



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

**Jane Halton PSM  
Secretary**

Our Ref: SEC0011141

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

Dear Dr Southcott

I enclose a submission from the Department of Finance (Finance) to the Joint Committee of Public Accounts and Audit on the Enhanced Commonwealth Performance Framework.

The submission and attached documentation details the draft amendment to the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) on the corporate plan and the annual performance statement as drafted by the Office of the Parliamentary Council, and supporting guidance. The submission also describes the process undertaken to develop these documents including the initial consultation phase, the logic and principles on which the proposed framework is based, and other supporting guidance on performance measurement and a framework overview.

Further broad consultation will be undertaken to finalise the proposed amendment to the PGPA Rule and the new suite of guidance prior to their launch in early 2015.

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

Yours sincerely



Jane Halton  
Secretary

2 November 2014

# **Enhanced Commonwealth Performance Framework**

Joint Committee of Public Accounts and Audit

**Submission by the Department of Finance**

November 2014

## **Introduction**

1. The *Public Governance, Performance and Accountability Act 2013* (PGPA Act)<sup>1</sup> 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 Commonwealth entities.
2. The PGPA Act introduces a performance framework with a focus on improving the quality of planning, performance information and evaluation within government to improve accountability to ministers, the Parliament and the public.
3. The enhanced Commonwealth performance framework (the framework) introduces two new elements of performance information — corporate plans and annual performance statements — that are intended to improve the standard of planning and reporting for Commonwealth entities, especially in relation to the management of their affairs and the delivery of public services and programmes. The new requirements for corporate plans and annual performance statements, together with options to introduce or improve other elements of the framework, are being developed as part of stage two of the Public Management Reform Agenda (PMRA).
4. Existing arrangements for performance measurement and reporting in the Commonwealth have been subject to criticisms over a number of years by the Australian National Audit Office (ANAO) and the Joint Committee of Public Accounts and Audits (JCPAA). This has included criticisms related to the quality of performance measurement and reporting within and across individual Commonwealth entities, as well as criticisms related to the coherency of the overarching performance management system and the quality and scope of associated guidance.
5. While a number of reforms have attempted to improve the reliability and scope of information on the performance of the Commonwealth public sector since the 1980s, results have been mixed. The quality of financial information has improved significantly, especially as the result of the introduction of accrual reporting and budgeting in the 1990s, however the quality of non-financial performance information has not improved to the same extent.
6. Efforts to improve the quality of performance information in public sector organisations across all jurisdictions are ongoing, noting the vexed nature of these issues. There is currently no blueprint or single model that provides an example of better practice to aspire to – different jurisdictions have adopted a diverse range of approaches, and the relative strengths and weaknesses of these approaches need to be tested and validated over time.

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<sup>1</sup> The PGPA Act is principles based and is supported by rules and guidance. It is a cornerstone of the Commonwealth Government's Public Management Reform Agenda, which in turn is underpinned by five guiding principles:

- Government should operate as a coherent whole.
- A common set of duties should apply to all public resources handled by Commonwealth entities.
- Performance of the public sector is more than financial.
- Engaging with risk is a necessary step in improving performance.
- The resource management framework, including rules, policy and guidance, should support the legitimate requirements of the government and the Parliament in discharging their respective responsibilities.

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7. No reforms have yet succeeded in embedding a performance focus into the workings of the Commonwealth public sector as a whole, or in achieving a consistently high standard of non-financial performance reporting across all Commonwealth entities. While there are individual Commonwealth entities that provide examples of better practice that others can aspire to, there is scope for improvement across entities in general, and at a whole-of-government level.
8. The demand for better quality performance information and indicators has increased across organisations in all sectors of the economy. Taxpayers and the Parliament, like the shareholders of public companies and financial supporters of charitable organisations, want to see what results are being achieved with the money they have provided. While a focus on the bottom line remains critical, non-financial performance indicators that measure social and environmental outcomes are becoming increasingly important.
9. The broad discussions that the Department of Finance (Finance) participated in during stage one of the PMRA process, which included the Commonwealth Financial Accountability Review, exposed us to mature thinking and a range of better practice examples from both inside and outside government. Insight into these practices helped to inform the development of the PGPA Act, including specific performance-related provisions (e.g. the requirement for all Commonwealth entities to produce corporate plans and annual performance statements), and has provided a basis for more focussed consultation on the optimal model for the framework.

### ***Development of an Enhanced Commonwealth Performance Framework – consultation processes***

10. Recognising the considerable diversity in nature and scale of activities undertaken by Commonwealth entities, Finance has consulted widely on options to enhance and better integrate the framework, with a particular focus on strengthening non-financial performance information.
11. Initial consultations and workshops were undertaken in April and May 2014 with a variety of Commonwealth entities, including all Departments of State, the ANAO and the JCPAA. Following these initial consultations, the '*Commonwealth Performance Framework Concept Paper*' was released.
12. A draft discussion paper was then developed to facilitate public consultation, with input from the PMRA Planning and Reporting Steering Committee, the PMRA Project Board, the Policy Implementation Network, the ANAO, and the Department of the Prime Minister and Cabinet (PM&C).
13. Finance publicly released its formal discussion paper titled '*Enhanced Commonwealth Performance Framework*', on Thursday 28 August 2014.
14. The discussion paper was sent to accountable authorities for all Commonwealth entities, including portfolio secretaries in their portfolio coordination role, inviting feedback on a possible model to enhance the Commonwealth performance framework. The paper was also made available on the PMRA website for public comment.

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15. Extensive face-to-face consultations were conducted in Canberra and interstate with a broad range of stakeholders. This included Senior Executive Service workshops (covering around 70 Commonwealth entities), practitioner workshops for staff at the APS and Executive Levels (covering around 56 entities) and an Australian and New Zealand School of Government (ANZSOG) roundtable. Presentations were also made to the Policy Information Network and the Canberra Evaluation Forum. In addition, targeted discussions were held with state and territory governments and academics.
16. Over 75 written responses to the discussion paper were received. Most written responses came from Commonwealth entities, with several responses also received from the private sector, academics and individuals.
17. A summary of feedback from written responses and face-to-face consultations is included at Attachment A, with a précis of key issues presented below.
18. There is broad support for the following:
  - staged implementation of the proposed framework, including pilots to test and validate new methodologies, noting the changes proposed will take a number of years to bed down; and
  - replacing the current one-size-fits-all approach, where entities are required to apply KPIs to all programmes included in Portfolio Budget Statements (PBS), with a more flexible suite of performance measurement tools that recognises the diversity in the activities across the Commonwealth sector, and the benefits that flow from using a variety of monitoring and evaluation tools to assess the performance and impact of these activities. Recognising there is an element of trial and error in building new performance measurement data sets, this will be supported by non-binding guidance.
19. Consultation on the paper highlighted opportunities to align with other key reform initiatives, including:
  - the new Regulator Performance Framework developed by PM&C, which sets out a framework to assess the performance of Commonwealth regulators and seeks to minimise the regulatory burden they impose on regulated businesses, activities and sectors.
20. Key stakeholders indicated broad support for the direction and staged approach of the proposed reforms, and identified a number of design, implementation and success factors that have been taken into account in the development of the proposed reform agenda. For example, in their written responses to the discussion paper:
  - The ANAO recognised the inherent issues associated with designing and implementing a revised performance framework and indicated their support for: the enhanced requirements contained in the PGPA Act designed to strengthen the planning and performance measurement and reporting regimes for all Commonwealth entities; a staged implementation over an agreed timeframe; and targeted pilots involving programmes and activities of a similar nature.

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21. There is a divergence of views about whether performance information should continue to be presented in PBSs or transferred to corporate plans – these options are scoped in Attachment B.
  - The majority of entities who addressed this issue in written responses to the discussion paper indicated a preference for presenting performance information in corporate plans. Certainly this approach would ensure that the performance planning information for all Commonwealth entities can be found in the one place.
  - A possible way forward to transition to presenting performance information in corporate plans is also detailed in Attachment B.
22. Feedback on the discussion paper has informed the logic and principles underpinning the proposed model for the framework and the staged implementation approach detailed below.

### ***Development of an Enhanced Commonwealth Performance Framework – logic and principles***

23. The logic underpinning the proposed model for the framework reflects broad collaboration with a range of entities and leverages the opportunity that the PGPA Act provides to bring all Commonwealth entities under a single performance framework.
24. The framework needs to be flexible enough to accommodate the significant diversity in the nature and scale of activities undertaken by Commonwealth entities, while providing consistent performance management arrangements. The proposed model seeks to build a complete suite of performance information that tells a story over time and that allows like activities to be compared across organisational and programme boundaries.
25. Fundamentally, the proposed model is based on the premise that better quality performance information will drive better performance. While the quality of financial performance information produced by Commonwealth entities has improved significantly over the past few decades, especially as the result of accrual reporting and budgeting reforms in the 1990s, the quality of non-financial performance information has not improved to the same extent. That is why a key objective of the PMRA is to improve the standard of non-financial performance information produced by Commonwealth entities. Achievement of consistent, high-quality performance reporting at an entity level, over time, will establish a base for more transformational change.
26. The initial systemic enhancements (i.e. the new planning and reporting mechanisms – corporate plans and annual performance statements – and more flexible performance measurement arrangements supported by better guidance material) are intended to be a catalyst for lifting the quality of performance information overall. These enhancements are consistent with previous JCPAA recommendations to strengthen performance measurement and reporting arrangements by recognising them as an integral component of an entity’s governance arrangements and by providing clear and consistent guidance that supports the development of meaningful, effective and auditable performance measures.
27. Better integration of individual performance elements within a more coherent overarching performance framework is intended to support better quality data and more

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effective government operations at a whole-of-government level, with a longer term goal of supporting more efficient decisions about the allocation of government resources. While some integration is possible as part of the reforms proposed for the 2015-16 financial year, full integration will only be possible when new performance planning, reporting and measurement mechanisms have been properly tested and validated (including completion of various targeted pilots).

28. The proposed model recognises that performance information necessarily operates at different levels (e.g. strategic, tactical and operational), and 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 also recognised that information needs to be rendered in different forms to ensure that it is fit-for-purpose and meets the needs of specific users (e.g. the Parliament).
29. The following design principles have informed the development of draft rules and new guidance on the framework:
  - improved public accountability;
  - improved 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
  - consistency in performance reporting across Commonwealth entities to allow comparability between like activities and entities
30. The proposed model has been also developed to align with other key reform initiatives, such as PM&C's Regulator Performance Framework and Finance's contestability programme.

### ***Staged implementation***

31. Improving performance management within Commonwealth entities, and at a whole-of-government level, is inherently complex and requires a methodical approach over the medium to long term to achieve lasting systemic changes. Gradual and staged implementation of the proposed reform elements is considered critical for achieving improvements to the individual performance elements, and for these elements to be embedded within a more coherent and integrated performance management system.
32. A staged approach will ensure that each performance element is appropriately tested and refined in light of experience and consultation. It also allows time for entities to plan for, and implement, new approaches, recognising that changes of this nature will take time to bed down.
33. Pilots are required to test and validate new methodologies, reporting mechanisms and guidance material, and subsequent stages of reform must be flexible to take account of pilot outcomes. For example, the identification of common performance criteria or the development of improved performance data sets derived from alternate performance measurement methodologies, are likely to take time to test and validate.

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34. A summary of proposed enhancements (see Table 1) and a brief overview of each element proposed for implementation is presented below. An implementation timetable is also included at Attachment C.

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**Table 1. Summary of proposed enhancements to performance framework**

| <b>Year one (2015-16): Introduce and develop new planning and reporting mechanisms, more flexible performance measurement tools and initial streamlining of existing reporting requirements</b> |   |
|---|---|
| <b>Agreed Changes</b>   | <b>Purpose</b>  |
| 1. Introduction of corporate plan – inclusions to be settled through consultation on draft rule   | Principal entity <i>planning and operational</i> document                       |
| 2. Introduction of annual performance statement – to be settled through consultations on draft rule   | Principal entity <i>performance reporting</i> document                          |
| <b>Proposed Changes</b>   |   |
| 3. Allow for a mix of performance measurement and assessment tools, rather than relying solely on key performance indicators (KPIs)   | Fit for purpose <i>performance measures</i>                                     |
| 4. Improved Finance guidance and training   | Better quality <i>performance information</i>                                   |
| 5. Improvements to Portfolio Budget Statements  | Principal <i>resource management and accountability</i> document                |
| 6. Pilots to test and validate new performance measurement and reporting approaches   | Stronger testing and <i>validation of performance measurement and reporting</i> |
| <b>Year two (2016-17): Refine planning and reporting mechanisms and examine other possible enhancements to the performance framework</b>  |   |
| 7. Refine planning and reporting mechanisms – consider removing performance information from PBS and transferring to corporate plan   | Remove duplication between PBS and corporate plan                               |
| 8. Further improvements to guidance and other performance elements (e.g. case studies, options to support more consistent presentation of performance information across entities)              | Continuous improvement of <i>performance information</i>                        |
| 9. Options to enhance cross-entity and cross-jurisdictional performance arrangements  | Better quality <i>whole-of-government performance information</i>               |
| 10. Review outcomes and programmes arrangements   | Optimise performance framework  |

35. The enhancements proposed in year one include two agreed changes that are required under the PGPA Act and a further four proposed changes that reflect feedback received in response to the discussion paper. These proposed changes complement the two changes required under the PGPA Act, and together aim to drive improvements in performance monitoring and reporting across the Commonwealth.

36. Detailed information about changes proposed in the later stages of reform will be dealt with via a separate submission, which will be informed by the completion of targeted pilots and the implementation of reforms proposed for year one and two.

#### Introduction of corporate plan

37. The corporate plan is intended to set out clearly what an entity wants to achieve in a given period. Corporate plans will help ensure transparency of entities' and companies' current and planned activities, and provide insight into the range of operational activities undertaken by Commonwealth entities and Commonwealth companies.

38. Every entity and company subject to the PGPA Act is required to produce a corporate plan (s.35). Many entities and companies already have well-established corporate planning processes, either to meet the requirements of their enabling legislation or as a matter of better practice. The proposed amendment to the PGPA Rule for corporate plans and supporting draft guidance are at Attachments D and Attachment E respectively.

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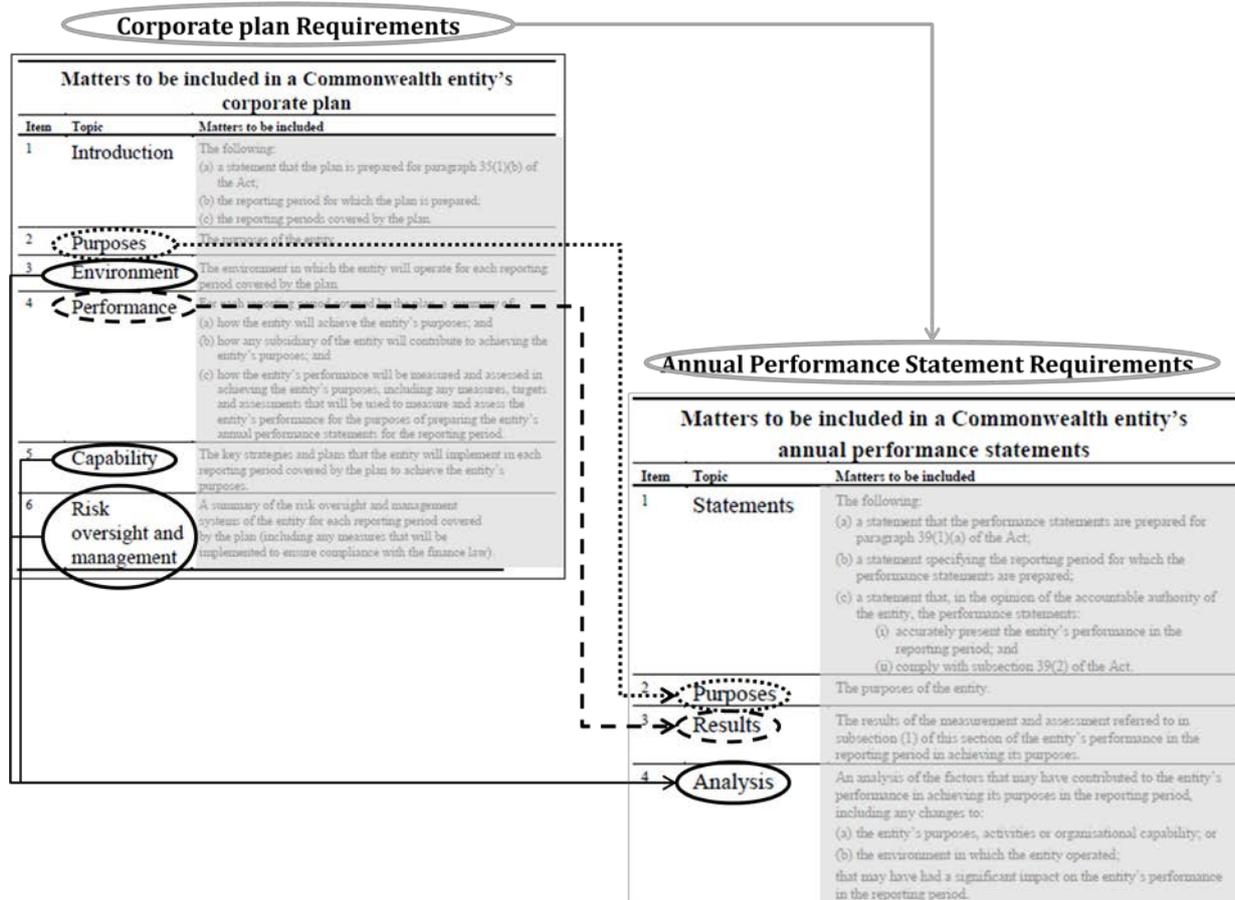
39. The draft section of the rule on corporate plans highlights that the corporate plan should state the purposes of the entity and how the entity will measure and assess its achievement of those purposes. Each plan, unless otherwise prescribed by the entity or company's enabling legislation, is required to cover a minimum of four years to align with their budgetary and funding cycles.
40. The requirements placed upon corporate plans, by the draft proposed PGPA Rule, are intended to be the minimum aspects that entities and companies should address in the preparation of their corporate plan. The minimum standard approach provides organisations the flexibility to tailor their corporate plans for their individual circumstances and allows them to pursue an optimal approach while still fulfilling their planning and reporting responsibilities, as set by the PGPA Act and associated rules.
41. Primarily, the corporate plan should be a core planning and operational document, relevant to the day to day operation of the organisation. There are currently seven core minimum requirements for corporate plans.
- Introduction
    - a statement that the plan is prepared for the PGPA Act
    - the reporting period for which the plan is prepared
    - the reporting periods covered by the plan
  - Purposes
    - describing the purposes of the entity
  - Environment
    - describing the environment in which the entity will operate for each reporting period covered by the plan
  - Performance
    - for each reporting period covered by the plan, a summary of;
    - how the entity will achieve the entity's purposes
    - how any subsidiary of the entity will contribute to achieving the entity's purpose
    - 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.
  - Capability
    - Description of the key strategies and plans the entity will implement in each reporting period covered by the plan to achieve the purposes of the entity.
  - 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).
42. Entities who publish their performance information in their PBS will be required to provide at least an overview of their performance information in the corporate plan.

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Those entities who do not publish performance information in a portfolio budget statement will be expected to provide a summary of their performance information in their corporate plans. This summary will be similar in structure and style to what entities publish in their PBS.

#### Introduction of annual performance statement

43. The PGPA Act requires Commonwealth entities to prepare an annual performance statement (s.39) and include a copy in their annual report. The proposed new section in the PGPA Rule for annual performance statements and supporting guidance are at Attachment D and Attachment F respectively. The requirement for all Commonwealth entities to provide information on their performance in their annual performance statement is a key element of the framework and aims to lift the standard of reporting across the Commonwealth.
44. The draft section to the rule and guidance proposes Commonwealth entities report through the annual performance statement on what they actually achieved against planned performance outlined in the PBS or corporate plan. The proposed interactions between the corporate plan and the annual performance statement minimum requirements are illustrated in Figure 1 below. The statement will summarise the performance of the programmes and activities for which the entity is responsible at the end of each reporting period. For example, entities will be expected to report on the results of planned evaluations if those planned evaluations are due in that reporting period. The level of reporting detail should be commensurate with the size, nature and complexity of the programme or activity in question.



**Figure 1. Interaction of corporate plan to annual performance statement minimum requirements**

45. The annual performance statement aims to provide Parliament and the public with a single source of actual performance information against the entity's targets that are detailed at the beginning of the period in their PBS or corporate plan. All Commonwealth entities are required to:
- provide an assessment against the performance measures and targets set out in their PBS or corporate plan; and
  - provide an analysis of the performance and how it has contributed to the entity achieving its purposes in the reporting period.
46. The annual performance statements are an important element of the proposed framework. They are intended to 'book-end' performance information for all programmes and all major activities of the entity.

More flexible performance measurement approaches

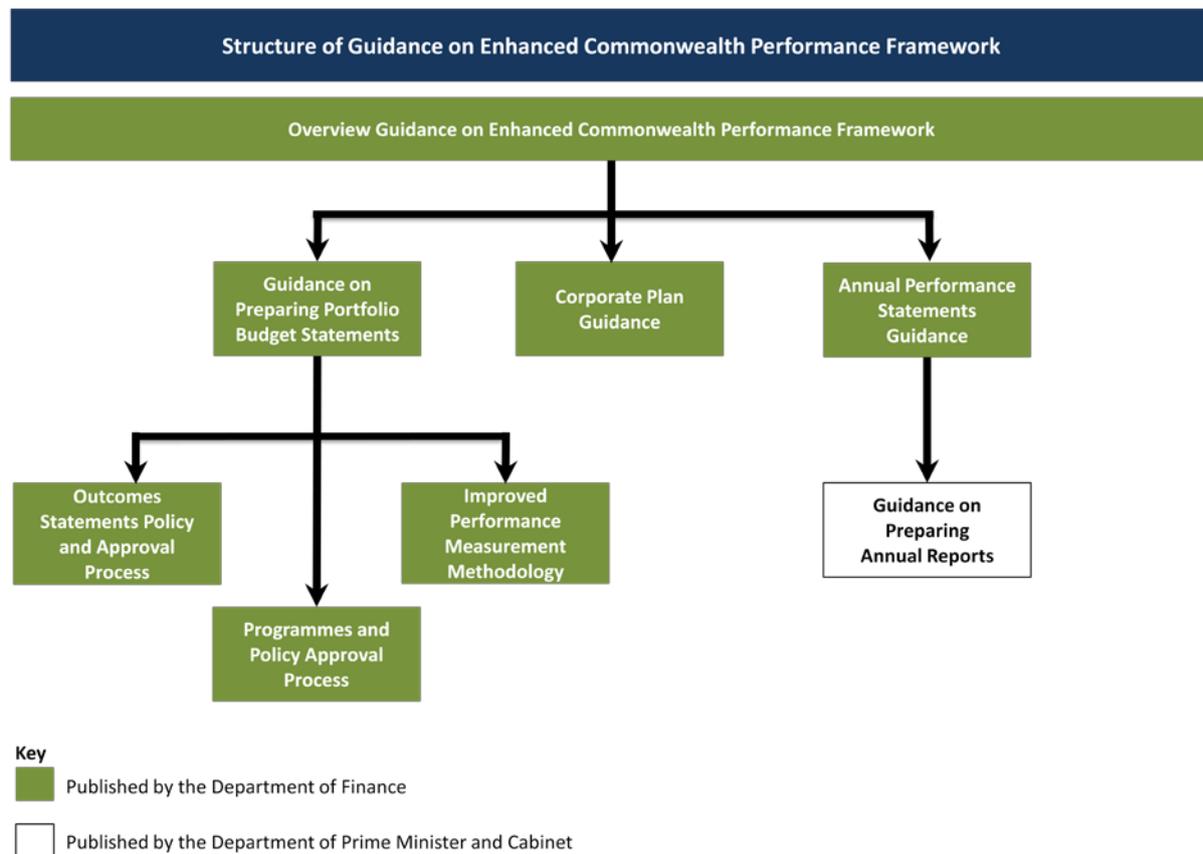
47. The current outcomes and programmes framework requires entities to use programme-level key performance indicators (KPIs) as the universal non-financial performance measurement tool. Well-designed and targeted KPIs are a recognised and valuable source of performance information, but they do not suit all programmes or activities.

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48. A key criticism of the current framework is the mandatory requirement to use KPIs to measure performance. Proposed new guidance that provides information on developing a broader range of performance information including, but not limited, to KPIs is at Attachment G. The guidance recognises that a “one-size-fits-all” approach to the design and use of performance information can lead to poorly defined and focused performance measures in some cases. Instead, the draft guidance is built on the assumption that flexibility is required to generate and maximise the use of diverse data sources to better assess the efficiency and effectiveness of government activities.
49. The flexible approach to performance measurement builds upon past use of 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.
50. However, past experience demonstrates that KPIs alone are insufficient when:
  - the effectiveness of activities is hard to measure quantitatively (e.g. policy advice);
  - activities are more complex (e.g. because they address persistent or ill-structured policy problems);
  - when significant impact is best observed over the medium to long term; and
  - when activities require collaboration across diverse entities.
51. Other performance measurement methodologies could include, where appropriate: 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.
52. Introducing flexibility to allow a range of performance measurement methodologies to be used, and improving the quality of published KPIs (where suitable) will:
  - support a more robust, fit for purpose, framework that caters for the broad range of government programmes and activities;
  - provide individual entities, government and the Parliament with better information on how well programmes and activities are achieving their objectives;
  - capture improved performance information that collectively has the following characteristics: relevant, reliable, comparable, useful, structured and proportional.

#### Improved guidance and training

53. A key output in the proposed stage one reforms will be to provide improved guidance and training on the framework. The proposed structure for new guidance on the framework is illustrated in Figure 2 below.



**Figure 2. Proposed structure of new guidance on the framework**

54. Currently there is no single document that provides guidance on the existing performance framework. This has led to a performance management system that is incomplete and lacks overarching coherence. The PGPA Act provides an opportunity to better integrate the different performance elements within a coherent overarching framework.
55. New overarching draft guidance is proposed at [Attachment H](#). It provides a description of all elements of the framework, including how these elements fit together to form part of an integrated resource management cycle. It also provides links to related guidance on specific performance elements.
56. Draft guidance on the new requirements for corporate plans and annual performance statements (refer to [Attachments E and F](#) respectively), as well as clearer technical guidance on how to develop appropriate performance measures for the broad range of government programmes and activities (refer to [Attachment G](#)) has also been developed.
57. The objective of the improved suite of draft guidance material is to create a single line of sight from planned performance (expected results), through to actual performance reporting (results achieved).
58. To ensure that the new suite of guidance material is fit-for-purpose, extensive consultation will be undertaken to refine the drafts prior to releasing the final suite of products.

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59. 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 targeted pilots (paragraph 63 below refers), to ensure that all Commonwealth entities have the opportunity to benefit from current examples of better practice.

### *Training*

60. 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.

### Improvements to Portfolio Budget Statements

61. Finance has explored how the quality of reporting information in PBSs can be strengthened, while minimising information that appears in other Budget documents, or is not widely used or valued. There are several possible areas that could be refined to support the introduction of the framework, focussing on options that minimise duplication of information provided elsewhere in the budget papers and rationalising the presentation of financial information.
62. Finance proposes implementing changes in two stages over the 2015-16 and 2016-17 financial years, following further consultation with entities. Details of the proposed changes are at Attachment I.
63. In addition, as outlined in paragraph 21 and Attachment B of this submission, there is scope for transferring performance information to corporate plans once corporate plans have been established as a reliable and authoritative document across the Commonwealth as a whole.

### Pilots to validate new performance measurement methodologies

64. Finance plans to partner with entities to undertake targeted pilots that address particular challenges or problem areas within the performance framework, with a view to identifying examples of better practice that can be shared with all entities. Pilots could focus on developing options for strengthening performance reporting for different entity types (corporate and non-corporate) and improved arrangements for measuring and reporting on cross-entity activities. Pilots could also be used to test new planning and reporting mechanisms with a select number of entities/programmes (e.g. inclusion of performance information in corporate plans, use of performance plans), prior to rolling these mechanisms out to all entities/significant programmes. Some entities have already indicated an interest in participating in pilots to test particular propositions.

### Refine new performance planning and reporting mechanisms

65. Subject to the introduction of new reporting elements (corporate plan and annual performance statements) and the pilots above, options to further refine performance reporting documents will be considered. For example, if inclusion of performance information in the corporate plan is proved to be an effective and acceptable approach consideration will be given to removing performance information from PBS and transferring it to the corporate plan for all entities.

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### Further improvements

66. Finance intends to refine the suite of guidance available 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.
67. Further improvements may include consideration of options for identifying common performance indicators, where appropriate, for programmes with similar characteristics. Finance has and will continue to undertake work to examine programmes with certain characteristics and where appropriate this work will leverage off the systemic enhancements proposed for year one (e.g. introduction of corporate plans, annual performance statements, and more flexible performance measurement approaches) to achieve broader improvements at a whole-of-system level.

### Review of Top 20 Programmes

68. Finance undertook a desk top review of the Commonwealth's top 20 spending programmes (Top 20) as part of its work in developing the framework. The review confirmed other analysis Finance had undertaken that the existing performance framework focusing only on KPIs limits meaningful reporting of programme and entity performance. Finance in 2015 is looking to implement a pilot programme to test and validate the new aspects of the framework. As part of the pilot programme Finance will work with interested entities in improving the quality of performance information against the Top 20 based on the framework which will commence for the 2015-16 financial year (further information on the Top 20 is at [Attachment J](#)).

### Cross-entity and cross-jurisdictional performance arrangements

69. Finance intends to examine options to enhance performance arrangements used to measure, assess and report on cross-entity and cross-jurisdictional activities as part of the reforms proposed for year two (2016-17).
70. Building on lessons learned through the shared outcome trials, and implementation of a more consistent approach to performance planning and reporting at an entity level in the reforms proposed for year one (2015-16), Finance will continue to undertake pilots to try to develop mechanisms to overcome the methodological challenges associated with measuring government activities of this nature.

### Review Outcomes and programmes arrangements

71. Consultation identified other areas for potential future development, including a review of the Outcomes and programmes framework. The current Outcomes and programmes framework enables entities to minimise the number of Outcome Statements to maximise appropriation flexibility. Also, the current high level nature of most Outcome Statements does not enable strong performance reporting in terms of outcomes or impacts achieved. As part of the performance framework reforms Finance intends to examine how changes to the Outcomes and programmes framework may strengthen the link between Outcomes and performance including through the potential introduction of intermediate Outcomes or objectives.

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### ***Next Steps***

72. Development of a comprehensive suite of new draft guidance material on the framework, together with the proposed amendments to the PGPA Rule in relation to corporate plans and annual performance statements, represents an important first step towards building a more coherent performance framework and improving the quality of non-financial performance information produced by Commonwealth entities.
73. Broad consultation on new draft guidance material, and the proposed amendments to the PGPA Rule, will be critical for ensuring that value and usefulness of these documents. This consultation will be managed in parallel with consideration by the JCPAA.
74. It is anticipated that, following the JCPAA's report on these matters and the government's endorsement of the proposed approach, the framework, rules and guidance material will be launched through early in 2015.

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- Attachment D – Exposure Draft: Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014 - **p. 34**
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# ENHANCED COMMONWEALTH PERFORMANCE FRAMEWORK

## DISCUSSION PAPER FEEDBACK SUMMARY

### Overview

The Department of Finance publicly released the 'Enhanced Commonwealth Performance Framework Discussion Paper' on 28 August 2014 to facilitate collaboration on potential policy and guidance enhancements, as well as specific legislative changes required by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), as part of the public management reform agenda (PMRA).

The paper was sent to the accountable authority for all Commonwealth entities, including portfolio secretaries in their portfolio coordination role, inviting feedback on options to enhance the Commonwealth performance framework. It was also distributed extensively to PMRA key contacts and made available on the PMRA website for public comment.

Extensive face-to-face consultations were conducted in Canberra and interstate with a broad range of stakeholders. This included Senior Executive Service workshops (covering approximately 70 entities), practitioner workshops for staff at the APS and Executive Levels (covering approximately 56 entities) and an Australian and New Zealand School of Government (ANZSOG) roundtable. Presentations were also made to Secretaries Board and the Policy Information Network. In addition, targeted discussions were held with Commonwealth partners, including state and territory jurisdictions, corporate and not-for-profit sectors.

Over 75 written responses to the paper were received. A list of respondents is at [Appendix 1](#). Most written responses came from Commonwealth entities, with several responses received from the private sector, academics and individuals.

Feedback from written responses and consultation meetings has been organised under ten broad themes, reflecting the areas of proposed reform that generated the most interest. In considering the feedback, it is important to note that a large number of questions were included in the discussion paper to prompt broad consideration of Commonwealth performance issues. Not all written responses addressed all questions, and additional general feedback was provided both in writing and in consultation meetings.

## Presentation of performance information

*Key Proposition: Parliament relies on timely and well-structured information that can be used to judge the efficiency of processes, effectiveness of delivery and the overall impact of activities. Reporting documents should provide a clear line of sight between government policy goals, expenditure, activities and outcomes.*

| Key Question   | Summary of Feedback   |
|--|---|
| <p>How, and in which documents, is performance information best presented, bearing in mind the need to continue to meet the expectations and information needs of Parliament at budget time each financial year?</p> | <p><u>Corporate Plan</u></p> <p>Approximately 50% of entities that provided written responses supported presenting performance information in the Corporate Plan. Reasons cited included:</p> <ul style="list-style-type: none"> <li>- improved consistency, transparency, and comparability across entities</li> <li>- better alignment between internal and external reporting and thus a more efficient approach to collecting and reporting performance information</li> <li>- this approach would ensure all entities report on performance information, noting not all entities produce Portfolio Budget Statements (PBSs)</li> <li>- additional time for publication of corporate plans later in the year would enable more meaningful performance measures to be developed – timeframes for preparing PBS make this difficult.</li> </ul> <p>The majority of entities that supported this approach suggested that the PBS should contain only financial information. This was consistent with feedback provided in consultation meetings.</p> <p><u>PBS</u></p> <p>Approximately 25% of entities that provided written responses supported retaining performance information in the PBS. Reasons cited included:</p> <ul style="list-style-type: none"> <li>- the PBS is an important mechanism for Ministers to set out their priorities and financial arrangements for the portfolio</li> <li>- this approach ensures Ministers do not have to look across multiple documents to ascertain programme information</li> <li>- performance indicators should be set by government (the funder) and as such are more appropriately located in PBSs – removing performance information from PBS could blur accountability for results.</li> </ul> <p><u>Either and/or both</u></p> <p>Approximately 6% of entities that provided written responses supported utilising both documents for performance information.</p> <p>Other entities suggested that if performance information was in the corporate plan it should be removed from the PBS to avoid duplication.</p> |

## Broader, more flexible range of performance management tools

*Key Proposition: An enhanced framework will move away from solely relying on mandatory key performance indicators (KPIs) to allow for a more flexible range of performance measurement tools to be used – technical guidance will be developed to support the appropriate use of different performance measurement tools.*

| Key Questions   | Summary of Feedback   |
|---|---|
| How can key performance indicators be improved?   | <p>There was overwhelming support for more flexibility and a broader range of performance measurement tools, and the majority of entities supported the need to improve the quality of the KPIs where these are the most appropriate measure.</p> <p>Some specific responses included:</p> <ul style="list-style-type: none"> <li>- reporting timeframes – some performance measures should be reported annually and others should be reported over a longer period</li> <li>- the requirements of the Regulator Performance Framework could be consolidated into one component of the performance measures detailed in either the PBS or the corporate plan, to become one of the key deliverables against the programme(s) for regulator entities.</li> </ul>   |
| Should entities plan and report on performance at a programme, sub-programme or major activity level?   | <p>Almost all entities that provided a written response indicated that reporting at the programme level is appropriate as it provides the flexibility required to accommodate the different types of work undertaken by Commonwealth entities.</p> <p>Some specific responses included:</p> <ul style="list-style-type: none"> <li>- an aggregate approach is more likely to be cost-effective, and provides a more digestible amount of information</li> <li>- proportionality principles could apply to the scope of performance reporting</li> <li>- with regard to tiered reporting requirements, consideration could be given to online publishing of sub-programme reporting as opposed to existing (inclusion in PBS) method.</li> </ul> <p>Some entities suggested that reporting on performance at a more granular level, based on strategic priorities, may be appropriate noting that many entities have only a single programme in the PBS. In this context, it was suggested that programme and sub-programme activity and expenditure levels should not drive the development of KPIs. Instead, performance indicators should be based on what it is important for government to achieve.</p> |
| Should annual performance arrangements be subject to coordinated and/or centralised review, or is entity self-assessment sufficient?          | <p>Feedback from all entities reflected a preference for self-assessment:</p> <ul style="list-style-type: none"> <li>- central reviews were not viewed as necessary given the external reviews currently undertaken by the ANAO, APSC and other bodies</li> <li>- centralised review may be worthwhile in specific circumstances (such as for high cost or particularly sensitive programs)</li> <li>- the concept of earned autonomy could be used to determine the extent of central agency involvement in annual performance planning.</li> </ul>  |
| What should be taken into account to improve datasets for publication and/or to support strategic and tactical decision-making in government? | <p>Most entities supported increased access to data, subject to the usual privacy and confidentiality requirements being met, and many cited the ‘Commonwealth Data Integration Initiative’ that is already in place. Some specific responses included:</p> <ul style="list-style-type: none"> <li>- much data is owned by state and territory governments and is either not available to the Commonwealth or not in its remit to release or publish</li> <li>- development of new datasets needs to take account of regulatory, system and collection costs</li> <li>- some entities’ programmes report data by calendar year (e.g. schools and higher education), which may not suit the financial year reporting cycle.</li> </ul>   |

## Improving the Portfolio Budget Statements

*Key Proposition: An enhanced framework will strengthen the quality of reporting information in Portfolio Budget Statements, while minimising information that is not widely used or valued.*

| Key Questions  | Summary of Feedback   |
|--|---|
| How can the quality of reporting information in Portfolio Budget Statements be strengthened? Should all entities complete Portfolio Budget Statements? | <p>There were mixed responses on options to strengthen the PBS. Some entities suggested the PBS should be a standalone document containing both financial and non-financial performance information, while others stated it should only contain financial information.</p> <p>Of the entities who commented, 50% stated all entities should publish a PBS for comparability and consistency purposes, while 50% stated not all entities should publish a PBS. Some specific responses included:</p> <ul style="list-style-type: none"> <li>- all entities who receive budget appropriations should publish a PBS</li> <li>- it detracts from the portfolio PBS to not include every entity, regardless of how they are funded.</li> </ul> |

## Corporate plans

*Key Proposition: The corporate plan should set out clearly what an entity wants to achieve in a given period and help ensure transparency of entities' current and planned activities. It could become the central repository of information regarding corporate governance, human resources and financial management.*

| Key Questions   | Summary of Feedback  |
|---|--|
| <p>Is the proposed list of inclusions for a corporate plan appropriate?</p> <p>What period of coverage and updating arrangements should apply to corporate plans?</p> | <p>The majority of entities suggested that the Corporate Plan be a summary document that includes links to other documents, rather than a complete central repository containing all of the detailed information.</p> <p>In relation to the period of coverage and updating arrangements:</p> <ul style="list-style-type: none"> <li>- most entities supported the Corporate Plan having a four-year outlook that aligns with the budget forward estimates, updated annually by late August</li> <li>- some entities suggested a three-year timeframe that corresponds with the electoral cycle would allow corporate plans to align with delivering on government commitments</li> <li>- some entities responded that the corporate plan should be treated as a live document that is updated as required.</li> </ul> |

## Annual performance statements

*Key Proposition: The annual performance statement will be included in entities' annual reports to provide a consolidated report on the performance of entities' programmes and activities. They are intended to 'book-end' performance information for all programmes and major activities.*

| Key Question  | Summary of Feedback  |
|---|--|
| <p>Is the level of information proposed to be reported in entities' annual performance statements appropriate?</p> <p>How can annual reports be adapted to accommodate the performance statement?</p> | <p>Most entities supported the proposed inclusions in the annual performance statements, noting a need to align with the overarching requirements for annual reports to avoid duplication. Some entities noted the inclusion of annual performance statements in annual reports was an important element in completing the planning and performance cycle.</p> <p>Most entities indicated that reporting progress against the corporate plan in the annual report would support greater transparency and accountability. Some specific responses included:</p> <ul style="list-style-type: none"> <li>- some entities prefer a flexible approach about how and where the performance report is included in the annual report to avoid duplication (e.g. embedding annual performance statements against relevant outcomes and programmes in the performance report section in Part 2 of current annual reports)</li> <li>- other entities requested that the annual performance statement have its own section, suggested as an appendix, for ease of reading the annual report</li> <li>- detailed guidance is required on 'results achieved'</li> <li>- replicating details about programme deliverables from the PBS into the Annual Report will potentially increase the length of the performance reporting information, without adding anything extra for the ordinary reader</li> <li>- if information about how KPIs are measured is required, this would increase the length of the annual report.</li> </ul> |

## Cross-entity activities

*Key Proposition: The PGPA Act places a strong emphasis on entities and officials cooperating and joining up with others to achieve common objectives. Guidance on how to assess these programmes is required.*

| Key Proposition  | Summary of Feedback  |
|--|--|
| <p>How can cross-entity activities best be measured?</p> | <p>Most entities suggested that a lead entity should be identified and KPIs for the lead and assisting entities should be developed.</p> |

## Monitoring and evaluation

*Key Proposition: Regular reviews and evaluations of entities' programmes and activities are essential to ensure effective reporting and accountability. The PGPA Act places new emphasis on the roles of the Finance Minister and the Auditor-General in auditing performance information.*

| Key Proposition                                    | Summary of Feedback  |
|--|--|
| How can evaluations be conducted most effectively? | <p>Most entities supported conducting their own evaluations and sharing these evaluations with Finance.</p> <p>Feedback indicated that detailed technical guidance is required to ensure that similar activities are measured in the same way. Questions were also raised about who would be responsible for defining these metrics to allow comparisons to be made.</p> |

## Performance plans

*Key Proposition: The performance plan is intended to clearly outline entities' activities, what entities are seeking to achieve, and how they plan to report on performance. Performance measurement tools and methodologies should be identified at the beginning of the reporting cycle.*

| Key Questions   | Summary of Feedback   |
|---|---|
| <p>Should performance plans be developed and introduced over time?</p> <p>What information should be included and how they can best be used by entities and the Parliament?</p> | <p>Some entities supported the development of performance plans, noting the transparency achieved from consistent front-end planning. However, some entities suggested that incorporating performance plans would introduce an additional burden on resources without clear benefits.</p> <p>Most entities reported that the performance plan should be included in the corporate plan rather than the PBS. One reason cited was that the production of a performance plan in the PBS process introduces a higher level of detail for entities to consider in an environment already constrained by late budget decisions.</p> <p>Some other specific responses included:</p> <ul style="list-style-type: none"> <li>- performance Plans should be included as a component of the Corporate Plan and not duplicated in the PBS. This would allow agencies to consider Budget implications and other Corporate Plan components in developing performance information</li> <li>- the proposed performance plan template would duplicate a range of information already contained in the PBS and the Budget papers. Other elements would not be practical, such as identifying the departmental expenses at the programme level or listing all of the historical budget measures impacting the programme.</li> </ul> |

## Improved guidance

*Key Proposition: To support an enhanced framework Finance will develop comprehensive guidance for entities including practical advice on the design and application of performance measurement tools.*

| Key Questions   | Summary of Feedback  |
|---|--|
| What guidance should Finance provide on performance measurement tools?  | <p>Entities would welcome more detailed technical guidance from Finance on performance measurement tools that provide flexibility but are not overly prescriptive. Some specific responses included:</p> <ul style="list-style-type: none"> <li>- guidance will need to be provided on what information should be made public and the frequency of reporting requirements</li> <li>- guidance should clarify how the Regulator Performance Framework will be integrated within the Enhanced Commonwealth Performance Framework.</li> </ul>                 |
| How should guidance be developed to assist entities to improve their measurement and reporting of cross-entity activities? (could be included under guidance section) | <p>Entities noted that there is currently no systematic way of measuring the achievement of cross-entity activities and guidance for this process should be developed. Some specific responses included:</p> <ul style="list-style-type: none"> <li>- guidance needs to be more specific in terms of different programme types than the current guidance</li> <li>- guidance is needed on the role of Bilateral Management Agreements (BMA) or MOUs where a Service Delivery department agrees to a level of performance with a partner agency.</li> </ul> |

## Implementation/Timing

*Key Proposition: Entities need sufficient time to implement new requirements and therefore any enhancements to the performance framework should be implemented over time.*

| Key Questions                             | Summary of Feedback   |
|---|---|
| When should Corporate Plans be published? | <p>Most entities reported that the corporate plans:</p> <ul style="list-style-type: none"> <li>- should not be required to be published on budget night</li> <li>- should be published after the budget and updated annually after the budget or after portfolio additional estimates statements if there have been significant changes.</li> </ul> <p>Entities advised that publishing corporate plans on budget night would place a significant additional process into an already very compressed time:</p> <ul style="list-style-type: none"> <li>- almost all entities advised that publishing corporate plans in conjunction with the PBS will not be feasible for 2015</li> <li>- entities advised that the Budget papers provided sufficient information for Parliament to make budget decisions. The PBS, including the proposed performance plan, could be produced and published by 30 June, with the corporate plan to follow by 31 August. This would still provide greater clarity and transparency around delivery of agency objectives, but would provide entities time to align performance plans and corporate plans with Budget outcomes.</li> </ul> |

| <b>Key Questions</b>                                   | <b>Summary of Feedback</b>  |
|--|---|
| Where should Corporate Plans and the PBS be published? | <p>Continued production in hard copy of the PBS is supported by most entities, given the nature and detail of the information in the PBS and its relationship to other budget documents.</p> <p>Electronic publication is generally seen to be more appropriate for the corporate plan given that the corporate plan has a broader user group and is a dynamic document subject to regular updates.</p> |
| When should performance plans be introduced?           | Almost all entities reported that performance plans could be prepared for the 2016-17 year at the earliest. Some suggested that performance plans should be introduced over time, and align with the corporate planning process.  |

## **Appendix 1**

### **List of entities that provided written feedback to the discussion paper**

#### **Non-corporate entities (35)**

Australian Bureau of Statistics  
Australian Communications and Media Authority  
Australian Crime Commission  
Australian Customs and Border Protection Service  
Australian National Audit Office  
Australian Office of Financial Management  
Australian Radiation Protection And Nuclear Safety Agency  
Australian Research Council  
Australian Skills Quality Authority  
Australian Tax Office  
Australian Transaction Reports and Analysis Centre  
Bureau of Meteorology  
ComSuper  
Defence Materiel Organisation  
Department of Communications  
Department of Education  
Department of Employment  
Department of Health  
Department of Defence  
Department of Human Services  
Department of Industry  
Department of Social Services  
Department of the Environment  
Department of Foreign Affairs and Trade  
Department of the House of Representatives  
Department of the Prime Minister and Cabinet  
Department of the Senate  
Future Fund Management Agency  
Geoscience Australia  
Great Barrier Reef Marine Park Authority  
Inspector-General of Taxation  
National Archives of Australia  
National Health and Medical Research Council  
Office of the Fair Work Ombudsman  
Office of the Australian Accounting Standards Board

#### **Corporate entities (27)**

Airservices Australia  
Australian Broadcasting Corporation  
Australian Curriculum, Assessment and Reporting Authority  
Australian Government Solicitor  
Australian Institute of Marine Science  
Australian Maritime Safety Authority  
Australian Nuclear Science Technology Organisation  
Australian Pesticides and Veterinary Medicines Authority  
Australian Reinsurance Pool Corporation  
Australian War Memorial  
Central Land Council  
Climate Change Authority

Commonwealth Scientific and Industrial Research Organisation  
Defence Housing Australia  
Export Finance Insurance Corporation  
Food Standards Australia New Zealand  
Grains Research and Development Corporation (in conjunction with Cotton, Grains, Fisheries, Rural Industries and Australian Grape and Wine Research and Development Corporations)  
Indigenous Business Australia  
Indigenous Land Corporation  
National Disability Insurance Scheme Launch Transition Agency  
National Gallery  
National Library  
National Museum  
National Offshore Petroleum Safety and Environmental Management Authority  
Screen Australia  
Special Broadcasting Service

**Private organisations, academics and individuals (7)**

Australia and New Zealand School of Government  
Gary Brooke  
Numerical Advantage  
Price Waterhouse Coopers  
Rosie Williams  
O'Brien-Malone and Diamond  
Valuometrics

**Non-disclosed (9)**

**Options for presenting performance information – Portfolio Budget Statements or Corporate Plan**

Feedback on the discussion paper reflected a divergence of views on whether substantive performance information should continue to be presented in PBSs or transferred to corporate plans.

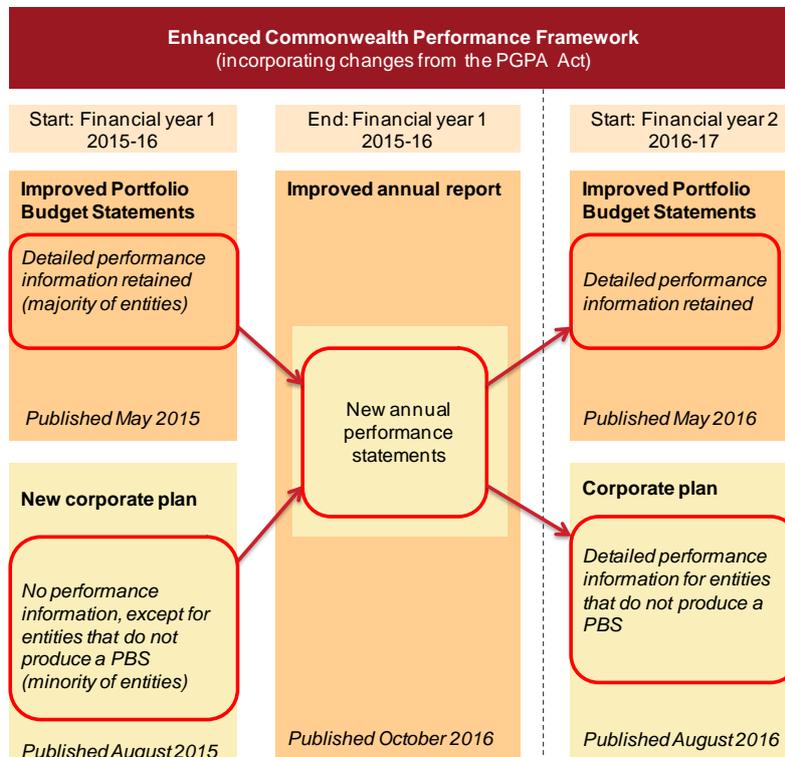
An overview of the benefits and risks of each option are presented in Table 1 below.

**Table 1. Options for presenting performance information**

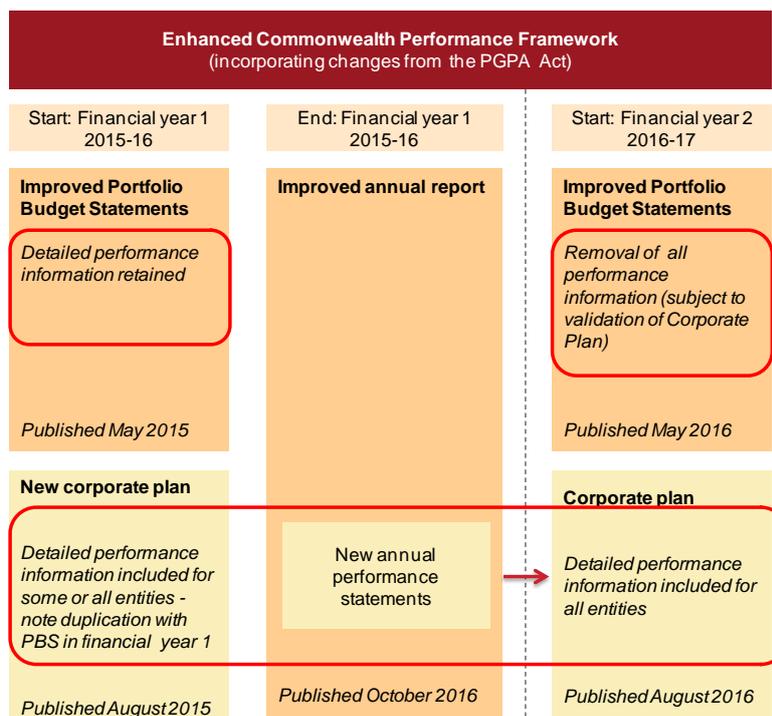
|                       | <b>Benefits</b>  | <b>Risks</b>   |
|-----------------------|--|--|
| <b>Corporate Plan</b> | <ul style="list-style-type: none"> <li>• Consistent approach to performance planning and reporting for all Commonwealth entities (irrespective of if they produce a PBS or not)</li> <li>• Clear line of sight between reporting documents for all Commonwealth entities – planning in the corporate plan and reporting in the annual performance statement</li> <li>• A clear attribution of roles and responsibilities in resourcing and planning documents – Ministers responsible for setting resourcing and policy parameters through the PBS, accountable authority responsible for delivery of efficient and effective products and services within these parameters through the corporate plan.</li> <li>• Better quality performance information because of additional time to develop performance measures once resourcing levels have been agreed and not under time pressures around the budget</li> </ul> | <ul style="list-style-type: none"> <li>• Potential reduction in transparency and accountability provided to Parliament at Budget time for consideration of appropriations</li> <li>• Duplication (to some extent) of performance information for at least the first year (may take a number of years before everyone is comfortable with the concept of performance information being in corporate plan and ultimately remove the performance information from the PBS)</li> </ul> |
| <b>PBS</b>            | <ul style="list-style-type: none"> <li>• Parliament continues to receive performance information as part of the suite of Budget documents</li> <li>• Continuity of performance information reported in PBS over a long period of time and agencies have internal practices bedded down and no change management process required</li> </ul>  | <ul style="list-style-type: none"> <li>• Entities that do not produce a PBS will include performing information in their corporate plans, leading to inconsistency and a lack of clarity about where to find performance information across entities</li> <li>• Possible duplication of aspects of performance information in the corporate plan for agencies who do a PBS</li> </ul>  |

Diagrams illustrating the line of sight between key performance planning and reporting documents under each option are presented below.

Option 1. Performance Information in PBS



Option 2. Performance Information in Corporate Plan



### Assessment of options

Feedback highlighted strong support for presenting performance information in corporate plans, although some indicated a preference for keeping performance information in PBSs.

Reasons for supporting performance information in corporate plans included:

- a consistent approach to performance reporting for all Commonwealth entities, noting not all entities produce a PBS, with a clear line of sight between key reporting documents – consolidated performance information in one place for planning (corporate plan) and reporting (annual performance statement) purposes for each entity; and
- a clear attribution of roles and responsibilities in the key resourcing and planning documents – PBSs are ministerial documents outlining government decisions on resourcing and policy parameters, while corporate plans are produced by the accountable authority of the entity outlining how it will respond to these policy parameters to deliver efficient and effective products and services.

Based on an analysis of the issues raised, and subject to the views of the JCPAA, presenting performance information in corporate plans and removing it from PBSs is Finance's preferred long-term option, noting:

- transitional issues will need to be carefully managed, and
- removing this information from PBSs could occur after corporate plans have been established and proven as a key source of information on government operations.

### Proposed way forward

The first set of corporate plans under the PGPA Act is to be done for 2015-16.

Draft rules and guidance are being prepared to allow for performance information to be included in corporate plans, recognising that amendments may be required to reflect feedback from consultation. The proposed amendment to the PGPA Rule and draft guidance on corporate plans are at [Attachment D](#) and [Attachment E](#) respectively.

A possible way forward is to leave the 2015-16 PBS largely intact, with some refinements in structure and content to strip away some duplicative tables and notes that appear elsewhere in the Budget papers.

- The PBS would remain a budget and appropriation explanatory document, that discloses relevant changes that may potentially impact on the anticipated performance of entities.
- Performance information could also be included in the corporate plan for 2015-16 in summary form for those who produce a PBS, and in more detail for the entities (around thirty in number) who do not.

Once the corporate plan arrangements have had a chance to bed down, the performance information in PBSs could be reviewed (possibly in 2016-17). This will help prove the concept of a corporate plan as an effective planning tool.

This approach does involve some doubling up of information in 2015-16, with performance information being presented in both PBSs and corporate plans. This duplication could be required for all entities, or for a representative sample of entities, depending on the level of support for the corporate plan option and whether this can be done under the constraints of the rule.

Finance has only tested this idea informally with the ANAO, so further consultation with key stakeholders and affected entities is required to refine this approach.

**Attachment C**  
**Implementation timetable for development of  
enhanced performance framework**

**Attachment C**

***Implementation 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>November 2014</i>  | <ul style="list-style-type: none"> <li>• Provide submission, including draft guidance and rules, to the Joint Committee of Public Accounts and Audit (JCPAA)</li> </ul>  |
| <i>December 2014 to February 2015</i>                                 | <ul style="list-style-type: none"> <li>• Consultation on a final suite of documents with the JCPAA</li> <li>• Finalisation of documents following JCPAA report</li> <li>• JCPAA hearing</li> <li>• JCPAA public inquiry</li> <li>• Consultation with stakeholders</li> <li>• Tabling of disallowable instruments (PGPA Act rules on corporate plans and annual performance statements)</li> </ul>  |
| <i>February 2015 to June 2015</i>                                     | <ul style="list-style-type: none"> <li>• Circulate draft rules and guidance on corporate plans and annual performance statements for comment (second pass)</li> <li>• Release of revised PBS guidance for 2015-16</li> <li>• Launch of the enhanced performance framework, rules and guidance materials</li> <li>• Provision of assistance, training and guidance to Commonwealth entities on the implementation and operation of the enhanced performance framework</li> <li>• Review of refined 2015-16 PBSs at Budget – potential for new flexibility option to be adopted by entities</li> </ul> |

# EXPOSURE DRAFT

Attachment D

Exposure Draft: Public Governance, Performance  
and Accountability Amendment (Corporate Plans  
and Annual Performance Statements) Rule 2014



EXPOSURE DRAFT (20/11/2014)

## Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014

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

Dated 2014

MATHIAS HUBERT PAUL CORMANN  
Minister for Finance

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# EXPOSURE DRAFT

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## Contents

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| <b>Schedule 1—Amendments</b> |  | <b>2</b> |
|                              | <i>Public Governance, Performance and Accountability Rule 2014</i> | 2        |

# EXPOSURE DRAFT

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## 1 Name

This is the *Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014*.

## 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

2TSchedule 12T Amendments

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## Schedule 1—Amendments

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

#### 1 Section 4

Insert:

*Portfolio Budget Statements* for a financial year means the Portfolio Budget Statements referred to in an Appropriation Act for the financial year.

#### 2 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:

---

##### **Matters to be included in a Commonwealth entity's corporate plan**

---

| <b>Item</b> | <b>Topic</b> | <b>Matters to be included</b>  |
|-------------|--------------|--|
| 1           | Introduction | The following:<br>(a) a statement that the plan is prepared for paragraph 35(1)(b) of the Act; |

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- 2 *Public Governance, Performance and Accountability Amendment (Corporate Plans and Annual Performance Statements) Rule 2014*

# EXPOSURE DRAFT

| <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>  |
|   |                               | (b) the reporting period for which the plan is prepared;<br>(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.  |
| 4   | Performance                   | For each reporting period covered by the plan, a summary of:<br>(a) how the entity will achieve the entity's purposes; and<br>(b) how any subsidiary of the entity will contribute to achieving the entity's purposes; and<br>(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).  |

(3) If:

- (a) the reporting period for which the plan is prepared is a financial year; and
- (b) the Portfolio Budget Statements for that year contain information relating to the performance of the entity;

then the summary referred to in paragraph (c) of item 4 of the table in subsection (2) relating to the entity's performance must not be inconsistent with the information in the Portfolio Budget Statements.

*Corporate plan must be published*

- (4) 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.
- (5) 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 (4).

*Corporate plan must be given to Ministers*

- (6) The corporate plan, and any version of the plan referred to in subsection (5), 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 (4).

# EXPOSURE DRAFT

## 2TSchedule 12T Amendments

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### *Variation of corporate plan*

- (7) 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 (4) 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).

### *Corporate plan for new entity*

- (8) If the entity is established at the start of, or during, the reporting period for which the plan is prepared, then subsection (4) 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 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:
- (a) if the reporting period is a financial year and the Portfolio Budget Statements for that year contained information relating to the entity's performance—the Portfolio Budget Statements; and
  - (b) otherwise—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.

# EXPOSURE DRAFT

*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:<br>(a) a statement that the performance statements are prepared for paragraph 39(1)(a) of the Act;<br>(b) a statement specifying the reporting period for which the performance statements are prepared;<br>(c) a statement that, in the opinion of the accountable authority of the entity, the performance statements:<br>(i) accurately present the entity's performance in the reporting period; and<br>(ii) comply with subsection 39(2) of the Act. |
| 2  | Purposes     | The purposes of the entity.  |
| 3  | 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.   |
| 4  | 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:<br>(a) the entity's purposes, activities or organisational capability; or<br>(b) the environment in which the entity operated;<br>that may have had a significant impact on the entity's performance in the reporting period.  |

## **Division 5—Audit Committee for Commonwealth entities**

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

Repeal the heading, substitute:

## **Division 6—Special reporting requirements**

### **4 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.

# EXPOSURE DRAFT

## 2TSchedule 12T Amendments

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- (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.



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



# Resource Management Guide No.100

Corporate plans

**DRAFT**

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### **Contact us**

Questions or comments about this guide should be directed to:

Public Management Reform Agenda  
Department of Finance  
John Gorton Building  
King Edward Terrace  
Parkes ACT 2600

Email: [PMRAperformanceframework@finance.gov.au](mailto:PMRAperformanceframework@finance.gov.au)

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

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: 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, and directors of Commonwealth companies. The Guide is also relevant to chief financial officers, chief operating officers and their units in all Commonwealth entities (entities) and Commonwealth companies (companies). It is also intended to support officers involved with the administration of programmes.

## Key points

This Guide:

- gives guidance on the obligations of accountable authorities and directors under sections 35 and 95 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) respectively to prepare a corporate plan for an entity or 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 entities and companies.

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).

Other relevant publications include:

Resource Management Guide No. 124 *Overview of the Enhanced Commonwealth Performance Framework*

Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*

Resource Management Guide No. 101 *Annual Performance Statement*

Commonwealth Risk Management Policy

Better Practice Guide – Risk Management

Commonwealth Business Enterprise – Governance and Oversight Guidelines

Regulator Performance Framework

## Part 1 – Introduction

1. The PGPA Act (sections 35 and 95) requires all Commonwealth entities and companies subject to the Act to prepare and publish corporate plans. Many Commonwealth entities and companies 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 and 27A of the PGPA Rule now establish a minimum set of requirements for all corporate plans. A Commonwealth entity or company may produce additional information in their corporate plan, provided these minimum requirements are met.
2. A corporate plan is designed to be the principal planning and operation document of an entity or company. It should set out clearly what an entity or 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 organisation will undertake over the period of the plan and provide an insight into the range of operational activities undertaken by the organisation. The minimum inclusions in a corporate plan are set out in section 16E of the PGPA Rule, which requires entities and companies address in their corporate plans:

- The purposes of the entity or company;
- The broader environment within which it works;
- The planned performance of the entity or company (and any subsidiary that go to achieving its purposes);
  - Including a 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.

3. The corporate plan is part of a suite of corporate documents that provide information on the resourcing, operations and performance of an entity or company. For example, the Portfolio Budget Statements produced by an entity (where relevant) describes the relevant responsible Minister's planned activity for an entity, and the public resources being provided to fund this activity. Another key corporate document is the annual report which includes the annual performance statement for Commonwealth entities.
4. Each document plays a different role, but when taken together, they should provide a clear narrative about the things an entity or company planned to do at the beginning of the year and what it had achieved by the end of the year. One way of achieving this could be to have a clear line of sight between these documents in the key reporting areas. A reader could then track, for example, the level of resources planned to be allocated to the level of resources actually applied to the activities of the organisation, or performance targets set to the performance levels achieved by the organisation over the reporting period. This would be consistent with the requirement under section 38 of the PGPA Act for Commonwealth entities to measure and assess performance.

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 accountable authorities of entities and directors of companies who are responsible for tailoring their corporate plans to meet their individual circumstances.

## Part 2 – Duties of the accountable authority and directors

### *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.

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

**95 Corporate plan for Commonwealth companies**

*Commonwealth companies*

- (1) The directors of a Commonwealth company must:
  - (a) prepare a corporate plan for the entity at least once each reporting period for the company; 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 company will contribute to achieving those priorities and objectives.

*Subsidiaries*

- (4) If the Commonwealth company has subsidiaries, the corporate plan must cover both the company 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 corporate plan*

- (5) If the directors vary the plan, the directors must comply with any requirements relating to variations of corporate plans that are prescribed by the rules.

## Part 3 – 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.

6. The PGPA Act (subsections 35(3) in relation to Commonwealth entities and 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 – Portfolio Budget Statements

7. 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>1</sup>. Within the Commonwealth Performance Framework, entities' corporate plans are designed to interact with their PBSs to provide a clear line of sight from budget appropriations to organisational planning. However, not all entities produce Portfolio Budget Statements.
8. Where produced, Portfolio Budget Statements (PBS) will remain the primary source of information about how the entity will measure and assess its performance. In the PBS the responsible Minister describes to Parliament "what" he/she on behalf of government, is going to do with the monies appropriated by Parliament. The PBS will include any measure, targets and assessments that the entity plans to use to measure and assess its performance for the purposes of preparing the annual performance statement in its annual report. Separate guidelines are issued by the Department of Finance (Finance) each year in relation to the preparation of a PBS. Entities should seek to align their corporate plan and their Portfolio Budget Statement. Finance will ensure that the guidance and guidelines issued by Finance in relation to PBSs set consistent requirements in relation to non-financial performance information.
9. Entities that produce a PBS are still required under the PGPA Rule to include performance information in their corporate plan. However, all they need to do is include a summary of the performance information published in the entity's PBS in the corporate plan (item 5 in subsection 16E(2) of the PGPA Rule), provided that the summary is not inconsistent with the information in the PBS (subsection 16E(3) of the PGPA Rule):
10. For those entities and companies that do not produce a Portfolio Budget Statement, the corporate plan will become the primary source of information about how the entity will measure and assess its performance.

<sup>1</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 5 – Overview of the corporate plan

### What is a corporate plan?

11. The corporate plan is the primary operational planning document of an entity or company, setting out the objectives and strategies it is to pursue in achieving its purposes over at least four reporting periods. A reporting period is usually a financial year. The corporate plan should convey the organisation’s purpose and core operational activities, explain the environment and context in which it operates, its planned performance, risk management and capabilities.
12. 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. 101 *Annual Performance Statement*). The annual performance statement, which is to be included in an 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 and/or Portfolio Budget Statements.

### The corporate plan and its role in the performance framework



## Part 6 – 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.

13. Every entity and company 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 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, or paragraph 95(1)(a) of the Act for companies. The four year horizon for a corporate plan is consistent with the forward estimates period of the Commonwealth government's budgeting and planning cycle. It allows for the corporate plan to outline the medium-terms strategic direction of the organisation, including about its activities, resourcing and risks. It allows for an organisation to identify the key challenges, decision points and any trade off that may be required in achieving its purposes over multiple years.
14. Nothing precludes an entity from producing a corporate plan for a period longer than four reporting periods.
15. A note to subsection 16E(1) of the PGPA Rule notes that requirement in paragraph 35(1)(a) of the PGPA Act 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 related. Subsection 16E(7) allows for a corporate plan to be varied during the reporting period (see Part 11 of this Guide).

#### Minimum requirements of the corporate plan

16. The requirements for corporate plans set out in the PGPA Rule are intended to be the minimum set of requirements for all corporate plans. Primarily, the corporate plan should be a core planning and operational document of the organisation, relevant to its day-to-day operations. There are seven core minimum requirements for corporate plans in section 16E(2) of the PGPA Rule.
  1. *Introduction (statement of preparation and period of coverage)*
  2. *Purposes*
  3. *Environment*
  4. *Performance*
  5. *Capability*
  6. *Risk oversight and management*

## Part 6 (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 | The following:<br>(a) a statement that the plan is prepared for paragraph 35(1)(b) of the Act;<br>(b) the reporting period for which the plan is prepared;<br>(c) the reporting periods covered by the plan. |

17. The corporate plan includes an Introduction 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, or subsection 95(1) of the PGPA Act in the case of a Commonwealth company. The statement may also refer to any other legislation applicable to the preparation of the corporate plan of the organisation.
- 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
- specification of the reporting periods covered by the plan e.g. 2015-16 to 2018-19.

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

*I/We, as the accountable authority [or director] of [organisation title] present the [minimum 4 year period or longer, if preferred] [entity name] corporate plan, as required under paragraph 35(1)(a)/section 95(1)(a) 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 6 (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:

| <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> |
| 2   | Purposes     | The purposes of the entity.   |

18. The corporate plan will include a statement that explains the organisation's purposes over the next four years.
19. The aim of the purpose statement is to give context to the objectives and goals that the organisation will pursue over the period covered by the corporate plan. For an entity established by enabling legislation, the statement should reference the purposes determined by the Parliament. For an interjurisdictional entity, the purposes may have been established by COAG or by joint ministerial councils. For an entity that receives appropriations, the purposes of an entity could draw on its outcome statements and the administrative arrangements order.
20. 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 listed short term expression of goals. Nevertheless, it may address the entity's key objectives within the reporting period and talk about the higher level impacts that its activities are expected to achieve, including the wider social, economic, and environmental effects that are intended to be realised through the activities of the organisation.
21. The statement may also include 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. 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's corporate plan must set out how the 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 consistent with the compliance of that legislation.
22. Entities and companies 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. One possible way of achieving this may be to express the purposes of the organisation in two parts – the first part of which outlines the long term role of the organisation, and the second part of which lists in summary for the key strategic goals of the organisation in the short to medium term.

### Purposes statement

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

- The purposes ascribed to the organisation 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 in descriptions published in the Administrative Arrangements Order.
- Objectives of the organisation 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 organisation 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 organisation expects to have through its activities.

## Part 6 (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. |

23. The corporate plan will include a statement that addresses the environmental context in which the organisation operates (currently and over the period of the plan). The environment statement may aim to detail the nature and intricacies of the wider environment in which the organisation operates. This could include demographic, geographic or time related issues that impact on the organisation, 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.

### Environment statement

To assist in the explanation of the environmental context, and its potential effect on organisational performance, entities and companies may consider and address factors in

their environment in three broad categories:

- **Factors in full control of the entity** – factors in the environment that the organisation is able to affect, on an as needed basis, which can be modified at will to assist in the achievement of any desired outcome.
- **Factors in partial control of the entity** - factors in the environment that the organisation is able to have limited affect upon, but that may be leveraged or utilised, in some way, to affect a desired outcome.
- **Factors beyond the control of the entity** – factors in the environment that the organisation cannot affect but which still substantially contribute to its capacity to deliver the desired outcomes.

24. An entity or company could address the main external and internal factors that affect or influence the organisation. By way of example, it may describe the conditions, circumstances and trends that could impact on, or affect, the organisation’s 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, automation and), and social factors (changes in consumer preferences or environmental trends).

## Part 6 (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  | 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> |

25. The corporate plan must provide a summary of any the performance measures, target and assessments to be used to assess the entity’s performance. A good suite of performance measures would include some that provide information that serve to link the purposes and the programmes and key activities of an organisation.

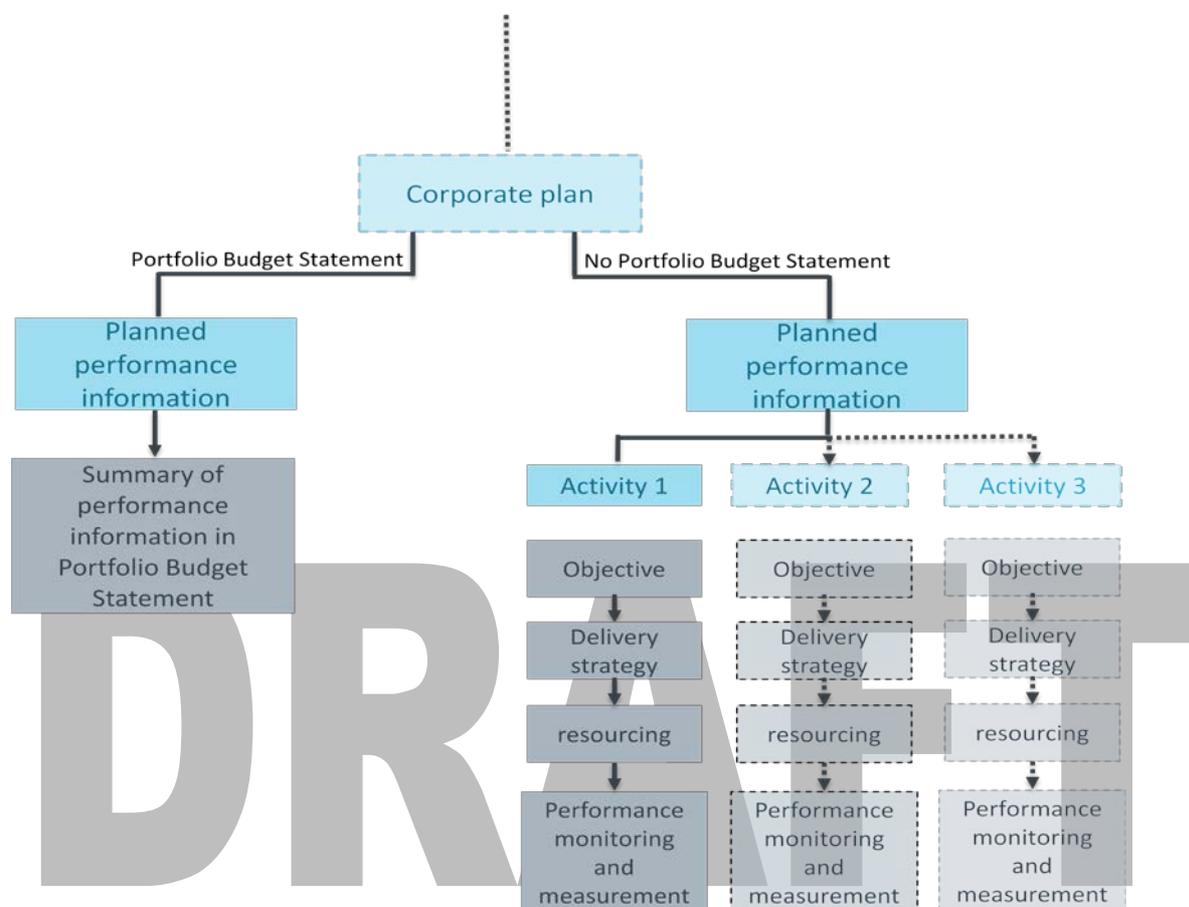
26. When considering an approach for their corporate plan, organisations are encouraged to adopt a flexible approach to performance measurement. This flexible approach should still consider the existing practice of key performance indicators (KPIs), recognising that, if well designed, they remain a powerful source of non-financial performance information that can be easily understood. However, organisations should recognise 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 a programme or business activity (e.g. especially where it is difficult to measure impact in quantitative terms only).
27. Organisations can now use tools other than KPIs to generate better quantitative and qualitative information which is able to provide a better indication of the performance of more complex programmes and activities.
28. For more information please see Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*.
29. Within corporate plans it is expected that a broader set of tools will be used to improve performance information. 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 programmes and activities); and comprehensive evaluations (e.g. reviews that draw upon and generate diverse sources of performance information to better understand the overall impact of a programme).
30. The performance information generated through these mechanisms is intended to improve the quality of the external reporting information provided to Parliament and the Australian public through the reporting documents. However, it can also be expected to be a useful tool for programme managers, senior managers, accountable authorities and directors to understand the impact of the programmes and activities they are responsible for, and to identify opportunities for better practice.

### Regulator Performance Framework

31. The Regulator Performance Framework establishes a common set of performance measures for the assessment of regulator performance.
32. For entities subject to the Regulatory Performance Framework, when developing a summary of performance measures consideration should be given to including KPIs and evidence that comply with the requirements of the Framework. Where regulatory functions are a small proportion of the activities of the entity, the performance statement could refer to or provide a link to published material that complies with the requirements of the Framework.
33. For further information and guidance on entities responsibilities within the Regulator Performance Framework please see: <https://www.cuttingredtape.gov.au/regulator-performance-framework>

## Planned Performance information

34. The figure below is illustrative only, but shows the two ways in which performance information may be presented in corporate plans.



**Figure 1: Alternate pathways for reporting performance for corporate plans**

### Performance summary for entities that publish a Portfolio Budget Statement

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

**16E Corporate plan for Commonwealth entities**

(3) If:

- (a) the first reporting period covered by the plan is a financial year; and
- (b) the Portfolio Budget Statements for that year contain information relating to the performance of the entity;

then the summary referred to in item 4 of the table in subsection (2) relating to the entity's performance must not be inconsistent with the information in the Portfolio Budget Statements.

35. Entities that produce a PBS are still required under the PGPA Rule to include performance information in their corporate plan. However, all they need to do is include a summary of the performance information published in the entity's PBS in the corporate plan (item 4 in subsection 16E(2) of the PGPA Rule), provided that the summary is not inconsistent with the information in the PBS (subsection 16E(3) of the PGPA Rule).

36. The level of detail provided in an entity's performance summary is at the discretion of the entity. Entities may choose a level of detail that best represents the purposes and key activities of the entity.
37. Where an entity has produced a PBS and seeks to bring together the information in their PBS and the summary of performance information requirements contained in subsection 16E(2) of PGPA Rule, then one option may be to produce a summary statement that includes:
- a. A brief explanation of the outcome(s) for which the entity is responsible; including how the outcome aligns/facilitates the purposes of the entity as detailed in the entity's purposes statement.
  - b. A brief explanation of key programmes (including key deliverables, outputs and targets) that the entity is pursuing and the outcome to which they relate.
  - c. A reference (and directions) to the relevant Portfolio Budget Statement where the entity's full performance information is published.

### Possible integrated approach

#### Possible integrated approach

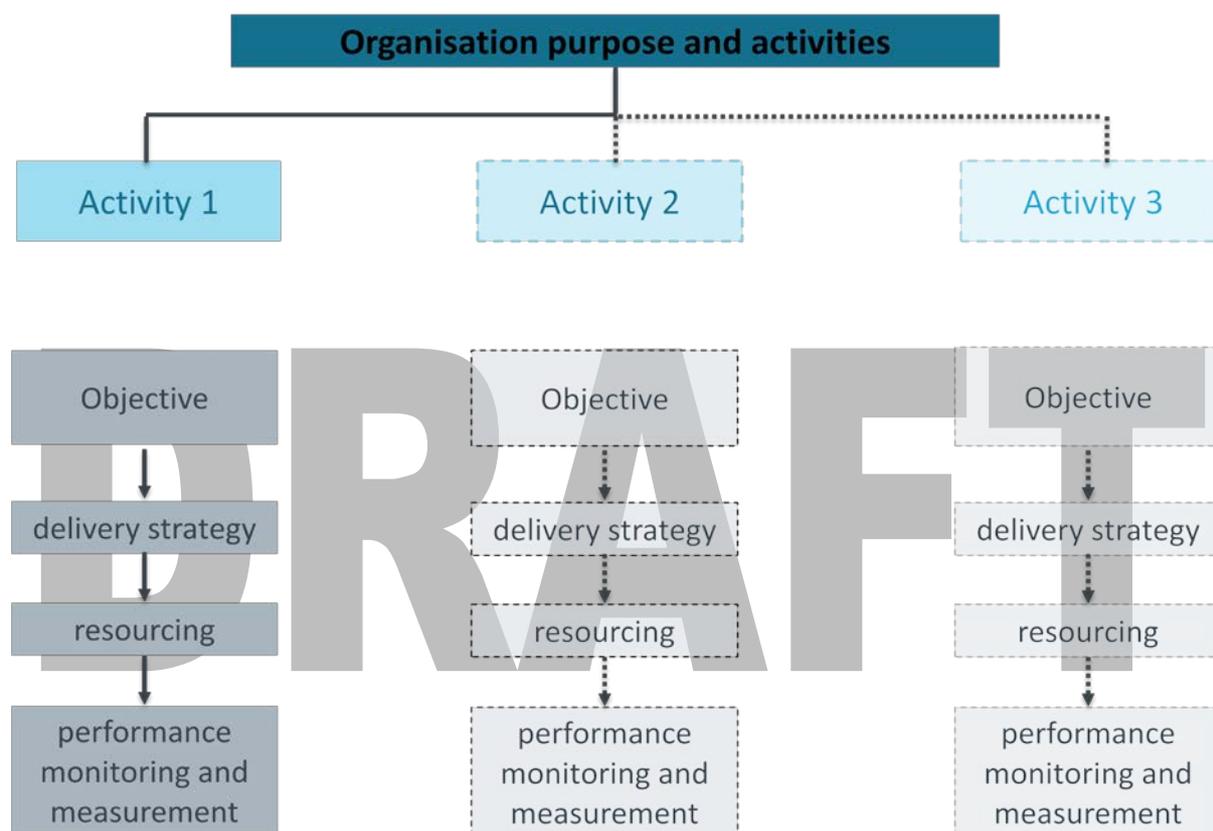
Entities may consider the following approach to developing a items 2 and 4 of subsection 16E(2) of the PGPA Rule in relation to their corporate plan to allow it to reconcile easily to the performance statement to be included in their annual report.

- Objectives of the organisation expressed through outcome statements or vision, mission, aspirations or values.
- The primary functions and responsibilities of the organisation and the outcomes, aims and goals it plans to achieve or progress in the years ahead.
- Identification of discrete channels of activity, including programmes where relevant, that are undertaken to meet the outcomes, aims and goals of the organisation.
- Defining what success and/or achievement of the outcomes, aims and goals of the organisation will look like.
- Identifying what deliverables will be produced over the reporting period to achieve the organisation's outcomes, aims and goals.
- Identifying reliable and accurate measures for the deliverables and for the achievement of the organisation's outcomes, aims and goals.

38. The aim of the planned performance information is to provide transparent and consistent information about entities' and companies' planned activities and how they will be measured.

39. 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 way that would allow for a clear read to the annual performance statement at the end of the reporting period, as prescribed in the PGPA Act: See Resource Management Guide No. 124 *Overview of the Enhanced Commonwealth Performance Framework*.

40. A graphical way of showing how this information would fit together follows.



**Figure 3: Integrated approach to measuring performance**

**Identify activities**

41. A core process that an organisation needs to undertake in developing its corporate plan is to identify its activities. Entities may seek to identify streams of activity, that when summed, collectively align with the purpose of the organisation. The aim of identifying activities is to provide transparent and consistent information about organisational activities at a lower than whole of organisation level, i.e. entities are likely to undertake a range of activities in pursuing their overall organisational aims/goals. For budget-funded entities, many of their key activities are presented as programmes in the PBSs, and these might map through to the model shown above.

42. The corporate plan should provide details of each activity's objectives and non-financial performance measures, including targets, and deliverables. This information is required to provide an understanding of an activity's purpose, how much resourcing it requires, what it will deliver to the community or specific target group and how it proposes to measure for effectiveness and efficiency.
43. Smaller entities that have a single purpose, and engage in a single activity, may not need to identify sub-activities or further detail. These entities will still need to provide information to support the core minimum requirements, but only for their single activity. Larger budget-funded entities that have a single outcome, however, should use their programmes as a starting point, and may consider supplementing these with activity information where the presentation of the discrete activity helps to explain key elements in a large programme or the key undertakings of an entity over the reporting period – for example, a major capital project like the development of a new IT system.

### **Activity / Programme Objective**

44. Entities should clearly identify the objective of each activity they undertake, to provide context to its intended results, impacts or consequences. Activities are the primary vehicle by which entities achieve their overall purpose. Each activity's objective will need to have regard for the organisation's overall purpose statement, indicating how these activities are consistent with its overall intentions.
45. A concise objective may aim to answer key questions about the purpose of the activity, including:
  - 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 objectives?

Fundamentally, each organisation's objective statement will define the intention, goal, targets and deliverables of the activity.

### **Delivery Strategy**

46. Entities could outline the strategies they will be undertaking to achieve the intended results specified in their objective statement(s); including major projects and initiatives, and how they link to activities and performance indicators.
47. When presenting the delivery strategy, entities and companies may wish to indicate the timeframes relevant to the activity and its intended objective (i.e. if the objective is focused on a 10-year timeframe then the strategy may take this into account). Entities and companies may also wish to include evidence of actual and planned progress against their strategy statement to assist in explaining how it is being implemented.

## Resourcing

48. Entities and companies could show the resources that they will allocate to each activity to achieve the activity's objective(s). Information on resourcing may provide a basic level of clarity and transparency to the resources that will be allocated to the activity. At a minimum, entities and companies could provide two key pieces of information about their resourcing of the activity(s):
- 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.
49. Entities and companies may also include any additional resourcing information within the corporate plan at their own discretion.

## Performance measurement

50. In the process of developing a planned performance statement, entities and companies must consider how they will measure, monitor and present the ongoing performance of each activity over the four year period of the corporate plan.
51. Performance measurement is a method by which the organisation intends to monitor and demonstrate an activity's performance. The summation of all activity performance within an organisation should demonstrate the overall performance against an entity's intended objective and goals (as defined in the purposes statement). Good performance reporting would provide information, indicators and other data that gives the reader of a corporate plan a clear understanding of what success looks like and how it will be measured. The annual performance statement will tell the reader about actual performance at the conclusion of the reporting period.
52. There are many measurement and monitoring methodologies that entities and companies may use to measure organisational performance. This guidance does not seek to prescribe any specific approach; however, entities and companies may wish to consider whether the data sets and performance information that they produce in relation to their activities can be compared with the information produced by other entities undertaking similar activities, to allow for benchmarking and the sharing of better practice lessons. For further Guidance see Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*.

## Part 6 (e) - 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). |

53. Within the corporate plan, entities and companies should discuss how risk management will underpin their approach to achieving their purposes. Appropriate risk-taking and innovation are consistent with careful and proper use of and management of public resources. As a core planning and operational document, the corporate plan should demonstrate that effective risk management priorities have been considered and implemented.

54. 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.

55. 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 6 (f) - 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. |

56. As a central planning and operational document of an organisation, the corporate plan will address the key strategies and plans to be used to achieve the entities' and companies' purposes. In this item, entities and companies may identify what current capability they have, and assess how their capability needs may change over the term of the corporate plan. Entities and companies may 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.

## ICT capability

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

- Provide a brief outline of the organisation'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 organisation'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.

57. A **capital investment strategy** could be considered for inclusion where capital investment is expected to make a relevant and significant contribution to the organisation's resources and capability over the period of the corporate plan. A capital investment strategy could describe the entity's planning and management of capital assets and any capital pressures.

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

## Part 7 – Including other information in the corporate plan

59. The intention of the corporate plan is to be the primary operational planning document of the organisation. This Guide recognises that for the document to be effective in supporting planning, entities and companies may wish to add further content that is relevant to explaining how they plan to deliver upon their specified purposes. Entities and companies should feel free to include any additional information that, at their own discretion, assists this purpose. Even though the focus of this guidance steps that can be taken to improve clarity to external readers, it is recognised that corporate plans speak to a multiplicity of audiences, including the employees of an organisation.

## Part 8 – Entities with enabling legislation

60. The PGPA Act does not derogate from the operational independence of statutory entities as set out in their enabling legislation. 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 is different to the requirements of the PGPA Act and associated rules, the requirements of the enabling legislation may take priority.

## Part 9 – 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
- (2) Each of the following Commonwealth companies is a government business enterprise:
- (a) ASC Pty Limited (ACN 008 605 034);
  - (b) Australian Rail Track Corporation Limited (ACN 081 455 754);
  - (c) Medibank Private Limited (ACN 080 890 259);
  - (d) Moorebank Intermodal Company Limited (ACN 161 635 105);
  - (e) NBN Co Limited (ACN 136 533 741);
- even if the company changes its name.

61. Section 5 of the PGPA Rule identifies those Commonwealth entities and Commonwealth companies that are government business enterprises (GBEs) for the purposes of the PGPA Act.
62. 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)

## Part 10 – Publication requirements

63. 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 or company by or under their enabling legislation.
64. Accountable authorities and company directors 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.
65. Publication is subject to any considerations relevant to subsection 16E(5) of the PGPA Rule.

### Sensitive information

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

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

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

(5) 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 (4).

66. 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 summary of the corporate plan may be prepared for publication on the organisation's website that excludes such matters. For GBEs, there are well established standards that are contained in the GBE Guidelines that help to guide considerations about how commercially confidential or sensitive information is identified. 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)

67. Information may be considered for omission from the publically available corporate plan if:

- a. release of the information would cause competitive detriment to an organisation;
- 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.

68. If a corporate plan and a summary 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*

- (6) The corporate plan, and any version of the plan referred to in subsection (5), 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 (4).

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

69. Intelligence, security or listed law enforcement entities covered by the PGPA Act, who have not previously published a corporate plan, will likely continue their existing arrangements. Under section 105 (D) 3a allows for the Finance Minister to determine, by written instrument, to excuse Intelligence, security or listed law enforcement agencies from preparing and publishing a corporate plan under section 35 of the PGPA Act.

## Part 11 – 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*

- (7) 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 (4) 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).

1. Corporate plans must be reviewed at least annually. They should be updated to reflect any new purposes or key priorities for entity, any changes in the entities operating environment, any new activities that warrant inclusion in the corporate plan, any significant new performance measures, targets or tools that will be used to measure an assess the entity's performance (unless these have already been reported in the PBS for the new reporting period) and any key changes in the capability of the organisation or in its risk management approach. In short, should there be any new matter or change of material relevance to any topic 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.
2. At any time, accountable authorities and directors may vary corporate plans at their own discretion, to reflect changes in the operations and activities of the entity and company.
3. 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 or director before publishing in accordance with the requirements in subsection 16E(6) of the PGPA Rule.



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

**Attachment F**  
**Draft Resource Management Guide No. 101**  
*Annual Performance Statement*



# Resource Management Guide No. 101

## Annual Performance Statement

**DRAFT**

[MONTH 2014]

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### **Contact us**

Questions or comments about this guide should be directed to:

Public Management Reform Agenda  
Department of Finance  
John Gorton Building  
King Edward Terrace  
Parkes ACT 2600

Email: [pmra@finance.gov.au](mailto:pmra@finance.gov.au) or [PMRAPerformanceFramework@finance.gov.au](mailto:PMRAPerformanceFramework@finance.gov.au)

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

This guide contains material that has been prepared to assist Commonwealth entities to apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies.

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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, programme areas and their units in all Commonwealth entities.

## 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; and
- outlines the minimum requirements and provides guidance for producing annual performance statements.

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).

Other relevant publications include:

Resource Management Guide No. 124 *Overview of the Enhanced Commonwealth Performance Framework*

Resource Management Guide No. 100 *Corporate Plan*

Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*

Guidance for the preparation of 2015-16 Portfolio Budget Statements.

Department of Prime Minister and Cabinet's Requirements for Annual Reports

## 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 Statement 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 39 of the PGPA Act requires Commonwealth entities to prepare an annual performance statement and include a copy of that statement in their annual report. While entities already report on their performance in their annual report, the annual performance statement will assist in providing a consistent approach across all entities. It aims to bring all non-financial performance information into the one place in an annual report, much as the financial statements for an entity consolidate all 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 Portfolio Budget Statements (PBS) or corporate plans of an entity, and actual performance over the reporting period.

### **Audit of entities' Annual Performance Statements**

2. 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*, the 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 the request of the Minister of Finance and/or the responsible Minister.

## **Part 2—Overview of the annual performance statement**

### **What is the annual performance statement?**

3. Commonwealth entities will report through the annual performance statement on what they actually achieved against planned performance outlined in either the PBS or the corporate plan. The statement will summarise the performance of the programmes and activities for which the entity is responsible at the end of each reporting period, by reporting against the measures, targets and assessment tools 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 programme or 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.

### The role of the annual performance statement in the performance framework

#### Portfolio Budget Statements (PBS)

Outlines the Government's planned activities and resourcing

#### Corporate Plan

Principal planning document and includes performance information

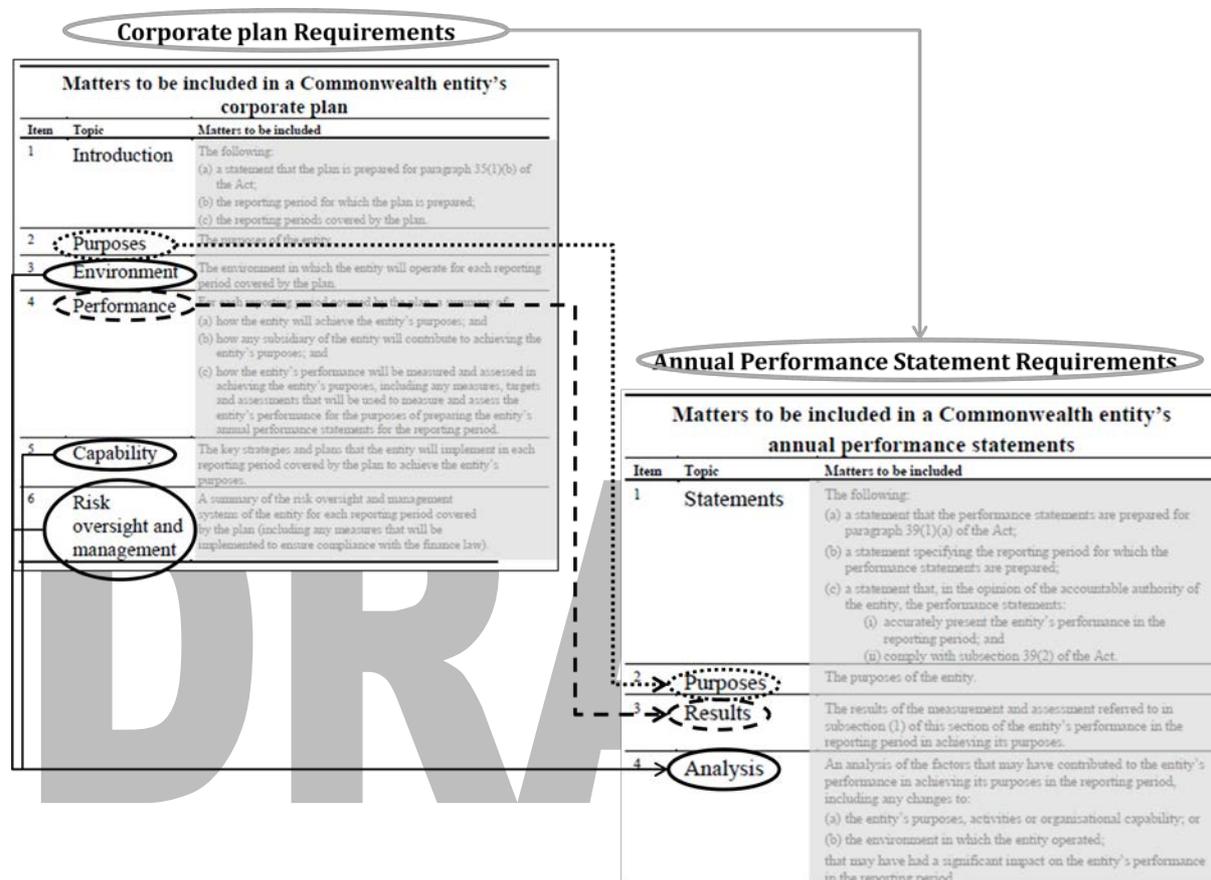
#### Annual Performance Statement

Reports on results against targets outlined in the Corporate plan

4. The PBS, the corporate plan and the annual report are bookends to the reporting period. In terms of performance information, these three central documents are intended to link to each other. Each should provide context and support for the subsequent publication in the reporting period, and a clear logic, content and purpose should be identifiable through the series.
  - Portfolio Budget Statements provide information to enable Parliament to understand the amount and purpose of appropriations including planned performance information;
  - The corporate plan outlines the entity's purposes, activities and performance information (for those entities who do not produce a PBS); detailing how the entity intends to organise itself to achieve these; and
  - Annual performance statements will then act to complete the reporting cycle with entities reporting actual results achieved within the reporting period against the performance information set out in their Portfolio Budget Statements or corporate plan.
5. The annual performance statements are an important element of the proposed enhanced Commonwealth performance framework. They are intended to 'book-end' performance information for all programmes and all major activities of the entity.

## Annual performance statement and alignment with the corporate plan

6. The annual performance statement is where entities report on what they actually achieved against planned performance outlined in their corporate plan and PBS where relevant. The proposed interactions between the corporate plan and the annual performance statement minimum requirements are illustrated in the Figure below.



7. The minimum requirements of the corporate plan as dictated by the Public Governance, Performance and Accountability Rule 2014, are intended to flow on directly to the minimum requirements of the annual performance statement.
8. When developing an annual performance statement entities will need to maintain consistency with their corporate plan. Specifically:
- Purposes** of the entity should be the same in the corporate plan and the annual performance statement.
  - Environment, capability and risk and oversight** content published at the beginning of the period in the corporate plan should be considered and addressed, where relevant, in an entities **analysis** of their performance in the annual performance statement.
  - Performance** information in the corporate plan (and PBS where relevant), which details what an entity will do in the period to fulfil its purposes and how it will measure and assess its performance, should be directly addressed by the entities performance **results** published in the annual performance statement.

## Part 3—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**

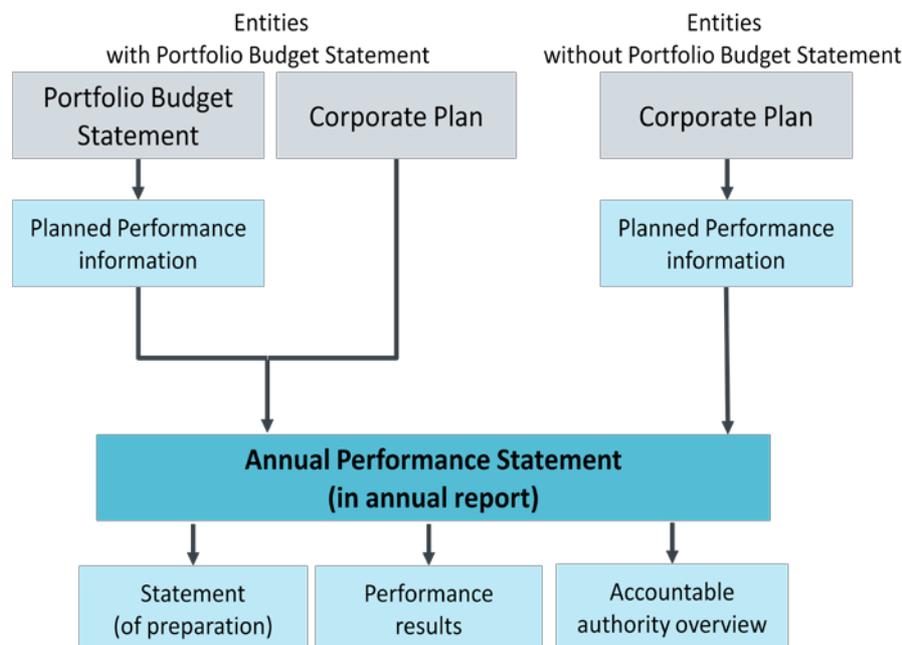
##### *Measuring and assessing entity's performance*

- (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:
  - (a) if the reporting period is a financial year and the Portfolio Budget Statements for that year contained information relating to the performance of the entity—the Portfolio Budget Statements; and
  - (b) otherwise—the entity's corporate plan that was prepared for the reporting period.

9. Every entity subject to the PGPA Act is required to produce an annual performance statement. Each 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 statement is produced.**

#### **Annual performance statement, the Portfolio Budget Statements and corporate plans**

10. The annual performance statement is intended to be the single publication where entities report their actual performance over the last financial year. The content reported by entities in their statement should directly reflect the actual results achieved against the entity's goals, targets and measures that they reported in their 'planned performance information' at the beginning of the reporting period; in fact the annual performance statement should be direct acquittal of the entities planned performance information within the financial year.
11. Entities' planned performance information is reported at the beginning of the reporting period in one, of two, possible publications. For most entities, their performance information (including goals, targets and key measures) is reported within section 2 – Outcomes and Planned Performance of their relevant PBS. For entities who do not publish a PBS all planned performance information is reported within their corporate plan.



12. Accordingly, each entity will need to take account of their individual circumstances when constructing an annual performance statement and consider one of two options:

- a. **Entities who do not publish a Portfolio Budget Statement** should align their annual performance statement to the performance information published in their corporate plan for the relevant year for which the statement relates.
- b. **Entities who do publish a Portfolio Budget Statement** should align their annual performance statement to their entity's specific performance information published within the statement for the relevant year for which the statement relates. Additionally, entities should consider and address the content of their corporate plans to assist in the explanation of the actual performance results achieved by their entity.

### Minimum requirements of the annual performance statement

13. The requirements placed upon annual performance statements, by the PGPA Rule, are intended to be the absolute minimum aspects that entities should address in the preparation of their statement. The annual performance statement should be the primary publication that reports upon the actual performance outcomes achieved, or not, by an entity against its planned performance (as reported in the entity's PBS and/or corporate plan). There are currently three core minimum requirements for annual performance statements.

- *A statement*
- *Purposes*
- *Accountable Authority overview*
- *Entities' Performance Results*

## Part 3 (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> |

14. The annual performance statement includes a statement to be endorsed by the accountable authority. The statement should specify that the statement has been prepared in accordance with section 39 of the PGPA Act and any other legislation applicable to the preparation of an annual performance statement of the entity. The statement may also specify the period which the performance statement covers and an assurance by the accountable authority that the annual performance statement, as published, accurately presents 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. This is part of the process of raising non-financial performance information to the same level of financial information.

#### **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 presents and accurately presents the performance of the entity.*

### Part 3 (b) Purposes

**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**

| Item | Topic    | Matters to be included      |
|------|----------|-----------------------------|
| 2    | Purposes | The purposes of the entity. |

### Part 3 (c) Accountable Authority overview

**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**

| Item | Topic    | Matters to be included  |
|------|----------|---|
| 4    | 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:<br>(a) the entity’s purposes, activities or organisational capability; or<br>(b) the environment in which the entity operated;<br>that may have had a significant impact on the entity’s performance in the reporting period. |

15. Accountable authorities should prepare an overview that gives context to the performance results presented in the annual performance statement. The overview should provide an analysis of the factors that have contributed to, or restricted, the entity’s delivery of its purposes within the reporting period.

16. For example, this Guide recognises that by the end of the reporting period there may have been significant events that have changed the entity’s operating circumstances. Such events may interfere with the annual performance statement’s ability to be a clear report against

planned performance reporting set out at the start of the reporting period (in the Portfolio Budget Statements or corporate plan). Therefore the accountable authority should provide an analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period.

### Accountable authority overview

The overview prepared by accountable authorities may consider addressing the matters listed below. If relevant, the accountable authority should also provide an analysis of any changes to these matters that occurred during the reporting period compared to what was reported in the corporate plan.

- An explanation of the purposes that the entity has been pursuing over the period of the corporate plan and the higher level impacts that the activities of the entity are expected to achieve.
- The environmental context in which the entity operates addressing the main external and internal factors that have affected the entity's performance.
- The key activities that were undertaken by the entity during the reporting period. This discussion should explain how the activities collectively align with the purposes of the entity.
- The key strategies and plans implemented by the entity to manage its workforce capacity and capability to support delivery of its activities and achievement of its purposes.
- An explanation of how effective risk management priorities have been considered and implemented by the entity during the reporting period.
- An assessment of the extent to which the activities of any subsidiary of the entity during the reporting period contributed to the entity's purposes.

## Part 3 (d) 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:

#### **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           | 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. |

17. The core requirement of the annual performance statement is for entities to report the actual performance results they achieved within the reporting period. This is done by entities reporting the results achieved against the planned performance defined at the beginning of the reporting period; in either the entity's corporate plan and/or PBS. For further guidance on the establishment of planned performance information at the beginning of the reporting period see Resource Management Guide No. 125 *Technical Guidance for the Development of Performance Information*
18. When reporting actual performance entities should address four minimum requirements for each activity (or programme) identified within their corporate plans or, where relevant, their Portfolio Budget Statement. These minimum requirements are:

**a. Identify activity/programme**

Entities should identify key streams of activity, 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 their purposes. These activities are identified in the entity's planned performance information, in the corporate plan or Portfolio Budget Statement, at the beginning of the reporting period. Entities may identify their activities by the title/description used for the activity in its planned performance information. Entities should ensure that consistency in identifying activities between its planned performance information and performance results when identifying activities.

**b. Performance Measurement Methodology**

For each activity identified, entities should provide a description of the proposed performance measurement methodology that has been applied to determine and report an activities performance. An activity's performance measurement methodology is identified in an entity's planned performance information, in the corporate plan or Portfolio Budget Statement, 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.

**c. Targets, Goals and Measures**

For each activity identified, entities should provide any targets, goals and/or measures that intended to be pursued within the reporting period. Activity targets, goals and/or measures, where relevant, are identified in the entities planned performance information, in corporate plan or Portfolio Budget Statement, at the beginning of the reporting period. Entities should ensure that consistency in activity's targets, goals and/or measures between its planned performance information and reporting of performance results.

**d. Results achieved**

For each activity 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 in c. Targets, Goals and Measures).

| <b>Example Entity Performance Results report presentation</b>  |                     |                               |                     |          |
|--|---------------------|-------------------------------|---------------------|----------|
| <b>Programme/Activity title</b>  |                     |                               |                     |          |
| <p><i>A summary and overview of the programme/activity containing:</i></p> <ul style="list-style-type: none"> <li><i>the programme/activity title—consistent with the title published within the current year’s Portfolio Budget Statements or corporate plan</i></li> <li><i>programme/activity purpose and objective statement—consistent with statements published in the Portfolio Budget Statements or corporate plan.</i></li> <li><i>Programme deliverable description</i></li> </ul> |                     |                               |                     |          |
| <b>Performance measurement and monitoring</b>  |                     |                               |                     |          |
| <p><i>Entities should explain the method of measurement and monitoring they have used to demonstrate the performance of the programme/activity. This will align with the performance measurement and monitoring that was planned in the Portfolio Budget Statement or corporate plan at (the commencement of the programme/activity?) or reporting period.</i></p>   |                     |                               |                     |          |
| <b>Planned Performance measures and assessments</b>  |                     |                               |                     |          |
| <p><i>The value of each performance measurement target, or planned assessment(s), set at the commencement of the programme or activity as reported in the Portfolio Budget Statement or corporate plan.</i></p>  |                     |                               |                     |          |
| Proposed Target value  | Proposed Assessment | Benchmark                     | Proposed evaluation | Etc..... |
| <b>Results achieved</b>  |                     |                               |                     |          |
| <p><i>The actual results of the performance measurement and monitoring of the programme/activity undertaken by the entity, including a summary of the outcomes of assessment undertaken in the reporting period.</i></p>   |                     |                               |                     |          |
| Target result  | Assessment Outcome  | Benchmark analysis/comparison | Evaluation outcome  | Etc..... |

19. Entities may also consider including a narrative assessment of the actual results recorded discussing what the results demonstrate for the performance and impact of the programme and activity. This assessment could also include:

- a. The lessons learned and/or challenges encountered with respect to the programme/activity.
- b. Possible changes, enhancements, or developments in the programme/activity.
- c. If the programme/activity was in place in previous reporting periods, the previous target result measured by performance measurement and monitoring.
- d. Where relevant, initiatives undertaken with key partners during the reporting period relevant to the achievement of the intended results of the programme/activity should also be included.

## Part 4- 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
- (2) Each of the following Commonwealth companies is a government business enterprise:
  - (a) ASC Pty Limited (ACN 008 605 034);
  - (b) Australian Rail Track Corporation Limited (ACN 081 455 754);
  - (c) Medibank Private Limited (ACN 080 890 259);
  - (d) Moorebank Intermodal Company Limited (ACN 161 635 105);
  - (e) NBN Co Limited (ACN 136 533 741);
  - (a) even if the company changes its name.

20. Section 5 of the PGPA Rule identifies those Commonwealth entities and Commonwealth companies that are government business enterprises (GBEs) for the purposes of the PGPA Act.
21. GBEs are required to prepare annual performance statements in accordance with the minimum requirements set out in section 16F 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)

## Part 5 – Tabling and publication requirements

22. Annual reports are a key document under the proposed enhanced Commonwealth performance framework. Section 39 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> However, the PGPA Act now also requires all entities to include a copy of their annual performance statements in their annual reports commencing in the 2015-16 reporting period.
23. The annual report must be given to the responsible Minister for tabling in Parliament by the 15th day of the fourth month after the end of the reporting period for the entity.
24. It is intended that the annual performance statements 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.
25. Under previous arrangements entities' reporting of performance, through the publication of annual reports, has varied significantly in quality and structure from one entity to another. 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. This approach has also served to compromise the presentation of entities' performance to the public and the Parliament. The annual performance statement is intended to replace the previous annual report performance reporting requirements creating a clear, concise and consistent approach to performance reporting across all Commonwealth entities.
26. The annual report should also be published on an entity's website.
27. The annual performance statement will form a separate appendix in of the annual report in a similar fashion to financial statements.
28. The content and structure of annual reports are currently determined by guidelines issued by the Department of the Prime Minister and Cabinet (entitled *Requirements for Annual Reports*). The requirements are issued pursuant to section 63(2) of the *Public Service Act 1999* for departments of state and section 70(2) for executive agencies.

## Part 6 – Sensitive information

29. If any entities produce a redacted corporate plan due to commercially sensitive information or sensitive information on national security matters they are still required to produce annual performance statement based on information in their published corporate plan or PBS.

## Part 7 – Entities with enabling legislation

30. 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

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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.

guidance provides the minimum requirements for matters to be included in 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 8–Audit of annual performance statements

### *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.

31. 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 statements.
- 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.



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

**Attachment G**  
**Draft Resource Management Guide No. 124**  
*Overview of the Enhanced Commonwealth  
Performance Framework*



# Resource Management Guide No.124

Overview of the Enhanced Commonwealth  
Performance Framework

**DRAFT**

[MONTH 2014]

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### **Contact us**

Questions or comments about this guide should be directed to:

Public Management Reform Agenda  
Department of Finance  
John Gorton Building  
King Edward Terrace  
Parkes ACT 2600

Email: [pmra@finance.gov.au](mailto:pmra@finance.gov.au)

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

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 and companies, chief financial officers, chief operating officers, programme managers and officers responsible for measuring and reporting on the performance of programmes delivered by a Commonwealth entity or company.

## Key points

This guide:

- provides an overview of the **enhanced Commonwealth Performance framework** (the performance framework); and
- links together more specific guidance material of specific elements of that framework.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au).

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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.

## Introduction

The *Public Governance, Performance and Accountability Act 2013* (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.

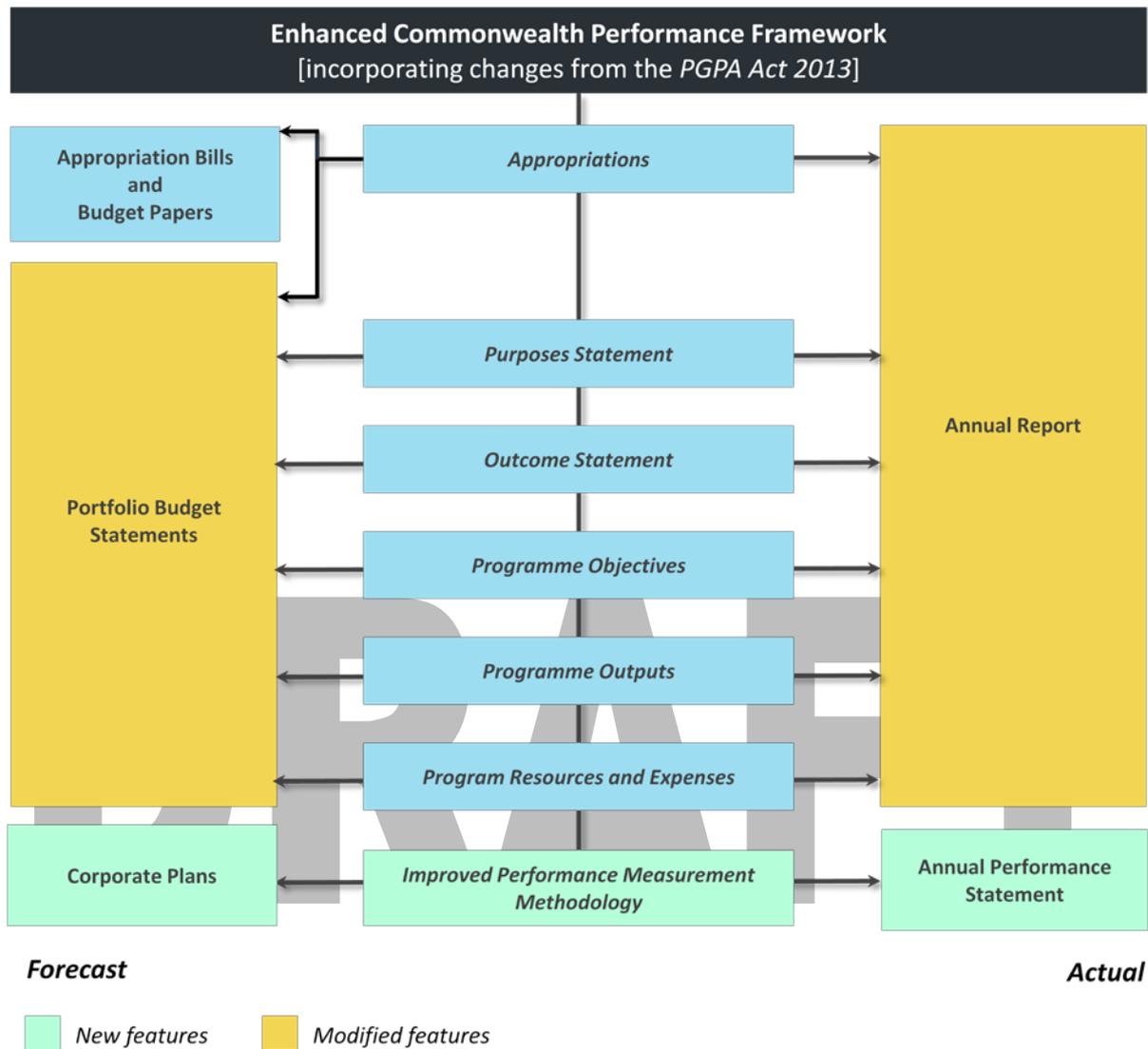
The PGPA Act took effect from 1 July 2014.

1. The public sector supports the Government to meet its obligation to Parliament (and the Australian public more broadly) to report on its performance and the impact of its programmes, services and 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 valued results.
2. 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 performance framework should provide both financial information and non-financial information that allows judgments to be made on the public benefit generated by public expenditure.
3. The PGPA Act provides the foundation for a modern, streamlined and adaptable Commonwealth public sector able to meet Australia’s changing needs. It forms the legislative basis for an integrated resource management system that promotes high standards of governance, performance and public accountability.
4. The PGPA retains the Outcomes and Programmes framework for resource reporting, but adds new elements that improve accountability and provides an improved “line of sight” between the use of public resources and results achieved. Outcomes published in Portfolio Budget Statements (and elsewhere) commit Commonwealth entities to using resources to deliver specific services and business activities, whilst Programmes provide the basis through which these Outcomes are reported. Financial reporting against such Outcomes and Programmes is well established and supports transparency and accountability to the Parliament (and the public more broadly).
5. Most Commonwealth companies do not produce Portfolio Budget Statements. However, Commonwealth companies have historically produced corporate plans, which inform relevant Ministers of their priorities and activities.
6. The new performance management elements implemented through the PGPA Act complement – and add to – the financial reporting framework by strengthening the quality and relevance of non-financial information. These elements combine with existing elements (such as Appropriation Bills, Budgets Papers, Portfolio Budget Statements and annual reports) to form the Enhanced Commonwealth Performance Framework.
7. A key focus of this Enhanced Commonwealth 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, outcomes, programmes and business activities and the impact achieved.
8. Responsibility for setting appropriate standards of accountability ultimately lies with the Parliament and Ministers. 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 fulfils this role by providing practical guidance, advice and facilitating collaboration between entities with similar experience.

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**Part 1 – Features of the Enhanced Commonwealth Performance Framework**



The elements of the Enhanced Commonwealth Performance Framework are illustrated above. Elements shown in blue are those retained from the previous framework. Elements shown in yellow are new or modified, and constitute the main vehicles through which the quality and utility of performance information is being built upon. These new and modified elements include: modified Portfolio Budget Statements (including an improved methodology for identifying and applying performance measures), corporate plans (as required under section 35 of the PGPA Act); and Annual performance statements included in annual reports (as required under section 39 of the PGPA Act).

9. The Enhanced Commonwealth Performance Framework is comprised of the following foundational elements:

- **Appropriations** – the monies that Parliament makes available to the Government to spend from the Consolidate Revenue Fund<sup>2</sup>. Parliament makes laws for appropriating money under the annual Appropriations Acts and under Special Appropriations (established through specific legislation).

Parliament authorises the spending of money made available by appropriations through specific enabling legislation. For example, legislation establishing a special appropriation will also include the purposes for which the appropriation can be spent.

- **Purposes Statement** – summarises how the Government’s strategic priorities for which the entity is responsible will be implemented. The Purposes Statement identifies major ongoing functions, new functions and Budget Measures allocated to an entity. It also includes any significant challenges that will impact on an entity’s performance against its Outcomes over the medium term.
- **Outcome Statements** – articulate the Government objectives for an entity and serve the following purposes:
  - explain the purpose for which annual appropriations are approved by the Parliament for use by an entity;
  - provide a basis for budgeting and reporting against the use of the appropriated funds; and
  - provide the basis for measuring and assessing entity and Programme non-financial performance in contributing to Government policy objectives.
- **Programme Objectives** – describe the means through which an entity achieves the Government’s objectives through the delivery an Outcome. Each Outcome will be achieved through a number one or more Programmes, each of which will have its own deliverables, against which performance is measured.
- **Programme Outputs** – describe the tangible and quantifiable products of a Programme, which are achieved when a Programme meets its objectives.
- **Programme Resources and Expenses** – an entity’s resourcing is the total funding available to an entity (regardless of whether this funding is from appropriations or other sources). Programme Resources are the portion of the total funding allocated to a specific Programme. Programme Expenses result from spending Programme Resources.
- **Improved Performance Measurement Methodology** – provides the quantitative and qualitative measures that are used to assess the quality of Programme Outputs delivered against goals and targets. Improved performance measurement also provides the information required to assess programme results and, therefore, the extent to which the Outcomes to which they contribute are achieved.

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<sup>2</sup> Section 81 of the Constitution of the Commonwealth of Australia defines the CRF as all revenues or money received by the Australian Government.

## Enhanced flexibility

10. The Enhanced Commonwealth Performance Framework 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.
11. However, the enhanced 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 a programme or business activity (e.g. especially where it is difficult to measure impact in quantitative terms only). Entities can now use other tools than KPIs to generate better quantitative and qualitative information able to provide a better indication of the performance of more complex programmes and activities.
12. It is expected that a broader set of tools will be used to improve performance information. 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 programmes and activities); and comprehensive evaluations (e.g. reviews that draw upon and generate diverse sources of performance information to better understand the overall impact of a programme).
13. The improved performance information generated through these mechanisms is intended to improve the quality of the external reporting information provided to Parliament and the Australian public through the reporting documents. However, it can also be expected to be a useful tool for programme managers, senior managers and accountable authorities to understand the programme and activity results they are responsible for, and to identify opportunities for better practice.

## Planning and reporting documentation

14. The reporting documentation required by the Enhanced Commonwealth Performance Framework presents performance information and provides additional tools for managers, Ministers, the Parliament and the Australian public for assessing results and the effective use of public resources.
15. The reporting documentation includes publications presented to Parliament and, through these mechanisms, the Australian public. Together they include information that covers all aspects of the Outcomes and Programmes framework. Each product is described as follows:
  - **Appropriation Bills and Budget Papers** – the Appropriation Bills (1, 2, etc...) is the legislation the Government asks Parliament to pass at the beginning of each financial year to allocate funds from the Consolidated Revenue Fund. Once the appropriation is passed, other enabling legislation provides the authorisation for spending of the approved allocations from the Consolidated Revenue Fund.

The Budget Papers (published by the Government on Budget night) present the Government's intended use of public resources and the broad settings within it through which it expects to manage the economy during the following financial year. The Budget Papers (especially Budget Papers No. 2) present new decisions on raising revenue to fund activities and new spending measures (e.g. on new programmes).

The Appropriation Bills and Budget Papers are presented to the Parliament by the Treasurer.

- **Portfolio Budget Statements** – are required for Commonwealth entities that receive budget funding in a given financial year. They describe the relevant responsible Minister's planned activity for an entity, and the public resources being provided to fund this activity.

Portfolio Budget Statements present “the what” an entity will deliver and include the corresponding Strategic Direction Statement, Outcome Statements, Programmes Objectives, Programme Deliverables and Programme Performance Measures. An entity's Portfolio Budget Statements also include the resourcing to be allocated through the Appropriation Bills (and any Special Appropriations) for the relevant financial year, and the expenses this resourcing will fund.

Portfolio Budget Statements relevant to an entity must include definitions of the performance measures (and any targets) the entity will use to assess its delivery of each and every Programme. As discussed above, the introduction of an improved performance methodology is expected to substantially improve the quality of non-financial performance measures and the information they provide

Portfolio Budget Statements are presented to Parliament by the responsible Minister.

- **Corporate plans** – from 2015-16 entities 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). Corporate Plans describe “the how” of achieving the Government objectives described in an entity's Portfolio Budget Statements.

The corporate plan is the primary high-level operational planning document of an entity, setting out the objectives and strategies it is to pursue and the outcomes it hopes to achieve in the next four reporting periods. The corporate plan conveys the organisation's purpose and core operational activities, including explaining the environment and context in which it operates, its planned performance, risk profile and capabilities.

An entity's corporate plan is provided to their responsible minister (with a copy to the Finance Minister) by the entity's accountable authority. A copy is also to be made available publicly via the entity's website.

- **Annual report** – remains a key document under the Enhanced Commonwealth Performance Framework. Section 39 of the PGPA Act requires Commonwealth entities to provide a copy of their annual report to their responsible Minister at the end of each financial year. The Minister remains responsible for presenting their portfolio's annual report to Parliament.

Reporting guidelines for the annual report are currently produced by the Department of Prime Minister and Cabinet and any subsequent changes to these guidelines are subject to ongoing discussion and development. The annual report continues to be the main document through which an entity reports (to its responsible Minister) 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 Portfolio Budget Statements or Corporate Plan.

Annual reports are tabled in Parliament by the responsible Minister.

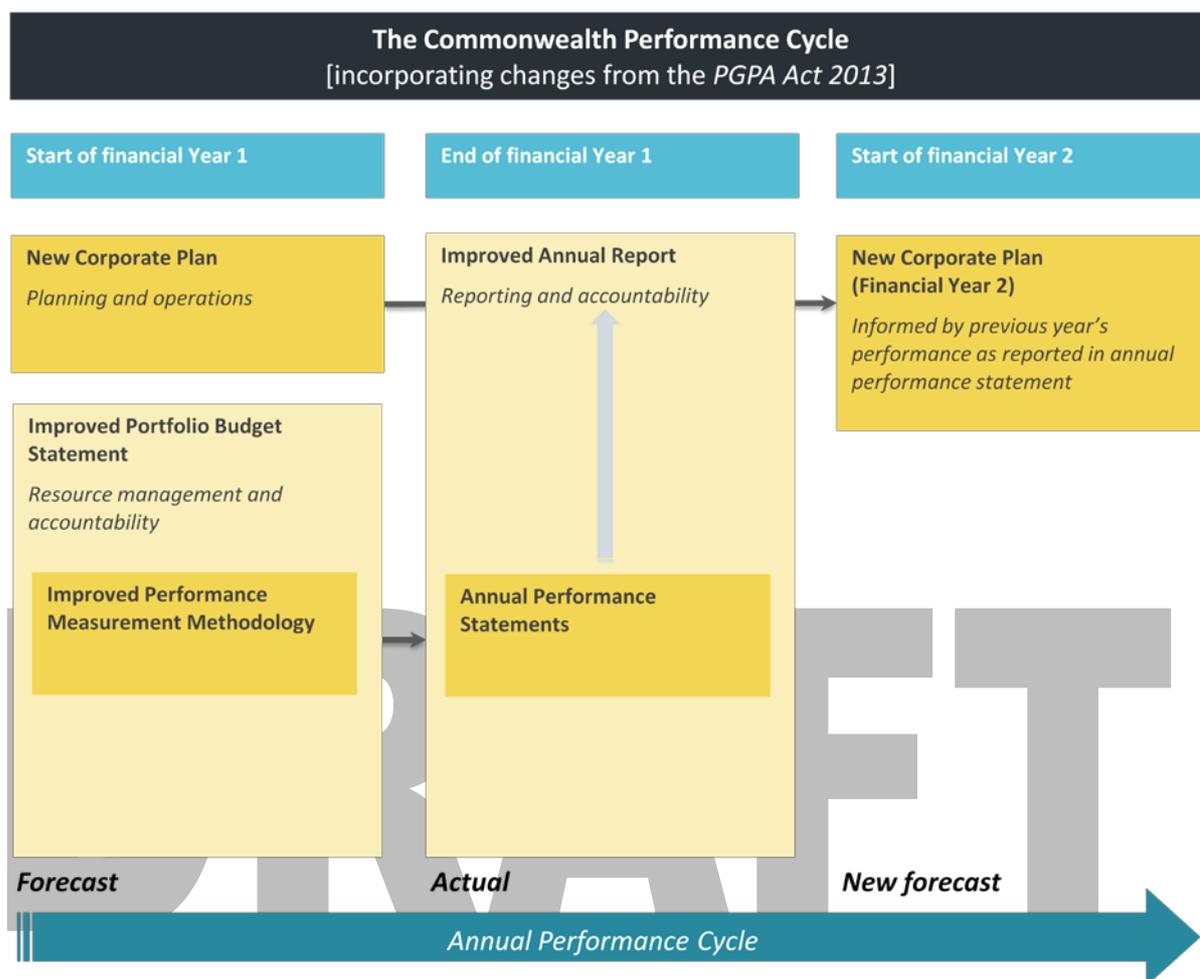
- **Annual performance statement** – is the mechanism through which entities report actual achievement against planned performance measures outlined in Portfolio Budget Statements or corporate plans. From 2015-16 there is a requirement that an annual performance statement be included in an entity's annual report.

The annual performance statement reports against planned performance measures for programmes and activities (where relevant), for which the entity is responsible, at the end of each financial year. For example, entities will be expected to report on the results of 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 programme.

The annual performance statement is intended to provide a summary of the entity's performance, focussing on its main priorities or critical factors that affect achievement of its published objectives.

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## Part 2 – The Annual Performance Cycle



16. The annual performance cycle brings the elements of the Enhanced Commonwealth Performance Framework together into an “integrated” cycle. This integration – in turn – creates a **single line of sight** from planned performance (results to be delivered), through to actual performance reporting (whether or not results are achieved).
17. The annual performance cycle begins with identifying (in conjunction with Government) the results to be delivered, how these results are to be delivered, the resourcing dedicated to the delivery of the results, and how the performance in delivering these results is to be measured (corporate plan and Portfolio Budget Statements). At the end of the cycle (the end of a financial year) the entity will report on what it has achieved, including: results achieved, performance (e.g. previously identified measures reported against targets and benchmarks) and the resources deployed (annual report incorporating an annual performance statement). The reporting cycle then begins again at the beginning of the next financial year (with an updated corporate plan that reflects the performance achieved in the previous year).

### Start of financial year

18. On Budget night (e.g. the second Tuesday of May of a given year) an entity's responsible Minister is required to publish (and table in Parliament) their Portfolio Budget Statements. These statements represent the Minister's undertaking to Parliament on what they expect their portfolio to achieve in the upcoming financial year and the resourcing that is being provided in the Budget to achieve it.
19. Alongside agreeing on what new (and ongoing) Budget Programmes will be delivered in the upcoming year, entities are required to identify how the achievement of Programme outcomes will be measured. These performance measures are included in the Portfolio Budget Statements and represent an entity's intended performance objectives.
20. Alternatively, Commonwealth entities that do not produce Portfolio Budget Statements, will be expected to identify and include planned performance measures in their corporate plans.
21. By the end of August of each year, entities and companies will need to also develop or review corporate plans. This period provides an opportunity for entities to better identify and define their objectives and performance measures. As outlined below, it will also provide an opportunity to refine existing objectives and performance measures based on the previous year's performance results.
22. This process will allow an entity – through its accountable authority – to identify its operational strategy for delivering agreed outcomes and ensure it is well placed to continue to achieve performance objectives.

### End of financial year

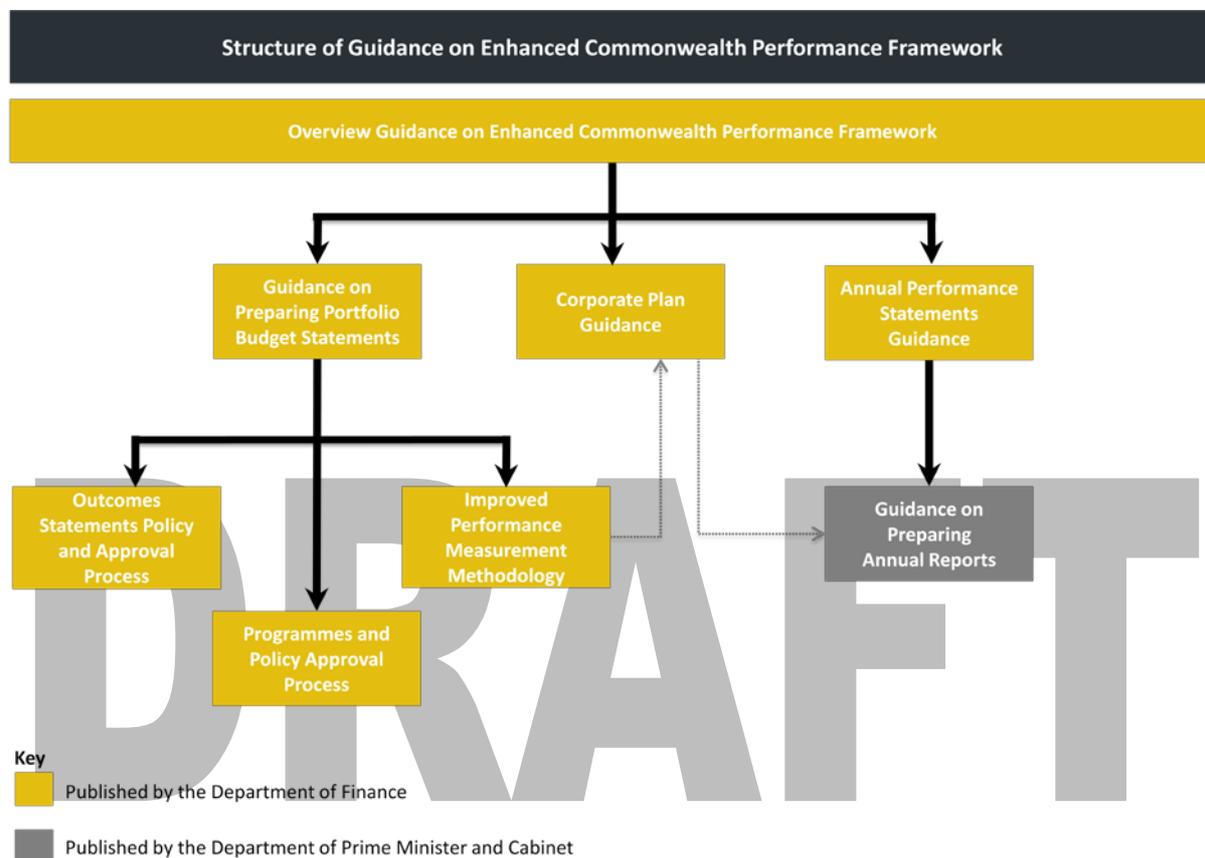
23. Section 46(2) of the PGPA Act requires Commonwealth entities and companies to provide an annual report to its responsible Minister by the 15<sup>th</sup> day of the fourth month after the end of a reporting period (e.g. the financial year).
24. In addition to the usual reporting on activity and resource use (e.g. audited financial statements), the Enhanced Commonwealth Performance Framework requires reporting against performance measures published in Portfolio Budget Statements (and, where relevant, in corporate plans).
25. The preparation of annual reports – in the context of the enhanced performance framework – creates an opportunity for those within an entity to reflect on the question “***Did we achieve what we planned?***” The annual performance statement – to be incorporated in annual reports from the 2015-16 financial year – provides this answer to Parliament and the public. It is expected to be a realistic indication of whether planned performance targets were met. The accountable authority of an entity submitting an annual performance statement is required to provide an overview statement summarising the reported performance results and describing any significant contextual factors affecting the entity's performance.
26. An entity's ability to report on its performance will clearly depend on its collecting data (and performing analysis) relevant to the performance measures it has undertaken to report against.

### Start of next financial year

27. The start of the following financial year provides the opportunity to use what was learnt about performance and the factors that affected it in the previous financial year to inform the planned delivery of programmes in the next (i.e. the opportunity to create a positive

feedback loop). In this way, the learning from the previous financial year is expected to be synthesised into an updated corporate plan for the new financial year.

## Part 3 – Integrated Guidance Resources



28. 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 Portfolio Budget Statements

29. Each year the Department of Finance publishes guidance on the preparation of Portfolio Budget Statements. This guidance includes advice on structure, content, data to be presented (including financial and non-financial performance information) and formatting.
30. Guidance on the preparation of Portfolio Budget Statements also includes useful information on strategic direction statements, outcome statements, description of programmes, programme deliverables/measures and the presentation of agency resourcing and expenses.
31. The current guidance on preparing Portfolio Budget Statements is available at: [www.finance.gov.au/sites/default/files/Guidance for the Preparations of the 2013-14 Portfolio Budget Statements.pdf](http://www.finance.gov.au/sites/default/files/Guidance%20for%20the%20Preparations%20of%20the%202013-14%20Portfolio%20Budget%20Statements.pdf).

### Outcomes statements policy and approval process

32. Provides the requirements for preparation and approval of outcome statements – for example, as a result of receiving funding to deliver new programmes or reorganisation of an entity's outcome structure. This guidance includes advice on how to write clear and concise outcomes statements and the requirement to seek advice on the final draft with the Department of Finance.
33. The current advice on preparing outcome statements is available at: <http://www.finance.gov.au/sites/default/files/outcome-statements-policy-and-approval-process.pdf>.

### Programmes policy and approval process

34. Provides the requirements for preparation and approval of the structure and description of programmes under specific outcome statements. This guidance includes advice on how to align programmes with Government Financial Statistics sub-functions, recording programmes in the Central Budget Management System (CBMS) and processes/requirements to receive Department of Finance approval for the creation of new programmes.
35. The current advice on the policy programme and approval process is available at: <http://www.finance.gov.au/sites/default/files/commonwealth-programmes-policy-and-approval-process.pdf>.

### A technical guide to improved performance methodologies

36. Practical (an, at least, initially non-binding) guidance on how to develop performance measures to assess programme performance. 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 programme performance (or business activity).
37. The technical guidance on the development and use of improved performance methodologies is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx).

### Preparation of corporate plans

38. The introduction of corporate plans (under section 35 of the PGPA Act) is supported by guidance describing the minimum requirements (e.g. information on an entity's purpose, sector outlook, planned performance, risk management, resourcing and capability), timelines, publishing and requirements for annual updates. Readers may benefit by reading the corporate plan Guidance with reference to the guidance on preparation of Portfolio Budget Statements (as the former builds on the later).
39. Guidance on the preparation of corporate plans is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). The 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 reports

40. The Department of Prime Minister and Cabinet (PM&C) provides updated guidance on the preparation of annual reports each year. This guidance includes explanation of mandatory content (e.g. a review prepared by the accountable authority and audited financial statements), structure and formatting. Annual report guidance also includes the timeline and process for tabling in Parliament.

41. 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).

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

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

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

**Attachment H**  
**Draft Resource Management Guide No. 125**  
*Technical guidance for the development of  
performance information*



# Resource Management Guide No.125

Technical Guidance for the Development of  
Performance Information

**DRAFT**

[MONTH 2014]

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### **Contact us**

Questions or comments about this guide should be directed to:

Public Management Reform Agenda  
Department of Finance  
John Gorton Building  
King Edward Terrace  
Parkes ACT 2600

Email: [pmra@finance.gov.au](mailto:pmra@finance.gov.au)

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

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 programmes<sup>2</sup> 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.

## Key points

This guide:

- provides advice on the design of performance information used to monitor programmes delivered by Commonwealth entities;
- supports flexible performance measurement that includes key performance indicators and broader tools (such as benchmarking, surveys, peer review and evaluations); and
- supports the development of performance information that Commonwealth entities are required to include in Portfolio Budget Statements (PBS), corporate plans and annual performance statements.

This guidance is currently non-binding. Entities are encouraged to use the information contained within to develop and report on the performance of their programmes. It is proposed that the guidance is tested and validated through a series of pilots as well as feedback from entities. Entities may use this guide to publish performance information in their 2015-16 PBS.

Material is based on the current requirement that the PBS is the primary planned performance document for entities. However, if in the future a decision is made to move planned performance information for all entities to the corporate plan, then this guidance will still apply.

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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.

<sup>2</sup> For the purposes of this guidance, Commonwealth entities that do not produce Portfolio Budget Statements (e.g. Airservices Australia and the Australian Postal Corporation) can interpret programmes to mean business activities.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au).

This guide should be read in conjunction with Resource Management Guide No. 124 – Overview of the Enhanced Commonwealth Performance Framework (available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx)).

Information on requirements for public performance reporting is available as follows:

- **Portfolio Budget Statements** – Guidance for the Preparation of 2014-15 Portfolio Budget Statements available at: [www.finance.gov.au/sites/default/files/Guidance for the Preparations of the 2013-14 Portfolio Budget Statements.pdf](http://www.finance.gov.au/sites/default/files/Guidance%20for%20the%20Preparations%20of%20the%202013-14%20Portfolio%20Budget%20Statements.pdf);
- **Corporate Plans** – Resource Management Guide No. XX – Corporate Plans (available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx));
- **Annual Performance Statements** – Resource Management Guide No. XX – Annual Performance Statements (available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx)).

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## Introduction

Data generated through improved performance methodologies is a critical component of the **Enhanced Commonwealth Performance Framework** – implemented under the *Public Governance, Accountability and Performance Act 2013* (the PGPA Act).

### Background

This guide provides advice on how to develop and use performance information to demonstrate and manage the delivery of Commonwealth programmes supported by an allocation of public resources (defined as monies and property held by Commonwealth entities and companies).

The advice that follows is intended to improve the quality of non-financial performance information available to the Commonwealth, Parliament and the Australian public on the economical, efficient and effective use of public resources. That is, its primary focus is on external reporting performance measures, however, entities may use this guide to help drive programme improvement.

Accurate and reliable performance information is the primary means through which officials, Ministers, Parliament and the public can form judgements on how well a Commonwealth entity uses its resources to deliver goods and services on behalf of the Government.

This performance information is reported through publicly released Portfolio Budget Statements, entity corporate plans, entity annual performance statements and entity annual reports (see related guidance).

The improved performance methodology supported by this guidance recognises that a “one-size-fits-all” approach to the design and use of performance information leads to poorly defined and focused performance reporting. Instead, it is built on the assumption that flexibility is required to generate and maximise the use of diverse data sources to better assess the results of government programmes, given the diversity of Government activities and spending.

The 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.

However, past experience demonstrates that KPIs alone are insufficient when: 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.

In such cases, it is likely that KPIs are 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 a historic data set); surveys to understand impacts on stakeholders; peer reviews that seek assessments from relevant experts and comprehensive review exercises such as evaluations.

This guide is **not intended as a definitive guide** on how to design performance measures, nor does it prescribe a generic set of standard performance measures to be reported by Commonwealth entities. This recognises that measures are often specific to particular

programmes and that the managers of those activities will have the greatest knowledge of what those activities aim to deliver (and under which circumstances).

### Tips on Navigating this Guidance

This guide is intended as a resource for those: tasked with developing and reporting on programmes (or business activities); those seeking to understand how to interpret performance information to form judgements on the quality of outcomes; or those with a more general interest in the application of performance information by Commonwealth entities. Although this guide can be read “cover-to-cover”, its structure is such that those with a particular interest in a specific step of the process for designing programme measures or those who wish to access further resources can do so without reference to parts describing other concepts.

The following table provides a summary of the various parts of this guidance and the circumstances in which they are likely to be of interest to readers:

| Part  | Purpose   | Of interest when...  |
|---|---|--|
| <b>Part A</b><br>A four-step process for the design of performance measures | Provides an overview of a four step process for designing and collecting performance information.<br><br>Provides background on key consideration to be taken into account when applying the four step process.   | The reader is interested in a brief “how-to” description of approaching the design of new performance measures (and wishes to quickly identify the types of information and resources required).   |
| <b>Part B</b><br>Step 1 – Understanding the Programme Design                | Provides guidance on establishing the objectives of a programme (or business activity) in terms that can be used as the basis for identifying suitable performance measures.  | The reader needs to develop a statement of the objective of an activity (e.g. a new programme published for the first time in Portfolio Budget Statements) or wishes to establish a simple ‘plain English’ understanding of an existing objective. |
| <b>Part C</b><br>Step 2 – Develop Performance Information                   | Provides guidance on the process for establishing performance measures for a programme (or business activity) with a specific (clearly) understood objective.   | The reader is tasked with developing a set of measures for a programme with a well understood programme objective (e.g. the reader is tasked with revisiting the performance measurement framework for an established programme).                  |
| <b>Part D</b><br>Step 3 – Collecting and Analysing Performance Data         | Provides guidance on how to collect and analyse data for previously identified performance measures. In particular, describes the use of quantitative and qualitative methodologies (e.g. KPIs, benchmarking and surveys) to represent the performance of a programme of business activity. | The reader needs to specify the data collection methods for a set of an agreed set of performance measure, and wishes to understand whether each measure is better suited to a quantitative or qualitative approach.                               |

| Part   | Purpose   | Of interest when...  |
|--|---|--|
| <p><b>Part E</b><br/>Step 4 – Reporting on Performance Information</p> | <p>Provides guidance on how to present performance information in reporting products (e.g. annual reports) so that it can be readily understood.</p>  | <p>The reader is interested in advice on how to tell the ‘performance story’ relevant to a given programme or business activity.</p> <p>Also provides information on how performance measures might be used and presented to meet requirements for Portfolio Budget Statements, corporate plans and annual performance statements.</p> |
| <p><b>Glossary</b></p>   | <p>Establishes the language used to describe performance measurement in the Commonwealth.</p>   | <p>The reader wishes to understand terms used in the guide or identify what terms to use in a document to ensure consistent use of performance language across commonwealth entities.</p>  |
| <p><b>Additional Resources</b></p>                                     | <p>Provides resources the reader can use to provide further information or support on concepts presented in this guidance (including expert groups with specific technical expertise).</p>  | <p>The reader is familiar with the content of this guide and wishes to access more detailed resources.</p>   |
| <p><b>Appendices</b></p>   | <p>Provides examples of the use of the four steps for developing performance measures for specific programme types (e.g. benefit-payment programmes, regulatory activity and the provision of policy advice).</p> <p>Also provides more detailed information on the quantitative and qualitative data collection methods available to Commonwealth entities (i.e. KPIs, benchmarking, surveys, peer reviews and evaluations).</p> | <p>The reader is interested in examples of the application of the process for developing performance measures (from beginning to end) in specific circumstances.</p> <p>The reader is interested in additional information on the use of KPIs, benchmarking, surveys, peer reviews and evaluations).</p>                               |

## Part A – Overview of the process for developing performance measures

Part A provides an overview of a process for developing performance measures for a given programme (or business activity). It also provides information on the context and considerations expected to be relevant when applying this process.

### A Four Step Process

The process of developing and reporting on performance measures for a particular programme (or business activity) can be regarded as a sequence of events that begins with understanding what results are being delivered, and ends with reporting on the extent to which these results are delivered in an economical, efficient and effective manner. In general, it may be useful to regard this sequence of events as four distinct steps or tasks:

**Step 1: Understand the programme design** – creating a common understanding of what is being delivered and 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 programme objectives.

**Step 2: Develop performance measures** – using an understanding of programme objectives (and the means of delivery) to identify a set of measures capable of demonstrating the extent to which these objectives are delivered in an economical, efficient and effective manner.

**Step 3: Collect and analyse data** – 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).

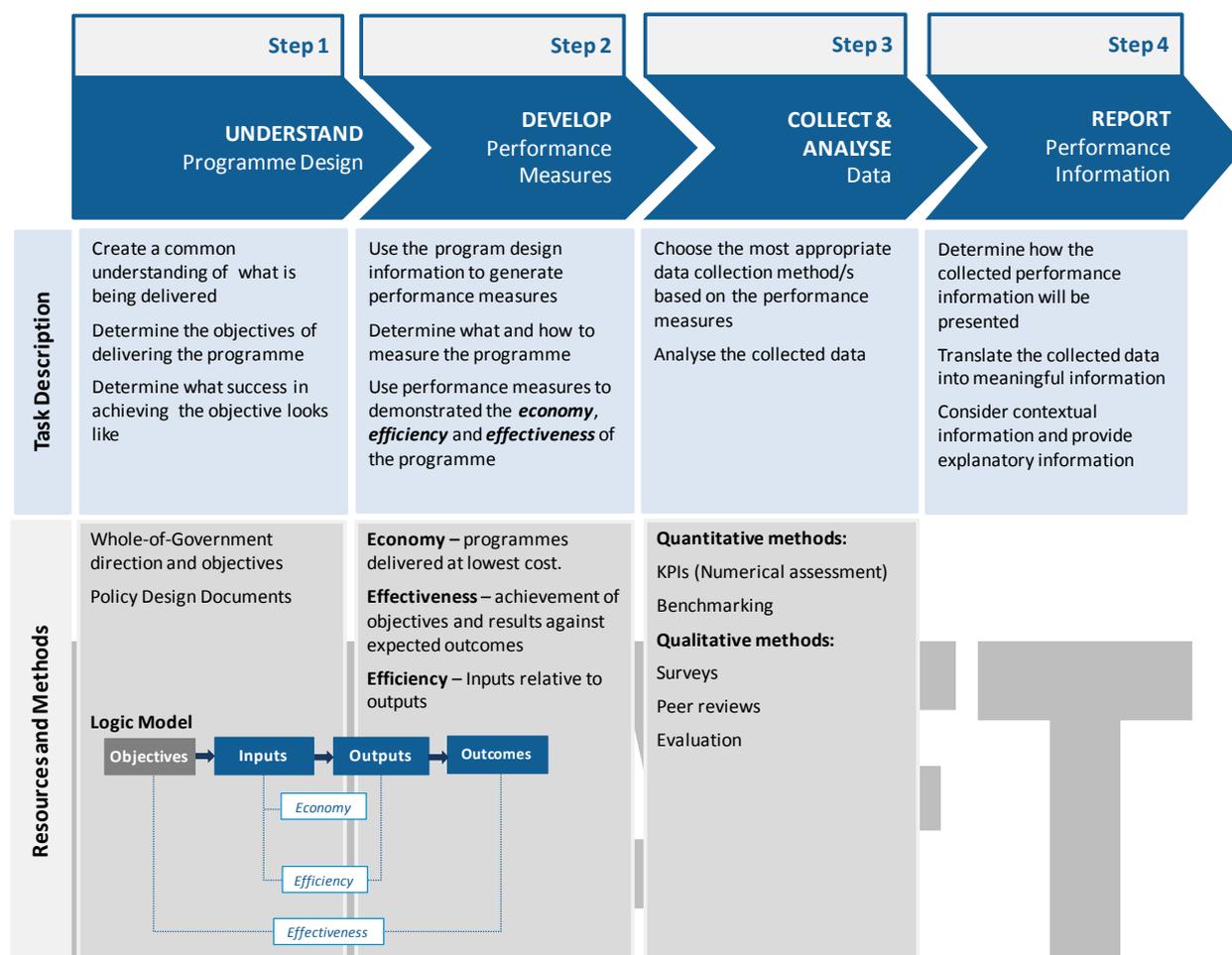
**Step 4: Report performance information** – using the data collected for relevant measures to tell ‘the performance story’ of a programme (or business activity).

Figure 1 outlines the four steps, the key concepts described in this Guidance and resources and methods that may prove useful in completing each step effectively. It is likely that the various tasks included in Figure 1 will be focused on at different times and in diverse circumstances. Furthermore, each step is likely to require input from multiple business units – especially when the programme being reported on is complex and encompasses a range of interacting activity.

This guide has been written with these likely circumstances in mind. The reader can skip to the section relevant to the step they are responsible for (or need to provide input into) without necessarily being familiar with the previous steps. However, in doing so, the reader needs to be confident that the previous steps have been completed satisfactorily and that they have access to the results of these steps. Typically, this will mean that there will need to be dialogue across the business areas responsible for each step and that that everyone understands what critical decisions were made during each step (and why).

In addition to an overview appreciation of the process for developing performance measures, readers will benefit from understanding of certain issues and considerations that apply to all steps in this process. This includes an understanding of the characteristics of a good performance measure; the challenges likely to be encountered when developing and applying performance measures; how to determine the level (in the programme hierarchy) at which a performance measure should be applied; and how to use measure to improve the management of a programme (or business activity). These issues and considerations are discussed in the remainder of Part A.

Figure 1: Four Step Process for Developing and Reporting Performance Measures



### The Characteristics of Effective Performance Measurement

The improved performance methodology supported by this guidance is built upon enhancing the existing use of KPIs through (amongst other things) promoting the development and use of performance measures that are more:

- **relevant** - there must be a clear indication of what practical impact is being provided through a government programme or activity;
- **reliable** - users (including officials, Ministers, Parliament and the public) must be clear about how the information is collected and what judgments it allows;
- **comparable** - both across time and, where appropriate, across similar types of activities;
- **useful** - performance measures should meet the needs of diverse users and should be reconsidered if it ceases to do so;
- **structured** - it should be clear what goals or objectives the performance information is aimed at, the target it should be compared against and where it is relevant within an entity's hierarchy of programmes and outcomes; and

- **proportional** - the cost and effort invested in collecting and reporting performance issues should not be disproportionate to the significance of the issue it addresses (or the significance of the decision it is intended to facilitate).

Performance measures designed with the characteristics above should also be **verifiable**. There should be agreements amongst various individuals (with diverse interests) about what a particular measure (reported at a particular time) says about the results of a specific programme. Put another way, performance measurement should lead to a clear consensus on whether the use of public resources has delivered the results for which they have been allocated.

The information provided by performance measures should have a broad application brought about by a better alignment of internal and external performance management systems. While the primary role of performance measurement under the Enhanced Commonwealth Performance Framework is to provide performance information to Parliament and the Australian public, this information should also be able to be used by management to improve operational efficiency and programme management. Entities should be able to use this information to track the implementation of an activity, identify deficiencies and/or opportunities for improvement.

### Key challenges in Measuring Public Performance

**Data quality** – performance measurement and reporting in the absence of meaningful, valid and reliable data can compromise performance management. Stakeholders may even have unrealistic expectation about the ability to measure performance using existing data or data that may be collected for the purposes of performance measurement of a programme. Entities may even avoid the adoption of meaningful performance measures in the fear that results may be affected by poor quality data and external factors.

Quality data commences at the programme design and planning stage. Clearly defined objectives, expected results, performance measures and performance management systems need to be in place to ensure meaningful data is collected. Where necessary, qualitative data sources and methods may need to be used to provide a balanced view of programme performance.

Data collection then needs to be quality controlled to ensure consistency and give assurances that the data is of value.

**Measuring intangible outcomes** – many activities of government do not easily lend themselves to measuring performance using quantitative performance measures. This is because the outcomes and even the outputs of those activities are intangible in nature. Examples include the provision of policy advice by a central agency and interventions designed to change the public's perceptions, attitudes or behaviours such as promoting multiculturalism or the arts.

These activities may lend themselves to the qualitative performance measurement methods and data sources set out in this guide. Entities will need to understand the inherent limitations of such methods and the challenges of measuring performance of intangible activities, outputs and outcomes.

**Measuring long-term outcomes** – many government activities and interventions are designed to deliver outcomes that may only be realised in the long term. Examples might include health prevention outcome measures, programmes designed to improve social outcomes or a programme designed to improve teaching standards.

In these instances it may not be possible to measure outcomes in terms of results achieved in the initial years of a programme. In the interim alternative methods may be needed, including

qualitative methods as an indication of future outcomes, in conjunction with other output/input indicators.

**Attribution: Measuring a programme's contribution to outcomes** – in many instances, a government programme or intervention may only be one factor that leads to the outcomes and results being achieved. Outcomes might be impacted by external factors including the role played (contribution made) by other parties. An example might include a skills training programme seeking to improve the employability of recently retrenched employees.

For this reason it may be necessary to:

- measure the overall results achieved (e.g. employment outcomes) and acknowledge both the contribution of the programme as well as the impact of other factors and/or parties;
- only measure the programme's contribution to the overall results, where this is possible (e.g. number of individuals achieving a certification for new skills); or
- measure both the overall results achieved and the programme's contribution to those results.

In some cases, while other factors or parties may have contributed to the outcomes and results that have been achieved, the results would not have been achieved without the contribution of the Commonwealth and its involvement through the programme. An example might include a grant or material co-contribution from the Commonwealth to a programme jointly delivered by a state government or not-for-profit entity.

In this case the entity may measure performance of the programme in terms of the overall results achieved, and acknowledge the contribution of other parties or factors.

**Measuring performance across entities** – there may be cases when several programmes delivered by different Commonwealth entities are aimed at achieving a single Government objective. In this case, the challenge is to measure the performance of each programme so that the contribution to the single Government objective can be assessed (and related to the performance of the other relevant programmes).

Again, entities may seek to measure overall results, measure the entity's respective contribution to overall results or measure both.

Entities should work collaboratively to agree objectives and expected outcomes, and design performance measures and measurement and reporting systems. This would include agreeing the measurement of the respective contributions that each makes where this can be broken down below overall results, and it make sense to do so.

**Data durability: Measuring performance over time** – a more complete picture of performance will be achieved where performance measures and the data used to measure performance remains consistent over time. This enables a history of performance to be generated, providing a comparison to past performance and enabling monitoring of trends.

The need to refine and improve measures must therefore be balanced with the value of ensuring consistency in measures and data over time.

The re-use of data and data collection methods will also improve efficiency over time. This includes re-using performance data across all levels of a programme, including sub-programmes, across related programmes and across entities.

Carefully planning performance measures and data collection at the outset will minimise the need to change performance measures, data and data collection methods over time.

**Comparability of performance results** – a key challenge for entities in measuring and reporting performance is understanding what constitutes good, bad or indifferent performance for any given performance measure. Being able to compare performance to a baseline, or internal or external standard or benchmark, provides useful context for setting performance targets and interpreting performance results.

Entities should consider identifying internal or external sources of comparison when designing performance measures. This might include:

- creating a baseline by measuring the results being achieved prior to the programme commencing such that the impact of the programme can be measured relative to the baseline;
- monitoring trends by monitoring performance over time against the same performance measure;
- ensuring comparability of performance measures and data within the programme (e.g. between sub-programmes, jurisdictions, regions or projects); and
- benchmarking by using a performance measure or benchmark that is consistent with other entities and/or jurisdictions for like activities and programmes.

### Defining a Programme for Performance Reporting

The Commonwealth covers a diverse range of policy portfolios and entities. This guidance utilises a common term of 'programme' to facilitate discussion, i.e. the measurement and reporting of performance against programmes. The current *Commonwealth Programmes Policy and Approval Process* guidance broadly defines a Commonwealth programme as an activity or a group of activities that contribute to an intended result of Government.

Programmes in this context can therefore cover a range of activities such as:

- the delivery of an intervention aimed at addressing an identified need or gap, with many examples in the education, health, social, environmental and industry development sectors;
- the delivery of a service, (e.g. Adult Migrant English programme provided by the Department of Immigration and Border Protection);
- delivery or processing of transactions or payments (e.g. services provided by Medicare);
- provision of policy advice or development of policy (e.g. advice provided by a central agency such as Treasury); and
- regulatory roles (e.g. regulation of corporations by the Australian Securities and Investment Commission).

Commonwealth entities that produce Portfolio Budget Statements are required to report, at a minimum, against 'programmes'.

Examples are used throughout this guide, and in Attachment A to help illustrate how concepts presented apply to various classes of programmes (and business activities).

## Determining the Level of Programme Performance Reporting

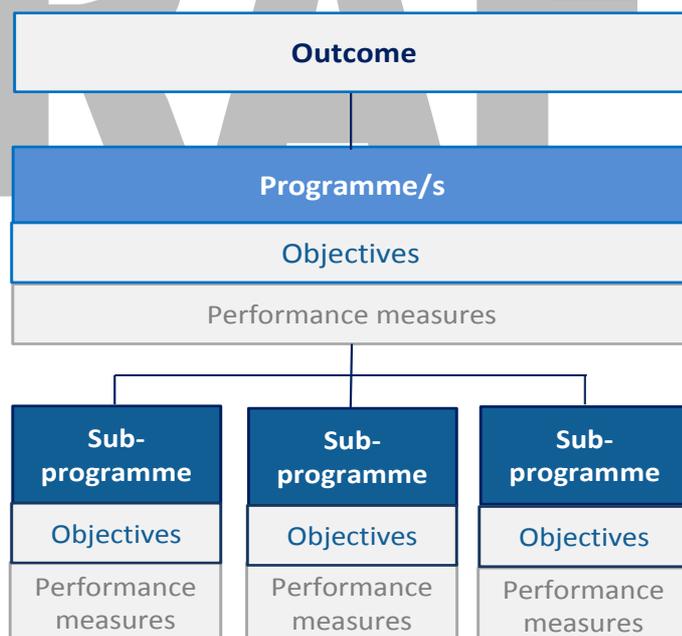
An important concept for entities to consider is the level at which entity and programme performance should be measured and reported. This guide largely deals with performance measurement and reporting at a programme level. However, there is likely to be many different definitions of a programme across entities, in part driven by significant variability in scale and complexity.

*Programme performance should be reported at a level that provides meaningful performance information on the achievement of objectives and outcomes to stakeholders, parliament and the public.*

Further information on identifying objectives is contained in Part B, Step 1 of this guide, and what constitutes a meaningful performance measure is contained in Part B, Step 2 of this guide.

Performance should be managed at all levels of an entity and programme. This may involve the cascading of objectives from the programme level to ensure overall achievement of the desired outcomes, and possible aggregation of performance information and data from a sub-programme level and below. This concept is depicted in Figure 2 (below).

Figure 2: Programme Structure



## Performance Improvement

While an important focus of performance information reporting is accountability and transparency to stakeholders (to the parliament and the public etc), it is also central to the facilitation of performance improvement.

Entities should use performance results, including against any identified targets and benchmarks, to identify opportunities to improve performance and enhance the programme to better meet defined objectives.

As indicated in the in the 'Analysing performance data and results' section of Step 3 of this guide, this might include:

- analysing trends from past results, both positive and negative, and achievement, or non-achievement of targets
- determining whether the performance measures and targets were appropriate and may need refinement, including increasing or reducing performance targets while ensuring performance expectations of customers, stakeholders, government and the public are met
- considering any statistics or qualitative information that may have been collected on the programme beyond the data for the performance measure
- conducting comparisons within the programme (e.g. between sub-programmes, jurisdictions, regions or projects) or with comparable entities or programmes
- identifying reasons for failure to achieve performance targets or declining performance
- identifying reasons for performance above targets or improving performance
- determining what can be done to rectify or turn around under performance or declining performance
- identifying what lessons can be leveraged from good performance or improving performance to further enhance performance
- identifying where and how performance can be improved based on the analysis of results.

An important principle for performance improvement is the willingness to share data, within the programme (e.g. between sub-programmes, regions or projects), with other entities or like organisations, or across other Australian and international jurisdictions. Decisions to share data should be mindful of any confidentiality, privacy and security obligations.

## Part B – Step 1: Understand the Programme Design

*Creating a common understanding of what is being delivered and what the Government expects the programme to achieve is critical for the development of relevant and meaningful performance information.*

The first step involves obtaining a clear understanding of how the programme works by establishing or confirming the design of the programme. This entails outlining the programme's configuration and its various components including any sub-programmes. This will provide a clearer picture of the programme's objectives, and how the programme's results, and the results of its various sub-programmes, contribute to achievement of the programme.

### Programme objectives

*Objectives are clear, focused and measurable statements of what the programme intends to achieve*

The establishment of meaningful performance information rests on setting clear, concise and measurable objectives for the programme. Objectives are expressions of a future desired state and reflect the effects or impacts that an entity seeks to have on its clients/customers, stakeholders and/or the public.

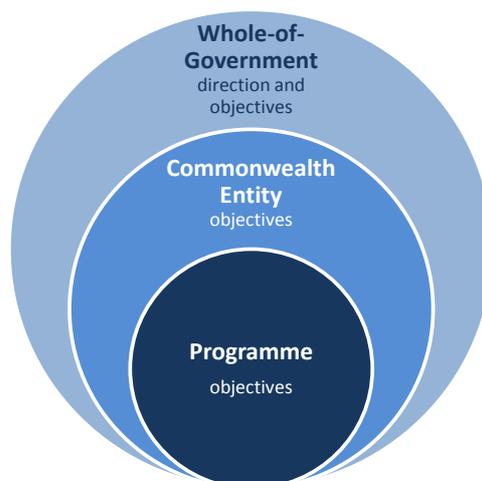
Failing to establish or confirm an appropriate objective is likely to lead to an inability for Government to achieve its overarching direction and objective and in establishing meaningful performance information.

### How to establish an objective

Objectives exist on various levels across Government, as illustrated in Figure 3.

When defining a programme's objectives, they should align with the entity's objectives and the Whole-of-Government direction and objectives. This overall alignment is key in creating an appropriate performance management system across the entity.

**Figure 3: Establishing objectives across the various levels of Government.**



Programme (or sub-programme) objectives should drive success at the entity’s level. However, it is sometimes difficult to establish direct links between the programme delivered and the high level results the entity aims to influence. This is because there are a range of factors which impact on the achievement of the entity’s high-level objectives. The results may also take a long time to be realised.

A top-down approach to developing objectives by starting at the highest strategic level of Government will help to ensure alignment. This grounds the objective, validates its importance and bestows a focus on what matters.

Good objectives:

- are well aligned with the entity’s vision, purpose and overall strategic objectives;
- are consistent and linked to the Government’s broader direction and objectives;
- describe the desired results and when these are expected to be achieved;
- take into consideration potential impact on other programmes and/or areas of Government;
- are specific and measurable in order for the Government to be able to judge the degree to which the objectives have been achieved;
- are realistic and achievable over the term of the planned activity;
- are informative to a wide range of users, in particular the Ministers, Parliament, the entity’s management and the general public (i.e. sufficiently inform and support decision-making by the user of the information); and
- make sense to others outside the organisation.

The objective should be focused on the end result or impact the programme is aiming to achieve or contributing to, and not on the means of achieving it. In other words, the objective should not be the delivery of services or products. A focus on the end status or outcome rather than the means is not only more meaningful regarding the performance of the programme but also provides an entity with the flexibility to explore alternative service delivery strategies and approaches, if necessary.

Objectives are not necessarily entirely within the entity’s control, but the entity should be able to influence the achievement of the objectives, as it is accountable for the actual outcome.

Below are some examples of bad objectives rewritten as good objectives.

### Examples

| Bad Objectives  | Good Objectives   |
|---|---|
| <i>Provide support to regional industry</i>                               | <i>Encourage further investment in regional areas, that leads to generation of new jobs</i> |
| <i>Provide quality economic advice and policy formulation</i>             | <i>Policy advice and formulation that positively impacts on economic indicators</i>         |
| <i>Improve health services for serious and life-threatening illnesses</i> | <i>Reduced mortality rates for serious and life-threatening illnesses</i>                   |

A useful approach to the development of objectives is to consider what success will look like. What would characterise success (or failure) of the programme at the end of the programme or once results are starting to be delivered? What will be affected and how would it be measured.

### Mapping the dimensions of a programme

Where interrelationships within a programme are complex, including multiple programmes and/or cross entity objectives, it may be useful to map the dimensions of a program. This will help to clearly articulate the things that programme management and Senior Executive consider to be the most strategically significant such as:

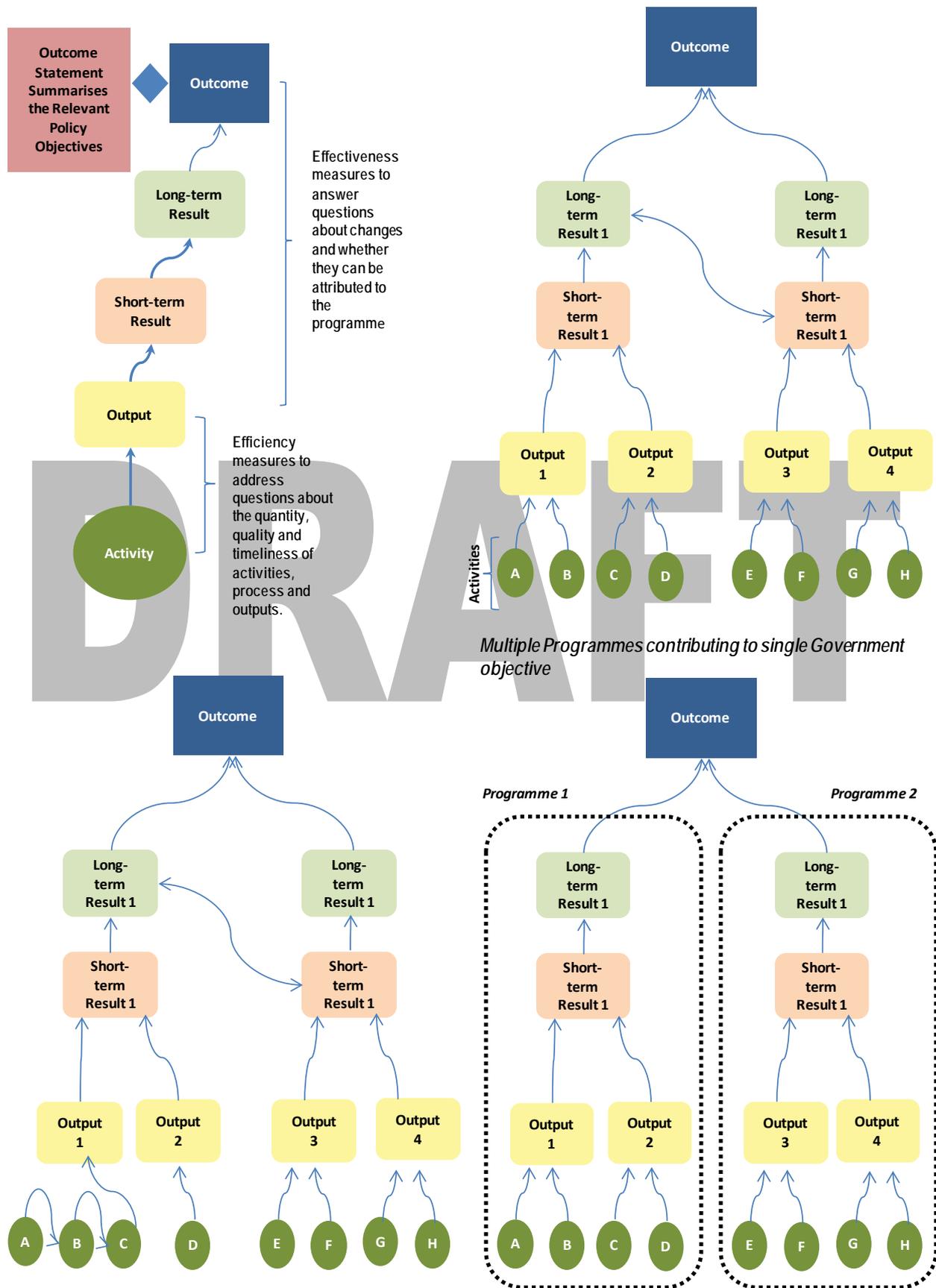
- activities or processes that are being undertaken to bring about the intended result
- expected short, medium and long-term outcomes towards the policy objective

A programme map of what is being delivered and what the entity aims to achieve, including through its sub-programmes and activities is a useful communication device for sorting out the levels that reporting will occur at and the dimensions to be reported as part of the performance reporting.

The following examples provide a graphical representation on what is being delivered and what the entity aims to achieve with the programme. Each programme representation includes the intended outcomes, outputs delivered and activities undertaken to deliver the programme. The first configuration represents a single activity or process leading to the intended results. The second configuration shows a large Programme with multiple activities. The third example is a modification of the second example in that it includes two pre-cursor activities (Activities A and B) which are necessary for Activity C to be completed. The fourth example shows how two separate programmes can achieve separate short-term outcomes that are needed to achieve a shared long-term outcome. This last example might involve two separate entities delivering each of the programmes or sub-programmes.

Further detail on the defining of objectives and mapping the combined results achieved across programmes delivered by different entities is provided in Appendix B.

Figure 4: Examples of programme mappings



## Using a logic model

*A logic model is a planning and management tool that can be used to articulate how the programme works*

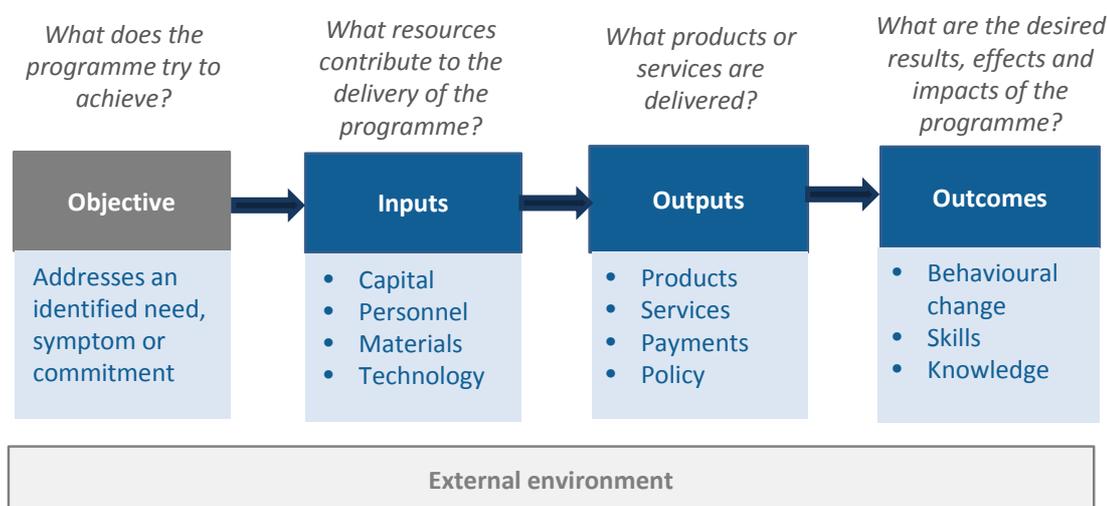
A more detailed understanding of the causal relationships between programme activities and the expected outcomes and impacts can be shown in a logic model. A logic model may be utilised to articulate how the programme works and to isolate the factors that should be monitored to assess the programme's performance. It is a systematic and visual way to present an understanding of the relationships among the resources utilised to operate the programme, the activities and deliverables planned, and the changes or results the programme aims to achieve.

Figure 5 illustrates the basic components of a logic model, which include:

1. **Inputs:** the public resources provided for programme implementation and delivery. Examples are money, staff, facilities or equipment;
2. **Outputs:** the tangible products, goods or services which result from a programme. Example outputs of government programmes include policy advice, administration and payments to individuals (e.g. reports and briefings, services to the public, grants and transfer payments);
3. **Outcomes:** the results (e.g. effects and changes) that attributable to a particular programme (or business activity); and
4. **External environment:** the factors external to a programme (or business activity) not completely within the control of the entity that may impact on the programme and the achievement of outcomes. These might include stakeholders' perceptions, other providers, legislation, international standards, economic variables, changes in community behaviours or other variables.

A logic model describes the sequence of steps involved in transforming inputs into outputs and outcomes of a programme in order to achieve its stated objectives, and depicts the relationships between these variable. In other words, it is a narrative of a series of consequences, not just events.

**Figure 5: Description of a typical programme logic model**



When reading the logic model from left to right, it follows chain of reasoning or ‘if ...then...’ statements which connect the programme’s elements. For example, if these inputs are available and utilised, then these outputs can be delivered. If these outputs are delivered then these outcomes should be expected (subject to impacts from the external environment).

An example might include providing funding for an industry structural adjustment programme to respond to the closure of a major employer in a given town or city. If these inputs are available, then service providers (e.g. employment service and training providers) will be aware of the circumstances in which those affected by the closure find themselves and the economic factors affecting employment opportunities. If this occurs, then the service providers will be in a position to identify the employment and training needs of retrenched individuals. If these needs are identified then there will be more retrenched individuals being re-employed, resulting in less local unemployment and avoiding an additional burden on the social welfare system.

### Why use a logic model?

While a conceptual methodology such as a logic model involves some assumptions and value-judgements about the links between particular programme elements, it brings a structure to the preparation of data and thus, makes it easier to process.

In addition, applying a general methodology such as a logic model across different programmes has several benefits. A common approach applied universally provides:

- users with a consistent model to assess the performance of government across entities and programmes;
- greater scope for entities to learn from one another about performance measures that can be used to measure performance and improve performance reporting; and
- a capacity to systematically address any measurement issues that an entity might face, such as measuring timeliness or other aspects of quality.

A logic model approach illustrates that many factors influence the outcomes of a programme, including activities of other Commonwealth entities or external parties. For example, education as well as justice, health and community services might all impact on an individual’s educational outcomes. In addition, factors external to government, such as the environment, may affect the achievement of the programme’s outcomes and thus, its objectives.

### How to develop a logic model

Developing a logic model involves the following activities:

1. **Review existing evidence** – this involves obtaining an understanding of the relevant information which already exists to explain how the programme operates and the outcomes it should achieve;
2. **Conduct an environmental scan** – this entails establishing a good understanding of the programme’s environmental context including any dependencies, barriers, enablers and similar or related programs and policies. This is an important task to avoid duplication and achieve appropriate integration; and
3. **Map stakeholders and obtaining input from multiple stakeholder groups (if possible)** – this includes consulting multiple stakeholder groups in the development of a logic model, as it will assist in creating a more robust programme design. Establishing collaboratively a logic model becomes particularly pertinent for cross-entity delivered programmes.

4. **Draft the logic model** – once the information gathering is complete, the logic model can be developed.
5. **Circulate the logic model for comment and feedback** – this means confirming and further refining, if required, the logic model based on the feedback obtained from relevant stakeholders.

Many of the above activities may have already been conducted in the early planning phase of the programme, or are part of the knowledge held by the relevant stakeholders. Where this is the case, a short review of the existing material and a workshop may be sufficient to cover the majority of these tasks.

It is important to note that the effort expended in developing a logic model should be proportionate to the scope and scale of the programme. For example, a large complex programme, such as a social intervention, may warrant a literature review and the involvement a large group of relevant stakeholders.

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

- Ensure clear and concise wording.
- Ensure the inputs, outputs and outcomes:
  - contribute to the achievement of the objective
  - address the gaps between the current and the desired situation
  - contribute to the achievement of the entity's objectives
- 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.

#### ✓ **Checklist**

#### **Developing a clear understanding of the programme**

Consider the following questions before developing performance measures:

- Are the programme's objectives well defined (i.e. do they describe the specific results the programme aims to achieve in a measurable way)?
- Are the programme's objectives realistic and achievable at some future date?
- Is there a clear understanding of the objective of the programme amongst internal and external stakeholders (i.e. what the programme aims to achieve)?
- Is the objective aligned with the direction and objectives of the Commonwealth entity and Whole-of-Government?
- Is there an understanding of whether the objectives have an impact on other programmes and/or Government areas?

## Part C – Step 2: Develop Performance Measures

*Performance measures are established to provide robust information about the economy, efficiency and effectiveness of the programme in achieving its outcomes and objectives.*

### Why use performance measures?

The purpose of performance measures is to generate information that can provide an accurate and succinct performance story of the results of a programme and the activities of an entity. This includes identifying past and present performance results, and pointing to potential future performance and outcomes.

Performance measures should enable the entity to monitor and manage the programme's performance, including against defined objectives, and report to stakeholders, parliament and the public.

Generally, performance measures should allow the entity to:

- report on the programme outcomes and achievements of the programme against its objectives, both positive and negative;
- identify improvements or modifications that should be made to the programme;
- determine the economy, efficiency and effectiveness of the programme's delivery; and
- allow stakeholders, parliament and the public to independently judge an entity's performance and thus, hold the entity accountable for its activities.

One of the biggest challenges is choosing the kind of information that best provides an understanding of the programme's performance. The principles below are designed to give entities guidance on creating a suite of relevant, meaningful and practical performance measures.

Performance can, and probably should, be measured at various levels of a programme. Programme level reporting may well be an aggregation of performance results at the sub-programme level.

### Create performance measures that reflect the programme's activities and outcomes

Performance measures should be fit-for-purpose and designed specifically for each programme to take into account its particular design including its specified objectives, inputs, outputs and outcomes. This is because the type of data to be collected will need to be tailored to the particular activities and intended outcomes of the programme. For example, the data required for a grants programme will differ from the data that may be collected for an advisory-based service or a regulatory scheme.

Therefore, ensuring the key activities and outcomes of the programme are adequately defined and the causal relationship between the results of these activities is critical.

## Value for Money

Assessing whether the delivery of programme outputs represent value for money is a critical component of performance measurement and reporting. Value for money can, for example, be expressed in terms of economy, efficiency and effectiveness<sup>3</sup> defined as follows:

- **Economy** – is achieved when the cost of resources (or the value of inputs) consumed by a particular programme is at a minimum.

*“Was a programme implemented at the lowest total cost?”*

- **Efficiency** – is achieved when programme outputs are delivered at a reasonable cost (i.e. outputs are produced at the lowest unit cost). Efficiency can also be taken to mean delivering products with reasonable effort.

*“Were products delivered in the right way?”*

- **Effectiveness**– is achieved if the outputs delivered produce the right outcomes (or produce the intended policy results). A programme is effective if the outcomes achieved are valued by the relevant stakeholders.

*“Were the right things done?”*

It is likely that the effectiveness of a programme has precedence over economy and efficiency. If a programme is not effective, it is unlikely to be economical or efficient (because it produced the wrong results or results that were valued poorly by stakeholders). However, some programmes may be of a nature that being economical and efficient is sufficient for them to be effective. A programme that is only about making payments (e.g. personal benefits paid to a welfare recipient) is effective if the correct amount is transferred to the correct recipients at the lowest cost.

**Figure 6: Using a logic model to define economy, efficiency and effectiveness**

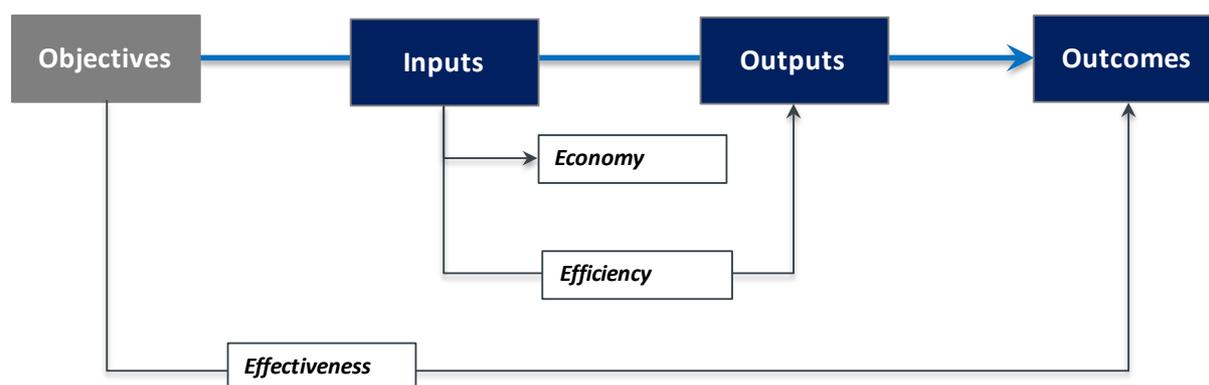


Figure 6 shows the use of the programme logic model (discussed in Part A) to represent how the economy, efficiency and effectiveness of a programme can be framed. Economy is related to inputs only, efficiency links outputs to the inputs consumed and effectiveness is an assessment of the quality of outcomes against the intended programme objectives. Understanding the nature of inputs, outputs and outcomes (including the impact of the external environment on

<sup>3</sup> Subparagraph 15(1)(a) of the PGPA Act creates an obligation on the accountable authority of a Commonwealth entity to promote the proper use of public resources, where proper use is defined as the efficient, effective, economical and ethical use of public resources.

each) provides a means for understanding the factors that with effect the value for money achieved by a programme and how this value might be meaningfully measured.

### Measuring Programme Economy

Measuring the economy of a programme depends upon being able to account for the inputs consumed in the delivery of specific programme outputs. For example, inputs are the financial costs (dollars spent); the human costs (FTEs) or the depreciation of equipment. In most cases, they are expected to be captured by an entity's IT systems used for financial, human and project management. Inputs are most always expressed in quantitative terms.

Once the inputs consumed in delivery certain outputs are known, the economy of this delivery is assessed based on the evidence that the outputs could not have been delivered for a lowest cost (i.e. less inputs).

### Measuring Programme Efficiency

Assuming the inputs are known (because the economy of a programme has been determined), assessing efficiency relies upon quantifying outputs (i.e. the units produced or services provided). Examples of output measures included:

- number of grant applications processed;
- number of training hours provided;
- number of clients serviced;
- number of transactions processed; and
- number of briefings or reports produced.

Once outputs have been quantified, efficiency can be determined by expressing these output measures relative to the known inputs. Examples of efficiency measures include:

- cost per output (e.g. processing cost per grant or cost per transfer payment); and
- the number of full time staff per output (e.g. FTE per grant provided; minutes per customs inspection).

A programme is efficient if there is reasonable evidence that the efficiency measures (outputs relative to inputs) have been minimised.

### Measuring Programme Effectiveness

Effectiveness measures need to consider measuring the achievement of the programme's objectives and the outcomes produced. Ideally this will be measured using measures that demonstrate achievement of the objectives and outcomes (outcome indicators). In some cases it may be necessary to measure outputs, and even inputs in the absence of meaningful measures of achievement of objectives or outcomes.

**Outcome indicators** show the results the programme has delivered. Outcome measures show whether the expected results have been achieved.

It can often be challenging to measure outcomes, particularly using quantitative data. In some cases it may be possible to obtain a picture of performance in outcome terms using qualitative methods and data. Further detail on how to measure outcomes using qualitative methods is contained in Step 3.

In some case this may not be feasible and output and even input indicators may need to be used. Potentially a balance of outcome, output and input indicators may need to be used to provide a full picture of performance.

The following figure helps explain how to select an appropriate indicator of effectiveness.

**Figure 7: Choosing appropriate indicators of effectiveness**



Some examples of the different sorts of measures are set out below.

| Objective   | Outcome   | Outcome Indicator  | Output Indicator  | Input Indicator                  |
|---|---|--|---|----------------------------------|
| Reduce smoking via anti-smoking campaign  | Smoker gives up after viewing advert  | Percentage of smokers quitting after viewing advert  | Number of smokers calling quit-line after seeing advert         | Number of adverts                |
|   | Reduced medical expenditure on smoking related illness  | Reduction in medical expenditure on smoking related illness  | Number of smokers report having viewed advert                   | Circulation measures             |
|   | Potential new smoker influenced not to take up smoking after viewing advert   | Reduction in number of smokers taking up smoking after viewing advert  | Change in perception of smoking in target audience              |                                  |
| Minimise the importation of illegal drugs   | Maximise detection of drugs being imported at ports of arrival  | Increased proportion of imported drugs being detected  | Number and percentage of inbound passengers and cargo inspected | Number of frontlines inspections |
|   | Increased deterrent for the importation and use of illegal drugs  | Reduced quantity of imported drugs   | Quantity and value of drugs seized.                             | Enforcement hours                |
|   | Decreased availability of illegal drugs in the community  |  | Number of arrests   |                                  |
| Innovative projects enabling communities to promote participation in healthy activity | Increased community awareness of the benefits of regular physical exercise and greater participation in community-based activity. | Increase in the number of individuals and groups participating in regular sporting and community-based activity. | Number of projects initiated as a result of grants              | Grants provided                  |
|   | Improved health outcomes due to increased community engagement and participation in healthy activities                            | Lessons from projects shared with and adopted by other communities.  | Publishing and promoting outcomes and lessons learnt            | Projects funded                  |

Some of the types of measures that can be used include:

- absolute (whole numbers);
- proportion (percentage of);
- trend (percentage change from prior year or baseline);
- statistical (e.g. average, mean);
- rankings; and
- scores.

Overall there are number of different types of performance measures against which the performance of the programme could be monitored and assessed. Generally, to effectively assess the overall performance of the programme a balanced selection of performance measures needs to be established that covers the various dimensions of the programme.

### Some Challenges

Some entities do not provide services directly but rather guide and fund organisations to deliver the services on their behalf. This can create a challenge for those entities when it comes to identifying relevant performance measures that reflect the entity's activities.

However, the type of outcomes an entity wants to achieve from its activities are still the same when the entity is not directly providing the service or programme. Only the degree of influence and activities used to achieve the objective are different. Therefore in this situation, the entity should still create performance measures to assess its performance towards achieving the desired outcomes.

Some Government policies and objectives are delivered by more than one entity (cross-entity). Further details on defining performance measures for cross-entity programmes is contained in Appendix B.

### Criteria for Establishing Appropriate Performance Measures

Better practice performance measures have certain inherent qualities which deliver the most value, and are:

- **Specific** – understandable by being clear and concise to avoid misinterpretation of what is to be achieved;
- **Measurable** – able to be quantified and compared to other data to show trends
- **Relevant** – informative and useful to stakeholders as well as consistent with the specific entity's objectives;
- **Achievable** – practical, reasonable and credible given the expected conditions;
- **Timely** – achievable within the given timeframes; and
- **Balanced** – the set of performance measures should provide a balanced examination of the overall performance story, both quantitatively and qualitatively.

Other tips that may be useful when developing good performance measures may include:

- Seek to limit the number of performance measures (noting that the reported indicators may contain sub-indicators);
- Different performance measures may be more applicable over time, particularly where results are not expected in the short term;
- The form and content of the performance measure should provide sufficient evidence to show that the programme is achieving or satisfactorily progressing towards the achievement of the desired outcomes;
- The performance measures should be carefully worded to ensure that the results being monitored are specific enough to allow a meaningful discussion (and reporting) of performance;
- Good performance measures should have clear and concise wording;
- The performance measures should drive behaviours that will deliver the objectives and outcomes of the programme;

- A relevant performance measure helps the entity and stakeholders to understand whether one or more of the entity's objectives have been achieved; and
- A comprehensive and balanced set of performance measures should compare actual performance with expected results.

### Using Targets

The setting of performance targets helps articulate the level of results that is expected to achieve the intended impact and expectations of management, stakeholders, parliament and the public. It also provides a point of comparison against which actual results can be compared.

Targets also assist in building the entity's performance story. This might include improvement over time and positive (or negative) trends.

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 programmes. Baseline results being achieved before the programme or intervention may be a useful reference point for new programmes.

A good target often:

- is ambitious, but possible to achieve;
- is clearly defined in terms of data sources (and the limitations of these sources);
- is 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 quarter);
- is consistently phrased in either positive or negative terms; and
- can be easily updated and therefore, elevated, if the target can be easily achieved before the expected timeframes.

Examples of the development of different types of performance measures for different categories of programmes can be found at Appendix A.

✓ **Checklist**

**Developing relevant and meaningful performance measures**

Answering the following questions may assist in developing performance measures:

**LINKING PERFORMANCE MEASURES TO OBJECTIVES**

- Do the performance measures clearly support the objectives of the entity and the programme?
- Are the performance measures meaningful and relevant to the programme's objectives?

**REFLECTING THE ACTIVITIES AND OUTCOMES OF THE PROGRAMME**

- Are the entity's activities under the programme adequately defined?
- Is there a reasonable causal relationship between the programme's key activities and the results being tracked through the performance measures?
- Do the performance measures focus on outcomes the programme seeks to achieve rather than just on the inputs and outputs generated through the programme's activities?

**DEVELOPING MEASUREABLE AND USEFUL PERFORMANCE MEASURES**

- Are the performance measures specific and measurable?
- Are the targets set for the performance measures attainable?
- Are the results captured through the performance measures reliable and attainable?
- Have stakeholders been sufficiently consulted in the creation of performance measures?
- Do the performance measures reflect the efficiency of the programme's activities?

**REPORTING**

- Are performance measures clearly worded, timely and presented with enough information for key stakeholders to understand the results?
- Are performance measures being communicated and clearly understood by stakeholders?

**Part D – Step 3: Collecting and Analysing Performance Information**

By the time you have arrived at this step you should have:

- clearly defined your programme’s objectives (Step 1); and
- identified suitable measures to monitor and report the programme’s performance against those objectives (Step 2).

This step will identify the methods for collecting the performance information and analysing that information to be able to monitor and report programme performance.

It is important to note that the performance measures selected will need to consider the availability of performance information and the practicality of collecting performance information. As such there may be a need to revisit the performance measures selected during Step 2 in the context of the ability to collect performance data and the methods that can be used to collect that information. In other words, Steps 2 and 3 can be iterative with the identification of sources of performance data and data collection methods further informing the refinement of the selected performance measures.

For example, an entity may have selected a performance measure that best measures the programme’s objectives, but finds that the data is simply not available or is not feasible to collect. As such, that agency may need to revise the measure to find the best proxy measure for that objective using the data that is available or can be collected.

**Selecting Quantitative versus Qualitative methods**

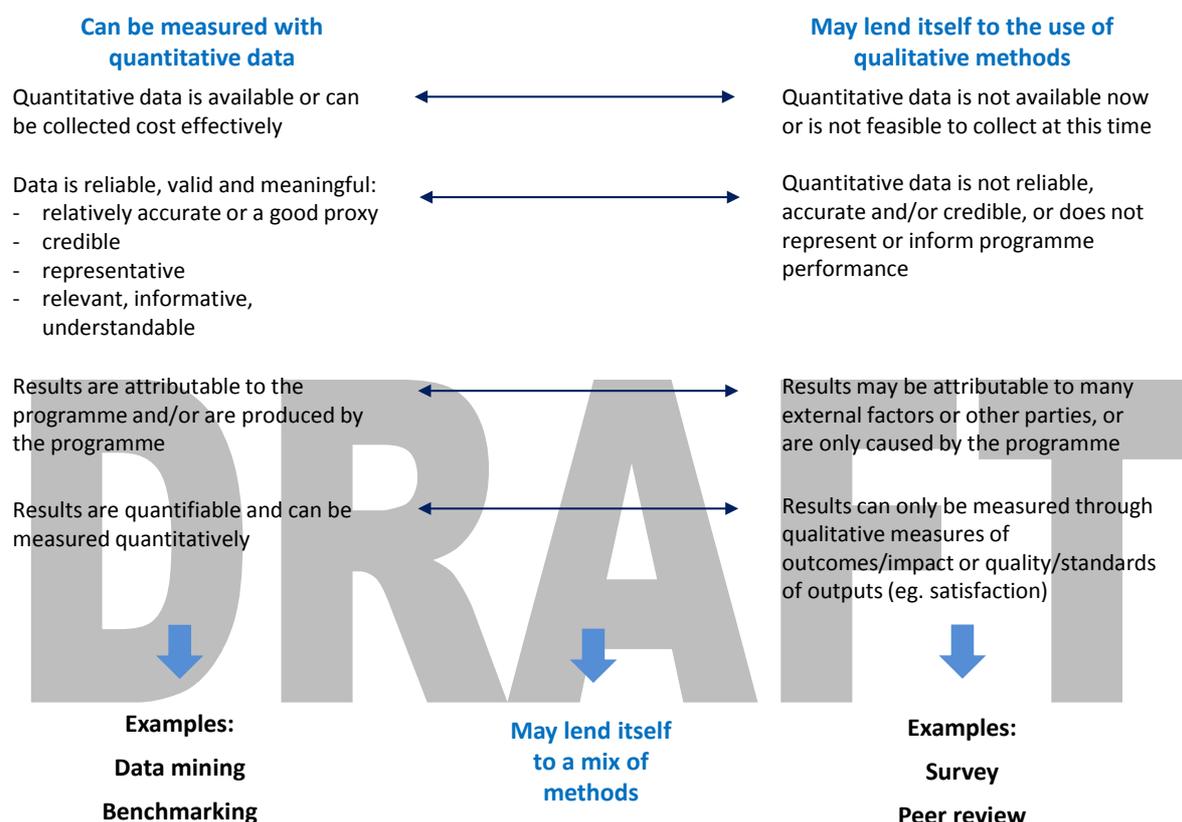
Data sources and methods can be categorised into quantitative and qualitative as follows:

|                     |   |
|---------------------|---|
| <b>Quantitative</b> | <ul style="list-style-type: none"> <li>• calculated from numeric data</li> <li>• typically reported as a KPI, and can lend itself to benchmarking in some instances</li> <li>• can be obtained from existing programme data or collected specifically for the purposes of calculating the KPI</li> </ul>  |
| <b>Qualitative</b>  | <ul style="list-style-type: none"> <li>• often captures data regarding opinions, perceptions, behaviours or beliefs about achievement of the programme’s objectives, and efficiency or effectiveness</li> <li>• can usually be quantified over time using various data collection methods (as outlined in this section)</li> <li>• typically collected from programme participants or stakeholders such as key stakeholders, customers, industry or experts</li> <li>• typically involves data collection using methods such as surveys, interviews, focus groups and peer review</li> <li>• may involve aspects of evaluation and judgement in interpreting results and reporting performance</li> </ul> |

Quantitative methods are preferable where the data exists or can be collected and the data can be used to adequately measure the programme’s objectives and performance using clear KPIs. However, in many instances quantitative methods are not appropriate.

Figure 8 identifies the factors that may need to be considered when deciding on an appropriate data source and collection and analysis method.

**Figure 8: Comparison between quantitative and qualitative methods**



As suggested by the diagram above, qualitative methods may be more appropriate where:

- **Performance results against the programme’s objectives may not be able to be measured until some point in the future**, potentially because the outcomes are long term. In this event the entity may consider changing the measures and data collection methods to quantitative measures at the time when the programme’s performance can be measured, and use qualitative methods to predict outcomes in the interim.
- **The quantitative data that is available or could be collected would not be accurate, or an accurate reflection of the programme’s performance.** Qualitative methods may be appropriate in this instance or qualitative methods could be used in conjunction with quantitative methods to provide a more balanced picture of performance.
- **Performance outcomes are likely to be significantly affected by factors external to the programme and not within the entity’s control.** This may include environmental factors or the involvement and impact of other entities or stakeholders. It reflects the challenge of attribution of results to the programme and entity. Qualitative methods could be used to measure the programme and entity’s contribution to the overall performance results. Again, this could be in combination with quantitative measures to provide a more balanced picture of the programme and entity’s performance.



- reasons for failure to achieve performance targets or declining performance;
- reasons for performance above targets or improving performance;
- what can be done to rectify or turn around under performance or declining performance;
- what lessons can be leveraged from good performance or improving performance to further enhance performance; and
- where and how performance can be improved based on the analysis of results.

This analysis will then both inform the reporting of performance outcomes (Step 4) and the consideration of steps that can be taken to improve programme performance.

### Methodologies Overview

This section provides a description of the various data collection and analysis methods. These methods are summarised below and further detailed in Attachments C to G.

| Method                                       | What is it?   | Why might I use it?  |
|--|---|--|
| <b>Quantitative</b>                          |   |  |
| <b>KPIs</b><br><i>(Attachment C)</i>         | A measure than can be calculated using quantifiable data (metrics) and compared against a target.   | Quantifiable data is available that can be used to provide a reliable and meaningful measure of programme performance.   |
| <b>Benchmarking</b><br><i>(Attachment D)</i> | A means of comparing performance against a standard or results within the programme (e.g. between sub-programmes, regions or projects) or externally, such as with other organisations or jurisdictions. For performance reporting it requires a measurable result using quantifiable data.   | To set a performance target and/or compare performance to identify if performance is comparable or if a performance gap exists that might point to opportunities for improvement.  |
| <b>Qualitative</b>                           |   |  |
| <b>Survey</b><br><i>(Attachment E)</i>       | A data collection method that can be used to collect data from customers, programme participants or stakeholders. While it typically involves the issuing of a survey by mail, phone or online, survey equivalent data can also be collected using interviews (e.g. questions of stakeholders) and at the point of service delivery (e.g. from the customer in person or by phone). For performance reporting purposes, it needs to seek a quantifiable measure from each survey respondent, typically a rating against a common scale. | <p>To collect a rating of performance from customers, programme participants or stakeholders, based on their opinions, perceptions, behaviours or beliefs.</p> <p>Data needs to be sourced from a large number of people to calculate an overall result. Can also be used to collect more detailed qualitative information to better inform performance analysis and reporting.</p> <p>Best utilised where the customers, programme participants or stakeholders are better placed to be the best judge of programme performance against a specific objective and measure.</p> |

| Method  | What is it?  | Why might I use it?  |
|---|--|--|
| <p><b>Peer review</b><br/><i>(Attachment F)</i></p> | <p>A data collection method that can be used to collect data from experts or key stakeholders. For performance reporting purposes, it needs to seek a quantifiable measure from the selected panel, typically a rating against a common scale.</p>   | <p>To collect a rating of performance from experts or key stakeholders, based on their expert opinion or judgement.</p> <p>Best utilised where expert opinion is likely to be the best available measure of programme performance against a specific objective and measure.</p>  |
| <p><b>Evaluation</b><br/><i>(Attachment G)</i></p>  | <p>Evaluations (or programme evaluations) are individual systematic studies that are conducted periodically or on an ad-hoc basis to assess how well a programme is working. An evaluation typically examines achievement of the programme’s objectives in the context of other aspects of programme performance, and extends beyond performance information.</p> <p>An evaluation is typically a more in-depth examination of programme performance and its context, allowing for an overall assessment of the programme’s design, activities and achievements. An evaluation may cover such aspects as identification of adjustments that are required to improve the programme’s results, lessons learned and future policy implications.</p> | <p>Where a more in depth assessment of performance is required that goes beyond available performance information. Typically involves more extensive collection of qualitative and quantitative information, and can include research and literature reviews.</p> <p>Typically conducted periodically such as following implementation of the programme (e.g. post implementation reviews), at mid-term or at defined intervals during the programme (formative evaluation) or at the end of the programme (summative evaluation). Can also be conducted on pilots to assess whether performance justifies further roll-out.</p> |

✓ **Checklist**

**Collecting and analysing performance information**

Answering the following questions may assist in choosing appropriate data collection methods and the analysis of the collected data:

**SELECTING DATA AND COLLECTION METHODS TO ALIGN WITH THE PERFORMANCE MEASURES**

- Have you determined whether performance can be measured using qualitative or quantitative data, or a mix of both?
- Have you considered whether intended results (impact) can be measured using quantitative data now? At what point in the future it could be measured and should the measure be changed to the actual results achieved?
- Do you need to revisit and refine or change the performance measures due to the inability to collect meaningful data against the measure, or because it's not feasible to collect the data?

**QUANTIFYING RESULTS FROM QUALITATIVE DATA SOURCES FOR THE PURPOSES OF PERFORMANCE REPORTING**

- Have you considered how qualitative data sources can be used to measure and report performance against a performance measure? Have you considered having customers, programme participants, stakeholders or experts provide a score using a rating scale against a performance measure to obtain a numeric score for the performance measure (e.g. percentage customer satisfaction)?

**ANALYSING RESULTS**

- Have you considered the results in terms of trends, achievement of targets, other information collected that might inform interpretation of results, comparisons between sub-programmes, jurisdictions, regions or projects, reasons for performance results and improvement opportunities?
- Have you considered if the performance measures require refinement or targets require change?

**SELECTION OF DATA COLLECTION AND ANALYSIS METHODS**

- Have you considered all the options for capturing and analysing data including calculating KPIs with numeric data, benchmarking, surveys, peer reviews and evaluations?

## Part E – Step 4: Reporting on Performance Information

If clear objectives for the programme have been identified (Step 1), robust performance measures selected that address objectives, economy, efficiency and effectiveness (Step 2) and carefully thought through data collection and analysis methods chosen (Step 3), the reporting of performance should be self-evident. The calculated results should be reported, including against the targets set.

Reporting performance is a key feature of the Commonwealth accountability structure. It is the responsibility of those who use public resources to account to those who provide those resources on the public benefits achieved. In fulfilling this responsibility it may be useful for entities to consider the extent to which performance information needs to be put in context to aid interpretation and understanding. It may also be useful to provide an explanation of how entity interprets performance information reported, so that others can form judgements on whether such an interpretation is reasonable (or not).

Such context and explanation might include:

- the rationale for the selection of performance measures;
- external factors that may have impacted on performance;
- whether performance is within acceptable tolerances (e.g. results exceed, meet or are below expectations); and
- how this impacts future performance objectives, measures and targets.

The additional information reported might also consider relevant context and explanation from the analysis of results. Further detail on this can be found in the 'Analysing performance data and results' section of Step 3 of this guide.

### Portfolio Budget Statements

From 2015-16 Commonwealth entities that prepare Portfolio Budget Statements have the option of expanding performance measurement and reporting beyond KPIs against each programme.

It is likely that – where entities choose to expand performance measurement beyond KPIs (e.g. to provide a better treatment of more complex programmes) – the performance measures described in Portfolio Budget Statements will be a mix of quantitative and qualitative measures. For example, entities may use quantitative measures to describe short to medium terms outcomes. Long-term outcomes may be described through more qualitative measures such as surveys, peer reviews and comprehensive evaluations.

It is acknowledged that this will mean that different measures described in Portfolio Budget Statements may need to be reported at different times. For example, KPIs may be best reported annually whilst the results of a comprehensive evaluation (aimed at assessing longer-term outcomes) may only be reported over the longer term.

Commonwealth entities present planned performance information in Portfolio Budget Statements. In the format at figure 9 (below).

**Figure 9: The presentation of programme performance information in Portfolio Budget Statements.**

|   |   |
|---|---|
| <b>Programme X.X</b> ( <i>Insert programme number, e.g. 1.1</i> ) |   |
| <b>Performance Measure(s)</b> ( <i>Insert measure title(s)</i> )  |   |
| <b>Objective</b>  |   |
| <b>Outputs</b>  |   |
| <b>When</b>   | Specify when the measure(s) will be reported (e.g. end of the 2015/16 financial year and each year thereafter).   |
| <b>Rationale</b>  | Describe how the measure will help demonstrate the achievement of the programme objective.  |
| <b>Methodology</b>  | KPI/ Benchmarking/Survey/Peer Review/Evaluation/Other   |
| <b>Target or Assessment</b>                                       | <ul style="list-style-type: none"><li>• <b>If KPI</b> – what target will it be measured against?</li><li>• <b>If benchmarking</b> – what is being used as the benchmark and what is considered acceptable (e.g. achieving 90 per cent of benchmark?)</li><li>• <b>If survey</b> – who will be surveyed, what questions will be asked and what responses will be considered favourable?</li><li>• <b>If peer review</b> – which peers and what aspects of the programme will be reviewed?</li><li>• <b>If evaluation</b> – what will be evaluated, through what means and what standard will be applied to results?</li><li>• <b>If Other</b> – what other target is proposed and how will it be derived and assessed?</li></ul> |

## Corporate Plans

From 2015-16, section 35 of the PGPA Act requires Commonwealth entities to produce corporate plans that include a summary of the performance measures, target and assessments to be used to demonstrate entity performance.

Requirements for performance reporting in corporate plans are defined in the associated PGPA Rule 2014 (see [www.comlaw.gov.au/Details/F2014L00911](http://www.comlaw.gov.au/Details/F2014L00911)). The following summarises these requirements as presented in section 16E of the Rule:

### ***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  | 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> |

The guidance on the preparation of corporate plans ([www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx)) notes that these performance measures would ideally serve to provide a link between an entity's stated purposes, its programmes and key activities. That guidance also encourages entities to use the flexible approach described in this document (e.g. complementing the use of KPIs with benchmarking, surveys, peer reviews and comprehensive evaluations) to improve the quality of performance information to Parliament and the Australian public.

## Annual Performance Statements

From 2015-16, section 39 of the PGPA Act requires the accountable authorities of Commonwealth entities to include an annual performance statement in annual reports tabled in Parliament. As with corporate plans, the legal requirements for matters to be addressed in annual performance statements are described in the PGPA Rule 2014 ([www.comlaw.gov.au/Details/F2014L00911](http://www.comlaw.gov.au/Details/F2014L00911)).

Guidance supporting the preparation of annual performance statements (available at [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx)) provides the following template as a suggestion of how performance information in annual performance statements might be presented for each programme (or business activity) being reported on. The example template reflects the PGPA Rule obligation that annual performance statements include the four minimum requirements for: a programme (or business activity) summary; description of the performance methodology being used; the targets, goals and measures being employed; and the result achieved.

| <b>Programme/Activity title</b>  |                     |                               |                     |          |
|--|---------------------|-------------------------------|---------------------|----------|
| <p><i>A summary and overview of the programme/activity containing:</i></p> <ul style="list-style-type: none"> <li>• <i>the programme/activity title—consistent with the title published within the current year’s Portfolio Budget Statements or corporate plan</i></li> <li>• <i>programme/activity purpose and objective statement—consistent with statements published in the Portfolio Budget Statements or corporate plan.</i></li> <li>• <i>programme deliverable description</i></li> </ul> |                     |                               |                     |          |
| <b>Performance measurement and monitoring</b>  |                     |                               |                     |          |
| <p><i>Entities should explain the method of measurement and monitoring they have used to demonstrate the performance of the programme/activity. This will align with the performance measurement and monitoring that was planned in the Portfolio Budget Statement or corporate plan at (the commencement of the programme/activity?) or reporting period.</i></p>   |                     |                               |                     |          |
| <b>Planned Performance measures and assessments</b>  |                     |                               |                     |          |
| <p><i>The value of each performance measurement target, or planned assessment(s), set at the commencement of the programme or activity as reported in the Portfolio Budget Statement or corporate plan.</i></p>  |                     |                               |                     |          |
| Proposed Target value  | Proposed Assessment | Benchmark                     | Proposed evaluation | Etc..... |
| <b>Results achieved</b>  |                     |                               |                     |          |
| <p><i>The actual results of the performance measurement and monitoring of the programme/activity undertaken by the entity, including a summary of the outcomes of assessment undertaken in the reporting period.</i></p>   |                     |                               |                     |          |
| Target result  | Assessment Outcome  | Benchmark analysis/comparison | Evaluation outcome  | Etc..... |

Entities are also encouraged to supplement the information summarised above with narratives to explain the context in which performance results were achieved. This could include: relevant lessons learnt or challenges encountered in delivering a particular programme; possible changes or enhancements to delivery mechanisms suggested by performance results; comparisons against performance results reported in previous reporting periods; and contributions made by key partners and stakeholders.

### Tailoring Performance Reporting

It should be clear from the above that performance measures reported in a specific document will depend on the context in which that report is being presented (and any legal requirements). It is anticipated that, for a given programme, an entity may have a suite of measures more comprehensive than those it chooses to include in its Portfolio Budget Statements or corporate plans. For example, the more comprehensive suite of measures may be developed by an entity to support internal programme management or inform discussions with key delivery partners and stakeholders.

✓ Checklist

**Appropriate reporting of the performance information**

Answering the following questions may assist in appropriately reporting performance information:

- Have you explained the rationale behind the selected performance measures and targets?
- Have you considered the implications of reporting poor performance?
- Have you considered what additional explanatory or contextual information could be provided to help the reader to better understand the results achieved? This might also include external factors impacting performance.
- Have you considered explaining what implications the reported results have or future performance objectives, measures and targets?

**DRAFT**

## Glossary

|                        |  |
|------------------------|--|
| <b>Accountability</b>  | In the context of the relationship between public servants, the accountable authorities of Commonwealth entities, Ministers and the parliament, accountability is defined as the responsibility that exists where one party describes, explains or provides an account to another party, for the performance of a specific function of interest. It can include accountability for the setting of goals, the achievement and reporting of outcomes, and the consequences of getting things right or wrong. |
| <b>Activities</b>      | The actions/functions performed by agencies to deliver government policies, generally a sub-component or sub-activity of a Commonwealth Budget sub-programme.  |
| <b>Analysis</b>        | The process of breaking a complex topic or substance into smaller parts in order to examine how it is constructed, works, or interacts to help determine the reason for the results observed.  |
| <b>Attribution</b>     | Ascribing a causal link between observed changes and a specific intervention or programme, taking into account the effects of other interventions and possible confounding factors.  |
| <b>Appropriateness</b> | An appropriate programme is one for which there is an identified need in the community, government decides that addressing that need is consistent with its overall objectives and of priority given competing demands on resources, and for which there is a strong causal link between strategies chosen and the desired outcomes.   |
| <b>Audit</b>           | The systematic examination of records and the investigation of other evidence to determine the propriety, compliance, and adequacy of programs, systems, and operations.   |
| <b>Baseline</b>        | Information collected before or at the start of a project or programme that provides a basis for planning and/or assessing subsequent progress and impact.   |
| <b>Benchmarking</b>    | The process of measuring and comparing an organisations performance against those of similar organisations, to gain information, which will help drive improvement.  |
| <b>Benchmark</b>       | A quantitative level of performance, which defines best-in-class results. A benchmark may be utilised to define a stretch standard.  |
| <b>Benefits</b>        | Positive programme outcomes.   |
| <b>Best practice</b>   | Methods, approaches, and tools that have been demonstrated to be effective, useful, and replicable. The concept of best practice, or good practice, captures the hope that systematic comparative evaluation of different programs components, will yield conclusions about which are most effective.  |

|                                |  |
|--------------------------------|--|
| <b>Bias</b>                    | The extent to which a measurement, sampling, or analytic method systematically underestimates or overestimates the true value of a variable or attribute.  |
| <b>Causal relationship</b>     | The relationship of cause and effect. The cause is the act or event that produces the effect. The cause is necessary to produce the effect.  |
| <b>Corporate Plan</b>          | Refer to Section 35 and 95 of the PGPA Act and the requirement that "The accountable authority of a Commonwealth entity must (a) prepare a Corporate Plan 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". The Corporate Plan is the primary planning document of an entity, setting out the objectives and strategies the organisation is to pursue and the outcomes it hopes to achieve in the coming year. The plan should also explain how the resources of the entity will be used to achieve the relevant priorities of government. As a statement of planned performance, an entity's corporate plan is closely linked to its portfolio budget statement and annual report. |
| <b>Coverage</b>                | The extent to which a programme reaches its intended target population.  |
| <b>Credibility</b>             | <p>Communicating meaningful performance concisely and providing sufficient detail to keep internal and external audiences engaged and committed is a challenge. This is exacerbated when one group requires information that another group finds unhelpful. Credibility in performance reporting for accountability comes when the set of indicators satisfies all groups.</p> <p>In evaluation, evaluator and evaluations must not only be valid but must be seen to be valid, which denotes their trustworthiness, reliability, integrity and believability. To be credible, the evaluation should make sense to stakeholders, be authentic, provide sufficient data and detail to make the transfer of knowledge possible.</p>  |
| <b>Criteria</b>                | <p>Criteria in performance management are the specific aspects, qualities or dimensions that distinguish a more successful and worthwhile programme from another.</p> <p>Whether they are determined at the beginning or emerge during the process, criteria are essential to evaluation. Performance is evaluated on each criterion, and the results are then used to draw evaluative conclusions.</p>  |
| <b>Data</b>                    | Information collected by the monitoring and evaluation system. Data gathered during an evaluation are manipulated and analysed to yield findings that serve as the basis for conclusions and recommendations.  |
| <b>Data Collection Methods</b> | Techniques used to identify information sources, collect information, and minimize bias during an evaluation.  |
| <b>Effectiveness</b>           | The extent to which an intervention has attained its major relevant objectives.  |

|                             |  |
|-----------------------------|--|
| <b>Efficiency</b>           | <p>The extent to which programme inputs are minimised for a given level of programme outputs, or the extent to which outputs are maximised for a given level of inputs.</p> <p>Efficiency is concerned with the processes (activities/ strategies/ operations) by which the programme is delivered and which produce the outputs of the programme.</p>   |
| <b>Evaluation</b>           | <p>A systematic and objective assessment of an on-going or completed project, programme or policy. Evaluations are undertaken to (a) improve the performance of existing interventions or policies, (b) assess their effects and impacts, and (c) inform decisions about future programming. Evaluations are formal analytical endeavours involving systematic collection and analysis of qualitative and quantitative information.</p>                      |
| <b>Feasibility</b>          | <p>Feasibility refers to the degree to which it is realistic to undertake the performance management process including in terms of: the proposed design and producers; skills, knowledge and ability of the performance managers or evaluator; viability; cost; timeframe for completing the task; and adhering to ethical guidelines and protection of human subjects and environmental concerns.</p>   |
| <b>Feedback</b>             | <p>The transmission of information generated through monitoring and evaluation activities to facilitate better understanding and learning. This may include the dissemination of findings, conclusions, recommendations and lessons from experience.</p>   |
| <b>Focus Group</b>          | <p>A small panel of people selected for their knowledge or perspective on a topic of interest that is convened to discuss the topic with the assistance of a facilitator. The discussion is used to identify important themes or to construct descriptive summaries of views and experiences on the focal topic. A focus group is a method of collecting information for the evaluation process that relies on the particular dynamic of group settings.</p> |
| <b>Formative evaluation</b> | <p>An evaluation conducted during the course of project implementation with the aim of improving performance during the implementation phase. Related term: process evaluation.</p>  |
| <b>Impact</b>               | <p>A result or effect that is caused by or attributable to a project or programme. Impact is often used to refer to higher level effects of a programme that occur in the medium or long term, and can be intended or unintended and positive or negative.</p>   |
| <b>Implementation</b>       | <p>The process of putting plans into action.</p>   |
| <b>Indicators</b>           | <p>The process of defining a variable that when measured (i.e. empirically observed) provides a signal that a specific aspect of a programme has occurred. It can involve defining a fuzzy or intangible concept to make it more clearly distinguishable and measurable.</p> <p>Indicators can provide a reliable means to measure a particular phenomenon or attribute.</p>   |

|                                  |  |
|----------------------------------|--|
| <b>Inputs</b>                    | Resources provided for programme implementation. Examples are money, staff, time, facilities, equipment, etc.  |
| <b>Interpretation</b>            | Interpretation involves explaining findings, attaching significance to particular results, making inferences, drawing conclusions and presenting patterns within a clear and orderly framework. To be considered credible, the interpretation process should use accepted techniques.  |
| <b>Intervention</b>              | An action or entity that is introduced into a system to achieve some result. In the programme evaluation context, an intervention refers to an activity, project or programme that is introduced or changed (amended, expanded, etc).  |
| <b>Key Performance indicator</b> | Key Performance Indicator (KPI) is a type of performance measurement. Within the context of the <i>Outcomes and Programmes Framework</i> , KPIs are established to provide measurable information (using either qualitative or quantitative data) on the efficiency or effectiveness of programmes in achieving objectives in support of respective outcomes.  |
| <b>Lessons learned</b>           | ‘Effective practice’, ‘promising practice’, ‘evidence based-practice’ and ‘lessons learned’ are concerned with systematic comparative evaluation to yield conclusions for adopting more effective programme designs, and implementation practice. Frequently, lessons highlight strengths or weaknesses in preparation, design, and implementation that affect performance, outcome and impact.  |
| <b>Literature review</b>         | <p>The literature review process entails a systematic examination of prior research, evaluation studies and scholarship to answer questions of theory, policy and practice. The process requires rigor and transparency to draw new insights and create new knowledge.</p> <p>As a product, the report from a literature review presents new knowledge.</p>  |
| <b>Logic Model</b>               | <p>A logic model demonstrates how an intervention is understood to contribute to possible or actual impacts. It can include positive impacts (which are beneficial) and negative impacts (which are detrimental).</p> <p>A logic model shows how programme activities are understood to contribute to a series of intermediate outcomes that then produce the intended long-term impacts. Logic models can also identify other influences on these outcomes and impacts, and can also be drawn to show possible negative outcomes.</p> <p>Logic models, (including programme logic, programme theory, theory of change, causal model, results chain, and intervention logic) can be drawn in different ways.</p> |
| <b>Measurement</b>               | A procedure for assigning a number to an observed object or event.   |
| <b>Monitoring</b>                | The performance and analysis of routine measurements to detect changes. Monitoring is used to inform managers about the progress of  |

|                                |  |
|--------------------------------|--|
|                                | <p>an ongoing intervention or programme, and to detect problems that may be able to be addressed through corrective actions.</p>   |
| <b>Objectives</b>              | <p>Refers to the intended or desired results that are to be attained or accomplished in pursuit of an outcome, often prescribed through legislative or statutory requirements.</p>   |
| <b>Outputs</b>                 | <p>The products, goods, and services which result from an intervention. Outputs of government programmes include policy advice, administration and processing, tangible goods and services (e.g. research papers produced, services to the public and grants and transfer payments).</p> <p>Outputs should be clearly distinguished from outcomes.</p>   |
| <b>Peer review</b>             | <p>Peer review, or expert panels, can be used when specialised input and opinion is required to assess performance. Generally, a variety of experts from relevant fields of expertise are brought in to interpret the data and debate its credibility, and implications for the performance assessment.</p> <p>Peer reviews can be used to select the 'Best Evidence' available for providing an accurate account of performance.</p>  |
| <b>Performance indicator</b>   | <p>A particular characteristic or dimension used to measure intended changes. Performance indicators are used to observe progress and to measure actual results compared to expected results.</p>  |
| <b>Performance information</b> | <p>Performance information is the product of data collection and analysis. It is needed to show whether a programme is efficient and/or effective. Performance information may be quantitative (numerical) or qualitative. It should be verifiable. The usefulness of performance information is enhanced by applying standards and other types of comparison which allow judgements to be made about the extent to which programmes are achieving desired results.</p> <p>Performance information collected by the system often generates questions that are investigated in more depth in an evaluation.</p> |
| <b>Performance management</b>  | <p>A system, integrated with programme management, of producing and using performance information for continuous improvement and to help policy makers answer questions about whether promises were kept and goals were achieved.</p>  |
| <b>Performance measure</b>     | <p>Performance measures are quantitative indicators of performance and can be used to show progress toward a goal or objective over time. It is the specific number representation of a capacity, process, or outcome that is relevant to the assessment of performance.</p>   |
| <b>Performance measurement</b> | <p>Ways to objectively measure the degree of success that a programme has had in achieving its stated objectives, goals, and planned programme activities.</p>   |
| <b>Performance monitoring</b>  | <p>Performance monitoring uses indicators designed to measure results and involves collecting baseline data, setting targets, and comparing actual figures to targets. At the project and activity level, monitoring</p>   |

|                             |  |
|-----------------------------|--|
|                             | <p>is intended to inform implementation.</p> <p>Combining the traditional approach of implementation monitoring with the assessment of results makes performance monitoring a useful as a tool for public sector management.</p>   |
| <b>Performance story</b>    | <p>A succinct summary of the performance of a programme usually structured around some form of outcome hierarchy. As well as explaining what a programme has achieved, a performance story also describes the causal links that show how the achievements were accomplished.</p>   |
| <b>Process</b>              | <p>The programmed, sequenced set of things actually done to carry out a programme or project</p>   |
| <b>Programme Evaluation</b> | <p>Refer Evaluation.</p>   |
| <b>Programme logic</b>      | <p>An analytic tool that helps with understanding how a programme works, i.e. its underlying logic, by describing the expected cause-effect relationships between programme activities and the outcomes they should produce.</p> <p>Analysing Programme Logic helps to clarify the programme objectives, and to identify and map major inputs' processes, outputs, outcomes and the external factors likely to affect achievement of the outcomes.</p> <p>Clarifying the Programme Logic assists with decisions as to what aspects of the programme may be evaluated for a particular purpose and what performance information will be required.</p> |
| <b>Programme</b>            | <p>Commonwealth programmes deliver benefits, services or transfer payments to individuals, organisations or the community as a whole, and/or policy advice to inform Government decisions. A programme is comprised of activities or groups of activities undertaken by the entity to which the programme belongs.</p> <p>Programmes are main vehicles through which commonwealth entities achieve the policy objectives of Government.</p>  |
| <b>Project</b>              | <p>A discrete activity implemented by a defined set of implementers and designed to achieve specific objectives within specified resources and implementation schedules.</p>   |
| <b>Proxy measure</b>        | <p>A measure used in place of something that either can't be measured or hasn't been measured.</p>   |
| <b>Purposes</b>             | <p>When used in relation to a Commonwealth entity or Commonwealth company, purposes include the objectives, functions or role of the entity or company (see section 8 of the PGPA Act).</p>  |
| <b>Qualitative data</b>     | <p>Observations or information expressed using language based categories rather than numerical terms. Examples include gender, survival or death, and first, second, third, etc.</p>   |

|                             |   |
|-----------------------------|---|
| <b>Quality</b>              | Quality can be defined as: perfection and getting it right; consistency with specifications; or continuous improvement and working better than the last time. This range of definitions has implications for quality control and approaches to quality management.  |
| <b>Quantitative data</b>    | Information that can be expressed in numerical terms, counted, or compared on a scale.  |
| <b>Result</b>               | The output, outcome or impact intended (or unintended).   |
| <b>Review</b>               | A less comprehensive appraisal of performance, often undertaken periodically and focused on operational aspects.  |
| <b>Statistics</b>           | Mathematical techniques used to describe and draw inferences from quantitative data. Common descriptive statistics are used to describe, summarise and represent more concisely a set of data (e.g. frequency distributions, percentiles, the mean, and the range). Inferential statistics involve procedures for drawing inferences that go beyond the data set (e.g. to estimate the relationship between variables, assess whether two groups differ, or to judge how well the data fits a complex model).     |
| <b>Summative evaluation</b> | Evaluative activities undertaken to render a summary judgement on certain critical aspects of the programmes performance. It is undertaken in the later stages of the programme or after it has been completed.   |
| <b>Survey</b>               | <p>The systematic collection of information from a defined population through interviews, questionnaires or similar methods. Surveys are a popular method for collecting data. They involve asking questions and obtaining responses from individuals.</p> <p>Survey results are usually tabulated and analysed. Although a relatively low-cost and straightforward way to obtain data, care with survey design and implementation is needed to obtain accurate answers that reflect attitudes or behaviours.</p> |
| <b>Target</b>               | The specified result(s), often expressed by a value of an indicator(s), that a project, programme, or policy is intended to achieve.  |
| <b>Variable</b>             | An attribute or characteristic in an individual, group, or system that can change or be expressed as more than one value or in more than one category.  |

## 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.

### Part A – Step 1: Understanding the Programme Design

The [Define](#) cluster is highly relevant to Step 1 of this Guidance. It contains information for developing a description of the programme and how it is understood to 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*.

### Part B – Step 2: Developing 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.

## Part C – Step 3: Collecting and Analysing

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 Guidance. 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.benchmark.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](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.

## 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.

## Appendices

### Appendix A: Example of Performance Measures by Programme Type

A generic case study has been established to demonstrate the application of the proposed four-step process for developing meaningful performance information.

This example is only a high-level overview of the guidance provided in this document and serves as a starting point for developing logic models and relevant performance measures.

This case study has been chosen and developed to provide a representative example of the diverse programme objectives (and deliverables) typically encountered by entities in the Commonwealth sector. This case study has been deliberately constructed to be generic in nature, while still retaining features relevant to many programmes currently delivered by Commonwealth entities.

The following case study seeks to demonstrate how to use economic, efficiency and effectiveness measures to provide a comprehensive assessment of programme performance. It also seeks to demonstrate how a broader range of performance methodologies can be used to better assess programme performance over both the shorter and longer terms.

The presentation used to describe the case study is limited to illustrating the thought process an entity might use to develop a suite of performance measures for a given programme type. It is not necessarily intended to be used as templates for documenting or prescribing how performance measures are identified or reported against. Entities are encouraged to develop their own processes and documentation relevant to the contexts in which they deliver programmes on behalf of government.

The case study also includes examples of how performance measure results might be reported against and the kinds of judgements that might be made in hypothetical cases. However, the reader should note that the form of presentation will depend on the reporting mechanism. As described in Part E (above) the form used for Portfolio Budget Statements, corporate plans and annual performance statements is described in the specific guidance for preparation of these documents.

It is expected that, as entities apply this guidance, best practice example will emerge and further case studies will be developed and added based on these examples. This will occur as entities increase capability and share experiences.

## Case study: a grants programme to support a more innovative, competitive and productive Australia

*What is the programme attempting to achieve?*

|  |   |  |   |
|--|---|--|---|
| Step 1                                 | <b>Objective</b> Supporting a more innovative, competitive and productive Australia   |  |   |
| <b>UNDERSTAND</b><br>Programme Design  | <b>Inputs</b>   | <b>Outputs</b>   | <b>Outcomes</b>   |
|  | <ul style="list-style-type: none"> <li>Financial resources</li> <li>Human resources</li> <li>IT Systems</li> </ul>  | <ul style="list-style-type: none"> <li>Grants made</li> <li>New products and services</li> <li>New processes for manufacturing products and/or service delivery</li> </ul> | <ul style="list-style-type: none"> <li>Increased productivity</li> <li>Increased innovation</li> <li>Increased international competitiveness</li> </ul> |
|  | <b>Stakeholders</b>   |  |   |
|  | <ul style="list-style-type: none"> <li>Target group – training institutions, businesses and the innovation sector</li> <li>Delivery partners – state governments</li> <li>Technical consultants and advisors</li> <li>Employers, producers and service providers</li> </ul> |  |   |
| Step 2                                 | <i>Develop economy, efficiency and effectiveness measure</i>  |  |   |
| <b>DEVELOP</b><br>Performance Measures | <b>Economy (&amp; input measures)</b>   |  |   |
|  | <b>Measure of Economy</b>   |  | <b>Target / goal</b>  |
|  | Cost (dollars) of administering each grant made   |  | Best practice   |
|  | Number of FTEs administering programme  |  | Best practice   |
|  | Cost (capital and operating) of grant administration systems  |  | Best practice   |
|  | <b>Efficiency (&amp; output measures)</b>   |  |   |
|  | <b>Measure of efficiency</b>  | <b>Target / goal</b>   | <b>Timeframe</b>  |
|  | Cost to grant applicants  | < 5 per cent of grant amount   | Short and long-term   |
|  | Total value of grants made  | 100 per cent of yearly budget  | Short and long-term   |
|  | Percentage of milestones described in funding agreements met  | 100 per cent   | Short and long-term   |
|  | New products and services entering the market   | Positive trend   | Long-term   |
|  | Innovative manufacturing or service delivery processes  | Positive trend   | Long-term   |
|  | Increased training capacity   | Positive trend   | Long-term   |
|  | <b>Effectiveness</b>  |  |   |
|  | <b>Measure of effectiveness</b>   |  | <b>Timeframe</b>  |
|  | R&D activity leads to innovation  |  | Short to medium-term  |
| A more skilled workforce               |   | Medium to long-term  |   |
| Businesses increase capital investment |   | Medium to long-term  |   |
| Increased sales revenue                |   | Long-term  |   |
| Increased exports                      |   | Long-term  |   |

Step 3

**COLLECT &  
ANALYSE**  
Data

*Identify data sources collect data and analyse*

**D**

| Economy (& input measures)                             |   |   |
|--|---|---|
| Measure  | Data source   | Analysis  |
| Cost of each grant made                                | Extract from FMIS   | Benchmarking against best practice for grants admin.  |
| Nos. of FTEs administering grants                      | Extract from HR system                                    | Benchmarking against best practice for grants admin.  |
| Cost of IT Systems                                     | Extract from FMIS and project management systems          | Benchmarking against best practice for grants admin.  |
| Efficiency (& output measures)                         |   |   |
| Total value of grants made                             | Grant administration system                               | KPIs – acceptable if 100 per cent of budgeted amount granted  |
| Cost to grant applicants                               | Grant applicants  | Survey grant applicants to determine estimated costs  |
| Percentage of funding agreement milestones met         | Grant recipients reporting on progress against milestones | Qualitative comparison of reported progress against funding agreement milestones                                      |
| New products and services                              | Grant recipients reporting on new products and services   | Peer review (by technical experts) to confirm new products created as reported  |
| Innovative manufacturing or service delivery processes | Grant recipients reporting on process innovation          | Peer review (by technical experts) to confirm new innovation achieved as reported                                     |
| Increased training capacity                            | Grant recipients reporting on training activities         | Peer review to confirm the extent to which training in relevant skills areas has occurred.                            |
| Effectiveness  |   |   |
| R&D activity leads to innovative solution              | Grant recipient reports                                   | Peer review to assess whether R&D outputs are likely to lead to innovative processes, products or services.           |
| A more skilled workforce                               | Survey of grant recipients                                | Evaluation to assess whether businesses receiving funding have added to the skill base of their or others' employees. |
| Increased capital investment.                          | Data supplied by grants recipients                        | Peer review every two years to assess grant recipients claims.  |
| Increased sales value                                  | Data supplied by grants recipients                        | KPI- acceptable if there is a trend of increased sales value over a five year from programme commencement             |
| Increased exports                                      | Data supplied by grants recipients                        | KPI- acceptable if there is a trend of increased investment over a five year from programme commencement              |

Step 4

Report  
Performance  
Measures

*Report data and identify actions*

| Economy (& input measures)                             |   |  |
|--|---|--|
| Measure  | Result  | Commentary   |
| Cost of each grant made                                | 120 per cent of best practice benchmark   | Recommendations from review of grant processes to be implemented in the coming financial year  |
| Nos. of FTEs administering grants                      | 113 per cent of best practice benchmark   |  |
| Cost of IT Systems                                     | 60 per cent of best practice IT investment in grants admin  |  |
| Efficiency (& output measures)                         |   |  |
| Total value of grants made                             | 100 per cent of budget allocation   | Grant programme fully subscribed and attracting competitive applications   |
| Cost to grant applicants                               | Average cost exceeds target of 5 per cent of amount applied for   | Improved IT systems expected to reduce costs. Review of application rules planned.   |
| Percentage of funding agreement milestones met         | 90 per cent   | Considered acceptable, given some project funding is for ambitious 'blue sky' innovation   |
| New products and services                              | 120 new products and services introduced to domestic and/or international markets                         | Peer reviewers observed that SMEs and agricultural producers receiving grants are more effective at entering new markets than large businesses   |
| Innovative manufacturing or service delivery processes | 113 of 206 grant recipients reported that grants have led to substantial innovation within their business | Peer review (by technical experts) to confirm new innovation achieved as reported  |
| Increased training capacity                            | Funding has led to 54 new vocational training programmes  | Peer review to confirm that training programmes are in sectors that will benefit from an improved skill base   |
| Effectiveness  |   |  |
| R&D activity leads to innovative solution              | Grant recipient reports   | Review confirmed that the greatest innovation is in agriculture and service delivery sectors. Proposal being considers to focus further grants for R&D activity in these sectors (based on return on investment arguments) |
| A more skilled workforce                               | Survey of grant recipients  | To be conducted five years after programme commencement  |
| Increased capital investment.                          | \$170 million additional investment attributed to programme during first two years                        | No results to be report after first two years. However, working with stakeholders to set parameters of planned evaluation in 3 years   |
| Increased sales value                                  | No evidence of increased sales revenue attributed to funded activity                                      | Encouraging trend. Forecast is for an additional investment of \$100 million per annum over the remaining programme life   |
| Increased exports                                      | Small increase in exports attributable to funded activity   | Expected to improve in coming years as capital investment reported above is considered a lead indicator of increased revenue and exports   |

D

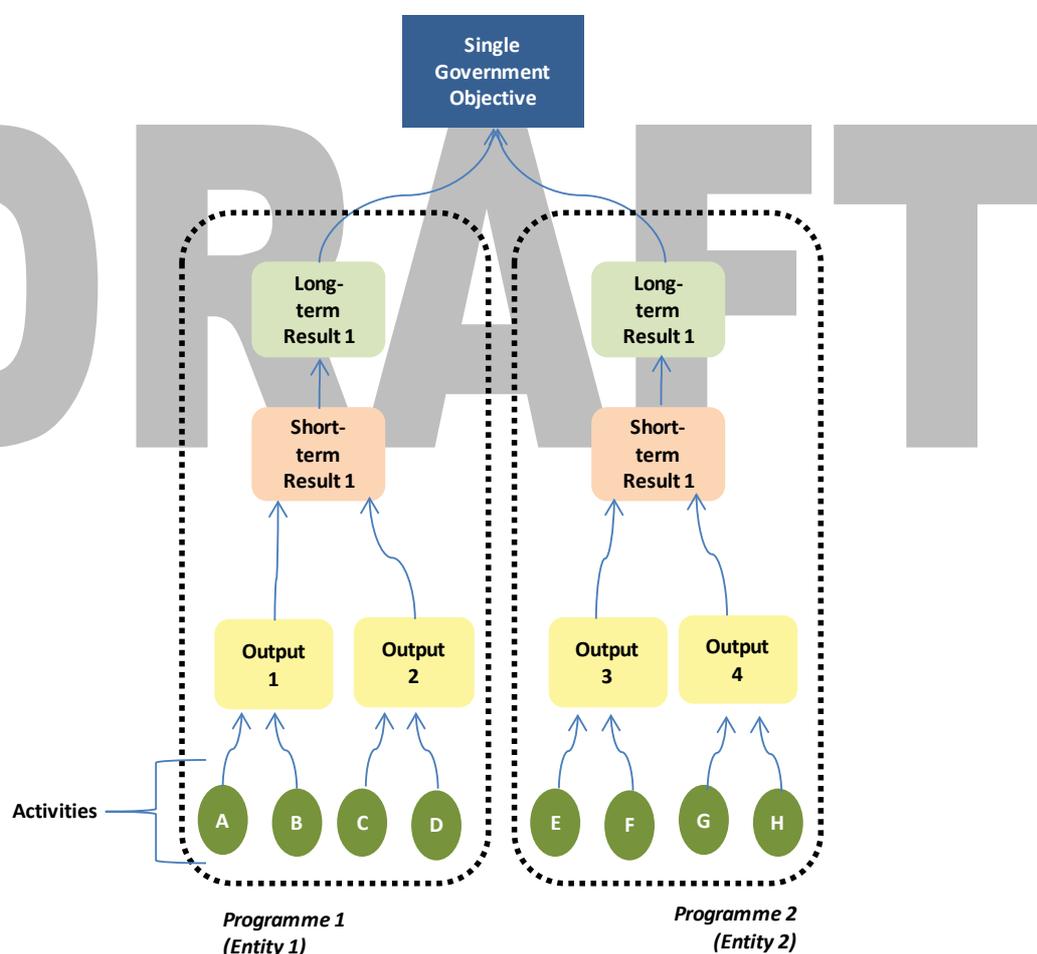
## Appendix B: Measuring Cross-entity Performance

### Considerations for cross-entity programme delivery

Where programmes are delivered by different Commonwealth entities but are aimed at achieving a single government objective, it is vital to obtain a clear and common understanding of how results achieved by each programme combine to meet this objective. This involves clearly establishing each entity's input, responsibilities and contributions to the achievement of the single objective. It is also important to identifying cross-entity dependencies and the impact these dependences have on combined performance.

Step 1 in this guide on mapping programme dimensions provides a useful approach to how the relative contributions might be mapped. An example output is below.

*Multiple Programmes contributing to single Government objective*



Where more than one entity contributes to the achievement of a single government objective, entities should collaborate to jointly map their programmes, sub-programmes, deliverables and the interactions between programmes delivered by the different entities.

Each entity should agree its relative contribution. For the purposes of performance measurement and reporting, this should include agreeing whether:

- it is possible to separately define the outputs and results each entity contributes to the single government objective; and
- activities and outputs are intertwined or inter-dependent such that it is only possible to identify the overall impact of both.

This will help to point to whether performance reported by each entity (to some extent) be linked up to provide a consistent view of the achievement of the single government objective.

### Linking performance measures in cross-entity projects

It is important that performance against programme objectives and outcomes is measured and reported. Entities should not seek to avoid reporting at the programme level simply because performance may be impacted by the other entity/entities.

The following criteria apply to deciding whether performance can be measured and reported at the level of the entity's contribution (below the programme level):

- The performance measures selected across entities provide a total picture of the achievement of the single Government objective.
- Results measured and reported at the entity level are meaningful. This might include that the entity's contribution to the single objective can be clearly measured or the entity's output measures provide a clear view of effectiveness and achievement of the single objective.
- Measures selected at the entity level do not create an incentive to behave in a way that do not fully align with the achievement of the single government objective aimed for.

#### Example 1: Effectiveness can be measured at the entity level (below policy objective level)

Where the entity's contribution to the overall achievement of the single government objective can be measured, and the entity level measures can provide a meaningful view of the achievement of the single government objective..

|                             | Entity A   | Entity B  |
|-----------------------------|--|---|
| <b>Programme</b>            | Vocational skills training.  |   |
| <b>Objective</b>            | Provide quality vocational training to meet employee and employer needs.   |   |
| <b>Roles</b>                | <ul style="list-style-type: none"> <li>• Fund vocational skills providers and training places, and quality assure training delivery.</li> </ul>  | <ul style="list-style-type: none"> <li>• Set training standards and accredit providers to provide training.</li> </ul>  |
| <b>Performance measures</b> | <ul style="list-style-type: none"> <li>• No of training places provided and percentage of enrolled students completing qualification.</li> <li>• Percentage of trainees and employers satisfied with training delivery.</li> </ul> | <ul style="list-style-type: none"> <li>• Percentage of training providers satisfied with standards, competency framework and curriculum guidance.</li> <li>• Number and percentage of providers subsequently losing accreditation.</li> </ul> |

**Example 2: Effectiveness can only be measured at the level of the single government objective**

Where the achievement of the single government objective can only be measured at this level. In this case entities must combine to develop measures at that level and collaborate to ensure they jointly collect relevant data and report results appropriately.

|                             | Entity A  | Entity B  |
|-----------------------------|---|---|
| <b>Programme</b>            | Disability employment programme   |   |
| <b>Objective</b>            | Increase proportion of eligible clients in appropriate employment   |   |
| <b>Roles</b>                | <ul style="list-style-type: none"> <li>Provide job placement services</li> </ul>  | <ul style="list-style-type: none"> <li>Provide access to support services to improve ability to enter and remain in workforce such as counselling, occupational therapy, mobility aides, etc</li> </ul> |
| <b>Performance measures</b> | <ul style="list-style-type: none"> <li>No. and % of eligible clients placed in a job</li> <li>% of clients still in paid work 6 months after being placed in a job</li> </ul> |   |

### Example 3: Balanced mix of measures

It may be possible for each entity to use a balanced mix of measures at the level of the single government objective and at the entity level to reflect both the achievement of the objective and the entities' contribution to that performance.

|  | Entity A  | Entity B  |
|--|---|---|
| <b>Programme</b>                             | Tax incentives to encourage investment in priority industries or targeted geographical regions of Australia   |   |
| <b>Objective</b>                             | Increase investment in priority industries or targeted geographical regions of Australia that might not otherwise have occurred, while minimising impact on tax revenue from illegitimate claims  |   |
| <b>Roles</b>                                 | <ul style="list-style-type: none"> <li>Set policy parameters, including eligibility of investment projects, and register companies</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure claimed revenue and expenses are eligible</li> </ul>  |
| <b>Performance measure: entity specific</b>  | <ul style="list-style-type: none"> <li>Number and \$ value of investment projects registered</li> </ul>   | <ul style="list-style-type: none"> <li>% of projects deemed to have revenue and expenses that are not fully eligible</li> <li>\$ value of ineligible claims rejected</li> </ul> |
| <b>Performance measure: entire programme</b> | <ul style="list-style-type: none"> <li>\$ value of investment that is at least in part attributed by the registered companies as influencing them to invest in the priority industries or targeted geographical regions of Australia</li> </ul> |   |

## Appendix C: KPIs and Numerical Assessment

While many definitions for KPIs (Key Performance Indicators) exist, in the context of this guide a KPI is a type of performance measurement that uses either quantitative or qualitative data sources to generate a quantifiable measure of performance. A KPI is therefore a measure of performance calculated using numerical assessment.

In the case of quantitative data, a KPI might be calculated using one or more numerical data sets or metrics. For example, it can be expressed as a whole number (e.g. quantity or number of), percentage or other statistical result such as an average.

KPIs might also be calculated using qualitative data sources involving people’s judgements about a particular performance outcome. For example, it could include data sourced from ratings given by respondents to a survey, ratings assigned as part of a peer review or quantification of particular results obtained from a survey. Examples might include:

- percentage of respondents answering ‘yes’
- percentage of respondents rating above a certain level
- average (rating) score assigned

Overall the key distinguishing factor of a KPI in the context of this guide is that it involves calculation of a quantifiable result against a performance measure using verifiable data.

A KPI is an ideal performance measurement approach as it provides clarity in results, including the ability draw clear comparisons to targets (and possibly benchmarks). However, quantifiable data may not be available that provides a reliable and valid picture of performance. For further details on assessing if quantifiable data might provide a meaningful picture of performance, refer to Step 3 of this guide.

A quantifiable KPI might also be able to be calculated using qualitative data sources such as a survey or peer review. An example of how this can be achieved is via using a rating scale in a survey or peer review to obtain a numerical response of the respondents opinions, perceptions, behaviours, beliefs or expert judgement against a particular performance measure.

As indicated in Step 3 of this guide, a simplistic example of a rating scale is set out below.

|                              |   |                          |   |                          |
|------------------------------|---|--------------------------|---|--------------------------|
|                              | <i>[Descriptor of poor performance]</i> | Select one               | <i>[Descriptor of good performance]</i> |                          |
| <i>[Performance measure]</i> | <input type="checkbox"/>                | <input type="checkbox"/> | <input type="checkbox"/>                | <input type="checkbox"/> |
|                              | 1                                       | 2                        | 3                                       | 4      5                 |

Step 2 of this guide provides further guidance on the development of robust performance measures.

| Strengths   | Weaknesses  |
|---|---|
| <ul style="list-style-type: none"> <li>+ Provides a readily easily understood measure of performance, when KPIs are designed well and compared against an unambiguous target.</li> <li>+ If well designed and reported against appropriate targets, can provide a yes/no answer to whether a programme has met performance expectations.</li> <li>+ If based on data routinely collected for business purposes (e.g. management accounting data), can be relatively inexpensive (as effort is focused on data extraction and an analysis without the expense of additional data collection).</li> </ul> | <ul style="list-style-type: none"> <li>- Can be misleading if poorly designed, especially when KPIs fail to provide a direct link between the objectives of a programme and the intended outcomes.</li> <li>- Robust KPIs can be difficult to identify when programme objectives are poorly described or are not commonly understood.</li> <li>- Are not well suited to measuring the performance of complex programmes, especially when the achievement of outcomes is best assessed in qualitative terms (or using a balanced mix of quantitative and qualitative measures).</li> </ul> |

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## Appendix D: Benchmarking

Benchmarking is an approach to comparing a programme or entity's performance against other comparable programmes or entities.

While benchmarking can involve the comparison of an entity's practices or processes against better practice to identify differences in approach (commonly referred to as 'process benchmarking' or better practice benchmarking/comparisons), benchmarking for the purposes of performance comparison is typically conducted using specific performance measures, indicators or metrics.

Benchmarking can serve the following purposes:

- assist in identifying and selecting suitable performance measures, and setting performance targets (Step 2);
- assist in defining data collection methods (Step 3);
- to support the analysis of performance results achieved, including identifying opportunities for improvement; and
- to provide meaningful comparisons when reporting performance.

Benchmarks can come from a number of sources for use in comparing performance of a programme or within a programme. These include:

- benchmarking results from within a programme such as comparing performance between sub-programmes, providers, regions or projects;
- benchmarking with like activities or programmes within the entity; and
- benchmarking with like activities or programmes with other entities, external organisations or Australian or overseas jurisdictions.

Benchmarking is therefore a valuable approach to comparing and better understanding performance and should be used where meaningful benchmarks are available internally or externally.

To use benchmarking as part of its performance management system, an entity would need to follow the general steps set out below:

- **Identify potential sources of benchmarks** from comparable programmes, entities or other jurisdictions (benchmark partners). Consider also the ability to benchmark within the programme between different sub-programmes, providers, regions or projects.
- **Assess if benchmark data is available** or can be collected from these benchmark partners. If not, consider forming a benchmarking group to share data, being mindful of privacy, confidentiality and security obligations.
- **Select performance measures and data collection methods** to ensure the data and performance measure are comparable to that of the benchmarks.
- **Consider setting performance targets** in light of benchmark results.
- **Use benchmarks during analysis of results** achieved to identify performance gaps (results below benchmarks). Where relevant and possible, explore reasons for performance gaps to better understand results being achieved, reasons for performance below benchmarks and opportunities for improvement.
- Where relevant and meaningful, **report performance** as compared to identified benchmarks, including any analysis of performance gaps.

## Examples

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>+ Where benchmarks are readily available for suitable metrics and measures, provides an easy performance comparison</li> <li>+ Provides an external comparison and reference point for comparing performance.</li> <li>+ Assists in understanding if current performance is adequate (whether you are a leader, follower or laggard)</li> <li>+ Can be used to develop performance targets for existing or new programmes</li> <li>+ Might also highlight alternative approaches and better practices that can be adopted to improve results</li> <li>+ Can be used to compare similar activities across entities, e.g. policy advice, support functions</li> </ul> | <ul style="list-style-type: none"> <li>- Frequently difficult to find suitable benchmarks, comparative organisations/services or benchmark partners</li> <li>- Potential for issues with comparability of results (achieving an ‘apples for apples’ comparison)</li> <li>- Difficulty in accessing data or benchmarks where these are not published, including willingness of other organisations to share information</li> <li>- Results might highlight differences that are not within the control of management (e.g. poor results might be attributed to external factors)</li> <li>- Results might not highlight causes of differences and therefore not shed light on opportunities for improvement</li> </ul> |

## Summary of strengths and weaknesses

| Example   | Process   | Example output  |
|---|---|---|
| <b>Job placement programme</b>                                | <ul style="list-style-type: none"> <li>o Benchmarking of job placement outcomes, timeliness and costs between Australian job placement providers. Establishment of targets for future performance based on achieving benchmarks</li> <li>o Comparison of overall job placement programme costs per position filled against overseas benchmarks</li> </ul> | <ul style="list-style-type: none"> <li>o Identification of best in class performance by providers and average across the programme. Potential for identifying practices that are contributing to best in class performance and sharing these across providers</li> <li>o Comparison of costs of system with overseas jurisdictions to identify lower cost approaches for a like outcome. Opportunity for further knowledge sharing with lower cost jurisdictions</li> </ul> |
| <b>Primary and secondary school education literacy levels</b> | <ul style="list-style-type: none"> <li>o Benchmarking of literacy levels (reading and writing) across schools, states/territories and equivalent, high-performing international jurisdictions</li> </ul>  | <ul style="list-style-type: none"> <li>o Identification of higher performing regions and lower performing regions, with opportunity for knowledge sharing of better practice</li> <li>o As above for overseas jurisdictions</li> </ul>  |

## Appendix E: Surveys

A survey is a data collection method for collecting quantitative or qualitative data from an identified target audience of individuals, groups or organisations. These would typically include customers, programme participants (e.g. grant recipients) or stakeholders (e.g. industry groups).

Surveys can be used to collect quantitative data (e.g. costs, programme statistics). However, the guidance below relates primarily to the use of surveys to collect qualitative information from respondents on their opinions, perceptions, behaviours or beliefs. As indicated in Step 3 of this guidance, this information might still be quantified using rating scales (e.g. percentage satisfaction).

Surveys are commonly used where information is required from a large target audience due to the fact that they are an efficient means of collecting consistent information from a large number of respondents.

Surveys can be conducted via mail, phone, online and face to face (interview).

Surveys can also be used to collect data from customers and programme participants at the point of delivery of an activity or service. Examples include surveying attendees to a training course at the end of the course, or asking a customer of a call centre questions regarding their satisfaction with the service provided following the end of the phone call.

A successful survey requires a clear understanding of the information sought, in this case the performance measure, and the intended approach to analysis.

Other considerations for surveys include:

- **Consider the target audience**, including any limitations of those expected to respond, such as internet access or a language other than English.
- **Consider the appropriate sampling approach** to create valid information.
- **Consider likely response rates** and how to improve response rates, including ensuring accessibility, encouraging responses such as providing incentives, ease of completion and length of survey.
- **Consider existing surveys** of the target audience, including using those surveys to obtain the necessary data, to avoid over-surveying the target audience.
- **Avoid introducing bias** via the questions (or interviewer).
- **Consider the use of rating scales** (e.g., 'Likert') and closed questions (e.g. yes/no) to inform statistical analysis and quantification of responses, and open ended questions to elicit more in depth information to inform analysis.
- **Consider the 'question logic'**, for example the option of selecting 'not applicable' or the ability to jump questions that are not relevant.
- **Consider the importance of question framing** to ensure the necessary performance information is captured in a valid way.
- **Consider testing or piloting the survey** before release to ensure any issues in responding are identified and rectified.

**Example**

| <b>Example</b>   | <b>Process</b>   | <b>Example output</b>   |
|--|--|---|
| <b>Inbound tourism promotion programme</b>                                     | <ul style="list-style-type: none"> <li>○ Face to face survey of inbound tourists at airports asking about their awareness of the Australian tourism promotion campaign, and whether it had any influence on their decision to visit Australia</li> </ul> | <ul style="list-style-type: none"> <li>○ Percentage of respondents who were aware of the campaign</li> <li>○ Percentage of respondents indicating the campaign had some influence on their decision to visit Australia</li> <li>○ Ability to compare trends from prior years and compare effectiveness with previous campaigns</li> </ul> |
| <b>Advertising campaign to increase awareness of adult literacy programmes</b> | <ul style="list-style-type: none"> <li>○ Survey of a representative sample of target audience to assess penetration of campaign and whether individuals have pursued/show interest in available programmes</li> </ul>                                    | <ul style="list-style-type: none"> <li>○ Percentage of respondents reporting to have seen advertising</li> <li>○ Number of additional participants in literacy programmes</li> </ul>  |

**Summary of strengths and weaknesses**

| <b>Strengths</b>  | <b>Weaknesses</b>   |
|---|---|
| <ul style="list-style-type: none"> <li>+ Ability to collect data from a large sample group or population, improving statistical validity and representativeness of the wider population</li> <li>+ Low cost relative to many other data collection methods, particularly online/electronic methods</li> <li>+ Ability to reduce bias and increase honesty in responses, where conducted without an interviewer</li> <li>+ Ability to collect various information including quantitative data, ratings (Likert scales), closed ended questions, open ended questions</li> <li>+ Improved ability to statistically analyse results</li> </ul> | <ul style="list-style-type: none"> <li>- Inflexibility to change survey questions and design once commenced</li> <li>- Expertise may be required to maximise validity (survey design), ensure ease of completion and maximise response rates</li> <li>- Subjective seeking information on respondent opinions, perceptions, behaviours or beliefs</li> <li>- Reliability of responses may be influenced by various factors including perceptions, memory recall, external factors</li> <li>- Responses might not provide information and context to understand results</li> </ul> |

## Appendix F: Peer Reviews

Peer review, or expert panels, can be used when specialised input and opinion is required to assess performance. Generally, a variety of experts from relevant fields of expertise are brought in to interpret any performance data and debate its credibility, and implications for the performance assessment.

Peer reviews are useful where other meaningful quantifiable data sources are not available (refer to Step 3 of this guide for further information) and the best source of qualitative data on the performance of the programme is via expert opinion. This includes that experts are likely to provide a more reliable and valid assessment of performance than might be obtained using a survey of customers, programme participants or stakeholders.

Peer reviews typically only involve a small number of respondents or participants and therefore rely heavily on the opinions or expert judgement of those experts against a particular performance measure.

The following tips should be considered where peer reviews are to be used:

- **Ensure those involved are qualified to make informed judgements** about results and outcomes achieved by the programme, including the programme's contribution to outcomes as distinct from external variables and environmental factors.
- **Ensure those involved provide a balanced view**, potentially involving different areas of expertise
- **Avoid bias** – for example, those involved in the programme having an interest, or experts with high (unrealistic) expectations
- **Avoiding group think** and the tendency for all experts to align their thinking and ratings

It may be useful to convene a panel and facilitate the assessment process to manage the above limitations.

Again, peer reviews can be used in conjunction with other performance measurement and data collection methods to provide a balanced picture of performance. This includes using experts from other jurisdictions or equivalent organisations who can provide benchmarking insights.

As indicated in Step 3 of this guidance, the assessment of performance by the expert panel can still be quantified using rating scales. For example, the expert panel can be used to score performance against a particular performance measure using a predefined rating scale. The scoring can be arrived at via consensus (agreed score) or via statistical methods such as an average.

Peer review results typically involve a facilitated workshop, but might involve a survey or submission from each expert based on a predefined format.

## Examples

| Example   | Process   | Example output   |
|---|---|--|
| <b>Programme to fund research that facilitates carbon farming</b> | <ul style="list-style-type: none"> <li>Expert panel, including external and overseas experts rate the relative value derived from various projects in achieving the programme's overall objectives using a common rating scale, and following a facilitated panel discussion</li> </ul>   | <ul style="list-style-type: none"> <li>Farmers and companies are able to better identify opportunities to reduce carbon emissions through soil capture</li> </ul>  |
| <b>Industry development programmes</b>                            | <ul style="list-style-type: none"> <li>Expert external panel, including industry representatives rate the relative value of comparable industry development sub-programmes in achieving the programme's overall objectives, and the perception on the likely overall contribution to economic growth using a common rating scale, and following a facilitated panel discussion</li> </ul> | <ul style="list-style-type: none"> <li>Performance rating (and narrative) of the value and contribution each sub-programme has made to the achievement of overall objectives and the economy, and an overall average score. May also include feedback on redirecting of programme priorities and activities</li> </ul> |

## Summary of strengths and weaknesses

| Strengths  | Weaknesses  |
|--|---|
| <ul style="list-style-type: none"> <li>+ Useful where no other meaningful and quantifiable sources of data on performance exist</li> <li>+ Useful where surveys of customers, programme participants or stakeholders is unlikely to provide a meaningful, accurate or balanced view of performance</li> <li>+ The expertise of peer review panels/participants can provide useful insights to programme performance including improvement opportunities</li> <li>+ Can provide benchmarking insights where peer review participants are sourced from equivalent entities, programmes or other jurisdictions</li> </ul> | <ul style="list-style-type: none"> <li>- Highly subjective</li> <li>- Likely based on a very small population sample and therefore may be subject to statistical anomalies</li> <li>- Can be difficult to identify a large enough group of experts who can provide a balanced view of performance</li> <li>- Can be subject to bias, particularly where the expert has either some interest in the programme, or where the expert might have unreasonably high expectations of performance</li> <li>- Can be subject to group think or central tendency in scoring, particularly where conducted face to face as a group and the group attempts to achieve consensus</li> </ul> |

## Appendix G: Evaluations

Evaluations (or programme evaluations) are individual systematic studies that are conducted periodically or on an ad-hoc basis to assess how well a programme is working. An evaluation typically examines achievement of the programme's objectives in the context of other aspects of programme performance.

### Performance measurement versus evaluations

Performance measurement focuses on whether a programme has achieved its objectives, while evaluations typically examine a broader range of information on programme performance and its context than is feasible to monitor on an ongoing basis.

Both forms of assessment aim to inform resource allocation and other policy decisions to improve service delivery and programme effectiveness. However, performance measurement because of its ongoing nature can serve as an early warning system to management about potential performance issues.

A programme evaluation is typically a more in-depth examination of programme performance and its context, allowing for an overall assessment of the programme's design, processes and achievements as well as identification of adjustments that are required to improve the programme's results.

Programme evaluation can also extend to other issues such as policy considerations and appropriateness of the programme, for example, does this programme still serve an identified need and/or is there a need to redirect policy or change the programme's setting, including the objectives.

### Conducting evaluations

There are many types of programme evaluations including:

- Process evaluations
- Post implementation evaluation
- Administrative efficiency and effectiveness evaluations
- Outcome / Impact evaluations

Evaluations can be conducted

- on the programme's design
- following or as part of programme implementation
- during or at the conclusion of a pilot
- at defined points (e.g. mid-term) throughout a programme (formative evaluations)
- at the end of a programme (summative evaluation).

Evaluations typically require some level of expertise in their planning, and potentially their delivery. As such, this guidance does not provide a 'how to' for conducting evaluations. Programme staff should consult with internal evaluation units and staff where these exist. Useful references are contained at the end of this section to further resources and information on how to plan and conduct evaluations.

Examples

| Example  | Process   | Example output   |
|--|---|--|
| <p><b>A recently implemented workforce development programme</b></p> | <ul style="list-style-type: none"> <li>Internal evaluation of the efficiency and effectiveness of the implementation of the workforce development programme, including any lessons learned to inform future implementation of programmes</li> <li>Final evaluation conducted by an external provider in the last year of the programme</li> </ul>                 | <p><i>Post-implementation evaluation</i></p> <ul style="list-style-type: none"> <li>Challenges that were experienced in the implementation</li> <li>Efficiency and effectiveness of contracting relevant workforce trainers</li> <li>Appropriateness of time, costs and resources that were required for the implementation</li> <li>Extent to which the implementation plan was followed and achieved</li> </ul> <p><i>Final evaluation</i></p> <ul style="list-style-type: none"> <li>Training provided for job seekers and existing workers</li> <li>Skills and knowledge acquired by workers</li> <li>Economic benefits</li> </ul> |
| <p><b>Underperforming health benefits payment scheme</b></p>         | <ul style="list-style-type: none"> <li>Performance monitoring highlighted a number of performance targets were not met. An evaluation is conducted to investigate the reasons and extent of the underperformance of the health benefits payment scheme</li> <li>Resulting recommendations from the evaluation are implemented to improve the programme</li> </ul> | <ul style="list-style-type: none"> <li>Payments not processed within required timeframes - staff training and ICT system upgrade recommended, as staff members are inexperienced and ICT systems are outdated</li> <li>Target audience of health benefits payments not reached – a large proportion of target audience is unaware of scheme. Further marketing and awareness raising activities recommended</li> </ul>   |

## Summary of strengths and weaknesses

| Strengths   | Weaknesses   |
|---|--|
| <ul style="list-style-type: none"> <li>+ Allows in-depth examination of performance</li> <li>+ Can accommodate all data collection and analysis methods including KPIs, surveys and benchmarking, as well as other methods such as case studies, research and literature reviews, to name just a few</li> <li>+ Useful where considerable complexity is involved in making judgements about performance including due to issues of long term impacts, attribution or lack of availability of meaningful data</li> <li>+ Can address other relevant issues such as improvement, appropriateness of the policy and programme, strategic/policy alignment, lessons learned and future policy considerations</li> <li>+ Typically provides more insight for improvement</li> <li>+ Can be useful for evaluating the results achieved by a pilot or new programme to inform decisions about wider roll-out or programme extension</li> </ul> | <ul style="list-style-type: none"> <li>- Typically results in more lengthy evaluation reports</li> <li>- Difficult to summarise performance results for the purposes of performance reporting, due to the extent of information and context provided within the evaluation</li> <li>- Typically requires considerable expertise for various evaluation methods, and where there is considerable complexity in forming valid conclusions on performance</li> <li>- Can be more time consuming and costly to implement</li> <li>- More suitable for periodic assessments of performance, e.g. only every 2-3 years+</li> </ul> |

## ATTACHMENT I

### Proposed changes to the Portfolio Budget Statements (PBS)

Finance has used four guiding principles for refining information published in the PBS:

1. *Improved accountability (to the Parliament and for entities).*
  - Providing sufficient information which will allow Parliament to assess whether an entity is using public resources in an efficient, effective, economical and ethical manner.
2. *Improved transparency, particularly of amounts proposed in the appropriation bills.*
  - Providing information which will allow a reader to better understand an entity's activities and how amounts from the appropriation bills will be used.
3. *Consistency of practices and clear read between appropriation bills, budget documents and annual reports.*
  - Ensuring a consistent basis of measurement and reporting of figures across budget documents and where they are not consistent, providing an explanation of why and what they are trying to show.
4. *Reducing duplication or providing more streamlined/targeted information.*
  - Providing information in a single/central location in the PBS or budget papers, and removing repetition of figures.

The guiding principles have been used to assess the suggested refinements to the PBS proposed in the *Enhanced Commonwealth Performance Framework* discussion paper (page 20). Of the 72 submissions received on the discussion paper, 35 commented on the PBS. There was general support for improving the PBS, in particular:

- Streamlining information required in the PBS and removing duplication with other budget papers;
- Redesigning the agency resource statement so it is useful and understandable to readers, and provides a clearer link to the appropriation bills; and
- Generally refocusing the PBS as an explanatory document to the Appropriation Bills and budget papers.

Finance proposes implementing the changes in two stages over the 2015-16 and 2016-17 Budgets, and following further consultation with entities.

| <b>Year 1 (2015-16 Budget): Refinements to Portfolio Budget Statements</b> |   |
|--|---|
| <b>Suggested Refinements</b>   | <b>Proposed change to the PBS and rationale</b>   |
| <i>Table 1 Portfolio Resources Table - removal</i>                         | <p><i>Remove Table 1 from the PBS.</i></p> <p>This would reduce duplication of information as information on resources available to entities within a Portfolio is already published in <i>Budget Paper No. 4</i> (in the Agency Resources Table). This change would be consistent with principle 4, and result in a reduction in workload for entities.</p> <p>See page 1 of Attachment X.2 for a comparison between <i>Budget Paper No. 4</i> and Table 1: Portfolio Resources Table.</p> |

| <b>Year 1 (2015-16 Budget): Refinements to Portfolio Budget Statements</b>                                      |   |
|---|---|
| <b>Suggested Refinements</b>  | <b>Proposed change to the PBS and rationale</b>   |
| <i>Table 1.1 Agency Resource Statement and Table 3.1.1 Movement of Funds - merger</i>                           | <p><i>Instead merge Table 3.1.1 Movement of Funds with Table 2.1 Budgeted Expenses for Outcome.</i></p> <p>Consolidation of Table 3.1.1 into Table 1.1 would make the Agency Resource Statement overly long and not provide meaningful information on the purpose for which the funds were moved.</p> <p>By merging the Movement of Funds information into the Budgeted Expenses for Outcome table, this would provide increased transparency around what spending is being moved, to which year, and relating to which programme and outcome, consistent with principles 2 and 3.</p> <p>This would also provide some streamlining of tables for entities in that they would not have to prepare a separate table on movements of funds, consistent with principle 4.</p> <p>See page 2 of Attachment X.2 for a comparison of Table 1.1 and the revised Table 2.1.</p>                           |
| <i>Table 1.1 Agency Resource Statement: Third Party Payments from and on behalf of other entities - removal</i> | <p><i>Instead require this table to be prepared for material entities/transactions only.</i></p> <p>Removal of this table would mean that the information on third party payments would not be available in any other document, and be inconsistent with principle 2.</p> <p>Finance has reviewed the PBS of 38 entities from all portfolios, and around 53% of these entities use this table, the majority of which were material entities and related to large payments under special appropriations. Small agencies do not usually report third party payments, and if they do, the amounts are not significant.</p> <p>By only requiring this table to be prepared by material entities, it would streamline the workload for smaller entities and only show those significant third party payments that have some impact on the whole-of-government budget, consistent with principle 4.</p> |
| <i>Table 2.1 Budgeted Expenses for Outcome and Table 2.2 Programme Expenses - merger</i>                        | <p><i>Merge Tables 2.1 and 2.2 to provide a combined outcome-program expense table.</i></p> <p>This proposed change is consistent with principles 3 and 4, in that programme expense-level information will be presented in the one table with outcome-level information, so it is more closely aligned with the structure of the appropriation bills.</p> <p>In addition, the change would provide some streamlining of tables for entities as they would not have to prepare a separate table on programme expenses. The change will increase the transparency of expenditure against outcomes as the table will now include 3 additional years' worth of information, consistent with principle 2.</p> <p>See page 3 of Attachment X.2 for a comparison of Table 2.2 and the revised Table 2.1.</p>  |

| <b>Year 1 (2015-16 Budget): Refinements to Portfolio Budget Statements</b>       |  |
|--|--|
| <b>Suggested Refinements</b>   | <b>Proposed change to the PBS and rationale</b>  |
| <i>Table 3.1.3 Australian Government Indigenous Expenditure (AGIE) - removal</i> | <p><i>Remove Table 3.1.3.</i></p> <p>We have been liaising with the Department of the Prime Minister and Cabinet (PM&amp;C) on this table, noting its role as the lead agency for indigenous policy and expenditure. Subject to further discussions with PM&amp;C, we would propose removing this table.</p> <p>The PBS guidance currently requires all entities with indigenous expenditure to prepare an AGIE table, regardless of materiality. However given most Indigenous programmes are now managed by PM&amp;C, this table would only need to be prepared by a small number of entities.</p> <p>Information in indigenous expenditure is already published by the Productivity Commission in its biennial Indigenous Expenditure Report. From time to time, the Government also publishes an Indigenous Budget Statement– the last time this was published was for the 2013-14 Budget. The Government did not produce an Indigenous Budget Statement for the 2014-15 Budget.</p> |
| <i>Table 3.1.2 Estimates of Special Accounts Flows and Balances - removal</i>    | <p><i>Remove Table 3.1.2.</i></p> <p>This table duplicates information which is already available in <i>Budget Paper No. 4</i> in the “Estimated Cash Flows and Balances for Special Accounts” section. <i>Budget Paper No. 4</i> provides more detailed information on receipts and is more transparent than the PBS.</p> <p>Its removal would be consistent with principle 4, and result in a streamlining of workload for entities.</p> <p>Budget Paper No. 4 will be amended to include footnotes denoting whether a special account is Administered, Departmental or both. The PBS will include a footnote below Table 1.1 (Agency Resource Statement) referring the reader to <i>Budget Paper No. 4</i>.</p> <p>See page 4 of Attachment X.2 for a comparison between Table 3.1.2 and the special accounts information in <i>Budget Paper No. 4</i>.</p>   |
| <i>Section 3.2.4: Notes to the budgeted financial statements – removal</i>       | <p><i>Remove Section 3.2.4.</i></p> <p>Finance does not require a full set of notes to be prepared, similar to the annual financial statements. In addition, most entities have chosen not to complete this section and have provided further explanatory information of major variances in or elements of the financial statements in <i>Section 3.2.2: Analysis of Budgeted Financial Statements</i>.</p> <p>Removal of this section would reduce work for entities, and provided more targeted information in the preamble to the financial statements, consistent with principle 4.</p> <p>See page 5 of Attachment X.2 for an extract of the section from the PBS guidance.</p>   |

| <b>Year 1 (2015-16 Budget): Refinements to Portfolio Budget Statements</b>  |  |
|---|--|
| <b>Suggested Refinements</b>  | <b>Proposed change to the PBS and rationale</b>  |
| <p><b>[New potential refinement]</b></p> <p><i>Table 1.1 Agency Resource Statement</i> – streamlining of special appropriations information</p> | <p><i>Entities to show totals for special appropriations limited by criteria/entitlement and amount, rather than list each special appropriation in the Agency Resource Statement.</i></p> <p>This information is duplicated in <i>Budget Paper No. 4</i> in the “Estimated Expenditure from Special Appropriations” section. Information on special appropriations by outcome is also available in Table 2.1 Budgeted Expenses for Outcome.</p> <p>Removal of the requirement to list each special appropriation would streamline the Agency Resource Statement and remove duplication of work for entities, consistent with principle 4.</p> <p><i>Budget Paper No. 4</i> will be amended to include footnotes denoting whether a special appropriation is limited by criteria/entitlement, by amount or by both. The PBS will include a footnote below Table 1.1 (Agency Resource Statement) referring the reader to <i>Budget Paper No. 4</i>.</p> <p>See page 6 of Attachment X.2 for a comparison between Table 1.1 and the special appropriations information in <i>Budget Paper No. 4</i>.</p> |

| <b>Year 2 (2016-17 Budget): Further refinements to Portfolio Budget Statements</b>                           |  |
|--|--|
| <b>Potential Refinement</b>  | <b>Intended change to the PBS and rationale</b>  |
| <p><i>Table 1.1 Agency Resource Statement</i> – simplification and addressing cash versus accrual issues</p> | <p>The cash versus accrual issue will be addressed following further consultation with entities and implementation of changes to the appropriation bills as a result of the commencement of the <i>PGPA Act 2013</i>.</p> <p>The Third Party Payments section of <i>Table 1.1 Agency Resource Statement</i> could be moved to <i>Table 2.1 Budgeted Expenses for Outcome X</i>, which would provide greater transparency of such payments at an outcome level, consistent with principles 1 and 2.</p> |
| <p><i>Section 2: Outcomes and Planned Performance</i> – introducing word limits for program descriptions</p> | <p>This section will be redesigned to provide concise and targeted information on programmes, in conjunction with the new performance framework and corporate plan requirements.</p>   |

**PBS CHANGES FOR THE 2014-15 BUDGET**

*TO BE REMOVED: Table 1: Portfolio Resources*

*TO REMAIN: Budget Paper No. 4 – Agency Resourcing Table*

**Table 1: Portfolio Resources 2014-15**

|  | Appropriation     |                   |                | Receipts                                     | Total         |
|--|-------------------|-------------------|----------------|--|---------------|
|  | Bill No. 1<br>\$m | Bill No. 2<br>\$m | Special<br>\$m | \$m  | \$m           |
| <b>Department of Finance</b>                   |                   |                   |                |  |               |
| Administered appropriations                    | 289               | 2                 | 9,441          | 13,148                                       | 22,880        |
| Departmental appropriations                    | 251               | 263               | 76             | 17   | 607           |
| <b>Total</b>                                   |                   |                   |                |  | <b>23,487</b> |
| <b>Australian Electoral Commission</b>         |                   |                   |                |  |               |
| Administered appropriations                    | -                 | -                 | -              | -  | -             |
| Departmental appropriations                    | 110               | -                 | 9              | 17   | 136           |
| <b>Total</b>                                   |                   |                   |                |  | <b>136</b>    |
| <b>Commonwealth Superannuation Corporation</b> |                   |                   |                |  |               |
| Administered appropriations                    | -                 | -                 | -              | -  | -             |
| Departmental appropriations                    | -                 | -                 | -              | 9  | 9             |
| <b>Total</b>                                   |                   |                   |                |  | <b>9</b>      |
| <b>ComSuper</b>                                |                   |                   |                |  |               |
| Administered appropriations                    | -                 | -                 | -              | -  | -             |
| Departmental appropriations                    | -                 | -                 | 1,730          | -  | 1,730         |
| <b>Total</b>                                   |                   |                   |                |  | <b>1,730</b>  |
| <b>Future Fund Management Agency</b>           |                   |                   |                |  |               |
| Administered appropriations                    | -                 | -                 | -              | 641  | 641           |
| Departmental appropriations                    | -                 | -                 | -              | -  | -             |
| <b>Total</b>                                   |                   |                   |                |  | <b>641</b>    |
|  |                   |                   |                | <b>Resources available within portfolio:</b> | <b>26,002</b> |

**FINANCE**

Agency Resourcing—2014-2015  
Estimated Actual—2013-2014

| Entity/Outcome/<br>Non-operating                | Departmental         |                      |                  |                         |                         | Administered         |                          |                     |                         |                          | Total |
|---|----------------------|----------------------|------------------|-------------------------|-------------------------|----------------------|--------------------------|---------------------|-------------------------|--------------------------|-------|
|   | Appropriation        | Appropriation        | Receipts (a)     | Special                 | Special                 | Appropriation        | Appropriation Bill No. 2 |                     | Special                 | Total                    |       |
|   | Bill No. 1<br>\$'000 | Bill No. 2<br>\$'000 | \$'000           | Appropriation<br>\$'000 | Accounts (b)<br>\$'000  | Bill No. 1<br>\$'000 | SPPs<br>\$'000           | Other (c)<br>\$'000 | Appropriation<br>\$'000 |                          |       |
| <b>Department of Finance</b>                    |                      |                      |                  |                         |                         |                      |                          |                     |                         |                          |       |
| Outcome 1                                       | 107,854<br>119,726   | -                    | 7,088<br>7,150   | -                       | 12,843,274<br>2,355,408 | 10,932<br>10,996     | -                        | -                   | 7,550,160<br>8,226,538  | 20,519,308<br>10,719,818 |       |
| Outcome 2                                       | 107,883<br>114,174   | -                    | 1,758<br>3,220   | 75,526<br>15,387        | 304,847<br>327,619      | 694<br>712           | -                        | -                   | -                       | 490,708<br>461,112       |       |
| Outcome 3                                       | 35,655<br>37,250     | -                    | 8,375<br>8,375   | -                       | -                       | 277,236<br>291,203   | -                        | -                   | 171,184<br>190,233      | 492,450<br>527,061       |       |
| Equity Injections                               | -                    | 263,340<br>318,393   | -                | -                       | -                       | -                    | -                        | -                   | -                       | 263,340<br>318,393       |       |
| Administered Assets and Liabilities             | -                    | -                    | -                | -                       | -                       | -                    | -                        | 1,532<br>8,967      | -                       | 1,532<br>8,967           |       |
| Special Capital Appropriation                   | -                    | -                    | -                | -                       | -                       | -                    | -                        | -                   | 1,720,137<br>1,643,914  | 1,720,137<br>1,643,914   |       |
| <b>Total</b>                                    | 251,392<br>271,150   | 263,340<br>318,393   | 17,221<br>18,745 | 75,526<br>15,387        | 13,148,121<br>2,683,027 | 288,862<br>302,911   | -                        | 1,532<br>8,967      | 9,441,481<br>10,060,685 | 23,487,475<br>13,679,265 |       |
| <b>Commonwealth Superannuation Corporation*</b> |                      |                      |                  |                         |                         |                      |                          |                     |                         |                          |       |
| Outcome 1                                       | -                    | -                    | 9,024<br>8,730   | -                       | -                       | -                    | -                        | -                   | -                       | 9,024<br>8,730           |       |
| <b>Total</b>                                    | -                    | -                    | 9,024<br>8,730   | -                       | -                       | -                    | -                        | -                   | -                       | 9,024<br>8,730           |       |

**FINANCE**

Agency Resourcing—2014-2015  
Estimated Actual—2013-2014

| Entity/Outcome/<br>Non-operating       | Departmental   |                |               |               |                   | Administered   |          |              |                   |                   | Total |
|--|----------------|----------------|---------------|---------------|-------------------|----------------|----------|--------------|-------------------|-------------------|-------|
|  | Appropriation  | Appropriation  | Receipts (a)  | Special       | Special           | Appropriation  | SPPs     | Other (c)    | Special           |                   |       |
|  | Bill No. 1     | Bill No. 2     |               | Appropriation | Accounts (b)      | Bill No. 1     |          |              | Appropriation     |                   |       |
| \$'000                                 | \$'000         | \$'000         | \$'000        | \$'000        | \$'000            | \$'000         | \$'000   | \$'000       | \$'000            |                   |       |
| <b>Australian Electoral Commission</b> |                |                |               |               |                   |                |          |              |                   |                   |       |
| Outcome 1                              | 109,546        | -              | 16,613        | 9,000         | -                 | -              | -        | -            | -                 | 135,159           |       |
|  | 248,870        | -              | 17,194        | 9,000         | 2,420             | -              | -        | -            | 68,000            | 345,484           |       |
| Equity Injections                      | -              | -              | -             | -             | -                 | -              | -        | -            | -                 | -                 |       |
|  | -              | 3              | -             | -             | -                 | -              | -        | -            | -                 | 3                 |       |
| <b>Total</b>                           | <b>109,546</b> | <b>-</b>       | <b>16,613</b> | <b>9,000</b>  | <b>-</b>          | <b>-</b>       | <b>-</b> | <b>-</b>     | <b>-</b>          | <b>135,159</b>    |       |
|  | 248,870        | 3              | 17,194        | 9,000         | 2,420             | -              | -        | -            | 68,000            | 345,487           |       |
| <b>ComSuper</b>                        |                |                |               |               |                   |                |          |              |                   |                   |       |
| Outcome 1                              | -              | -              | -             | -             | 1,729,965         | -              | -        | -            | -                 | 1,729,965         |       |
|  | 1,144          | -              | -             | -             | 1,744,364         | -              | -        | -            | -                 | 1,745,508         |       |
| Equity Injections                      | -              | -              | -             | -             | -                 | -              | -        | -            | -                 | -                 |       |
|  | -              | 1,350          | -             | -             | -                 | -              | -        | -            | -                 | 1,350             |       |
| <b>Total</b>                           | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>1,729,965</b>  | <b>-</b>       | <b>-</b> | <b>-</b>     | <b>-</b>          | <b>1,729,965</b>  |       |
|  | 1,144          | 1,350          | -             | -             | 1,744,364         | -              | -        | -            | -                 | 1,746,858         |       |
| <b>Future Fund Management Agency</b>   |                |                |               |               |                   |                |          |              |                   |                   |       |
| Outcome 1                              | -              | -              | -             | -             | 641,208           | -              | -        | -            | -                 | 641,208           |       |
|  | -              | -              | -             | -             | 878,889           | -              | -        | -            | -                 | 878,889           |       |
| <b>Total</b>                           | <b>-</b>       | <b>-</b>       | <b>-</b>      | <b>-</b>      | <b>641,208</b>    | <b>-</b>       | <b>-</b> | <b>-</b>     | <b>-</b>          | <b>641,208</b>    |       |
|  | -              | -              | -             | -             | 878,889           | -              | -        | -            | -                 | 878,889           |       |
| <b>PORTFOLIO</b>                       | <b>360,938</b> | <b>263,340</b> | <b>42,858</b> | <b>84,526</b> | <b>15,519,294</b> | <b>288,862</b> | <b>-</b> | <b>1,532</b> | <b>9,441,481</b>  | <b>26,002,831</b> |       |
| <b>TOTAL</b>                           | <b>521,164</b> | <b>319,746</b> | <b>44,669</b> | <b>24,387</b> | <b>5,308,700</b>  | <b>302,911</b> | <b>-</b> | <b>8,967</b> | <b>10,128,685</b> | <b>16,659,229</b> |       |

(a) Receipts collected that were not appropriated directly by an annual Appropriation Act or an Act containing a special appropriation.

(b) Amounts credited to a special account that were not appropriated directly by an annual Appropriation Act or an Act containing a special appropriation.

(c) Includes *New Administered Outcomes* and *Administered Assets and Liabilities*.

(d) Bodies under the *Commonwealth Authorities and Companies Act 1997* are denoted with an \*

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**TO BE MERGED:** Table 3.1.1: Movement of Administered Funds Between Years

**Table 3.1.1: Movement of Administered Funds Between Years<sup>1</sup>**

|   | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|
|   | \$'000  | \$'000  | \$'000  | \$'000  | \$'000  |
| Outcome 1:                                  |         |         |         |         |         |
| <Program 1>                                 |         |         |         |         |         |
| <b>Total Movement of Administered Funds</b> |         |         |         |         |         |

<sup>1</sup> Figures displayed as a negative (-) represent a decrease in funds and a positive reflect an increase in funds.

**REVISED TABLE:** Budgeted Expenses for Outcome X Programmes table

**Table 2.1 Budgeted Expenses for Outcome 1 Programmes**

| Outcome 1: (Insert Outcome Statement)                                | 2013-14<br>Estimated actual<br>\$'000 | 2014-15<br>Budget<br>\$'000 | 2015-16<br>Forward estimate<br>\$'000 | 2016-17<br>Forward estimate<br>\$'000 | 2017-18<br>Forward estimate<br>\$'000 |
|--|---------------------------------------|-----------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Programme 1.1: (Insert Programme name)</b>                        |                                       |                             |                                       |                                       |                                       |
| Administered expenses  |                                       |                             |                                       |                                       |                                       |
| Ordinary annual services (Appropriation Bill No. 1)                  |                                       |                             |                                       |                                       |                                       |
| Other services (Appropriation Bill No. 2)                            |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Departmental expenses  |                                       |                             |                                       |                                       |                                       |
| Departmental appropriation <sup>1</sup>                              |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |                                       |                             |                                       |                                       |                                       |
| <b>Total for Programme 1.1</b>                                       |                                       |                             |                                       |                                       |                                       |
| <b>Programme 1.2: (Insert Programme name)</b>                        |                                       |                             |                                       |                                       |                                       |
| Administered expenses  |                                       |                             |                                       |                                       |                                       |
| Ordinary annual services (Appropriation Bill No. 1)                  |                                       |                             |                                       |                                       |                                       |
| Other services (Appropriation Bill No. 2)                            |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Departmental expenses  |                                       |                             |                                       |                                       |                                       |
| Departmental appropriation <sup>1</sup>                              |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |                                       |                             |                                       |                                       |                                       |
| <b>Total for Programme 1.2</b>                                       |                                       |                             |                                       |                                       |                                       |
| <b>Outcome 1 Totals by appropriation type</b>                        |                                       |                             |                                       |                                       |                                       |
| Administered Expenses  |                                       |                             |                                       |                                       |                                       |
| Ordinary annual services (Appropriation Bill No. 1)                  |                                       |                             |                                       |                                       |                                       |
| Other services (Appropriation Bill No. 2)                            |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Departmental expenses  |                                       |                             |                                       |                                       |                                       |
| Departmental appropriation <sup>1</sup>                              |                                       |                             |                                       |                                       |                                       |
| Special appropriations   |                                       |                             |                                       |                                       |                                       |
| Special Accounts   |                                       |                             |                                       |                                       |                                       |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |                                       |                             |                                       |                                       |                                       |
| <b>Total expenses for Outcome 1</b>                                  |                                       |                             |                                       |                                       |                                       |

| Outcome 1 - Movement of Administered Funds Between Years <sup>1</sup> | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|
|   | \$'000  | \$'000  | \$'000  | \$'000  | \$'000  |
| Outcome 1:  |         |         |         |         |         |
| Program 1.1   |         |         |         |         |         |
| Program 1.2   |         |         |         |         |         |
| <b>Total Movement of Administered Funds</b>                           |         |         |         |         |         |

<sup>1</sup> Figures displayed as a negative (-) represent a decrease in funds and a positive reflect an increase in funds.  
<sup>2</sup> The impact of these movements of funds are included in the totals of Budgeted Expenses for Outcome 1 and Programmes table above.

Moved from Section 3: Explanatory Tables and Budgeted Financial Statements.

Additional columns/rows are highlighted in yellow. New/amended text is coloured in red.

**TO BE MERGED:** Table 2.1: Budgeted Expenses for Outcome X

| Table 2.1 Budgeted Expenses for Outcome 1                            |  |  |
|--|--|--|
| Outcome 1: (Insert Outcome Statement)                                | 2013-14<br>Estimated<br>actual<br>expenses<br>\$'000 | 2014-15<br>Estimated<br>expenses<br>\$'000 |
| <b>Programme 1.1: (Insert Programme name)</b>                        |  |  |
| Administered expenses  |  |  |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |  |
| Other services (Appropriation Bill No. 2)                            |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Departmental expenses  |  |  |
| Departmental appropriation <sup>1</sup>                              |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |  |
| <b>Total for Programme 1.1</b>                                       | -  | -  |
| <b>Programme 1.2: (Insert Programme name)</b>                        |  |  |
| Administered expenses  |  |  |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |  |
| Other services (Appropriation Bill No. 2)                            |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Departmental expenses  |  |  |
| Departmental appropriation <sup>1</sup>                              |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |  |
| <b>Total for Programme 1.2</b>                                       | -  | -  |
| <b>Outcome 1 Totals by appropriation type</b>                        |  |  |
| Administered Expenses  |  |  |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |  |
| Other services (Appropriation Bill No. 2)                            |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Departmental expenses  |  |  |
| Departmental appropriation <sup>1</sup>                              |  |  |
| Special appropriations   |  |  |
| Special Accounts   |  |  |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |  |
| <b>Total expenses for Outcome 1</b>                                  | -  | -  |
|  | 2013-14  | 2014-15                                    |
| <b>Average Staffing Level (number)</b>                               |  |  |

<sup>1</sup> Departmental Appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue independent sources (s31)".  
<sup>2</sup> Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, Makegood Expense, Audit Fees, XXXXX, and ZZZZZZ.

**TO BE MERGED:** Table 2.2: Programme Expenses X.1

| Programme Expenses X.1   | 2013-14<br>Estimated<br>actual<br>\$'000 | 2014-15<br>Budget<br>\$'000 | 2015-16<br>Forw ard<br>estimate<br>\$'000 | 2016-17<br>Forw ard<br>estimate<br>\$'000 | 2017-18<br>Forw ard<br>estimate<br>\$'000 |
|--|--|-----------------------------|---|---|---|
| Annual administered expenses:  |  |                             |   |   |   |
| Administered item  |  |                             |   |   |   |
| Administered item (incl. SPPs)                                       |  |                             |   |   |   |
| Special Appropriations:  |  |                             |   |   |   |
| Special Appropriation Act x  |  |                             |   |   |   |
| Special Account Expenses:  |  |                             |   |   |   |
| Special Account Name   |  |                             |   |   |   |
| Annual departmental expenses:  |  |                             |   |   |   |
| Departmental item xxxx   |  |                             |   |   |   |
| Departmental item yyyy   |  |                             |   |   |   |
| Programme support  |  |                             |   |   |   |
| Expenses not requiring appropriation in the Budget year <sup>1</sup> |  |                             |   |   |   |
| <b>Total Programme expenses</b>                                      | -  | -                           | -   | -   | -   |

<sup>1</sup> Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, Makegood Expense, Audit Fees, XXXXX, and ZZZZZZ.

**REVISED TABLE:** Table 2.1: Budgeted Expenses for Outcome X Programmes Table

| Table 2.1 Budgeted Expenses for Outcome 1 Programmes                 |  |                             |   |   |   |
|--|--|-----------------------------|---|---|---|
| Outcome 1: (Insert Outcome Statement)                                | 2013-14<br>Estimated<br>actual<br>\$'000 | 2014-15<br>Budget<br>\$'000 | 2015-16<br>Forw ard<br>estimate<br>\$'000 | 2016-17<br>Forw ard<br>estimate<br>\$'000 | 2017-18<br>Forw ard<br>estimate<br>\$'000 |
| <b>Programme 1.1: (Insert Programme name)</b>                        |  |                             |   |   |   |
| Administered expenses  |  |                             |   |   |   |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |                             |   |   |   |
| Other services (Appropriation Bill No. 2)                            |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Departmental expenses  |  |                             |   |   |   |
| Departmental appropriation <sup>1</sup>                              |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |                             |   |   |   |
| <b>Total for Programme 1.1</b>                                       | -  | -                           |   |   |   |
| <b>Programme 1.2: (Insert Programme name)</b>                        |  |                             |   |   |   |
| Administered expenses  |  |                             |   |   |   |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |                             |   |   |   |
| Other services (Appropriation Bill No. 2)                            |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Departmental expenses  |  |                             |   |   |   |
| Departmental appropriation <sup>1</sup>                              |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |                             |   |   |   |
| <b>Total for Programme 1.2</b>                                       | -  | -                           |   |   |   |
| <b>Outcome 1 Totals by appropriation type</b>                        |  |                             |   |   |   |
| Administered Expenses  |  |                             |   |   |   |
| Ordinary annual services (Appropriation Bill No. 1)                  |  |                             |   |   |   |
| Other services (Appropriation Bill No. 2)                            |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Departmental expenses  |  |                             |   |   |   |
| Departmental appropriation <sup>1</sup>                              |  |                             |   |   |   |
| Special appropriations   |  |                             |   |   |   |
| Special Accounts   |  |                             |   |   |   |
| Expenses not requiring appropriation in the Budget year <sup>2</sup> |  |                             |   |   |   |
| <b>Total expenses for Outcome 1</b>                                  | -  | -                           |   |   |   |

Provides 3 years additional information which was previously in Table 2.1.

Additional columns/rows are highlighted in yellow. New/amended text is coloured in red.

**TO BE REMOVED:** Table 3.1.2: Estimates of Special Accounts Flows and Balances

**REVISED TABLE:** Budget Paper No. 4 - Estimated Cash Flows and Balances for Special Accounts

**Table 3.1.2: Estimates of Special Account Flows and Balances**

|   | Outcome | Opening balance | Receipts          | Payments            | Adjustments | Closing balance |
|---|---------|-----------------|-------------------|---------------------|-------------|-----------------|
|   |         | 2014-15         | 2014-15           | 2014-15             | 2014-15     | 2014-15         |
|   |         | 2013-14         | 2013-14           | 2013-14             | 2013-14     | 2013-14         |
| DisabilityCare Australia Fund <sup>1</sup>                | 1       | -               | 2,876,448         | (2,876,448)         | -           | -               |
| - s21 FMA Act (A)   |         | -               | -                 | -                   | -           | -               |
| Asset Recycling Fund <sup>2</sup>                         |         | -               | *                 | *                   | -           | -               |
| - s21 FMA Act (A)   | 1       | -               | -                 | -                   | -           | -               |
| Medical Research Future Fund <sup>2</sup>                 |         | -               | 2,052,785         | (2,052,785)         | -           | -               |
| - s21 FMA Act (A)   | 1       | -               | -                 | -                   | -           | -               |
| Building Australia Fund <sup>3</sup>                      | 1       | -               | 3,808,777         | (3,808,777)         | -           | -               |
| - s21 FMA Act (A)   |         | -               | 1,321,689         | (1,321,689)         | -           | -               |
| Education Investment Fund <sup>3</sup>                    | 1       | -               | 3,897,735         | (3,897,735)         | -           | -               |
| - s21 FMA Act (A)   |         | -               | 360,578           | (360,578)           | -           | -               |
| Health and Hospitals Fund <sup>3</sup>                    | 1       | -               | 2,260,314         | (2,260,314)         | -           | -               |
| - s21 FMA Act (A)   |         | -               | 673,141           | (673,141)           | -           | -               |
| Services for Other Entities and Trust Moneys <sup>4</sup> | N/A     | -               | -                 | -                   | -           | -               |
| - s20 FMA Act (A)   |         | -               | -                 | -                   | -           | -               |
| Business Services Special Account - s20 FMA Act (D)       | 2       | 396             | -                 | -                   | -           | 396             |
|   |         | 896             | -                 | (500)               | -           | 396             |
| Comcover Special Account <sup>5</sup>                     | 2       | 343,903         | 104,885           | (108,984)           | -           | 339,804         |
| - s20 FMA Act (D)   |         | 288,826         | 154,212           | (99,135)            | -           | 343,903         |
| Property Special Account                                  | 2       | 226,481         | 201,187           | (294,219)           | -           | 133,449         |
| - s20 FMA Act (D)   |         | 221,568         | 235,996           | (231,083)           | -           | 226,481         |
| Coordinated Procurement Contracting Special Account       |         | 36,199          | 117,456           | (120,118)           | -           | 33,537          |
| - s20 FMA Act (D)   | 2       | 36,044          | 128,803           | (128,648)           | -           | 36,199          |
| <b>Total Special Accounts 2014-15 Budget estimate</b>     |         | <b>606,979</b>  | <b>15,319,587</b> | <b>(15,419,380)</b> | <b>-</b>    | <b>507,186</b>  |
| <i>Total Special Accounts 2013-14 estimated actual</i>    |         | <i>547,334</i>  | <i>2,874,419</i>  | <i>(2,814,774)</i>  | <i>-</i>    | <i>606,979</i>  |

(A) = Administered  
(D) = Departmental

- The DisabilityCare Australia Fund Special Account has been established for holding and investing the additional Medicare levy proceeds for the purpose of making payments to reimburse the Commonwealth and the States and Territories for costs incurred in relation to the National Disability Insurance Scheme. Its balances are estimated at zero. More information on the DisabilityCare Australia Fund Special Account is set out in Table 3.1.2.1.
- The Asset Recycling Fund and Medical Research Future Fund are subject to the passage of legislation. These special accounts are not included in Budget Paper No.4. Amounts are marked with an asterisk (\*) as a reliable estimate cannot be provided.
- The Nation-building Funds Special Accounts form part of the Nation-building Funds. These funds will be closed by 1 January 2015 subject to the passage of legislation.
- Represents monies held in trust for other persons and is therefore not included in Finance's estimates. Budget and forward estimates are not included as future transactions cannot be anticipated.
- Interest Equivalency Payment for Comcover decreases from \$10.1m (2013-14) to \$9.1m (2014-15).

The Lands Acquisition Account (*Lands Acquisition Act 1989*) has not been included in the table above as it is not currently active.

**Estimated Cash Flows and Balances for Special Accounts (continued)**

|   | Budget Estimate—2014-2015<br>Estimated Actual—2013-2014 |                   |                |                    |                |                 |
|---|---|-------------------|----------------|--------------------|----------------|-----------------|
|   | Opening Balance   | Receipts          | Receipts       | Payments           | Adjustments    | Closing Balance |
|   | (Non-Appropriated)                                      | (Appropriated)    | (Appropriated) | (Appropriated)     | (Appropriated) | (Appropriated)  |
| <b>FINANCE PORTFOLIO</b>  |   |                   |                |                    |                |                 |
| <b>Department of Finance</b>  |   |                   |                |                    |                |                 |
| Building Australia Fund Special Account   | -   | 3,808,777         | -              | -3,808,777         | -              | -               |
|   |   | 1,321,689         | -              | -1,321,689         | -              | -               |
| Business Services Special Account   | 396   | -                 | -              | -                  | -              | 396             |
|   | 896   | -                 | -              | -500               | -              | 396             |
| Comcover Special Account  | 343,903   | 95,774            | 9,111          | -108,984           | -              | 339,804         |
|   | 288,826   | 144,157           | 10,055         | -99,135            | -              | 343,903         |
| Coordinated Procurement Contracting Special Account   | 36,199  | 117,456           | -              | -120,118           | -              | 33,537          |
|   | 36,044  | 127,852           | 951            | -128,648           | -              | 36,199          |
| DisabilityCare Australia Fund Special Account   | -   | 2,876,448         | -              | -2,876,448         | -              | -               |
|   | -   | -                 | -              | -                  | -              | -               |
| Education Investment Fund Special Account   | -   | 3,897,735         | -              | -3,897,735         | -              | -               |
|   | -   | 360,578           | -              | -360,578           | -              | -               |
| Health and Hospitals Fund Special Account   | -   | 2,260,314         | -              | -2,260,314         | -              | -               |
|   | -   | 673,141           | -              | -673,141           | -              | -               |
| Lands Acquisition Account   | -   | -                 | -              | -                  | -              | -               |
|   | -   | -                 | -              | -                  | -              | -               |
| Property Special Account  | 226,481   | 91,817            | 109,570        | -294,219           | -              | 133,449         |
|   | 221,568   | 55,610            | 180,386        | -231,083           | -              | 226,481         |
| Services for Other Entities and Trust Moneys Special Account — Department of Finance and Deregulation | -   | -                 | -              | -                  | -              | -               |
|   | -   | -                 | -              | -                  | -              | -               |
| <b>Total: Department of Finance</b>   | <b>606,979</b>  | <b>13,148,121</b> | <b>118,661</b> | <b>-13,366,595</b> | <b>-</b>       | <b>507,186</b>  |
|   | <b>547,334</b>  | <b>2,683,027</b>  | <b>191,392</b> | <b>-2,814,774</b>  | <b>-</b>       | <b>606,979</b>  |

Additional footnotes will be included to denote whether a special account is Administered, Departmental or both.

Note: *Budget Paper No. 4* provides more information and is easier to read than Table 3.1.2 in the PBS.

*TO BE REMOVED: Section 3.2.4: Notes to the budgeted financial statements (extract from PBS guidance)*

### **3.2.4 Notes to the Financial Statements**

*This is where the agency should explain the financial statements, especially major and unusual items or variances. Although agencies are not required to provide a full set of notes as required by the Finance Minister's Orders (Reporting requirements) issued under the Financial Management and Accountability Act 1997 and the Accounting Standards, they should include detailed notes where this would provide important additional information and explanations to readers.*

DRAFT

TO BE STREAMLINED: Table 1.1: Agency Resource Statement (extract)

TO REMAIN: Budget Paper No. 4 – Estimated Expenditure from Special Appropriations (extract)

Table 1.1: Department of Finance Resource Statement — Budget Estimates for 2014-15 as at Budget May 2014 (continued)

|  | Estimate of prior year amounts available in 2014-15<br>\$'000 | Proposed at Budget<br>2014-15<br>\$'000 | Total estimate<br>2014-15<br>\$'000 | Actual available appropriation<br>2013-14<br>\$'000 |
|--|---|---|-------------------------------------|---|
| <b>Special appropriations</b>  |   |   |                                     |   |
| <b>Special appropriations limited by criteria/entitlement</b>                                      |   |   |                                     |   |
| <i>Federal Circuit Court of Australia Act 1999</i>   | -   | 706                                     | 706                                 | 555   |
| <i>Governance of Australian Government Superannuation Schemes Act 2011</i>                         | -   | 1,400                                   | 1,400                               | 1,400   |
| <i>Governor-General Act 1974</i>   | -   | 1,255                                   | 1,255                               | 6,935   |
| <i>Judges' Pensions Act 1968</i>   | -   | 80,700                                  | 80,700                              | 82,700  |
| <i>Medibank Private Sale Act 2006 (D)</i>  | -   | 75,526                                  | 75,526                              | 15,387  |
| <i>Members of Parliament (Life Gold Pass) Act 2002</i>   | -   | 1,065                                   | 1,065                               | 2,944   |
| <i>Parliamentary Contributory Superannuation Act 1948</i>  | -   | 55,900                                  | 55,900                              | 56,240  |
| <i>Parliamentary Entitlements Act 1990</i>   | -   | 165,294                                 | 165,294                             | 182,340   |
| <i>Parliamentary Superannuation Act 2004</i>   | -   | 5,220                                   | 5,220                               | 5,019   |
| <i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - General Law Reform) Act 2008</i> | -   | 57                                      | 57                                  | 58  |
| <i>Superannuation Act 1922</i>   | -   | 41,000                                  | 41,000                              | 36,177  |
| <i>Superannuation Act 1976</i>   | -   | 3,370,690                               | 3,370,690                           | 3,112,679   |
| <i>Superannuation Act 1990</i>   | -   | 3,993,232                               | 3,993,232                           | 4,924,777   |
| <b>Special appropriations limited by amount</b>  |   |   |                                     |   |
| <i>Commonwealth of Australia Constitution Act (s68)</i>  | -   | 4,825                                   | 4,825                               | 4,949   |
| <b>Special appropriations limited by capital</b>   |   |   |                                     |   |
| Special capital appropriations   | -   | 1,720,137                               | 1,720,137                           | 1,643,914   |
| <b>Total special appropriations</b>  | C   | <b>9,517,007</b>                        | <b>9,517,007</b>                    | <b>10,076,072</b>                                   |
| <b>Total appropriations excluding Special Accounts</b>   |   |   |                                     |   |
|  | 229,865   | 10,339,354                              | 10,569,219                          | 10,996,238  |

Estimated Expenditure from Special Appropriations

|  | Estimated Actual<br>2013-2014<br>(\$'000) | Budget Estimate<br>2014-2015<br>(\$'000) |
|--|---|--|
| <b>FINANCE PORTFOLIO</b>   |   |  |
| <b>Department of Finance</b>   |   |  |
| <i>Commonwealth of Australia Constitution Act</i>  | 4,949                                     | 4,825                                    |
| <i>Federal Circuit Court of Australia Act 1999</i>   | 555                                       | 706                                      |
| <i>Financial Management and Accountability Act 1997</i>  | -   | -  |
| <i>Governance of Australian Government Superannuation Schemes Act 2011</i>                     | 1,400                                     | 1,400                                    |
| <i>Governor-General Act 1974</i>   | 6,935                                     | 1,255                                    |
| <i>Judges' Pensions Act 1968</i>   | 82,700                                    | 80,700                                   |
| <i>Lands Acquisition Act 1989</i>  | -   | -  |
| <i>Medibank Private Sale Act 2006</i>  | 15,387                                    | 75,526                                   |
| <i>Members of Parliament (Life Gold Pass) Act 2002</i>   | 2,944                                     | 1,065                                    |
| <i>Parliamentary Contributory Superannuation Act 1948</i>                                      | 56,240                                    | 55,900                                   |
| <i>Parliamentary Entitlements Act 1990</i>   | 182,340                                   | 165,294                                  |
| <i>Parliamentary Retiring Allowances Act 1964-1966</i>   | -   | -  |
| <i>Parliamentary Superannuation Act 2004</i>   | 5,019                                     | 5,220                                    |
| <i>Public Accounts and Audit Committee Act 1951</i>  | -   | -  |
| <i>Public Works Committee Act 1969</i>   | -   | -  |
| <i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - Superannuation) Act 2008</i> | 56  | 57                                       |
| <i>Superannuation (Pension Increases) Act 1961</i>   | -   | -  |
| <i>Superannuation Act 1922</i>   | 36,177                                    | 41,000                                   |
| <i>Superannuation Act 1976</i>   | 3,112,679                                 | 3,370,690                                |
| <i>Superannuation Act 1990</i>   | 4,924,777                                 | 3,993,232                                |
| <i>Superannuation Act 2005</i>   | -   | -  |
| <i>Transferred Officers' Allowances Act 1948</i>   | -   | -  |
| <b>Total: Department of Finance</b>  | <b>8,432,158</b>                          | <b>7,796,870</b>                         |

Same figures in both tables

Same figures in both tables

Additional footnotes will be included to denote whether a special appropriation is limited by criteria/entitlement, by amount or by both.  
Note: The information in Table 1.1 is duplicated in Budget Paper No. 4.

## **Attachment J**

# Top 20 Spending Programmes

### Background

On 27 March 2014, the Department of Finance (Finance) indicated to the JCPAA that it would begin to focus on “the top two thirds of Government spending” or top 20 programmes, reviewing how those programmes assess and report performance. Finance suggested that it would systematically examine the performance information for these programmes with the view to assisting entities with their first sets of corporate plans for the 2015-16 year.

### Action undertaken to date

To date, Finance has undertaken a desktop review of all performance measures and assessments of the top 20 programmes as published in entity Portfolio Budget Statements (PBSs) at the beginning of the annual budget process.

### The enhanced Commonwealth Performance Framework

Finance’s review of the top 20 programme performance measures has informed the development of the enhanced Commonwealth Performance Framework. The review confirmed that the existing performance measurement methodologies available to entities, such as mandatory Key Performance Indicators (KPIs), may limit meaningful reporting of programme and entity performance. Accordingly, Finance has sought to introduce a flexible approach to performance measurement and reporting as a new element of the framework, which entities may adopt for PBSs, corporate plans and annual performance statements.

### Initial Findings

Initial assessment of the top 20 programmes suggests that entities utilise a variety of performance measures in the reporting and delivery of these programmes; despite there often being similarities between many of the top 20 programmes. In simplistic terms, there are three major types of programmes identified within the top 20:

- Payments to the States
- Conditional payment (to individuals or organisations)
- Defence Capability

Acknowledging that each of the programmes is unique and fulfils a specific role, function and policy objective, there may be benefit in investigating consistency in performance measurement where similarity exists. This may assist identifying and leveraging improvement in the efficiency and effectiveness of administration of these similar programmes.

Additionally, all of the top 20 programmes use KPIs as their primary performance measurement tool, which is driven by the current PBS reporting requirements and the ‘Outcomes and Programmes framework’. In many instances the use of KPIs leads to a narrow representation of the performance achieved by a programme, or sub programme, within a specific reporting period. However, this narrowing appears to be driven by entities’ limited choice in performance measurement tools (i.e. entities are compelled to use KPIs) and can be remedied by allowing entities to pursue a greater suite of performance measurement tools (e.g. benchmarking, surveys, peer reviews and comprehensive evaluations). This more flexible approach will allow entities to select methodologies that are more appropriate and better represent the performance of the programme which they administer.

### Proposed future approach

Finance intends to continue to analyse the performance measures and reporting regimes of the top 20 programmes across government. Furthermore, within the development and implementation of the enhanced Commonwealth Performance Framework, it is intended that the Department will also conduct pilot programmes with select entities. These pilots will seek to assist entities in the development of their performance information, corporate plans and annual performance statements, building real examples of best practice for entities to leverage for the long term development of the performance environment. Finance will seek to work with and include the entities who administer the top 20 programmes in these pilots.

Additionally, as the initial finding of the review suggests that the existing ‘Outcomes and Programmes framework’ may be limiting the quality of performance measurement and reporting across Commonwealth entities, Finance will undertake further review in this area. Over the longer term, Finance will review and modify (as necessary) this framework to facilitate more improvement and flexibility for entities in the measurement, reporting and management of the programmes which they administer.

**Table 3.1: Top 20 programmes by expenses in 2014-15**

| Programme  | Function                                | Estimates      |                | Projections    |                |                |
|--|---|----------------|----------------|----------------|----------------|----------------|
|  |   | 2013-14<br>\$m | 2014-15<br>\$m | 2015-16<br>\$m | 2016-17<br>\$m | 2017-18<br>\$m |
| Revenue assistance to the States and Territories | Other purposes                          | 52,056         | 54,861         | 58,165         | 61,598         | 64,909         |
| Income support for seniors                       | SSW                                     | 39,501         | 42,085         | 44,658         | 47,583         | 49,665         |
| Medicare services                                | Health                                  | 19,334         | 20,317         | 20,176         | 21,480         | 22,647         |
| Family tax benefit                               | SSW                                     | 20,125         | 19,270         | 17,645         | 17,650         | 16,861         |
| Income Support for People with Disability        | SSW                                     | 16,098         | 16,891         | 17,354         | 17,940         | 18,500         |
| Assistance to the States for public hospitals(a) | Health                                  | 13,845         | 15,116         | 16,551         | 18,095         | 18,872         |
| Job seeker income support                        | SSW                                     | 10,226         | 10,233         | 10,571         | 10,687         | 10,610         |
| Residential and flexible care                    | SSW                                     | 8,978          | 9,547          | 10,065         | 10,610         | 11,244         |
| Pharmaceuticals and pharmaceutical services      | Health                                  | 9,455          | 9,445          | 9,607          | 10,110         | 10,467         |
| Non government schools – national support        | Education                               | 8,764          | 9,260          | 9,957          | 10,685         | 11,277         |
| Income support for carers                        | SSW                                     | 6,983          | 7,631          | 8,266          | 9,000          | 9,769          |
| Public sector superannuation(b)                  | Other purposes; General public services | 8,225          | 7,549          | 7,696          | 7,847          | 8,007          |
| Commonwealth Grants Scheme                       | Education                               | 6,222          | 6,479          | 6,566          | 6,583          | 6,709          |
| Private health insurance                         | Health                                  | 5,997          | 6,302          | 6,565          | 6,873          | 7,187          |
| Fuel tax credits scheme                          | Fuel and energy                         | 5,823          | 6,270          | 6,822          | 7,211          | 7,615          |
| Management of Capability Acquisition             | Defence                                 | 4,268          | 6,225          | 6,781          | 6,205          | 7,373          |
| Army capabilities                                | Defence                                 | 5,762          | 6,031          | 6,327          | 6,246          | 6,319          |
| Management of capability sustainment             | Defence                                 | 5,366          | 5,939          | 6,244          | 6,531          | 6,841          |
| Parents' income support                          | SSW                                     | 5,526          | 5,341          | 5,392          | 5,408          | 5,389          |
| Government Schools                               |   |                |                |                |                |                |
| National Support                                 | Education                               | 2,408          | 5,114          | 5,689          | 6,348          | 6,872          |
| <b>Sub-total</b>                                 |   | <b>254,962</b> | <b>269,906</b> | <b>281,097</b> | <b>294,690</b> | <b>307,133</b> |
| Other programmes                                 |   | 160,332        | 144,939        | 150,021        | 159,116        | 168,314        |
| <b>Total expenses</b>                            |   | <b>415,294</b> | <b>414,845</b> | <b>431,118</b> | <b>453,806</b> | <b>475,447</b> |