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The Parliament of the Commonwealth of Australia

Report 453  
Development of the  
Commonwealth  
Performance Framework

Joint Committee of Public Accounts and Audit

December 2015  
Canberra

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## Foreword

The Committee's Inquiry into the Development of the Commonwealth Performance Framework constitutes the Committee's first report into its oversight of the Department of Finance's (Finance) development and advancement of the Public Management Reform Agenda (PMRA), following the passage of the *Public Governance, Performance and Accountability Act 2013*.

The Commonwealth Performance Framework (the Framework) is designed to help improve the performance of Australian Government entities and also provide stakeholders with the ability to assess entity performance over time. Through the inquiry, the Committee sought to ensure that the rules, directions and guidance that underpin the Framework provided clarity to entities regarding performance monitoring and reporting expectations, and also facilitated scrutiny.

The Committee found that overall the Framework was robust and was a clear improvement on the previous system. The Committee notes that many performance information requirements have now elevated to legislative rules and/or made official directions from the Secretary of Finance. The Committee commends Finance on this achievement.

The Committee did however find several ways the Framework could be improved.

The Committee recommended that Finance provide better examples in its guidance to entities, and that Finance develop a mechanism to monitor, report, and evaluate the Framework and the broader PMRA.

The Committee also considered several iterations of a proposed Direction prepared by Finance, seeking to change the way performance reporting information is presented in the Portfolio Budget Statements (PBSs). The Committee held several public hearings on these iterations, seeking to ensure that performance information is adequately reported in the interests of transparency and assisting the process of Parliamentary consideration of the Budget.

Accordingly, the Committee recommended that the Direction require:

- that PBSs detail performance targets (or expected achievements)
- that, at a minimum, an entity's most recent Annual Performance Statement be included in an entity's PBS
- that entities update their corporate plans as soon as practicable following the approval of appropriations by Parliament

Regarding the updating of corporate plans to inform budget scrutiny, the Committee further recommended that Finance investigate ways that Senate Estimates Committees might be provided with updated drafts, conditional on budget appropriation, following the tabling of each budget proposal.


The Committee will be focusing on entity compliance with Finance's Directions and Guidance in this area, and will seek to confer with Senate Estimates Committees to ensure there is at worst no reduction in the quality of information made available to Members and Senators through the Budget consideration and Estimates processes.

More broadly, the Committee will continue to oversee the development of the PMRA and looks forward to continuing to work with Finance in this area over the coming years.

I would like to thank my fellow Committee Members for their assistance in the inquiry and acknowledge the support of the Secretariat. I would also like to thank the Department of Finance, and the Australian National Audit Office for their focused engagement during the Committee's inquiry.

Finally, I extend my thanks to the agencies, organisations and individuals that contributed to the inquiry through submissions or evidence at public hearings.

Hon Ian Macfarlane MP  
Chair



## Membership of the Committee

**Chair**      Dr Andrew Southcott MP (to 15 Oct 2015)  
                  Hon. Ian Macfarlane MP (from 15 Oct 2015)

**Deputy  
Chair**      Mr Pat Conroy MP

<b>Members</b>	Hon Anthony Albanese MP	Senator Cory Bernardi
	Ms Gai Brodtmann MP	Senator Katy Gallagher (to 12 Nov 2015)
	Mr Andrew Giles MP	Senator Chris Ketter
	Dr David Gillespie (from 19 Oct 2015)	Senator Jenny McAllister (from 12 Nov 2015)
	Dr Peter Hendy MP (to 12 Oct 2015)	Senator Bridget McKenzie
	Mr Craig Laundry MP	Senator Dean Smith
	Mrs Jane Prentice MP	
	Mr Angus Taylor MP	
	Mr Ken Wyatt MP (to 12 Oct 2015)	

## Committee Secretariat

Secretary	Mr David Brunoro (from 29/9/15) Ms Susan Cardell (to 29/9/15)
Inquiry Secretary	Muzammil Ali Sandra Kennedy (to 28 Aug 2015)
Research Officer	Shane Armstrong
Administrative Officer	Ms Tamara Palmer





## Terms of reference

On 26 March 2015, the Joint Committee of Public Accounts and Audit resolved to inquire into and report on the development of the Commonwealth Performance Framework to ensure an effective, integrated performance management system that continues to improve accountability to the Parliament and the public, with particular reference to:

- enhancing the effectiveness of key performance information under the framework, including:
- performance measures that both foreshadow and subsequently assess the impact of government programs
- criteria that performance information must satisfy, to enable performance comparisons across Commonwealth entities and ensure auditable performance information
- reporting of high level, quantitative key performance information across Australian government
- enhancing the effectiveness of performance documentation under the framework, including annual reports, corporate plans and Portfolio Budget Statements
- enhancing the effectiveness of the Public Governance, Performance and Accountability Act 2013 rule and Department of Finance Resource Management Guides for the Commonwealth performance framework
- Commonwealth entity requirements concerning implementation of the performance framework
- Australian and international models
- any other relevant matters



## List of abbreviations

AAU	Agency Advice Unit
AES	Australian Evaluation Society
ANAO	Australian National Audit Office
AO	Order of Australia
CAC	<i>Commonwealth Authorities and Companies Act 1997</i>
CPF	Commonwealth Performance Framework
CSIRO	Commonwealth Scientific and Industrial Research Organisation
FMA	<i>Financial Management and Accountability Act 1997</i>
JCPAA	Joint Committee of Public Accounts and Audit
KPIs	Key Performance Indicators
PAES	Portfolio Additional Estimates Statements
PBS	Portfolio Budget Statements
PGPA	<i>Public Governance, Performance and Accountability Act 2013</i>
PM&C	Department of Prime Minister and Cabinet
PMRA	Public Management Reform Agenda
PSM	Public Service Medal
RMG	Resource Management Guides



## List of recommendations

### 4 Committee comment and next steps

#### Recommendation 1

The Committee recommends that relevant Resource Management Guidance issued by the Department of Finance demonstrates, via better practice examples, how a ‘clear read’ of performance information might be achieved – throughout an entity’s annual performance reporting cycle and for joined-up programs.

#### Recommendation 2

The Committee recommends that the Department of Finance consults with the Australian National Audit Office and other stakeholders to establish clear criteria that performance information should satisfy within the Commonwealth Performance Framework and Portfolio Budget Statements, and that these criteria are included in relevant resource management guidelines.

#### Recommendation 3

The Committee recommends that the Department of Finance commit to an ongoing monitoring, reporting and evaluation initiative for the Commonwealth Performance Framework, performance information in Portfolio Budget Statements and the broader Public Management Reform Agenda. Summary results from this initiative should be publicly reported and submitted to the Committee.

Further, the Committee requests that the Department of Finance consider how it might implement this initiative – including providing details on what may be monitored and included or excluded from summary reports – and inform the Committee of its preferred approach in time for its next meeting with the Committee in February 2016.

#### Recommendation 4

That the Department of Finance Direction issuing requirements for performance information in Portfolio Budget Statements (PBSs) include a minimum requirement or explicit statement that a performance criterion within PBSs must state the target to be achieved (the expected achievement) for the relevant appropriation wherever possible and the date by which the target is intended to be achieved.

**Recommendation 5**

That the Department of Finance Direction issuing requirements for performance information in Portfolio Budget Statements include a minimum requirement that the most recent Annual Performance Statement for an entity must be included in the entity's Portfolio Budget Statement, and that related guidance continue to request entities to include more up to date performance information in the PBS wherever practicable.

**Recommendation 6**

That the Department of Finance consider amending the Direction issuing requirements for performance information in Portfolio Budget Statements to include a minimum requirement or explicit statement that entities must update their corporate plans as soon as practicable following relevant appropriations being approved by Parliament.

Further, the Committee requests that the Department of Finance consider and report on ways in which draft updates to entity corporate plans – conditional on budget appropriation – might be provided for Senate Estimates scrutiny following the tabling of each budget proposal.