



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

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

Dear Dr Southcott

Thank you for your letter of 19 March 2015 regarding the development of the Enhanced Commonwealth Performance Framework under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and requesting that performance information be retained in Portfolio Budget Statements (PBSs).

We have considered how to best give effect to the Joint Committee of Public Accounts and Audit's (the Committee's) request in relation to Portfolio Budget Statements and propose to address this by the Finance Secretary issuing a directive under Section 36 of the PGPA Act (see [Attachment A](#)).

Section 36 is the relevant section of the PGPA Act covering the provisions of budget estimates for Commonwealth entities. Subsection 36(2)(c) requires budget estimates to be accompanied by any information required by direction under section 36(3). Section 36(3) allows the Finance Secretary to issue written directions to the accountable authority of a Commonwealth entity regarding budget estimates.

There is no rule making provision under section 36 of the PGPA Act. Although the directive is not a PGPA rule, as was requested by the Committee, it does set out mandatory requirements for the performance information to be provided by entities for inclusion into the PBS issued by the relevant Portfolio Minister. As the proposed directive sets out, entities would be required to include performance measures in PBSs that measure the impact of programmes and their effectiveness in terms of meeting the Government's outcomes and the key objectives of the entity. As you requested in your letter, this proposal will ensure that PBSs will contain a strategic subset of the performance information contained in corporate plans.

In support of the draft direction the following updated guidance is attached. This includes:

- RMG No.130 - Overview of the Enhanced Commonwealth Performance Framework
- RMG No.132 - Corporate Plans for Commonwealth Entities

- RMG No.134 - Annual Performance Statements for Commonwealth Entities

Also further to my opening statement at the private briefing on 19 March 2015, I would like to take the opportunity to advise the Committee of Finance's intentions regarding annual report requirements for 2014-15.

Finance is in the process of preparing a rule, under the rule making power in section 6 of schedule 14 of the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014* (C&T Act), to provide the basis on which corporate Commonwealth entities and Commonwealth companies can prepare their annual reports for 2014-15. This rule will extend the operation of the current *Commonwealth Authorities (Annual Reporting) Orders 2011* and the *Commonwealth Companies (Annual Reporting) Orders 2011* to the 2014-15 reporting period. Rules made under this provision of the C&T Act do not, however, alter existing policy or current arrangements and do not require the Committee's approval.

For 2014-15, non-corporate Commonwealth entities will be required to prepare their annual reports in accordance with the existing Requirements for Annual Reports issued by the Department of Prime Minister and Cabinet. This is a continuation of current arrangements.

Finance will work to refine reporting requirements to better align with the proposed Commonwealth performance framework for the 2015-16 reporting year.

Yours sincerely



Stein Helgeby  
Deputy Secretary

25 March 2015

**ATTACHMENT A**

**PROPOSED DRAFT DIRECTION: PERFORMANCE INFORMATION IN PORTFOLIO BUDGET STATEMENTS**

**LEGISLATIVE AUTHORITY: *Public Governance, Performance and Accountability Act 2013* – Section 36 – Budget estimates for Commonwealth entities:**

**Budget estimates for Commonwealth entities**

- (1) The accountable authority of a Commonwealth entity must:
  - a. prepare the budget estimates covering the entity's activities for each reporting period for the entity, and for any other periods directed by the Finance Minister; and
  - b. give the budget estimates to the Finance Secretary in accordance with any directions under subsection (3).
- (2) The budget estimates must:
  - a. fairly present the estimated financial impacts of the entity's activities for the reporting period or other period; and
  - b. comply with any directions under subsection (3); and
  - c. be accompanied by any information relating to the budget estimates for the entity that is required by any direction under subsection (3).
- (3) The Finance Secretary may give written directions to the accountable authority of a Commonwealth entity for the purposes referred to in paragraph (1) (b) or subsection (2).
- (4) A direction made under subsection (3) is not a legislative instrument.

**Purpose**

This direction is made under Section 36 (3) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and sets out mandatory performance information reporting requirements for entities that are required to provide input to annual Portfolio Budget Statements (PBS).

These requirements will apply for the 2016-17 reporting period onwards.

Accountable authorities are to apply and follow this direction when developing their input to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and other budget statements relating to Appropriation Bills) relating to their entity's budget estimates.

This direction relates to the identification of strategic performance information relating to the budget estimates against which, together with performance information contained in entity corporate plans, entities will be required to report at the end of each reporting period.

## Budget Documentation and Portfolio Budget Statements

The parliament appropriates money to the Government to make payments and deliver programmes and services. All appropriations are made by law. A portion of appropriations are made through annual appropriation acts. Budget papers are presented by the Government to show its intended use of public resources over the budget year, and its expectations about the fiscal and economic environment that relates to that year.

The Budget papers provide relevant information to the parliament to support the Government's request for annual appropriation funding. This includes financial information, including budget estimates and information about planned activities.

### Minimum Requirements

The performance measures identified in PBSs must be directed at measuring the impact of programmes and their effectiveness in terms of meeting the Government's outcomes (if applicable) and the key objectives of the entity.

It is desirable that performance information in PBSs should clearly define targets (where appropriate) and reporting periods, and that the focus of performance measures is on matters of significance e.g. financial materiality, risk, Government priority.

Entities can use the same range of performance measurement methodologies for their PBSs as they do for corporate plans. Entities will no longer be restricted to reporting performance information solely through Key Performance Indicators.

Where new material activities are being proposed for funding by the parliament, the PBS must outline the performance measures that will apply to these activities.

The PBS explains the budget estimates for the purposes of the annual appropriation bills and informs Senators and Members of parliament of changes in the proposed allocation of resources to agencies within a portfolio. The PBS is a 'relevant document' under the *Acts Interpretation Act 1901*, aiding the interpretation of Appropriation Bills (Nos. 1 & 2), and the Appropriation (Parliamentary Departments) Bill (No. 1). A PBS is approved by and submitted to the parliament by the responsible portfolio minister or presiding officer.

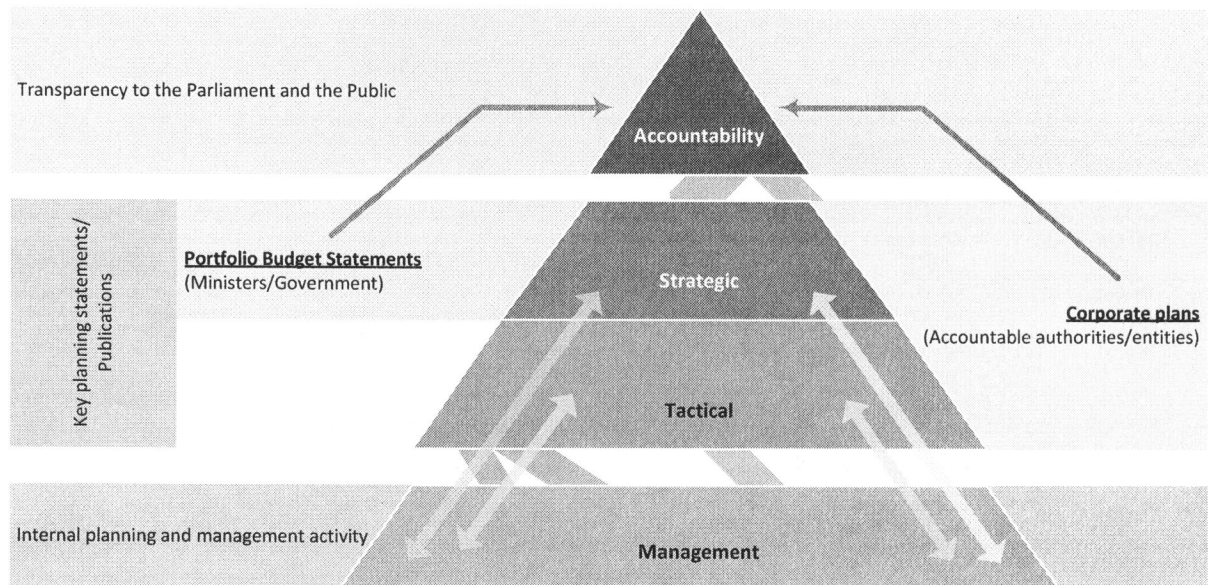
A corporate plan is compiled and published by the accountable authority of an entity under section 35 of the PGPA Act. Corporate plans cover a time horizon of at least four years and are updated annually, but can also be updated from time to time to keep them current.

The performance measures for established programmes that are reported in an entity's PBS must have a strategic focus, and must be able to be read across to the entity's corporate plan for that year.

The performance information in corporate plans will necessarily be more detailed and will relate to the full range of key entity activities. Even though PBSs focus on outcomes and programmes, and corporate plans focus on the purposes of an entity (which may in part be reflected through programme structures), it is expected that the same impact and strategic level performance measures will be reported in the PBS and an entity's corporate plan.

The relationship between the PBS and corporate plans can be illustrated as follows:

**Figure 1: Performance information and the relationship between the PBS and corporate plan**



### Further Guidance

Other guidance on the Enhanced Commonwealth Performance Framework is available on the PMRA website: [www.pmra.finance.gov.au](http://www.pmra.finance.gov.au), including;

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good Performance Information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 132	Corporate Plans for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate Plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 134	Annual performance statements for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>





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

**GUIDE**

# Resource Management Guide No.130

Overview of the Enhanced Commonwealth  
Performance Framework

**DRAFT**

[MONTH 2015]

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

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## Audience

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

## Key points

- The Enhanced Commonwealth Performance Framework will be implemented from 1 July 2015 to meet the requirement for a performance framework under subsection 5(b) of the *Public Governance, Performance and Accountability Act 2013* (the PGPA Act).
- The Enhanced Commonwealth Performance Framework – implemented through the Public Governance, Performance and Accountability Rule 2014 (the PGPA Rule) – requires Commonwealth entities and companies to prepare a **corporate plan** by the end of August of each financial year (or by the end February for entities that operate on a calendar year basis). Commonwealth entities are also required to include an **annual performance statement** in their annual reports for each financial year.
- ~~Transitional arrangements will be in place for 2015-16, for Commonwealth entities that publish Portfolio Budget Statements (PBSs) have been required to include. The existing framework will remain for 2015-16 with key performance indicators (KPIs) to be included in their an entity's PBS. The 2015-16 Corporate Plan will reflect the first use of the new performance framework with performance information using new flexible arrangements. Annual performance statements published for 2015-16 will represent the first reporting against the new performance measures published by Commonwealth entities in their corporate plans, but the annual report will also acquit the performance reporting made in their 2015-16 PBSs. Special provisions will be made in the annual report requirements for 2015-16 to allow for this. Arrangements for the PBS following 2015-16 are currently under development and will be finalised in time for the 2016-17 budget process.~~
- ~~It is acknowledged that the transitional arrangements in place during 2015-16 will mean there will be an extra administrative burden on budget funded entities with published performance information in both the PBS and the corporate plan. However, this is a transitional measure and will only be necessary for 12 months. It is being done to ensure that stakeholders are informed as to how information previously reported in PBSs is translated across to, and enhanced by, information published in the corporate plan.~~

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## Commonwealth companies

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

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

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

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

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

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

## Resources

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

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

## Introduction

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

The PGPA Act took effect from 1 July 2014.

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

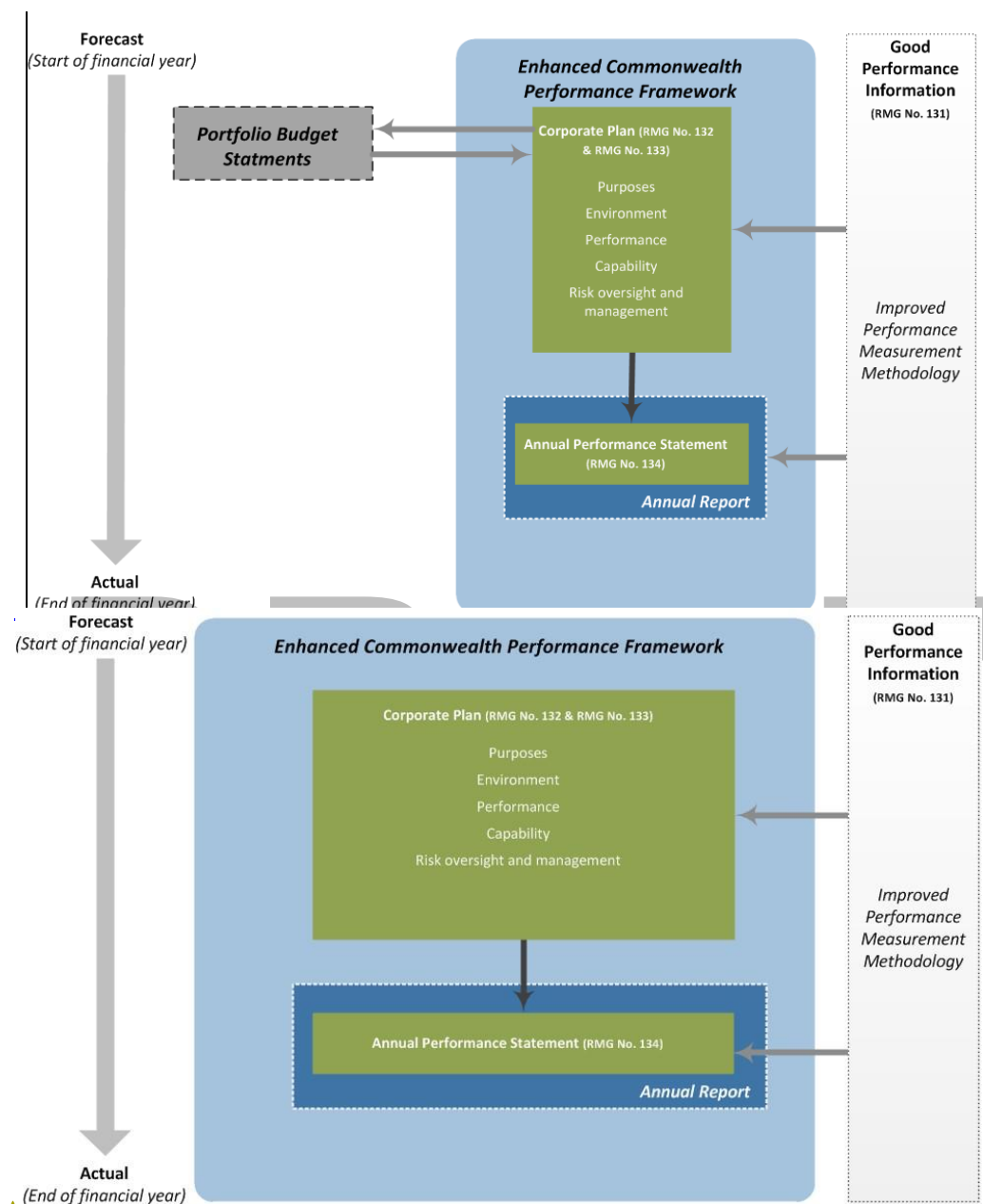
### **The importance of clear purposes and leadership**

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

### **Part 1 – The Enhanced Commonwealth Performance Framework**

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

### The Enhanced Commonwealth Performance Framework

- The Enhanced Commonwealth Performance Framework meets the obligation under paragraph 5(b) of the PGPA Act to establish a performance framework across Commonwealth entities. The PGPA Act introduces a new legal requirement for

Commonwealth entities and Commonwealth companies to produce annual corporate plans and, for entities to publish annual performance statements in annual reports<sup>2</sup>.

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

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

### Portfolio Budget Statements

11. The majority of Commonwealth non-corporate and corporate entities receive some level of appropriation funding. As a result, key strategic information relevant to entities appears in their responsible Minister’s Portfolio Budget Statements (PBSs) that accompany the annual appropriation acts.
12. PBSs are publications presented to Parliament by the responsible portfolio Minister. They describe, at a strategic level, what is intended to be achieved with money appropriated by parliament. The PBS explains the estimates for the purposes of the Budget Appropriation Bills and informs Senators and Members of Parliament of changes in the proposed allocation of resources to entities within the portfolio<sup>3</sup>.
13. The PBS is a document that relates to a particular annual appropriation request to the parliament. The performance information in the PBSs is a strategically focused subset of the performance information reported in an entities corporate plan, plus any performance measurements that relate to material new activities being proposed for funding by the parliament. The performance information for established programmes that are reported in an entity’s PBS must have a strategic focus, and must be able to be read across to the entity’s corporate plan for that year.

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### Corporate plan

- 11.14. From 2015-16, Commonwealth entities and Commonwealth companies are required to publish corporate plans by the end of August of each financial year (or by the end of February for entities that operate on a calendar year basis).

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

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

<sup>3</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.

12.15. Corporate plans are an entity's principle planning strategic documents. They describe "the how" of fulfilling an entity's purposes and – where these have been stated under section 34 of the PGPA Act – the key priorities and objectives of the Australian Government. Every entity and company subject to the PGPA Act is required to produce a corporate plan at least annually (but can also be updated from time to time to keep them current). Each plan, unless otherwise prescribed by the entity's enabling legislation, is **required to cover a minimum of four reporting periods** (usually four financial years).

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13.16. The corporate plan is the primary high-level strategic planning document of an entity or company, setting out the purposes and activities it will pursue and the results it hopes to achieve in the next four reporting periods. The corporate plan conveys the entity's or company's purposes and core activities, including explaining: the environment and context in which it operates; its planned performance; risk profile; and capabilities.

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

### Annual performance statements

14.17. Annual performance statements are the mechanism through which Commonwealth entities report actual achievement against planned performance measures outlined in their corporate plans.<sup>4</sup> Additionally, the performance measures that an entity identifies in its portion of a PBS are a strategic focused subset of the information it identifies in its corporate plan. As such, annual performance statements will acquit both the performance information in corporate plans and the PBS. From 2015-16, and subject to any transitional arrangements to accommodate the 'KPI-centric' performance information contained in the PBSs for 2015-16 only, the annual performance statement will replace the "Report on Performance" in annual reports.

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15.18. The annual performance statement reports against planned performance measures for key activities at the end of each financial year. For example, entities are expected to report in their annual performance statement on any key performance indicators and the results of planned evaluations (if those planned evaluations are due in that reporting period). The level of reporting detail will be influenced by the size, nature and complexity of a specific activity.

16.19. Key to the annual performance statement is the presentation of an entity's actual performance in fulfilling its purposes, including meeting government policy objectives that relate to it, through its activities. This presentation should be a direct acquittal of the entity's performance measurement and reporting intentions as identified in their corporate plan at the beginning of the reporting period.

17.20. Section 40 of the PGPA Act allows an annual performance statement to be audited by the Australian National Audit Office. Such audits are at the discretion of the Auditor-General or at the request of the Finance Minister or responsible minister.

*An entity must prepare an annual performance statement as soon as practicable after the end*

<sup>4</sup> Under the PGPA Act Commonwealth companies are not required to prepare annual performance statements. However, due to section 27A of the PGPA Rule ) companies are required to report, in their annual reports actual performance results against the performance information outlined in their corporate plans.

*of each financial year. A copy of the annual performance statements must be included in the entity's annual report tabled in Parliament.*

### Annual reports

- | ~~18.21.~~ An entity's or company's annual report is a key document under the Enhanced Commonwealth Performance Framework. It includes the audited financial statements of an entity or company and – from 2015-16 – an annual performance statement for entities.
- | ~~19.22.~~ The annual report continues to be the main document through which its responsible ministers report to the parliament on actual performance. This includes the use of public resources (e.g. as described in the audited financial statements) and the results achieved against the planned performance described in the corporate plan of the entity or company. Sections 46 and 97 of the PGPA Act sets out the timeframe within which annual reports are to be tabled in the parliament.
- | ~~20.23.~~ The Department of Finance will continue to work during 2015 to develop rules on the requirements for annual reports under the PGPA Act and provide updated guidance on preparing these reports in 2016 (when, for entities, annual performance statements will replace the report on performance for the first time).

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

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### Transitional arrangements

~~21.~~24. Transitional arrangements will be in place for 2015-16 for Commonwealth entities that publish PBSs. The existing framework will remain in place for the 2015-16 PBS with KPIs to be included in an entity's PBS.

~~22.~~25. The 2015-16 ~~c~~Corporate ~~p~~lan will reflect the first use of the new performance framework with performance information using new flexible arrangements. Annual performance statements published in 2015-16 will represent the first reporting against the new performance measures published by Commonwealth entities in corporate plans.

26. Arrangements for the PBS following the 2015-16 budget process are currently under development. The Department of Finance will undertake a period of consultation and consideration with relevant stakeholders; following which, a direction addressing performance information in the PBS will be issued prior to the commencement of the 2016-17 budget process.

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23. From the 2016-17 financial year all performance information from the PBS will be moved to corporate plans and the requirement to include KPIs in an entity's PBS will be removed. The Department of Finance will update guidance on the preparation of a PBS in advance of the preparation and publication of the 2016-17 Budget papers.

24. It is acknowledged that the transitional arrangements in place during 2015-16 will mean there will be an extra administrative burden on budget funded entities with published performance information in both an entity's PBS and its corporate plan. However, this is a transitional measure that will only be necessary for 12 months. It is being done to ensure that stakeholders see how information previously reported in the PBS is translated across to, and enhanced by, information published in the corporate plan.

### Relationship with the outcomes and programmes framework between the Portfolio Budget Statements and the corporate plan

27. Portfolio Budget Statements published by the responsible ministers of Commonwealth entities describe the appropriations requested from the parliament. These appropriations are described in terms of 'programmes' that are aimed towards achieving specific 'outcomes' identified by government (i.e. the 'Programmes and Outcomes Framework').

25. To ensure there is a clear line of sight between the allocation and use of public resources, clear links must be made between the appropriations reported in a PBS and the performance information reported in corporate plans and annual performance statements. The performance measures for programmes that are reported in an entity's PBS will have a 'strategic' focus and will relate to the outcome and impacts sought. They must be able to be read across to the entity's corporate plan (and annual performance statement) for that year. While directly related to the content of the PBS, the performance information in corporate plans will necessarily be more detailed, and will relate to the full range of key entity activities.

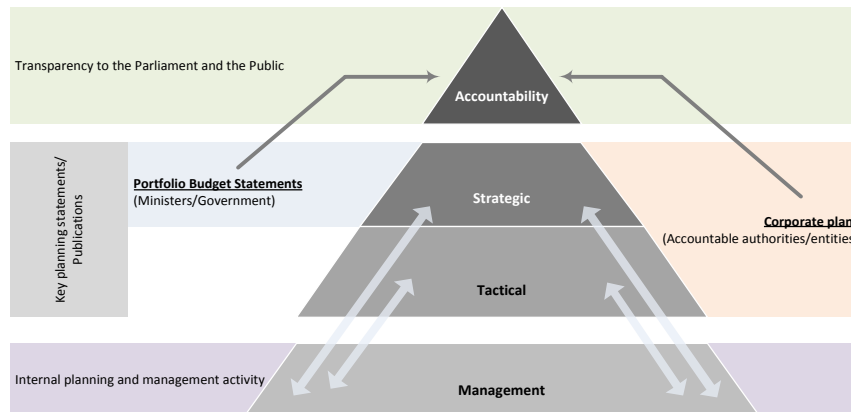
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28.



26. To ensure there is a clear line of sight between the allocation and use of public resources, Commonwealth entities will need to ensure that clear links can be made between the appropriations reported in a PBS and the performance information reported in corporate



plans and annual performance statements (this is called a ‘clear line of sight’). The figure below visually represents the relationship between the various levels of performance information, the two key planning publications and how they address accountability to the parliament and transparency to the public.

27. A PBS outcome may be a specific purpose of an entity, or an entity might define its purpose in such a way that it summarises all PBS outcomes. An activity may relate to a sub-programme, an entire programme or a collection of programmes. Similarly, a programme could be delivered through a number of activities (with each activity making a different but specific contribution).

29.

**Figure 2: Performance information and the relationship between the PBS and corporate plan**

28. The Enhanced Commonwealth Performance Framework gives accountable authorities freedom to decide how they best make the necessary links to its PBS (and the outcomes and programmes framework). Previously, a “one-size-fits-all” approach to the design and use of performance information in the PBS has lead to poorly defined and focused performance reporting. This flexibility encourages accountable authorities to adopt performance measurement and assessment methodologies that better assess the results of activities and best tells their performance story. It also acknowledges that accountable authorities are best placed to draw the links (either explicitly or implicitly) between “purposes and activities” and “outcomes and programmes” as these links will depend on the size and complexity of an entity, and the environment in which it operates.

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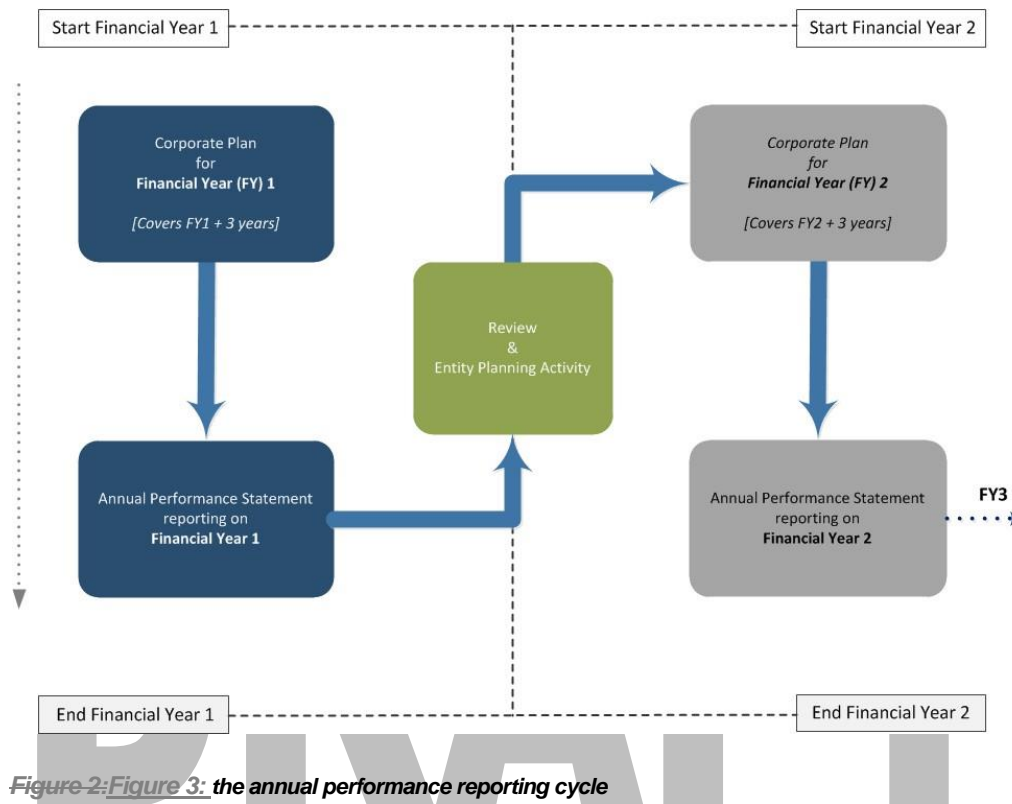
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## Part 2 – Improved performance measurement methodology

- | ~~29.~~30. The Department of Finance will issue performance measurement guidance to support the Enhanced Commonwealth Performance Framework. It supports a more sophisticated approach to measuring the results achieved through activities undertaken by Commonwealth entities and companies.
  
- | ~~30.~~31. Published performance data should provide high-level information about the extent that government policy objectives are being met. It is expected that such performance information will support a more “joined-up” view of government activity. For example, it should provide the parliament and the public with the means to relate contributions by different Commonwealth entities in common policy arenas (e.g. over time we expect that good quality data will allow for linkages to be made between related outcomes in employment, education and health).
  
- | ~~31.~~32. Performance reporting is about telling a meaningful story about what has been achieved. A good performance story answers the following questions: **WHAT** did we do? And How much? **HOW WELL** did we do it? Who was **BETTER OFF**? And Why?
  
- | ~~32.~~33. In general, a rich story will draw upon diverse sources for evidence. It will be told at different levels of detail and to different audiences at different times. Accountable authorities should consider how best, and by what method, to demonstrate the performance story of their entity. This story is dependent on the nature, size and complexity of the entity, its purposes and the characteristics of its activities; and this may differ between different entities. As such, accountable authorities need the flexibility to apply a ‘fit for purpose’ approach to their performance measurement. It is critical to tell a performance story that a relevant audience (e.g. the government, parliament, taxpayers and citizens) can understand.
  
- | ~~33.~~34. The performance measurement guidance issued by the Department of Finance encourages a flexible approach to performance measurement. This flexible approach retains the use of KPIs, recognising that, if well designed, they remain a powerful source of non-financial performance information that can be easily understood.
  
- | ~~34.~~35. However, the Enhanced Commonwealth Performance Framework also recognises that KPIs (regardless of how much effort is invested in their design and presentation) are not always the best means of monitoring the results of an activity (e.g. especially where it is difficult to measure impact in quantitative terms only). The circumstances in which they provide a complete picture are limited. Entities and companies should use more tools than KPIs to generate better quantitative and qualitative information to provide a better indication of the performance of more complex programmes and activities.
  
- | ~~35.~~36. These other tools include benchmarking (against relevant best practice); stakeholder surveys (to provide firsthand data on the results of programmes on the intended recipients); peer review (to provide assessments against the experience of those with proven records of delivering similar activities); and comprehensive evaluations (e.g. reviews that draw upon and generate diverse sources of performance information to better understand the overall impact of an activity).
  
- | ~~36.~~37. The improved performance information generated through these mechanisms is intended to improve the quality of the external reporting information provided to the parliament and the Australian public through the reporting documents. However, performance information necessarily operates at different levels, fulfilling different requirements for different users of the information (e.g. accountability, strategic, tactical and operational users). Good performance information will allow an activity to be understood by different people for different reasons.

### Part 3 – Annual performance reporting cycle



**Figure 2: Figure 3: the annual performance reporting cycle**

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

#### Corporate Plan

38.39. Under section 16E of the PGPA Rule the accountable authority or director of a Commonwealth entity or company must publish a corporate plan by the end of August. This corporate plan updates the previous year's plan by incrementing the four year horizon forward by a year. Because the corporate plan follows the announcement of the Budget for the current financial year, it will necessarily reflect any new Budget decisions (e.g. funding for new activities or savings). It will also reflect any significant changes in an entity's environment or purposes, such as significant changes in economic conditions or machinery-of-government changes.

39.40. Paragraphs 35(6) and 95(5) of the PGPA Act allows for accountable authorities to vary their corporate plan during a reporting period (i.e. before July of the following period). The case for such variations is left to the discretion of the Commonwealth entity or company, but is expected to be the exception rather than the rule. Circumstances in which variations to corporate plans might be made include significant government decisions (new activities or

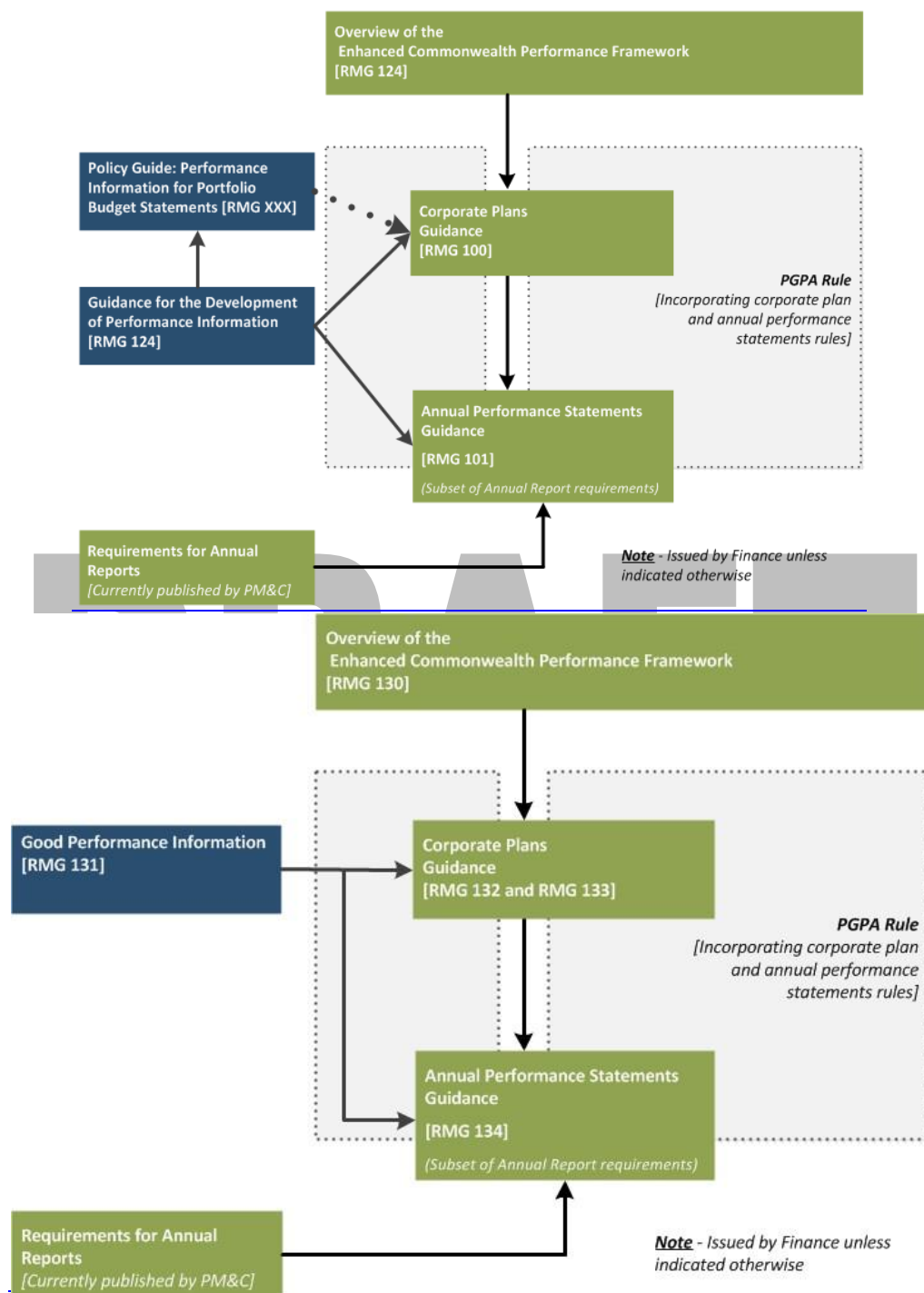
termination of activities) or the emergence of substantial risks not otherwise identified and taken into account.

#### Annual performance statement

- | ~~40.41.~~ Annual performance statements report on what is achieved through activities in the previous reporting period, and need to be included in annual reports.
- | ~~41.42.~~ An annual performance statement **reports on “actual achievement” against the performance measures detailed in a Commonwealth entity’s corporate plan.** It is expected to reflect an entity’s performance, and be supported by more detailed information in the case that the parliament, the government or an audit process seeks to understand an aspect of performance in greater detail.
- | ~~42.43.~~ Apart from meeting a requirement to report to the parliament and the public, the annual performance statement published in an entity’s annual report provides information the entity can use to inform its planning for the next reporting period (the next financial year). For example, this could include development of budget proposals, shifting focus to areas of higher risk or shifting effort away from activity identified as delivering marginal value.

#### Part 4 – Integrated guidance

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**Figure 3: Figure 4: integrated performance framework guidance**

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



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

#### **Preparation of corporate plans**

- | 44.45. The introduction of corporate plans (under sections 35 and 95 of the PGPA Act) is supported by section 16E of the PGPA Rule and guidance describing the minimum requirements (e.g. information on an entity’s or company’s purpose, environment, planned performance, risk management, resourcing and capability), timelines, publishing and requirements for annual updates.
- | 45.46. Guidance on the preparation of corporate plans is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance on preparing corporate plans should be read in conjunction with the relevant section of the PGPA Rule (at <http://www.comlaw.gov.au/Details/F2014L00911>).

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

- | 46.47. The requirement for annual performance statements – included in annual reports for the 2015-16 financial year – is outlined in section 39 of the PGPA Act and section 16F of the PGPA Rule, and is supported by guidance issued by the Department of Finance. This advice includes providing assistance for Commonwealth entities on what content is required, tabling requirements, auditing requirements and treatment of sensitive information.
- | 47.48. Guidance on the preparation of annual performance statements is available at: [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance should be read in conjunction with the relevant section of the PGPA Rule (at <http://www.comlaw.gov.au/Details/F2014L00911>).

#### **Preparation of annual reports**

- | 48.49. The Department of the Prime Minister and Cabinet (PM&C) provides updated guidance on the preparation of annual reports each year. This guidance includes an explanation of mandatory content (e.g. audited financial statements), structure and formatting. This guidance is developed in consultation with the Parliament’s Joint Committee of Public Accounts and Audit. Annual report guidance also includes the timeline and process for tabling in the parliament.
- | 49.50. The current PM&C guidance on the preparation of annual reports is available at: [www.dpmc.gov.au/guidelines/docs/annual\\_report\\_requirements\\_2013-14.pdf](http://www.dpmc.gov.au/guidelines/docs/annual_report_requirements_2013-14.pdf).
- | 50.51. It is expected that guidance issued to support the preparation of 2016-17 annual reports will provide advice on the inclusion of annual performance statements, which will be the first year that these statements are required.

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

- | 51.52. Guidance on what good performance information “looks like” is available at [www.finance.gov.au/xxxx](http://www.finance.gov.au/xxxx). This guidance supports a flexible approach to performance measurement, recognising that quantitative key performance indicator measures will not always be the most effective means of measuring performance.



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

**GUIDE**

# Resource Management Guide No.132

Corporate plans for Commonwealth entities

**DRAFT**

[MONTH 2015]

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

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## Audience

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

## Key points

This Guide:

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

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

## Resources

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

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

## Part 1 – Introduction

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

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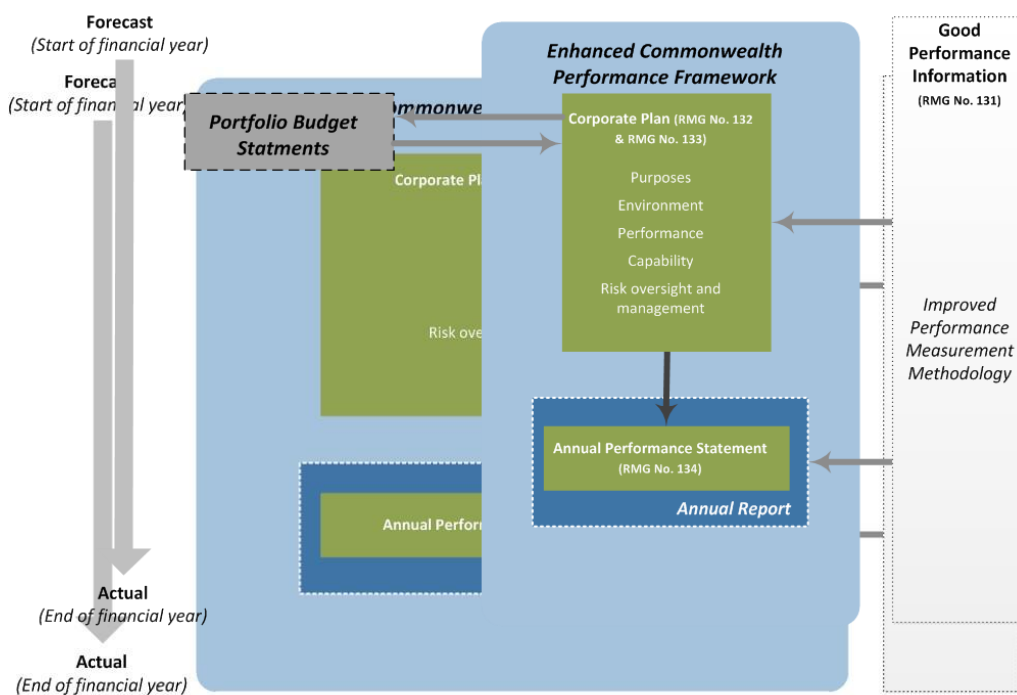
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<sup>1</sup> An entity's enabling legislation (or existing practices) may already address the production of corporate planning documentation that addresses the minimum requirements of the PGPA Act and PGPA rule corporate planning requirements. However,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

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

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

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

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

intends to undertake to fulfil them, thereby setting the basis for the entity's performance measurement and reporting.

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

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### Part 3 – Duties of the accountable authority

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

#### 35 Corporate plan for Commonwealth entities

##### *Commonwealth entities*

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

##### *Subsidiaries*

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

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

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

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

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

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

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

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

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## Part 5 – Portfolio Budget Statements

11. The majority of Commonwealth non-corporate and corporate entities receive some level of appropriation funding. As a result, key strategic information relevant to entities appears in their responsible Minister's Portfolio Budget Statements (PBSs) that accompany the annual appropriation acts. Within the Commonwealth Performance Framework, entities' corporate plans are intended to be informed by their PBSs. Outcome, programme, resourcing and expense information serves to inform entities of their purposes. However, an entity's purposes may be wider and more complex than reflected in their PBS and, as such, consideration of other factors (e.g. enabling legislation, the administrative arrangements order, statements of government priorities, etc) should be taken into consideration.

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12. PBSs are publications presented to Parliament by the responsible portfolio Minister, and are where they describe, at a strategic level, what is intended to be achieved with monies appropriated by parliament. The PBS explains the estimates for the purposes of the Budget Appropriation Bills and informs Senators and Members of Parliament of changes in the proposed allocation of resources to entities within the portfolio?

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13. The PBS is a document that relates to a particular annual appropriation request to the parliament. The performance information in the PBSs is a strategically focused subset of the performance information reported in an entities corporate plan, plus any performance measures that relate to material new material activities being proposed for funding by the parliament. The performance information for established programmes that are reported in an entity's PBS must have a strategic focus, and must be able to be read across to the entity's corporate plan for that year. It is expected that the same impact and strategic level performance measures, relating to the outcomes and the impacts sought, will be reported in the PBS and an entity's corporate plan.

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

12. 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>3</sup>. PBSs are where responsible Ministers describe to parliament what is going to be done with the monies appropriated by parliament.
- 13.14. Within the Commonwealth Performance Framework, entities' corporate plans are intended to be informed by their PBSs. Outcome, programme, resourcing and expense information serves to inform entities of their purposes. However, an entity's purposes may be wider and more complex than reflected in their PBS and, as such, consideration of other factors (e.g. enabling legislation, the administrative arrangements order, statements of government priorities, etc) should be taken into consideration.
14. To ensure there is a clear line of sight between the allocation and use of public resources, entities should ensure that links can be made between the appropriations reported in the PBS and the performance information outlined in corporate plans. How the content of the PBS is integrated into corporate planning is at the discretion of the entity, but this should be done in a way that best represents the entity, its purposes and the significant activities it will undertake to fulfil them.

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<sup>3</sup> A Portfolio Budget Statement is produced for every appropriation bill where a Commonwealth entity within a portfolio is appropriated an amount by the parliament.



## Part 6 - Subsidiaries

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

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

##### *Subsidiaries*

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

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

## Part 7 – Overview of the corporate plan

### **What is a corporate plan?**

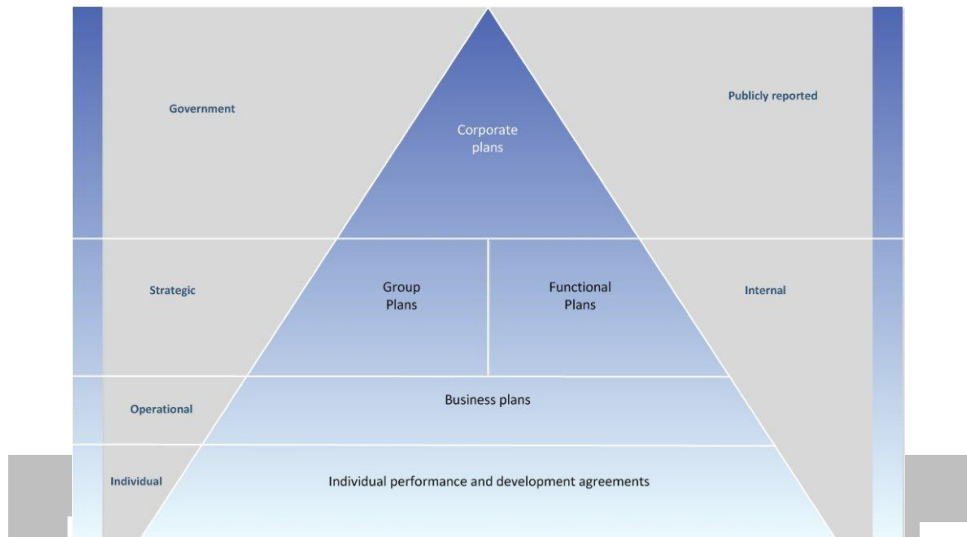
17. The corporate plan is the primary **strategic** planning document of an entity, setting out the objectives and strategies it is to pursue in achieving its purposes over at least four reporting periods. The majority of corporate plans will be public documents<sup>4</sup>. The corporate plan should convey the entity's purposes and significant activities, explain the environment and context in which it operates, its planned performance, risk management and capabilities.

### **The apex of entity planning**

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

<sup>4</sup> Most corporate plans will be public documents. However, some circumstances plans will contain commercially sensitive information or information on national security matters and may necessitate the publication of a modified corporate plan. For information on the publication of corporate plan please see part 12 of this guide.

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



**Figure 2: Generic organisational planning hierarchy**

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

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## Part 8 – Minimum requirements of the corporate plan

### Period of corporate plan

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

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

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

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

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

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

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

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

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

### Minimum requirements of the corporate plan

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

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

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

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

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

*Matters that must be included in corporate plan*

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

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

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

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

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

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

## Part 8 (b) - Purposes

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

#### 16E Corporate plan for Commonwealth entities

*Matters that must be included in corporate plan*

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

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

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

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

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

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

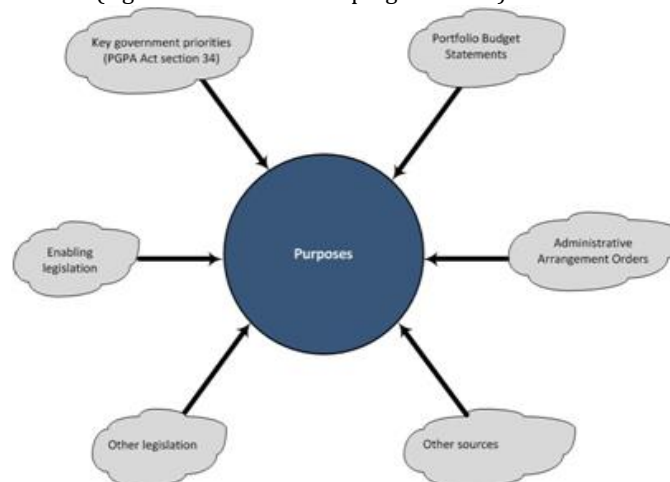


Figure 3: Factors that contribute to the purposes of an entity

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

#### Purposes statement

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

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



## Part 8 (c) - Environment

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

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

*Matters that must be included in corporate plan*

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

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

35. The corporate plan will include a statement that addresses the environmental context in which the entity operates (currently and over the period of the plan). The environment statement should detail the nature and intricacies of the environment in which the entity operates. This could include demographic, geographic or time related issues that impact on the entity, and (if relevant) the regulatory or competitive environment that it operates within. Where there are dependencies on other things happening, including possible spill over and flow on effects from other events, these could also be mentioned.

36. An entity could also address the main external and internal factors that affect or influence its performance. By way of example, the entity may describe the conditions, circumstances and trends that could impact on, or affect, its capacity to achieve its purposes, and/or impact the demand for, or supply of, services. These may include macroeconomic and microeconomic factors (productivity, efficiency, labour supply, and revenue), administrative factors (legislation, regulations, and Government policy), technological factors (computer software and automation), and social factors (changes in consumer preferences or environmental trends).

37. Where some of these environmental issues related to the risks faced by the entity, these should be identified in a way that allows for a clear read between this item and item 6 of section 16E(2) of the rule (see part8(f) of this guide on risk).

#### **Environment statement**

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

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

## Part 8 (d) - Performance

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

#### 16E Corporate plan for Commonwealth entities

*Matters that must be included in corporate plan*

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

Matters to be included in a Commonwealth entity's corporate plan		
Item	Topic	Matters to be included
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>

38. The corporate plan will provide details of the entity planned performance measures, targets and assessments to be used to assess the performance of the entity and its significant activities over the periods of the corporate plan.

39. The performance information generated through these mechanisms provide meaningful information to parliament and the Australian public about the performance of the entity and whether it is meeting its purposes. However, it can also be expected to be a useful tool for officers, senior managers, accountable authorities to understand the impact of the activities they are responsible for, and to identify opportunities for better practice.

40. Performance information that an entity commits to collecting in its corporate plan should convey **and** coherent message telling a meaningful story about what will be achieved over the periods of the corporate plans. A good performance story answers the following questions: **WHAT** did we do? **And How much?** **HOW WELL** did we do it? **Who was BETTER OFF?** **And Why?**

41. In general a rich story will draw upon diverse sources for evidence. It will be told at different levels of detail and to different audiences at different times. It is clear that the extent to which performance information is **good performance information in specific circumstances** is critical to telling a meaningful performance story in those circumstances. Resource Management Guide No. 131 *Good Performance Information* outlines the key considerations in this area.

42. Commonwealth entities and accountable authorities should also note that the performance information for established programmes that are reported in an entity's PBS should be maintained as a subset of the performance information reported within their corporate plans. PBS performance information has a strategic focus, and must be able to be read across to the entity's corporate plan in any one year. It is expected that the same impact and strategic level performance measures, relating to the

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outcomes and the impacts sought, will be reported in the PBS and an entity's corporate plan,

41. Discuss linkage with PBS as per policy on performance information in PBS

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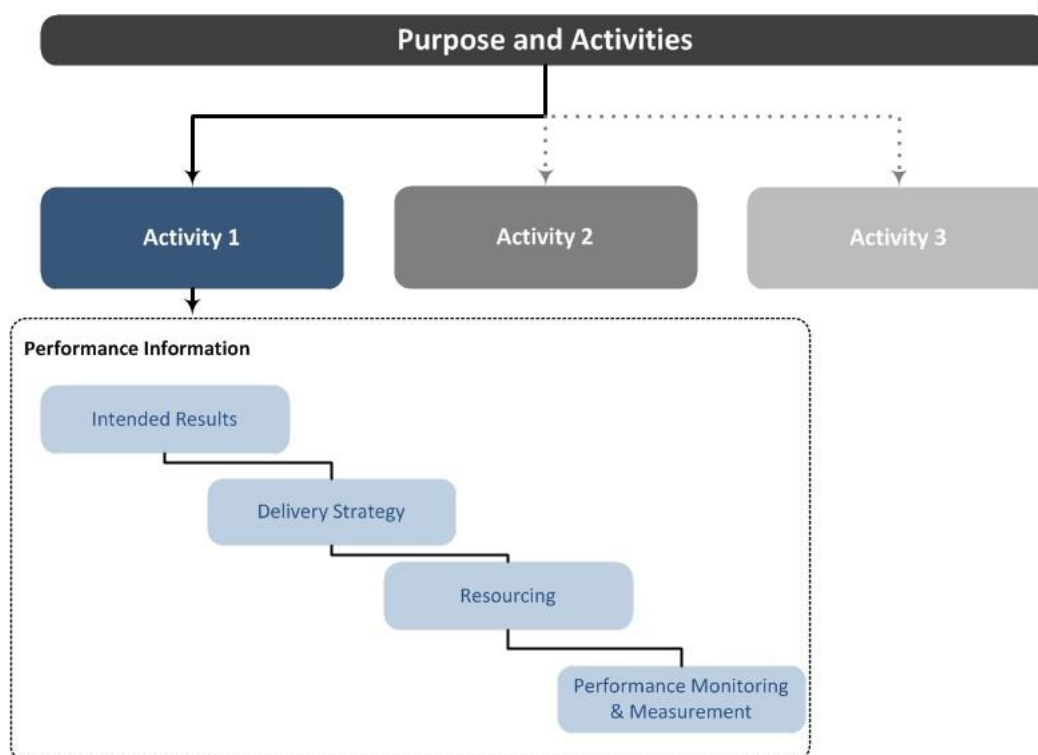
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## Performance information

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



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

#### Activities: Identification

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

#### Activities: Intended results

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

#### Activities: Delivery Strategy

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

#### Activities: Resourcing

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

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

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

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

#### Activities: Performance monitoring and measurement

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

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

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

#### Proposed structure for activity performance measurement reporting

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

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

**Description:**

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

**When:**

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

**Rationale:**

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

**Methodology:**

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

**Target/Goal:**

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

**Previous result:**

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

**Related programme(s):**

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



## Regulator Performance Framework

- ~~58.~~~~59.~~ The Commonwealth Government's Regulator Performance Framework (RPF) establishes a common set of performance measures for the assessment of regulator performance. The framework is administered by the Department of Prime Minister and Cabinet and requires all Commonwealth regulators to be assessed and report against six key performance indicators: reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.
- ~~59.~~~~60.~~ Entities may use the reporting requirements of the Enhanced Commonwealth Performance Framework (the corporate plan and/or annual performance statement) to address the reporting requirements of the RPF. If a regulatory function forms a significant activity of an entity, then the entity should consider including the KPIs and evidence that address the requirements of the RPF (in their corporate plans and annual performance statements). However, entities should note that addressing the requirements of the RPF will not fulfil the minimum requirements of the corporate plan.
- ~~60.~~~~61.~~ The KPIs within the RPF address the administrative efficiency and effectiveness of a regulatory function which form only a single aspect of the function of an entity. As such to fully address the minimum requirements of the PGPA Rule (i.e. addressing "how the entity will achieve the entity's purposes") a more holistic representation of the entity, its purposes and the significant activity(s) it intends to undertake to fulfil them, is required to tell a meaningful performance story through the corporate plan.
- ~~61.~~~~62.~~ For further information and guidance on entities responsibilities within the RPF please see: <https://www.cuttingredtape.gov.au/regulator-performance-framework>

## Part 8 (e) - Capability

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

#### 16E Corporate plan for Commonwealth entities

*Matters that must be included in corporate plan*

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

Matters to be included in a Commonwealth entity's corporate plan		
Item	Topic	Matters to be included
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.

- ~~62.~~~~63.~~ As a central **strategic** planning document for an entity, the corporate plan will address the key strategies and plans to be used to achieve the purposes of the entity. In this item, entities may identify what current capability they have, and assess how their capability needs may change over the term of the corporate plan. They may also set out what strategies they will put in place to build the capacity they need in areas such as workforce planning, capital investment or ICT.

### Workforce planning

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

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

### Capital investment strategy

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

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

### ICT capability

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

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

~~63.64.~~ 64. Aside from the areas highlighted above, this section of the corporate plan may be used by the entity to identify any other significant resource and organisational capacity strategies it plans to implement during the period covered by the plan.

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

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

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

*Matters that must be included in corporate plan*

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

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

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

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

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

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

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## Part 10 – Entities with enabling legislation

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

## Part 11 – Minimum requirements of Government Business Enterprises

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

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

- (1) Each of the following Commonwealth entities is a government business enterprise:
  - (a) the Australian Government Solicitor;
  - (b) the Australian Postal Corporation;
  - (c) Defence Housing Australia

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

## Part 12 – Publication requirements

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

### Sensitive information

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

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

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

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

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

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

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

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

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

**16E Corporate plan for Commonwealth entities**

*Corporate plan must be given to Ministers*

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

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

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

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

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

**16E Corporate plan for Commonwealth entities**

*Variation of corporate plan*

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

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

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

**GUIDE**

# Resource Management Guide No. 134

Annual performance statements for Commonwealth  
entities

**DRAFT**

[MONTH 2015]

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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 and their units in all Commonwealth entities. It is also intended to support officers managing the activities of the entity.

## Key points

This Guide:

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

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

## Resources

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

RMG No. 130	Overview of the Enhanced Commonwealth Performance Framework	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 132	Corporate plans for Commonwealth entities	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 133	Corporate plans for Commonwealth companies	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
RMG No. 131	Good performance information	<a href="http://www.finance.gov.au/xxxx">www.finance.gov.au/xxxx</a>
	Guidance on the preparation of annual reports	<a href="http://www.dpmc.gov.au">www.dpmc.gov.au</a>

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## Relevant legislation

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

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

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

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

Note: See section 46 for the annual report.

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

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

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

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

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

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

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

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## Part 1 – Introduction

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

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### Portfolio Budget Statements

4. The majority of Commonwealth non-corporate and corporate entities receive some level of appropriation funding. As a result, key strategic information relevant to entities appears in their responsible Minister’s Portfolio Budget Statements (PBSs) that accompany the annual Appropriation Acts.
5. PBSs are publications presented to Parliament by the responsible portfolio Minister, and are where they describe, at a strategic level, what is intended to be achieved with money appropriated by parliament. The PBS explains the estimates for the purposes of the Budget Appropriation Bills and informs Senators and Members of Parliament of changes in the proposed allocation of resources to entities within the portfolio<sup>1</sup>.
6. The PBS is a document that relates to a particular annual appropriation request to the parliament. The performance information in the PBSs is a strategically focused subset of the performance information reported in an entity’s corporate plan, plus any performance measures that relate to material new material activities being proposed for funding by the parliament. The performance information for established programmes that are reported in an entity’s PBS must have a strategic focus, and must be able to be read across to the entity’s corporate plan for that year.
7. It is expected that the same impact and strategic level performance measures, relating to the outcomes and the impacts sought, will be reported in the PBS and an entity’s corporate plan. As such, given that annual performance statements acquit the performance information in corporate plans, it will also acquit the performance information in the PBS<sup>2</sup>.

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### Audit of entities’ annual performance statement

<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.

<sup>2</sup> An exception may be the annual report for 2015-16, where transitional arrangements will need to be made to accommodate the KPI centric performance information contained in the 2015-16 PBSs.

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

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### Commonwealth companies

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

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6.10. This guidance does not apply to them.

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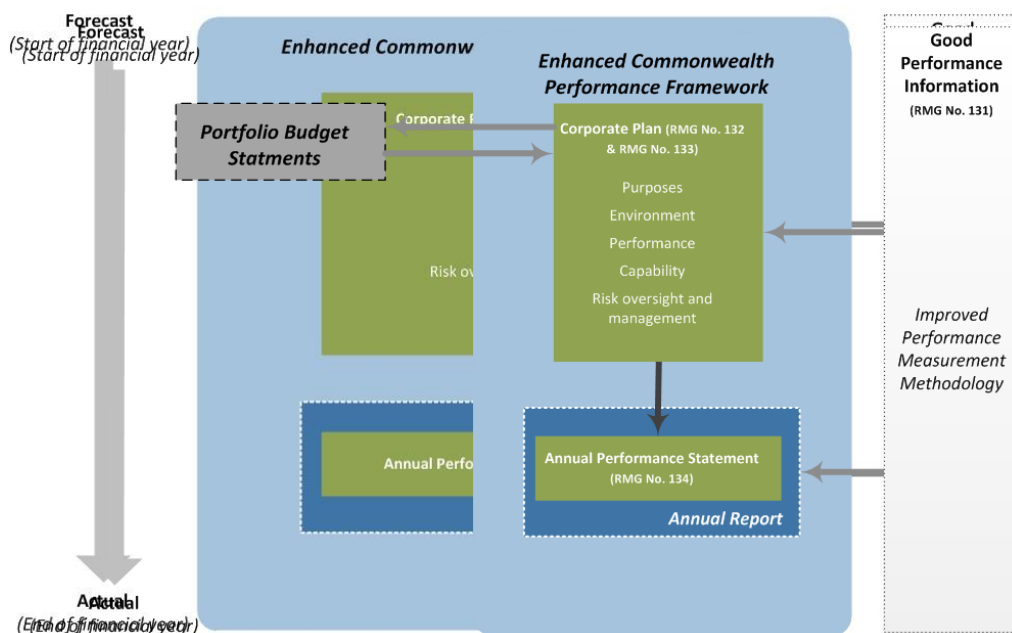
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## Part 2 - The role of the annual performance statement in the Enhanced Commonwealth Performance Framework

7.11. The annual performance statement is the primary public performance reporting document of an entity, setting out the performance results achieved the last reporting period to which they relate.

8.12. The annual performance statement is one of two core elements in the Enhanced Commonwealth Performance Framework. The corporate plan, which encapsulates what the entity plans to do in a given reporting period at the beginning of the reporting period, is followed at the end of the period by the annual performance statement, which provides information about the entity's performance in achieving its purposes. The figure below shows the entirety of the Enhanced Commonwealth Performance Framework, its two core elements and the annual cycle.



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

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



- ~~10.14.~~ For an entity, many of the minimum content requirements established for its annual performance statement are linked to content requirements for its corporate plan (see PGPA Rule section 16E and Resource Management Guide No. 132 *Corporate Plans for Commonwealth Entities*). The annual performance statement (which is to be included in each entity's annual report) completes the annual reporting cycle.

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

#### What is the annual performance statement?

- ~~11.15.~~ Commonwealth entities will report, through the annual performance statement, on the results actually achieved against the intended results set out in their corporate plan and on the basis of any review and evaluations they have committed to, to demonstrate their performance in achieving their purposes. The statement will present the performance of the significant activities for which the entity is responsible at the end of each reporting period, by reporting against the targets, goals, measures that the entity established at the beginning of a reporting year. The level of reporting detail should be commensurate with the size, nature and complexity of the activity in question. The aim is to have good quality, comprehensive and accurate information that provides a clear and complete picture of how an entity has performed. Guidance on the performance measurement methodologies that an entity could use is provided in Resource Management Guide No. 131 *Good Performance Information*.

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

#### Period of the annual performance statement

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

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

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

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

- ~~12.16.~~ Every Commonwealth entity subject to the PGPA Act is required to produce an annual performance statement. The statement, unless otherwise prescribed by the organisation's enabling legislation, is **required to report upon the performance of the entity achieved within the single reporting period/financial year for which the statements are produced.**
- ~~13.17.~~ Annual performance statements are intended to be the key location for all public data on the actual performance of an entity in a reporting period (usually the previous financial year). The content reported by entities in their statements should directly reflect the actual results achieved against the entity's intended results.

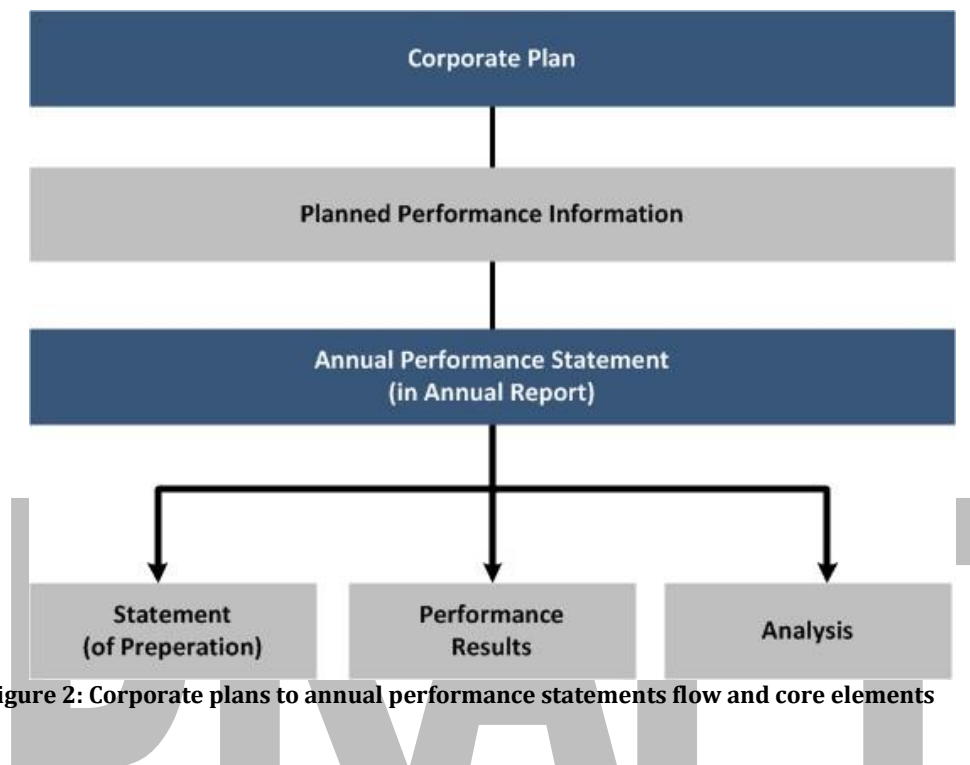


Figure 2: Corporate plans to annual performance statements flow and core elements

#### Minimum requirements of the annual performance statement

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

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

## Part 4 (a) Statement

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

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

*Matters that must be included in annual performance statements*

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

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

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

15-19. The annual performance statement must include a statement to be endorsed by the accountable authority. The statement must specify that the annual performance statement has been prepared in accordance with section 39 of the PGPA Act and any other legislation applicable to the preparation of the annual performance statements of the entity. The statement must specify the period which the performance statement covers and an assurance by the accountable authority that the annual performance statement, as published, accurately reflects the performance of the entity within the reporting period. This statement is to perform a similar purpose to the statements by accountable authorities for their annual financial statements which is to provide assurance regarding quality of the preparation and information included in the annual performance statement

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

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

## Part 4 (b) Entities' performance results

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

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

*Matters that must be included in annual performance statements*

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

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

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

- 16:20. The core requirement of the annual performance statement is for entities to report the actual performance results they achieved within the reporting period to demonstrate their success in achieving their purposes. This is done by entities reporting the results achieved against the planned performance defined at the beginning of the reporting period in the entity's corporate plan. The information must be presented in a way that is easily linked to the information presented in the corporate plan of the entity for the relevant period, so as to allow for a clear read across these documents. ~~For its part, the corporate plan of an entity in receipt of budget funding links back to the Portfolio Budget Statement for that entity. (see Part 5 of Resource Management Guide 132 Corporate Plans for Commonwealth Entities.)~~ For further guidance on the establishment of planned performance information at the beginning of the reporting period see Resource Management Guide No. 131 *Good Performance Information*.

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

**a. Identify activity**

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

**b. Performance measurement methodology**

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

**c. Targets, goals and measures**

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

**d. Results achieved**

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

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

**Example Entity Performance Results report presentation**

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

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## Part 4 (c) Analysis

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

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

*Matters that must be included in annual performance statements*

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

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

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

~~19.23.~~ An entity's annual performance statement must include content that provides context to its performance over the reporting period to which the annual performance statement addresses. These requirements may be addressed through the production of an entity wide overview of performance or, where relevant, an entity may also choose to address specific issues on a case by case basis.

~~20.24.~~ An entity should provide a relevant context to the performance results reported, and provide an analysis of the factors that have contributed to, or restricted, the delivery of its purposes within the reporting period.

~~21.25.~~ For example, this Guide recognises that, by the end of the reporting period, there may have been events or external factors that may impact on an entity's ability to deliver on its intended results as set out in the Corporate Plan. If such an event(s) occur or if such factors come in play, an entity may provide an analysis of how these may have impacted on the entity's performance in the reporting period.

## Part 5 - Regulator Performance Framework

- ~~22.26.~~ The Commonwealth Government's Regulator Performance Framework (RPF) establishes a common set of performance measures for the assessment of regulator performance. The framework is administered by the Department of Prime Minister and Cabinet and requires all Commonwealth regulators to be assessed and report against six key performance indicators: reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement.
- ~~23.27.~~ Entities may use the reporting requirements of the Enhanced Commonwealth Performance Framework (the corporate plan and/or annual performance statement) to address the reporting requirements of the RPF. If a regulatory function forms a significant activity of an entity, then the entity should consider including the actual results the entity has recorded against the KPIs and evidence that address the requirements of the RPF (in their corporate plans and annual performance statements). However, entities should note that addressing the requirements of the RPF will not fulfil the minimum requirements of the annual performance statements.
- ~~24.28.~~ The KPIs within the RPF address the administrative efficiency and effectiveness of a regulatory function which form only a single aspect of the function of an entity. As such to fully address the minimum requirements of the PGPA Rule (i.e. presenting results that demonstrate how the entity has achieved the entity's purposes) an entity will need a more holistic performance results and analysis that represent the entity, its purposes and the significant activity(s) it intends to undertake to fulfil them; to tell a meaningful performance story through the annual performance statement.
- ~~25.29.~~ For further information and guidance on entities responsibilities within the Regulator Performance Framework please see: <https://www.cuttingredtape.gov.au/regulator-performance-framework>

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## Part 6-Tabling and publication requirements

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- ~~26.30.~~ The first annual performance statements will be included in the annual reports that relate to the 2015-16 reporting period. Section 46 of the PGPA Act requires Commonwealth entities, at the end of each reporting period, to provide a copy of an annual report to the entity's responsible Minister, for presentation to the parliament, on the entity's activities during the reporting period.<sup>3</sup> The annual performance statement is to replace the current section titled "Report on Performance" in the annual report.
- ~~27.31.~~ Under section 46 of the PGPA Act, the annual report must be given to the responsible Minister by the 15th day of the fourth month after the end of the reporting period for the entity, for subsequent tabling by the minister ~~to then tabling~~ in parliament.
- ~~28.32.~~ It is intended that the annual performance statement will improve the reliability and coherence of the non-financial performance information published in annual reports. This provides a direct alignment to existing performance information outlined in the corporate plans.

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<sup>3</sup> Sections 63(2) and 70(2) of the *Public Service Act 1999* and other enabling legislation also require certain entities to produce annual reports.



~~29.~~<sup>33.</sup> Under previous arrangements, entities' reporting of performance, through the publication of annual reports, has varied significantly in quality and structure. This has limited reader's ability to clearly ascertain the scope, nature and success of an entity's performance and to what extent the entity has achieved its purposes. It is fundamental to the objectives of the PGPA Act that the presentation of entities' performance to the public and the parliament is meaningful and improves public accountability. The annual performance statement will replace the previous annual report performance reporting requirements creating a clear, concise and consistent approach to performance reporting across all Commonwealth entities.

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~~30.~~<sup>34.</sup> The annual report should also be published on an entity's website.

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## Part 7-Sensitive information

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~~31.~~<sup>35.</sup> Under subsection 16E(5) of the PGPA Rule, if the accountable authority considers that the corporate plan contains commercially confidential or sensitive information or, sensitive information on national security matters that if published could prejudice the national security interest of the Commonwealth then, a corporate plan may be prepared for publication on the entity's website that excludes such matters.

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~~32.~~<sup>36.</sup> If an entity has produced a corporate plan to exclude matters under subsection 16E(5), then they should produce an annual performance statement that is a direct acquittal of the entity's performance measurement and reporting intentions identified in their published corporate plan.

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~~33.~~<sup>37.</sup> This guidance regarding sensitive information, also applies to GBEs that, under 16(E)5, have prepared and published a Statement of Corporate Intent in place of a full corporate plan. That is the annual performance statement should be acquitted against the published version of the corporate plan.

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### Intelligence, security or listed law enforcement entities

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~~34.~~<sup>38.</sup> Intelligence, security or listed law enforcement entities covered by the PGPA Act may seek exemption from the annual performance statement requirements. Under section 105D(3)(a) of the PGPA Act the Finance Minister is able to, by written instrument, modify requirements of the Act for intelligence, security or listed law enforcement agencies in relation to preparing and publishing an annual performance statement under section 39 of the PGPA Act. The responsible Ministers needs write to the Minister for Finance seeking such a modification.

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## Part 8-Entities with enabling legislation

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

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## Part 9–Audit of an annual performance statement

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

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

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

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

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

36-40. Annual performance statements will be able to be scrutinized through the following means:

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

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