

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

Joint Committee of Public Accounts and Audit

**Submission by the Department of Finance**

November 2015

## ***Introduction***

1. The Enhanced Commonwealth Performance Framework came into effect on 1 July 2015. This submission supports the Joint Committee of Public Accounts and Audit (the Committee) *Inquiry into the Development of the Commonwealth Performance Framework* which was commissioned on 26 March 2015, in addition to correspondence provided and consultation held over the last eight months.
2. This submission provides the Committee with the text of a proposed direction under subsection 36(3) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act) prescribing the requirements for the provision of performance information in Portfolio Budget Statements from 2016-17.
3. It is proposed that strategic high-level performance information, that explains the intended impacts of the use of public resources, be included in Portfolio Budget Statements, as set out in the proposed Finance Secretary direction at Attachment A and the illustrative example at Attachment B. This preserves the function of Portfolio Budget Statements as documents that usefully inform the Parliament's consideration of annual appropriation bills. It establishes a clear line of sight between an entity's corporate plan, Portfolio Budget Statement and annual performance statement. Under this proposal:
  - a. Portfolio Budget Statements will continue to provide information to support Parliament's consideration of appropriation amounts being requested, including a *strategic view* of how the funding will be used to fulfil an entity's purposes, and how, at a high level, success will be measured.
  - b. Corporate plans will provide *greater detail* on how purposes will be fulfilled, what impacts and results will be measured, how this will be done and the context in which purposes are met.
  - c. Annual performance statements allow the Parliament and public to make informed judgements about what is to be achieved with public resources provided through appropriation bills.

### ***Proposed Finance Secretary Direction***

4. The proposed Finance Secretary direction (at [Attachment A](#)) requires that Portfolio Budget Statements include:
  - a. statements of each distinct purpose as described in an entity's corporate plan prepared for the relevant reporting period under section 35 of the PGPA Act;
  - b. high-level strategic performance measures against each purpose;
  - c. a clear mapping of purposes to programmes and outcomes; and
  - d. an explanation of links to outcomes delivered by other entities (where relevant and practical).

### ***Presentation of performance information in Portfolio Budget Statements***

5. A draft example of Section 2 of Portfolio Budget Statements (at [Attachment B](#)) has been included to illustrate how the requirements prescribed in the proposed Finance Secretary direction could be implemented. It is an adaptation of the presentation of programme and outcome information for the Department of Finance in its 2015-16 Portfolio Budget Statements.

#### **Section 2.1 Outcomes**

6. Finance proposes that the existing tables in Section 2, Table 2.1.1 Outcome Expenses, and Table 2.1.2 Programme Expenses, be consolidated into a single table for each outcome. The consolidation of these tables does not remove any existing information but, rather, provides more information in a central location, allowing the reader to better understand an entity's activities and how amounts from the appropriation bills will be used.
7. This consolidated table would provide an outcome summary by appropriation type and include expenses for each programme relating to that outcome (refer to example Table 2.1.1 at [Attachment B](#)). The proposed table would provide estimates of actual expenditure in the prior year, and estimated expenditure for the budget year and forward estimates on a consistent basis for both outcomes and programmes - in one place. It also provides the Outcome Statement, title and brief description of the related programmes.
8. The proposed table would also give an entity the capacity to explain how its programmes (funding for activities) link to or relate to programmes in other entities. Examples of where this information would be useful to the Parliament include cross portfolio or multiple

portfolio measures, such as those related to national security or Indigenous welfare – providing a fuller picture of the activities being undertaken by the entity.

9. This proposed approach provides estimates detail on a consistent basis and removes duplication of information. Finance considers that the proposed will provide information required by Parliament in a clearer, more coherent and consistent manner without reducing the content of information published.

### **Section 2.2 Mapping Outcomes to Purposes**

10. A proposed new section 2.2 in Portfolio Budget Statements would present statements of purposes as they appear in an entity's corporate plan, and indicates how outcomes and programmes contribute to those purposes. This mapping would allow a clear and explicit connection to be made between an entity's Portfolio Budget Statement, corporate plan and Annual performance statement through linking outcomes and programmes to purposes – it also ensures the provision of more streamlined and targeted information.

### **Section 2.3 Strategic Performance Information**

11. The proposed revised Section 2.3 would replace the performance information currently presented at the transactional level of deliverables and Key Performance Indicators, with high-level strategic performance measures, as they relate to the purposes of an entity, and focussed on key impacts and results.
12. Finance anticipates that a high-level strategic performance measure would have the following characteristics:
  - a) be a measure of entity purpose that actively seeks to assess, to the extent possible, the effectiveness of the organisation in meeting its purpose(s) (for example, a measure of a primary activity it undertakes to fulfil its purpose(s));
  - b) contain a clear description of the measure and its rationale i.e. what is expected to change as a result of an entity's activities (for example, comparison or results during a certain period against a baseline established as an average over an appropriate period, because this is considered to provide the best measure of the entity's effectiveness in achieving its purposes over time);
  - c) provide a clear description of the target or outcome that is regarded to be a reasonable representation of success (for example, a change in the productivity of an industry-sector as a result of initiatives aimed at encouraging innovation);

- d) describe the method that will be used to determine the measure (for example, a data-set collected by the Australian Bureau of Statistics or a survey of clients expected to benefit from a relevant initiative); and
  - e) when the performance is expected to be reported (for example, that the entity intends to report on this measure in its 2015-16 or some later annual performance statement).
13. The strategic information described against the purposes of an entity would point to what is expected to be achieved by the entity and the corporate plan would provide further detail on its other activities. The rendition of this high-level performance information in the Portfolio Budget Statement provides a direct link (an “index”) to more detailed performance information provided in the corporate plan, and gives the Parliament an appropriations context for reading the entity’s corporate plan.
14. This proposed approach would provide members of Parliament with an overview of the intended use of appropriations in Portfolio Budget Statements, with an explicit link to the corporate plans for more detailed information on the “how” and “to what level of success”.
15. Corporate plans reflect an entity’s planned activities over a rolling four year period. As entities are required to annually refresh and update plans in terms of progress in achieving their purposes, the existing corporate plans remain relevant to the development of each year’s Portfolio Budget Statement. To illustrate, an entities 2015-16 corporate plans will inform the development of its 2016-17 Portfolio Budget Statement, together with decisions made by the government as part of the Budget process.
16. We expect the performance measures to align between both documents over a short period of time. Some entities may already be able to identify appropriate existing strategic performance measures in their 2015-16 corporate plan to include in their 2016-17 Portfolio Budget Statements. However, other entities may need more time to develop effective strategic measures. This is consistent with the view that we have expressed in earlier submissions to the Committee that improvements in the quality of performance information may require two to five years to mature.

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

17. The table below summarises the proposed changes in the presentation of performance information in section 2 of Portfolio Budget Statements from 2016-17 onwards. It updates and summarises the more detailed information that Finance provided to the Committee in its submissions of 21 November 2014 and 29 April 2015.

<b>Proposed change from 2016-17</b>	<b>Effect and rationale of the proposed change</b>
<p><b>Outcome expense statements</b> Merge outcome expense table with expense tables for each associated programme.</p>	<p><b>Retains the same level of financial information as provided in 2015-16 Portfolio Budget Statements.</b> Improves the readability of financial information by providing all information relating to a particular outcome in a single table.</p>
<p><b>Programme expense tables</b> Merge with outcome expense statement for relevant outcome.</p>	<p>Allows financial information related to outcomes and related programmes to be easily reconciled by presenting information on same time basis (i.e. budget year and forward estimates), rather than a mix of different years for different tables. This change removes duplication.</p>
<p><b>Links to programmes delivered by other entities</b></p>	<p><b>Retains the same level of information as provided in 2015-16 Portfolio Budget Statements.</b> Continues to present information that shows entities collaborate to contribute to common functions and objectives of government.</p>
<p><b>Outcome strategy</b> Remove and replace with more detailed descriptions of delivery strategies in corporate plans.</p>	<p><b>The mapping of programmes (and associated outcomes) required under the proposed Finance Secretary direction (e.g. as in 2.2.1 of Attachment B) would allow a link to be made to more detailed information on the delivery of purposes described in corporate plans.</b> Supports a clear line of sight between Portfolio Budget Statements, corporate plans and annual performance statements. Corporate plans describe the delivery of purposes. They describe the activities being pursued, the environment in which they are pursued, and the capability required to deliver them. This is more information than is currently available in Portfolio Budget Statements.</p>
<p><b>Programme deliverables</b> Remove and replace with the key activities to be undertaken to pursue the purpose (e.g. as in table 2.3.1 of Attachment B)</p>	<p><b>A mapping of programmes to purposes (e.g. as in 2.2.1 of Attachment B) to link programmes to the substantial activities through which they will be delivered.</b> Deliverables currently reported in Portfolio Budget Statements are descriptions of the activities through which a programme will be pursued. Linking programmes to activities through which purposes will be fulfilled provides the same information in another form. More detailed information that is not currently available in Portfolio Budget Statements will be available in corporate plans.</p>
<p><b>Key Performance Indicators</b> Remove and replace with high-level strategic performance measures in Portfolio Budget Statements.</p>	<p><b>High-level key performance measures should give an immediate picture of what success looks like. A mapping of programmes and outcomes to purposes will provide a link to the resources that will be used to meet these purposes.</b> Detailed activity-based performance measures available in corporate plans (and reported against in annual performance statements) will provide a more complete performance story that currently provided in Portfolio Budget Statements.</p>

18. The proposed changes to the presentation of performance information in Portfolio Budget Statements from 2016-17 does not reduce the information provided to the Parliament and the public, but rather improves the readability and presentation of that information. As corporate plans become more mature, and the standard of performance information included in them evolves, the overall quality and depth of information included will increase, especially when Portfolio Budget Statements and corporate plans are read together.
19. The proposed approach ensures that information provided in corporate plans can be easily found, and that the information provided in Portfolio Budget Statements and corporate plans can be readily related to each other.
20. Subsection 16E(6) of the *Public Governance, Performance and Accountability Rule 2014* allows for accountable authorities to vary corporate plans in the event that their purposes change significantly or there is a substantial change to the environment in which they operate. It is reasonable for ministers and the Parliament to expect that a new plan would be issued if such material changes were to occur. In principle, a corporate plan should, to the extent practicable, represent an entity's current circumstances. Therefore, more detailed information in the corporate plan that is current at the time the Parliament is considering an appropriation bill should be consistent with information published in Portfolio Budget Statements to support that bill.

### **Other proposed changes to Portfolio Budget Statements**

21. Finance proposed some other changes in the 21 November 2014 submission to other financial tables for the 2016-17 Portfolio Budget Statements, and these are being progressed. The changes will streamline the presentation of information, including reducing duplication in Budget documentation.

### **Portfolio Budget Statement Guidance**

22. The Portfolio Budget Statements Guidance will be refreshed and refined once the approach for the inclusion of strategic performance information has been agreed with the Committee.
23. The guidance will include details on how to present the information required under the proposed Finance Secretary direction in a standard form. It will provide templates for entities to present financial information related to outcomes and programme expenses, the mapping of programmes to purposes and the presentation of high-level strategic performance measures.

24. The guidance will also provide suggestions on what is considered to be a meaningful strategic performance measure. It will emphasise the importance of making clear what is being measured, how it will be measured (for example, data source or collection methodology) and the baseline (or target) that it will be measured against.

### ***Consultation with Commonwealth entities***

25. Finance has undertaken a broad based consultation process on the proposals advanced in this submission for the Committee's consideration. A consultation paper - [\*Presentation of Performance Information in Portfolio Budget Statements from 2016-17\*](#) was issued in October 2015 to the Accountable Authority and Chief Finance Officer of every entity that produces a Portfolio Budget Statement. It was also sent to all Public Management Reform Agenda (PMRA) Reference Groups and members of the PMRA Performance Community of Practice (345 individuals from a broad range of entities). The consultation paper was made available publicly on the Finance PMRA website. This consultation was undertaken to ensure that the proposed approach is practical and achievable in its implementation. The consultation process is detailed in [Attachment C](#).

26. Feedback from Commonwealth entities has confirmed that the proposed changes to performance information in Portfolio Budget Statements would not impose a material additional burden on entities.

27. Overall, entities support the proposed approach to the presentation of Portfolio Budget Statements from 2016-17. Where entities raised concerns or queries through a submission, these have been discussed with them and have been generally resolved or reflected in the approach being proposed. [Attachment D](#) provides a summary of the major areas of concern raised by entities.

28. A number of entities have expressed the view that Finance's solution is appropriate as a transitional arrangement, but they see value in reconsidering the presentation of performance measures in Portfolio Budget Statements (for example, restricting measures to a portfolio level to provide a more joined-up view across entities) once corporate plans have been through a number of cycles and the quality of performance information in those plans has been proven.



*Next steps*

29. Subject to the Committee's endorsement, a Finance Secretary direction under section 36(3) of the PGPA Act will be issued 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.
30. 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** – Consultation summary on proposed changes to performance information presented in Portfolio Budget Statements from 2016-17.

**Attachment D** – Summary of issues/concerns raised during the consultation process.

## **Requirements for Strategic Performance Information in Portfolio Budget Statement from 2016-17**

### **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 high-level strategic performance measures 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 high-level strategic performance information in  
Portfolio Budget Statements from 2016-17**

<b>1.</b>	Portfolio Budget Statements for each budget year from 2016-17 onwards must include a statement of the discrete purposes described in a Commonwealth entity's corporate plan that applies to the same reporting period, and as prepared under section 35 of the <i>Public Governance, Performance and Accountability Act 2013</i> .
<b>2.</b>	Portfolio Statements must include a set of high-level strategic performance measures against each of the purposes described in an entity's corporate plan. These high-level strategic performance measures should provide an indication of the substantial difference made when each purpose is fulfilled successfully.
<b>3.</b>	Portfolio Budget Statements must provide an indication of the connection between the programmes described in those statements and the entity's purposes. It is expected that this connection will be presented as a mapping of programmes to purposes in a schematic or tabular form.
<b>4.</b>	Where practical, outcomes described in an entity's contribution to Portfolio Budget Statements should provide an indication of links to outcomes provided by other Commonwealth entities.

*Example for illustrative purposes only*

**Attachment B**

**Example of 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 is an adaptation of the presentation of programme and outcome information for the Department of Finance in the 2015-16 Portfolio Budget Statements for the Finance portfolio.

*Example for illustrative purposes only*

**Attachment B**

**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 Outcomes**

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>	391	396			

1. Departmental Appropriation combines 'Ordinary annual services (Appropriation Bill No. 1)' and 's.74 Retained revenue receipts'.  
2. 'Expenses not requiring appropriation in the Budget year' is made up of Depreciation Expenses and Amortisation Expenses.

*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					
Medibank Private Sale Act (2006)	-	-			
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>

*Continued on following pages*

**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					
Disability Care 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>Programme 2.7:</b> Australian Government Investment Funds - 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.					
<b>Special accounts</b>					
Disability Care 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>
<b>Outcome 2 Totals by appropriation</b>					
<b>Administered expenses</b>					
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	2,866,235	3,099,352	3,952,724
<b>Departmental expenses</b>					
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>11,708,002</b>	<b>12,125,690</b>	<b>13,176,353</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 11 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 receipts'.

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

*Example for illustrative purposes only*

**Attachment 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.**

**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-with-driver and associated	39,362	36,482	35,973	36,428	36,697
Expenses not requiring appropriation in the Budget year <sup>1</sup>	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>	244	244			

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 Mapping to programmes and outcomes**

Figure 2.1.1 provides a mapping of programmes and outcomes to the purposes described in table 2.1. This mapping allows proposed expenditure associated with appropriations to be related to the framework in which the effect of expenditure is to be assessed. This mapping of the appropriations framework to the performance framework is intended to provide a line of sight between appropriations provided by the Australian Parliament and the effect expenditure is intended to have. It provides a description of the mechanism through which an entity’s Minister and accountable authorities are to be held accountable for use of the public resources authorised by Parliament.

**Table 2.2.1: Mapping of Programmes and Outcomes to Purposes**

<b>Outcome</b>	<b>Programmes</b>	<b>Purpose</b>
<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.	<b>Programme 1.1- Budget Financial Management</b> 1.1.1 Budget Advice 1.1.2 Financial Reporting	<b>Budget and financial advice, management and reporting</b>
<b>Outcome 2</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.	<b>Programme 2.1- Public Sector Governance</b> 2.1.1 Financial Framework 2.1.2 Procurement Framework 2.1.3 Government Shareholder Oversight 2.1.5 Grants in Aid Programme 2.1.6 Loans to States and Territories 2.1.7 Business Special Services Account  <b>Programme 2.3 – Property and Construction (policy)</b> 2.3.1 Property Special Account  <b>Programme 2.4 – Insurance and Risk Management</b> 2.4.1 Comcover Special Account  <b>Programme 2.7- Government Investment Funds</b> 2.7.1 Disability Care Australia Fund 2.7.2 Medical Research Future Fund 2.7.3 Asset Recycling fund 2.7.4 Nation-Building Funds	<b>Governance</b>
	<b>Programme 2.2 - Transforming Government</b> 2.2.1 Transforming the Public Sector 2.2.2 Digital Transformation Agenda	<b>Transformation</b>
	<b>Programme 2.1- Public Sector Governance</b> 2.1.4 Special Financial Claims  <b>Programme 2.3- Property and Construction (policy)</b> 2.3.1 Property Special Account  <b>Programme 2.4 – Insurance and Risk Management</b> 2.4.1 Comcover and Special Accounts  <b>Programme 2.5 – Procurement Services</b> 2.5.1 Coordinated Procurement Contracting Special Account  <b>Programme 2.6 – Public Sector Superannuation</b> 2.6.1 Superannuation Activities 2.6.2 Programme Support	<b>Services</b>
<b>Outcome 3</b> – support for Parliamentarians and others as required by the Australian Government through the delivery of, and advice on, entitlements and targeted assistance.	<b>Programme 3.1- Ministerial and Parliamentary Services</b> 3.1.1 Electorate and Ministerial Support Costs 3.1.2 Political Exchange Programme 3.1.3 Special appropriations provided to meet costs of parliamentary entitlements 3.1.4 Services to Senators, Members and their Staff 3.1.5 car-with driver and associated transport services	

*Example for illustrative purposes only*

**Attachment B**

**2.3 Strategic performance information**

Table 2.3.1 represents a strategic subset of performance information for the Department of Finance for 2015-16. This information summarises more detailed information available in the Department of Finance 2015-16 corporate plan – covering the four reporting periods to 2015-19. Table 2.3.1 is intended to indicate the substantial difference made when the Department of Finance fulfils its purposes. It also summarises the key activities through which these purposes will be pursued.

**Table 2.3.1 Summary of strategic performance measures**

<p><b>Purpose: Services – manage efficient, cost effective services to and for the government</b></p>
<p><b>Strategic performance measures:</b></p> <p>Procurement arrangements for information and communication technology (ICT) including hardware, software and data centres; and non ICT including travel, deliver savings against industry benchmarks, and the rate of voluntary take-up establishes the arrangements as the preferred mechanism for government procurement.</p> <p><i>[Inputs: independent benchmarking data, purchasing data reported by Commonwealth entities on AusTender and identification of entities that participate in coordinated procurement arrangements voluntarily.]</i></p> <p>Deliver five major capital works on time and on budget, and in manner that meets or exceeds industry benchmarks for the management of construction projects.</p> <p><i>[Inputs: cost and project timelines against costings agreed with government; and independent industry benchmarking datasets for project management costs and delivery standards.]</i></p> <p>80 per cent of Comcover fund members have achieved their identified level of risk maturity as measured in the Comcover Benchmarking programme.</p> <p><i>[Inputs: a survey of fund members that requires self-assessment (certified by the members' accountable authority) of the entity's risk management capability, including the extent to which risk is integrated into business process; and benchmarking on an entity's risk management capability against peers.]</i></p>
<p><b>Key activities:</b></p> <ul style="list-style-type: none"> <li>• Identify, negotiate and manage whole of Australian Government (WoAG) arrangements for the procurement of common goods and services.</li> <li>• Deliver the following capital works projects:             <ul style="list-style-type: none"> <li>– the Villawood Immigration Detention Facility Redevelopment project;</li> <li>– the Post Entry Quarantine Facility project;</li> <li>– the John Gorton Building Facade Refurbishment project;</li> <li>– the R9 Office Building Russell Refurbishment project; and</li> <li>– the Law Courts Refurbishment project.</li> </ul> </li> <li>• Manage the Comcover fund to protect Commonwealth entities against the impact and volatility of insurable losses.</li> </ul>
<p><b>New activities proposed in appropriation bills:</b></p> <p><i>Summary of new activities including the programme and purposes to which they are to be associated.</i></p>

## **Attachment C**

### **Consultation summary on proposed changes to performance information presented in Portfolio Budget Statements from 2016-17**

A consultation paper, '*Presentation of Performance Information in Portfolio Budget Statements from 2016-17*' was developed by Finance with a view to seeking feedback from key stakeholders on the proposed approach to presenting performance information in Portfolio Budget Statements. The paper was developed with reference to the agreement reached with the JCPAA that strategic performance information be retained in Portfolio Budget Statements.

#### ***Consultation Paper dissemination***

The consultation paper was widely disseminated. The primary target group was those responsible for the development and production of a Portfolio Budget Statement, corporate plan and annual performance statement. The paper was provided to the Accountable Authority and Chief Finance Officer of 147 entities. The paper was also provided to all Public Management Reform Agenda (PMRA) Reference Groups (Governance, Risk Management and Culture; Appropriations and Resourcing; Planning, Reporting and Streamlining; Sydney and Melbourne) and to members of the PMRA Performance Community of Practice (345 individuals from a broad range of entities) - inviting written feedback.

To help ensure that the consultation was broad reaching, the paper was made publicly available on the Finance PMRA website.

#### ***Consultation forums***

Workshops were convened in Canberra, Sydney and Melbourne to discuss the proposed approach and to encourage verbal feedback in an open forum. In total 158 individuals from a range of entities registered for these events. One-on-one meetings were also convened with 11 entities that have multiple Outcome Statements.

#### ***Summary of Feedback***

As at 11 November 2015 written feedback has been received from 31 entities. Of these 26 were supportive of the proposed approach to presenting performance information in the Portfolio Budget Statements. Some entities that were not fully supportive expressed a view that it would be duplicative to provide high level or strategic performance information in both the Portfolio Budget Statements and corporate plan. Others expressed the view that the current level of performance information be retained in the Portfolio Budget Statements and replicated in corporate plans. All indicated that they were able to adopt the proposed approach.

Feedback from the workshops and one-on-one meetings was consistent with that of the written responses. Further information is provided in [Attachment D](#) - Summary of issues/concerns raised during the consultation process.

**Summary of issues/concerns raised during the consultation process**

<b>Issues/Concerns Raised</b>	<b>Finance Response</b>
Requirement for reporting high-level strategic performance information in Portfolio Budget Statements could replicate performance information in corporate plans. It potentially creates duplication and imposes an additional reporting burden.	The Finance Secretary direction under section 36(3) of the <i>Public Governance, Performance and Accountability Act 2013</i> (the PGPA Act) will make it clear that the requirement for high-level strategic information is intended to summarise more detailed information in corporate plans, and not create second set of performance information.
Risk that dual performance reporting regimes might emerge over time if it is not well understood that the performance information in Portfolio Budget Statements is only intended to be a summary of more detailed information in corporate plans.	See above. It is not the intention that dual performance reporting regimes be allowed to emerge. Finance will monitor and act appropriately to ensure this does not occur.
All non-financial performance information to be removed from the PBS and placed in corporate plans.	The requirement for high-level performance information in Portfolio Budget Statements from 2016-17 was based on the need to provide the Parliament with sufficient information to consider annual appropriation bills.
The requirement for performance information to be provided in both the Portfolio Budget statements and corporate plans is not consistent with a broader agenda to reduce administrative red-tape.	Finance supports and encourages measures to reduce and eliminate red tape. The requirement for high-level performance information in Portfolio Budget Statements from 2016-17 was based on the need to provide the Parliament with sufficient information to consider annual appropriation bills.
Preference that performance information in Portfolio Budget Statements be limited to strategic information at a portfolio-level, rather than the more detailed entity-level. Considers this would be more informative as it would provide a strategic whole-of-government view of activities across a portfolio minister's areas of responsibility. Suggested that this approach would reduce duplication and minimise administrative burdens.	This view is not consistent with the in-principle agreement reached with the JCPAA on the nature of performance information to be presented in Portfolio Budget Statements from 2016-17. Finance will explore opportunities to provide a more joined up view of government, including through guidance on the preparation of corporate plans and Portfolio Budget Statements.
Proposed alternate approach - performance information in corporate plans could be simply replicated in Portfolio Budget Statements rather than being summarised as high-level strategic performance measures. Suggest that this would make it clear that there is only one set of performance information that is expected to be maintained and reported against.	Finance notes that the direction would specify minimum requirements for performance information in Portfolio Budget Statements from 2016-17. If an entity wished to provide more detailed performance information in Portfolio Budget Statements it could do so. The level of detail to include in Portfolio Budget Statements beyond mandatory minimum requirements would be a matter for an entity's accountable authority in consultation with its portfolio minister.