



**Australian Government**  

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**Department of Finance**

**Jane Halton AO PSM  
Secretary**

Our Ref: SEC0012862

The Hon Ian Macfarlane MP  
Chair  
Joint Committee of Public Accounts and Audit  
Parliament House  
Canberra ACT 2600

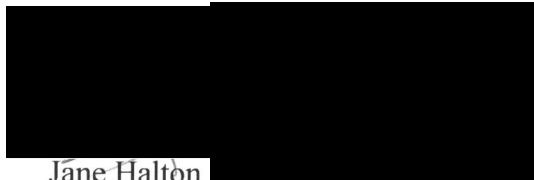
Dear Mr Macfarlane

I enclose a supplementary submission from the Department of Finance (Finance) to the Joint Committee of Public Accounts and Audit (JCPAA) *Inquiry into Development of the Commonwealth Performance Framework*.

The supplementary submission endeavours to address the concerns of the JCPAA and provides the proposed Finance Secretary direction under section 36(3) of the *Public Governance, Performance and Accountability Act 2013* that would set the minimum requirements for the presentation of performance information in Portfolio Budget Statements from 2016-17. An illustrative example of how performance information consistent with the direction might be presented is also included.

Finance does not consider the information in this submission needs to be kept confidential.

Yours sincerely

  
Jane Halton  
Secretary

1 December 2015

# **Inquiry into the Development of the Commonwealth Performance Framework**

Joint Committee of Public Accounts and Audit

**Supplementary Submission by the Department of Finance**

December 2015

## ***Introduction***

1. This supplementary submission to the Joint Committee of Public Accounts and Audit (the Committee) inquiry into the *Development of the Commonwealth Performance Framework* seeks to address a number of issues that were raised during the public hearing on 26 November 2015.
2. At the hearing the Committee focussed on the following key concerns:
  - that terminology in the proposed Finance Secretary direction is inconsistent with the draft indicative direction provided in March 2015 and not sufficiently clear, especially in moving away from terminology like “impact of programs” and “their effectiveness in achieving expected outcomes” to “differences made for each purpose”;
  - that the Committee was strongly concerned that the granularity of proposed performance information did not relate to programs in the Portfolio Budget Statements (at least for new or modified programs); and
  - that the Committee sought clarity around timeliness of updates to corporate plans relative to the appropriations cycle.

## ***Response to Issues Raised***

### **Terminology of proposed Finance Direction**

3. This submission provides the Committee with revised text of a proposed direction (at Attachment A) from the Finance Secretary under subsection 36(3) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act), which re-incorporates elements of the March 2015 draft, about measuring impact and effectiveness. It also makes provision that where new or materially changed programs are proposed for funding, the Portfolio Budget Statements must outline the delivery and performance criteria for these programs and the purpose in the entity’s corporate plan to which it is linked.
4. Assessing performance is a key dimension of ensuring the 'proper use' of public resources. The PGPA Act defines 'proper' when used in relation to the use and management of public resources as encompassing the concepts of effectiveness, efficiency, economy and ethical use.

### **Granularity of Performance information**

5. The revised proposed direction also prescribes the requirements for the provision of program level performance criteria in Portfolio Budget Statements from 2016-17, with an additional requirement for new or materially changed programs to outline the purpose to which they are linked, delivery and performance criteria.

### **Timeliness**

6. It is expected that entities' corporate plans will be updated to incorporate new or materially changed programs, as presented in the Portfolio Budget Statements, as soon as practicable following the presentation of appropriation bills to the Parliament, noting the Committee's interest in having up-to-date corporate plans available for Senate Estimates hearings.

### ***Illustrative example of performance information in Portfolio Budget***

#### ***Statements***

7. A revised draft illustrative example of Section 2 of Portfolio Budget Statements (at Attachment B) has been included to show how the requirements prescribed in the revised proposed Finance Secretary direction could be implemented. It is an adaptation of program and outcome information for the Department of Finance in its 2015-16 Portfolio Budget Statements.

### ***Summary of Changes to Performance Information in Portfolio Budget***

#### ***Statements***

8. The table provided at Attachment C summarises the proposed changes in the presentation of the Portfolio Budget Statements from 2016-17 onwards. It incorporates information in the submissions Finance provided to the Committee on 21 November 2014 and 29 April 2015.
9. The proposed changes to seek to maintain the utility of information provided to the Parliament and the public. This is achieved by outlining delivery and performance criteria for ongoing programs and, where required, updated delivery and performance criteria for new or materially changed programs. These are linked to purposes as set out in entities' corporate plans.

### ***Portfolio Budget Statements Guidance***

10. The Portfolio Budget Statements Guidance will be refined once the approach for the inclusion of performance information has been agreed with the Committee.
11. The Guidance will include details on how to present the information in Portfolio Budget Statements, required under the Finance Secretary direction, in a standard form. It will provide templates for entities to present financial information related to outcomes and program expenses, the mapping of program to purposes and the presentation of program level performance criteria.
12. Information on indicative key dates and milestones can be found at [Attachment D](#).

### ***Next steps***

13. Finance would like to issue a Finance Secretary direction under section 36(3) of the PGPA Act as soon as practicable. This will provide entities with sufficient time to understand the new requirements for performance information in Portfolio Budget Statements, and to develop the necessary framework in advance of the 2016-17 Budget.
14. Finance will continue to consult with the Committee on the implementation of the enhanced Commonwealth performance framework, including understanding the impact of proposed changes to Portfolio Budget Statements.

*Index of Attachments*

**Attachment A** – Requirements for Strategic Performance Information in Portfolio Budget Statements from 2016-17 (Draft Finance Secretary Direction).

**Attachment B** – Draft Illustrative example of Section 2 of Portfolio Budget Statements from 2016-17.

**Attachment C** – Changes to Performance Information in Portfolio Budget Statement.

**Attachment D** – Indicative key dates and milestones - as at 25 November 2015.

## Requirements for Performance Information in Portfolio Budget Statements

### Finance Secretary Direction under Section 36(3) of the *Public Governance, Performance and Accountability Act 2013*

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I, Jane Halton, Secretary, Department of Finance, issue the following direction under subsection 36(3) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).

Dated *Day Month Year*

Jane Halton AO PSM  
Secretary  
Department of Finance

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1. This direction is made under subsection 36(3) of the PGPA Act. It applies to the preparation of Australian Government Portfolio Budget Statements for the reporting periods from 2016-17 onwards.
2. This direction applies to the accountable authorities of Commonwealth entities required to:
  - a. contribute to Portfolio Budget Statements published at the announcement of the annual Australian Government Budget; and
  - b. publish annual corporate plans under section 35 of the PGPA Act.
3. Accountable authorities to which this direction applies must ensure that annual Portfolio Budget Statements include performance information as set out in Attachment A to this direction.
4. This direction commences on *Day Month Year* until such time as it superseded or rescinded by a subsequent direction issued by the Finance Secretary under subsection 36(3) of the PGPA Act.

**Attachment A**

**Minimum requirements for performance information  
in Portfolio Budget Statements**

<b>1.</b>	Portfolio Budget Statements must indicate the connection between the appropriated outcomes and programs of an entity to the entity's purposes as expressed in its corporate plan. This connection will be presented by mapping outcomes and programs to purposes in a schematic or tabular form.
<b>2.</b>	Portfolio Budget Statements must include at least one high level performance criterion to assess the impact of programs and their effectiveness in meeting each of the entity's outcomes and purposes.
<b>3.</b>	Where new or materially changed programs are proposed for funding, the Portfolio Budget Statement must outline the delivery and performance criteria for these programs, and the purpose in the entity's corporate plan to which it is linked.
<b>4.</b>	High-level performance criteria for established programs that are reported in an entity's Portfolio Budget Statements must be able to be read across to the entity's corporate plan.
<b>5.</b>	Outcomes or programs described in an entity's Portfolio Budget Statements should provide an indication of links to relevant outcomes or programs in other Commonwealth entities.



*Example for illustrative purposes only*

ATTACHMENT B

**Example of the revised Section 2 of Portfolio Budget Statements  
from 2016-17**

The following is an illustrative example suggesting how section 2 of Portfolio Budget Statements (“Outcomes and planned performance”) might be reorganised to reflect Finance’s preferred approach. It adapts a segment of programme and outcome information for the Department of Finance in the 2015-16 Portfolio Budget Statements for the Finance portfolio.

## Section 2: Outcomes and planned performance

From 1 June 2015 the reporting arrangements under the enhanced Commonwealth performance framework sit alongside the existing appropriations framework. Appropriations from the Australian Parliament are directly or notionally allocated to outcomes. Programmes linked with each outcome provide a description of how appropriations will be applied. Purposes described in annual corporate plans describe what will be achieved. Strategic performance information presented level in Portfolio Budget Statements – linked to more detailed information in corporate plans – provide a basis for assessing whether funding received by entities is used as intended.

### 2.1 Outcome and Programme Expenses

The following provides detailed information on expenses for each outcome to which appropriations are either directly or notionally allocated.

**Outcome 1: Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources.**

**Table 2.1.1: Budgeted Expenses for Outcome 1**

<b>Outcome 1:</b> Support sustainable Australian Government finances through providing high quality policy advice and operational support to the government and Commonwealth entities to maintain effective and efficient use of public resources	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Programme 1.1: Budget and Financial Management</b> - advising the Minister for Finance (Finance Minister) and the Expenditure Review Committee (ERC) of Cabinet on fiscal and economic policies and related matters so they can make informed resource allocation decisions; supporting the Finance Minister in meeting financial reporting responsibilities under the PGPA Act, the Charter of Budget Honesty Act 1998 and the Annual Appropriation Acts; and supporting the delivery of the Budget.					
Departmental expenses					
Departmental appropriation <sup>1</sup>					
Budget Advice	50,658	49,739	49,016	49,636	50,004
Financial Reporting	26,625	29,880	31,841	25,271	25,088
Expenses not requiring appropriation in the Budget year <sup>2</sup>	3,563	11,293	11,373	11,367	11,367
<b>Total for Programme 1.1</b>	<b>80,846</b>	<b>90,912</b>	<b>92,230</b>	<b>86,274</b>	<b>86,459</b>
<b>Outcome 1 Totals by appropriation</b>					
Departmental expenses					
Departmental appropriation <sup>1</sup>	77,283	79,619	80,857	74,907	75,092
Expenses not requiring appropriation in the Budget year <sup>2</sup>	3,563	11,293	11,373	11,367	11,367
<b>Total expenses for Outcome 1</b>	<b>80,846</b>	<b>90,912</b>	<b>92,230</b>	<b>86,274</b>	<b>86,459</b>
	2014-15	2015-16			
<b>Average staffing level (number)</b>	<b>391</b>	<b>396</b>			

1. Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue re

2. 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expens:

*Example for illustrative purposes only*

ATTACHMENT B

**Outcome 2: Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.**

**Linked to:**

Commonwealth Superannuation Corporation:

- **Programme 1.1:** Superannuation Scheme Governance

Future Fund Management Agency:

- **Programme 1.1:** Management of the Investment of the Future Fund
- **Programme 1.2:** Management of the Investment of the Nation-building Funds; the DisabilityCare Australia Fund; the Asset recycling Fund; and the Medical Research Future Fund.

**Table 2.1.2: Budgeted Expenses for Outcome 2**

<b>Outcome 2:</b> Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Programme 2.1: Public Sector Governance</b> - developing and maintaining the public sector resource management framework and ensuring it supports efficient, effective, ethical and economical government administration; undertaking shareholder oversight of GBEs and other commercial entities; and improving, as part of the transforming the government agenda, the standard of governance, performance and accountability as well as improve the quality of information provided to the parliament and the public through sound legal and policy settings and by influencing the behaviour of entities and companies					
Administered expenses					
Ordinary annual services					
Grant in Aid - Australian Institute of	35	35	36	37	38
Grant in Aid - Chifley Research	218	223	228	233	239
Grant in Aid - Green Institute	82	84	86	88	90
Grant in Aid - Menzies Research	218	223	228	233	239
Grant in Aid - Page Research	82	84	86	88	90
Grant in Aid - Royal Humane Society	25	26	26	27	28
Grant in Aid - RSPCA Australia Inc	35	35	36	37	38
Special appropriations					
<i>Medibank Private Sale Act (2006)</i>	-	-	-	-	-
Departmental expenses					
Departmental appropriations <sup>2</sup>					
Financial Framework	18,826	18,939	18,424	18,338	17,874
Procurement Framework	10,273	11,119	13,135	13,247	13,314
Government Shareholder Oversight	16,892	6,762	4,907	4,963	4,526
Special Financial Claims	2,205	2,245	2,211	2,240	2,257
Special accounts					
Business Services Special Account	-	-	-	-	-
Expenses not requiring appropriation in the Budget year <sup>3</sup>	1,960	1,797	1,836	1,850	1,850
<b>Total for Programme 2.1</b>	<b>50,851</b>	<b>41,572</b>	<b>41,239</b>	<b>41,381</b>	<b>40,583</b>

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**Example for illustrative purposes only**

**ATTACHMENT B**

<b>Outcome 2:</b> Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Programme 2.2: Transforming Government</b> - providing leadership and supporting decision making relating to the digital economy and use of technology in government operations, that enables the delivery of better and more efficient services for the Australian people, communities and business; and scoping divestment opportunities and managing asset sales and any residual issues arising from previous asset sales.					
Departmental expenses					
Departmental appropriations <sup>2</sup>					
Transforming the Public Sector	15,689	28,751	7,779	6,685	6,727
Digital Transformation Agenda	26,303	23,714	23,416	23,833	23,776
Special appropriations					
Medibank Private Sale Act 2006 (D)	75,526	-	-	-	-
Expenses not requiring appropriation in	3,825	3,778	3,605	3,575	3,575
<b>Total for Programme 2.2</b>	<b>121,343</b>	<b>56,243</b>	<b>34,800</b>	<b>34,093</b>	<b>34,078</b>
<b>Programme 2.3: Property and Construction</b> - providing policy, advice, guidance and support on managing Commonwealth property, land and public works across the government; and managing specified major capital works projects and the government's non-Defence property portfolio within Australia.					
Departmental expenses					
Departmental appropriations <sup>2</sup>					
Property and Construction	9,325	-	-	-	-
Special accounts					
Property Special Account	14,195	-	-	-	-
Property Special Account 2014	100,127	119,587	109,215	100,503	109,366
<b>Total for Programme 2.3</b>	<b>123,647</b>	<b>119,587</b>	<b>109,215</b>	<b>100,503</b>	<b>109,366</b>
<b>Programme 2.4: Insurance and Risk Management</b> - providing general insurance services and promoting risk management across the government through the Comcover Special Account.					
Special accounts					
Comcover Special Account	116,747	143,819	145,126	148,423	151,927
<b>Total for Programme 2.4</b>	<b>116,747</b>	<b>143,819</b>	<b>145,126</b>	<b>148,423</b>	<b>151,927</b>
<b>Programme 2.5: Procurement Services</b> - establishing WoAG arrangements for common goods and services to maximise market benefits for Commonwealth entities and providing advice to the government on advertising.					
Special accounts					
Coordinated Procurement Contracting	128,800	122,262	108,941	105,408	98,109
<b>Total for Programme 2.5</b>	<b>128,800</b>	<b>122,262</b>	<b>108,941</b>	<b>105,408</b>	<b>98,109</b>

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*Example for illustrative purposes only*

**ATTACHMENT B**

<b>Outcome 2:</b> Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Programme 2.6: Public Sector Superannuation</b> - advising the government on managing the Future Fund, the stability of the government's unfunded superannuation liabilities and its associated administered expense items and superannuation arrangements for government employees. This includes the administration and management of superannuation arrangements for parliamentarians, as well as current and former Governors-General, Federal Judges and Federal Circuit Court Judges.					
Administered expenses					
Ordinary annual services					
Act of Grace nominal interests	3,308	546	500	450	398
Compensation and legal expenses	500	500	500	500	500
Superannuation administration costs	9,845	10,448	10,448	10,448	10,448
Special appropriations					
<i>Federal Circuit Court of Australia Act 1999</i>					
<i>Governance of Australian Superannuation Schemes Act 2011</i>	729	741	796	835	958
<i>Governor-General Act 1974</i>	1,400	1,400	1,400	1,400	1,400
<i>Judges' Pensions Act 1968</i>	893	1,244	1,233	1,221	7,064
<i>Parliamentary Contributory Superannuation Act 1948</i>	84,100	82,100	83,900	86,900	90,600
<i>Parliamentary Superannuation Act 2004</i>	51,629	54,417	54,643	54,987	53,491
<i>Same-Sex Relationships (Equal Treatment in Commonwealth Laws - General Law Reform) Act 2008</i>	5,769	5,887	6,732	7,001	7,281
<i>Superannuation Act 1922</i>	50	57	57	57	47
<i>Superannuation Act 1976</i>	32,106	37,341	34,232	31,351	28,686
<i>Superannuation Act 1990</i>	3,060,701	3,510,316	3,481,685	3,448,258	3,409,368
	5,394,180	4,494,556	4,721,154	4,947,898	5,174,066
Departmental expenses					
Departmental appropriations <sup>2</sup>					
Public Sector Superannuation	5,203	5,121	4,896	4,951	4,986
Expenses not requiring appropriation in the Budget year <sup>3</sup>					
	251	265	270	273	273
<b>Total for Programme 2.6</b>	<b>8,650,664</b>	<b>8,204,939</b>	<b>8,402,446</b>	<b>8,596,530</b>	<b>8,789,566</b>
<b>Programme 2.7: Australian Government Investment Funds</b> - providing advice on investment mandates and governance arrangements for the government's Investment Funds. This includes advice on credit of amounts to the Funds and debits for payments from the Funds.					
Special accounts					
DisabilityCare Australia Fund Special	655	69,892	188,968	323,981	1,814,546
Asset Recycling Fund Special	-	3,619	2,620,497	2,639,202	1,904,405
Medical Research Future Fund	-	11,716	56,770	136,169	233,773
Building Australia Fund Special	187,969	56,086	-	-	-
Education Investment Fund Special	217,723	38,754	-	-	-
Health and Hospitals Fund Special	721,850	35,327	-	-	-
<b>Total for Programme 2.7</b>	<b>1,128,197</b>	<b>215,394</b>	<b>2,866,235</b>	<b>3,099,352</b>	<b>3,952,724</b>

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*Example for illustrative purposes only*

**ATTACHMENT B**

<b>Outcome 2:</b> Support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Outcome 2 Totals by appropriation</b>					
Administered expenses					
Ordinary annual services	14,348	12,204	12,174	12,141	12,108
Other services (Appropriation Bill No.					
Special appropriations	8,631,557	8,188,059	8,385,832	8,579,908	8,772,961
Special accounts	1,128,197	215,394	#REF!	#REF!	#REF!
Departmental expenses					
Departmental appropriations <sup>2</sup>	104,716	96,651	74,768	74,257	73,460
Special appropriations	75,526	-	-	-	-
Special accounts	359,869	385,668	363,282	354,334	359,402
Expenses not requiring appropriation in	6,036	5,840	5,711	5,698	5,698
<b>Total expenses for Outcome 2</b>	<b>10,320,249</b>	<b>8,903,816</b>	<b>#REF!</b>	<b>#REF!</b>	<b>#REF!</b>
	2014-15	2015-16			
<b>Average Staffing Level (number)</b>	712	709			

(A) = Administered

(D) = Departmental

1. Estimates of expenses for the ~~Medibank Private Sale Act 2006~~ (A) are zero.

Estimates of \$3.3b in Table 1.1 primarily relate to refund of oversubscription on the Medibank Private sale.

2. Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue re

3. 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expenses

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year

**Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance.**

**Table 2.1.3: Budgeted Expenses for Outcome 3**

<b>Outcome 3: Support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance</b>	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000	2016-17 Estimated Expenses \$'000	2017-18 Estimated Expenses \$'000	2018-19 Estimated Expenses \$'000
<b>Programme 3.1: Ministerial and Parliamentary Services</b> - the provision of advice on, access to and payment of parliamentary and post-parliamentary entitlements and targeted assistance to entitlements.					
Administered expenses					
Ordinary annual services (Appropriation Bill No. 1)					
Electorate and ministerial support costs	270,452	271,927	275,942	277,283	278,445
Australian Political Exchange Programme	877	889	904	919	934
Special appropriations					
<i>Commonwealth of Australia</i>	4,825	4,825	4,825	4,825	4,825
<i>Members of Parliament (Life Gold)</i>	1,065	1,119	1,170	1,062	1,079
<i>Parliamentary Entitlements Act 1990</i>	167,645	175,064	176,696	174,499	177,277
Expenses not requiring appropriation in the Budget year <sup>1</sup>	8,825	9,652	9,657	9,658	9,654
Departmental expenses					
Departmental appropriation <sup>2</sup>					
Services to Senators, Members and Car-w ith-driver and associated	39,362	36,482	35,973	36,428	36,697
	2,790	2,906	2,863	2,899	2,921
Expenses not requiring appropriation in the Budget year <sup>1</sup>	2,633	2,690	2,739	2,759	2,759
<b>Total for Programme 3.1</b>	<b>498,474</b>	<b>505,554</b>	<b>510,769</b>	<b>510,332</b>	<b>514,591</b>
<b>Outcome 3 Totals by appropriation</b>					
Administered expenses					
Ordinary annual services (Appropriation	271,329	272,816	276,846	278,202	279,379
Special appropriations	173,535	181,008	182,691	180,386	183,181
Expenses not requiring appropriation in the Budget year <sup>1</sup>	8,825	9,652	9,657	9,658	9,654
Departmental expenses					
Departmental appropriation <sup>2</sup>	42,152	39,388	38,836	39,327	39,618
Expenses not requiring appropriation in the Budget year <sup>1</sup>	2,633	2,690	2,739	2,759	2,759
<b>Total expenses for Outcome 3</b>	<b>498,474</b>	<b>505,554</b>	<b>510,769</b>	<b>510,332</b>	<b>514,591</b>
	2014-15	2015-16			
<b>Average Staffing Level (number)</b>	<b>244</b>	<b>244</b>			

1. 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expenses.

2. Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue receipts'.

*Example for illustrative purposes only*

ATTACHMENT B

## 2.2 Performance

Table 2.2.1 details the performance criteria for each Department of Finance Outcome. It presents a summary of delivery and performance criteria, and the link to purposes described in the 2015-16 Department of Finance compete plan. It also indicates measures announced in the 2016-17 Budget that have a material impact on these programs, and, where appropriate, changes to performance criteria.

The performance criteria in table 2.2.1 represent a subset of more detailed performance criteria available in the Department of Finance corporate plan. This subset indicates what will be achieved when a program is delivered in an efficient and effective manner.

Readers are referred to the [2015-16 Department of Finance Corporate Plan](#) for further information on the strategic environment in which the Department of Finance seeks to deliver its programmes, and the capabilities it will develop to fulfil purposes that operationalise the outcomes mandated by government.



*Example for illustrative purposes only*

**ATTACHMENT B**

**Table 2.2.1: Mapping of Programmes to Purposes described in the Department of Finance corporate plan**

Outcome 2 – support an efficient and high-performing public sector through providing leadership to Commonwealth entities in ongoing improvements to public sector governance, including through systems, frameworks, policy, advice and service delivery.			
Program	Delivery <i>[extracted from corporate plan] *</i>	Performance Criteria* <i>[extracted from corporate plan] *</i>	Purpose(s)
<b>Program 2.2</b> – Transforming government	<p>As a public sector leader, stimulate and drive public sector efficiency, excellence and innovation, and support the government in reforming and improving the governance, performance and accountability of the public sector and public assets.</p> <p>Undertake reviews and scoping studies on select business activities and services to determine whether they can be provided more efficiently or effectively by other means.</p> <p>Reforming public sector management, including through the shared and common services project and other transformational reforms.</p>	<p><b>2015-16</b> Reviews and scoping studies meet the government’s targeted outcomes, including the Airfare Warfare Destroyer project, ASC Pty. Ltd., and the Australian Rail Track Corporation Ltd.</p> <p><b>2016-17 and beyond</b> Reform of back-office IT systems, including business applications used to manage and integrate transactional business processes within Commonwealth entities, achieves the government’s agenda of a smaller, more efficient and better connected public sector.</p>	<b>Transformation</b> – innovate and improve public sector operations and reform the management and operations of public assets
<p><b>Material Changes Resulting from the following measures:</b> <i>[Note – There is a measure entitled Defence Housing Australia – reform, which does not materially change the program, and, as such would not appear in the Department of Finance Portfolio Budget Statements.]</i></p>			
<b>Program 2.3</b> – Property and construction	<p>As steward of the government’s public sector governance, performance and accountability framework and key assets contribute to, and foster, leading practice in public sector management, governance and accountability –including the Commonwealth land, public works and property management frameworks.</p> <p>Supporting the government’s reform agenda, including the Smaller Government Agenda.</p>	<p><b>2015-16</b> The Australian Government Office Occupancy Report (to be published in 2015–16) demonstrates that Commonwealth entities are working towards best practice in property management and planning.</p> <p><b>2016-17 and beyond</b> <i>Market testing of Commonwealth-owned buildings (ANZAC Park East, ANZAC Park West, East Block and West Block) and other assets identified by the government is completed to inform government decision-making for the future of these assets.</i></p>	<p><b>Governance</b> – foster leading public sector practice</p> <p><b>Transformation</b> – innovate and improve public sector operations and reform the management and operations of public assets</p>
<p><b>Material Changes Resulting from the following measures:</b></p> <ul style="list-style-type: none"> <li><b>Smaller Government</b> – Property Divestment Programme- general office accommodation Canberra</li> </ul>			

\*See Department of Finance Corporate plan for further detail.

*Note- updated performance criterion resulting from new measures indicated in italics.*

**Changes to 2016-17 PBS**

2015-16 PBS	2016-17 PBS	Change
<b>Portfolio overview</b>		
Ministers and portfolio responsibilities	Ministers and portfolio responsibilities	No Change
Portfolio structure and outcomes	Portfolio structure and outcomes	No Change
Portfolio resource statement	Refer to Budget Paper 4 for this information	Removes duplication
<b>Section One: Entity overview and resources</b>		
Strategic direction statement	Strategic direction statement	No Change
Entity resource statement	Entity resource statement - Third Party Payments from and on behalf of other entities to only be prepared for material entities. Special Appropriations information consolidated into single line item with detail provided in Table 2.1.1	Removes duplication
Budget measures	Budget measures	No Change
Changes in entity outcomes and programs (where applicable)	Changes in entity outcomes and programs (where applicable)	No Change
<b>Section Two - Outcomes and Performance</b>		
Outcome X: Strategy and Contributions to Outcome X	Outcome statement maintained. Focus on program information in tables 2.1.1 and 2.2.1.	Detail in purpose and strategy statements in corporate plan
Outcome X: Expense statement and program Expense Table	Table 2.1.1 Budgeted expenses for Outcome X	Merged into new Table 2.1.1 existing outcome expenses and program expenses tables. Provides detail of the budget year, estimated actuals for the prior year (including movement of funds information) and estimates over the three forward years.
Program Deliverables and KPIs	Table 2.2.1 provides performance information for programs under each outcome. New measures that materially impact on programs indicated in table 2.2.1, with changes to performance criteria also noted.	Changes in performance criteria that materially impact on programs indicated. Mapping of program information to purposes provided to allow links to be made into corporate plan.
<b>Section Three: Explanatory tables and financial statements</b>		
Explanatory tables	Movement of funds information now consolidated in Table 2.1 (Budgeted expense for outcomes). Remove Table 3.1.2 Special Accounts.	Removes duplication - Refer to Budget Paper 4 for special accounts table.
Australian Government Indigenous Expenditure (AGIE)	Remove Table 3.1.3 AGIE Refer to Productivity Commission biennial Indigenous Expenditure Report (for actuals)	Majority of Indigenous expenditure is now reported in outcome 2 for PM&C. 81% of Indigenous expenditure is now through mainstream programs which are not reported in AGIE.
Budgeted financial statements	Budgeted financial statements - notes no longer required (refer to Section 3.2.2 Analysis of Budgeted Financial Statements)	Removes optional requirement that was rarely used by entities.

Attachment D

*Indicative key dates and milestones –  
as at 25 November 2015*

*Portfolio Budget Statements*

<i>Date</i>	<i>Milestone</i>
<b>26 November 2015</b>	JCPAA hearing to seek endorsement of proposed approach to Portfolio Budget Statements from 2016-17.
<b>December 2015 – January 2016</b>	Develop supporting guidance for the 2016-17 Portfolio Budget Statements, incorporating the JCPAA's endorsed approach.
<b>February 2016</b>	Public release of guidance for the 2016-17 Portfolio Budget Statements.
<b>March 2016</b>	Department of Finance to provide training to relevant entities on the content requirements and preparation requirements of the Portfolio Budget Statements.
<b>April – May 2016</b>	Portfolio Budget Statements prepared for 2016-17 Budget process.
<b>9 May 2016</b>	Portfolio Budget Statements books printed.
<b>10 May 2016</b>	Budget night – Portfolio Budget Statements presented to the Parliament.

*Annual Reports*

<i>Date</i>	<i>Milestone</i>
<b>November - December 2015</b>	Entity consultation – with emphasis on Corporate Commonwealth entities and Commonwealth companies.
<b>January 2016</b>	Develop and publicly release consultation paper on a proposed approach for 2015-16 annual reports.
<b>Late February/Early March 2016</b>	Submission to JCPAA outlining a broad approach to Commonwealth entity annual reports requirements.
<b>March 2016</b>	Develop PGPA rule and guidance on annual reporting requirements for Commonwealth entities and Commonwealth companies.
<b>April 2016</b>	Present PGPA Rule for Commonwealth entities to JCPAA for approval.
<b>Late April 2016</b>	Release guidance on annual reporting for Commonwealth entities and Commonwealth companies.
<b>15 October 2016</b>	Commonwealth entities provide annual reports to their responsible Minister for presentation to the Parliament.

*Indicative key dates and milestones –  
as at 25 November 2015*

