of different parts of government are met;
- achieve a line of sight between performance reporting documents to improve readability and usefulness; and
- create coherence in performance reporting across Commonwealth entities to allow comparability between like activities and entities.

#### ***Focus of the performance framework***

The planning and reporting documents required under the performance framework (i.e. corporate plans and annual performance statements) are designed to support entities to develop and distil high-quality strategic and tactical performance information for external accountability purposes.

#### ***Target audiences***

The target audiences for performance information published under the performance framework are:

- government/ministers;
- the Parliament;
- the public;
- accountable authorities of Commonwealth entities and their staff; and
- key entity stakeholders.

#### ***Date of effect***

The main elements of the performance framework will take effect from 1 July 2015.

#### ***Staged implementation***

A staged implementation approach is critical – initial enhancements are designed to allow work to commence to improve the overall quality of entity-level performance information, while further work is progressed concurrently to develop and refine other aspects of the performance framework.

This approach: will allow the framework to mature over time; incorporates the use of pilots to test and validate new approaches; and focuses on realising a potential benefit of better entity-level performance information. Leadership from senior managers will be critical for improving the overall quality and focus of performance information across the Commonwealth. Feedback from the parliament (through the JCPAA) and other scrutineers of performance, such as the ANAO, will also be central to the adjustment of standards of reporting.

Subsequent reforms will seek to leverage improved entity-level performance information to improve cross-entity and whole-of-government performance information. This could include the development of a taxonomy of like entities/activities to allow comparability and to promote the use of better performance measurement methodologies.

Gradual and staged implementation aims to avoid the pitfalls of putting in place rigid or prescriptive requirements that encourage a compliance focus and therefore impede the development of better quality performance information. It also recognises the complexity involved in establishing a robust performance framework for all Commonwealth entities and companies, and the need for an improved suite of performance information to be built up over time.

#### **Initial enhancements: main elements of performance framework**

##### **1. Flexible performance measurement and reporting arrangements**

- Broader range of performance measurement tools (e.g. data mining, benchmarking, surveys and evaluation); and
- Developing and publishing performance information organised at three levels: entity, purpose/s, activity.

##### **2. Consistent planning and reporting mechanisms**

- Corporate plans; and
- Annual performance statements.

##### **3. Improved guidance and training**

- A comprehensive suite of performance framework guidance materials;
- Training to support implementation and application of performance framework; and
- A performance community of practice to support effective leadership and ongoing development of the performance framework

##### **4. Pilots to test and validate new approaches**

- Finance will partner with specific entities to address particular challenges or opportunities in the performance framework, including developing options to:
  - strengthen performance reporting for different entity types;
  - implement use of a broader range of performance measurement tools;
  - improve arrangements for measuring and reporting cross-entity activities; and
  - better manage strategic performance information.

#### **Other possible enhancements: ongoing development of performance framework**

##### **5. Refine guidance**

- Improved guidance to incorporate case studies and examples of better practice.

##### **6. Ongoing framework development**

- A review of the current outcomes and programmes arrangements.

### **Summary of key changes to performance arrangements**

The proposed performance framework, as detailed in the November 2014 submission to the Joint Committee of Accounts and Audit (JCPAA) and the draft suite of documents released for public comment, has been revised to take account of feedback from consultation (summary at [Appendix A](#)) and key findings from the international environment (summary at [Appendix B](#)). An updated indicative timetable for implementation is at [Appendix C](#), noting this is subject to the JCPAA's endorsement of the changes.

While the main elements of the performance framework have been maintained (i.e. consistent planning and reporting mechanisms – corporate plans and annual performance statements – and introduction of more flexible performance arrangements supported by better guidance material), some notable changes have been made in an attempt to:

- minimise duplication of information and reduce red tape;
- clarify the purpose of each reporting document in the performance framework and ensure the primary information requirements of target audiences are met;
- provide clear implementation and transition arrangements; and
- maximise potential benefits of performance reforms by removing systemic barriers.

A summary of the changes proposed is presented below.

- **Move performance planning information from Portfolio Budget Statements (PBS) to Corporate Plans from 2016-17** (noting that outcomes and descriptions of programme objectives will continue to be presented). This change is intended to:
  - o provide more time for entities to construct meaningful performance measures once resourcing levels have been set by government and endorsed by Parliament;
  - o ensure all Commonwealth entities and companies adopt a consistent approach to publishing performance planning information (i.e. all entities will present this information in a single document, their corporate plan);
  - o streamline performance planning arrangements across the Commonwealth (i.e. avoid duplication of performance planning information in both the PBS and corporate plan or differential arrangements for entities that do not publish a PBS);
  - o support a clear line of sight between performance planning information ('expected results' published in corporate plans) and performance reporting information ('results achieved' published in annual performance statements); and
  - o provide opportunities for entities to fully integrate performance planning into their corporate planning processes.
- **Developing and publishing performance information** based on three levels of information: entity, purpose/s, activity. This change is intended to:
  - o have broad applicability to all Commonwealth entities (corporate and non-corporate), noting some entities do not receive budget funding and operate outside of the outcomes and programmes framework;
  - o link performance information presented under the performance framework with appropriation information presented under the outcomes and programmes framework in PBSs for those entities that produce PBSs;

- support entities to define their purpose/s in a strategic way, taking into account various inputs, such as ministerial/government directions, enabling and/or relevant legislation;
  - allow entities the flexibility to focus on strategic performance information that really matters, without being bound by rigid structures that do not align with their operating environment and purposes (i.e. the purposes of an entity are defined by a range of sources, including, but not limited to, government priorities and objectives, outcome statements and programme objectives, enabling legislation, administrative arrangement orders, etc);
  - provide opportunities for entities to explain their performance to key stakeholders in more relevant and meaningful terms that can be easily understood; and
  - support a more coherent performance story at an entity level.
- **Replace existing performance reporting requirements in the Annual Report (Part two) with the annual performance statement.** This change is intended to:
    - support consistent performance reporting arrangements across the Commonwealth; and
    - support a clear line of sight between performance planning and performance reporting.
  - **Update the draft rule and guidance documents** to reflect feedback from consultation, lessons learned from the international environment and key changes to the performance framework outlined above. A revised version of the proposed amendment to the *Public Governance, Performance and Accountability (Corporate Plans and Annual Performance Statements) Rule 2014* is included at [Appendix D](#). Subject to JCPAA's endorsement of the revised approach, tabling of the amended rule is planned for March 2015.

### **Rationale for main elements of the performance framework**

The performance framework needs to be flexible enough to accommodate the significant diversity in the nature and scale of activities undertaken by Commonwealth entities and companies, while providing coherent performance management arrangements.

The three main elements of the performance framework – flexible performance measurement and reporting arrangements, consistent planning and reporting mechanisms, and improved guidance and training – are designed to allow work to commence immediately to improve the overall quality of entity-level performance information. These initial enhancements represent a significant change in approach and attempt to remove systemic impediments that could constrain genuine improvements to the quality of performance information (e.g. mandatory key performance indicators, performance reporting structures that do not align with the way entities organise themselves to achieve their purposes). Changes of this magnitude are likely to take a few years to bed down (a minimum of two full reporting cycles).

#### **1. *Flexible performance measurement and reporting arrangements***

A key feature of the performance framework is the introduction of flexibility, both in terms of how performance is measured and how performance is reported.

##### **Performance measurement tools**

The performance framework allows for a mix of performance measurement and assessment tools to be used, rather than relying solely on key performance indicators (KPIs). This could include the use of benchmarking exercises (e.g. comparison against historic data sets), surveys to understand impacts on stakeholders, peer reviews that seek assessments from relevant experts, or comprehensive review and evaluation exercises. It is envisaged that a mix of performance measures (both quantitative and qualitative) will be used to build a complete suite of performance information that tells a story over time and that allows like activities to be compared across organisational boundaries.

The new draft guidance on developing performance information has been designed to support entities to consider and develop an appropriate mix of performance measures. In addition, Finance will work with entities through the pilots to test and validate the effective use of a broader suite of performance measurement methodologies.

#### *Developing and publishing performance information*

The performance framework creates the opportunity for entities to establish optimal structures for measuring and reporting performance information based on their strategic purposes, with published performance information typically organised around three levels: entity, purpose, activity. This flexibility also augments opportunities for entities to consider and develop optimal structures to capture performance information related to cross-entity purposes and activities.

#### *Organising principle for performance information*

The performance information published in the planning and reporting documents required by the performance framework (i.e. corporate plans and annual performance statements) would typically be organised at three levels:

- **Entity** – established under the PGPA Act and relevant enabling legislation;
- **Purpose** – defined by enabling legislation, other relevant legislation, government direction, outcome statements, program objectives etc; and
- **Activity** – entities will have flexibility to define their activities at an appropriate level to support the publication of high quality and meaningful performance information that can be readily understood by key stakeholders.

The term “activity” is intended to have broad applicability across Commonwealth entities and companies. It facilitates the presentation of relevant performance information for entities that operate within, and outside of, the existing outcome and programme framework that supports the allocation of appropriation funding through the budget.

Depending on the nature and scale of the activity, this may involve entities measuring and reporting the performance of their activities at a sub-programme, programme, outcome, or entity level, or in terms of a collection of sub-programmes/programmes/outcomes. This flexibility will allow entities to align published performance planning and reporting information with the corporate structures that are used to deliver on their purposes, and to develop information sets that more effectively represent cross-entity and joined-up activities.

### *Links with the outcomes and programmes framework*

It is important to have alignment between performance information published under the performance framework, and appropriation information published under the outcome and programme framework in the budget context. The aim is to have a clear read between these two documents and between corporate plans and annual reports, so that the appropriations reported in PBSs and the performance information reported in corporate plans and annual performance statements can be reconciled. Where appropriate, entities should map their outcomes and programmes to performance information presented in corporate plans and annual performance statements. A graphical representation of the relationship between the PBS, corporate plan and annual report (annual performance statement) is included at [Appendix E](#).

### *Levels of performance information*

Performance information necessarily operates at different levels (e.g. accountability, strategic, tactical and operational), and typically requires a tiered suite of internal and external information to meet different purposes. The performance framework draws a distinction between performance information used for internal management processes and performance information that supports external accountability. While opportunities to leverage internal data sets to improve external accountability will be pursued where appropriate, it is recognised that performance information needs to be rendered in different ways to ensure it is fit-for-purpose and meets the needs of specific users (e.g. the public).

### *Alignment with other published data sets*

Entities produce a vast range of published performance information, including information required by enabling and other relevant legislation, sector-specific information, and information that supports established longitudinal data sources. Under the performance framework, entities have discretion to determine how best to leverage their performance information for the purposes of presenting strategic and tactical performance information in their corporate plans and annual performance statements. Optimally, there should be some alignment between all published data sets.

## **2. Consistent planning and reporting mechanisms**

Establishing consistent planning and reporting mechanisms across entities seeks to build a body of performance information that tells a story over time and that allows like activities to be compared across organisational boundaries. These mechanisms are intended to support a clear line of sight between planned performance (i.e. expected results) published in an entities' corporate plan and actual performance (i.e. results achieved) published in the annual performance statement. This will also provide a strong basis for developing mechanisms for reporting on cross-entity and cross-jurisdictional activities as part of subsequent stages of reform.

## **3. Improved guidance and training**

To support implementation and development of the performance framework, Finance has developed a comprehensive suite of new guidance material. To ensure that the new guidance is fit-for-purpose, extensive collaboration has been undertaken through a public consultation process to refine and improve the draft materials. Significant improvements have been made to reflect feedback from Commonwealth entities, input from professional bodies such as the Australasian Evaluation Society, and lessons learned from the international environment.



Draft guidance materials are currently being finalised. Subject to JCPAA endorsement of the proposed approach, public release of the final suite of new guidance materials is proposed for April 2015.

It is also intended that guidance material will be tested and validated throughout each stage of the proposed reforms, and refined as required. Specific updates are also expected following the completion of pilots to ensure that all Commonwealth entities have the opportunity to benefit from current examples of better practice.

Finance-delivered training on various elements of the framework will occur throughout key stages of reform, and entity feedback at these training events will be used to update and refine guidance material as part of a continuous improvement process.

Finance has also established a performance community of practice to support implementation and ongoing development of the performance framework. This community establishes a feedback loop between framework design, implementation and results, and provides a forum to:

- share expertise and examples of better practice;
- pilot information and education sessions; and
- test and validate new approaches.

The performance community will also focus on opportunities to support senior managers to champion the improvements that can be made under the performance framework and to identify implementation options and strategies that will maximise the potential benefits of reform.

#### **4. *Pilots to test and validate new approaches***

Finance will partner with specific entities to address particular challenges or opportunities in the performance framework, including developing options to:

- o strengthen performance reporting for different entity types;
- o implement use of a broader range of performance measurement tools;
- o improve arrangements for measuring and reporting cross-entity activities; and
- o render strategic performance information at an appropriate level that matters to key stakeholders (e.g. the public).

The entities listed below have indicated an interest in participating in pilots to test particular aspects of the performance framework (summary presented in Table 1 below), and discussions are underway with a number of other Commonwealth entities and companies.

**Table 1. Summary of pilots that will be used to develop the performance framework**

<b>Entity</b>	<b>Aim of pilot</b>
Australian Taxation Office (ATO)	ATO is currently developing an activity-based framework at an entity level. Finance will work with the ATO to test how this framework can be presented within the corporate plan and annual performance statement to provide high quality performance information.
Department of Defence (Defence)	Defence has identified a more focussed set of key priority areas and would like to work towards structuring their performance information around these priorities. Finance will work with Defence to identify ways

	for the performance framework to support and align with this approach.
Department of Health (Health)	Health is a large and complex entity that delivers its activities under a number of outcomes and programmes. Finance will work with Health to develop the best tools and approaches for mapping appropriation information presented under the outcomes and programmes framework to the performance information presented in the corporate plan and annual performance statement.
Department of Social Services (DSS)	DSS is working to develop options to raise the level of its performance information to focus on policy arenas and to better reflect joined-up activities that contribute to achieving government objectives. Finance will work with Social Services to explore opportunities to strengthen cross-entity performance reporting under the performance framework.
Department of the Environment (Environment)	Environment is working to develop a new performance framework at the entity level. Finance will work with Environment to explore opportunities to align this work with the requirements under the performance framework, and identify any lessons learned that could be shared with other Commonwealth entities.

### **Rationale for ongoing development of performance framework**

The broad approach to the further development of the performance framework is to build confidence and capability over time, through demonstrating the advantages of adopting more flexible performance measurement and reporting arrangements and establishing consistent planning and reporting mechanisms. Opportunities to leverage better performance measurement methodologies and improved entity-level performance information will also be explored, with a view to establishing other systemic enhancements to improve cross-entity and whole-of-government performance information.

#### **5. *Refine guidance***

Following the introduction of new planning and reporting mechanisms (i.e. corporate plans and annual performance statements) and the pilots above, options to further refine guidance to support the performance framework will be considered. Finance intends to incorporate case studies and examples of better practice (for example, to reflect successful use of alternate performance measurement tools) and other options to improve the consistency and comparability of performance information across like activities/entities.

#### **6. *Ongoing framework development***

Other areas identified for potential future development include a review of the outcomes and programmes framework. With the move to the PGPA Act there is an opportunity to look at the current outcomes and programmes framework to see if there are options to improve the appropriations framework.

Further improvements may also include consideration of options for identifying common performance indicators, where appropriate, for entities and/or activities with similar characteristics. This could

include the development of a taxonomy of like entities/activities to allow comparability and to leverage better performance measurement methodologies.

Finance will continue to explore opportunities to leverage the initial enhancements proposed for implementation when the performance framework takes effect (e.g. introduction of corporate plans, annual performance statements, and more flexible performance measurement and reporting arrangements) to achieve broader improvements at a whole-of-system level.

Ongoing development of the performance framework aims to produce better quality performance information, to support more effective government operations and more efficient decisions about the allocation of government resources.





# ENHANCED COMMONWEALTH PERFORMANCE FRAMEWORK – DRAFT RULE AND GUIDANCE MATERIALS

## FEEDBACK SUMMARY

On 21 November 2014, the Department of Finance commenced a public consultation process on a suite of draft guidance material to support the *Enhanced Commonwealth Performance Framework*, together with a proposed amendment to the *Public Governance, Performance and Accountability Rule 2014* to establish the new requirements for the corporate plans and annual performance statements.

Finance circulated the suite of draft documents to Public Management Reform Agenda (PMRA) steering committee and project board members and key contacts. This initial distribution included approximately 625 officers from approximately 150 PGPA Commonwealth entities. Finance also released the suite of draft documents on the PMRA website for public comment and on the PMRA GovDex site (an online collaborative space for the Australian government). Feedback was requested by 30 January 2015.

Over 29 written responses to the draft documents were received. Most written responses came from Commonwealth entities, with several responses also received from the private sector including professional bodies such as the Australasian Evaluation Society.

A range of consultation meetings/forums were also conducted to discuss the draft performance framework rule and guidance documents. This included establishing a PMRA Performance Community of Practice, presenting at various forums, as well as holding consultation meetings with a number of Commonwealth entities, private sector organisations and other government jurisdictions.

Feedback has been organised according to the following key themes:

- key issues raised in feedback
- corporate plan
- annual performance statement
- developing performance information guidance
- proposed improvements to the Portfolio Budget Statements.

In considering the feedback it is important to note that not all written responses and consultation meetings/forums addressed all documents.

A list of the Commonwealth non-Commonwealth entities that provided feedback is also provided.

## Key issues

Key Issue	Summary of Feedback
Presentation of performance information	<p>The most significant issues raised in feedback related to the requirement for performance information to be presented in both the corporate plan and Portfolio Budget Statements (PBS). There was a strong preference to only present performance information in one document (the majority of entities preferred the corporate plan) to reduce red tape and duplication of information.</p> <p>A number of entities also reported that the level of performance information required in the corporate plan and PBS and the interactions between them was unclear.</p>
Alignment with related frameworks	<p>A number of entities identified the need to align the performance framework with other related frameworks (i.e Regulator Performance Framework and the Government Business Enterprise guidelines).</p> <p>For entities required to report through multiple frameworks feedback reflected a preference for consolidated reporting requirements to reduce red tape.</p>
Clarify requirements and timeframes	<p>Close to a third of entities reported that the requirements of the performance framework and associated timeframes were not clear. A calendar that outlined requirements and timing was requested.</p>
Balance between flexible/prescriptive requirements	<p>There were mixed views on the appropriate balance between clearly articulated mandatory requirements, and a desirable level of flexibility.</p> <p>Some feedback reported the need for a clear concise policy position outlining mandatory requirements for reporting an entity's performance in achieving its purpose(s). It was suggested that without one there could be a wide range of ways in which performance was reported, thus reducing comparability across entities.</p> <p>Other entities supported greater flexibility in developing and reporting performance information commenting that given the variety in Commonwealth activities flexibility allowed for more fit-for-purpose reporting.</p>
Focus of performance information	<p>A majority of entities reported that the guidance needed to better emphasise the goal of performance information which is to assess whether government objectives are being achieved. As a result the guidance documents could better highlight the importance of assessing the effectiveness of activities in meeting the purposes of an entity, rather than examining the efficiency of the processes undertaken to achieve them.</p> <p>A small number of entities discussed the importance of developing clear purposes for the entity that align with government outcomes and suggested that guidance on this aspect could be further developed.</p>
Leadership and cultural change	<p>Entities commented on the need for engaged leadership and a system of support to effect change in developing and reporting performance information. This included the need to build capacity and support cultural change to develop sound performance management systems, with a focus on learning and improvement.</p>
Draft guidance suite	<p>Feedback indicated a high level of support for efforts to develop practical guidance material that will support higher quality and more consistent performance information. There was also support for an overview guidance document that links all elements of the performance framework together.</p>
Diagrams	<p>Entities reported that some of the diagrams were unclear and needed to be refined.</p>

## Corporate plan

Key Issues	Summary of Feedback
Level of information in the corporate plan	Almost a third of entities that responded said the level of detail required in the corporate plan should be reduced. Entities suggested the corporate plan be a strategic document that includes information on activities required to deliver on the entities' purposes, rather than including all performance measures.
Duplication of information	Almost a third of entities did not support performance information being in both the corporate plan and the PBS. Entities commented that this duplication would create an additional administrative burden.
Four-year rolling plans with annual updating	<p>Some entities commented that the updating requirements were unclear.</p> <p>A small number of entities suggested that annual updates would result in the corporate plan being an operational document rather than a strategic document.</p> <p>A small number of entities commented that a four year rolling plan was inconsistent with their current planning processes that operated on a three-year basis.</p>

## Annual performance statements

Key Issues	Summary of Feedback
Level and clarity about information requirements	<p>Half the entities that responded reported a lack of clarity about the level of information required for the annual performance statement. Feedback indicated that it was unclear whether entities should report at the level of individual performance measures or at the level of an entity's purpose.</p> <p>A number of entities suggested that information in the annual performance statement should be at the strategic level.</p> <p>Entities suggested that a summary of achievements towards outcome statements should be a minimum requirement.</p>
Role of Annual Performance Statement	Entities advised that the annual performance statement would not bring all performance information together, but rather be a supplement to other existing documents that set out an entity's performance more broadly. They suggested that the annual performance statement be a document that allows stakeholders to cross reference to other key documents that report performance.
Status of annual performance statement	There was broad support for the annual performance statement replacing current requirements for performance information in the Annual Report.

## Developing performance information guidance

Key Issues	Summary of Feedback
Improved performance methodology	There was a high level of support for the improved performance methodology that provided entities with a wider range of monitoring and evaluation approaches to present more meaning performance information.
Terminology	<p>A significant issue raised in feedback related to inconsistent and/or inaccurate use of terminology in the draft guidance.</p> <p>Entities also indicated that guidance needed to be clear about the use of different performance measurement tools (e.g. qualitative and quantitative)</p>
Broader conceptualisation of logic model	Feedback suggested that the logic model presented was too simplistic for the performance framework being implemented, and recommended it be expanded to incorporate inputs, activities, outputs as well as short, medium and long term outcomes. The model should also acknowledge issues such as possible unintended outcomes.
The role of qualitative and quantitative information	<p>Entities reported a need to better emphasise that a reliance on key performance indicators is insufficient to explain the effects of government programmes on outcomes. Qualitative information is needed to understand the effects of activities on desired government outcomes.</p> <p>Entities highlighted the need to emphasise a focus on what performance information is trying to achieve, that is the accurate reporting on whether activities are fulfilling the purposes of the entity and meeting government outcomes.</p>
Importance of capacity building	Entities commented on the importance of capacity building in developing entities' monitoring and evaluation skills to ensure the transition to an innovated improved performance methodology was effective.

## Proposed improvements to the Portfolio Budget Statements

Key Issues	Summary of Feedback
Improvements to the PBS	A small number of entities commented on the proposed improvements to the PBS. Feedback from these entities indicated a high level of support for the proposed improvements.



## List of entities that provided written feedback on the draft rule and guidance

### Commonwealth entities (25)

Airservices Australia  
Attorney Generals  
Australian Broadcasting Corporation  
Australian Bureau of Statistics  
Australian Crime Commission  
Australian Federal Police  
Australian Government Solicitor  
Australian National Audit Office  
Australian Post  
Australian Public Service Commission  
Australian Research Council  
Australian Taxation Office  
Bureau of Meteorology  
Defence Housing Australia  
Defence Material Organisation  
Department of Agriculture  
Department of Defence  
Department of Health  
Department of Industry and Science  
Department of Infrastructure and Regional Development  
Department of Prime Minister and Cabinet  
Department of Social Services  
Department of the Environment  
Reserve Bank of Australia  
SBS

### Non Commonwealth entities (4)

Australasian Evaluation Society  
Capital Training College  
Health Outcomes International  
Numerical Advantage



## Appendix B

### ***Key Findings from International Environment***

1. The more sustained reform processes to improve performance reporting have involved a stage implementation process that matures over time (France, UK, and USA) and have avoided a short term compliance focus. Confidence in the process has been built up over time where stakeholders can observe advantages in the system.
2. The “less is more approach” to performance reporting is more successful, with a focus on telling a coherent story and reporting at a high, strategic level with actual data sets provided as necessary (Netherlands, USA). The more focused the information and the better the presentation, then the more the information is likely to be used and accepted by stakeholders.
3. There is no one size fits all approach to performance measurement and reporting in the public sector and a wide variety and mix of approaches and methods is required to accurately capture public sector performance (OECD).
4. The USA’s Office of Management and Budget implementation approach was to break down silos of information, engage with entities, follow up on issues where information gaps were apparent and to concentrate on drawing linkages between the collection of performance information and strategic planning at the entity level.
5. Most OECD countries are seeking to distinguish between short, medium and long term goals as well as simple and complex goals.
6. It is important to distinguish between the different levels and types of performance information and how it can be used. Information can be focused on process improvement, strategic decision making or accountability (management, tactical, strategic or accountability – external – focus) with the challenge being to bring them together into a single coherent story.
7. Establishing a basis for reporting on joined up activities that impact across different entities / jurisdictions (eg health) is still a work in process (Canada, USA).
8. International efforts aim to group models for like activities or entities to provide better comparability and to leverage better performance methodology (UK). However a robust taxonomy is still to be established and proven useful.
9. The importance to not link performance to sanctions and incentives as this may lead to perverse behaviour that corrupts the system and spirit of performance reporting by encouraging gaming of the system, selective reporting and may discourage the reporting of negative performance.
10. For publication purposes it is important to align accountability and control, so that for those whose accountability is being discharged it is clear what is in their control and what is not.
11. The OECD aim is to build the architecture “for a healthy ecosystem of performance information”, where performance reporting encourages innovative thinking linked to strategic planning. The focus should be on what needs to be done, whether it’s being done well (or not) and what it is that is intended to be achieved.
12. It is important to not reinvent the wheel and growing a cottage industry of performance reporting. It is important to take advantage of what data sets already exist and leverage these.
13. Most performance reporting is examining non-taxation expenditure. Tax expenditure programmes should be subject to the same reporting regime.
14. Focus on a small number of key policy areas that have been identified as important for citizens. Creates an architecture that drives joined-up behaviours to deliver on these areas (NZ, Scotland)
15. Incentives built into the performance arrangement for CEOs, linked in part to improvements in the performance of the overall public sector system (NZ).



## Appendix C

### *Indicative timetable for development of enhanced performance framework*

Timeframe	Development of deliverables and associated activities
<b><i>Finalisation and clearance of the performance framework</i></b>	
<i>February 2015</i>	<ul style="list-style-type: none"> <li>• Provide written update to the Joint Committee of Public Accounts and Audit (JCPAA)</li> <li>• Private briefing with the JCPAA (tentative) – Thursday 26 February 2015</li> </ul>
<i>April 2015</i>	<ul style="list-style-type: none"> <li>• Finalise draft performance framework guidance materials and rule</li> <li>• Tabling of disallowable instrument - <i>Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014</i></li> </ul>
<b><i>Launch and implementation of the enhanced performance framework*</i></b>	
<i>April - June 2015</i>	<ul style="list-style-type: none"> <li>• Launch of the enhanced performance framework, rules and guidance materials</li> <li>• Launch Finance delivered training to Commonwealth entities on the implementation and operation of the enhanced performance framework</li> <li>• Engage with Commonwealth entities through the PMRA performance community of practice to support implementation and the ongoing development of the performance framework</li> </ul>
<i>July 2015</i>	<ul style="list-style-type: none"> <li>• Enhanced performance framework will take effect from 1 July 2015</li> </ul>
<i>August 2015</i>	<ul style="list-style-type: none"> <li>• Corporate plans due for publication 31 August 2015 incorporating new flexible performance measurement and reporting arrangements</li> </ul>

*\* Launch and implementation of the performance framework is subject to endorsement by the JCPAA*



# EXPOSURE DRAFT



EXPOSURE DRAFT (19/02/2015)

## **Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2015**

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I, MATHIAS HUBERT PAUL CORMANN, Minister for Finance, make the following instrument.

Dated 2015

MATHIAS HUBERT PAUL CORMANN  
Minister for Finance

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EXPOSURE DRAFT





# EXPOSURE DRAFT

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# EXPOSURE DRAFT



# EXPOSURE DRAFT

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## 1 Name

This is the *Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2015*.

## 2 Commencement

This instrument commences on the day after it is registered.

## 3 Authority

This instrument is made under the *Public Governance, Performance and Accountability Act 2013*.

## 4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

# EXPOSURE DRAFT

## Schedule 1 Amendments

### Schedule 1—Amendments

#### *Public Governance, Performance and Accountability Rule 2014*

##### 1 Division 1 of Part 2-3 (heading)

Repeal the heading, substitute:

##### **Division 1—Planning and budgeting**

##### **16E Corporate plan for Commonwealth entities**

###### **Guide to this section**

The purpose of this section is to set out matters that the accountable authority of a Commonwealth entity must include in the entity's corporate plan.

The corporate plan may also include other matters and, for some Commonwealth entities, the Act (see subsections 35(3) and (5)) or the entity's enabling legislation may require that other matters be included in the plan.

This section is made for subsections 35(1) and (2) of the Act.

###### *Period corporate plan must cover*

- (1) The corporate plan for a Commonwealth entity must cover a period of at least 4 reporting periods for the entity, starting on the first day of the reporting period for which the plan is prepared under paragraph 35(1)(a) of the Act.

**Note:** Paragraph 35(1)(a) of the Act requires that the corporate plan for a Commonwealth entity be prepared at least once each reporting period for the entity. This means that the plan must cover the reporting period for which the plan is prepared (which will be the first reporting period covered by the plan) and at least the following 3 reporting periods.

###### *Matters that must be included in corporate plan*

- (2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
1	Introduction	The following: (a) a statement that the plan is prepared for paragraph 35(1)(b) of the Act; (b) the reporting period for which the plan is prepared; (c) the reporting periods covered by the plan.
2	Purposes	The purposes of the entity.
3	Environment	The environment in which the entity will operate for each reporting period covered by the plan.

# EXPOSURE DRAFT

Amendments **Schedule 1**

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
4	Performance	For each reporting period covered by the plan, a summary of: (a) how the entity will achieve the entity's purposes; and (b) how any subsidiary of the entity will contribute to achieving the entity's purposes; and (c) how the entity's performance will be measured and assessed in achieving the entity's purposes, including any measures, targets and assessments that will be used to measure and assess the entity's performance for the purposes of preparing the entity's annual performance statements for the reporting period.
5	Capability	The key strategies and plans that the entity will implement in each reporting period covered by the plan to achieve the entity's purposes.
6	Risk oversight and management	A summary of the risk oversight and management systems of the entity for each reporting period covered by the plan (including any measures that will be implemented to ensure compliance with the finance law).

## *Corporate plan must be published*

- (3) The corporate plan must be published on the entity's website by the last day of the second month of the reporting period for which the plan is prepared.
- (4) However, if the accountable authority considers that the corporate plan contains information that:
  - (a) is confidential or commercially sensitive; or
  - (b) could prejudice national security;
 then the only so much of the corporate plan that does not contain that information must be published under subsection (3).

## *Corporate plan must be given to Ministers*

- (5) The corporate plan, and any version of the plan referred to in subsection (4), must be given to the responsible Minister and the Finance Minister:
  - (a) as soon as practicable after the plan is prepared; and
  - (b) before the plan, or the version, is published under subsection (3).

## *Variation of corporate plan*

- (6) If the corporate plan is varied during the reporting period for which the plan is prepared and the accountable authority of the entity considers that the variation is significant, then:
  - (a) this section applies to the plan as varied; and
  - (b) subsection (3) applies as if it requires the plan to be published as soon as practicable after the plan is prepared (instead of it requiring the plan to be published by the last day of the second month of the reporting period for which the plan is prepared).

# EXPOSURE DRAFT

## Schedule 1 Amendments

### *Corporate plan for new entity*

- (7) If the entity is established at the start of, or during, the reporting period for which the plan is prepared, then subsection (3) applies as if it requires the plan to be published as soon as practicable after the plan is prepared (instead of it requiring the plan to be published by the last day of the second month of the reporting period for which the plan is prepared).

## Division 2—Performance of Commonwealth entities

### 16F Annual performance statements for Commonwealth entities

#### **Guide to this section**

The purpose of this section is to set out matters that the accountable authority of a Commonwealth entity must include in the entity's annual performance statements.

The annual performance statements may also include other matters and, for some Commonwealth entities, the entity's enabling legislation may require that other matters be included in the performance statements.

This section is made for subsection 38(2) and paragraph 39(2)(b) of the Act.

### *Measuring and assessing entity's performance*

- (1) In preparing the annual performance statements for a Commonwealth entity for a reporting period, the accountable authority of the entity must measure and assess the entity's performance in achieving the entity's purposes in the reporting period in accordance with the method of measuring and assessing the entity's performance in the reporting period that was set out in the entity's corporate plan that was prepared for the reporting period.

Note: Paragraph 39(1)(a) of the Act requires that the annual performance statements for a Commonwealth entity be prepared for each reporting period for the entity.

### *Matters that must be included in annual performance statements*

- (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:

<b>Matters to be included in a Commonwealth entity's annual performance statements</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
1	Statements	The following: (a) a statement that the performance statements are prepared for paragraph 39(1)(a) of the Act; (b) a statement specifying the reporting period for which the performance statements are prepared; (c) a statement that, in the opinion of the accountable authority of the entity, the performance statements: (i) accurately present the entity's performance in the

# EXPOSURE DRAFT

Amendments **Schedule 1**

<b>Matters to be included in a Commonwealth entity's annual performance statements</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
		reporting period; and (ii) comply with subsection 39(2) of the Act.
2	Results	The results of the measurement and assessment referred to in subsection (1) of this section of the entity's performance in the reporting period in achieving its purposes.
3	Analysis	An analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period, including any changes to: (a) the entity's purposes, activities or organisational capability; or (b) the environment in which the entity operated; that may have had a significant impact on the entity's performance in the reporting period.

## Division 5—Audit Committee for Commonwealth entities

### 2 Division 2 of Part 2-3 (heading)

Repeal the heading, substitute:

## Division 6—Special reporting requirements

### 3 Before section 28

Insert:

### 27A Corporate plan for Commonwealth companies

#### Guide to this section

The purpose of this section is to provide that the requirements in section 16E of this rule relating to corporate plans for Commonwealth entities also apply to corporate plans for Commonwealth companies.

This section is made for section 95 of the Act.

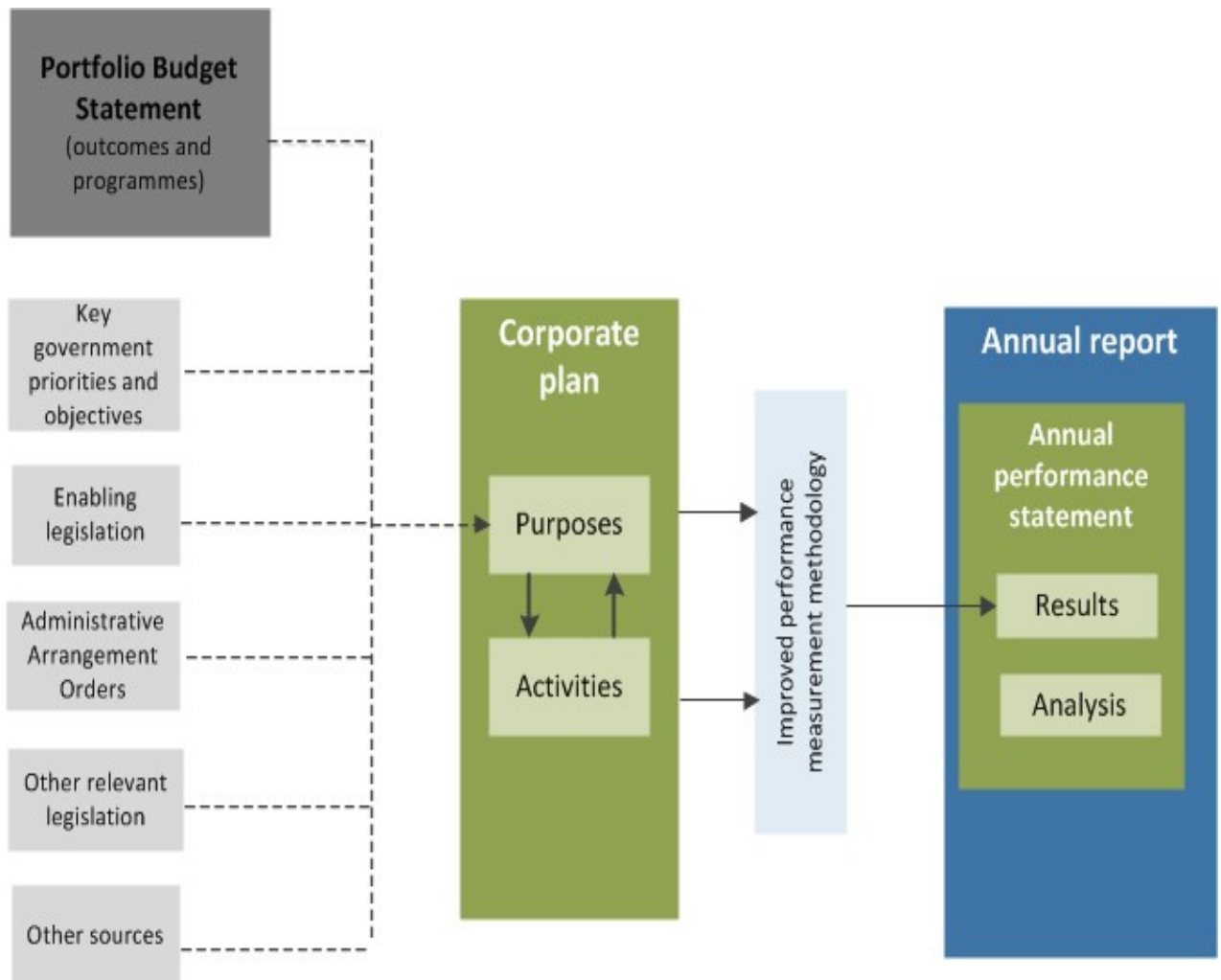
- (1) Section 16E of this rule (which is about corporate plans for Commonwealth entities) applies to a Commonwealth company in the same way as it applies to a Commonwealth entity.
- (2) For the purposes of subsection (1):
  - (a) a reference in section 16E to the accountable authority of the entity is taken to be a reference to the governing body of the company; and
  - (b) a reference in paragraph (c) of item 4 of the table in subsection 16E(2) to the entity's annual performance statements for each reporting period covered by the plan is taken to be a reference to the company's annual report for each reporting period covered by the plan.





## Appendix E

### ***Graphical representation of relationship between Portfolio Budget Statement, corporate plan and annual report (including annual performance statement)***







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

**G**UIDE

# Resource Management Guide No.130

Overview of the Enhanced Commonwealth  
Performance Framework

DRAFT

[MONTH 2015]

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This guide contains material that has been prepared to assist Commonwealth entities and companies to apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies. In this guide the: mandatory principles or requirements are set out as things entities and officials ‘must’ do; and actions, or practices, that entities and officials are expected to take into account to give effect to those principles and/or requirements are set out as things entities and officials ‘should consider’ doing.

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## Audience

This guide applies to accountable authorities<sup>1</sup>, chief financial officers, chief operating officers, programme managers and officers responsible for measuring and reporting on the performance of activities delivered by a Commonwealth entity (entity) or Commonwealth company (company).

## Key points

- The Enhanced Commonwealth Performance Framework will be implemented from 1 July 2015 to meet the requirement for a performance framework under subsection 5(b) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).
- The Enhanced Commonwealth Performance Framework – implemented through the Public Governance, Performance and Accountability Rule 2014 (the PGPA Rule) – requires Commonwealth entities and companies to prepare a **corporate plan** by the end of August of each financial year (or by the end February for entities that operate on a calendar year basis). Commonwealth entities are also required to include an **annual performance statement** in their annual reports for each financial year.
- **Transitional arrangements** will be in place for 2015-16 for Commonwealth entities that publish Portfolio Budget Statements (PBSs). The existing framework will remain for 2015-16 with key performance indicators (KPIs) to be included in an entity's PBS. The 2015-16 Corporate Plan will reflect the first use of the new performance framework with performance information using new flexible arrangements. Annual performance statements published for 2015-16 will represent the first reporting against the new performance measures published by Commonwealth entities in their corporate plans.
- It is acknowledged that the transitional arrangements in place during 2015-16 will mean there will be an extra administrative burden on budget funded entities with published performance information in both the PBS and the corporate plan. However, this is a transitional measure and will only be necessary for 12 months. It is being done to ensure that stakeholders are informed as to how information previously reported in PBSs is translated across to, and enhanced by, information published in the corporate plan.

## Commonwealth companies

Under section 95 of the PGPA Act Commonwealth companies are required to prepare corporate plans. Section 27A of the PGPA Rule provides that the corporate plan of a company must address the minimum requirements as set out in section 16E of the Rule.

Commonwealth companies are subject to annual reporting requirements under the *Corporations Act 2001*. The annual reporting obligations of Commonwealth companies under the PGPA Act are set out in section 97 of the Act. Section 27A(2)(b) of the PGPA Rule provides that companies are also required to report in their annual reports, actual performance results achieved against the performance information outlined in their published corporate plans. Commonwealth companies are not required to complete an annual performance statement.

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<sup>1</sup> Section 12 of the PGPA Act defines the accountable authority of a Commonwealth entity as the person or group of persons who has responsibility for, and control over, the entity's operations.

The sections of this guide that are relevant to Commonwealth companies and their reporting obligations under the PGPA Act and PGPA Rule, are those that address the Enhanced Commonwealth Performance Framework, corporate plans, annual reports and the development of performance information.

Further information on the preparation of corporate plans for Commonwealth companies can be found in Resource Management Guide No. 133 *Corporate plans for Commonwealth companies*.

Companies may also use aspects of Resource Management Guide No. 131 *Good performance information* that are relevant to their organisation to assist them in developing performance information for their organisation.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au) and relates to other guidance on the Enhanced Commonwealth Performance Framework, including;

RMG No. 132	Corporate plans for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 134	Annual performance statement for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good performance information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
	Guidance on the preparation of annual reports	<a href="http://www.dpmc.gov.au">www.dpmc.gov.au</a>

## Introduction

The PGPA Act consolidates the governance, performance and accountability requirements of the Commonwealth into a single piece of legislation, setting out a framework for regulating resource management by Commonwealth entities and companies.

The PGPA Act took effect from 1 July 2014.

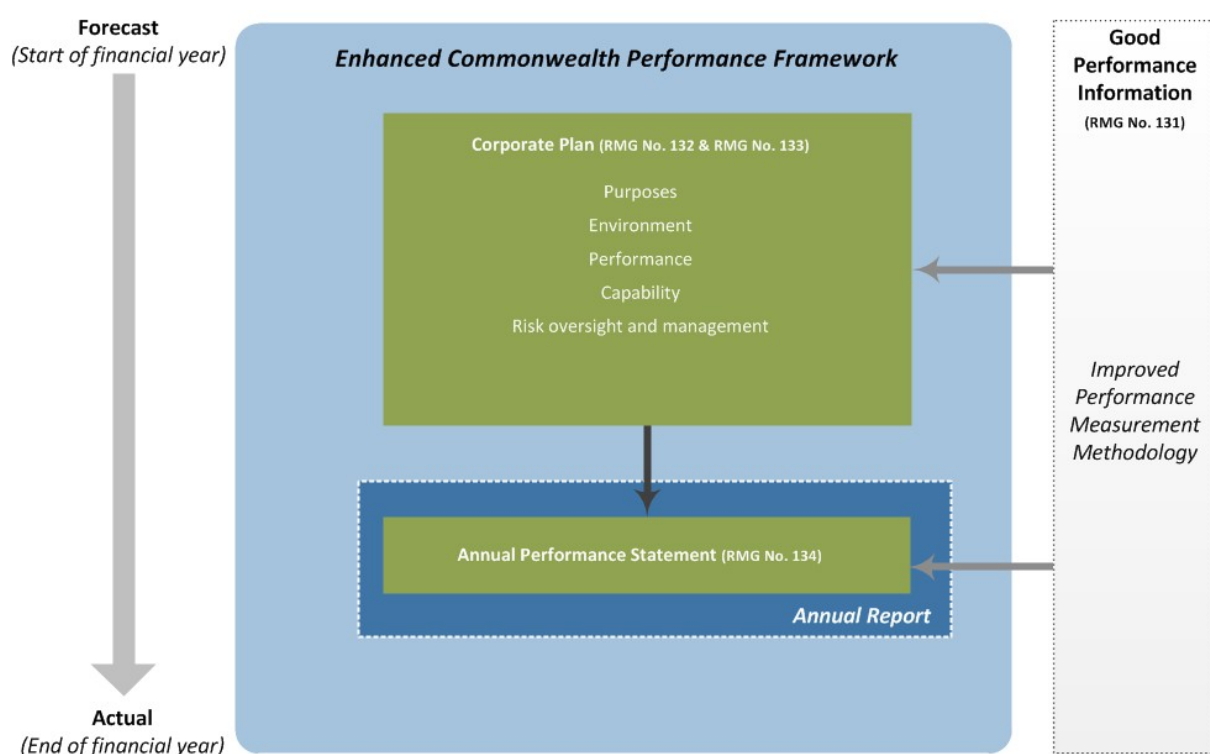
1. The public sector has a responsibility to support the Government in meeting its obligation to the parliament (and the Australian public more broadly) to report on its performance and the impact of its activities. Such reporting is critical to transparent and accountable Government. It provides the evidence for the use of public resources – including those contributed by taxpayers – to achieve meaningful results.
2. Taxpayers and the parliament – like the shareholders of a company and financial supporters of charitable institutions – have a right to see what results are being achieved with the money they have provided. Whilst financial reporting remains important, non-financial reporting allows entities to report on their achievements against the purposes that they pursue, including government policy objectives.
3. The PGPA Act is underpinned by the principle that confidence in the effective and proper use of public resources is supported by a strong performance framework. A balanced and complete performance framework should provide both financial and non-financial information that allows judgements to be made on the public benefit generated by public expenditure.
4. The PGPA Act is built around principles to ensure good governance and accountability for public resources, and adds new elements to the financial framework that seek to strengthen the quality and relevance of performance reporting. In particular, the PGPA Act seeks to create an improved “line of sight” between what was intended and what is delivered. For example, this would allow an interested party (including Parliament) to identify purposes published in an entity’s corporate plan and use published performance information in the entity’s annual performance statements to make a judgement on the extent to which intended results were achieved, and the issues that impacted on the delivery of those results.
5. A key focus of this enhanced performance framework is ensuring that project managers, accountable authorities, ministers, the parliament and the public are able to use performance information to draw clear links between the use of public resources, activities and the results achieved.
6. Ultimately, it is the parliament and ministers who set appropriate standards of accountability in discharging their roles in scrutinising performance. The role of the Department of Finance is to provide support to entities in the development and presentation of performance information to be scrutinised by the parliament, ministers and the public. The Department of Finance provides practical guidance and advice and facilitates collaboration between entities with similar experience.



## The importance of clear purposes and leadership

7. Good performance is likely to result when the purposes of an entity (or company) are clear, and senior leaders are able to organise resources and activities to deliver on these purposes. Good performance information relies on a shared understanding of what is being achieved, and the underlying principles (i.e. efficiency and effectiveness) that are important when pursuing intended results. Ensuring that this understanding exists (and is reinforced) at all levels within an entity or company is a critical role for accountable authorities, company directors, and senior managers.

## Part 1 – The Enhanced Commonwealth Performance Framework



**Figure 1: The Enhanced Commonwealth Performance Framework**

### The Enhanced Commonwealth Performance Framework

8. The Enhanced Commonwealth Performance Framework meets the obligation under paragraph 5(b) of the PGPA Act to establish a performance framework across Commonwealth entities. The PGPA Act introduces a new legal requirement for Commonwealth entities and Commonwealth companies to produce annual corporate plans and, for entities to publish annual performance statements in annual reports<sup>2</sup>.

<sup>2</sup> Section 35 of the PGPA Act creates the legal requirement for the accountable authorities of Commonwealth entities to prepare a corporate plan at least once every reporting period. Paragraph 95(a) imposes the same legal obligation on the directors of Commonwealth companies.

Section 39 of the PGPA Act creates a legal obligation on the accountable authorities of Commonwealth entities to prepare annual performance statements as soon as practicable after the end of each reporting period. A copy of these annual performance statements must be included in the entities annual report tabled in Parliament

9. The corporate plan and annual performance statements establish the “bookends” of the performance framework for Commonwealth entities. Corporate plans (discussed in further detail below) provide the opportunity for accountable authorities to set out their strategies for achieving the purposes determined by Government and how success will be measured. Annual performance statements provide an accountable authority’s assessment of the degree of success in pursuing its purposes.
10. Section 46 of the PGPA Act contains the obligation for Commonwealth entities to produce annual reports that are tabled in the Parliament. From 2015-16, annual reports will include annual performance statements, in addition to audited financial statements and other relevant information.

*The legal requirements for accountable authorities responsible for the preparation of corporate plans and annual performance statements are set out in the PGPA Rule.*

### Corporate plan

11. From 2015-16, Commonwealth entities and Commonwealth companies are required to publish corporate plans by the end of August of each financial year (or by the end of February for entities that operate on a calendar year basis).
12. Corporate plans are strategic documents. They describe “the how” of fulfilling an entity’s purposes and – where these have been stated under section 34 of the PGPA Act – the key priorities and objectives of the Australian Government. Every entity and company subject to the PGPA Act is required to produce a corporate plan. Each plan, unless otherwise prescribed by the entity’s enabling legislation, is **required to cover a minimum of four reporting periods** (usually four financial years).
13. The corporate plan is the primary high-level strategic planning document of an entity or company, setting out the purposes and activities it will pursue and the results it *hopes* to achieve in the next four reporting periods. The corporate plan conveys the entity’s or company’s purposes and core activities, including explaining: the environment and context in which it operates; its planned performance; risk profile; and capabilities.

*An entity or company’s corporate plan must be provided to their responsible minister, with a copy provided to the Finance Minister and made available publicly via their website.*

### Annual performance statements

14. Annual performance statements are the mechanism through which Commonwealth entities report actual achievement against planned performance measures outlined in their corporate plans.<sup>3</sup> From 2015-16, the **annual performance statement will replace the “Report on Performance” in annual reports.**
15. The annual performance statement reports against planned performance measures for key activities at the end of each financial year. For example, entities are expected to report in their annual performance statement on any key performance indicators and the results of

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<sup>3</sup> Under the PGPA Act Commonwealth companies are not required to prepare annual performance statements. However, due to section 27A of the PGPA Rule ) companies are required to report, in their annual reports actual performance results against the performance information outlined in their corporate plans.

planned evaluations (if those planned evaluations are due in that reporting period). The level of reporting detail will be influenced by the size, nature and complexity of a specific activity.

16. Key to the annual performance statement is the presentation of an entity's actual performance in fulfilling its purposes, including meeting government policy objectives that relate to it, through its activities. This presentation should be a direct acquittal of the entity's performance measurement and reporting intentions as identified in their corporate plan at the beginning of the reporting period.
17. Section 40 of the PGPA Act allows an annual performance statement to be audited by the Australian National Audit Office. Such audits are at the discretion of the Auditor-General or at the request of the Finance Minister or responsible minister.

*An entity must prepare an annual performance statement as soon as practicable after the end of each financial year. A copy of the annual performance statements must be included in the entity's annual report tabled in Parliament.*

### Annual reports

18. An entity's or company's annual report is a key document under the Enhanced Commonwealth Performance Framework. It includes the audited financial statements of an entity or company and – from 2015-16 – an annual performance statement for entities
19. The annual report continues to be the main document through which its responsible ministers report to the parliament on actual performance. This includes the use of public resources (e.g. as described in the audited financial statements) and the results achieved against the planned performance described in the corporate plan of the entity or company. Sections 46 and 97 of the PGPA Act sets out the timeframe within which annual reports are to be tabled in the parliament.
20. The Department of Finance will continue to work during 2015 to develop rules on the requirements for annual reports under the PGPA Act and provide updated guidance on preparing these reports in 2016 (when, for entities, annual performance statements will replace the report on performance for the first time).

*Annual reports are tabled in the parliament after the end of a financial year.*

### Transitional arrangements

21. Transitional arrangements will be in place for 2015-16 for Commonwealth entities that publish PBSs. The existing framework will remain in place for the 2015-16 PBS with KPIs to be included in an entity's PBS.
22. The 2015-16 Corporate Plan will reflect the first use of the new performance framework with performance information using new flexible arrangements. Annual performance statements published in 2015-16 will represent the first reporting against the new performance measures published by Commonwealth entities in corporate plans.
23. From the 2016-17 financial year all performance information from the PBS will be moved to corporate plans and the requirement to include KPIs in an entity's PBS will be removed. The Department of Finance will update guidance on the preparation of a PBS in advance of the preparation and publication of the 2016-17 Budget papers.
24. It is acknowledged that the transitional arrangements in place during 2015-16 will mean there will be an extra administrative burden on budget funded entities with published performance information in both an entity's PBS and its corporate plan. However, this is a transitional measure that will only be necessary for 12 months. It is being done to ensure that stakeholders see how information previously reported in the PBS is translated across to, and enhanced by, information published in the corporate plan.

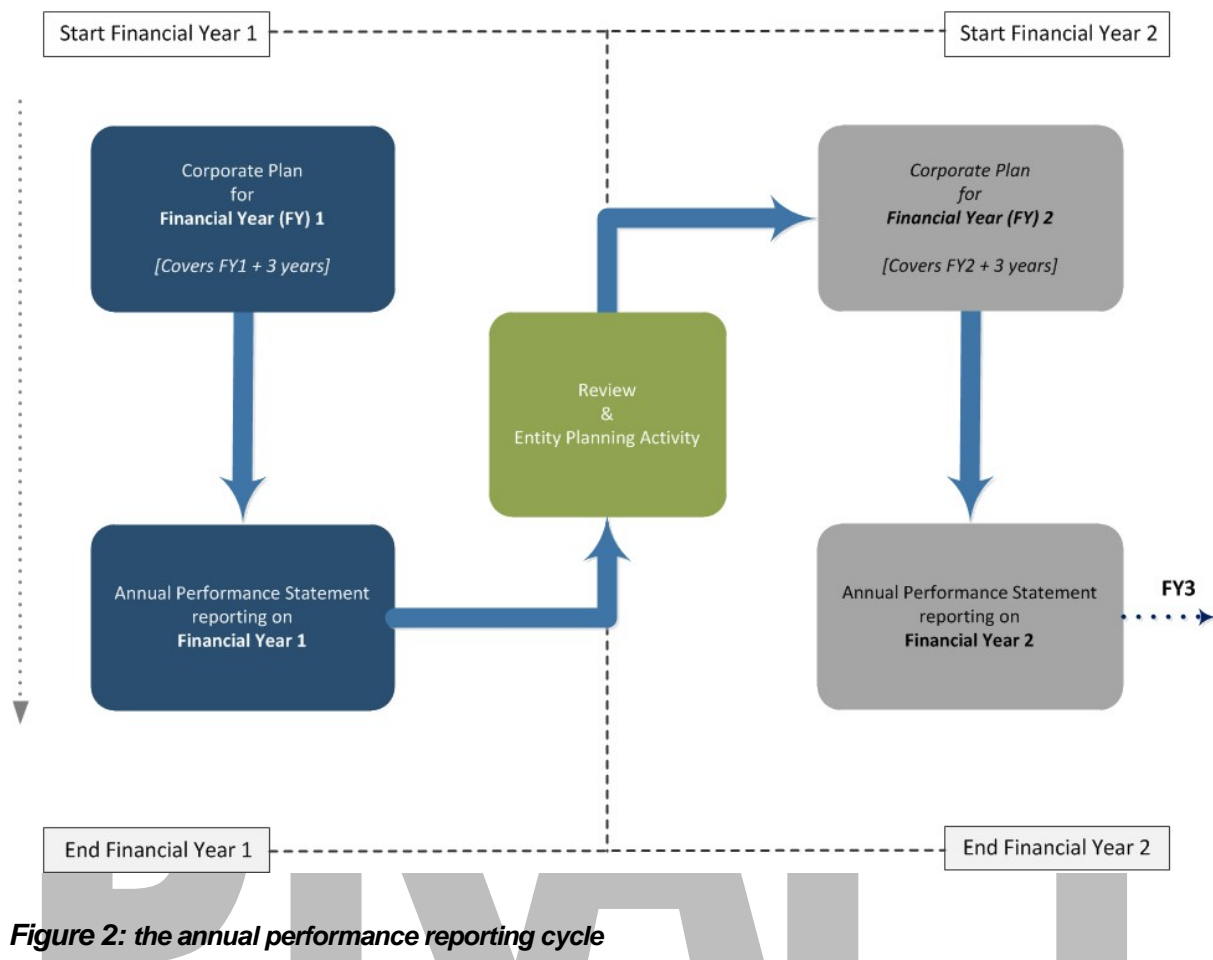
### Relationship with the outcomes and programmes framework

25. Portfolio Budget Statements published by the responsible ministers of Commonwealth entities describe the appropriations requested from the parliament. These appropriations are described in terms of 'programmes' that are aimed towards achieving specific 'outcomes' identified by government (i.e. the 'Programmes and Outcomes Framework').
26. To ensure there is a clear line of sight between the allocation and use of public resources, Commonwealth entities will need to ensure that clear links can be made between the appropriations reported in a PBS and the performance information reported in corporate plans and annual performance statements (this is called a 'clear line of sight').
27. A PBS outcome may be a specific purpose of an entity, or an entity might define its purpose in such a way that it summarises all PBS outcomes. An activity may relate to a sub-programme, an entire programme or a collection of programmes. Similarly, a programme could be delivered through a number of activities (with each activity making a different but specific contribution).
28. The Enhanced Commonwealth Performance Framework gives accountable authorities freedom to decide how they best make the necessary links to its PBS (and the outcomes and programmes framework). Previously, a "one-size-fits-all" approach to the design and use of performance information in the PBS has led to poorly defined and focused performance reporting. This flexibility encourages accountable authorities to adopt performance measurement and assessment methodologies that better assess the results of activities and best tells their performance story. It also acknowledges that accountable authorities are best placed to draw the links (either explicitly or implicitly) between "purposes and activities" and "outcomes and programmes" as these links will depend on the size and complexity of an entity, and the environment in which it operates.

## Part 2 – Improved performance measurement methodology

29. The Department of Finance will issue performance measurement guidance to support the Enhanced Commonwealth Performance Framework. It supports a more sophisticated approach to measuring the results achieved through activities undertaken by Commonwealth entities and companies.
30. Published performance data should provide high-level information about the extent that government policy objectives are being met. It is expected that such performance information will support a more “joined-up” view of government activity. For example, it should provide the parliament and the public with the means to relate contributions by different Commonwealth entities in common policy arenas (e.g. over time we expect that good quality data will allow for linkages to be made between related outcomes in employment, education and health).
31. Performance reporting is about telling a meaningful story about what has been achieved. A good performance story answers the following questions: **WHAT** did we do? And How much? **HOW WELL** did we do it? Who was **BETTER OFF**? And Why?
32. In general, a rich story will draw upon diverse sources for evidence. It will be told at different levels of detail and to different audiences at different times. Accountable authorities should consider how best, and by what method, to demonstrate the performance story of their entity. This story is dependent on the nature, size and complexity of the entity, its purposes and the characteristics of its activities; and this may differ between different entities. As such, accountable authorities need the flexibility to apply a ‘fit for purpose’ approach to their performance measurement. It is critical to tell a performance story that a relevant audience (e.g. the government, parliament, taxpayers and citizens) can understand.
33. The performance measurement guidance issued by the Department of Finance encourages a flexible approach to performance measurement. This flexible approach retains the use of KPIs, recognising that, if well designed, they remain a powerful source of non-financial performance information that can be easily understood.
34. However, the Enhanced Commonwealth Performance Framework also recognises that KPIs (regardless of how much effort is invested in their design and presentation) are not always the best means of monitoring the results of an activity (e.g. especially where it is difficult to measure impact in quantitative terms only). The circumstances in which they provide a complete picture are limited. Entities and companies should use more tools than KPIs to generate better quantitative and qualitative information to provide a better indication of the performance of more complex programmes and activities.
35. These other tools include benchmarking (against relevant best practice); stakeholder surveys (to provide firsthand data on the results of programmes on the intended recipients); peer review (to provide assessments against the experience of those with proven records of delivering similar activities); and comprehensive evaluations (e.g. reviews that draw upon and generate diverse sources of performance information to better understand the overall impact of an activity).
36. The improved performance information generated through these mechanisms is intended to improve the quality of the external reporting information provided to the parliament and the Australian public through the reporting documents. However, performance information necessarily operates at different levels, fulfilling different requirements for different users of the information (e.g. accountability, strategic, tactical and operational users). Good performance information will allow an activity to be understood by different people for different reasons.

## Part 3 – Annual performance reporting cycle



**Figure 2: the annual performance reporting cycle**

37. The annual performance reporting cycle illustrates how the key elements of the Enhanced Commonwealth Performance Framework interact and come together. The cycle begins with the corporate plan detailing a Commonwealth entity or company's understanding of its purposes, the activities through which it will fulfil these purposes and the environment in which it will deliver these activities. The entity's annual performance statements – included in its annual report – reports on whether the activities delivered on planned results and informs planning for the next reporting period.

### Corporate Plan

38. Under section 16E of the PGPA Rule the accountable authority or director of a Commonwealth entity or company must publish a corporate plan by the end of August. This corporate plan updates the previous year's plan by incrementing the four year horizon forward by a year. Because the corporate plan follows the announcement of the Budget for the current financial year, it will necessarily reflect any new Budget decisions (e.g. funding for new activities or savings). It will also reflect any significant changes in an entity's environment or purposes, such as significant changes in economic conditions or machinery-of-government changes.
39. Paragraphs 35(6) and 95(5) of the PGPA Act allows for accountable authorities to vary their corporate plan during a reporting period (i.e. before July of the following period). The case for such variations is left to the discretion of the Commonwealth entity or company, but is expected to be the exception rather than the rule. Circumstances in which variations to corporate plans might be made include significant government decisions (new activities or

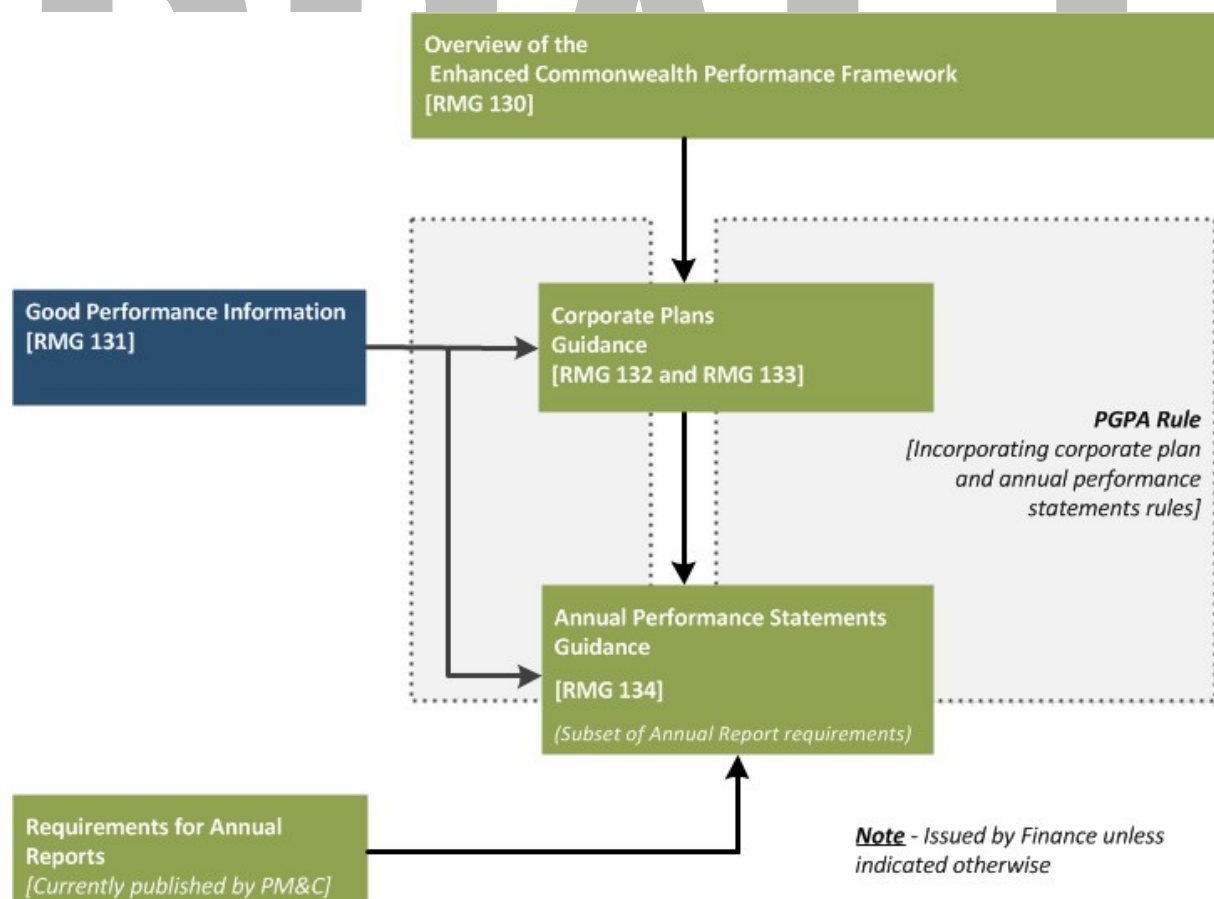


termination of activities) or the emergence of substantial risks not otherwise identified and taken into account.

### Annual performance statement

40. Annual performance statements report on what is achieved through activities in the previous reporting period, and need to be included in annual reports.
41. An annual performance statement **reports on “actual achievement” against the performance measures detailed in a Commonwealth entity’s corporate plan**. It is expected to reflect an entity’s performance, and be supported by more detailed information in the case that the parliament, the government or an audit process seeks to understand an aspect of performance in greater detail.
42. Apart from meeting a requirement to report to the parliament and the public, the annual performance statement published in an entity’s annual report provides information the entity can use to inform its planning for the next reporting period (the next financial year). For example, this could include development of budget proposals, shifting focus to areas of higher risk or shifting effort away from activity identified as delivering marginal value.

## Part 4 – Integrated guidance



**Figure 3: integrated performance framework guidance**

43. This guidance is part of an integrated document set providing information on what is required under the Enhanced Commonwealth Performance Framework. This guide is

intended to meet the need for an “overarching description” of the performance framework. Additional guidance provides further detail on the various elements described above.

### **Preparation of corporate plans**

44. The introduction of corporate plans (under sections 35 and 95 of the PGPA Act) is supported by section 16E of the PGPA Rule and guidance describing the minimum requirements (e.g. information on an entity’s or company’s purpose, environment, planned performance, risk management, resourcing and capability), timelines, publishing and requirements for annual updates.
45. Guidance on the preparation of corporate plans is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance on preparing corporate plans should be read in conjunction with the relevant section of the PGPA Rule (at <http://www.comlaw.gov.au/Details/F2014L00911>).

### **Preparation of annual performance statements**

46. The requirement for annual performance statements – included in annual reports for the 2015-16 financial year – is outlined in section 39 of the PGPA Act and section 16F of the PGPA Rule, and is supported by guidance issued by the Department of Finance. This advice includes providing assistance for Commonwealth entities on what content is required, tabling requirements, auditing requirements and treatment of sensitive information.
47. Guidance on the preparation of annual performance statements is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance should be read in conjunction with the relevant section of the PGPA Rule (at <http://www.comlaw.gov.au/Details/F2014L00911>).

### **Preparation of annual reports**

48. The Department of the Prime Minister and Cabinet (PM&C) provides updated guidance on the preparation of annual reports each year. This guidance includes an explanation of mandatory content (e.g. audited financial statements), structure and formatting. This guidance is developed in consultation with the Parliament’s Joint Committee of Public Accounts and Audit. Annual report guidance also includes the timeline and process for tabling in the parliament.
49. The current PM&C guidance on the preparation of annual reports is available at: [www.dpmc.gov.au/guidelines/docs/annual\\_report\\_requirements\\_2013-14.pdf](http://www.dpmc.gov.au/guidelines/docs/annual_report_requirements_2013-14.pdf).
50. It is expected that guidance issued to support the preparation of 2016-17 annual reports will provide advice on the inclusion of annual performance statements, which will be the first year that these statements are required.

### **The development of good performance information**

51. Guidance on what good performance information “looks like” is available at [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance supports a flexible approach to performance measurement, recognising that quantitative key performance indicator measures will not always be the most effective means of measuring performance.





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

**G**UIDE

# Resource Management Guide No.131

Good Performance Information

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This guide contains material that has been prepared to assist Commonwealth entities and companies to apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies. In this guide the: mandatory principles or requirements are set out as things entities and officials ‘must’ do; and actions, or practices, that entities and officials are expected to take into account to give effect to those principles and/or requirements are set out as things entities and officials ‘should consider’ doing.

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## Audience

This guide applies to accountable authorities<sup>1</sup> of Commonwealth entities, chief financial officers, chief operating officers, programme managers and officers responsible for measuring and reporting on the performance of activities delivered by a Commonwealth entity.

Commonwealth companies may use aspects of this guidance that are relevant to their organisation and that will assist them in developing performance information for their organisation.

The primary focus of this guide is to support good performance reporting in corporate plans and annual performance statements required under sections 35 and 39 of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act). **These requirements apply to Commonwealth entities only.**

**Commonwealth companies** may use aspects of this guide to assist them in meeting their obligation to produce annual corporate plans under section 95 of the PGPA Act and sections 16E and 27A of the *Public Governance, Performance and Accountability Rule 2014* (the PGPA Rule).

## Key points

This guide:

- Emphasises that good performance information is critical to telling a performance story that demonstrates the extent to which a Commonwealth entity meets its purposes through the activities it undertakes.
- Discusses the main considerations to be taken into account when developing good performance information, which include:
  - creating a common understanding of an entity's purposes and the activities through which these purposes are fulfilled;
  - identifying a mix of quantitative and qualitative measures that demonstrate the effectiveness and efficiency with which purposes are fulfilled;
  - the design of appropriate methods to collect and analyse performance information (e.g. through data-mining, benchmarking, surveys, peer reviews and comprehensive evaluations); and
  - presenting information in way that tells a performance story to diverse audiences for diverse purposes.
- Provides links to additional resources for readers that wish to explore concepts in greater detail or identify more technical expertise.

<sup>1</sup> Section 12 of the PGPA Act defines the accountable authority of a Commonwealth entity as the person or group of persons who has responsibility for, and control over, the entity's operations.

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## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au) and relates to other guidance on the Enhanced Commonwealth Performance Framework, including;

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 132	Corporate Plans for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate Plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No.134	Annual performance statements for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>

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## Introduction

### Purpose

The guide is about what **good performance information looks like**. It is about the kinds of information that allows informed judgements about whether an activity is delivering something worthwhile. It is about: what information is relevant in the context in which an activity is delivered; the kinds of information likely to be useful; how to collect rich information; and how to best report information to get the message across.

The advice that follows is intended to **improve the quality of non-financial performance information** available to the Commonwealth, the parliament and the public. Its primary focus is on external reporting performance measures that show how public resources have been applied to achieve an entity's purposes, and what outcomes and impacts have been achieved. However, entities may also choose to use this guide to help drive improvement.

### What this Guide is not

This guide is **not intended to be definitive technical advice** on how to design performance measures. Nor does it prescribe a generic set of standard performance measures to be reported by Commonwealth entities. This is for the technical experts (e.g. evaluation experts) that already exist within Commonwealth entities or external partners (including commercial providers).

More technical information on the general theory of performance measurement (e.g. the use of logic models), formal descriptions of qualitative performance measurement or detailed descriptions of specific measurements approaches (e.g. surveys) are readily available in literature and elsewhere. Whilst not being exhaustive, the Additional Resources section at the end of this guide is intended to help readers explore particular topics in greater depth.

### Background

Accurate and reliable performance information helps officials, ministers, the parliament and the public form judgements on whether **a Commonwealth entity delivers on its intended results**. Performance measurement should be considered a business-as-usual activity. Performance monitoring and reporting that is embedded in the delivery of activities provides information that can be used to continuously improve performance to achieve intended results.

This guide recognises that a one-size-fits-all approach to the design and use of performance information leads to poorly defined and focused performance reporting. It supports flexibility to generate and **maximise the use of diverse data sources** to better assess the results of government activities, given the diversity of government activities and spending. It also emphasises the fact that entities know the most about the activities they deliver and will be well placed to determine at what level of detail information should be rendered.

A more flexible approach to performance measurement builds upon the past use of key performance indicators (KPIs). If well designed and reported, KPIs remain a powerful source of non-financial performance information that can be easily understood and related to the efficiency and effectiveness of an activity. Currently, the quality of KPIs reported by Commonwealth entities is variable and the number is high.

**KPIs alone may not give a full performance picture** where: the effectiveness of activities is hard to measure quantitatively (e.g. policy advice); activities are more complex (e.g. because they address persistent or complex policy problems); when outcomes are best observed over the medium to long term; and when activities require collaboration across diverse entities, including other jurisdictions.

It is likely that the current number of KPIs can be reviewed to reduce their number, and that those remaining usefully complemented with other quantitative and qualitative measures that are better suited to establishing the link between public resources used and results delivered. Other practical measures could include: benchmarking exercises (multi-faceted comparison against an historic data set); surveys to understand impacts on stakeholders; peer reviews that seek assessments from relevant experts; and comprehensive review exercises.

**Good performance reporting is not about the volume of data**, but, rather quality data that can support better decision-making and better assessment of performance. Less can be more.

**Performance reporting must be cost-effective.** Elaborate performance measures are not good measures if the process of collecting, analysing and managing them demands effort that detracts from 'the doing' that contributes to delivering intended results.

**Measures are specific to particular activities**, key stakeholders, and subject-matter. Managers of activities have the greatest knowledge of what those activities aim to deliver and how. However, it is expected that established knowledge, key stakeholder discussion and evolving communities of practice will bring consistency to the measurement of activities, and that existing and highly valued longitudinal datasets will continue to be refreshed.

### Comments on the use of 'purposes' and 'activities'

This guide is primarily focussed on the characteristics of good performance information in the context of the Enhanced Commonwealth Performance Framework. Such information is about the performance of "activities" delivered by a Commonwealth entity to fulfil their "purposes" described in their corporate plans. What represents a discrete activity (or group of activities) is for entities or companies to define, and will depend in the organisation's size, complexity and the environment on which it delivers its purposes.

The guide does not assume that activities and purposes will necessarily equate to "programmes and outcomes" reported by Commonwealth entities in Portfolio Budget Statements (PBS) and other budget documents. How these links are made are left to the discretion of accountable authorities. However, it is acknowledged that there will need to be a clear basis on which to track the purposes reported in corporate plans and annual performance statements, and an entity's programme and outcome framework. This ensures a line of sight between the allocation and use of public resources and the results achieved. An activity may relate to a sub-programme, an entire programme or a collection of programmes.

### The importance of clear purposes and leadership

Good performance is likely to result when purposes of an entity are clear, and senior leaders are able to organise activity around these purposes. Good performance information relies on a common understanding of what is being achieved, and the big things that are important when pursuing intended results. Put another way, performance information will only be as good as the extent to which the purpose(s) of an entity are clearly understood. Ensuring that this understanding is reinforced at all levels with an organisation is a critical role for that organisation's accountable authority and senior managers.



## Tips on navigating this guide

This guide is structured such that, although some may wish to read “cover to cover”, it can also be read in parts that relate to specific characteristics of good performance information and the issues that need to be considered when deciding what information to collect. The following table provides a summary of the various parts of this guide and the circumstances in which they are likely to be of interest to readers:

Part	Purpose	Of interest when...
<b>Part A</b> Fundamental Considerations	<p>Introduces the importance of telling an important performance story and the key considerations that lead to good performance information.</p> <p>Provides background on broad considerations to be taken into account on how to tell this story, including: the characteristics of good performance information, the uses of performance information and what level within an entity to present performance information.</p>	<p>The reader is interested in a quick overview of the kind of things that need to be considered if performance information is to be fit-for-purpose.</p> <p>The reader is interested in what is broadly meant by performance information and what good performance information looks like.</p>
<b>Part B</b> Understanding Purposes and Activities	<p>Discusses the importance of establishing a common understanding of an entity’s purposes and the activities through which they are fulfilled.</p> <p>Introduces the use of logic models to represent how purposes are fulfilled and activities undertaken.</p>	<p>The reader wishes to develop descriptions of purposes and related activities that establish a clear connection with intended results.</p> <p>The reader wishes to establish a logic that identifies the factors critical to achieving intended results.</p>
<b>Part C</b> What Performance Information?	<p>Provides a description of the characteristics of good performance information that supports a meaningful performance story. Includes the distinction between qualitative and quantitative information, and the importance of using a mix.</p> <p>Provides comments on the measurement of effectiveness, efficiency, output and input measures.</p>	<p>When the reader wants to understand the types of things that might be measured, and how information from diverse sources supports a meaningful performance story.</p>
<b>Part D</b> Collecting the Performance Information	<p>What to consider when designing data collection and analysis processes.</p> <p>Describes of the set of flexible collection methodologies promoted under the Enhanced</p>	<p>When the reader wants an overview of the types of information collection methods available, and what information each might deliver.</p> <p>When the reader is interested in</p>



Part	Purpose	Of interest when...
	Commonwealth Performance Framework, including: data-mining, benchmarking, surveys, peer reviews and comprehensive evaluations.	some of the concerns that affect the quality of information collection and analysis.
<b>Part E</b> Telling the Performance Story	<p>Emphasises the importance of telling the story in the right way, to the right audiences.</p> <p>Provides an overview of the PGPA Act requirements to present performance information, including in: corporate plans and annual performance statements.</p> <p>Provides an overview of the use of various modern reporting formats (e.g. balanced scorecards, dashboards, etc.) for presenting complex information.</p>	<p>When the reader wishes to understand the requirements for performance information under the PGPA Act.</p> <p>When the reader wishes to understand what options are available for “getting the message across” to different audiences in different circumstances.</p>
<b>Glossary</b>	Establishes the language used to describe performance information in the Commonwealth.	The reader wishes to understand a term used in this guide.
<b>Additional Resources</b>	Provides resources the reader can use to provide further information or support on concepts presented in this guide (including expert groups with specific technical expertise).	The reader wishes to explore concepts presented in this guide in greater detail.

## Part A – Fundamental Considerations

Good performance information allows **meaningful performance story** to be told.

Performance reporting is about telling a meaningful story about what has been achieved. A good performance story answers the following questions:

1. *Who was **BETTER OFF**? And Why?*
2. ***HOW WELL** did we do it?*
3. ***WHAT** did we do? And How much?*

Under the Enhanced Commonwealth Performance Framework, these questions relate to what difference an entity makes when it fulfils the purposes described in a Commonwealth entity's plan, and how this difference was achieved through the activities related to specific purposes.

Part A introduces the considerations that lead to performance information capable of addressing the above considerations (and which are the main focus of this guide). It also discusses other overarching issues related to the design and use of good performance information, including: what is meant by purposes and activities, the decisions supported by performance information and the interactions between these uses.

### Considerations that lead to good performance information

Being flexible is important when telling a meaningful performance story. A rich story will draw upon diverse sources for evidence. It will be told at different levels of detail and to different audiences at different times. It is clear that the extent to which performance information is **good performance information in specific circumstances** is critical to telling a meaningful performance story in those circumstances.

This guide is focussed on the considerations that are critical to the development of good performance information, summarised as follows:

**Understanding purposes and activities** – creating a common understanding of what the government wishes to achieve is critical for the development of relevant and meaningful information. This relies on dialogue across contributors and stakeholders to identify and test a common understanding of what “success looks like”. It also means that a Commonwealth entity will have settled on descriptions of their purposes (and the activities that contribute to these purposes) that are readily understood and are clear about what will be different when purposes are fulfilled.

**Identifying performance information** – using an understanding of purposes (and the means of delivery) to identify a set of measures capable of demonstrating the extent to which these purposes are being delivered in an effective and efficient manner.

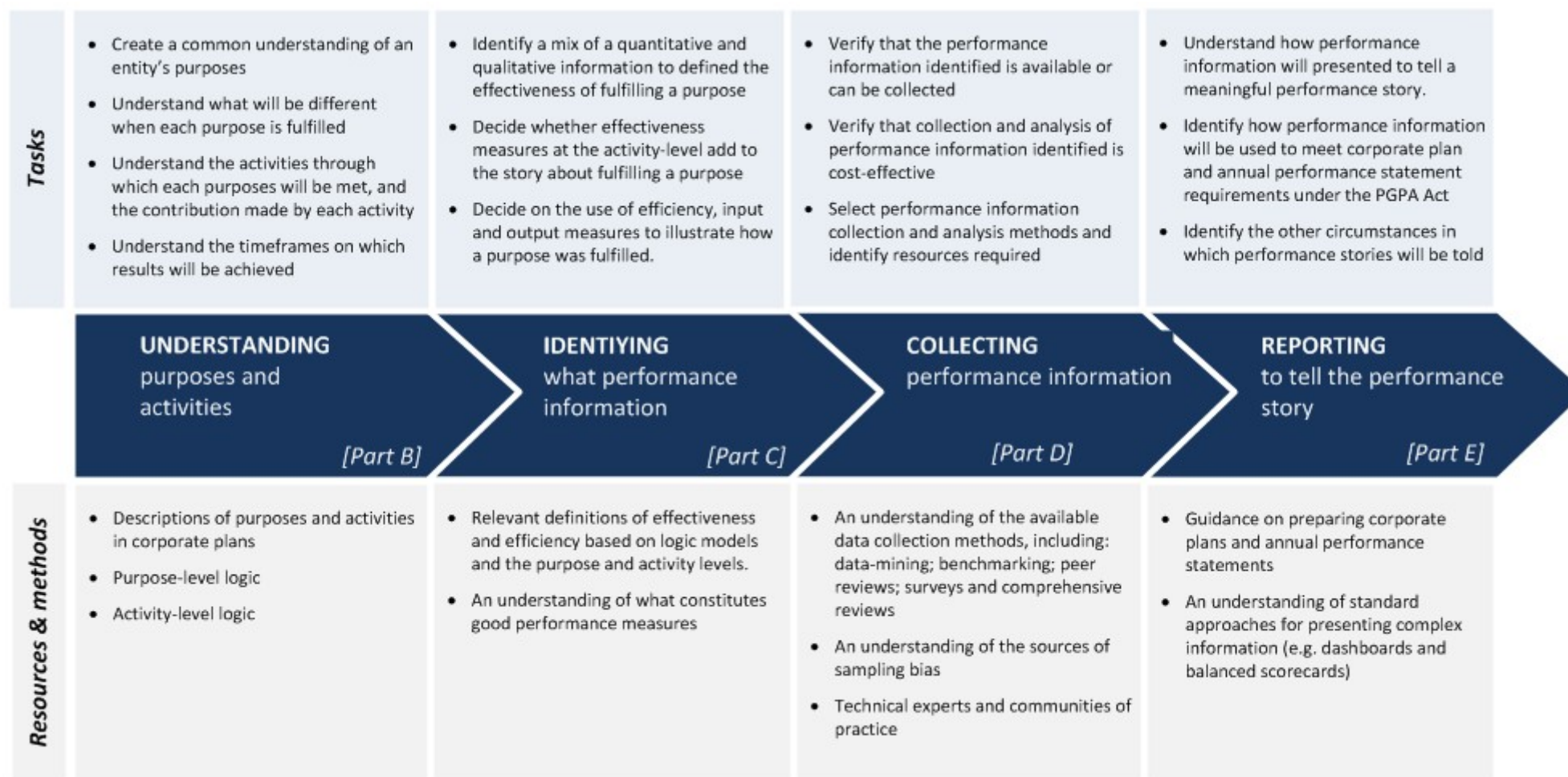
**Collecting performance information** – understanding how to collect and analyse data associated with a measure using quantitative and qualitative means (e.g. the use of KPIs, benchmarking, surveying, peer reviews and comprehensive evaluation).

**Reporting to tell the performance story** – using the data collected for relevant measures to tell the performance story of an activity.

Figure 1 summarises a sequence for taking the above into account. It suggests relevant tasks that might be undertaken, questions that should be asked and resources that might prove useful in answering these questions.

Figure 1 is used to give structure to this guide. It is not intended as a process that – if followed – will yield good performance measures. The purposes for which entities undertake activities are too diverse to guarantee that following a one size fits all process will always work (or work in most cases). Rather, this guide asserts that if the information used to tell a story has taken into account the considerations summarised by Figure 1, then there is a better chance that this information will be good performance information.

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**Figure 1: A sequence for identifying good performance information**

## Purposes and activities

As far as Commonwealth entities are concerned, reporting on performance amounts to telling a story about the achievement of purposes. This is consistent with the framework established under the Enhanced Commonwealth Performance Framework, which implements requirements under sections 35 and 39 of the PGPA Act for corporate plans and annual performance statements.

From 1 July 2015, Commonwealth entities and companies are required to publish four-year rolling corporate plans on an annual basis. Minimum requirements for these plans include a description of the purposes of the entity that delivers on what is expected by government or other key stakeholders. Corporate plans also include a description of the performance measures (quantitative and/or qualitative) that the entity will use to assess its performance against these purposes. Annual performance statements published in annual reports acquit performance against these measures and describe the significant factors that influenced achievement of intended results.

It is expected that the contribution that activities make to the achievement of an entity's purpose(s) will be a good basis for reporting on performance. Performance information developed on this basis focuses on what an activity achieved and the contribution it makes to fulfilling one or more purposes. What counts as an activity is for an entity to decide. An activity may be defined as all the things done to achieve a single purpose. Alternatively a purpose may be achieved through multiple activities, or an activity may make a contribution to one or more purposes.

The choice of what constitutes an activity will determine the level of detail at which performance information is generated and reported. If a purpose is met through a single activity, performance information is likely to be created at a coarser level than if a purpose is achieved through multiple activities. The appropriate level of detail will depend on the circumstances under which a purpose is being met, including its significance (e.g. within the broader whole-of-government context) and complexity. Ideally an activity will be defined in such a way that the level of performance information is sufficient not only to report on high-level achievement, but also provide the more detailed information needed to inform effective management (and continuous improvement).

The description of **purposes and activities** described in a Commonwealth entity's corporate plan and annual performance plan form the **foundation upon which to develop performance information and tell meaningful performance stories**.

## The uses of performance information

Good performance information will allow an activity to be understood by different people for different reasons. The use of good performance information is not limited to accounting for the use of public resources, by demonstrating how they were used to make a difference. Good performance should also inform government decisions about how to allocate public resources across competing priorities, and inform management decisions about how activities are best delivered (e.g. through continuous process improvement).

Figure 2 summarises a hierarchy that provides one of many ways of understanding the various reasons why performance information might be useful (and to whom). This hierarchy is defined in terms of the following four broad categories of uses:

- **Accountability** – demonstrating that the use of public resources makes a difference and delivers on government objectives. This is the level of performance reporting which is the

focus of the PGPA Act, and made public through documents such as corporate plans and annual performance statements.

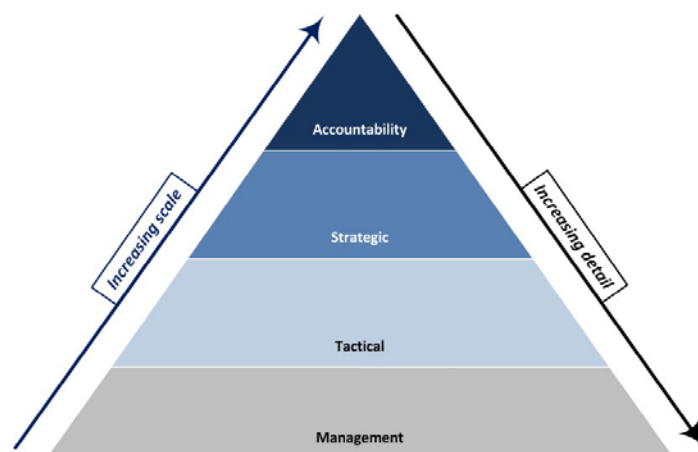
Performance reporting by Commonwealth entities and companies for accountability purposes is of most interest to the parliament and the public.

- **Strategic** – performance information that supports government consideration of how to best deploy limited public resources to achieve its policy objectives. Such information would allow government to understand whether classes of activities contribute effectively to its purposes, and to rank the relative performance of activities competing for the same resources.

Performance information used to support strategic decisions is likely to focus on the entity objectives level, with some ability to relate to performance to the whole-of-government scale. It will be most relevant to ministers and the Cabinet, and to governing boards of corporate Commonwealth entities.

- **Tactical** – performance information that the accountable authority of a Commonwealth entity can use to make decisions about which activities to allocate resources to in order to best achieve the outcomes determined by government. Information for tactical decision-making would ideally allow accountable authorities to understand how the performance of particular activities (or groups of activities) contribute to the achievement of one or more entity objectives.
- **Management** – performance information that allows the managers of activities to understand whether the tasks they have been allocated are providing the results expected by senior managers, and if not, why not. Performance information used for this purpose supports continuous process improvement. Ideally it is shared across an entity, and between entities to help identify better practices.

Figure 2 suggests the appropriate level of detail of performance information will vary with the use to which it is to be put. Information required for making decisions about how to deliver an activity is likely to be at a finer level of detail than that required by ministers to make decisions about resource allocations. Performance information at the top of the hierarchy (e.g. used to demonstrate accountability) will be considered in a broader context, and is likely to be presented at a reasonably high level. (For example, focused on answering the high-level question: who is better off and why?) Ideally, performance information will be able to be put to as many of the uses indicated in Figure 2 as possible.



**Figure 2: Purposes supported by performance information**



## Interactions between the uses of performance information

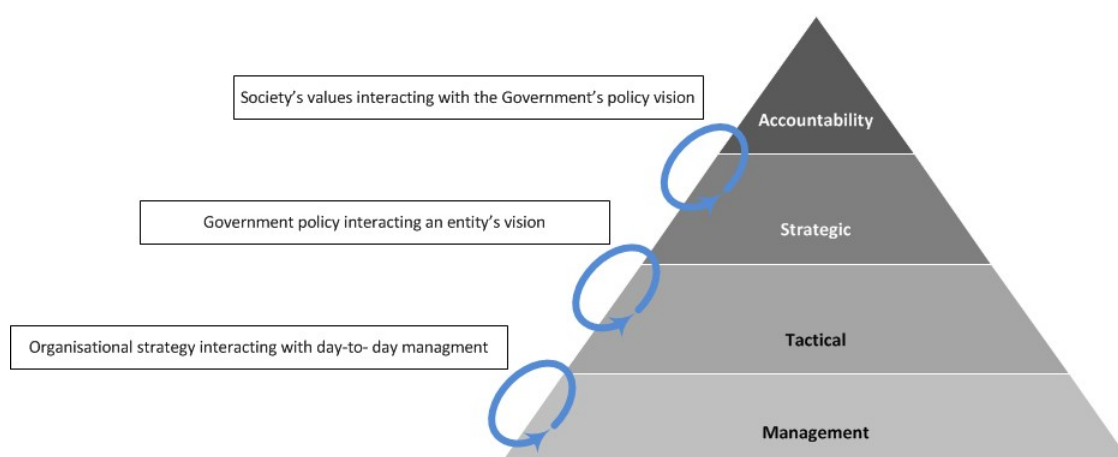
The relationship between the levels of reporting performance shown in Figure 2 is not necessarily linear (and typically will not be). This is because the context in which performance information is used will vary. Depending on the context, the external environment will be combined with performance information in different ways to inform judgements about the effectiveness of an activity (e.g. as shown in Figure 3).

The parliament and public are likely to combine information presented for accountability purposes with an understanding of society's values to form judgements on whether an activity has made any difference. A minister is likely to view the relative merits of activities within their portfolio in terms of the government's priorities and its policy positions.

The contexts in which performance information is used are not only different depending on the purposes for which it is being used (and by whom), they also interact and influence each other. How the public views the performance of an activity in the context of society's values will influence government policy and the priorities a minister gives to different activities. These interactions will flow through the levels of the hierarchy reproduced in Figure 3, and influence decisions down to the base level of how activities are conducted and managed.

Interactions between the uses of performance information are not limited to being "top-down". Interactions also apply in the reverse (or "bottom-up") decisions. Performance information relevant to the management of specific activities flows upwards and informs what is feasible (based on what can be managed and delivered).

The complex interactions between how performance information is used at different levels will influence the development of performance information. Good performance information will need to be useful in different contexts. It will be able to be combined with the experience and concerns of people making decisions at different levels. It may mean that information at a lower level (for operational management purposes) may not be able to be aggregated in a simple way to provide good information at a higher level (e.g. for tactical decision-making purposes). It also means that there needs to be dialogue between the players using performance information at different levels, so that judgements at one level informs what counts for good information at other levels.



**Figure 3: an example of how the uses of performance information might interact**

## Practical Considerations

Apart from the conceptual considerations, there are several practical considerations that will influence the development of good performance measurement. The table below summarises

those considered to be more significant. Many of these considerations are addressed in further detail in the sections that follow.

<b>Data quality</b>	<p>Poor quality (or irrelevant) performance information will compromise the integrity of performance reporting and jeopardise effective management of an activity.</p> <p>Clearly defined purposes, expected results and performance management systems need to be in place to ensure performance information is meaningful.</p> <p>Information needs to be quality controlled to ensure consistency and give assurances that the data is of value.</p>
<b>Cost</b>	<p>Performance measurement must be cost effective. Information must be collected and managed in way that is commensurate to the significance of an activity and its capacity to inform continuous process improvement.</p> <p>Costly measurement frameworks risk detracting from an entity's ability to deliver activities and achieve intended results.</p>
<b>Attribution</b>	<p>Many government activities are delivered in complex environments that are constantly evolving. Limited control over external factors can make it difficult to link the results of particular activity with changes observed in the broader environment.</p> <p>In such cases it may be necessary to just measure the changes observed, and provide evidence that supports a theory that links these changes to the results of specific government activity.</p>
<b>Cross-entity activities</b>	<p>There are many cases when the government requires entities to work together to achieve a particular purpose. Although the entities will often deliver discrete activity components with broader undertaking, performance information that is likely to be of most interest from an accountability and strategic perspective is performance information on whether the common purpose is being achieved.</p>
<b>Results on different timescales</b>	<p>Many activities will deliver different results at different times. Long-term results will be more difficult to measure as they may only be observable once an activity has ended (or has been established over many years). In such cases, it is important to use results observable in the short to medium term to provide confidence that the longer term results will follow.</p>
<b>Durable data</b>	<p>It is often necessary to demonstrate the difference an activity makes over time. In such cases performance information will need to be stable over the period of interest. If the types of information (or method of collection and analysis) vary significantly the ability to make comparisons between different times will be compromised.</p>



## Part B – Understanding Purposes and Activities



An understanding of what difference an activity seeks to make – and how this will be achieved – is critical to telling a meaningful and accurate performance story. It is critical that those involved in activities that deliver on a common purpose have the same understanding of what is aimed for, what will be different when that purpose has been achieved and how the purpose will be achieved in an efficient and effective manner. If a common understanding of how activities will contribute to a purpose is not established at the outset (and sustained) then those involved in delivering on that purpose are likely to aim at different things. This will be at the detriment to the quality of results and will mean that the performance information could be confused and less informative.

Part B provides assistance on how to establish an understanding of the purpose of an activity (or activities) and how to develop an understanding of the elements of activities that influence the development and use of good performance information. This is the first step in the sequence of tasks recommended by Figure 1.

**A common understanding of what is being delivered** by an activity is critical to the development of good performance measures.

### Understanding purposes

Meaningful performance information depends on having a clear and concise understanding on the purpose to be fulfilled, and expressing this understanding in a way that is measurable. The table below illustrates this point by comparing poorly worded descriptions of a purpose with wording that is likely to provide a better understanding of the final state aimed for.

Poorly worded purpose	Better worded purpose
<i>Provide support to regional industry</i>	<i>Encourage further investment in regional areas, that leads to generation of new jobs</i>
<i>Defending Australia</i>	<i>Develop and sustain military capability that meets the government's strategic and operational needs.</i>
<i>Improve health services for serious and life-threatening illnesses</i>	<i>Reduced mortality rates for serious and life-threatening illnesses</i>

A well expressed purpose states the outcomes that an entity seeks to achieve for its clients, customers, stakeholders and the public. Failing to establish or confirm an appropriate understanding of purposes is likely to lead to poorly developed and ambiguous performance information. Such an understanding must be shared by those who contribute to delivering on a purpose – both within a Commonwealth entity and external delivery partners (e.g. state governments and non-government organisations). The understanding of what difference will be made when a purpose is achieved should also be shared with external stakeholders, so that those expecting to benefit have a common and realistic understanding of what will be provided.

### Tips for developing a common understanding of purpose

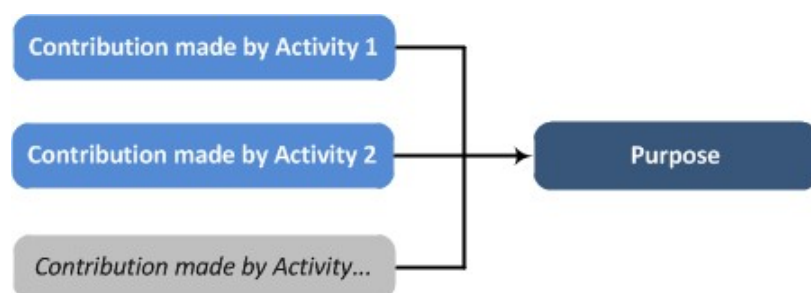
Discussing the following questions with delivery partners and key external stakeholders is likely to assist in establishing a clear and coherent understanding of the purpose (or purposes) to be fulfilled:

- What need is being met? What is the government's role in meeting this need?
- How will things be different when this need is met, and for whom?
- Who needs to be involved in making this difference? How long will it take?
- How can this difference be achieved effectively at the lowest cost?
- When will stakeholders know a significant difference has been made? What will be measurable? What will be observed to have changed?

The importance of understanding purposes collectively cannot be stressed enough. Purposes will be most widely understood in common terms if they are established through dialogue with ministers, senior managers, programme managers and external stakeholders. It is important that this dialogue continue during the lifetime of activities to fulfil a purpose so that it evolves as lessons are learnt from past performance, the external environment evolves and government priorities change. As discussed in the introduction, an entity's leadership has an important role to play in ensuring that a clear understanding of purpose is sustained and is shared by all responsible for fulfilling it.

### Contributions to a common purpose

When a Commonwealth entity's purpose is fulfilled through more than one activity, it is important that the contribution each activity makes is well understood. The combination of contributions made by each activity will be the extent to which the single purpose is met (e.g. as shown in Figure 4). Contributions made by specific activities are likely to impact upon each other as one might need to achieve results required for another to be successful. This interdependency means that – like an understanding of a purpose – contributions need to be understood collectively. This helps ensure that activities are coordinated and that the performance of each can be understood in terms of its contribution to the story that describes the extent to which the common purpose is delivered.



**Figure 4: The link between contributions made by multiple activities and a single purpose**

### Using logic models

A logic model helps understand how a purpose is met through one or more activities. It is a visual representation of how the purpose is being met and seeks to establish a chain of reasoning or a series of "if...then..." statements that connect critical elements. For example, if these public resources are made available, then these things will be produced, and if these things

are produced then this is the difference they will make to those they are provided to. A logic model can help understand what performance information is needed to tell a good story as it can identify the sequence of *causes and effects* that help explain why a purpose was fulfilled to some extent or another.

Figure 5 represents a generic logic model applicable to a purpose met by a Commonwealth entity through a single or multiple activities. It shows that the generic logic that applies to government activities exists at two distinct levels:

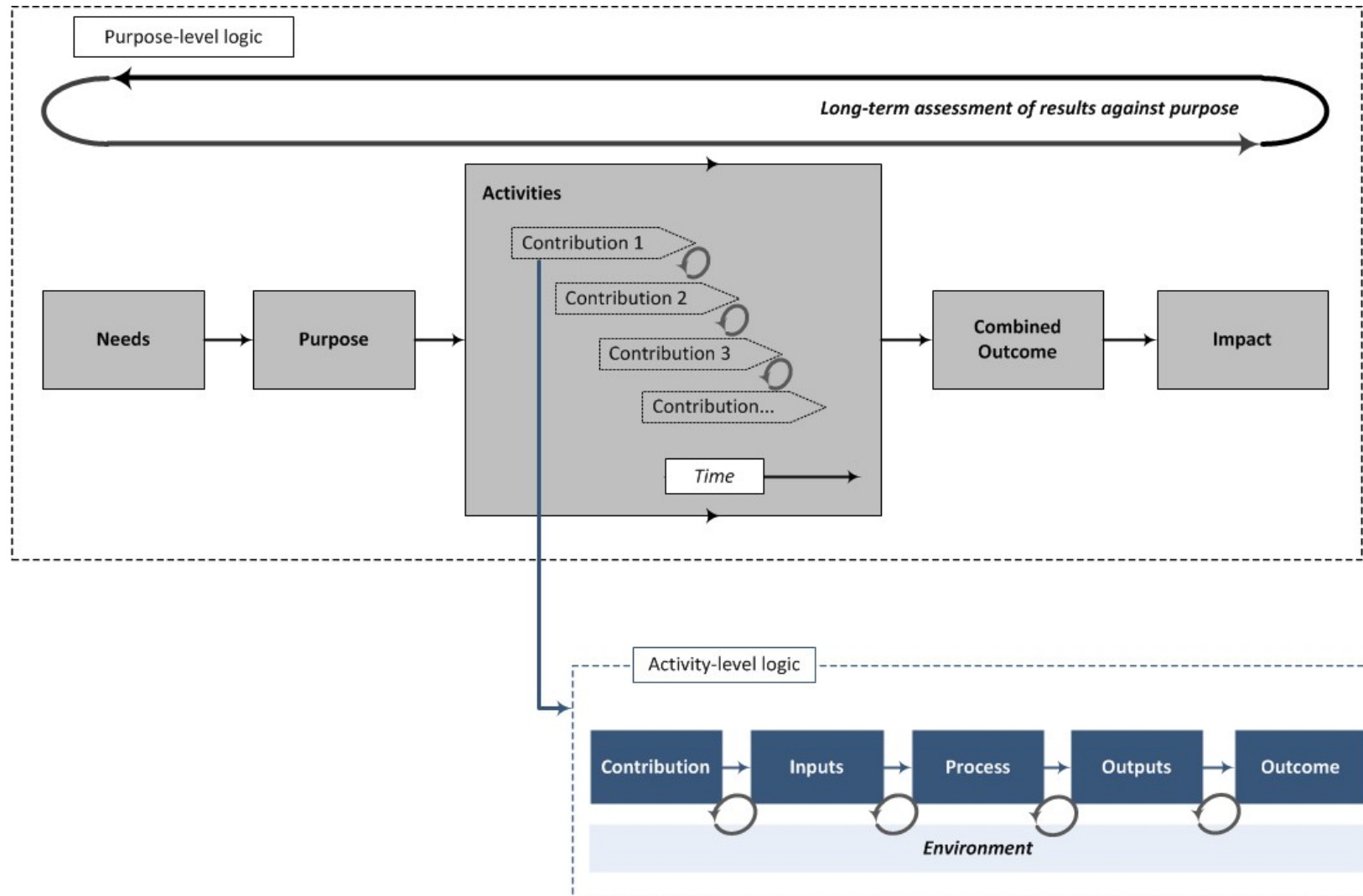
- ***purpose-level logic*** describes how interdependent activities focussed on a single purpose make contributions to achieving that purpose by combining to make a coherent impact on those that have an identified set of needs; and
- ***activity-level logic*** describes the connection between the elements (e.g. inputs, outputs and outcomes) that determine how a single activity makes the specific contribution identified for a specific purpose.

In cases when a purpose is met by one activity, the two levels of logic will collapse into a single layer, with elements combining into a single sequence from needs, to purposes and to impact.

Again, a meaningful logic model will typically be developed in collaboration with all those involved in fulfilling an entity's purpose. A logic model that informs performance should also be dynamic and be revisited at regular times during the lifetime of a specific purpose. This is because a logic model must be relevant to the context in which a purpose is met, and this context is likely to change in response to environmental factors. Such interactions serve to highlight that what counts as performance information should be reviewed regularly, and that it is likely to change as the activities that fulfil a purpose evolve.

#### **Tips for developing a logic model**

- Develop a logic model collaboratively with key programme managers, delivery partners and external stakeholders.
- Ensure clear and concise wording.
- Ensure the inputs, outputs and outcomes:
  - contribute to the achievement of the entity's purpose; and
  - address the gaps between the current and the desired situation.
- The impact environmental factors can have on outcomes should be understood.
- Use 'if', 'then' thinking to describe how change occurs and how the programme activities trigger the change process.
- Treat a logic model as a dynamic model that is informed by consistent environmental scanning to understand the changing context in which a purpose is fulfilled.



**Figure 5: A generic logic model describing the elements that contribute to fulfilling a purpose through multiple activities**

## Purpose-level logic

Purpose-level-logic puts activities in the context of why they are being undertaken and the ultimate difference that are intended to make. The key elements of purpose-level logic shown in Figure 5 are:

1. **Needs** – identifies the issue(s) to be addressed, who benefits and government’s role. For example, the need to assist a region to deal with changes in its economic circumstances (e.g. due to drought or the closure of manufacturing businesses). The primary beneficiaries are the people who live in the region who would benefit from a more vibrant local economy. The government has a role because the market (and the community) alone cannot address the diverse social and economic issues threatening the region.
2. **Purpose** – how the needs identified are to be met and to what effect. In the case of providing assistance to a region the purpose may be to increase and sustain its economic viability. The description could include a timeframe or target against which fulfilling the purpose can be assessed (e.g. significant improvements within three years, followed by a five-year period of sustained economic growth).
3. **Combined outcome** – describes the common effects (or results) that will be made by the activities conducted to meet the purpose. For example, an improvement in the economic conditions of a region receiving government assistance.
4. **Impact** – the ultimate difference made by fulfilling the purpose successfully of achieving outcomes. Compared to outcomes, impacts are measured over the longer term and within a broader societal context (e.g. a region receiving government assistance re-establishes itself as a vibrant community and attracts new business, increases its population and its state government invests in new infrastructure).

At the highest level, performance amounts to an assessment of the extent to which the impact and common outcome achieved through activities fulfills the purpose these activities have in common. It will be an assessment over the lifetime of a purpose and, as such, will change over time as contributing activities mature and the external environment changes.

## Activity-level logic

Activity-level logic describes the elements of the contribution a single activity makes to achieve a purpose. Based on Figure 5, the key elements of a logic model rendered at this level are:

1. **Contribution**– describes what the activity will achieve to help fulfill the purpose to which the activity contributes. In the case of assistance to a region described above, a discrete activity could seek to retrain those left unemployed after the closure of a major employer.
2. **Inputs** – are the public resources (such as monies, property and people) provided to meet the need identified by government and achieve its objectives in meeting this need. For negotiating retraining those left unemployed after a business closure, inputs could include people required to establish and deliver the training programmes, the facilities required to provide training in skills relevant to the region and people willing to be retrained.
3. **Process** – is the ‘things done’ by a Commonwealth entity that makes the contribution specific to a particular activity. For the example of the retraining programme it would include identifying skills that increase employment opportunities, establishing a curriculum for training in those skills, employing teachers, and recruiting trainees.

4. **Outputs** – the tangible “things” (e.g. service, benefit payments, grants made) delivered through the process associated with an activity. The output of training program would be individuals qualified to use their new skills.
5. **Outcome** – the difference made by outputs being provided. The outcome of delivering a retraining programme might be the percentage of trainees re-employed within their region.

Activity-level logic provides the detailed understanding of “*how a purpose*” is fulfilled. It builds on purpose-level logic by providing the ability to drill down why a purpose was fulfilled to a certain observed standard. It does this by providing the information on the mechanics of an activity and factors that affected why an activity made a contribution as expected (or deviated from what was expected).

Activity-level logic also provides the capacity to understand the interactions between specific elements of an activity, and between those elements and the environment. Figure 5 suggests that there is feedback between elements of an activity, and with the environment. For example, experience may demonstrate that the outcome provided by an activity is not making the anticipated contribution to a purpose. In this case, outputs would be adjusted, leading to a change in process and reconsideration of the inputs demanded by this redesigned process. This rethink would also consider whether environmental factors are influencing elements in an unexpected fashion, so that the outcome needs to be pursued differently (e.g. because economic changes have influenced what inputs are available).

### The influence of time

Where multiple activities combine to fulfill a single purpose, the purpose-level logic in Figure 5 shows that the relative timing of these activities will be important. It is likely that activities will be sequenced, and will not always be conducted simultaneously. This is because one activity may depend on another providing something it needs as an input. Also, it means that results will be achieved on different timelines so that the contributions that activities make to provide a combined outcome will be different at different times. The performance story told at a particular time will need to reflect what combined outcome can be reasonably expected from the activities that are relevant up until that time (i.e. the combined outcome will vary over time).



**Figure 6: Short, medium and long-term performance information**

Figure 6 further illustrates the influence that time has on telling a performance story. Short-term activities provide short-term performance information; medium term activities provide medium-term information; and long-term activity provides long-term performance information. A full performance story can be told when information on all three timescales becomes available.

When information on one or more timescales is not available, it should not be substituted with information from another timescale (e.g. medium-term information should not be substituted for long-term information). The information available should be used to tell the performance story as it stands, and to provide confidence that the full performance story will develop over time as expected. For example, a full performance story cannot be told during the initial stages of activity. However, a story about implementation activities being successful can be used to provide confidence that an entity is well-placed to achieve the long-term outcome aimed for.



## Part C – Identifying What Performance Information



One of the biggest challenges is choosing the kind of information that best illustrates whether a particular purpose is being met. This includes identifying past and present performance results, and pointing to potential future performance. Good performance information will draw on diverse sources to support a rich performance story told over time, with quantitative data typically sitting alongside qualitative data.

Part C provides advice on what constitutes good performance information. It assumes purposes are well understood, both in terms of the difference made when the purpose is fulfilled successfully and the mechanics of the activities that contribute to this purpose.

### Learning from experience

In the past, Commonwealth entities and companies have been required to report performance through the use of key performance indicators – presented as quantitative measures of things such as: the number of transactions or client contacts; the cost of an activity (in dollar or FTE terms) and number of people or groups.

The use of KPIs has drawn criticisms related to their capability to provide a comprehensive picture of what was achieved with public resources<sup>2</sup>. These criticisms have included:

- often there has been no link between the KPIs of an entity and what an entity seeks to achieve (i.e. their purposes);
- KPIs have tended to be vague, ambiguous and open to interpretation;
- KPIs have often lacked an indication against which achievements are expected;
- entities have often changed KPIs for an activity from year to year, making it difficult to get a reliable view of performance over time; and
- entities have often used KPIs to measure the use of resources (inputs) or the delivery of outputs, without providing a picture of whether the purposes aimed for are being achieved.

The use of KPIs has focussed on inputs and outputs, rather than outcomes. There has been a tendency to neglect what is achieved, and the difference it makes. Furthermore, the publishing of KPIs has been restricted to publishing data (with little or no explanation) in an entity's PBS. There has been little use of these KPIs elsewhere to tell a performance story, and to support a dialogue of what works well and what does not.

The flexibility to choose performance measures of different types promoted through this guide (and the Enhanced Commonwealth Performance Framework) builds on the past use of KPIs. It provides the means through which multi-faceted performance information can be used, and encourages performance to be regarded from different viewpoints.

<sup>2</sup> See for example: The Australian National Audit Office, *Pilot Project to Audit Key Performance Indicators*, Audit Report No. 21, 2013-14. (available at: [www.anao.gov.au](http://www.anao.gov.au)).

## Good performance information will be a mix of quantitative and qualitative measures

**Quantitative data** refers to observations that are represented numerically, including as a number (count), grade, rank, score or proportion. Standardised test scores, average age, the number of grants during a period, or the number of clients are examples of quantitative data.

Quantitative inquiry emphasises measurement, rather than narrative.

**Qualitative data** is language based and seeks to discover important things that we should understand about human experience, but would not otherwise be known.

Qualitative inquiry involves capturing and interpreting the essence of something in order to reveal its larger meaning. This can involve tapping into the experiences of stakeholders through observation, interviews, focus groups, analysis of documents and storytelling.

Qualitative inquiry can either end with the presentation of case studies and cross-case descriptive comparisons or with explanation of 'why' something has occurred. When answering the effectiveness question, qualitative inquiry provides a deeper understanding of the context and the meanings that people give to the phenomenon they encounter.

Qualitative inquiry emphasises narrative, rather than measurement.

As a general rule, a meaningful performance story will be supported by both quantitative and qualitative information (as identified above). Quantitative information is numbers that typically count things. Qualitative information allows the things counted to be described and given significance, or provide access to things (like the experience of external stakeholders) that cannot be "measured". Quantitative and qualitative information make different contributions to an assessment of performance. A performance story where one is presented without the other is likely to be less convincing than a story that uses one to complement the other.

A good performance measure will often have both quantitative and qualitative dimensions. Take a survey that seeks clients' opinions on whether they derived a benefit from a service provided by a Commonwealth entity. The survey will provide quantitative information which may, for example, identify that 50 per cent of respondents were satisfied with the service provided. However, to be useful, the survey would need to also seek written responses to questions that seek to understand what respondents valued, and what was lacking to cause half of the surveyed group to consider their experiences unsatisfactory.

There may be instances when measuring performance is justified in predominantly quantitative or qualitative terms. (For example, when an activity is purely transactional and performance can be measured in terms of reaching a quota and/or completing transactions within a specific timeframe.) In such circumstances, there may be merit in drawing attention to the reasons why one type of information is preferred over the other (e.g. this could be achieved in an entity's plan). Such commentary would also serve to better place an activity (or activities) in the context in which it is delivered, and indicate the lens through which performance should be judged.

## The features of good performance information

Good performance measures should enable the entity to monitor and manage the performance of activities contributing to a particular purpose. Generally, performance measures should provide information on:

- **The what** - is high-level (and most important) performance reporting that addresses the difference made by activities, and who benefitted. It focuses on achievements against a specific entity purpose – both positive and negative. It focuses on outcomes and impacts



rather than inputs and outputs (e.g. as defined in Figure 5). ‘The what’ informs judgements about the **effectiveness** of activities intended to fulfil a purpose.

“The what” allows stakeholders, the parliament and the public to independently judge an entity’s performance and thus hold the entity accountable for its activities.

- **The how** – is more detailed reporting aimed at understanding the performance reported against a purpose. It provides information on how activities were undertaken and why they made a particular contribution to an entity’s purpose. It will typically include measures of inputs used and outputs delivered. ‘The how’ informs judgements about the **efficient** use of public resources.

“The how” can be used to monitor performance and understand how activities can be improved to make better use of public resources.

As a longer term goal, it is hoped that good performance measures will also facilitate a more joined-up view of government. Ideally, it should be possible to make connections between the performance of activities within common policy areas (e.g. national security, health and education) to understand what works well in different circumstances.

**Good performance measures** will provide **meaningful information** on an entity’s purpose in terms of the effectiveness and efficiency of activities focussed on that purpose.

Although there is no general rule as to what constitutes a good performance measures in all circumstances, the following provides some considerations that are likely to promote performance measures that are (at least) fit for purpose:

- focus on **a small number of high quality performance measures** rather than a large number of poorly framed performance measures (noting that the reported indicators may contain sub-indicators);
- the form and content of the performance measure should provide sufficient evidence to show that the activity is achieving or satisfactorily progressing towards the achievement of the desired outcome;
- the performance measures should be carefully worded to ensure that the results being monitored are specific enough to allow a meaningful discussion of performance.
- good performance measures should have clear and concise wording and be clear about what effects are being observed;
- the performance measures should drive behaviours that will deliver the objectives and outcomes of the activity; and
- a comprehensive and balanced set of performance measures should compare actual performance with expected results.

In cases where activities are delivered in collaboration across different entities, an additional factor is that performance measures reported by each entity should be clearly linked to provide a holistic view of the achievement of the common objective aimed for.

### Focus on quality, not quantity

Good performance information will draw on multiple sources that offer different perspectives on the achievement of the objectives and purposes an activity seeks to achieve. The performance story of an activity is likely to be best supported through a small and diverse set of measures. It is rare that a single measure will do the job.

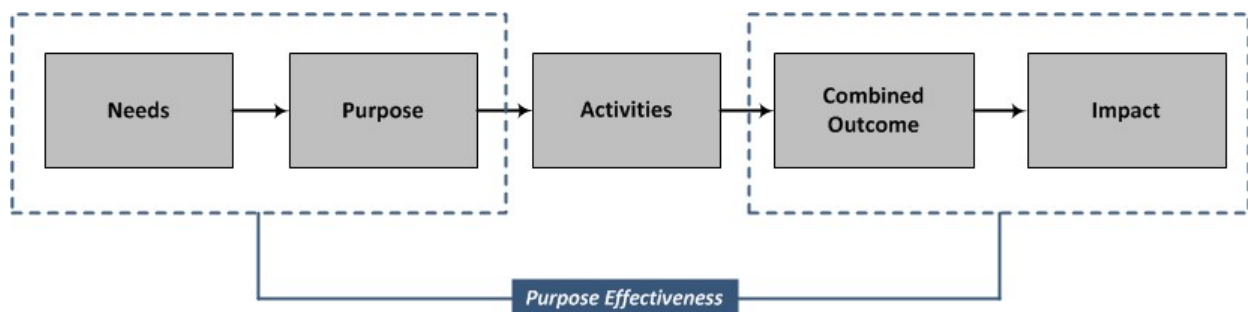
This does not mean to say that the quantity of information is the key. Quality will always take precedence over the volume of data. The best performance information will be provided by the

smallest set of measures that is comprehensive enough to cover the important things that affect an activity's performance.

### Effectiveness – measuring the what

Were right things done with the right effect?

Effectiveness is what the parliament and external stakeholders are likely to be most interested in. At the highest level, it is whether an entity delivered on a purpose as promised (e.g. as described in its corporate plan). In terms of a logic model constructed at the level of a purpose, it compares whether the combined outcome achieved through activities delivers on an entity's purpose towards which those activities are targeted (see Figure 7). Effectiveness informs whether the need (or needs) addressed through a purpose being is met and makes the difference to the right people (i.e. has the right impact over the long term).



**Figure 7: Effectiveness in terms of the achievement of an entity's purpose**

Effectiveness will be suggested by well-worded (and broadly understood) purposes. Examples might include:

- **the change in literacy rates** as a result of activities to meet a purpose focused on raising national reading standards;
- **the change in workplace injuries** as a result of workplace, health and safety regulation;
- **the change in the value of exports** as a result of a negotiation, implementing and managing a free trade agreement with a bilateral partner; and

In cases when effectiveness is represented in quantitative terms, it often requires some or other measurement of the combined outcome of activities. For the example of effectiveness measured in terms of the change in literacy rates, this might require testing people to determine whether their reading meets a minimum level. The number at or above this minimum level would then be compared against a baseline (e.g. before specific activities commenced) to determine the change in literacy rates.

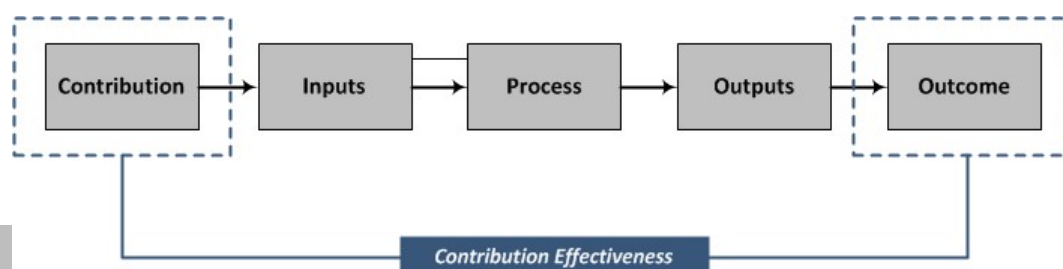
Effectiveness can also be considered in terms of the contribution made by a specific activity (in cases when a purpose is delivered by multiple activities). The effectiveness of an individual activity is defined in terms of the outcome it achieves against the contribution it is intended to make to the relevant purpose (see Figure 8).

For the example of a purpose that seeks to reduce the number of workplace injuries, specific activities and their outcomes might include:

- **safe workplace training** with the outcome that employer and employees understand safe workplace practice and how to manage health and safety risks in their environment;

- **workplace certification** with the outcome that minimum standards of workplace health and safety management are maintained across Australian workplaces; and
- **workplace compliance monitoring** with the outcome that there is an effective deterrent against ignoring health and safety regulations.

Each of these individual activities has their own measurable outcomes against which the effectiveness of the specific activity can be assessed. However, these outcomes interact (in a non-linear fashion) to produce the combined outcome of reducing workplace injuries. This combined outcome relies on each of the individual outcomes being achieved. If one is absent (or achieved to a lesser extent) the others will interact in a different way to produce a different combined outcome. Understanding these individual activity outcomes (and how they interact) can help deepen the understanding of effectiveness at the purpose-level.



**Figure 8: Effectiveness in terms of the contribution made by a specific activity**

Although many of the examples of effectiveness measures offered above are quantitative in nature, it does not mean that effectiveness will always be measured in quantitative terms. For more complex purposes and activities, qualitative information (e.g. to inform a narrative) will complement quantitative measures (e.g. by indicating how results were valued by people). For example, those receiving reading education might be surveyed to understand what difference it made to their lives

### Efficiency, outputs and inputs – measuring the how

Measures of how an activity (making a contribution to a specific entity purpose) was achieved can be used to complement effectiveness measures. Such “how” measures include those that describe the outputs produced (e.g. services), and the use of inputs (public resources consumed).

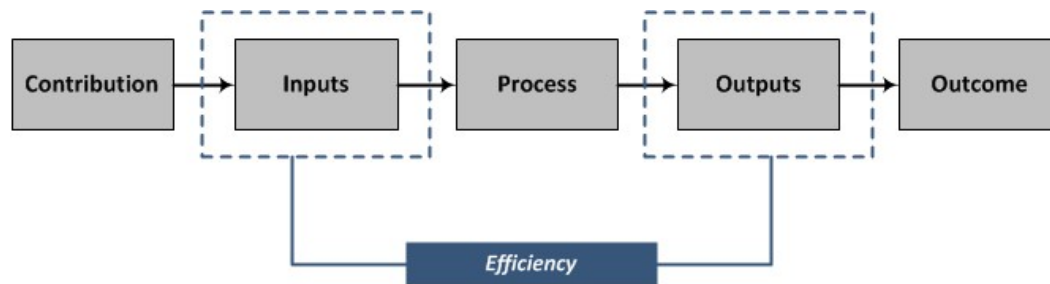
Measuring “the how” is useful when external stakeholders or government wish to understand what influenced the achievement of a reported level of effectiveness. They support a “deep dive” to provide insight into what operational factors are affecting the extent to which an activity (or activities) is being effective. They support the monitoring of activities to allow judgements to be made about how delivery might be improved or inform decisions about the relative distribution of resources between activities delivered by an entity (e.g. the strategic and management use of performance information illustrated in Figure 3).

The table below summarises the definition and key features of common types of information that can be used to inform how an activity was delivered. It is noted that “efficiency” measures are common in the Commonwealth context and, when reported on a common basis (e.g. the unit cost of administering a grant) are often used to benchmark the relative economy of similar activities across diverse circumstances.

<b>Efficiency Measures</b>	<p>Efficiency measures say something about the “process” used to convert input (e.g. dollars or FTE) to outputs. Figure 9 provides a definition of efficiency in terms of a generic logic model. Examples of efficiency measures include: processing cost per grant; cost per benefit payment; FTE per grant provides; minutes per inspection).</p> <p>A programme is efficient when there is reasonable evidence that efficiency measures have been maximised. Such evidence – for example – may be provided through benchmarking that make comparisons across similar activities. It may also be seeking assessments of experts with experience in delivering similar activities across diverse environments.</p>
<b>Input Measures</b>	<p>A key objective of performance reporting is to provide accountability for the use of public resources. Accounting for the inputs used to deliver outcomes related to a specific purpose or activity is therefore desirable. Such accounting provides information on what inputs are purchased with the public resources to achieve specified government objectives.</p> <p>Inputs typically include the financial costs (dollars spent); the human costs (FTEs); equipment (purchase and depreciation), advertising, etc... Such inputs are invariably measured in quantitative terms, and are captured by an entity’s IT systems used for financial, human and project management.</p> <p>Inputs can also be intangible, such as: relationships with stakeholders, reputation, and intellectual property (e.g. an existing brand). These inputs are best described in qualitative terms and are best reported when they are critical to the success of activities (e.g. because they create the conditions under which an activity can succeed).</p>
<b>Output Measures</b>	<p>Output measures typically provide information on the number and quality of tangible outputs (products and services) delivered by an activity. Examples of quantitative measures include the:</p> <ul style="list-style-type: none"> <li>• number of grant applications processed;</li> <li>• number of training hours provided;</li> <li>• number of clients serviced;</li> <li>• number of transactions processed; and</li> <li>• number of briefings or reports produced.</li> </ul> <p>The quality of outputs will typically be determined using a mix of qualitative and quantitative measures. For example, the turnaround times to respond to query may be used to inform the delivery of an advisory service.</p> <p>More qualitative information may, for example, result from surveying recipients of government goods and services (e.g. responses to questions relation to whether recipients were satisfied with the good or service provided).</p>

Efficiency, output and input measures will sit alongside effectiveness measures to add greater detail to the performance story of an activity (where reporting such detail is warranted). There will be some cases, however, when effectiveness information is incomplete, does not exist or is simply too costly to collect. For example, effectiveness measures are unlikely to be measurable during the initial implementation phase of an activity, or when many agencies contribute to a whole-of-government purpose that cannot be expressed in common terms. In such cases, input, output and efficiency measures might be all that is available. When an entity finds itself in this

situation, it should be clear on why effectiveness cannot be measured, and how well-designed input, output and efficiency measures provide confidence that the right “things are being done” (i.e. are suitable proxies for effectiveness).



**Figure 9: Using a logic model to define efficiency**

### Using targets

The use of targets often strengthens judgements about performance. Targets are usually set where there is a clear expectation of the standard to which a purpose is fulfilled (or an activity is undertaken), and comparison against such target is not open to interpretation. Good targets are often:

- ambitious, but possible to achieve;
- clearly defined in terms of data sources (and the limitations of these sources);
- unambiguous (it cannot be interpreted in more than one way);
- can be staged towards an ultimate target (e.g. 100 per cent within 12 months or 25 per cent per quarter);
- consistently phrased in either positive or negative terms; and
- can be easily updated and therefore, elevated, if the target is achieved before the expected timeframes.

While targets should reflect the performance expectations of management, stakeholders, parliament, and the public, these can also be informed by the use of external benchmarks or trends in performance from prior periods or activities. Baseline results achieved before an activity or intervention may also be a useful reference point for new activity.

### Combining performance measures

The types of information and performance information used in particular circumstances will depend on the audience and the decisions being supported. The table below provides the types of measures (e.g. effectiveness, efficiency, output or input) that are likely to be useful in particular circumstances. It is based on the purposes of performance information presented in Figure 2. These include: demonstrating accountability to the parliament and the public; strategic decisions made by government and ministers; tactical decisions made by accountable authorities and senior officials; and the management of activities and purposes.

Performance information use	Performance information types
<p><b>Accountability</b></p> <p><i>Demonstrating that the use of public resources makes a difference and delivers on government objectives</i></p> <p><i>Information relevant to the parliament and the public</i></p>	<p><b><i>Effectiveness measures at the level of a purpose</i></b> to provide information on whether expected results have been achieved (and to what standard).</p> <p>Complex purposes (e.g. delivered through interdependent activities) may be complemented with effectiveness measures at the level of each activity (to provide greater detail on how a purpose was fulfilled).</p>
<p><b>Strategic</b></p> <p><i>Supports government consideration of how to best deploy limited public resources to achieve its policy objectives</i></p> <p><i>Information relevant to government, responsible ministers and the Cabinet</i></p>	<p><b><i>Effectiveness measures at the level of a purpose</i></b> to provide information on whether expected results have been achieved (and to what standard).</p> <p><b><i>Effectiveness measures at the level of each activity</i></b> to provide greater detail on how a purpose was fulfilled.</p> <p>If available and reliable – <b><i>comparisons against activities undertaken by other Commonwealth entities</i></b> and companies (to provide information on cross-entity activity and/or a comparison of similar activities).</p>
<p><b>Tactical</b></p> <p><i>Assists an entity in making decisions about how to best deploy its resources to achieve its purpose(s).</i></p> <p><i>Information relevant to accountable authorities and senior managers</i></p>	<p><b><i>Effectiveness measures at the level of a purpose</i></b> to provide information on whether expected results have been achieved (and to what standard).</p> <p><b><i>Effectiveness measures at the level of each activity</i></b> to understand which are most effective at fulfilling a purpose.</p> <p><b><i>Efficiency measures</i></b> for each activity related to a purpose to understand where opportunities exist to reduce costs.</p>
<p><b>Management</b></p> <p><i>Allows the managers of activities to understand whether they are providing the results expected by senior managers</i></p> <p><i>Information relevant to managers and their staff</i></p>	<p><b><i>Effectiveness measures at the level of each activity</i></b> to understand which are most effective at fulfilling a purpose.</p> <p><b><i>Efficiency measures</i></b> for each activity related to a purpose to understand where opportunities exist to improve processes.</p> <p><b><i>Output measures</i></b> for each activity to understand what is being delivered (and to what quality)</p> <p><b><i>Input measures</i></b> for each activity to understand costs.</p>



## Part D – Collecting Performance Information



Part D provides advice on how to collect and analyse data once the purposes and activities being monitored and reported are well understood and appropriate performance information has been identified.

**Good performance information** must be able to be collected, analysed and managed.

### Good collection methods support good performance information

Good performance information will be able to be collected, analysed and managed. The following considerations are important when deciding how to collect performance information (and what performance information to collect):

- **Availability** – is the information available already (e.g. in existing enterprise management systems)? If not, is it feasible to collect it?
- **Accuracy** – can information be collected accurately? Can it be audited? For example, data may not be accessible or reportable without making omissions to protect sensitivity or commercial confidentiality. In such cases, the remaining data may be compromised to the extent that it does not provide a reliable view of performance.
- **Timeliness** – can information be collected on a timescale that is relevant to the purpose to which it will be put? Information that takes several months to collect and analyse may be relevant to an evaluation towards the end of the life of an activity, but it is unlikely to be useful for day-to-day management.
- **Cost** – What is the cost of collecting information? Are there sufficient resources? The effort required to collect and analyse information should not be disproportionate to the benefit the information provides (i.e. collection and analysis of performance information should not detract from “the doing” of activities).

Information must be able to be managed and analysed. Collecting information using electronic (e.g. web-based) forms that feed responses directly into a spreadsheet or database is likely to be a better solution than a paper-form based solution (where individual responses can be easily separated from a physical file, and errors can occur when information is entered manually into a spreadsheet).

The frequency at which information is collected (and the level of detail required) will also influence how it is collected. Information collected many times may justify investment in systems that allow much of the process to be automated. Such investment is likely to be less cost effective if information is to be collected once and requires greater interaction with those providing the information (e.g. to develop narratives or explore initial responses).

### Sampling bias

When designing an approach to collect and/or analyse information, it is important to consider what bias might be introduced by the collection method. Minimising bias is particularly relevant to information collected and analysed as statistics (where biased data can lead to false averages and false conclusions). Common types of error and bias are summarised in the table below.

<b>Exclusion bias</b>	<p>Occurs when important information is not collected (e.g. adequate information is not collected on activities that make key contributions to fulfilling a purpose).</p> <p>Can be minimised if purposes and activities are well understood and the performance information required has been identified through a rigorous process.</p>
<b>Sampling bias</b>	<p>Occurs when individuals or groups are disproportionately represented in the sample from which information is collected (e.g. when key stakeholders are omitted from the sample group).</p> <p>Can be minimised if an analysis of how the information to be collected is likely to vary across different groups and circumstances, and the sample group is designed to capture these variations.</p>
<b>Interaction bias</b>	<p>Occurs when the system from which information is being collected is aware that it is being observed and changes its behaviour either consciously or sub-consciously (e.g. when people perform differently because they are observed).</p> <p>Can be minimised by ensuring information collection occurs as unobtrusively as is practical.</p>
<b>Perception bias</b>	<p>Occurs when the people collecting information have a bias about how a system should behave or preconceived notion about what the results will be.</p> <p>Can be minimised if independent information collectors are used and/or by making collectors aware of their biases before commencing a collection exercise.</p>
<b>Operational bias</b>	<p>Occurs when due process is not followed when information is collected or errors are made in the recording and analysis of data.</p> <p>Can be minimised if processes for information are well designed and documented, and collectors are well trained.</p>

### Information collection methods

The remainder of Part D provides an overview of the following methodologies for collecting and analysing information:

- **data-mining** – where performance information is collected (or extracted from existing data collections) and presented in numerical form (e.g. an efficiency measure or number of outputs);
- **benchmarking** – where performance information for an activity is collected against some standard (benchmark) for similar activities;
- **surveys** – seeking information from delivery partners and/or external stakeholders to understand the results provided by an activity.
- **peer reviews** – assessments of performance provided by either experts or stakeholders; and
- **comprehensive evaluations** – a more holistic approach to assessing performance that combines information from diverse sources to understand the factors that influence the effectiveness of an activity.



With the exception of data-mining, each of these methodologies combines both quantitative and qualitative information to provide insights into performance. Each is discussed in greater detail below, including through a description of: relevant tools; strengths; limitations; and common approaches to their use.

## Data-mining

Description
<p>Data mining is used to collect and analyse performance information (metrics) that can be calculated using quantifiable data (i.e. numerical data).</p> <p>Such performance information is typically represented as whole numbers, percentages, proportions, trends (e.g. increase or decrease from an established baseline figure), statistics (e.g. average, median, standard deviation) and ranks.</p> <p>Common examples include: the dollar cost of delivering an activity; the number of FTEs required to deliver an activity; the unit cost of providing a service (e.g. cost per transaction); and turnaround times for responding to enquiries.</p>
Typical Approaches
<p>Numerical performance information will often be calculated from existing databases systems, such as: financial management systems; human resource information management systems; project management systems; and customer relationship management systems.</p> <p>Where numerical information cannot be extracted from existing management databases, information may need to be collected from those who deliver and manage an activity, Commonwealth or inter-governmental partners (e.g. state and local governments) and external stakeholders. Ideally, this information would be collected through a well developed and consistent process.</p>
Relevant Tools
<p>Database and management systems expertise to design automated reports that extract performance information that can be easily manipulated and presented.</p> <p>Data analytics, data visualisation and statistical analysis tools that transform raw numerical data into useful performance information (such as trends and averages). Such tools are also useful in testing the quality of data (e.g. through the analysis of statistical variation).</p> <p>Well designed forms (e.g. web or PDF-based) that allow information to be collected in a cost effective and accurate manner.</p>
Strengths
<p>Provides a readily understood measure of performance when well-designed and compared against an unambiguous target. Typically most suitable for quantifying outputs (e.g. number of payments made) and efficiency of activities.</p> <p>Well maintained and stable longitudinal information-sets can provide insights into the effect of an activity over time (e.g. a change in trends can indicate changes in environmental factors).</p>

affecting performance).

Can be relatively inexpensive to collect if information already exists (e.g. in a management accounting database) and reporting can be automated (e.g. produced at a “click of a button”).

### Limitations

Are not well suited to measuring the effectiveness of complex activities (especially when results are based on inter-dependent activities that deliver results on different timescales).

Can be misleading when metrics are poorly designed, ambiguous and not compared against a clear target.

## Benchmarking

### Description

Benchmarking is a means of comparing the performance of activities against similar activities. It is often based on comparisons against a range of quantitative and qualitative information (e.g. cost and customer satisfaction).

Benchmarks for comparison are often constructed from extensive data-sets for classes of activities (e.g. procurement, corporate functions, project management and service delivery).

Benchmarks can be expressed as averages (for numerical measures), percentiles (e.g. the top ten percentile representing best practice) or common descriptions of well performing activities (for qualitative measures).

Repeated benchmarking over the lifetime of an activity can track progress towards achieving a predetermined quality of delivery.

The appropriateness of benchmarking a particular activity (or activities) will depend on the existence (or ability to construct) a benchmarking data-set. Information that allows meaningful comparison of activities (i.e. ‘apples-for-apples’) may not be available. For example, activities may be sensitive and not known publicly (e.g. national security activities) or benchmarking data may only apply to circumstances that do not necessarily take into account the circumstances of a Commonwealth entity (e.g. procurement in the private sector is not subject to the same requirements for public transparency).

### Typical Approaches

Benchmarking will typically consist of collecting information using standard techniques such as: extracting quantitative data from an entity’s management databases; collecting specific information internally; and seeking information from external stakeholders (or clients).

Once collected, information will be subject to some quality assurance and filtering to ensure it can be reliably compared against the benchmark data-set. Once this comparison occurs, results will be presented in terms from variations (e.g. from the data-set average or top ten percentile) for each aspect of activity performance (e.g. cost of IT) assessed.

## Relevant Tools

Information collection tools (such as data extraction from existing databases and information collection forms). Expertise and software systems for analysing data collected and benchmarking sets.

Common datasets that can be used to construct benchmarks. These include those available commercially (e.g. on a subscription basis) or data-sets available publicly (e.g. those published by organisations such as the Organisation for Economic Co-operation and Development).

## Strengths

Can be used to indicate better practice, where comparisons are made against activities that are similar enough to provide close to “ready-made” solutions.

Can provide indication of process improvement achieved if benchmarking is repeated at various times during the lifetime of an activity.

## Limitations

Value will be reduced if benchmarking data-set is only partially relevant to the activity being benchmarked.

Benchmarking can be costly and time-consuming (especially if access to benchmarking data-sets is provided on a fee for service basis).

## Surveys

### Description

A collection method that can be used to collect performance information from activity partners (e.g. other entities or state and local governments) and external stakeholders (e.g. clients and beneficiaries). Is best used where the information sought has a subjective element (e.g. satisfaction with services or impact made) that depends on the opinions and perceptions of individuals (or specific interest groups).

Good quality surveys depend on choosing a sample group (i.e. participants) that is large enough to be representative of the group whose views are being assessed (e.g. customers) and cover the range of circumstances in which an activity is delivered.

Performance information collected through surveys often produces both quantitative and qualitative information.

Examples of quantitative information include customer satisfaction ratings or the percentage of stakeholders that consider an activity (or activities) is making a positive impact.

Qualitative data might include stakeholders’ written explanations of why (or why not) they have a positive opinion of an activity or views on how a service might be improved.

### Typical Approaches

Surveys can collect information through paper-based forms (e.g. provided to participants by mail or email), face-to-face interviews, online surveys and telephone interviews.

Preliminary surveys may be followed up with further interviews with respondents (either all or a subset) to gain a deeper insight into initial responses.

Quantitative data will be analysed using the techniques that might be applied in data mining (see above), including trend and statistical analysis. Qualitative data (e.g. written responses) are typically assessed to indicate emerging themes, issues or controversies that impact upon perceptions of performance and effectiveness.

### Relevant Tools

Electronic forms (e.g. web and PDF-based) to collect data (either completed by respondents or an interviewer). Custom spreadsheets and databases for collating and analysis of responses.

Qualitative analysis software that helps identify and map common themes in written responses to survey questions. Particularly useful when there is a large number of responses to be assessed and/or detailed (lengthy) responses are expected. Such software often implements qualitative (or “mixed”) research methods developed by social science disciplines.

### Strengths

Can provide insights beyond those available using purely quantitative methods (e.g. data mining), especially when the delivery of an activity is dependent on the opinions and specific circumstances of target groups.

Has the ability to provide longitudinal data sets if surveys are repeated over a (statistically) significant period and questions remain stable.

### Limitations

Poorly designed surveys may be open to interpretation, particularly if questions are not specific enough or context (e.g. the interests and circumstances of respondents) in which responses are provided is not clear.

Analysis of qualitative information relies on the expertise and knowledge of assessors (particularly in regard to understanding the circumstances and possible bias of respondents).

Voluntary surveys often illicit low response rates that can adversely affect the quality of responses and performance information produced.

## Peer reviews

Description
<p>Performance information based on assessments of experts or key stakeholders.</p> <p>A review by experts would be expected to provide information of performance based on their knowledge of the 'state-of-the-art' relevant to a specific activity (or activities). For example, IT experts may be asked to assess the delivery of a new software system in terms of cost efficiency, the quality of project management and the quality of the system delivered.</p> <p>Reviews by key stakeholders would rate performance against expectations. Typically, stakeholders invited to participate would be those consulted during the development of an activity, who provided advice on what needs were to be met, how and by whom. Key stakeholders may also include delivery partners (e.g. non-government organisations participating in the delivery of international aid programmes).</p> <p>Like surveys, peer reviews can provide both quantitative and qualitative information. For example, experts may be asked to score performance against their experience of best practice (or key stakeholders may score performance against expectations).</p> <p>Qualitative information may include views on how activities may be improved or the 'state-of-the-art' against which performance is to be compared.</p>
Typical Approaches
<p>Peer reviews conducted by experts will ask for views on performance against specific criteria or terms of reference (e.g. cost, project management or stakeholder engagement). Experts would provide an opinion based on their existing knowledge of the activity (or activities) being assessed. They may be provided with documentation (e.g. project plans, quantitative data or survey results) to support their assessment and key personnel. Reviews may be conducted through interviewing experts (individually or as a group) or by asking for written reports.</p> <p>Reviews based on the views of key stakeholders would typically seek views against specific criteria (e.g. impact or the quality of consultation). Information can be collected through interviews or by written response (depending on the questions being posed and effort stakeholders are willing to contribute). Information can also be gathered through focus group style sessions facilitated by a skilled moderator. Such sessions have the potential to provide a degree of consensus on how key stakeholders view the performance of an activity.</p>
Relevant Tools
<p>Main resources are the skills, experience and knowledge of the experts and key stakeholders from whom assessments are sought. Tools that allow such experts to be identified include access to professional networks, established stakeholder forums and senior public service networks.</p>
Strengths
<p>The view of impartial experts can provide an unambiguous assessment of performance that</p>

takes into account detailed knowledge of the 'state-of-the art' of (more or less) complex activities.

Expert reviews are more difficult to contest if the experts consulted are well-respected and widely recognised as the experts in their fields.

Stakeholder reviews provide rich information about performance against expectations when such information is not readily available through other means.

### Limitations

Suitably qualified experts willing to commit time to reviewing an activity can be difficult to identify. The quality of performance information can be affected by a relatively small sample of opinions.

Experts may be biased towards particular ways of delivering activities that may or may not be relevant to the entity seeking their views. Such biases will affect the quality of performance assessment and reduce objectivity.

Key stakeholders providing views on performance may have a limited understanding of the context in which a Commonwealth entity is required to deliver an activity, or may have developed unreasonable expectations of results to be delivered.

## Comprehensive evaluations

### Description

Comprehensive evaluations can be thought of as a 'deep dive' into the performance of an activity (or activities). They are a comprehensive examination of the significant elements that affect performance and often provide both quantitative and qualitative data to provide a narrative on what an activity has achieved and why.

Comprehensive evaluations are typically aimed at addressing the long-term outcomes of activities (e.g. as illustrated in Figure 6). As such, they are conducted once an activity has reached an appropriate level of maturity. Evaluations on completed activities are often used to demonstrate what was achieved with public resources, or to help inform decisions about the value of establishing similar activities.

Comprehensive evaluations will often be supported by evaluation experts. Such experts will have skills that allow them to identify the sources of information required to address the performance criteria of interest. They will also bring an array of quantitative and qualitative analysis tools that can be applied to assess performance data and create links (e.g. with external factors) that provide a more holistic view of performance.

### Typical Approaches

A comprehensive evaluation is a significant undertaking and would typically be managed as a discrete project with governance oversight and a dedicated project management team.

A comprehensive evaluation will often be preceded by substantial planning, during which discussion with senior managers and external stakeholders would establish the evaluation criteria and terms of reference of the performance review to be conducted. These discussions

could also be used to identify the expertise required to conduct the evaluation and assemble an appropriate review team.

During a review, discussions with senior managers and stakeholders are likely to continue to ensure criteria and terms and reference are being met and to address any issues that arise as information is gathered and analysed. Depending on the extent and complexity of an evaluation, these discussions may occur through a reference group constituted from key managers and/or external stakeholders.

Results of a comprehensive review are likely to be reported through a formal comprehensive report. This report could be published in full or relied on in part (e.g. by reference to key findings) to inform the performance story of the activity (or activities assessed).

### Relevant Tools

The tools and methods relevant to a particular evaluation exercise will depend on the activities being reviewed and the performance criteria assessed. It is likely that the technical experts assembled to conduct a review will be the best placed to identify the tools and methods required. They will also have the skills to use these methods and tools and integrate results into a comprehensive view of performance.

### Strengths

Comprehensive evaluations are the best (and sometimes only) means for assessing the performance of complex activities – especially those that have a large number of interdependent elements delivered by multiple entities.

Data that has been collected through other means (e.g. data-mining, surveys, peer reviews or benchmarking), and at earlier times during the life of an activity, can be re-used as one of the sources that informs a comprehensive evaluation.

### Limitations

Can be costly and time consuming as they require the collection, analysis and synthesis of large amounts of data from diverse sources.

Are only valid for mature activities, or those that have been completed.



## Part E –Reporting to Tell the Performance Story



Part E provides advice on how to use performance information to tell an effective performance story and describes formal performance reporting requirements under the PGPA Act.

### Focussing on effectiveness

A good performance story should focus on **demonstrating the effectiveness** of activities that deliver on its purposes. A good story will be supported by performance information that supports the effectiveness of a purpose, with the effectiveness of specific activities explaining how this purpose was pursued (as discussed in Part C). It is the effectiveness of fulfilling purposes that is most of interest to the parliament and the public, which have the greatest interest in whether an entity is using public resources to make a difference. Other performance information (such as efficiency, output and input measures) may be of interest where they help clarify why a particular level of performance was achieved and help identify how activities might be improved upon or substituted for a new activity capable of delivering more effective results.

### Preparing to tell a story

Performance stories will be told in many circumstances to different people with diverse interests. Although the form of the story will vary, it will generally be useful to consider the following when deciding how to construct a particular narrative:

- **The audience** – who the performance story is being told to. The audience could be the parliament, the public, ministers, key stakeholders, delivery partners (e.g. state governments or non-government organisations) or internal officials responsible for fulfilling an entity's purpose. Different audiences will have different interests and background that influence what knowledge can be assumed and the language used to present performance.
- **The message** – what achievements are to be highlighted or what difference made by activities is to be demonstrated. The message will depend on the purpose for which a performance story is being told. It may be for general information about the operations of an entity or to promote the value of particular activities.
- **The expected response** – what the audience is expected to do with the information provided in a performance story. This includes what judgements they are likely to make (and the impact of these judgements on activities reported on) or what feedback they might provide. More generally, it may be that reporting performance may be targeted at creating confidence in an entity's ability to fulfil its purposes.

Decisions made about the audience, message and expected response will help determine what performance information will be needed to tell a clear and concise performance story. A small set of relevant and high quality information will always be preferred over more detailed data. It is worth keeping in mind the general principle that **more can be less**.

### Presenting performance information

How relevant performance information is presented will also influence the clarity of a story and the extent to which the audience get the right message. Because performance information is likely to be a combination of quantitative and qualitative data, information will often be presented through a combination of graphics and narrative descriptions.

Numerical information will often be best presented in a summary form (e.g. as averages and variations or charts) easily to understand visually. Narratives can often be told through the use



of concrete example (e.g. as case studies of the difference activities made on a particular group of people). Considerations should also be given to how a particular audience is accustomed to seeing information presented. For example, senior managers and key external stakeholder may be use to having information as dashboards or balanced scorecards. Using common reporting methods will help the audience absorb information and make it easier to understand the intended message.

Further information on standard techniques for presenting and discussing performance information is provided in the Additional Resources section at the end of this guide.

## PGPA reporting requirements

From 1 July 2014, Commonwealth entities will have formal performance reporting requirements under the PGPA Act. By the end of August of each year (or the end of February for entities that operate on a calendar year basis) entities and companies will be required to produce a corporate plan covering the current and three forward years (a four year horizon). An entity's corporate plan will include a statement of its purposes, and a description of how it measures its performance against the achievement of these purposes. By October of the year following a given corporate plan, Commonwealth entities will be required to report against these measures through annual performance statements included in annual reports<sup>3</sup>.

Reporting requirements under the PGPA will generally be focussed on ensuring that Commonwealth entities and companies can be held accountable for performance (e.g. by the parliament and the public). Such reporting will inform judgements on the standard at which an entity fulfills its purposes, and facilitate dialogue with the public on how the effectiveness of an entity can be improved and/or reported on.

## Corporate plans

The minimum requirements for performance reporting in corporate plans are defined in the PGPA Rule made under sections 35 and 39 of the PGPA Act (see [www.comlaw.gov.au](http://www.comlaw.gov.au)). The following summarises these requirements as presented in subsection 16E(2) of the PGPA Rule:

Guidance on the development of corporate plans (see [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx)) suggests that the achievement of an entity's purposes should be expressed in terms of activities it undertakes

### *Matters that must be included in corporate plan*

16E(2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
4	Performance	For each reporting period covered by the plan, a summary of: <ul style="list-style-type: none"> <li>(a) how the entity will achieve the entity's purposes; and</li> <li>(b) how any subsidiary of the entity will contribute to achieving the entity's purposes; and</li> <li>(c) how the entity's performance will be measured and assessed in achieving the entity's purposes, including any measures, targets and assessments that will be used to measure and assess the entity's performance for the purposes of preparing the entity's annual performance statements for the reporting period.</li> </ul>

<sup>3</sup> From 2015-16, annual report statements will replace the "report on performance" currently included in annual reports.

to fulfil its purposes. It is for the accountable authority of an entity to decide how activities and at what level they should be rendered. For example, an activity could be mapped to a single purpose, or a purpose could be achieved through multiple activities (or an activity may contribute to multiple purposes).

The guide on corporate plan provides the following advice on how the strategy for assessing the performance of each activity might be presented. This advice suggests that a corporate plan should include a description of performance measures, when they will be reported on, the data collection techniques to be used and any targets the performance measures will be assessed against. Corporate plans should provide a clear link between the activities being measured and the related programmes against which appropriation are reported in an entity's PBS.

Although the above suggests that an activity should be linked to a programme published in an entity's PBS, this is only for the purposes of being able to create a link to the public resources used to fund an activity. There is no expectation that activity performance measures should be capable of describing the performance of a specific PBS programme (or the achievement of a PBS outcome).

### Annual performance statements

The PGPA Rule also specified the minimum requirements for annual performance statements to be prepared by Commonwealth entities and included in annual reports for the year relevant to the corporate plan for which performance is to be acquitted against. Subsection 16F(2) of the PGPA Rule sets out the matters that must be addressed in annual performance statements:

In terms of getting the performance story of an entity across, the *Results* and *Analysis* requirements are most relevant. It is expected that the results section would provide a concise

<i>Matters that must be included in annual performance statements</i>		
16F (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:		
<b>Matters to be included in a Commonwealth entity's annual performance statements</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
1	Statements	<p>The following:</p> <ul style="list-style-type: none"> <li>(a) a statement that the performance statements are prepared for paragraph 39(1)(a) of the Act;</li> <li>(b) a statement specifying the reporting period for which the performance statements are prepared;</li> <li>(c) a statement that, in the opinion of the accountable authority of the entity, the performance statements: <ul style="list-style-type: none"> <li>(i) accurately present the entity's performance in the reporting period; and</li> <li>(ii) comply with subsection 39(2) of the Act.</li> </ul> </li> </ul>
2	Results	The results of the measurement and assessment referred to in subsection (1) of this section of the entity's performance in the reporting period in achieving its purposes.
3	Analysis	<p>An analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period, including any changes to:</p> <ul style="list-style-type: none"> <li>(a) the entity's purposes, activities or organisational capability; or</li> <li>(b) the environment in which the entity operated;</li> </ul> <p>that may have had a significant impact on the entity's performance in the reporting period.</p>

summary of the performance measures for each activity that contributes to a particular purpose (as described in the corresponding corporate plan). This summary could include the assessment of each performance measure (e.g. the value for quantitative measures), the comparisons against any target and variation from the previous reporting period (if relevant).

The analysis section of annual performance statements is intended to provide further detail about what influenced the performance of a particular activity (and its contribution to the relevant entity purpose or purposes). This analysis is intended to provide the performance story behind a particular measure, and allow an interested reader to drill down into the circumstances in which an activity was delivered. The analysis section would include discussion of the environment in which activities were delivered and the factors (both those within and beyond the control of an entity) that had an impact on performance (e.g. machinery of government changes or significant changes in the economy).

The PGPA Act allows for annual performance statements to be audited by the Auditor-General. Such audits can occur at the request of the Minister for Finance of the responsible Minister of the relevant entity.

### Reporting for other purposes

The requirements under the PGPA Act align with use of performance information for accountability purposes shown in Figure 1. As suggested by this Figure performance stories will also be told in other circumstances, to different audiences and in different forms:

- **Strategic performance reporting** – telling a performance story to government and responsible ministers to inform decisions about the allocation of public resources to Commonwealth entities and companies. Relevant performance information will include the effectiveness with which an entity's purpose is met, the effectiveness of activities contributing to these purposes and any comparisons with similar activities focussed on common (or similar purposes).

Strategic performance reporting is likely to be included in Cabinet submissions, briefs to ministers and new policy proposals (e.g. to propose new activity based on the success of past activities).

- **Tactical performance reporting** – telling a performance story to accountable and senior officials to inform the internal allocation of funding across purposes and activities. Relevant performance information will include the effectiveness with which an entity's purpose is met, the effectiveness of activities contributing to these purposes and the efficiency of these activities.

Tactical performance reporting is likely to be included in briefs to accountable authorities, briefs to senior official and internal budgeting documents.

- **Management performance reporting** – information that supports the day-to-day management and continuous improvement of activities that contribute to the purposes of a Commonwealth entity. Relevant information will include the effectiveness and efficiency of activities, the outputs they produce and the inputs they consume.

Performance information for managing activities is likely to be included in updates provided to managers (e.g. as dashboards) or be made available to managers in project management systems (e.g. a performance information database).

Public officials and their entity will also be required to meet various other requirements for performance information to promote achievements and explain decisions (e.g. through media releases, supplementary budget materials and more detailed information published on an entity's website). These other requirements will necessarily include reporting obligations under any enabling legislation applicable to an entity.

### Leveraging information across publications

Most, if not all, entities produce a series of publications beyond their corporate documents (i.e. Portfolio Budget Statements, corporate plans, annual reports) that provide information on the activities and performance of that entity. These publications provide a richer story about an entity than may be expected in its corporate documents.

An opportunity exists under the new framework for entities to leverage that rich source of information when completing their corporate plans and annual performance statements. This can range from a simple link to the document on an entity's website, through to summarising the key aspects of the information stored in those documents. By sourcing this existing information, entities do not have to reinvent the wheel when it comes to performance reporting, and, can tell a far more complete performance story than previously was the case.

DRAFT

## Glossary

<b>Accountability</b>	In the context of this guide, telling a performance story to allow the parliament and the public to make judgements about the use of public resources by Commonwealth entities to fulfil purposes described in corporate plans.
<b>Activities</b>	An activity is a distinct effort of an entity undertaken to achieving a specific result. A purpose (defined below) may be achieved through a single activity or multiple activities. Alternatively, an activity may make a contribution to multiple purposes.
<b>Activity-level logic</b>	Describes the contribution a single activity makes to fulfilling a purpose of a Commonwealth entity by relating inputs and outputs to the specific outcome achieved by the specific activity.
<b>Annual performance statements</b>	<p>Statements prepared by a Commonwealth entity's accountable authority that acquits actual performance against planned performance described in the entity's corporate plan. Annual performance statements are included in an entity's annual report.</p> <p>Copies of an entity's annual performance statement are to be provided to its responsible minister and the Finance Minister. Annual Performance Statements may be audited by the Auditor-General.</p>
<b>Baseline</b>	Information collected before or at the start of an activity (or activities) that provides a basis for monitoring the difference made by that activity (or activities).
<b>Benchmark</b>	<p>A quantitative or qualitative level of performance, which defines best-in-class results. A benchmark is typically applied to a grouping of activities considered similar enough in terms of means and ends to justify direct comparison.</p> <p>Benchmarks are often constructed from statistics for the relevant cohort of activities. They are typically expressed in terms of the value of metrics for organisations representing some top percentile. For example, an activity that sits in the top 5 percentile is better than 95 percent of all activities in the relevant cohort.</p>
<b>Benchmarking</b>	The process of collecting performance information for an activity and comparing it against a relevant benchmark. Benchmarking is often used to assess performance against what is considered to be best (or better) practice for a cohort of like activities.
<b>Best practice</b>	<p>Methods, approaches, and tools that have been demonstrated to be effective, useful, and replicable. The concept of best practice typically relies on the comparison across like activities through a benchmarking exercise.</p> <p>Also referred to as better practice in the context of using</p>

comparisons against like activities to improve effectiveness and efficiency.

**Comprehensive evaluation**

Comprehensive evaluations are typically deep dives into the effectiveness of fulfilling a purpose. They are a comprehensive examination of the significant elements that affect performance. Comprehensive evaluations are often provide both quantitative and qualitative information that illustrates a narrative of what has been achieved, and may be supported by evaluation experts.

**Corporate plan**

The primary strategic planning document of an entity which sets out its purposes, capability and intended results over a four-year horizon. Corporate plans also include descriptions on how the achievement of results will be assessed against an entity's purpose (i.e. a description of planned performance measures).'

Commonwealth entities are required to publish an updated corporate plan by the end of August of each year, and provide a copy to their responsible minister and the Finance Minister.

**Data collection methods**

Methods to collect and analyse information used to form the basis of a performance story. The Enhanced Commonwealth Performance Framework promotes the flexible use of a range of methods that includes data-mining, benchmarking, surveys, peer reviews and comprehensive evaluations.

**Data-mining**

The collection and analysis of numerical performance information that can be calculated using quantitative data (i.e. numerical data). Such performance information is typically represented as whole numbers, percentages, proportions, trends, statistics and ranks.

Data-mining often involves collecting information from existing databases, such as: financial management systems, human resource information management systems, project management systems and customer relationship management systems.

**Effectiveness**

The extent to which a difference is made. At the level of purposes described in a Commonwealth entity's corporate plan, it is the extent to which this purpose is fulfilled and provides the benefits intended. At the level of an activity, it is the extent to which it makes the intended contribution to meeting a specific purpose.

**Efficiency**

Is the unit cost (e.g. in terms of dollars spent or human resources committed) of an output (e.g. a service) generated by an activity. An activity is most efficient when the unit cost of delivering an output at a given quality is a minimum.

**Impact**

The ultimate difference made by fulfilling a purpose defined in a Commonwealth entity's corporate plan. Compared to the combined outcome of activities contributing to a purpose, impacts are measured over the longer terms and in a broader societal context.

<b>Inputs</b>	The public resources (such as monies, property and people) used by a Commonwealth entity to fund an activity aimed at fulfilling one or more of its purposes described in its corporate plan.
<b>Logic model</b>	<p>A logic model can be used to help establish an understanding of how a purpose (of a Commonwealth entity) is achieved through one or more activities. It is typically a visual representation of the causal connection between critical elements such as: needs, inputs, processes, outputs and outcomes.</p> <p>In the context of the Enhanced Commonwealth Performance Framework, logic models exist at two levels:</p> <ul style="list-style-type: none"><li>• <b>Purpose-level logic</b> describes the need being met by a purpose, and how this purpose is fulfilled through activities that produced a combined outcome and impact.</li><li>• <b>Activity-level logic</b> describes the contribution a specific activity makes to a purpose by relating inputs to process, and process to the output and outcomes produced by that activity.</li></ul>
<b>Needs</b>	The reasons why a purpose described by a Commonwealth entity exists, and why government has asked an entity to intervene by fulfilling this purpose.
<b>Outcome</b>	The result of a purpose or activity. At the level of purpose logic, the activities combine to create a common outcome that seek to fulfil a Commonwealth entity purpose. At the level of activity logic, outcomes are the effect of the activity producing outputs that make a difference to an individual or group (e.g. what receiving a benefit payment allows someone to do).
<b>Outputs</b>	The tangible things (e.g. service, benefit payments or grants made) delivered by an activity. The outputs of a trainee programme could be qualified individuals.
<b>Peer review</b>	<p>A method for collecting performance information based on the views of experts and key stakeholders.</p> <p>Where views are sought from experts, their assessment is based on the delivery of an activity with reference to the 'state of the art' relevant to that activity (e.g. IT experts may be asked to provide a view of the delivery of a new software system).</p> <p>Where views are sought from key stakeholders, they could be asked to provide a view on whether activities and purposes met their expectations and had the intended effect on those they represent.</p>



<b>Performance information</b>	Performance information support stories that describe how public resources are used to deliver on a Commonwealth entity's purposes. In general, the performance information used to tell a story about fulfilling a particular purpose will be a mix of quantitative and qualitative elements.
<b>Performance management</b>	The use of performance information to monitor the fulfilment of purposes. In this context, performance information is often used to indicate where the effectiveness and efficiency with which activities are undertaken can be improved (e.g. based on a comparison against best or better practice).
<b>Performance story</b>	<p>A meaningful performance story uses good performance information to answer questions along the lines of:</p> <ul style="list-style-type: none"> <li>• Who was <b>BETTER OFF</b>? And why?</li> <li>• <b>HOW WELL</b> did we do it?</li> <li>• <b>WHAT</b> did we do? And How much?</li> </ul> <p>Under the Enhanced Commonwealth Performance Framework, a story will be told in terms of fulfilling the purposes of Commonwealth entities, and the performance of activities that contribute to these purpose. Such stories will typically be narratives illustrated by quantitative and qualitative information drawn from diverse sources.</p>
<b>Purposes</b>	The purposes of a Commonwealth entity are described in its corporate plan developed and published under section 35 of the PGPA Act. The PGPA Act defines purposes as describing the objectives, functions or role of an entity.
<b>Qualitative information</b>	Language based information that seeks to discover important things about human experience that would not otherwise be known. Qualitative inquiry involves capturing and interpreting the essence of something to reveal its larger meaning. This can involve tapping into experiences of stakeholders through observations, interviews, focus groups, analysis of documents and storytelling.
<b>Quantitative information</b>	Information represented numerically, including as a number (count), grade, rank, score or proportion. Standardised test scores average age, the number of grants during a period or the number of clients are examples of quantitative data.
<b>Sampling bias</b>	Errors that result when information is collected and analysed. Sampling bias may result from neglecting sources of important information, collecting information from an unrepresentative group, when the views of those collecting or analysing information influence results or due to process errors.
<b>Survey</b>	The collection of information from a defined population through interviews, questionnaires or similar methods. Surveys are a popular method for collecting information. They involve asking



questions and obtaining responses from individuals.

Surveys can be used to collect and analyse both quantitative and qualitative information.

**Target**

The expected result, effect or impact of fulfilling a purpose (or of delivering an activity that contributes to a purpose). Targets are usually set when there is a clear expectation of standard to which a purpose is to be fulfilled (or to which an activity is to be undertaken).

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## Additional Resources

### General Resources on Measuring Performance

[The Research Methods Knowledge Base](#) is a comprehensive web-based textbook that addresses all of the topics in a typical introductory undergraduate or graduate course in social research methods. It covers the entire research process including: formulating research questions; sampling (probability and non-probability); measurement (surveys, scaling, qualitative, unobtrusive); research design (experimental and quasi-experimental); data analysis; and, writing a research paper. It also addresses the major theoretical and philosophical underpinnings of research.

[Statistical Society of Australia](#) A network for professionals working, researching, teaching and studying statistics.

[Better Evaluation](#) An international collaboration to improve evaluation practice and theory by sharing and generating information about options (methods or processes) and approaches. The [Rainbow Framework](#) organizes 300+ evaluation options into 7 clusters of tasks.

Wholey, J *et al.* 2010, *Handbook of Practical Programme Evaluation*, Jossey-Bass, San Francisco, pp. 56-79.

ANAO, *Development of Key Performance Indicators to support the Outcomes and Programs and Framework*, Audit Report No. 5, 2011-12.

### Logic Models

The [Define](#) cluster is highly relevant to Step 1 of this Guide. It contains information on understanding how activities work, including information on [Programme Theory/ Logic Model](#).

New South Wales government 2006, *What you do and why – An agency guide to defining results and services: Programme Logic*. Department of Treasury.

Victorian government, *Evaluation Toolbox: Programme Logic*, Department of Sustainability and Environment.

New South Wales government 2004, *Outcome Hierarchy and Programme Logic*, Department of Environment and Conservation, pp. 12, 44-45.

W.K. Kellogg Foundation 2006, *Logic Model Development Guide*.

### Identifying Performance Measures

[Determine what 'Success' looks like](#) in the [Frame](#) cluster looks at positive outcomes and impacts and considers 'What is good, better, best?', 'Have things improved or got worse?' and 'How can they be improved?'

[Value for Money, Economy and Effectiveness](#) provides definitions of economy, efficiency and effectiveness relevant in the public sector context.

Doran, G. T. (1981). There's a S.M.A.R.T. way to write management's goals and objectives. *Management Review* (AMA FORUM) 70 (11), pp. 35-36.

## General Information on Data Collection Methods

Frame considers the boundaries of the evaluation - its purposes, key evaluation questions and the criteria and standards to be used.

Describe is concerned with data collection and retrieval for understanding what is happening with the activities, results and implementation context. Information about sampling; data collection from individuals, groups, physical measurement and documents; managing, combining and analysing data; and displaying data visually is provided;

Understand Causes considers what is causing the outcomes and impacts; and

Synthesis looks at how to combine data to form an overall assessment of the Programmes successes. It includes processes and approaches for bringing data together. It also looks at how findings can be applied to other contexts or in the future.

Report and Support Use cluster is relevant to Step 4 of this Guide. It looks at the content, sharing, and use of reports during the initial planning of the evaluation.

## Benchmarking

<http://www.apqc.org/> - An online benchmarking resource.

<http://www.benchmarknet.com/> - An online benchmarking resource including a large range of downloadable benchmarking reports.

<http://benchmarkingnetwork.com/> - An online benchmarking resource including a large range of downloadable benchmarking reports.

<http://www.bpir.com/benchmarking-what-is-benchmarking-bpir.com.html> - A membership based performance improvement online resource including good information on benchmarking.

[http://www.dpmc.gov.au/consultation/aga\\_reform/docs/benchmarking\\_australian\\_government\\_KPMG.pdf](http://www.dpmc.gov.au/consultation/aga_reform/docs/benchmarking_australian_government_KPMG.pdf) - A benchmarking report prepared for the Australian government.

<http://www.charteredaccountants.com.au/~media/Files/News%20and%20media/Reports%20and%20insights/Benchmarking%20Strategies.ashx> - A benchmarking guide published specifically for the Australian public service.

Jeffrey J. Dorsch, Mahmoud M. Yasin, (1998) *A Framework for Benchmarking in the Public Sector: Literature review and Directions for Future Research*. International Journal of Public Sector Management, Vol. 11 (2/3), pp. 91 – 115.

The Research Methods Knowledge Base is a comprehensive web-based textbook that addresses all of the topics in a typical introductory undergraduate or graduate course in social research methods. It covers the entire research process including: formulating research questions; sampling (probability and non-probability); measurement (surveys, scaling, qualitative, unobtrusive); research design (experimental and quasi-experimental); data analysis; and, writing the research paper.

## Surveys

<https://whatisasurvey.info/overview.htm> - An easy to read guide based on an original document published by the US National Opinion Research Center.

<http://www.cadsr.udel.edu/sqa/> - An archive of surveys used by a large range of organisations and shared as an online resource.

<https://explorable.com/course/the-survey-guide> - An easy to follow users guide to surveys.

## Peer Reviews

<http://www.oecd.org/site/peerreview/> - The OECD approach including guidance. Focuses on information sharing and benchmarking.

[http://www.keepeek.com/Digital-Asset-Management/oecd/economics/peer-review\\_9789264099210-en-fr#page6](http://www.keepeek.com/Digital-Asset-Management/oecd/economics/peer-review_9789264099210-en-fr#page6) - A review of the OECD approach.

## Comprehensive Evaluations

[American Evaluation Association](#) An international professional association of evaluators devoted to the application and exploration of programme evaluation, personnel evaluation, technology, and many other forms of evaluation provide a range of evaluation publications and resources.

[Australasian Evaluation Society](#) A member based organisation which exists to improve the theory, practice and use of evaluation in Australasia for people involved in evaluation including evaluation practitioners, managers, teachers and students of evaluation, and other interested individuals.

Australian Productivity Commission report on [Better Indigenous Policies: The Role of Evaluation](#).

[Beginner guides to evaluation](#) A series of [basic guide handouts](#) designed as an introduction to evaluation for those without technical backgrounds.

[Better Evaluation](#) An international collaboration to improve evaluation practice and theory by sharing and generating information about options (methods or processes) and approaches.

[The Rainbow Framework](#) organizes 300+ evaluation options into 7 clusters of tasks.

[European Evaluation Society](#) Promotes the theory, practice and utilization of high quality evaluation in Europe and beyond. Useful evaluation [resources](#) include [Online handbooks and texts](#) and [Multilingual Glossaries on Evaluation](#).

[Department for International Development \(UK\)](#) study dealing with the difficult methodological and challenges in evaluating the impacts of international development policies [Broadening the Range of Designs and Methods for Impact Evaluations](#).

[Free Resources for Methods in Programme Evaluation and Social Research](#) Provides links to information about programme evaluation. The focus is on "how-to" do programme evaluation and social research: surveys, focus groups, sampling, interviews, and other methods.

[IEG](#) One of the largest independent evaluation groups of its kind, The Independent Evaluation Group within the World Bank plays a leading role in the evaluation community and the development field. Resources include

- [Evaluation Capacity Development website](#)
- [Transforming Development Through Evaluation \(IEG blog\)](#)
- [IEG Data and Ratings](#)
- [Monitoring and Evaluation: Some Tools, Methods and Approaches](#)
- [Conducting Quality Evaluations Under Budget, Time and Data Constraints](#)
- [Writing Terms of Reference for an Evaluation: A How-To Guide](#)
- [Designing a Results Framework for Achieving Results: A How-To Guide](#)

[International Initiative for Impact Evaluation](#) 3ie is an international grant-making NGO promoting evidence-informed development policies through funding impact evaluations and systematic reviews that generate high quality evidence on what works and why. Resources include newsletters, publications and discussion blogs.

[OECD Development Assistance Committee \(DAC\)](#) framework for evaluating the results and effectiveness of development policies and programmes consists of quality standards, general principles and advice on specific types of evaluation: [Quality Standards for Development Evaluation; Summary of Key Norms and Standards in Evaluating Development Co-operation; and Glossary of Key Terms in Evaluation and Results Based Management](#).

[USAID Learning Lab](#) offers many resources including [Complexity-Aware Monitoring Discussion Note](#) provides cutting-edge solutions to monitoring complex aspects of strategies and projects.

[University of Wisconsin](#) Programme Development and Evaluation unit provides training and technical assistance to plan, implement and evaluate high quality educational programmes. Available materials include [logic model](#) example and templates.





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

**G**UIDE

# Resource Management Guide No.132

Corporate plans for Commonwealth entities

DRAFT

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This guide contains material that has been prepared to assist Commonwealth entities apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies. In this guide the: principles or requirements are set out as things entities and officials 'should' do; and actions, or practices, that entities and officials are expected to take into account to give effect to those principles and/or requirements are set out as things entities and officials 'should consider' doing.



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## Audience

This Guide applies to accountable authorities of all Commonwealth entities. The Guide is also relevant to chief financial officers, chief operating officers and their units in all Commonwealth entities (entities). It is also intended to support officers managing the activities of the entity.

## Key points

This Guide:

- gives guidance on the obligations of accountable authorities under sections 35 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) respectively to prepare a corporate plan for an entity; and
- provides information on the minimum requirements, as prescribed by the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) in sections 16E, for corporate plans published by entities.

This Guide comes into effect on 1 July 2015 when the amendments to the PGPA Rule 2014 take effect.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au) and relates to other guidance on the Enhanced Commonwealth Performance Framework, including;

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 134	Annual performance statement for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good performance information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
	Guidance on the preparation of annual reports	<a href="http://www.dpmc.gov.au">www.dpmc.gov.au</a>
	Commonwealth Risk Management Policy	
	Better Practice Guide – Risk Management	
	Commonwealth Government Business Enterprise – Governance and Oversight Guidelines	
	Regulator Performance Framework	

## Part 1 – Introduction

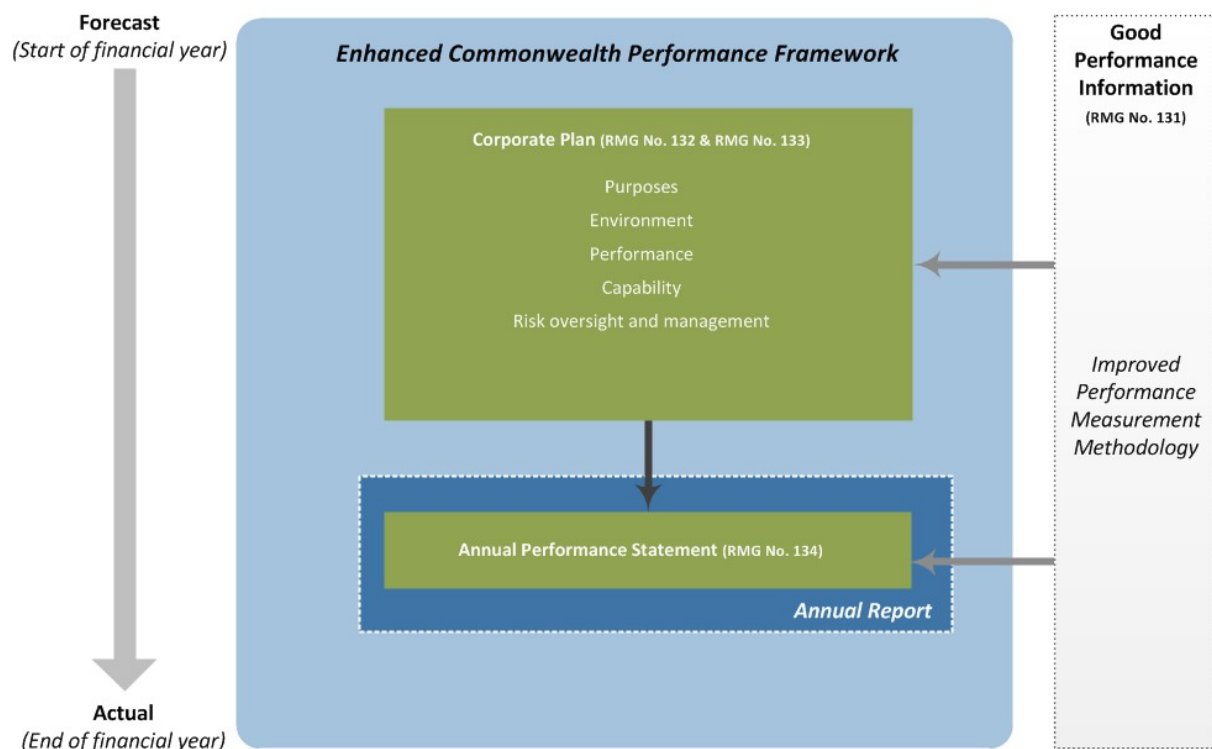
1. Among the objectives of the PGPA Act are “to establish a performance framework across Commonwealth entities” that provide(s) meaningful information to parliament and the public (section 5). The PGPA Act (section 35) requires all Commonwealth entities subject to the Act to prepare and publish corporate plans. Many Commonwealth entities already undertake corporate planning and publish their plans, either to meet the requirements of their enabling legislation or as a matter of better practice. Sections 16E of the PGPA Rule now establish a minimum set of requirements for all corporate plans<sup>1</sup>.
2. A corporate plan is designed to be the principal strategic planning document published by an entity. It should set out clearly what an entity will do to achieve its purposes and how it will know that it has achieved its purposes in a given period. A corporate plan should inform the reader about the range of current and planned significant activities that the entity will undertake over the period of the plan. It is the responsibility of the entity to decide at what level information should be rendered to give the most appropriate and best quality insight into how its significant activities, and the results measured for these activities, deliver upon the purposes of the entity.
3. The minimum inclusions which entities are required to address in a corporate plan are set out in section 16E of the PGPA Rule:
  - The **purposes** of the entity;
  - The broader **environment** within which it works;
  - A summary of planned **performance** of the entity (and any subsidiary that go to achieving its purposes);
    - Including details of methodology, data and information that it will collect to measure and assess its performance;
  - Its **capability and the strategies** it will implement to achieve its purposes; and
  - **Risk oversight and management** systems.
4. This Guide provides information on the minimum requirements for corporate plans, as set out by the PGPA Act and the PGPA Rule. The guidance recognises that it is the accountable authorities of entities who are responsible for development and tailoring of their corporate plans to meet their individual circumstances.

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<sup>1</sup> An entity's enabling legislation (or existing practices) may already address the production of corporate planning documentation that addresses the minimum requirements of the PGPA Act and PGPA rule corporate planning requirements. However, these documents may be known by other names (e.g. strategic plan, etc).

## Part 2 - The role of the corporate plan in the Enhanced Commonwealth Performance Framework

5. The corporate plan is the principle strategic planning document of an entity, setting out the purposes and significant activities it will pursue and the results it intends to achieve in the next four reporting periods. The corporate plan conveys the entity's purposes and significant activities, including explaining: the environment and context in which it operates; its planned performance; risk profile; and capabilities.
6. The corporate plan is the first of the two core elements of the Enhanced Commonwealth Performance Framework. The corporate plan encapsulates how the entity plans to deliver on its purposes in a given reporting period, which is then followed (at the end of the period) by the annual performance statements, which provides information about the entity's performance in achieving its purposes. The figure below shows the entirety of the Enhanced Commonwealth Performance Framework, its two core elements and the annual cycle.



**Figure 1: The Enhanced Commonwealth Performance Framework**

7. The Enhanced Commonwealth Performance Framework is built on three main concepts; the **entity, purposes and activities**. At its most basic, the framework is focused on each entity covered by the PGPA Act. For each entity the framework requires the identification of purposes. The purposes of an entity detail what its role, function and expectations are. Lastly the framework focuses on the activities of the entity, that is, its core areas of effort/actions that it undertakes to pursue and fulfil its purposes. Key to the corporate plan is the identification and documentation of the entity, its purposes and the activities it intends to undertake to fulfil them, thereby setting the basis for the entity's performance measurement and reporting.

8. For an entity, many of the minimum content requirements established for its corporate plan are linked to content requirements for its annual performance statement (see PGPA Rule section 16F and Resource Management Guide no. 134 *Annual performance statement for Commonwealth entities*). The annual performance statement (which is to be included in each entity's annual report) acts to complete the reporting cycle, as entities report the actual results achieved within the reporting period against the planned performance set out in the corporate plan.
9. The corporate plan is designed to allow the entity to present strategic planning information rendered at the level of detail it believes provides the most appropriate for its stakeholders. That is, provided the minimum requirements of the PGPA Rule are met, the corporate plan is expected to show how its purposes are intended to be fulfilled by the significant activities undertaken by the entity over the period of the corporate plan. The entity should describe its significant activities and associated planned performance measurement of these activities at the level that best informs the reader of the result(s) that the entity intends to attain over the periods of the corporate plan.

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## Part 3 – Duties of the accountable authority

### *Public Governance, Performance and Accountability Act 2013: Part 2-3 (Planning, performance and accountability), Division 2, Planning and budgeting*

#### **35 Corporate plan for Commonwealth entities**

##### *Commonwealth entities*

- (1) The accountable authority of a Commonwealth entity must:
  - (a) prepare a corporate plan for the entity at least once each reporting period for the entity; and
  - (b) give the corporate plan to the responsible Minister and the Finance Minister in accordance with any requirements prescribed by the rules.
- (2) The corporate plan must comply with, and be published in accordance with, any requirements prescribed by the rules.
- (3) If:
  - (a) a statement of the Australian Government's key priorities and objectives is published under section 34; and
  - (b) the purposes of the Commonwealth entity relate to those priorities and objectives;then the corporate plan must set out how the activities of the entity will contribute to achieving those priorities and objectives.
- (4) However, if the Commonwealth entity has enabling legislation, then subsection (3) applies only to the extent that compliance with that subsection is not inconsistent with compliance with that legislation.

##### *Subsidiaries*

- (5) If the Commonwealth entity has subsidiaries, the corporate plan must cover both the entity and its subsidiaries. In particular, for each subsidiary the corporate plan must include details of any matters prescribed by the rules, so far as they are applicable.

##### *Variation of the corporate plan*

- (6) If the accountable authority varies the plan, the authority must comply with any requirements relating to variations of corporate plans that are prescribed by the rules.

## Part 4 – Key priorities and objectives of the Australian Government

### *Public Governance, Performance and Accountability Act 2013:*

#### **34 Key priorities and objectives of the Australian Government**

The Australian Government may, from time to time, publish a statement setting out its key priorities and objectives.

10. The PGPA Act (subsections 35(3)) requires a corporate plan to include an explanation of how their activities contribute to achieving the Australian Government's priorities and objectives. This applies where a statement is made by the Australian Government under section 34 of the PGPA Act. However, entities that have enabling legislation should note that this requirement only applies to the extent that compliance with subsection 35(3) is not inconsistent with compliance with their own enabling legislation.

## Part 5 – Portfolio Budget Statements

11. The majority of Commonwealth non-corporate and corporate entities receive some level of appropriation funding. As a result, they appear in the Portfolio Budget Statements (PBSs) that accompany the annual Appropriation Acts for a financial year<sup>2</sup>. PBSs are where responsible Ministers describe to parliament what is going to be done with the monies appropriated by parliament.
12. Within the Commonwealth Performance Framework, entities' corporate plans are intended to be informed by their PBSs. Outcome, programme, resourcing and expense information serves to inform entities of their purposes. However, an entity's purposes may be wider and more complex than reflected in their PBS and, as such, consideration of other factors (e.g. enabling legislation, the administrative arrangements order, statements of government priorities, etc) should be taken into consideration.
13. To ensure there is a clear line of sight between the allocation and use of public resources, entities should ensure that links can be made between the appropriations reported in the PBS and the performance information outlined in corporate plans. How the content of the PBS is integrated into corporate planning is at the discretion of the entity, but this should be done in a way that best represents the entity, its purposes and the significant activities it will undertake to fulfil them.

<sup>2</sup> A Portfolio Budget Statement is produced for every appropriation bill where a Commonwealth entity within a portfolio is appropriated an amount by the parliament.

## Part 6 - Subsidiaries

### *Public Governance, Performance and Accountability Act 2013: Part 2-3 (Planning, performance and accountability), Division 2, Planning and budgeting*

#### 35 Corporate plan for Commonwealth entities

##### *Subsidiaries*

- (5) If the Commonwealth entity has subsidiaries, the corporate plan must cover both the entity and its subsidiaries. In particular, for each subsidiary the corporate plan must include details of any matters prescribed by the rules, so far as they are applicable.

14. The PGPA Act requires a corporate plan to cover both the entity and any subsidiaries they may have. In particular, the PGPA Rule (section 16E (2) item 4 Performance (b)) requires that the corporate plan provide a summary of how any subsidiary of the entity will contribute to achieving the entity's purpose.
15. In practice, an entity's corporate plan will incorporate the activities of their subsidiaries; however, this may not require their specific identification in the corporate plan. Entities should determine if the separate identification of a particular subsidiary's activities is required, on a case by case basis. This determination should be based on the significance of the subsidiary's activities and the effect they have on the fulfilment of the entity's purposes. Where the activity of a subsidiary has a significant effect on the fulfilment of its purposes then an entity should specifically address this in their corporate plan.

## Part 7 – Overview of the corporate plan

### What is a corporate plan?

16. The corporate plan is the primary strategic planning document of an entity, setting out the objectives and strategies it is to pursue in achieving its purposes over at least four reporting periods. The majority of corporate plans will be public documents<sup>3</sup>. The corporate plan should convey the entity's purposes and significant activities, explain the environment and context in which it operates, its planned performance, risk management and capabilities.

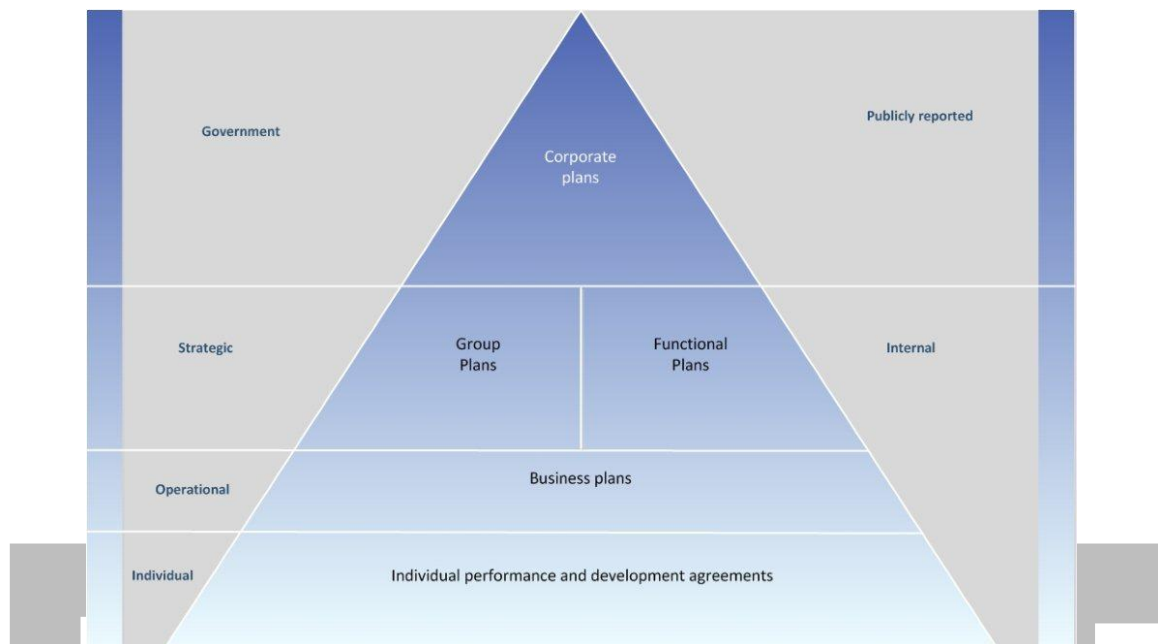
### The apex of entity planning

17. The corporate plan published by a Commonwealth entity should be a high-level document. It will be informed by the entity internal planning processes. The corporate plan should represent only the pinnacle or apex of an entity's annual planning processes in the reporting period.

<sup>3</sup> Most corporate plans will be public documents. However, some circumstances plans will contain commercially sensitive information or information on national security matters and may necessitate the publication of a modified corporate plan. For information on the publication of corporate plan please see part 12 of this guide.



18. The size and nature of an entity determines the breadth and complexity of its internal planning processes and, by extension, the nature and content of its corporate plan. In many cases, corporate plans will be informed by strategic, operational and even individual planning processes within an entity.



**Figure 2: Generic organisational planning hierarchy**

19. The figure above illustrates a generic entity environment in which the 'internal' planning processes underpin and support the 'publically reported' corporate plan. Planning processes at a strategic (e.g. group and functional plans), operational (e.g. business plans), and individual (e.g. individual performance and development agreements) levels fulfil specific planning requirements within an entity. These plans are often too detailed and unsuitable to release publically and for some entities contain information that is sensitive from a national security or commercial perspective. Accordingly entities are not expected to directly publish this content, however, corporate plans are expected to be informed by these processes.
20. The operation of an entity, and by extension, its internal planning processes are likely to be complex. Internal planning processes are subject to many factors and forces. Each internal planning process's nature, structure and presentation will be dependent upon the type of process and the context in which it is being undertaken. The corporate plan should be informed by these processes; although it is not expected that there will be a simple linear progression between internal planning processes and the content of the publically reported corporate plan.
21. Each entity needs to decide how their internal planning processes may be best used to deliver upon the requirement of the corporate plan, giving the best quality insight into its purposes, significant activities and intended results. This is unlikely to be a simple summation of internal planning.

## Part 8 – Minimum requirements of the corporate plan

### Period of corporate plan

#### *Public Governance, Performance and Accountability Rule 2014:*

#### **Division 1—Planning and budgeting**

#### **16E Corporate plan for Commonwealth entities**

##### *Period corporate plan must cover*

- (1) The corporate plan for a Commonwealth entity must cover a period of at least 4 reporting periods for the entity, starting on the first day of the reporting period for which the plan is prepared under paragraph 35(1)(a) of the Act.

Note: Paragraph 35(1)(a) of the Act requires that the corporate plan for a Commonwealth entity be prepared at least once each reporting period for the entity. This means that the plan must cover the reporting period for which the plan is prepared (which will be the first reporting period covered by the plan) and at least the following 3 reporting periods.

22. Every entity subject to the PGPA Act is required to produce a corporate plan. Each plan, unless otherwise prescribed by the organisation's enabling legislation, is **required to cover at least a minimum of four reporting periods** (usually four financial years). The first of these four reporting periods is known as "the reporting period for which the plan is prepared under paragraph 35(1)(a) of the Act" for entities. The four year horizon for a corporate plan allows for the entity to outline their medium-term strategic direction, including detail about its significant activities, resourcing and risks. It allows for an entity to identify the key challenges, decision points and any trade off that may be required in achieving its purposes over multiple years.

23. The PGPA Rule sets the minimum term that is covered by the corporate plan. However, it does not preclude an entity from producing a corporate plan that addresses a period longer than four reporting periods; should this best address the specific requirements of the entity.

24. Subsection 16E(1) of the PGPA Rule states that the corporate plan for a Commonwealth entity must be prepared at least once each reporting period. As a reporting period is usually a financial year, this means that the corporate plan must be prepared each financial year. The plan must start on the first day of the reporting period to which it is related. Subsection 16E(7) allows for a corporate plan to be varied during the reporting period (see Part 11 of this guide for guidance addressing variation of a corporate plan).

### Minimum requirements of the corporate plan

25. The requirements for corporate plans set out in the PGPA Rule are intended to be the minimum set of requirements for all corporate plans. There are six core minimum requirements for corporate plans in section 16E(2) of the PGPA Rule, which are:

1. *Introduction (statement of preparation and period of coverage)*- **Part 8 (a)**
2. *Purposes*- **Part 8 (b)**
3. *Environment*- **Part 8 (c)**
4. *Performance* - **Part 8 (d)**
5. *Capability*- **Part 8 (e)**
6. *Risk oversight and management* - **Part 8 (f)**

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## Part 8 (a) - Introduction (statement of preparation and period of coverage)

### ***Public Governance, Performance and Accountability Rule 2014:***

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
1	Introduction	<p>The following:</p> <ul style="list-style-type: none"> <li>(a) a statement that the plan is prepared for paragraph 35(1)(b) of the Act;</li> <li>(b) the reporting period for which the plan is prepared;</li> <li>(c) the reporting periods covered by the plan.</li> </ul>

26. The corporate plan must include an introductory statement that contains three elements:

- a statement that the plan has been prepared for subsection 35(1) of the PGPA Act in the case of a Commonwealth entity. The statement may also refer to any other legislation applicable to the preparation of the corporate plan of the entity;
- specification of the reporting period for which the corporate plan is prepared (usually the first financial year of the minimum four financial year period covered by the plan) e.g. 2015-16; and
- specification of the reporting periods covered by the plan, a minimum four reporting periods which the plan addresses (usually four financial years) e.g. 2015-16 to 2018-19.

#### **Example statement of preparation**

I/We, as the accountable authority of [organisation title] present the [minimum 4 year period or longer, if preferred] [entity name] corporate plan, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* and [reference to provision(s) of other applicable legislation]. The plan is prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.

## Part 8 (b) - Purposes

### *Public Governance, Performance and Accountability Rule 2014:*

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

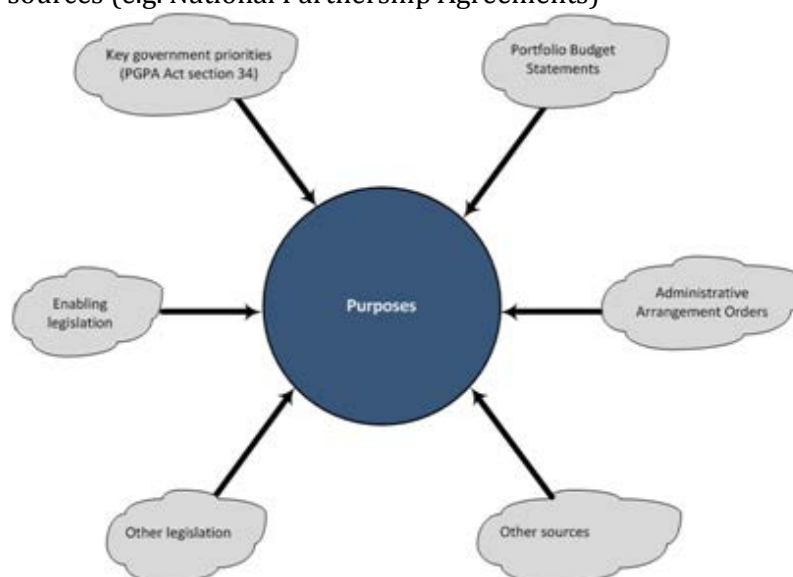
Matters to be included in a Commonwealth entity's corporate plan		
Item	Topic	Matters to be included
2	Purposes	The purposes of the entity.

27. The corporate plan will include a statement that explains the entity's purposes over the next four years.

28. The PGPA Act defines purposes as including "the objectives, functions or role" of an entity. As such, the aim of the purpose statement is to give context to the significant activities which the entity will pursue over the period covered by the corporate plan.

29. Accountable authorities are subject to many factors that determine purposes of their entity. When constructing their purposes statement entities should consider all factors that contribute to their purposes; such as:

- Key government priorities and objectives (statements made under section 34 of the PGPA Act);
- Portfolio budget statements (outcomes and programmes);
- Enabling legislation of the entity;
- Administrative Arrangement Orders;
- Other relevant legislation;
- Other sources (e.g. National Partnership Agreements)



**Figure 3: Factors that contribute to the purposes of an entity**

30. The purpose of an entity should be stated in a strategic, relevant and concise manner. Whenever possible, it should be relevant for the medium to long term, not merely transitory or a list of short term expression of goals. Nevertheless, it may address the significant activities of the entity within the reporting period and talk about the higher level results that its significant activities are expected to achieve, including the wider social, economic, and environmental effects that are intended to be realised by the entity.
31. The statement may include key priorities and objectives (that are relevant to the entity) that have been included in a statement of key priorities and objectives published by the Government under section 34 of the PGPA Act. Subsection 35(3) of the PGPA Act requires that if a statement of the Australian Government's key priorities and objectives is published under section 34 of the PGPA Act, and the purpose of the Commonwealth entity relate to those priorities and objectives, then the entity corporate plan must set out how the significant activities of the entity will contribute to achieving those priorities and objectives. Subsection 35(4) says that if the entity has enabling legislation, then subsection 35(3) applies only to the extent that compliance with that subsection is not inconsistent with the compliance of that enabling legislation.
32. Entities may also address other legislative requirements and other specified outcomes, targets or directions of Government that they may be subject to. These inclusions should be balanced against the interests of keeping the purposes statement concise and coherent.
33. Part 5 of this guide discusses how the purposes statements in the corporate plan of an entity could relate to the outcomes statements and programme descriptions contained in the entity's Portfolio Budget Statements, where one is produced.

### **Purposes statement**

Entities may consider the following information in formulating their purposes statement, which should be strategic, concise, and relevant for the medium to long term:

- The purposes ascribed to the entity in existing authoritative documents: e.g. by the parliament in any enabling legislation; by COAG or Joint Ministerial Councils; in the outcomes statements of appropriations legislation and Portfolio Budget statements; and in descriptions published in the Administrative Arrangements Order.
- Role of the entity expressed through published documents like annual reports or previous corporate plans (can be expressed as vision, mission, aspirations or values).
- The primary functions and responsibilities of the entity and the aims and goals it plans to achieve or progress in the years ahead, including key priorities and objectives that are relevant to the entity that been included in a statement of key priorities and objectives published by the Government under section 34 of the PGPA Act (subject to the provisions to subsection 35(4) of the PGPA Act.
- The results the entity intends to achieve through its significant activities.

## Part 8 (c) - Environment

### *Public Governance, Performance and Accountability Rule 2014:*

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
3	Environment	The environment in which the entity will operate for each reporting period covered by the plan.

34. The corporate plan will include a statement that addresses the environmental context in which the entity operates (currently and over the period of the plan). The environment statement should detail the nature and intricacies of the environment in which the entity operates. This could include demographic, geographic or time related issues that impact on the entity, and (if relevant) the regulatory or competitive environment that it operates within. Where there are dependencies on other things happening, including possible spill over and flow on effects from other events, these could also be mentioned.
35. An entity could also address the main external and internal factors that affect or influence its performance. By way of example, the entity may describe the conditions, circumstances and trends that could impact on, or affect, its capacity to achieve its purposes, and/or impact the demand for, or supply of, services. These may include macroeconomic and microeconomic factors (productivity, efficiency, labour supply, and revenue), administrative factors (legislation, regulations, and Government policy), technological factors (computer software and automation), and social factors (changes in consumer preferences or environmental trends).
36. Where some of these environmental issues related to the risks faced by the entity, these should be identified in a way that allows for a clear read between this item and item 6 of section 16E(2) of the rule (see part8(f) of this guide on risk).

#### **Environment statement**

To assist in the explanation of the environmental context, and its potential effect on performance, entities may consider and address these factors (and their ability to respond to these factors) in their environment in three possible broad categories:

- **Factors in full control of the entity** – factors in the environment that the entity can respond to, on an as needed basis, entirely addressing its effect on the achievement of any desired result.
- **Factors in partial control of the entity** - factors in the environment that the entity is able respond to, and have limited affect upon, but that may be leveraged or utilised, in some way, to affect a desired result.
- **Factors beyond the control of the entity** – factors in the environment that the entity cannot respond to or affect, but which still substantially contribute to its capacity to deliver the desired result.



## Part 8 (d) - Performance

### ***Public Governance, Performance and Accountability Rule 2014:***

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

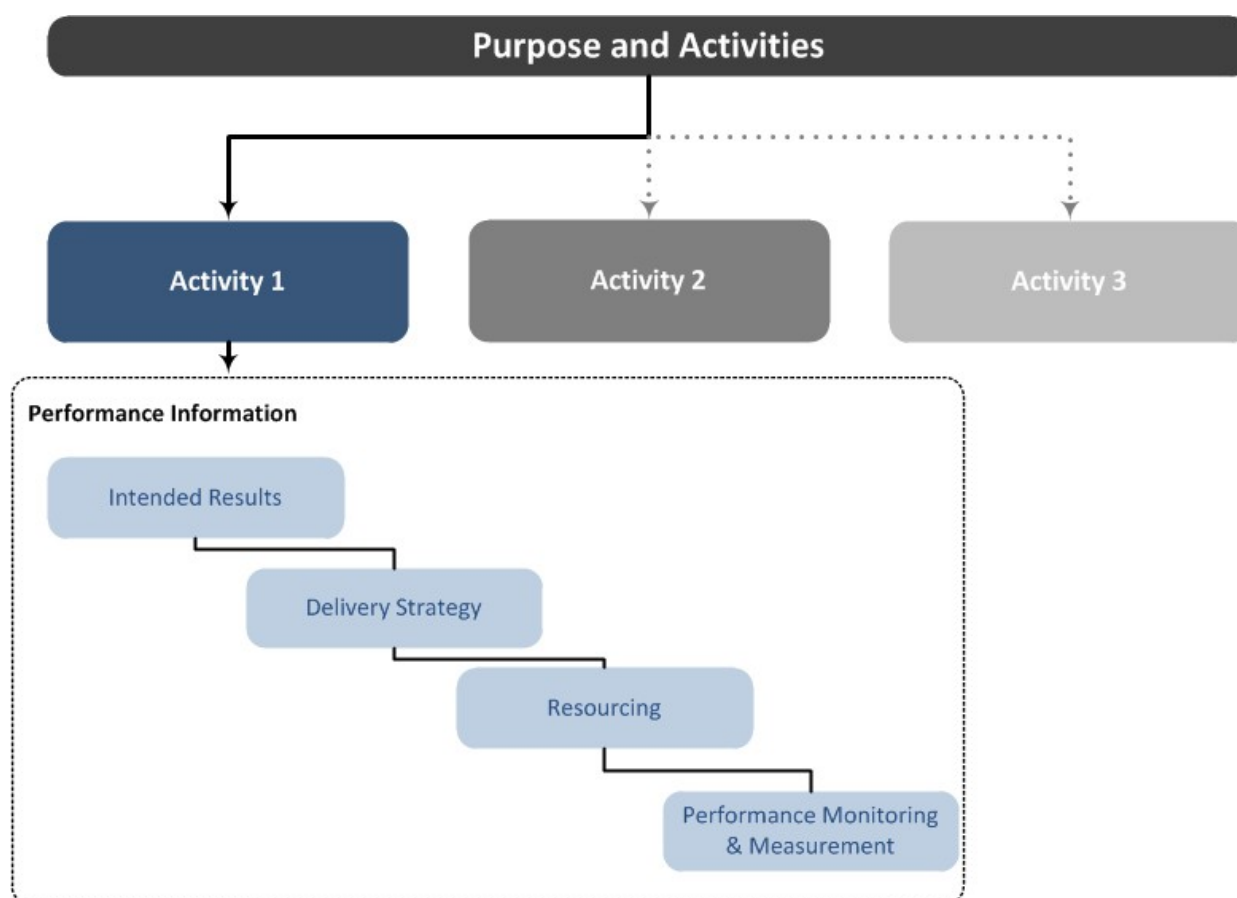
<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
4	Performance	<p>For each reporting period covered by the plan, a summary of:</p> <ul style="list-style-type: none"> <li>(a) how the entity will achieve the entity's purposes; and</li> <li>(b) how any subsidiary of the entity will contribute to achieving the entity's purposes; and</li> <li>(c) how the entity's performance will be measured and assessed in achieving the entity's purposes, including any measures, targets and assessments that will be used to measure and assess the entity's performance for the purposes of preparing the entity's annual performance statements for the reporting period.</li> </ul>

37. The corporate plan will provide details of the entity planned performance measures, targets and assessments to be used to assess the performance of the entity and its significant activities over the periods of the corporate plan.
38. The performance information generated through these mechanisms provide meaningful information to parliament and the Australian public about the performance of the entity and whether it is meeting its purposes. However, it can also be expected to be a useful tool for officers, senior managers, accountable authorities to understand the impact of the activities they are responsible for, and to identify opportunities for better practice.
39. Performance information that an entity commits to collecting in its corporate plan should convey and coherent message telling a meaningful story about what will be achieved over the periods of the corporate plans. A good performance story answers the following questions: **WHAT** did we do? And How much? **HOW WELL** did we do it? Who was **BETTER OFF**? And Why?
40. In general a rich story will draw upon diverse sources for evidence. It will be told at different levels of detail and to different audiences at different times. It is clear that the extent to which performance information is **good performance information in specific circumstances** is critical to telling a meaningful performance story in those circumstances. Resource Management Guide No. 131 *Good Performance Information* outlines the key considerations in this area.



## Performance information

41. An entity can make its own choice about how to structure and present the performance information it plans to collect for the reporting period in its corporate plan (and by extension in its annual performance statements).
42. A graphical way of showing what elements could be used (and how they work together) to address performance information requirements of a corporate plan follows in the figure below. This approach is offered by way of suggestion only. It allows for the requirements relating to items 2 and 4 in the corporate plan rule (subsection 16E(2) of the PGPA Rule) to be presented in a clear and structured way that could be adopted for performance information presentation within a corporate plan. Additionally, this approach allows for a clear read to the annual performance statements at the end of the reporting period, as prescribed in the PGPA Act: See Resource Management Guide No. 130 *Overview of the Enhanced Commonwealth Performance Framework*.



**Figure 4: A structured approach to performance information**

### Activities: Identification

43. An entity for the purposes of developing its corporate plan should identify its significant activities. An activity is a distinct effort of an entity undertaken to achieving a specific result.
44. The identification of significant activities will determine the level at which an entity reports its performance information in its corporate plan (and the level it will report its actual performance results in the annual performance statements at the end of the reporting period).
45. Smaller entities that have a single purpose, and engage in a single significant activity, do not need to identify minor or insignificant activities. These entities will still need to provide information to support the core minimum requirements of the corporate plan, but only for their single activity. Larger entities are more likely to undertake a more complex range of activities and, as such, will need to identify multiple significant activities in their corporate plan. Here, the selection of significant activities or key activity areas is important to avoid corporate plan becoming bogged down in detail.
46. Each activity identified may have defined intended results and non-financial performance measures, including targets, and deliverables. These measures should be selected to give an understanding of an activity's intended result, what it will deliver to the community or specific target group and how it proposes to measure for effectiveness and efficiency.

### Activities: Intended results

47. Entities should clearly identify the intended result of each significant activity they undertake. This should have regard to the purposes of the entity, indicating how these activities are consistent with and facilitate the fulfilment of those purposes.
48. A concise statement explaining a significant activity's intended results may consider addressing some key questions about the activity, such as:
  - What issue/area of need/goal/intention has been identified for the activity?
  - What is known about the issue/area of need/goal/intention?
  - What is the scope of the issue/area of need/goal/intention?
  - How the activity will achieve its intended results?

### Activities: Delivery Strategy

49. Entities in their performance information summary should consider outlining the strategies they will undertake to achieve the intended results for each significant activity; including major projects and initiatives, and how they link to activities and performance information.
50. Entities may wish to indicate the timeframes relevant to the activity and its intended result (i.e. if the objective is focused on a 10-year timeframe then the strategy may take this into account). Entities may also wish to include evidence of actual and planned progress against their strategy statement to assist in explaining how it is being implemented.

### Activities: Resourcing

51. Entities may also consider reporting the resources that they will allocate to each significant activity to achieve its intended results. Information on resourcing can provide a basic level of clarity and transparency to the resources that will be allocated to the

activity. Entities may consider providing basic information about their resourcing of the activity(s); such as:

- Level of expenditure expected to be incurred by the activity, per year, over the four year period of the corporate plan.
- The level of human resources (FTE) that are expected to be deployed on the activity, per year, over the four year period of the corporate plan.

52. Entities may include resourcing information in the corporate plan. As they see fit, remembering that the key links to be drawn for the purposes of public accountability is how public resources have been applied to achieve the entity's purposes and what outcomes and impacts have been achieved.

### **Activities: Performance monitoring and measurement**

53. In the process of developing their performance information, entities must consider, and report upon, how they intend to measure, monitor and present the ongoing performance their significant activities over the periods of the corporate plan.

54. Performance measurement is a method by which the entity intends to monitor and demonstrate an activity's performance. The summation of all significant activities' performance within the entity should demonstrate the overall performance against its purposes statement). Good planned performance information should provide indicators and other data that gives the reader of a corporate plan a clear understanding of what success will look like and how it will be measured. The annual performance statements will tell the reader about actual performance at the conclusion of the reporting period.

55. There are many methodologies that entities may use to monitor and measure activities' performance. For further guidance see Resource Management Guide No. 131 *Good Performance Information*.

### **Proposed structure for activity performance measurement reporting**

56. The corporate plan should make clear what is being measured, how it is being measured, over what time frame, and what the intended results is for each significant activity or key area of activity. The following format is offered by way of suggestion only, however its adoption will allow entities to clearly articulate their intentions in the current and future year and facilitate the easy production of the annual performance statements at the end of the reporting period.

When reporting performance measures in a corporate plan entities should consider several elements for each performance measure that they report. Such as:

**Description:**

*a clear and concise explanation of the performance measure (i.e. what will be measured).*

**When:**

*an explanation of when, and over what term, the measurement will occur.*

**Rationale:**

*an explanation of how the specific measurement/approach will assess the performance achieved by the activity and why the method(s) chosen are suited to the specific activity.*

**Methodology:**

*an explanation of the method that will be used to measure performance (for further guidance on methodologies available to measure activity performance please see Resource Management Guide No. 131 Good Performance Information.*

**Target/Goal:**

*details of what is expected to be achieved by the activity and what the measure will clearly be able to determine whether target/goal has been achieved.*

**Previous result:**

*details of any previous outputs of the measure to provide longitudinal perspective and context to current targets and goals.*

**Related programme(s):**

*details of related programmes (as detailed in the entities PBS, where produced) that this activity contributes to.*

## Regulator Performance Framework

57. The Commonwealth Government's Regulator Performance Framework (RPF) establishes a common set of performance measures for the assessment of regulator performance. The framework is administered by the Department of Prime Minister and Cabinet and requires all Commonwealth regulators to be assessed and report against six key performance indicators: reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.
58. Entities may use the reporting requirements of the Enhanced Commonwealth Performance Framework (the corporate plan and/or annual performance statement) to address the reporting requirements of the RPF. If a regulatory function forms a significant activity of an entity, then the entity should consider including the KPIs and evidence that address the requirements of the RPF (in their corporate plans and annual performance statements). However, entities should note that addressing the requirements of the RPF will not fulfil the minimum requirements of the corporate plan.
59. The KPIs within the RPF address the administrative efficiency and effectiveness of a regulatory function which form only a single aspect of the function of an entity. As such to fully address the minimum requirements of the PGPA Rule (i.e. addressing "how the entity will achieve the entity's purposes") a more holistic representation of the entity, its purposes and the significant activity(s) it intends to undertake to fulfil them, is required to tell a meaningful performance story through the corporate plan.
60. For further information and guidance on entities responsibilities within the RPF please see: <https://www.cuttingredtape.gov.au/regulator-performance-framework>

## Part 8 (e) - Capability

### *Public Governance, Performance and Accountability Rule 2014:*

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
5	Capability	The key strategies and plans the entity will implement in each reporting period covered by the plan to achieve the purposes of the entity.

61. As a central strategic planning document for an entity, the corporate plan will address the key strategies and plans to be used to achieve the purposes of the entity. In this item, entities may identify what current capability they have, and assess how their capability needs may change over the term of the corporate plan. They may also set out what strategies they will put in place to build the capacity they need in areas such as workforce planning, capital investment or ICT.

### **Workforce planning**

In discussing how it plans to manage its workforce capability to support delivery of its purpose and activities, an entity may wish to refer to its workforce planning activities, and the following aspects of workforce demand and supply:

- High-level trends and developments that will impact workforce
- Current workforce capability requirements and gaps
- Future workforce capability requirements and gaps
- Strategies and initiatives to address key workforce gaps
- Current and future workforce supply in terms of capacity and capability.

### **Capital investment strategy**

In discussing where it plans to make significant capital investment within the reporting periods of the corporate plan, entities may wish to:

- Refer to investments that are expected to make a relevant and significant contribution to their resources and capability; and where relevant
- The planning and management of capital assets and any capital pressures they expect to experience.

### **ICT capability**

In discussing ICT capability in their resources and capability statement, and entity may wish to:

- Provide a brief outline of the entity's technology strategy to support future business capability requirements. This includes key objectives and focus areas for development in ICT capability over the short, medium, and long term and consideration for drivers for change.
- Business drivers for current and future ICT capability improvement.
- Explain the alignment of the entity's technology strategy with broader trends in technological development (including from a whole-of-government perspective).
- Proposed improvements in ICT capability to be developed through collaborative development, co-investment, and/or shared services between entities.

62. Aside from the areas highlighted above, this section of the corporate plan may be used by the entity to identify any other significant resource and organisational capacity strategies it plans to implement during the period covered by the plan.

## Part 8 (f) - Risk oversight and management

### *Public Governance, Performance and Accountability Rule 2014:*

#### **16E Corporate plan for Commonwealth entities**

*Matters that must be included in corporate plan*

(2) The following table sets out the matters that must be included in the corporate plan:

<b>Matters to be included in a Commonwealth entity's corporate plan</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
6	Risk oversight and management	A summary of the risk oversight and management systems of the entity for each reporting period covered by the plan (including the measures that will be implemented to ensure compliance with the finance law).

1. Within the corporate plan, entities should provide a summary of how risk management will underpin their approach to achieving their purposes. Appropriate risk-taking and innovation are consistent with the proper use of and management of public resources. As a strategic planning document, the corporate plan should demonstrate that effective risk management priorities have been considered and implemented.
2. Section 16 of the PGPA Act provides that accountable authorities of all Commonwealth entities must establish and maintain appropriate systems of risk oversight, management and internal control for the entity.

The *Commonwealth Risk Management Policy*, released by Comcover, applies to non-corporate Commonwealth entities to support compliance with section 16 of the PGPA Act. The Policy says that corporate Commonwealth entities, while not required to comply with the policy, may review and align their risk management frameworks and systems with this policy as a matter of good practice.

## Part 9 – Including other information in the corporate plan

3. The intention of the corporate plan is to be the primary public strategic planning document of the organisation. This Guide recognises that entities may wish to add further content that is relevant to explaining how they plan to deliver upon their specified purposes. Entities should feel free to include any additional information that, at their own discretion, assists this purpose.

## Part 10 – Entities with enabling legislation

4. The PGPA Act does not degrade from the operational independence of statutory entities as set out in their enabling legislation or derogate from particular requirements imposed on them. The enabling legislation of a number of entities sets out particular requirements for the preparation of their corporate plans. These include disclosure, release and variation requirements. Where an entity has enabling legislation that dictates corporate plan related requirements that are different to the requirements of the PGPA Act and associated rules, the requirements of the enabling legislation may take priority.

## Part 11 – Minimum requirements of Government Business Enterprises

### *Public Governance, Performance and Accountability Rule 2014:*

#### **Section 5 Government business enterprise**

- (1) Each of the following Commonwealth entities is a government business enterprise:

- (a) the Australian Government Solicitor;
- (b) the Australian Postal Corporation;
- (c) Defence Housing Australia

5. Section 5 of the PGPA Rule identifies those Commonwealth entities that are government business enterprises (GBEs) for the purposes of the PGPA Act.
6. GBEs are required to prepare corporate plans in accordance with the minimum requirements set out in Section 16E of the PGPA Rule, but are also to refer to the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (the GBE Guidelines). See [http://www.finance.gov.au/publications/governance-arrangements/docs/GBE\\_Guidelines.pdf](http://www.finance.gov.au/publications/governance-arrangements/docs/GBE_Guidelines.pdf)
7. GBE's who fully comply with the GBE Guidelines, (with specific reference the corporate planning requirements contained therein) will meet the minimum requirements of the corporate planning requirements of the PGPA Act and associated rule.



## Part 12 – Publication requirements

8. From the 2015-16 financial year onwards, corporate plans must be published on the organisation's website by 31 August each year for each reporting period, unless another date is specified for the entity by or under their enabling legislation.
9. Accountable authorities are required to provide a copy of the corporate plan to their responsible Minister and the Finance Minister as soon as practicable after the plan is prepared.
10. Publication is subject to any considerations relevant to subsection 16E(4) of the PGPA Rule.

### Sensitive information

#### ***Public Governance, Performance and Accountability Rule 2014:***

##### **16E Corporate plan for Commonwealth entities**

###### *Corporate plan must be published*

(4) However, if the accountable authority considers that the corporate plan contains information that:

- (a) is confidential or commercially sensitive; or
- (b) could prejudice national security;

then only so much of the corporate plan that does not contain that information must be published under subsection (3).

11. If the corporate plan includes commercially confidential or sensitive information or information on national security matters that, if published, could prejudice the national security interests of the Commonwealth, then a supplementary corporate plan may be prepared for publication on the entity's website that excludes such matters.
12. Information may be considered for omission from the publically available corporate plan if:
  - a. release of the information would cause competitive detriment to an entity;
  - b. the information is not and should not be in the public domain;
  - c. the information is not required to be disclosed under another law of the Commonwealth, a State or a Territory;
  - d. the information is not readily discoverable; and
  - e. the information relates to Australia's defence, national security or law enforcement activities.
13. GBE existing practice of preparing and publishing a Statement of Corporate Intent in place of a full corporate plan, in the interest of not disclosing commercially sensitive information, will remain a valid approach for GBE under 16E(4) of the PGPA rule. For more information for GBE's statement of corporate intent see [http://www.finance.gov.au/publications/governance-arrangements/docs/GBE\\_Guidelines.pdf](http://www.finance.gov.au/publications/governance-arrangements/docs/GBE_Guidelines.pdf)

14. If a corporate plan and a supplementary corporate plan, however described, are prepared, then both must be provided to the responsible Minister and Finance Minister before the summary corporate plan is published.

***Public Governance, Performance and Accountability Rule 2014:***

**16E Corporate plan for Commonwealth entities**

*Corporate plan must be given to Ministers*

- (5) The corporate plan, and any version of the plan referred to in subsection (4), must be given to the responsible Minister and the Finance Minister:
- (a) as soon as practicable after the plan is prepared; and
  - (b) before the plan, or the version, is published under subsection (3).

**Intelligence, security or listed law enforcement entities**

15. Intelligence, security or listed law enforcement entities covered by the PGPA Act may seek exemption from the corporate planning requirements. Under section 105D(3)(a) of the PGPA Act the Finance Minister is able to, by written instrument, modify requirements of the Act for intelligence, security or listed law enforcement agencies in relation to preparing and publishing a corporate plan under section 35 of the PGPA Act. The responsible Ministers needs write to the Minister for Finance seeking such a modification.

**Part 13 – Variations to the corporate plan – Notification and minimum review requirements**

***Public Governance, Performance and Accountability Rule 2014:***

**16E Corporate plan for Commonwealth entities**

*Variation of corporate plan*

- (6) If the corporate plan is varied during the reporting period for which the plan is prepared and the accountable authority of the entity considers that the variation is significant, then:
- (a) this section applies to the plan as varied; and
  - (b) subsection (3) applies as if it requires the plan to be published as soon as practicable after the plan is prepared (instead of it requiring the plan to be published by the last day of the second month of the reporting period for which the plan is prepared).

16. Corporate plans must be reviewed at least annually; however, they may also be updated on an as needed basis should the entity deem it necessary. They should be updated to reflect any new purposes or key priorities for an entity, changes in the operating environment, new activities that warrant inclusion in the corporate plan, significant new performance measures, targets or tools that will be used to measure or assess performance and key changes in the capability of the entity in its risk management approach.
17. In short, should there be any new matter or change of material relevance to any item outlined in subsection 16E(2) of the PGPA Rule, then that should be reflected in the annual review for the plan. At the same time, every annual review of the plan should reflect the new time horizon for the plan, and the progress of activities and issues in the previous reporting period(s) and any new reporting period(s) that is included in the corporate plan as it rolls forward.
18. At any time, accountable authorities may vary corporate plans at their own discretion, to reflect changes in the operations and activities of the entity.
19. Should circumstances require that a corporate plan be varied during the reporting period, then a revised copy of the plan may be prepared as soon as practicable and provided to the responsible Minister and the Finance Minister by the accountable authority before publishing in accordance with the requirements in subsection 16E(6) of the PGPA Rule.





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

**G**UIDE

# Resource Management Guide No. 133

Corporate plans for Commonwealth companies

DRAFT

[MONTH 2015]

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This guide contains material that has been prepared to assist Commonwealth companies apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies. In this guide the: principles or requirements are set out as things companies and officials 'should' do; and actions, or practices, that companies and officials are expected to take into account to give effect to those principles and/or requirements are set out as things companies and officials 'should consider' doing.

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## Audience

This Guide applies to directors of Commonwealth companies. The Guide is also relevant to chief financial officers, chief operating officers and their units in all Commonwealth companies (companies). It is also intended to support officers managing the activities of the company.

## Key points

This Guide:

- gives guidance on the obligations of directors under section 95 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) on preparing a corporate plan for a company; and
- provides information on the minimum requirements, as prescribed by the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) in sections 16E and 27A, for corporate plans published by companies.

This Guide comes into effect on 1 July 2015 when the amendments to the PGPA Rule take effect.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au) and relates to other guidance on the Enhanced Commonwealth Performance Framework, including;

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 132	Corporate plans for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 134	Annual performance statement for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good performance information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
	Guidance on the preparation of annual reports	<a href="http://www.dpmc.gov.au">www.dpmc.gov.au</a>
	Commonwealth Government Business Enterprise – Governance and oversight Guidelines	



## Part 1 – Introduction

1. The PGPA Act (section 95) requires all Commonwealth companies subject to the Act to prepare and publish corporate plans. Sections 16E and 27A of the PGPA Rule now establish a minimum set of requirements for Commonwealth companies' corporate plans. These requirements do not require Commonwealth companies to publish information, in their corporate plans, of a commercially confidential or sensitive in nature. For further guidance on sensitive information please see Part 7 of this guidance.

### What is a corporate plan?

2. A corporate plan is the principal strategic planning document published by a company. It should set out clearly what a company will do to achieve its purposes and how it will know that it has achieved its purposes in a given period. A corporate plan should inform the reader about the range of current and planned activities that the company will undertake over the period of the plan.
3. Many Commonwealth companies already produce corporate planning documents as part of their normal governance arrangements. However, the PGPA Act and the PGPA Rule now introduce a uniform minimum requirement on all Commonwealth companies to prepare a corporate plan to meet their obligations to their Government shareholders.
4. The minimum inclusions which companies are required to address in a corporate plan are set out in section 27A and 16E of the PGPA Rule:
  - The **purposes** of the company;
  - The broader **environment** within which it works;
  - A summary of planned **performance** of the company (and any subsidiary that go to achieving its purposes);
    - Including details of methodology, data and information that it will collect to measure and assess its performance;
  - Its **capability and the strategies** it will implement to achieve its purposes; and
  - **Risk oversight and management** systems.
5. This Guide provides information on the minimum requirements for corporate plans, as set out by the PGPA Act and the PGPA Rule. The guidance recognises that it is the directors of companies who are responsible for development and tailoring of their corporate plans to meet their individual circumstances.

## Part 2 – Minimum requirements of the corporate plan

6. The requirements for corporate plans set out in the PGPA Rule are intended to be the minimum requirements for all corporate plans. These requirements can be addressed by companies in a manner that they deem appropriate for their particular circumstances. It is the responsibility of each company to decide at what level information should be presented.
7. At a minimum, **companies must prepare and publish a corporate plan annually**, containing content that addresses the “minimum matter for inclusion” in a corporate plan, as detailed in section 16E(2) and 27A of the PGPA Rule, which are:

- a. a corporate plan must cover a period of at least four financial years (four reporting periods) and should include details of the following matters:
- i. **An introduction by the director of the company** that states:
    1. The corporate plan has been prepared in accordance with the *Public Governance, Performance and Accountability Rule 2014*.
    2. The period (financial year) for which the plan was prepared.
    3. The period covered by the plan (minimum of four financial years).
  - ii. **The purposes of the company** detailing the objectives, functions or role of the company over the period of the corporate plan.
  - iii. **The environment in which the company operates**, currently and over the period covered by the plan. Consideration could be given to:
    1. The main external and internal factors that affect or influence the company's performance.
    2. Demographic, geographic or time related issues that impact on the company, and the regulatory or competitive environment that it operates within.
  - iv. **The planned performance of the company** over the period of the corporate plan. This could include:
    1. Details of significant activity(s) that the company will undertake to fulfil its purposes; as identified above (ii).
    2. Goals and or targets of the company.
    3. How the performance of the company will be measured and assessed to demonstrate how well the purposes of the company will be fulfilled.
  - v. **The capability of the company** detailing the key strategies and plan the company will implement over the period covered by the plan. Consideration could be given to:
    1. The current capability of the company.
    2. How the capability needs of the company may change over the term of the corporate plan.
    3. The strategies and plans that will be put in place to address the current and future needs of the company. Strategies and plans may include consideration of Workforce, Capital and ICT capability.
  - vi. **Risk oversight and risk management of the company** over the period of the corporate plan. Consideration could be given to:
    1. How risk management is incorporated into the company's approach to the fulfilment of its purposes; as identified above (ii).
    2. The risk management practices/measures that have been considered and (or will be) implemented over the period covered by the corporate plan.

### Part 3 – Key priorities and objectives of the Australian Government

8. The PGPA Act (subsection 95(3) in relation to Commonwealth companies) requires a corporate plan to include an explanation of how their activities contribute to achieving the Australian Government's priorities and objectives. This applies where a statement is made by the Australian Government under section 34 of the PGPA Act.

### Part 4 - Subsidiaries

9. The PGPA Act requires a corporate plan to cover both the company and any subsidiaries they may have. In particular, the PGPA Rule (section 16E(2) item 4 Performance (b)) requires that the corporate plan provide a summary of how any subsidiary of the company will contribute to achieving the company's purpose.
10. In practice, a company's corporate plan will incorporate the activities of their subsidiaries; however, this may not require each subsidiary to be separately or specifically identified in the corporate plan. Companies should determine if the separate identification of a particular subsidiary's activities is required, on a case by case basis. This determination should be based on the significance of the subsidiary's activities and the effect they have on the fulfilment of the company's purposes. Where the activity of a subsidiary has a significant effect on the fulfilment of its purposes then a company should specifically address this in their corporate plan.

### Part 5 – Minimum requirements of Government Business Enterprises

#### ***Public Governance, Performance and Accountability Rule 2014:***

##### **Section 5 Government business enterprise**

- (a) ASC Pty Limited (ACN 008 605 034);
- (b) Australian Rail Track Corporation Limited (ACN 081 455 754);
- (d) Moorebank Intermodal Company Limited (ACN 161 635 105)
- (e) NBN Co Limited (ACN 136 533 741);

11. Section 5 of the PGPA Rule identifies those Commonwealth companies that are government business enterprises (GBEs) for the purposes of the PGPA Act.
12. GBEs are required to prepare corporate plans in accordance with the minimum requirements set out in Section 16E of the PGPA Rule, but are also to refer to Resource Management Guide No. XXX *Commonwealth Government Business Enterprise Governance and Oversight Guidelines* (the GBE Guidelines). See [http://www.finance.gov.au/publications/governance-arrangements/docs/GBE\\_Guidelines.pdf](http://www.finance.gov.au/publications/governance-arrangements/docs/GBE_Guidelines.pdf)
13. GBE's that fully comply with the GBE Guidelines, (with specific reference the corporate planning requirements contained therein) will meet the minimum requirements of the corporate planning requirements of the PGPA Act and associated rule.

## Part 6 – Including other information in the corporate plan

1. The intention of the corporate plan is to be the primary public strategic planning document of the organisation. This Guide recognises that companies may wish to add further content that is relevant to explaining how they plan to deliver upon their specified purposes. Companies should feel free to include any additional information that, at their own discretion, assists this purpose.

## Part 7 – Publication requirements

2. From the 2015-16 financial year onwards, corporate plans must be published on the company's website by 31 August each year for each reporting period.
3. Company directors are also required to provide a copy of the corporate plan to their responsible Minister and the Finance Minister as soon as practicable after the plan is prepared.

### Sensitive information

4. If the corporate plan includes commercially confidential or sensitive information then a supplementary corporate plan may be prepared for publication on the company's website that excludes such matters.
5. Information may be considered for omission from the publically available corporate plan if:
  - a. release of the information would cause competitive detriment to a company;
  - b. the information is not and should not be in the public domain;
  - c. the information is not required to be disclosed under another law of the Commonwealth, a State or a Territory;
  - d. the information is not readily discoverable; and
  - e. the information relates to Australia's defence, national security or law enforcement activities.
6. GBE existing practice of preparing and publishing a Statement of Corporate Intent in place of a full corporate plan, in the interest of not disclosing commercially sensitive information, will remain a valid approach for GBE under 16E(5) of the PGPA rule. For more information for GBE's statement of corporate intent see [http://www.finance.gov.au/publications/governance-arrangements/docs/GBE\\_Guidelines.pdf](http://www.finance.gov.au/publications/governance-arrangements/docs/GBE_Guidelines.pdf)
7. If a corporate plan and a supplementary corporate plan (excluding confidential or sensitive information) are prepared, then both must be provided to the responsible Minister and Finance Minister before the summary corporate plan is published.

## **Part 8 – Variations to the corporate plan – notification and minimum review requirements**

8. Corporate plans must be reviewed at least annually; however, they may also be updated on an as needed basis should the company deem it necessary. At any time, directors may vary corporate plans at their own discretion, to reflect changes to purposes, activities or operating environment of the company.
9. If a corporate plan is varied during the reporting period, then a revised copy of the plan may be prepared as soon as practicable and provided to the responsible Minister and the Finance Minister by the accountable authority or director before publishing in accordance with the requirements in subsection 16E(6) of the PGPA Rule.

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

**G**UIDE

# Resource Management Guide No. 134

Annual performance statements for Commonwealth  
entities

DRAFT

[MONTH 2015]

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Internet: [www.pmra.finance.gov.au](http://www.pmra.finance.gov.au)

<p>This guide contains material that has been prepared to assist Commonwealth entities to apply the principles and requirements of the <i>Public Governance, Performance and Accountability Act 2013</i> and associated rules, and any applicable policies.</p>
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## Audience

This Guide applies to accountable authorities of all Commonwealth entities. The Guide is also relevant to chief financial officers, chief operating officers and their units in all Commonwealth entities. It is also intended to support officers managing the activities of the entity.

## Key points

This Guide:

- provides guidance on the obligations of accountable authorities under section 39 of the *Public Governance Performance and Accountability Act 2013* (PGPA Act) to prepare an annual performance statement for their responsible entity;
- outlines the minimum requirements, prescribed by the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) in section 16F for entities producing annual performance statements; and

This Guide comes into effect on 1 July 2015 when the amendments to the PGPA Rule 2014 take effect.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au) and relates to other guidance on the Enhanced Commonwealth Performance Framework, including;

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
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RMG No. 133	Corporate plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good performance information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
	Guidance on the preparation of annual reports	<a href="http://www.dpmc.gov.au">www.dpmc.gov.au</a>

## Relevant legislation

### ***Public Governance, Performance and Accountability Act 2013***

#### ***Part 2-3 (Planning Performance and Accountability) Division 3, Performance of Commonwealth Entities***

#### **39 Annual performance statements for Commonwealth entities**

- (1) The accountable authority of a Commonwealth entity must:
  - (a) prepare annual performance statements for the entity as soon as practicable after the end of each reporting period for the entity; and
  - (b) include a copy of the annual performance statements in the entity's annual report that is tabled in the Parliament.

Note: See section 46 for the annual report.

- (2) The annual performance statements must:
  - (a) provide information about the entity's performance in achieving its purposes; and
  - (b) comply with any requirements prescribed by the rules.

### ***Public Governance, Performance and Accountability Rule 2014:***

#### **Section 16F—Annual Performance Statements for Commonwealth entities**

##### **Guide to this section**

The purpose of this section is to set out matters that the accountable authority of a Commonwealth entity must include in the entity's annual performance statements.

The annual performance statements may also include other matters and, for some Commonwealth entities, the entity's enabling legislation may require that other matters be included in the performance statements.

This section is made for paragraph 39(2)(b) of the Act.

## Part 1–Introduction

1. Section 5 of the PGPA Act outlines that an objective of the Act is to establish a performance framework across Commonwealth entities, and to require the Commonwealth and its entities to provide meaningful information to the parliament and the public.
2. Section 39 of the PGPA Act requires Commonwealth entities to prepare an annual performance statement and include a copy in their annual report. The annual performance statement is to replace the current section titled “Report on Performance” in the annual report.
3. The annual performance statement is designed to provide a consistent approach across all entities. The statement aims to bring together relevant non-financial performance information into the one place; much as the financial statements for an entity consolidate financial performance information into the one place. This is designed to improve the readability of this information, and allow for a clear line-of-sight between planned performance for the reporting period (usually a financial year), as outlined in the corporate plan of an entity, and actual performance over the reporting period.

### Audit of entities’ annual performance statement

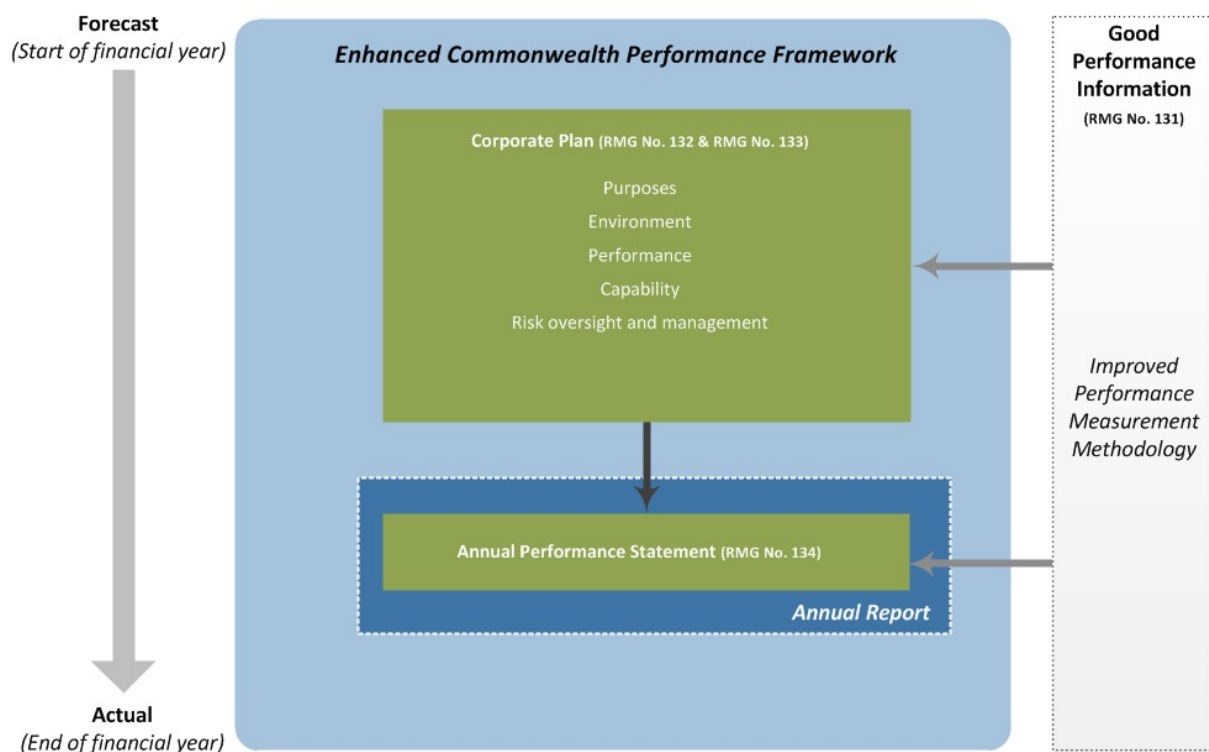
4. Under section 40 of the PGPA Act, and in accordance with section 40(1) of Division 2 of Part 4 of the *Auditor-General Act 1997*, an annual performance statement prepared under section 39 of the PGPA Act (and this guidance) may be audited by the Australian National Audit Office at the discretion of the Auditor General, at request of the Minister for Finance and/or the responsible Minister.

## Commonwealth companies

5. Under the PGPA Act Commonwealth Companies (companies) are not specifically required to produce an annual performance statement. However, as the result of section 27A of the PGPA Rule, companies are required to report, in their annual reports, actual performance results achieved against the performance information outlined in their corporate plans.
6. **This guidance does not apply to them.**

## Part 2 - The role of the annual performance statement in the Enhanced Commonwealth Performance Framework

7. The annual performance statement is the primary public performance reporting document of an entity, setting out the performance results achieved the last reporting period to which they relate.
8. The annual performance statement is one of two core elements in the Enhanced Commonwealth Performance Framework. The corporate plan, which encapsulates what the entity plans to do in a given reporting period at the beginning of the reporting period, is followed at the end of the period by the annual performance statement, which provides information about the entity's performance in achieving its purposes. The figure below shows the entirety of the Enhanced Commonwealth Performance Framework, its two core elements and the annual cycle.



**Figure 1: The Enhanced Commonwealth Performance Framework and relevant Resource Management Guides**

9. The Commonwealth performance framework is built on three main concepts; the entity, purposes and activities. At its most basic, the framework is focused on each entity covered by the PGPA Act. For each entity, the framework requires the identification of purposes. The purposes of an entity detail what its objectives, function or roles are. For the purposes of reporting on its performance, an entity is to identify its significant activities and key activity areas, that is, its core areas of effort/actions that it undertakes to pursue and fulfil its purposes. More information on how an entity should identify and define its purposes and significant activities can be found in Resource Management Guide 132 *Corporate Plans for Commonwealth Entities*, Part 8(b) and Part 8(d). Key to the annual performance statement is the presentation of the story of an entity's actual performance in fulfilling its purposes, through its activities (this should be a direct acquittal of the entity's performance measurement and reporting intentions as identified in its corporate plan at the beginning of the reporting period).

10. For an entity, many of the minimum content requirements established for its annual performance statement are linked to content requirements for its corporate plan (see PGPA Rule section 16E and Resource Management Guide No. 132 *Corporate Plans for Commonwealth Entities*). The annual performance statement (which is to be included in each entity's annual report) completes the annual reporting cycle.

### Part 3–Overview of the annual performance statement

#### What is the annual performance statement?

11. Commonwealth entities will report, through the annual performance statement, on the results actually achieved against the intended results set out in their corporate plan and on the basis of any review and evaluations they have committed to, to demonstrate their performance in achieving their purposes. The statement will present the performance of the significant activities for which the entity is responsible at the end of each reporting period, by reporting against the targets, goals, measures that the entity established at the beginning of a reporting year. The level of reporting detail should be commensurate with the size, nature and complexity of the activity in question. The aim is to have good quality, comprehensive and accurate information that provides a clear and complete picture of how an entity has performed. Guidance on the performance measurement methodologies that an entity could use is provided in Resource Management Guide No. 131 *Good Performance Information*.

### Part 4–Minimum requirements of the annual performance statement

#### Period of the annual performance statement

##### *Public Governance, Performance and Accountability Rule 2014:*

##### **16F Annual performance statements for Commonwealth entities**

##### *Measuring and assessing entity's performance*

- (1) In preparing the annual performance statements for a Commonwealth entity for a reporting period, the accountable authority of the entity must measure and assess the entity's performance in achieving the entity's purposes in the reporting period in accordance with the method of measuring and assessing the entity's performance in the reporting period that was set out in the entity's corporate plan that was prepared for the reporting period.
12. Every Commonwealth entity subject to the PGPA Act is required to produce an annual performance statement. The statement, unless otherwise prescribed by the organisation's enabling legislation, is **required to report upon the performance of the entity achieved within the single reporting period/financial year for which the statements are produced**.
13. Annual performance statements are intended to be the key location for all public data on the actual performance of an entity in a reporting period (usually the previous financial year). The content reported by entities in their statements should directly reflect the actual results achieved against the entity's intended results.

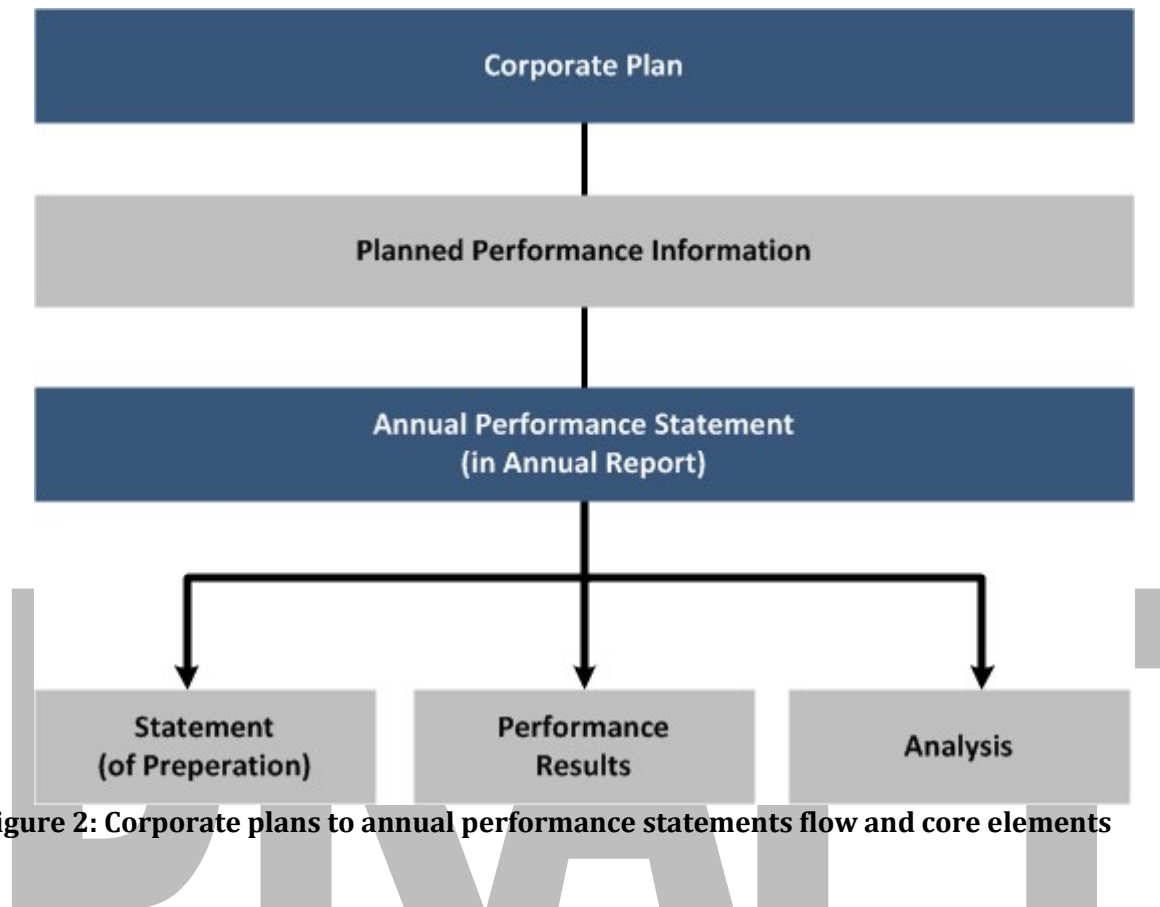


Figure 2: Corporate plans to annual performance statements flow and core elements

#### Minimum requirements of the annual performance statement

14. The requirements placed upon annual performance statements, by the PGPA Rule, are intended to be the minimum aspects that entities should address in the preparation of their statement. There are three core minimum requirements for annual performance statements.

- *A statement*
- *Entities' Performance Results*
- *Analysis*

## Part 4 (a) Statement

### ***Public Governance, Performance and Accountability Rule 2014:***

#### **16F Annual performance statements for Commonwealth entities**

*Matters that must be included in annual performance statements*

- (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:

#### **Matters to be included in a Commonwealth entity's annual performance statements**

<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
1	Statements	<p>The following:</p> <ul style="list-style-type: none"> <li>(a) a statement that the performance statements are prepared for paragraph 39(1)(a) of the Act;</li> <li>(b) a statement specifying the reporting period for which the performance statements are prepared;</li> <li>(c) a statement that, in the opinion of the accountable authority of the entity, the performance statements: <ul style="list-style-type: none"> <li>(i) accurately present the entity's performance in the reporting period; and</li> <li>(ii) comply with subsection 39(2) of the Act.</li> </ul> </li> </ul>

15. The annual performance statement must include a statement to be endorsed by the accountable authority. The statement must specify that the annual performance statement has been prepared in accordance with section 39 of the PGPA Act and any other legislation applicable to the preparation of the annual performance statements of the entity. The statement must specify the period which the performance statement covers and an assurance by the accountable authority that the annual performance statement, as published, accurately reflects the performance of the entity within the reporting period. This statement is to perform a similar purpose to the statements by accountable authorities for their annual financial statements which is to provide assurance regarding quality of the preparation and information included in the annual performance statement

#### **Example statement of preparation**

*I, as the accountable authority of [entity title] present the [reporting period] [entity name] annual performance statement, as required under section 39 of the Public Governance, Performance and Accountability Act 2013 and [other applicable legislation]. In my opinion, this annual performance statement for the year ended 30 June 20XX is based on properly maintained records and accurately reflect the performance of the entity.*



## Part 4 (b) Entities' performance results

### ***Public Governance, Performance and Accountability Rule 2014:***

#### **16F Annual performance statements for Commonwealth entities**

*Matters that must be included in annual performance statements*

- (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:

<b>Matters to be included in a Commonwealth entity's annual performance statements</b>		
<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
2	Results	The results of the measurement and assessment referred to in subsection (1) of this section of the entity's performance in the reporting period in achieving its purposes.

16. The core requirement of the annual performance statement is for entities to report the actual performance results they achieved within the reporting period to demonstrate their success in achieving their purposes. This is done by entities reporting the results achieved against the planned performance defined at the beginning of the reporting period in the entity's corporate plan. The information must be presented in a way that is easily linked to the information presented in the corporate plan of the entity for the relevant period, so as to allow for a clear read across these documents. For its part, the corporate plan of an entity in receipt of budget funding links back to the Portfolio Budget Statement for that entity. (see Part 5 of Resource Management Guide 132 *Corporate Plans for Commonwealth Entities* ) For further guidance on the establishment of planned performance information at the beginning of the reporting period see Resource Management Guide No. 131 *Good Performance Information*.

17. When reporting actual performance, entities should address four minimum requirements for each activity identified within their corporate plans. These minimum requirements are:

**a. Identify activity**

Entities should identify significant activities and key activity areas, that when summed, collectively align with the purpose of the organisation. These should be the key areas of effort that the entity is pursuing in the reporting period in the achievement of its purposes. These significant activities are identified in the entity's planned performance information in corporate plan at the beginning of the reporting period. Entities may identify their significant activities by the title/description used for the activity in its planned performance information. Entities should ensure that consistency in identifying significant activities between its planned performance information and performance results when reporting upon significant activities.

**b. Performance measurement methodology**

For each significant activity or key activities areas identified, entities should provide a description of the proposed performance measurement methodology that has been applied to determine and report a significant activity's performance. An activity's performance measurement methodology is identified the planned performance information section in the corporate plan at the beginning of the reporting period. Entities should ensure consistency in an activity's performance measurement methodology, between its planned performance information and performance results when identifying activities. Any departure or variation from the planned performance measurement methodology should be identified and explained.

**c. Targets, goals and measures**

For each significant activity or key activities areas identified, entities should provide any targets, goals and/or measures are intended to be pursued or measured against within the reporting period. Targets, goals and/or measures of significant activities, where relevant, are identified in the entity's planned performance information in its corporate plan at the beginning of the reporting period. Entities should ensure that activity's targets, goals and/or measures are consistently defined/reported between its planned performance information (corporate plan) and reporting of performance results (annual performance statements).

**d. Results achieved**

For each significant activity or key activities identified, entities should report the actual performance results achieved within the period. These results should be derived using the prescribed performance measurement methodology (as identifies in b. Performance measurement methodology) and specifically address any targets, goals and/or measures (as identified above in c. Targets, goals and measures).

18. A suggested template for the reporting of performance results for significant activities identified in the corporate plan follows below:

Example Entity Performance Results report presentation				
Activity title				
<p><i>A summary and overview of the activity containing:</i></p> <ul style="list-style-type: none"> <li><i>the activity title—consistent with the title published within year’s corporate plan; and</i></li> <li><i>the intended results of the activity—consistent with statements published within the year’s corporate plan.</i></li> </ul>				
Performance measurement and monitoring				
<p><i>Entities should explain the method of performance measurement they have used to demonstrate the performance of the activity. This will align with the performance measurement and monitoring approach that was reported for the activity in the corporate plan.</i></p>				
Planned Performance measures and assessments				
<p><i>The value of each performance measurement target, or planned assessment(s) (including targets, goals, measures), set at the commencement of the activity as reported in the corporate plan.</i></p> <p><i>(The boxes below represent examples of generic performance measures and assessments that an entity may wish to utilise, for more information please see Resource Management Guide No. 131 Good Performance Information).</i></p>				
Proposed Target value	Proposed Assessment	Benchmark	Proposed evaluation	Peer review
Results achieved				
<p><i>The actual results of the performance measurement and monitoring of the activity undertaken by the entity, including a summary of the outcomes of assessment undertaken in the reporting period.</i></p> <p><i>(The boxes below represent examples of results from generic performance measures and assessments that an entity may wish to utilise, for more information please see Resource Management Guide No. 131 Good Performance Information).</i></p>				
Target result	Assessment Outcome	Benchmark analysis/comparison	Evaluation outcome	Peer review

## Part 4 (c) Analysis

### *Public Governance, Performance and Accountability Rule 2014:*

#### **16F Annual performance statements for Commonwealth entities**

*Matters that must be included in annual performance statements*

- (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:

#### **Matters to be included in a Commonwealth entity's annual performance statements**

<b>Item</b>	<b>Topic</b>	<b>Matters to be included</b>
3	Analysis	<p>An analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period, including any changes to:</p> <ul style="list-style-type: none"> <li>(a) the entity's purposes, activities or organisational capability; or</li> <li>(b) the environment in which the entity operated;</li> </ul> <p>that may have had a significant impact on the entity's performance in the reporting period.</p>

19. An entity's annual performance statement must include content that provides context to its performance over the reporting period to which the annual performance statement addresses. These requirements may be addressed through the production of an entity wide overview of performance or, where relevant, an entity may also choose to address specific issues on a case by case basis.
20. An entity should provide a relevant context to the performance results reported, and provide an analysis of the factors that have contributed to, or restricted, the delivery of its purposes within the reporting period.
21. For example, this Guide recognises that, by the end of the reporting period, there may have been events or external factors that may impact on an entity's ability to deliver on its intended results as set out in the Corporate Plan. If such an event(s) occur or if such factors come in play, an entity may provide an analysis of how these may have impacted on the entity's performance in the reporting period.

## Part 5 - Regulator Performance Framework

22. The Commonwealth Government's Regulator Performance Framework (RPF) establishes a common set of performance measures for the assessment of regulator performance. The framework is administered by the Department of Prime Minister and Cabinet and requires all Commonwealth regulators to be assessed and report against six key performance indicators: reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.
23. Entities may use the reporting requirements of the Enhanced Commonwealth Performance Framework (the corporate plan and/or annual performance statement) to address the reporting requirements of the RPF. If a regulatory function forms a significant activity of an entity, then the entity should consider including the actual results the entity has recorded against the KPIs and evidence that address the requirements of the RPF (in their corporate plans and annual performance statements). However, entities should note that addressing the requirements of the RPF will not fulfil the minimum requirements of the annual performance statements.
24. The KPIs within the RPF address the administrative efficiency and effectiveness of a regulatory function which form only a single aspect of the function of an entity. As such to fully address the minimum requirements of the PGPA Rule (i.e. presenting results that demonstrate how the entity has achieved the entity's purposes) an entity will need a more holistic performance results and analysis that represent the entity, its purposes and the significant activity(s) it intends to undertake to fulfil them; to tell a meaningful performance story through the annual performance statement.
25. For further information and guidance on entities responsibilities within the Regulator Performance Framework please see: <https://www.cuttingredtape.gov.au/regulator-performance-framework>

## Part 6-Tabling and publication requirements

26. The first annual performance statements will be included in the annual reports that relate to the 2015-16 reporting period. Section 46 of the PGPA Act requires Commonwealth entities, at the end of each reporting period, to provide a copy of an annual report to the entity's responsible Minister, for presentation to the parliament, on the entity's activities during the reporting period.<sup>1</sup> The annual performance statement is to replace the current section titled "Report on Performance" in the annual report.
27. Under section 46 of the PGPA Act, the annual report must be given to the responsible Minister by the 15th day of the fourth month after the end of the reporting period for the entity, for the minister to then tabling in parliament.
28. It is intended that the annual performance statement will improve the reliability and coherence of the non-financial performance information published in annual reports. This provides a direct alignment to existing performance information outlined in the corporate plans.

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<sup>1</sup> Sections 63(2) and 70(2) of the *Public Service Act 1999* and other enabling legislation also require certain entities to produce annual reports.

29. Under previous arrangements, entities' reporting of performance, through the publication of annual reports, has varied significantly in quality and structure. This has limited reader's ability to clearly ascertain the scope, nature and success of an entity's performance and to what extent the entity has achieved its purposes. It is fundamental to the objectives of the PGPA Act that the presentation of entities' performance to the public and the parliament is meaningful and improves public accountability. The annual performance statement will replace the previous annual report performance reporting requirements creating a clear, concise and consistent approach to performance reporting across all Commonwealth entities.

30. The annual report should also be published on an entity's website.

## Part 7–Sensitive information

31. Under subsection 16E(5) of the PGPA Rule, if the accountable authority considers that the corporate plan contains commercially confidential or sensitive information or, sensitive information on national security matters that if published could prejudice the national security interest of the Commonwealth then, a corporate plan may be prepared for publication on the entity's website that excludes such matters.

32. If an entity has produced a corporate plan to exclude matters under subsection 16E(5), then they should produce an annual performance statement that is a direct acquittal of the entity's performance measurement and reporting intentions identified in their published corporate plan.

33. This guidance regarding sensitive information, also applies to GBEs that, under 16(E)5, have prepared and published a Statement of Corporate Intent in place of a full corporate plan. That is the annual performance statement should be acquitted against the published version of the corporate plan.

### Intelligence, security or listed law enforcement entities

34. Intelligence, security or listed law enforcement entities covered by the PGPA Act may seek exemption from the annual performance statement requirements. Under section 105D(3)(a) of the PGPA Act the Finance Minister is able to, by written instrument, modify requirements of the Act for intelligence, security or listed law enforcement agencies in relation to preparing and publishing an annual performance statement under section 39 of the PGPA Act. The responsible Ministers needs write to the Minister for Finance seeking such a modification.

## Part 8–Entities with enabling legislation

35. The PGPA Act does not alter the operational independence of entities as set out in their enabling legislation. A number of entities are subject to legislative requirements for the preparation of their performance in their annual report under their enabling legislation. This guidance provides the minimum requirements for matters to be included in the annual performance statements prepared under section 39 of the PGPA Act and recognises that relevant entities will also include those matters prescribed by their enabling legislation.

## Part 9–Audit of an annual performance statement

### ***Public Governance, Performance and Accountability Act 2013: Part 2-3 (Planning, performance and accountability), Division 3, Performance of Commonwealth entities***

#### **40 Audit of annual performance statements for Commonwealth entities**

- (1) The responsible Minister for a Commonwealth entity or the Finance Minister (the ***requesting Minister***) may request the Auditor-General to examine and report on the entity's annual performance statements.

Note: The Auditor-General may at any time conduct a performance audit of a commonwealth entity: see Division 2 of part 4 of the *Auditor-General Act 1997*

- (2) If, under a request under subsection (1), the Auditor-General examines and reports on the entity's annual performance statements, the Auditor-General must give a copy of the report to requesting Minister.
- (3) The requesting Minister must cause a copy of the Auditor-General's report to be tabled in each House of the Parliament as soon as practicable after receipt. The copy that is tabled must be accompanied by a copy of the entity's annual performance statements.

36. Annual performance statements will be able to be scrutinized through the following means:

- Under section 40 of the PGPA Act the responsible Minister or the Finance Minister may request the Auditor-General to audit an entity's annual performance statement.
- The Australian National Audit Office can audit annual performance statements at its own discretion, in accordance with section 40(1) of Division 2 of Part 4 of the *Auditor-General Act 1997*.
- Section 82 of the PGPA Act provides authority for the sharing of information with other jurisdictions and section 83 allows for state and territory auditors-general to conduct audits of entities where there has been a state or territory contribution.
- Under section 17(2)(b) of the PGPA Rule, the functions of the audit committee of a Commonwealth entity must include reviewing the appropriateness of the accountable authority's performance reporting.