



Australian Government
Department of Finance

Enhanced Commonwealth Performance Framework

Discussion Paper

AUGUST 2014

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Providing feedback

The Department of Finance (Finance) is seeking your input on any or all of the proposals that are raised in this discussion paper, or any general feedback that you wish to give.

Your feedback will inform the preparation of rules and guidance materials under the *Public Governance, Performance and Accountability Act 2013* for Commonwealth entities on the proposed enhanced Commonwealth performance framework.

The rules and guidance will need to be in place by early 2015 to give Commonwealth entities an appropriate period to comply with the new arrangements.

Please email your comments, feedback and questions to
PMRPerformanceFramework@finance.gov.au
by Monday 29 September 2014

All information (including name and address details) contained in written responses will be made available to the public on the Finance website unless you indicate that you would like all or part of your response to remain in confidence. Legal requirements, such as those imposed by the *Freedom of Information Act 1982*, may affect the confidentiality of your written comments.

Finance will be conducting further consultations and workshops with key stakeholders on the discussion paper throughout September 2014.

The paper puts forward a model for readers to review and comment on. In order to assist readers in providing feedback, a series of questions are posed throughout the paper seeking information about possible options for the framework. The questions have also been consolidated in a feedback form at the back of the discussion paper.

Discussion paper consultation timetable

Event	Date
Information sessions—Canberra	Commencing early September 2014
Targeted consultations/workshops—Canberra, and states or regions	3–17 September 2014
Final comments on discussion paper due	29 September 2014

A high-level project plan is included at Attachment A.

Executive summary

Each year, the Australian Government manages hundreds of billions of dollars in taxpayers' money to deliver a diverse range of programmes and services to Australians. Citizens expect that the Parliament will manage the government's funding and scrutinise its operations to ensure that taxpayers' money is handled prudently and effectively. Parliament relies on timely and well-structured information and requires the public sector to deliver high-quality programmes and services.

Good-quality performance information can be used to judge the efficiency of processes, effectiveness of delivery and the overall impact of activities. It helps managers administer programmes and activities more effectively, decision-makers judge whether money is being spent in the right way and in the right places and, at the highest level, it can help all of us judge whether Australians' quality of life is being enhanced and whether public policy goals are being achieved.

For the first time, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) introduces a performance framework for all Commonwealth entities. This framework introduces two new elements of performance information—corporate plans and annual performance statements—that are intended to improve the standard of planning and reporting for Commonwealth entities, especially regarding the delivery of public services and programmes.

This paper considers what these new elements might look like and how they can be incorporated into existing processes. We recognise that many Commonwealth entities already produce sophisticated corporate or strategic plans and we are seeking to build on, rather than disrupt, existing good practice. The corporate plans and annual performance statements will also need to be integrated with existing products, including Portfolio Budget Statements and annual reports, enabling a clear line of sight between resourcing, planning and results.

The paper also suggests that we review some of the current reporting requirements in Portfolio Budget Statements and proposes that minimum content requirements are set for particular components of corporate plans, rather than mandating the structure or prescribing approval processes.

We propose that, as a first step, corporate plans and annual performance statements be introduced while also strengthening the use of key performance indicators in Portfolio Budget Statements. The paper also discusses several options that may be introduced in the future, including placing new performance plans into Portfolio Budget Statements.

We recognise that Commonwealth entities must be given sufficient time to implement these requirements and suggest that they be given until 31 August 2015 to introduce the first corporate plans. The first annual performance statements will be required for entities' annual reports for 2015–16. In addition to strengthening the use of key performance indicators in 2015–16 Portfolio Budget Statements, we propose that improved guidance be provided to allow for qualitative performance reporting based on evaluations and reviews. This timing will be rolled over into an annual cycle beyond 2015–16.

We are seeking to build a complete suite of performance information that tells a story over time and that allows like activities to be compared across organisational and programme boundaries. The suggestions made in this paper are designed to assist entities to identify what data needs to be collected and what activities need to be evaluated, to ensure that reviews and reporting add value to the quality of Commonwealth programmes and services.

We want to build a performance management framework that produces better quality data, supporting more effective government operations and more efficient decisions about the allocation of government resources.

This paper is intended to stimulate discussion and we are interested in your views on how the new PGPA performance elements should be implemented. Your responses will greatly influence the guidance and rules that Finance will develop over coming months. The proposed model presented in this discussion paper is only one possible way forward. We are aware that there are other possible options that could also be considered. With this in mind, we have placed a number of key questions throughout the paper to help you consider the issues involved and frame your responses. We will also be undertaking a series of information sessions and workshops following the release of this discussion paper to ensure that all entities are given the opportunity to comment, before recommendations are taken to the Joint Committee of Public Accounts and Audit for its comment in late 2014.

1 Introduction

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act)¹ 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.

A key focus of the PGPA Act is to improve the standard of planning and reporting for Commonwealth entities, especially in relation to the management of their affairs and the delivery of programmes and services to the public. A strong performance management framework, with a focus on reporting results, is critical to achieving this goal.

The proposed enhanced Commonwealth performance framework will only apply to Commonwealth entities. Commonwealth companies will not be affected as their reporting requirements are set under the *Corporations Act 2001*.²

Why a strong performance framework is important

Managers require good-quality performance information and evaluation data to help measure whether they are achieving their business and policy goals. Performance information is also important for stakeholders to enable them to judge whether resources are being used efficiently and whether programmes and services are achieving intended results. Good-quality performance information improves transparency and accountability and, as a result, the confidence of the Parliament and the public in government operations.

Since the 1980s, the Commonwealth has attempted a number of reforms to improve the reliability and scope of information on the performance of the Commonwealth public sector with mixed results. While the quality of financial information has improved significantly, especially as the result of the introduction of accrual reporting and budgeting in the mid- to late 1990s, the quality of non-financial performance information has not improved to the same extent.

No reforms have yet succeeded in embedding a performance focus into the workings of the Commonwealth public sector as a whole. While there are individual Commonwealth entities that do provide examples of better practice that others can aspire to, there is scope for improvement at a whole-of-government level.

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

- Government should operate as a coherent whole.
- A common set of duties should apply to all public resources handled by Commonwealth entities.
- Performance of the public sector is more than financial.
- Engaging with risk is a necessary step in improving performance.

The resource management framework, including rules, policy and guidance, should support the legitimate requirements of the government and the Parliament in discharging their respective responsibilities.

² Under the PGPA Act, Commonwealth companies will still be required to complete corporate plans each financial year (section 95).

At present the Commonwealth does not have an overarching performance framework in place to monitor and manage its performance. Before the introduction of the PGPA Act, the performance framework was highly disaggregated, with different reporting requirements applying to different Commonwealth entities.

The PGPA Act brings all Commonwealth entities under a single piece of financial governance legislation and, while the legislative foundation is in place, additional work is still required to develop an improved performance framework, particularly in relation to non-financial performance information.

Criticisms of the existing performance framework

Currently there is no single document that provides an appropriate level of guidance on the existing framework. This has led to a performance management system that is incomplete and lacks overarching coherence.

A number of methodological, conceptual and operational criticisms of the existing performance framework have been identified. These criticisms have been highlighted over time by the Australian National Audit Office (ANAO) and the Parliament's Joint Committee of Public Accounts and Audit. The National Commission of Audit was also critical of the existing performance framework.

The main criticisms of the current performance framework include that:

- the quality of the performance information across entities is highly variable
- performance documents often fail to provide a clear line of sight between their appropriations, performance measures and outcomes
- performance measures are reported at too high a level, or are too poorly defined, to provide an insight into the success or failure of the programme or business activity being measured
- some key performance indicators still focus on outputs rather than outcomes or results
- some areas of government activity are more difficult to measure than others, and the one-size-fits-all approach to key performance indicators (KPIs) is ineffective
- reporting difficulties occur where government activities span multiple portfolios
- the quality and scope of existing guidance is limited—while a range of guidance covering specific elements of the performance framework exists, there is no overarching document that shows how different elements relate to each other.

A detailed summary of the ANAO's key findings and recommendations in relation to the Commonwealth's performance measurement and reporting framework is at Attachment B.

What would an enhanced performance framework look like?

The demand for broad indicators of performance has increased across organisations in all sectors of the economy. Taxpayers, like the shareholders of public companies and financial supporters of charitable organisations, want to see what results are being achieved with the money they have provided. While a focus on the bottom line remains paramount, non-financial performance indicators that measure social and environmental outcomes are becoming increasingly important. The broad discussions that Finance has participated in during the Public Management Reform Agenda process have exposed us to mature thinking and a range of better practice examples from both inside and outside government that have been useful in developing this paper.

As a set of opening propositions, Finance suggests that high-quality performance information in the Commonwealth government sector should be:

- relevant—it must focus on what is most important about the activities that government undertakes
- reliable—all users must be able to have confidence in the information and its origins
- comparable—both across time and, where appropriate, across similar types of activity
- useful—if information does not continue to meet the needs of its multiple users, it should be reconsidered
- structured—relationships between goals, objectives, targets, programme hierarchies and information must be clear
- proportional—the cost and effort that goes into collecting the information should not be disproportional to the significance of the issues it is addressing.

Purpose of this discussion paper

This discussion paper puts forward a model for developing the Commonwealth's non-financial performance framework. It is by no means the only possible model and, through this discussion paper, Finance is seeking alternative approaches in relation to the suggested elements or at a whole-of-system level, as well as in regard to the proposed timing of implementation.

The proposed model has been provided to stimulate discussion and has been refined through a series of discussions and workshops with selected Commonwealth entities.

The proposed model attempts to balance the needs of managers and various stakeholders, especially Ministers and the Parliament, who have expressed a desire to receive more appropriate and useful performance information from the executive arm of government.

What the paper proposes

This paper proposes that any enhanced performance framework should be implemented over time—commencing from 1 July 2015 as required by the PGPA Act. It recognises the need to implement the new legislative performance requirements of the PGPA Act—the corporate plan and annual performance statements (which will be part of entities' annual reports)—before undertaking a major redesign of the existing performance framework.

If this approach is accepted, the initial emphasis would be on introducing the new elements required under the PGPA Act and strengthening the use of KPIs in Portfolio Budget Statements.

Once these new elements have been bedded down, further improvements can be made over the medium to long term, including the option for a new programme performance planning element to be placed in the Portfolio Budget Statements.

The final desirable outcome is an integrated performance reporting system, including monitoring and evaluation, which supports informed government decision-making about where to best invest scarce public resources. International experience shows that it takes time to build a system of this kind (Attachment C).

The performance reporting requirements in the PGPA Act are intended to assist Commonwealth entities to better manage their financial and non-financial performance, and to allow parliamentary and other users to see the links between government policy goals, expenditure, activities and their outcomes more clearly. It is important that whatever rules, policy requirements and guidance that are put in place are consistent with these aspirations.

While there is flexibility under the proposed framework, the PGPA Act provides avenues for stronger testing and validation of performance reporting. The PGPA Act gives the Finance Minister responsibility and authority to ensure that the quality of non-financial performance information is of a similar high quality to that of financial reporting. This authority sits alongside the Auditor-General's discretionary power to audit performance information (including the new annual performance statement) in the same way that a financial information audit is conducted. As a further level of assurance, the rules made under the PGPA Act require an entity's audit committee to review the appropriateness of the performance reporting for the entity.

An enhanced Commonwealth performance framework

The new PGPA Act requirements for Commonwealth entities to develop corporate plans (section 35) and annual performance statements (section 39) are intended to build and improve on the existing outcomes and programmes framework (see Attachment D). Under the PGPA Act, a rule will be developed to prescribe the detailed requirements for corporate plans and annual performance statements.

From the 2015–16 financial year, Commonwealth entities (with a few exceptions³) will need to publish corporate plans. Many entities currently produce corporate plans as part of their governance arrangements. The corporate plan is designed to complement the information provided in Portfolio Budget Statements and annual reports.

³ The research and development corporations (the Cotton Research and Development Corporation, the Grains Research and Development Corporation, the Fisheries Research and Development Corporation, and the Rural Industries Research and Development Corporation) were provided with an exemption to the requirement to prepare corporate plans under the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*. These corporations were exempted because they are already subject to comprehensive planning arrangements and a transition to the PGPA Act framework would need to be worked towards over a number of years.

From 1 July 2015, Commonwealth entities will also need to produce annual performance statements at the end of each financial year and include a copy of the statements in their annual reports. These new elements are intended to strengthen the relationship between the existing key reporting documents—the Portfolio Budget Statements and annual reports—and improve the quality of non-financial performance reporting by introducing a particular emphasis on planning for results. Simply put, these documents should explain what an entity wanted to achieve and what it did achieve in a given year, and when taken together for a number of years, what was achieved over time.

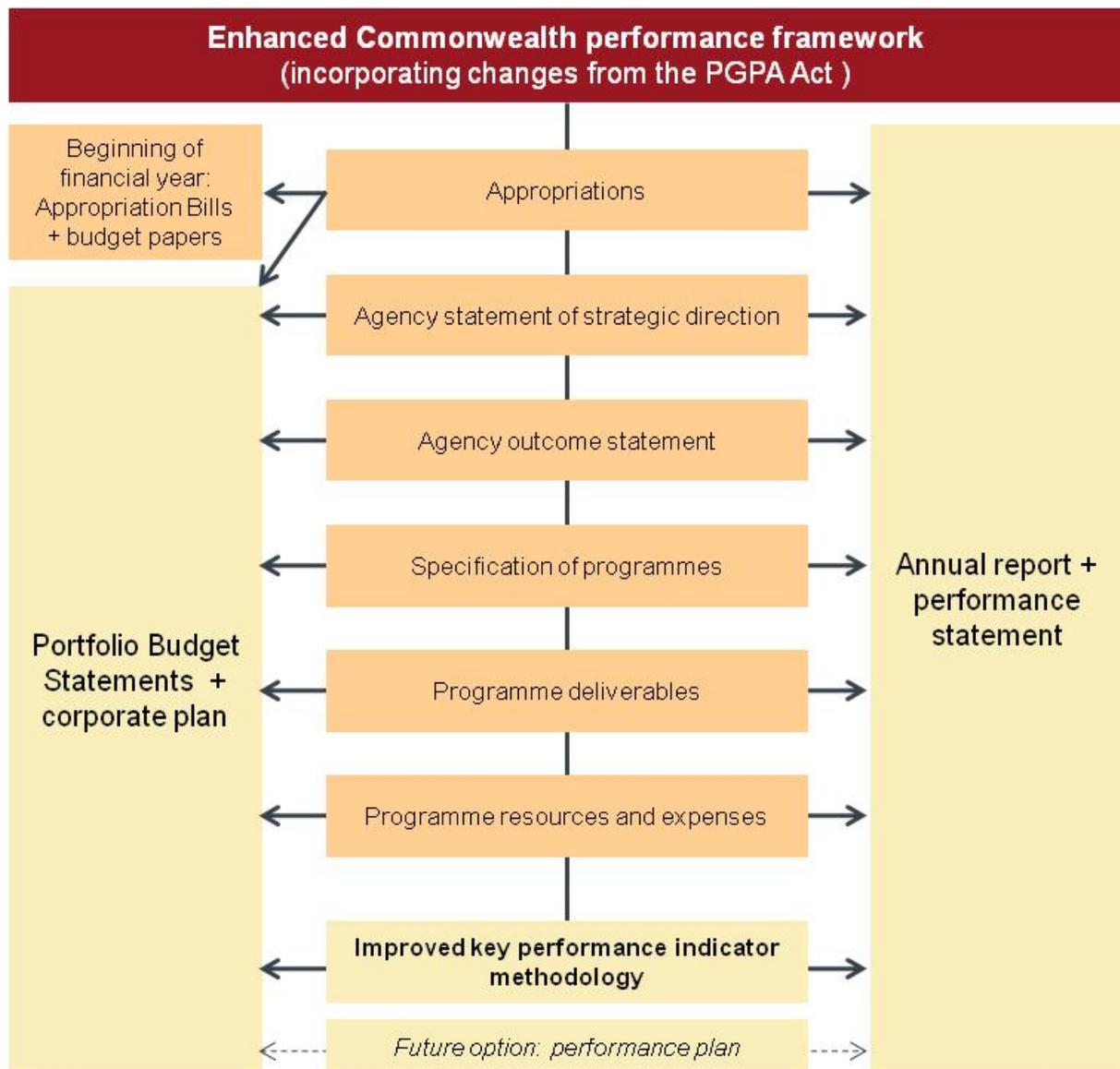
Annual reports will need to be adjusted to incorporate annual performance statements, which will ensure a much closer alignment with the performance measures detailed in Portfolio Budget Statements.

The line of sight across this complete set of documents—corporate plans, Portfolio Budget Statements and annual reports—is proposed as follows:

- **Corporate plans** would be the principal *planning and operational* document of entities. Corporate plans would be closely aligned to the management and accountability information generally covered in Part 3 of an entity’s annual report. Under the proposed arrangements, corporate plans align with stage 1 of the integrated resource management cycle (further information on the cycle is at Attachment E). The cycle underpins elements of the Public Management Reform Agenda.
- **Portfolio Budget Statements** would be the principal *resource management and accountability* document. They would cover information about resource allocation and programme monitoring (as per stages 2 and 3 of the integrated resource management cycle). It is proposed that KPIs would continue to be a major focus but that they would be complemented by the ability to use different performance assessment tools. The paper also provides an option for a new performance planning element to be developed in the future.
- **Annual reports** would include the annual performance statements and would be the principal *performance reporting* document of Commonwealth entities. Annual reports would cover both financial and non-financial information (as per stages 4 and 5 of the integrated resource management cycle).

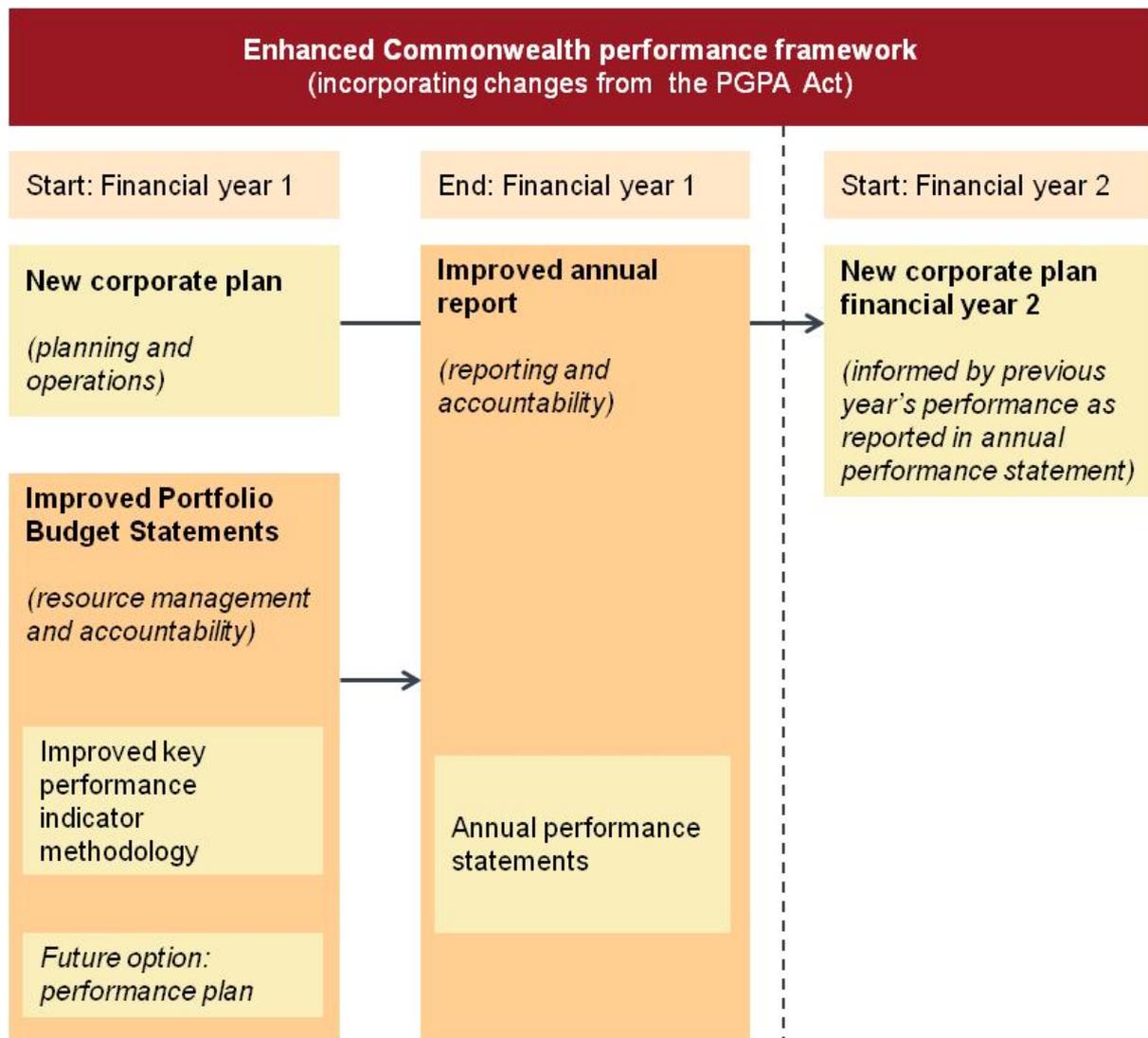
Figure 1 shows how the new elements could fit within the existing outcomes and programmes framework.

Figure 1: Proposed enhanced performance framework



Corporate plans and Portfolio Budget Statements would outline an entity’s intended planning and resourcing activities at the beginning of the financial year, and annual reports (incorporating the annual performance statement) would provide information about the achievements of the relevant programmes at the end of the financial year. The three documents together would form the principal accountability mechanism. A graphical representation of this relationship is shown in Figure 2.

Figure 2: Relationship of key government reporting documents



This proposed approach would require some modification to the existing Portfolio Budget Statements and, to a lesser extent, the contents of current annual reports. If the proposed approach is accepted, section 2 of the Portfolio Budget Statements would be restructured to provide an enhanced level of reporting focused on improved KPI methodology and an option for a performance plan in future years.

Under this proposed approach, corporate plans would become the primary planning and operational tool for Commonwealth entities. Over time, consideration could be given to corporate plans integrating and replacing existing but separate, mandatory planning requirements placed on Commonwealth entities, such as risk plans and information and communications technology (ICT) plans.

2 Enhanced performance framework

2.1 Improving the Portfolio Budget Statements

This section examines how the quality of reporting information in Portfolio Budget Statements can be strengthened, while minimising information that is not widely used or valued. It also seeks stakeholder views on how to potentially reduce the volume of reporting in Portfolio Budget Statements by rationalising information that is duplicated in the budget papers and streamlining the way financial information is presented. We are also interested in your views on how, and in which documents, performance information is best presented, bearing in mind the need to continue to meet the expectations and information needs of Parliament at budget time each financial year.

Discussion then turns to how effective KPIs are in measuring the non-financial performance of Commonwealth entities. We identify the challenges of relying on KPIs as the sole non-financial performance measurement tool and present ideas for improving them. It is proposed that KPIs will be complemented by a range of different performance management tools and we are seeking your input on what support and guidance is required in implementing them.

Portfolio Budget Statements are primarily explanatory documents to inform parliamentary consideration of the annual Appropriation Bills. They supplement the core budget documentation provided on budget night. This timing impacts the content of the Portfolio Budget Statements, as they are often produced within tight time constraints.

Portfolio Budget Statements are currently structured as follows:

Item	Description
Portfolio overview	Sets out the Minister's and portfolio responsibilities, the portfolio structure by entity and outcome, and a portfolio resource statement
Chapter for each entity in the portfolio, comprising three sections	Section 1: Overview and resources (including a strategic direction statement, an agency resource statement, and a summary of budget measures)
	Section 2: Outcomes and planned performance (including the outcome statement and strategy for each outcome, an expenses table for each outcome, and the objectives, expenses, deliverables and key performance indicators for each programme)
	Section 3: Explanatory tables and budgeted financial statements.

In addition to the Portfolio Budget Statements produced at budget time, Commonwealth entities also produce portfolio additional estimates and supplementary additional estimates statements when required. Those documents perform the same function as Portfolio Budget Statements, but with a greater emphasis on explaining any changes in resourcing since the budget, such as resourcing changes resulting from new Appropriation Bills. They also include any updates to non-financial performance information that are needed to accommodate or explain the resourcing changes.

During consultation around the Public Management Reform Agenda, feedback revealed that the content of the Portfolio Budget Statements could be improved, as could the quality of financial and performance information. It was reported that these improvements would allow for better comparisons to be made between planned and actual performance, and between the policy objective and the result achieved. There was strong support for a clear line of sight between the Portfolio Budget Statements and the primary budget papers, and, ultimately, between these documents, the corporate plan and the annual report of an entity.

This paper explores developing and introducing a more flexible approach to performance measurement that would include KPIs where appropriate, but supplemented by qualitative measures like evaluations and reviews.

Rationalising existing financial reporting requirements in Portfolio Budget Statements

A wide range of financial information is currently presented by Commonwealth entities in section 1 (overview and resources) and section 3 (budgeted financial statements) of Portfolio Budget Statements. Like all content within the Portfolio Budget Statements, the financial information requires publication on budget night and is often required to be produced within tight timeframes.

The financial reporting requirements of the Portfolio Budget Statements have been developed over a long period of time to encompass the ongoing demands of government and the Parliament, and to reflect accepted standards (for example, Australian Accounting Standards). Accordingly, the scope to reduce or recast the financial information requirements in Portfolio Budget Statements may be limited. Nevertheless, Finance is interested in canvassing stakeholder views on this issue, particularly given the desire to minimise the publication of information that is not widely used or valued by stakeholders, or that duplicates information presented elsewhere.

There are several possible areas that could be refined to support the introduction of the enhanced performance framework. Any changes, however, should not erode the quality of the financial reporting that currently exists. The opportunities identified here mainly involve minimising duplication of information provided elsewhere in the budget papers and rationalising the presentation of financial information.

Examples of refinements that could be made include:

- removing the *Portfolio resources* table—information is largely duplicated in Budget Paper No.4—Agency Resourcing
- simplifying the agency resourcing statement
 - addressing cash and accrual issues—to achieve a clearer link to Appropriation Bill amounts
 - merging and rationalising the *Movement of funds* table and the *Agency resourcing statement*—to reduce volume and improve presentation and readability
 - removing the separate table on *Third-party payments from and on behalf of other agencies*—this information exists in aggregate form in the agency resourcing statement
- combining the *Outcome budgeted expenses* and *Programme expenses* tables—to reduce the number of tables and improve overall presentation

- introducing strict word limits for descriptive text on programmes—to reduce volume and improve clarity
- removing the *Australian Government Indigenous expenditure* table—most Indigenous programmes are now in the Prime Minister and Cabinet portfolio and discrete reporting might be considered outside the Portfolio Budget Statements
- removing special accounts reporting—still reported as a line item in the *Budgeted expenses for outcomes* table, but information on aggregates is already contained in Budget Paper No.4—Agency Resourcing
- reducing repetition of generic notes to financial statements (for example, definitions and reference to the basis of accounting).

These types of changes could help reduce the volume of reporting in Portfolio Budget Statements and improve their clarity.

Coverage

The PGPA Act stipulates that the performance framework is to apply to corporate and non-corporate Commonwealth entities. The proposed enhanced Commonwealth performance framework would require these entities to complete corporate plans, Portfolio Budget Statements and annual performance statements (copies of which need to be included in annual reports).

Some Commonwealth entities do not currently compile Portfolio Budget Statements and therefore could not provide a clear link between performance information in the Portfolio Budget Statements and the annual performance statement unless a different approach is taken. Views are invited on how to deal with this issue.

Key questions

- Should all corporate and non-corporate Commonwealth entities be required to complete Portfolio Budget Statements?
- Should Commonwealth entities that don't prepare Portfolio Budget Statements place performance information in their corporate plans instead?
- Should the Portfolio Budget Statements contain only non-financial performance information, with all financial information published in the core budget documents (Budget Papers 1 to 4)?
- Are the Portfolio Budget Statements the best location for detailed entity performance information?
- Would entities and the Parliament be better served if all performance information was removed from the Portfolio Budget Statements and instead published as a core element of entities' corporate plans?
- If so, should corporate plans be published in conjunction with the Portfolio Budget Statements on budget night to expand the range of information available to Parliament as it considers the annual Appropriation Bills?
- Could non-financial performance information be provided electronically on budget night and published in the corporate plan?

Criticisms of the current key performance indicators

The current outcomes and programmes framework requires entities to use programme-level KPIs as the universal non-financial performance measurement tool. Well-designed and targeted KPIs are a powerful source of performance information, but they do not suit all programmes or activities. A key lesson from the past few years is that KPIs provide only a snapshot of performance information in time. There are currently over 3,500 KPIs reported by Commonwealth entities, yet it is still difficult to get a clear picture of the performance of a number of Commonwealth programmes and activities.

Key stakeholders such as the Joint Committee of Public Accounts and Audit and the ANAO have been critical of the overall use and value of information currently available about the performance of Commonwealth programmes. They have on several occasions commented on the challenges associated with developing and implementing meaningful KPIs, and have criticised the administrative framework supporting their development and review. This includes criticism of the quality of guidance material produced by Finance.

Information reported by entities is sometimes presented and analysed in a manner that makes it difficult for stakeholders to interpret and fully understand how performance is tracking and whether planned results are being achieved. Often entities list activities rather than analyse performance against a base set of data and review trends over time.

There are several issues around how programme-level KPIs are constructed and used, which limits their value and usefulness:

- there is often no direct link between the objectives, deliverables and KPIs of an entity
- many KPIs include vague or ambiguous terms, or wording that is open to interpretation
- entities use the term 'objectives' differently—some to describe the aim of a programme, some to outline what a programme will do, and some to explain the functions of an entity
- many KPIs link to an objective but not to a deliverable
- many KPIs appear to be an extension of a deliverable (some KPIs are more like deliverables), or the distinction between a KPI and a deliverable is not applied consistently across an entity, or while deliverables have been well structured, KPIs have not been
- many KPIs do not list timeframes for achievement
- many KPIs are not readily measurable, many do not provide quantifiable targets, and many include targets with questionable relevance
- it is generally difficult to understand or assess the past performance of KPIs (trend data) due to changes to programmes and/or changes to KPIs, coupled with the reporting period being relatively narrow.

In the report from its inquiry into PGPA Act rules development, the Joint Committee of Public Accounts and Audit stated:

Poor performance indicators and related management practices were highlighted in 2006–07 in the ANAO's report on the Application of the Outcomes and Outputs Framework. The JCPAA thought this issue significant enough to recommend changes to the *Auditor-General Act 1997* in late 2010, allowing the ANAO to directly audit key performance indicators. Since then the Committee and the ANAO have continued their focus on performance indicators, and have continued to find poor results. The Committee's most recent report on the subject—

Report 439—recommended that Finance ‘prioritise the review and update of the performance measurement and reporting framework’.⁴

The current quality of external non-financial performance reporting in the Commonwealth public sector has significant scope for improvement.

How can key performance indicators be improved?

As a general observation, KPIs are better suited to measuring process than they are at measuring impact, although this varies according to the type of activity being measured. In the right context, if KPIs are well designed, aligned and relevant, they can help to determine whether a programme is achieving its objectives and, in turn, whether high-level outcomes are being achieved over time.⁵ While they are not suited to all circumstances, and often need to be supplemented by other performance information of a more qualitative nature, KPIs are likely to remain a keystone of any performance framework.

In its audit reports, the ANAO has consistently encouraged Commonwealth entities to:

- improve the specification of outcomes and programme objectives, noting their importance to measuring an entity’s outcome
- clearly articulate the purpose, objectives, strategies and associated priorities, and performance indicators of an entity through clearer linkages between strategic plans, programme documentation and Portfolio Budget Statements
- ensure that performance information relates to the objectives of the programme and enables an assessment of the extent to which the objectives are being achieved
- develop and implement more representative sets of KPIs to measure qualitative and quantitative aspects of a programme. These improved KPIs should measure the relative effectiveness of the strategies used and the extent to which objectives are being met.

In October 2010, Finance issued a guidance paper titled [Performance Information and Indicators](#), and annually issues [guidance for the preparation of Portfolio Budget Statements](#), to help entities develop their KPIs. The quality and scope of this guidance has been criticised. A key output in the first stage of developing a new performance framework will be to provide clearer guidance on how to manage the various methodological challenges associated with the development of KPIs.

There are some interesting timing issues with improving the quality of published KPIs. In our discussions to date, we have found that a lot of activity-level data is collected and used internally to inform day-to-day management decision-making, but only some of this is developed to be reported in higher level KPIs that support tactical and strategic decision-making. Leveraging these datasets for better information could underpin some early improvements in the quality of published performance data. On the other hand, where no data exists to support better quality KPIs, it will take time to grow and mature relevant new datasets to a level where they can be published. In some cases this may take years, and involve the development of new systems and analytical tools. Commonwealth entities may need space to

⁴ Joint Committee of Public Accounts and Audit, Commonwealth of Australia 2014, *Report 441—Inquiry into Public Governance, Performance and Accountability Act 2013 Rules Development*, page 116.

⁵ There is a view that the current outcomes and programmes framework for Commonwealth appropriations is misaligned, that outcomes are too abstract, and to that extent, do not lend themselves to easy measurement. The responses to this discussion paper may point to how big an issue this is, and what improvements could be made to structuring of outcomes and programmes.

establish an initial trend over time to test the quality of the collection methods and the insights the data can provide before publishing the first set of what is to be a new time series of public data.

Any undertakings made to stakeholders about improving the quality of the Commonwealth's KPIs at a whole-of-system level have to recognise that—while the aim is to deliver concrete improvements across the board as soon as possible—the quality of published data may improve at different rates across different programmes and activities.

New flexible arrangements in addition to key performance indicators

The proposed new framework allows some flexibility on the types of tools used to measure performance and guidance will specify when to use each tool. Encouraging entities to publish their performance information will also allow more accurate comparison across the Commonwealth. The new framework should move away from its reliance on KPIs as the sole performance measure.

While KPIs will continue to be a major focus of the performance framework, they will be complemented by different performance assessment tools that can be used when KPIs are not a suitable measure. An example is in the area of policy advice generated by Commonwealth portfolio departments and advisory bodies. There is a clear frustration on the part of some of these entities that the current performance framework provides them a limited basis for assessing the quality of their policy outputs. Qualitative approaches, like evaluation and peer reviews, may be better suited to judging the quality and impact of policy advice.

Finance intends to develop comprehensive guidance for entities that will provide practical advice on the design and application of performance measurement tools. The guidance will seek to explain the options for collecting non-financial performance information and describe better practice in relation to the use and timing of each of these options.

Finance guidance could cover:

- key performance indicators
 - input indicators (measuring the quantity of resources provided)
 - process indicators (measuring what happened during implementation)
 - output indicators (tracking the volume of products or services provided)
 - direct indicators (when precise results can be assessed)
 - indirect indicators (when direct measures are not feasible)
 - efficiency indicators (relationship of outputs to inputs)
 - effectiveness indicators (extent to which planned activities are realised and planned results achieved)
 - quantitative indicators (measures of values or counts, expressed as numbers or frequencies)
 - qualitative indicators (information describing meaning and experience that cannot actually be measured)
- evaluations (both process and outcome)
- benchmarking
- stakeholder surveys
- peer review
- other review options.

Under the proposed framework, in the Portfolio Budget Statements, Commonwealth entities would be required to specify the performance measurement tools that they would use to assess each of their programmes or key areas of activity if KPIs are not an appropriate measurement tool.

With an emphasis on using a broader range of performance measurement tools and approaches, supported by good-quality guidance, Finance hopes that, over time, Commonwealth entities will start to produce information that allows stakeholders to:

- track whether results have been achieved as planned and, if not, why not
- understand trends over time in key result areas and access in-depth analysis of selected results.

There is a range of performance-related information produced in entities for internal management purposes. In designing a new framework, this information should be drawn on and adapted for external reporting purposes where appropriate. In the case of more transactional information, there may be a case for periodic, rather than annual, publication.

Key questions

- What is the scope for the internal datasets currently collected in your entity being leveraged for publishable data to support better tactical and strategic decision-making in government?
- What considerations need to be taken into account in growing new datasets ready for publication?
- What sort of guidance should Finance provide on performance measurement tools?
- What level of detail should Finance provide on performance measurement tools?
- What level of guidance is appropriate regarding which performance measurement tools work best in particular circumstances?
- Should all KPIs be reported publicly on an annual basis?
- Should entities plan and report on performance at a programme level?
- Should entities plan and report on performance at a sub-programme or major activity level?
- What level of performance reporting best serves entities' and Parliament's purposes?
- What level of reporting delivers the best outcomes for entities and Parliament in comparison to effort required to produce it?
- Should a programme expenditure materiality threshold be applied to ensure a simpler approach than what is suggested?
- Should the annual performance plans be subject to coordinated and/or centralised review, or is entity self-assessment sufficient?
- Who would be best placed to conduct coordinated and/or centralised reviews?

2.2 Corporate plan

The PGPA Act requires all Commonwealth entities (with a few exceptions) to prepare and publish a corporate plan (see Attachment F).

This section details some proposed inclusions for corporate plans. It suggests that the corporate plan becomes the central repository of information regarding corporate governance, human resources and financial management. Your views are sought on what should be included in the corporate plan, how it could be used as an effective reporting document, and the timeframe in which it should be implemented.

This paper proposes some inclusions for corporate plans. It does not propose that the overall structure or all content of corporate plans should be centrally prescribed. A rule under the PGPA Act will be developed following consultation on this paper to formally prescribe the requirements for corporate plans.

Under this proposal, corporate plans would be available on an entity's website and would consolidate a range of information about that entity's planning-related activities.

It is proposed that the first corporate plans be published on the entity's website by 31 August 2015. Corporate plans will not be tabled in Parliament and therefore do not need to be printed, unless an entity chooses to produce a hard copy version for its own purposes.

Purpose

Section 35 of the PGPA Act requires Commonwealth entities to prepare corporate plans. In summary, the requirements are:

- prepare a corporate plan
- comply with and be published in accordance with any requirements prescribed by the rules
- provide the corporate plan to the responsible Minister and the Finance Minister in line with the requirements prescribed by the rules.

A corporate plan should set out clearly what an entity wants to achieve in a given period. Corporate plans will help ensure transparency of entities' current and planned activities. Corporate plans can provide insight into the range of operational activities undertaken by Commonwealth entities, and our proposal also includes details on corporate management and organisational capability. Reporting requirements imposed on Commonwealth entities could also be consolidated in corporate plans.

Many Commonwealth entities already have a corporate plan and, in compiling this discussion paper, Finance conducted a desktop review of the contents lists. A number of proposals in this paper draw from our survey of existing practice. It is worth noting that those Commonwealth entities that do not have formal corporate plans produce documents that contain information that is broadly equivalent to the general content of a corporate plan. Entities label these documents as strategic plans, statements of corporate intent, or annual operational plans.

Some previous corporate planning requirements were set in some enabling legislation of entities, and range from no planning provisions through to detailed planning documentation that required ministerial approval. The PGPA Act requires a consistent approach across all entities and its introduction has led to existing arrangements being repealed where possible.

However, we recognise that existing planning arrangements have often served individual entities well and that change may be unnecessarily disruptive. As such, some existing arrangements have been maintained and the minimum standards for corporate planning, as set by the PGPA Act and associated rules, will require flexibility to account for these exceptions while still achieving the required planning outcomes for entities.

The intent of a minimum standard, as set by the PGPA Act and to be included in its rules, is to clarify particular elements of the corporate plan, and not to mandate approval practices or prescribe information requirements. Any additional requirements would be entity-specific and detailed in an entity's enabling legislation. This is the approach taken in the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*.

Currently, entities are required to comply with a large number of legislative and non-legislative requirements covering corporate governance, human resources and financial management. Many of these requirements impose publishing requirements on entities, and some of these requirements involve duplicate reporting. Ultimately, the corporate plan could become the central repository of such information, through establishing a single list of compliance requirements and a single governance structure for an entity's administration.

Options for having tiered reporting requirements could also be considered, which would require different levels of detail provided depending on activity thresholds or materiality. For example, smaller Commonwealth entities could be required to provide less information about some of the requirements. A similar approach is being explored to scope options for financial reporting requirements as part of the Public Management Reform Agenda process.

Key questions

- Is the proposed list below of inclusions in a corporate plan appropriate?
- Do you have any suggestions on removing existing duplicative reporting?
- Do you have any suggestions on how to tier existing performance reporting requirements?

Proposed inclusions

Proposed inclusions for the content of corporate plans are set out below. This indicative list was developed by drawing on input gathered from our survey of existing corporate plans and through our consultations with Commonwealth entities to compile this discussion paper.

As a general principle, where a Commonwealth entity already publishes a document that includes the requirements for corporate plans as proposed below, it is not proposed that the entity produce a new document. Rather, the rule should allow for the entity to identify the document that represented, for the purposes of the PGPA Act, its corporate plan.

Further, as indicated above, corporate plans could be expanded over time to become the central repository of information in relation to a single list of legislative and non-legislative compliance requirements.

There are a number of ways in which the information presented in a corporate plan and in Portfolio Budget Statements can relate to each other. The model posited in this discussion paper represents one approach. An alternative approach could be for the corporate plan to provide the detail of the performance information that an entity intends to collect over the coming years, and the Portfolio Budget Statements to provide a summary that focuses primarily on changes to the performance information, particularly where they are the result of budget decisions.

Each of the proposed core items in a corporate plan is described in Table 1.

Table 1: Description of proposed items in a corporate plan

Item	Topic	Description
1	Introductory statement by accountable authority or director	<p>The majority of existing corporate plans include an introductory statement, or equivalent. This statement is sometimes called a foreword or a management statement.</p> <p>It is proposed that this item be included because the vast majority of existing corporate plans have an introductory statement by a senior government official or Minister and this practice provides an important senior management endorsement for the document.</p>
2	Entity purpose and priorities	<p>This item could provide a brief overview of the entity and its purpose.</p> <p>This information is presented in many different forms across existing corporate plans, although it often includes both descriptive information and graphics.</p> <p>Drawing on its Portfolio Budget Statements, where applicable, an entity could be required to include summary information about the following matters:</p> <ul style="list-style-type: none"> • the structure of the entity and its regulatory environment • the purpose and priorities of the entity, including its outcome statement and/or its mission or vision, as applicable • the relationship of the corporate plan to other strategic and planning documents of the entity, including strategic plans, annual operational plans, procurement plans, workforce plans or property plans.

Item	Topic	Description
3	Sector outlook	<p>This item could provide information about the entity’s operating environment covering the main external and internal factors that affect or influence the entity. It could describe the conditions, circumstances and trends that may impact on the entity or affect its capacity to achieve its purpose and outcomes, and/or impact the demand for, or supply of, its services.</p> <p>External factors may include:</p> <ul style="list-style-type: none"> • macroeconomic factors such as interest rates, currency exchange rates, and consumer confidence (these are factors that affect the entire economy) • microeconomic factors such as market size, demand and supply, and relationships with suppliers • political factors including legislation, regulations, tariffs and other trade barriers • technological factors such as computer software, automated production and internet streaming • social factors such as changes in consumer preferences or environmental trends.
4	Performance information	<p>This item could summarise the entity’s performance information section, as included in its Portfolio Budget Statements. An alternative proposal for consideration is that the full performance information would be set out in the corporate plan rather than in the Portfolio Budget Statements.</p>
5	Corporate governance— fraud and risk management priorities	<p>This item could describe the risk management and fraud control policies of the entity, informed by its risk management policy and its fraud risk assessment and fraud control plan.</p> <p>An entity’s risk management policy may be informed by the Commonwealth Risk Management Policy, which supports the requirement for the accountable authority of a Commonwealth entity to establish and maintain appropriate systems and internal controls for the oversight and management of risk (section 16 of the PGPA Act).</p> <p>An entity’s fraud risk assessment and fraud control plan would be consistent with the Commonwealth Fraud Control Guidelines, which establish the fraud control policy framework for all Commonwealth entities.</p>
6	Human resources and organisational capability	<p>This item could provide information about the entity’s organisational capability and workforce strategy to support the delivery of the entity’s outcome, purpose and priorities, and its financial plan.</p>

Item	Topic	Description
		<p>An entity may elect to include a discussion of its organisational capability in item 2 (entity purpose and priorities) or elsewhere, depending on how it fits within the structure of the document.</p> <p>However presented, this item could cover a description of the entity's response to the organisational capability and workforce implications arising from its strategic direction and medium-term intentions. This could cover issues such as workforce capacity, capability, staffing levels and costs.</p>
7	Capital investment strategy	<p>This item could provide information about the entity's overarching strategy for the planning and management of capital assets and capital pressures, including capital investment strategies.</p> <p>It is not proposed that this item be mandatory and it would only be prepared if considered relevant to an entity's operation.</p>
8	ICT investment strategy	<p>This item could provide information about the entity's ICT investment strategy, covering its ICT-enabled investment intentions, project implementation, expenditure and planned performance.</p> <p>This proposal to include ICT investment information seeks to enhance the coordination of ICT investment across Commonwealth entities and improve the quality of data used for ICT investment assessment and performance reporting. It also supports a 'digital by default' approach.</p>

Period of coverage

It is proposed that corporate plans could cover a four-year period, consistent with the forward estimates period of the government's budgeting and financial planning cycle. This would allow for a clear read of an entity's medium-term strategy against the government's decisions on priorities and the allocation of resources, and its related forward projections.

If the proposal to establish four-year corporate plans for all Commonwealth entities went ahead, it could:

- present a narrative about the medium-term strategic direction of all entities
- provide information about the activities, risks and resourcing issues of all entities
- demonstrate how entities will need to manage, over the period of the plan, to deliver on government objectives, including whole-of-government interventions
- identify the challenges ahead, and the key decision points, and any trade-offs that may be required.

Timeframe for updates

It is proposed that corporate plans be required to be provided to the responsible Minister and the Finance Minister and be published by 31 August each year (starting from 2015). These would be updated as needed. While entities would determine the appropriate timeframe for updating their corporate plans, it is expected that any update would reflect significant amendments to an entity's strategic focus, including through machinery-of-government changes, government decisions, or significant developments in any of its core corporate, human resources or financial management functions.

Key questions

- Would a four-year plan support medium- to long-term strategic planning?
- Should corporate plans be a living document and be updated as needed?
- Should the proposed corporate planning rule set some of the requirements for updating corporate plans?
- Should entities report progress against the corporate plan under Part 3 (management and accountability) of their annual reports?

2.3 Annual reports and annual performance statements

In this section, the annual performance statement is introduced. A copy of the annual performance statement will be included in entities' annual reports and it will report on the performance of entities' programmes and activities. We would like you to consider what information should be included in the performance statement and how annual reports could be adapted to accommodate the performance statement.

Annual reports remain a key document under the proposed enhanced Commonwealth performance framework. Section 39 of the PGPA Act requires Commonwealth entities, at the end of each reporting period, to provide a copy of an annual report to the entity's responsible Minister, for presentation to the Parliament, on the entity's activities during the reporting period.⁶ This is consistent with existing annual reporting requirements. However, the PGPA Act now also requires all entities to include a copy of their annual performance statements in their annual reports.

The annual performance statements are an important element of the proposed enhanced performance framework. They are intended to 'book-end' performance information for all programmes and all major activities of the entity (currently proposed to be included in Portfolio Budget Statements).

Under the proposed enhanced framework, the annual performance statement is where Commonwealth entities will report on what they actually achieved. The statement will summarise the performance of the programmes and activities for which the entity is responsible at the end of each reporting period. For example, entities will be expected to report on the results of planned evaluations if those planned evaluations are due in that reporting period. The level of reporting detail would be influenced by the size, nature and complexity of the programme in question.

⁶ Sections 63(2) and 70(2) of the *Public Service Act 1999* and other enabling legislation also require certain entities to produce annual reports.

By implementing the changes to performance information, it is intended that the annual performance statements will improve the reliability and coherence of the non-financial performance information published in annual reports. Table 2 outlines the proposed elements of the annual performance statements and a template is found at Attachment G. This provides a direct alignment to existing performance information outlined in the Portfolio Budget Statements.

Table 2: Description of proposed items in annual performance statements

Item	Topic	Description
1	Programme summary	<p>This item is intended to provide a general summary and overview of the programme as presented within the annual performance statement.</p> <p>It is proposed that, for each programme presented, the summary would contain:</p> <ul style="list-style-type: none"> • the programme title—consistent with the programme’s title published within the current year’s Portfolio Budget Statements • annual actual expenditure—the total budget of the programme since its commencement, up to and including the financial period at time of publication • a programme purpose and objective statement—consistent with programme statements published in the Portfolio Budget Statements.
2	Programme deliverables	<p>It is proposed that for each programme presented, the summary would contain the:</p> <ul style="list-style-type: none"> • programme deliverable title—consistent with the programme’s deliverable published within the current year’s Portfolio Budget Statements • programme deliverable description • programme deliverable result—a statement indicating whether the deliverable has been achieved and/or the status of the deliverable at the end of the reporting period (i.e. ‘delivered’, ‘partially delivered’, ‘not delivered’)
3	Results achieved	<p>This item is intended to provide information about the results of KPIs (or alternative performance measurement). It is proposed that for each programme presented, the ‘results achieved’ summary would contain statements about:</p> <ul style="list-style-type: none"> • the KPI target and result • performance assessment—statements on how KPIs were measured, including supporting data • lessons and challenges—statements on any lessons learned and/or challenges encountered with respect to the programme

Item	Topic	Description
		<ul style="list-style-type: none"> • programme developments—prospective statements that identify any possible changes, enhancements, or developments in the programme • activities involving key delivery partners—where relevant, statements about initiatives undertaken with key partners during the reporting period relevant to the achievement of the intended results of the programme.

The requirement in the PGPA Act to include copies of annual performance statements in annual reports will have an impact on the structure and the nature of the information currently presented in annual reports. The content and structure of annual reports are currently determined by guidelines issued by the Department of the Prime Minister and Cabinet (entitled *Requirements for Annual Reports*). The requirements are issued pursuant to section 63(2) of the *Public Service Act 1999* for departments of state and section 70(2) for executive agencies.

Currently, annual reports are structured so that entities report on performance in Part 2 and on governance and accountability in Part 3. There is a clear correspondence between these parts and the nature and purpose of annual performance statements and corporate plans. Annual performance statements relate directly to Part 2, while corporate plans may potentially cover matters that relate to Part 3.

There are a number of possible ways the requirements of the PGPA Act could be incorporated into annual reports. Some options include:

- maintaining the current structures and consolidating annual performance statements, like financial statements, into a separate appendix at the end of the annual report
- embedding annual performance statements of the annual report against relevant outcomes and programmes settings in the performance report section of the annual report (Part 2 of current annual reports), or
- integrating annual performance statements and information contained in the corporate plan into the relevant parts of the annual report, including analysis and commentary.

The ANAO 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*. In addition, the PGPA Act provides the Auditor-General with the power to audit annual performance statements at the request of the responsible Minister or the Finance Minister. Also, 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.

Key questions

- Is the level of information proposed to be reported in entities' annual performance statements appropriate?
- How should copies of annual performance statements be included in annual reports?

2.4 Performance measurement for cross-entity activities

This section considers how the performance of cross-entity activities can best be measured. It highlights the fact that there is currently little guidance on how to assess programmes that jointly contribute to achieving broader government objectives. We seek your views on how cross-entity activities can best be measured and how these processes could be integrated into future guidance.

Many entities have provided feedback about the challenges associated with performance measurement where multiple entities contribute to achieving the same public policy outcome. The ANAO has raised this as a particular concern. Key issues highlighted include the fact that the achievement of many outcomes in the public sector extends beyond the functional responsibility and resourcing of any single entity and that many areas of activity take place at several levels of government simultaneously. Entities discussed the difficulties of defining a precise boundary around the work of the entity that is being measured.

The current outcomes and programmes framework does not provide much guidance on how to assess the performance of programmes across Commonwealth entities where they interact or jointly contribute to the achievement of broader government objectives. The current framework is structured around individual entities, which, while it should not impede collaboration, does not provide a framework for collaboration. Further, insufficient links are made between programmes with shared or overlapping objectives, and there is currently no systematic way of measuring the achievement of cross-entity activities.

The PGPA Act places a strong emphasis on Commonwealth entities and officials cooperating and joining up with others to achieve common objectives (for example, sections 17, 18, 82 and 83 of the PGPA Act). Attachment H provides a list of key lessons from cross-portfolio trials that may assist Commonwealth entities in this regard.

Key questions

- How best can cross-entity activities be measured?
- How should guidance be developed to assist entities to improve their measurement and reporting of cross-entity activities?

2.5 Monitoring and evaluation

Regular reviews and evaluations of entities' programmes and activities are essential to ensure effective reporting and accountability. In this section we consider the roles of the Finance Minister and the Auditor-General in auditing performance information and annual performance statements. We would like your input on how evaluations can be conducted most effectively, and welcome your ideas on the kind of guidance material that would best assist entities in this task.

The current monitoring and evaluation structure revolves around entities, to a varying degree, undertaking internal reviews that may cover process and/or outcome matters for a programme. Governments undertake reviews at various times of programmes of interest. These reviews are ad hoc and there is currently no formal regime for monitoring and evaluation.

Under sections 37 and 38 of the PGPA Act, a Commonwealth entity is obligated to keep records on, and to measure and assess, the performance of the entity in achieving its purpose. This information needs to be recorded to enable annual performance statements to be prepared.

Under the proposed model, the performance information in Portfolio Budget Statements and the annual performance statements in annual reports would be the public documents through which the measuring and assessment of programmes would be reported. Where reviews have been or are proposed to be undertaken, there is an expectation that they will be referred to in entities' performance information and annual performance statements.

A number of entities already undertake regular reviews and evaluations of their programmes and activities and are very experienced in this area. The enhanced performance framework is designed to assist these entities to undertake this activity and if this is not the case, then Finance needs feedback. Other entities may need to increase their investment in this area to improve programme performance reporting and accountability. Entities should be aware that their activity will be subject to assessment and will be auditable.

Section 17 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)—made under the PGPA Act—relates to the audit committee for Commonwealth entities. It sets out that one of the required functions of an audit committee is to review the appropriateness of the accountable authority's performance reporting for the entity.⁷ This provision is included to give the accountable authority of an entity an independent source of assurance that the performance reporting undertaken by the entity is appropriate for the entity and meets the requirements set in government policy, or, where relevant, in legislation or otherwise by Parliament. It underlines the important role of performance reporting in holding Commonwealth entities to account for their proper use and management of public resources and for achieving the purposes for which they are created.⁸

The PGPA Act has given the Finance Minister and the Auditor-General new roles with regard to accessing and auditing performance information and annual performance statements themselves. These include:

- the Finance Minister is able to request reports, documents and information relating to the activities of an entity and any subsidiaries of an entity (section 19(1)(b))
- the Finance Minister and Auditor-General have free access to records about the performance of Commonwealth entities (section 37(3)) and also the accounts and records required for reporting and auditing (section 41(3))
- the Finance Minister, together with the responsible Minister, is able to request the Auditor-General to examine and report on an entity's annual performance statements (section 40(1)). The Auditor-General can also conduct a performance audit of a Commonwealth entity.

These new roles are intended to ensure that the requirements of the enhanced performance arrangements are met and that the quality of non-financial performance information is improved over time.

This information gathered from programme reporting, evaluation and reviews will not only assist responsible Ministers and managers in meeting their respective roles and responsibilities, but will also be important from a whole-of-government perspective. The government will be better able to assess the relative success of individual programmes and make informed decisions about resourcing, and the Parliament will have better information to support its oversight role.

⁷ This section of the PGPA Rule is made for section 45(2) of the Act. The requirement for 'reviewing the appropriateness of the accountable authority's ... performance reporting' is one of four functions specified by law for inclusion in the written charter for an audit committee of a Commonwealth entity.

⁸ Section 15 of the PGPA Act.

Key questions

- Is there a benefit in having a more formal regime that identifies areas for review in a more coherent manner than currently exists?
- Is there a benefit in providing improved consistent guidance material and allowing entities to adopt practices based on that guidance?

3 Possible future options

3.1 Inclusion of performance plans in the Portfolio Budget Statements

This section introduces the performance plan—performance planning information that could be included in the Portfolio Budget Statements in a flexible format that reflects the nature and design of entities' programmes. Here, we discuss the rationale for introducing the performance plan and detail the various elements that could be included.

The performance plan is intended to clearly outline what entities are doing, what they are seeking to achieve and how they plan to report on their achievements. Performance measurement tools and methodologies should be identified at the beginning of the reporting cycle.

We are seeking your views on whether performance plans should be developed and introduced over time, what information should be included in them and how they can best be used by entities and the Parliament.

In addition to the options discussed in Section 2.1 performance information could be included in the Portfolio Budget Statements in a modified format and be known as a 'performance plan'. The performance plan would be presented in a flexible format that reflects the nature and design of each entity's programmes.

This section discusses our rationale for introducing performance plans and explores the various elements that could be included in them. The discussion is designed to test the notion that the front-end planning for performance measurement activities and priorities at the entity level could be improved.

Performance plans could help to address some of the criticisms associated with measuring the outcome or effectiveness of Commonwealth programmes, and would draw a direct link to annual performance statements.

Under this proposal, performance plans could replace the information currently presented under section 2 of the Portfolio Budget Statements. All programmes listed in the Central Budget Management System and all other major activities⁹ of an entity would require a performance plan, noting that the level of information provided should reflect the nature, complexity, risk and profile of the activity. It is anticipated that some activities would be described in considerable detail, whereas others would be described briefly.

Performance plans would clearly identify what entities are doing, what they are seeking to achieve and how they will report the non-financial performance information that relates to what they actually did achieve. The plan would outline how the programme or activity would be measured and would draw on the full range of tools and approaches to assessing performance. Importantly, performance plans would allow for an upfront discussion with stakeholders about the appropriateness and effectiveness of particular performance measures and methodologies at the beginning of the reporting cycle. Hopefully, this will assist entities in identifying significant issues regarding how performance would be measured before the reporting year comes to an end.

⁹ Subsequent references to programmes should be read as programmes and all major activities.

While core requirements would be proposed for the performance plans, these would not seek to be overly prescriptive about how the requirements would be applied by entities.

A possible template for the proposed performance plans is provided at Attachment I. Its design is applicable to all Commonwealth entities, regardless of function and size.

The template has been informed by previous findings and recommendations made by the ANAO and by feedback Finance received through stakeholder consultation. The key lessons from the ANAO audit reports are summarised in Attachment B.

Proposed elements to be included in performance plans

To improve the coherence of available information and to establish a more uniform performance reporting framework for all Commonwealth entities, we propose that performance plans could contain the five elements shown in Table 3.

Key questions

- Would performance plans help to improve the quality of non-financial reporting by Commonwealth entities by improving front-end planning?
- At what level should performance information and performance plans be developed and reported by entities?
- Would a performance plan draw out early feedback on the appropriateness of particular performance measurements?

The proposed performance plan is designed to be an evolution of existing requirements—entities already provide a range of performance information in their Portfolio Budget Statements. The performance plan would simply require the information to be presented in a streamlined, consolidated and easier-to-read format. In one sense, it could be a matching book-end to the annual performance statement.

Most Commonwealth entities report against a single outcome and single programme structure. Therefore, most entities will only need to report at this high level in their performance plans (as per the non-complex template in Attachment I). Entities would only need to provide more detail in their performance plans where high-level programmes have multiple and/or highly varied sub-programmes or activities.

Each of the five proposed elements of the performance plan is explained in Table 3. Details of the proposed structure of the performance plan are provided in the template in Attachment I.

Table 3: Description of proposed elements of a performance plan

Element	Topic	Description
1	Outcome and programme structure	<p>This element would replace the current ‘Outcome strategy’ and ‘Outcome expense statement’ sections in the Portfolio Budget Statements.</p> <p>It would include a diagram to describe the programme structure for each of the outcomes of an entity. Two examples (non-complex and complex diagrams) are shown in Attachment I.</p> <p>The diagram aims to:</p> <ul style="list-style-type: none"> • illustrate how programmes, sub-programmes and activities are mapped to an entity’s outcome • provide greater visibility of the breadth of activities being undertaken • serve as a quick reference point for an entity’s performance planning structure.
2	Programme summary	<p>The programme summary would replace the current ‘Programme objectives’ section in the Portfolio Budget Statements.</p> <p>It would provide a summary of the major business areas of an entity.</p> <p>The information required in this element would cover:</p> <ul style="list-style-type: none"> • the title of the programme or other area of activity • a statement of its purpose or objective • the year it commenced • the budget for the current year and forward estimates • an indicative assessment of its complexity • an indicative assessment of its risk status • the relevant Government Finance Statistics sub-function, which is needed to more readily track activities over time. <p>This information would provide a high-level overview of the programme or other major area of activity of an entity. The complexity and risk status of the programme, together with its cost, would inform an entity’s decision about the volume of information it provides.</p>
3	Forecast resources	<p>Forecast resources would provide financial data about a programme.</p> <p>Ideally, the current programme expenses table in the Portfolio Budget Statements should be reviewed as Finance has received extensive feedback regarding the difficulty of preparing and interpreting the tables in the Portfolio Budget Statements. However, there are significant lead times associated with establishing new data tables. There is a large volume of work for</p>

Element	Topic	Description
		<p>entities in amending their financial management information systems and for central agencies in updating the Central Budget Management System.</p> <p>Key questions</p> <ul style="list-style-type: none"> • Could the financial information provided in the current programme expenses table in Portfolio Budget Statements be restructured, over time, to represent more of a resourcing view, rather than an appropriation view? • Could the table represent resources available to an organisation under the broad headings of ‘Annual appropriations’, ‘Special appropriations’ and ‘Other’, and also show capital directly attributable to the programme?
4	Relationship between programmes and budget measures	Information in this section would briefly explain how a new budget measure relates to the objectives of an existing programme. This will more effectively describe the evolving or expanding scope of Commonwealth programmes.
5	Expected results and performance monitoring	<p>This element would provide a new, more flexible format to replace the current ‘Programme components’, ‘Programme deliverables’ and ‘Programme key performance indicators’ sections in the Portfolio Budget Statements.</p> <p>This represents the largest change in how information about the non-financial performance of an entity would be reported. The goal is to establish a format that is easier to read and is based on a results-based framework and milestone reporting.</p> <p>It will cover a range of new information requirements. Each of these is discussed below.</p> <p>Key delivery partners</p> <p>This would require entities to identify any other body, either within or outside the Commonwealth, that significantly contributes to the achievement of its objectives.</p> <p>Specifically, the performance plans would be required to:</p> <ul style="list-style-type: none"> • identify any other entities that are crucial to the delivery of a programme, including state and territory governments • develop cross-entity shared objectives or results, and/or a cross-entity shared performance measurement methodology, where a programme or activity of an entity closely contributes to the achievement of the objectives of a programme of another entity. <p>Finance would develop detailed guidance materials to assist with the implementation of this element, including better practice guidelines for inter-entity collaboration.</p>

Element	Topic	Description
		<p>Existing baseline data</p> <p>This would require a statement of the data that would serve as a basis for comparison and measurement over time.</p> <p>Baseline data assists in comparing what happened before and after a programme, activity or intervention was initiated and in assessing the effect of a programme or activity. The choice of baseline data would need to be appropriate to measure changes as defined by the programme objectives, noting issues associated with accessibility, timeliness and cost.</p> <p>Sources of baseline data include existing government datasets, statistical collections, state and territory governments, national surveys, and international benchmarks.</p> <p>In ideal circumstances, baseline data would be identified early in the life cycle of a programme to assist in establishing timely and effective monitoring activities.</p> <hr/> <p>Expected results—short (immediate), medium (intermediate) and long (ultimate) term</p> <p>This would require an explanation of the expected short-, medium- and long-term results of the programme or activity, that is, what the programme or activity is reasonably expected to achieve or contribute to. The expected results need to be both achievable and measurable.</p> <p>The short-, medium- and long-term results would be developed to reflect the nature, intent and maturity of the programme. The expected results of a new Commonwealth programme would vary substantially from the expected results of a well-established, ongoing programme. The expected short-, medium- and long-term results of an entity should also be related to client expectations or requirements informed by whether the programme:</p> <ul style="list-style-type: none"> • provides services directly to individuals • provides services indirectly to individuals or organisations • provides transfers to individuals or other institutions • establishes policies, regulations or legislation to achieve public policy goals • collects taxes and other revenues. <p>For example:</p> <ul style="list-style-type: none"> • <i>Short-term</i> (immediate) results may relate to changes in knowledge, skills, attitude, motivation and awareness (both internal and external to entities), or changes in the quantity, quality and timeliness of the goods or services. • <i>Medium-term</i> (intermediate) results may relate to changes in practices, policies and procedures (both internal and external to entities) or changes in people’s behaviour as a result of the programme.

Element	Topic	Description
		<ul style="list-style-type: none"> • <i>Long-term</i> (ultimate) results may relate to changes in situation (social and economic conditions) and physical environment.
		<p>Performance measurement methodology</p> <p>A statement of the methodology used by the entity to assess the achievement of each programme’s expected short-, medium- and long-term results should be included. The performance measurement methodology should reflect the significance and complexity of the programme, its implementation risks, and the administrative burden of the data collection process.</p> <p>An entity would be required to specify the performance measurement tools and/or approaches that it would use to assess each of its programmes. Based on feedback received from entities, these could include a range of existing practices. Some examples are provided at Attachment J.</p> <p>Noting the difficulties that have been experienced to date, Finance is keen to develop detailed guidance and support materials that would explain the various performance measurement tools and approaches. We would also release updated guidance materials to assist entities to develop KPIs, including clear instructions about targets for performance indicators.</p> <p>Contribution of sub-programmes and activities to the results</p> <p>This would require entities to specify the role of sub-programmes and activities in achieving the short-, medium- and/or long-term results of a programme. The aim is to clarify how various pieces of a programme contribute to achieving its objectives.</p> <p>External drivers</p> <p>This would require a statement about any key external drivers of change outside the entity that are likely to influence or affect it in some way. External drivers may include laws and regulations, labour markets, economic changes, performance of competitors, social changes and technological advances.</p>

Key questions

- Is the level of information proposed to be included in performance plans appropriate and useful? How can this be improved?
- If a performance plan was adopted, what would be the key enablers for its success?
- If a performance plan was adopted, when might be an appropriate time for its introduction?

3.2 Future options for evaluation

Here we consider how, in the future, entities could further develop their reporting in the annual performance statements. We could work with entities to develop new methodologies for monitoring and evaluating Commonwealth programmes.

We propose that the programme logic model presented in this section could be the basis for guidance material for a monitoring and evaluation framework.

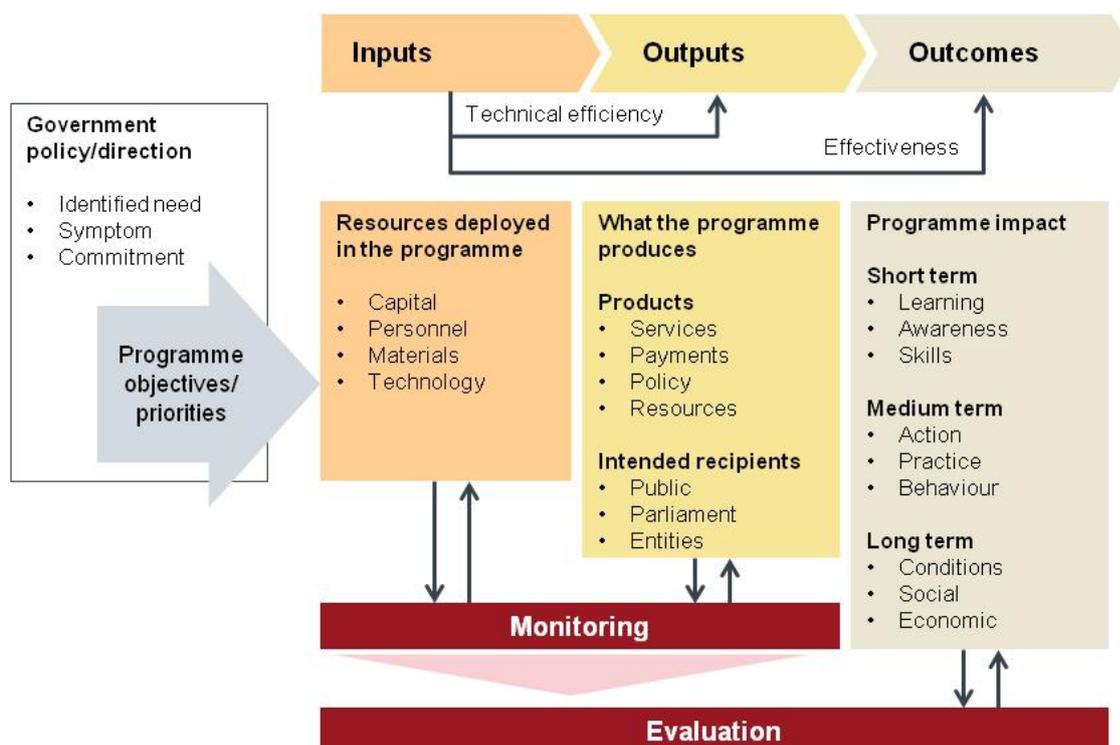
Performance information in the Portfolio Budget Statements and annual performance statements should relate to each other so that there is a clear link between the two. A future development of the annual performance statements could require entities to report against the short-, medium- and long-term expected results identified in each programme performance plan. Entities would need to expand on these results in their annual reports.

As part of future options for the enhanced performance framework, Finance could work with entities to build on better practice to identify methodologies for monitoring and evaluating the breadth and variety of Commonwealth programmes.

Guidance material for a monitoring and evaluation framework could be based on the programme logic model represented in Figure 3. The purpose of the model is to link the objectives of a programme through to its impacts—taking into consideration inputs and outputs (some versions of this model include processes between inputs and outputs). The idea is that different methodologies are used to review the programme at different points in the cycle.

In the model, evaluation is undertaken throughout the cycle. For different programme types, the main focus of the evaluation could occur at different times in the cycle. For service delivery programmes, the focus would be on process including evaluating inputs and outputs. For a grants programme, the main focus of evaluation would be on outcomes.

Figure 3: Programme logic model



One area which some international jurisdictions are investigating is the role that non-government organisations and individuals (such as think-tanks, academics, evaluation professionals and journalists) play in the provision of evaluation information regarding government activities.

Considering information from a wider range of sources, rather than just traditional internal reviews or the use of consultants, may provide more varied information that is useful to determine the outcome of a particular activity. In order to gain the benefits from alternative insights, data held by governments would need to be more accessible to the wider public.

As the performance framework and, in particular, the evaluation framework matures, the opportunity arises to initiate debate about the value of data analytics and its link to the evaluation of government activities.

4 Summary and conclusion

Improving the profile and quality of non-financial performance information in the Commonwealth will take time. Given the history of partial successes and revised frameworks, evolution through persistence and continuous improvement is likely to be more successful over the longer run than quick, dramatic shifts in direction. The proposals in this paper are intended to represent such an evolution, building on the new requirements of the PGPA Act, but making adjustments to existing documents and processes that have standing and exposure in the Commonwealth. The intention is not to disrupt current good practice or well-established pockets of excellence, and where there is a risk that this may happen through the proposals floated in this paper, we welcome your feedback.

The responses to this paper will shape the next stage in the development of the Commonwealth's performance framework. The paper has made a number of proposals, but we recognise that there are other ideas and quite possibly better proposals that experienced entities and practitioners have to offer in this space. The paper includes a number of key questions that you may wish to address in providing your comments, although all comments and suggestions are welcome.

Some of the elements of the proposed enhanced performance framework are fixed in the PGPA Act or in well-established practice. However it is drawn together, the proposed enhanced performance framework must meet the information needs of the Parliament. It must also help Commonwealth entities meet their public policy and business goals and better manage their resources and programmes. The framework must be practical for those who are responsible for delivering programmes and ensuring activities have a positive outcome.

The suggested model attempts to achieve these objectives by building on the existing outcomes and programmes framework. Specifically, it proposes that the new corporate plan becomes the principal planning and operational document of Commonwealth entities, to be updated by the end of August each year. Portfolio Budget Statements would remain the principal resource management and accountability document by which resources are allocated and reported to the Parliament. Improving the overall content and focus of Portfolio Budget Statements, possibly introducing programme performance plans for each programme, and developing a systematic approach for tracking the short-, medium- and long-term expected results for programmes and major activities are further possible reforms that could be introduced over a longer period of time if these proposals garner support.

The enhanced framework includes the annual performance statements that the PGPA Act requires to be generated at the end of each financial year. Finance's preferred approach is to have these linked to programme performance information contained in Portfolio Budget Statements.

The enhanced performance framework will need to be in place by early 2015 to allow Commonwealth entities to implement the initial changes to the 2015-16 Portfolio Budget Statements, and to allow for the development of corporate plans.

Comments on this paper should be submitted by **Monday 29 September 2014**. Please email your comments to PMRAPerformanceFramework@finance.gov.au.

Finance will also be running a series of workshops with stakeholder groups and a consultation schedule will be published on the Public Management Reform Agenda website (www.pmra.finance.gov.au).

Attachment A: Project plan

Project plan for the development and implementation of an enhanced Commonwealth performance framework

Timeframe	Development of deliverables and associated activities
<p><i>August 2014</i></p> <p>28 August 2014</p> <p>28 August 2014</p>	<ul style="list-style-type: none"> • Release of the Enhanced Commonwealth Performance Framework Discussion Paper on the development of an enhanced non-financial performance framework. • Presentation to the Canberra Evaluation Forum on the enhanced performance framework; launch of the discussion paper.
<p><i>September 2014</i></p> <p>29 September 2014</p>	<ul style="list-style-type: none"> • Consultation with stakeholders on the discussion paper. • Preparation of substantive drafts, informed by the consultation process, of the: <ul style="list-style-type: none"> ○ guidance materials and rules for the development and presentation of corporate plans ○ guidance materials and rules for the establishment and presentation of annual performance statements ○ revised guidance on Portfolio Budget Statements ○ revised guidance on KPIs and other evaluations methodologies relevant to the performance framework. • Final date for submitting feedback and comments on discussion paper.
Finalisation and clearance of the performance framework	
<p><i>October 2014</i></p>	<ul style="list-style-type: none"> • Finalisation of draft guidance and rules (where required) for the performance framework, corporate plans and annual performance statements. • Provide submission, including draft guidance and rules, to the Joint Committee of Public Accounts and Audit (JCPAA).
<p><i>November and December 2014</i></p>	<ul style="list-style-type: none"> • Consultation on a final suite of documents with the JCPAA. • Finalisation of documents following JCPAA report. • Launch of the enhanced performance framework, rules and guidance materials. • Tabling of disallowable instruments (PGPA Act rules on corporate plans and annual performance statements).
Launch and implementation of the enhanced performance framework	
<p><i>December 2014 to June 2015</i></p>	<ul style="list-style-type: none"> • Provision of assistance, training and guidance to Commonwealth entities on the implementation and operation of the enhanced performance framework.

Attachment B: Australian National Audit Office— key findings and recommendations

The main Australian National Audit Office (ANAO) reports that contain comments on the Australian Government's performance measurement and reporting framework are:

- Audit Report No. 28 2012–13: *The Australian Government Performance Measurement and Reporting Framework—Pilot Project to Audit Key Performance Indicators*
- Audit Report No. 5 2011–12: *Development and Implementation of Key Performance Indicators to Support the Outcomes and Programs Framework*
- Audit Report No. 23 2006–07: *Application of the Outcomes and Outputs Framework*
- Audit Report No. 11 2003–04: *Annual Performance Reporting*
- Audit Report No. 21 2013–14: *Pilot Project to Audit Key Performance Indicators*

In its audit reports, the ANAO has consistently encouraged Commonwealth entities to:

- improve the specification of outcomes and programme objectives, noting their importance to measuring an entity's impact
- provide clearer articulation of the purpose, objectives, strategies and associated priorities and performance indicators of an entity through clearer linkages between strategic plans, programme documentation and Portfolio Budget Statements
- ensure that performance information relates to the objectives of the programme and enables an assessment of the extent to which the objectives are being achieved
- develop and implement more representative sets of key performance indicators (KPIs) to measure qualitative and quantitative aspects of a programme or contract deliverable that can be used to inform an assessment of the relative effectiveness of the strategies used and achievement against the objectives
- collect, analyse and report performance data against these KPIs, with a focus on:
 - identifying definitions and data sources for each KPI in an entity's performance framework
 - implementing effective systems and practices to capture, monitor and report against the KPIs
 - conducting regular data integrity checks to assess the accuracy and reliability of the data collected
 - providing sufficient explanatory information to enable internal and external stakeholders to accurately assess programme performance
- develop a comprehensive whole-of-life programme evaluation strategy at the outset of the programme.

The ANAO has consistently encouraged the Department of Finance to distribute updated and improved guidance materials to Commonwealth entities, and provide training on the framework to promote a common understanding. This includes:

- describing the outcomes and programmes framework and its role in providing a logical organisation to the programmes and activities being delivered in support of an entity's outcomes within the resources allocated

- describing how the outcomes and programmes framework is intended to be implemented and applied by entities
- clarifying the purpose and link between objectives and deliverables, and targets and KPIs
- improving the guidance available to entities on the construction of informative and measurable programme-level KPIs and incorporating better practice KPI characteristics
- ensuring that the guidance is focused on the development of KPIs that assess the impact of providing the programme and/or activities (i.e. that the desired outcome or impact of the programme is adequately represented in the measures of performance and effectiveness established for the programme)
- clarifying the requirement for data to be established and maintained over time (trend data) to assist in monitoring the impact and changing profile of the programme over time
- referencing the performance measurement frameworks of the national partnership agreements and/or other government programmes that are linked to the effective delivery of a programme or service
- promoting sound recordkeeping and regular programme reviews to help ensure the continuing appropriateness of governance and programme administration arrangements, particularly noting the complex challenges in maintaining administrative continuity for programmes that are transferred across entities
- improving the alignment of internal and external budget preparation and reporting arrangements for Commonwealth programmes.

Attachment C: Performance management in other jurisdictions and its relevance to a Commonwealth performance framework

Introduction

Managing and assessing performance is something all governments agree is important but typically struggle to do well. A number of countries, including Australia, have introduced and abandoned performance management systems.

Finance undertook a desktop review to assess the international state of play with respect to performance management. The intention was to identify and describe those OECD countries that currently have innovative or good-practice performance management systems in place, and to assess whether those systems have lessons or design features that could be applied to the Australian context. The review also included other government jurisdictions in Australia to see what systems they have in place.

The performance information arrangements of the United Kingdom, the United States, Scotland, South Korea, the Netherlands and Chile were reviewed. The review also examined the performance frameworks of the Australian Capital Territory, Queensland and New South Wales.

Comparisons are difficult. Systems vary greatly across countries and are heavily influenced by the type of government operating in each country and also by cultural factors. It is not possible to simply transplant systems across national borders. Also, many performance management systems are internal to government and information is often not publically available. It is difficult to determine whether a particular system is operating effectively or not. Nevertheless, comparisons are useful to help inform debate.

No two countries reviewed have the same performance system, although a number shared common elements. The only practice common to all countries' systems was they were continually being modified, particularly when governments changed.

The best elements of each jurisdiction's system that could be incorporated into the Commonwealth context are summarised below. Analysis of the overriding themes and key lessons from the research follows.

Summary of innovative elements from each system

United Kingdom

- Departments develop agreements (supported by their Minister) with HM Treasury about targets, objectives and performance levels, which are publically reported.
- A limited number of government-determined cross-portfolio agreements, focused on the delivery and impact of priority outcomes.
- A culture of setting ambitious targets fosters a culture of departments striving to improve rather than being chastised for falling short of stated levels.

United States

- A Programme Assessment Rating Tool (PART) questionnaire to assess all government programmes and provide an effectiveness rating.
- A website with information about each programme, including a brief description of the programme's purpose, its PART score, performance highlights and remedial steps for future improvement.

- Completely independent and non-partisan assessment of performance by the Government Accountability Office.

Scotland

- Limited number of KPIs directly connected to an overarching government objective, which may include cross-entity objectives.
- Meaningful repository of online information which is simply presented. The online system also allows users to investigate the factors at each tier that contribute to the overarching government objectives.
- External experts used to independently assess and certify information.

South Korea

- Performance information integrated into budget decision-making process, including the automatic discussion of budget reductions for ineffective programmes.
- Different levels of programme review—monitoring, review and evaluations.
- Partnerships between government and academia to undertake reviews.
- Limited publication of evaluation results.

Netherlands

- Phased introduction of reforms.
- Lessons learned from evaluation presented in annual reports and evaluation plans in budget documents.
- Use of specific, measurable and, where applicable, comparable performance targets among 'like' programmes.
- Distinction between performance reporting to parliament and to the government, with a focus on balancing transparency and minimising administrative burden.

Chile

- Coordination, oversight and enforcement roles of central agencies, particularly the Ministry of Finance.
- Use of independent expert panels that conduct impact evaluations to discover the actual benefit of programmes, generally paid for by the Ministry of Finance.
- Publicly available evaluation findings.
- Following an evaluation, work plans for improvement are developed between the Ministry of Finance and the reviewed agency.

Australian Capital Territory

- Clear links between planning and reporting documents.
- Online tool with data available for interrogation at multiple levels of detail.
- Focus on priorities across multiple levels of government, with varying levels of accountability.

Queensland

- System clearly aligned to the strategic direction of government and its stakeholders.
- Department of the Premier and Cabinet provides intensive guidance and support to agencies to administer their performance management system.

New South Wales

- Strong focus on evaluation.
- Regional action plans to engage stakeholders from disparate parts of the state, encompassing varying priorities.
- Annual reports and annual measures reports detailing yearly qualitative and quantitative data and results.

Conclusions and key lessons

This research identified five key lessons Australia could consider.

1. Arranging government around strategic priorities

- The government should produce a list of strategic priorities. There should be a limited number of key performance indicators that measure the performance of government towards advancing these priorities.
- Programmes should be cross-portfolio in nature and detail high-level targets. Each entity should detail the sub-programme activities they will undertake and how those activities contribute to the programme.
- Each entity's publically released performance information should focus on the extent to which each sub-programme or activity contributed to the strategic priorities.

2. Publically available information

- Performance information, including commentary on and acknowledgement of factors that may have limited performance, should be publically available. Information should be made available in a way that enables users to track the contribution an activity's performance makes to achieve the government's strategic priorities.

3. Independent assessments or use of experts

- Systematic assessment of programme performance. This would preferably be conducted by independent experts, especially for evaluations.
- Utilising experts to create guidance materials and develop capacity within agencies.

4. Consequences of poor performance and/or engagement with the process

- Establish processes where poorly performing programmes are scrutinised by decision-makers to consider what modifications, including termination, should occur.
- Following the review of each programme, agencies establish work plans in consultation with central agencies that detail the modifications that will occur.
- Consequences for entities that do not engage with the process should also exist.

5. Link to decision-making

- Performance information should be systematically provided to decision-makers.
- Information provided to government should consider how well the entity is managing or administering the sub-programme or activity, in addition to how well it contributes to the strategic priorities.

The Dutch system is a lower cost model with limited administrative oversight and reporting. This is achieved through focusing only on a programme's financial performance. This curtails administrative outlay but restricts the benefit an active performance system may provide. The Chilean system is a higher cost model with several processes to review government performance, including assessment by independent experts. A key concern for Australia would be creating a system that is unsustainable or falls into disuse because of the extra administrative burden it creates.

A key feature of the more successful and durable frameworks in place internationally is the existence of clear structures and processes for integrating meaningful performance information into budget and related policy deliberations. The jurisdictions that have best done this, like Korea and Chile, have democratic and bureaucratic arrangements that are not comparable to Australia's. Both countries allow their bureaucracy (through the Finance Ministry) to reduce entity funding due to poor performance. For the other countries in the study, the systematic incorporation of performance information into budget decision-making is rare. To improve government resource decision-making, performance information needs to be effectively and efficiently integrated into the budget process.

Agencies delivering programmes are best placed to manage and evaluate their performance. However, a balance needs to be struck between decentralised performance management and centralised accountability. Central agencies are better positioned to draw whole-of-government lessons, but often lack programme expertise and access to programme data.

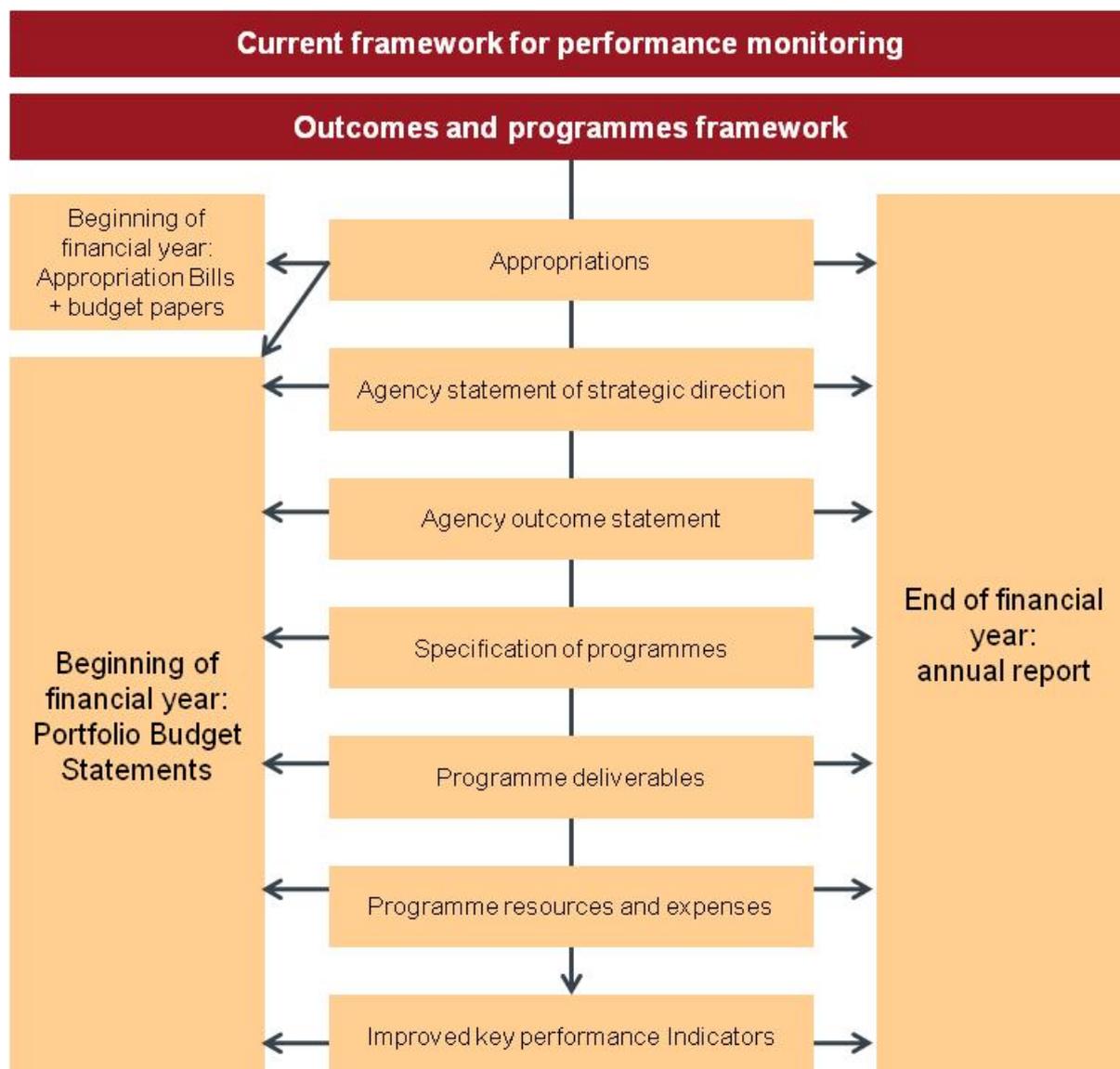
Reform in this area, including cultural change, is likely to require a comprehensive, structured and deliberate approach to system design and may involve phased introduction to allow for effective implementation.

Attachment D: The current performance framework

The existing outcomes and programmes framework provides the reporting requirements against which Portfolio Budget Statements and annual reports are currently structured. The framework is intended to provide a clear line of sight from budget financial appropriations through to a portfolio strategic statement, portfolio outcomes, portfolio programmes, and finally to portfolio programme performance information. The structural elements covered in both Portfolio Budget Statements and annual reports are shown in Figure D1.

The Portfolio Budget Statements and annual reports are formal ministerial documents, which must be tabled to meet a Minister’s accountability obligations to Parliament.

Figure D1: Structure and components of current outcomes and programmes framework



Non-financial programme performance is measured through programme deliverables and key performance indicators, which are first identified in Portfolio Budget Statements and then reported against in annual reports. Programme deliverables are intended to show how the goods and services produced and delivered by a programme contribute to meeting its objective. Key performance indicators are intended to provide some indication of the progress being made towards meeting the objectives of the programme.

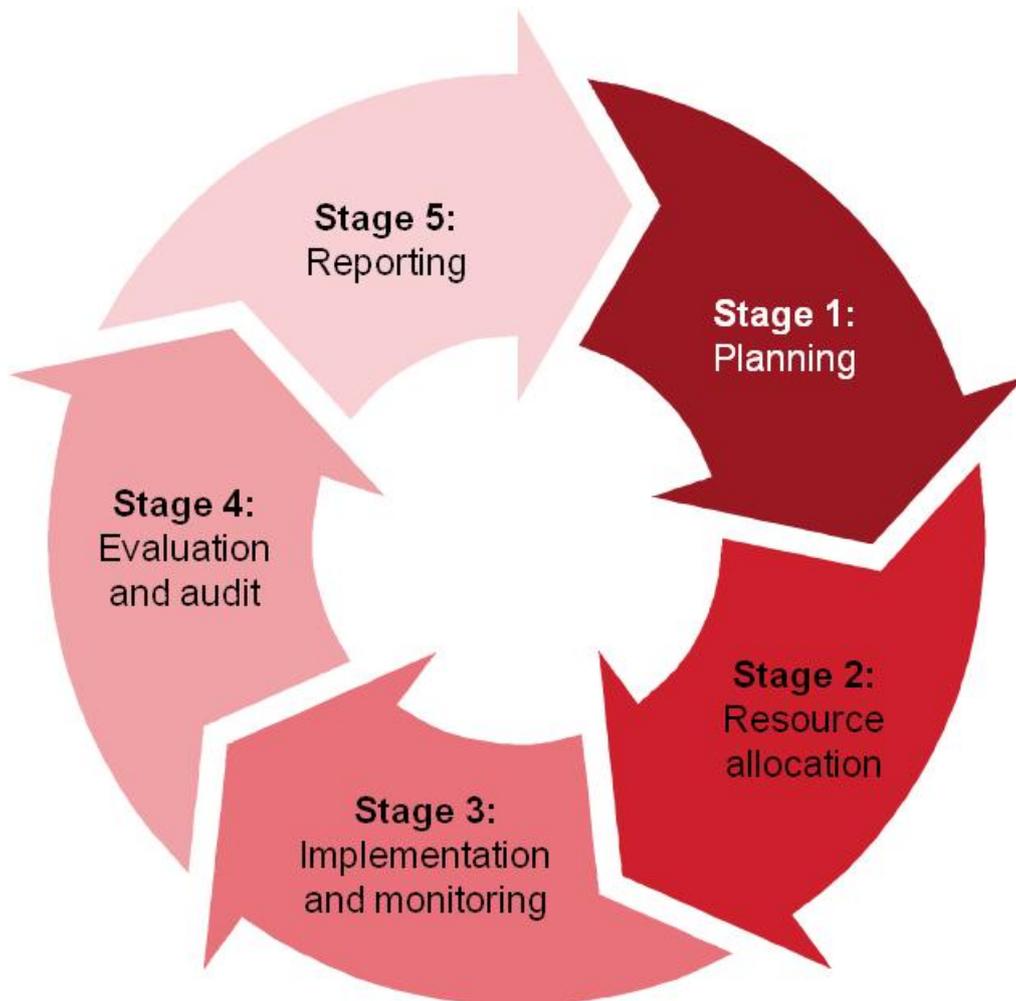
Attachment E: The integrated resource management cycle

An integrated resource management cycle involves a comprehensive and integrated management plan that ensures the efficient, effective and appropriate deployment of an entity's resources in the achievement of its outcomes.

The cycle describes the key steps that entities take when developing, implementing and managing government business. It maps the pathway from planning to resource allocation and programme execution, through to monitoring and reporting on the delivery of outcomes. Each element of the cycle is linked and they all contribute to programme design and delivery.

A simple graphical representation of the cycle is provided in Figure E1.

Figure E1: Integrated resource management cycle



The integrated resource management cycle has five stages.

Stage 1: Planning

The cycle begins when an entity identifies a need and/or direction of government (strategic direction) that requires action. The entity will identify and agree on the priorities of the strategic direction, develop a hierarchy of objectives, strategies and activities, and thereby identify the specific goals of the entity. The entity will then choose between various strategies to achieve the objectives, incorporating lessons learned from previous experiences with the cycle and adapting as necessary.

Stage 2: Resource allocation

The second stage occurs when an entity identifies and allocates resources (time, capital, human resources, etc.) to its goals (as identified in stage 1). The entity will allocate specific resources to programmes and activities, and define the results to be achieved by each (through the development of targets, deliverables and milestones, etc.). This stage requires the entity to consider resource constraints and to prioritise activities based on merit, need, cost and worth.

Stage 3: Implementation and monitoring

The third stage occurs when an entity moves to implement its plans (as detailed in stages 1 and 2) and establishes mechanisms for monitoring the achievement of results. The entity will consider and utilise various implementation strategies and delivery methods that are appropriate to meet its specific goals. On an ongoing basis, an entity will also ensure that there are strategies in place to monitor progress towards its goals, including performance and financial monitoring strategies.

Stage 4: Evaluation and audit

In the fourth stage, an entity will establish and maintain systematic and comprehensive approaches to both internal (assurance and assessment) and external (audit) evaluation activities. These activities ensure the entity's ability to demonstrate progress on and achievement of goals by evaluating the outcome, responsiveness, efficiency and effectiveness of its plans. These activities generate information needed by managers to guide the entity's performance and progress towards goals, and can then be used to inform future planning, resource allocation and implementation decisions.

Stage 5: Reporting

In the last stage, an entity will take information (made available to it through the ongoing operations monitoring, evaluation and audit arrangements) and make it accessible internally and externally through appropriate reporting channels (annual reports, audit reports, management reports, etc.). Within an entity, this stage makes useful, clear, comprehensive, relevant and accurate information available to decision-makers, enabling well-informed and timely decision-making in relation to planning, budgeting and forecasting. Externally, reporting keeps parliament and the government informed and assists in the scrutiny of public administration and expenditure, resulting in the adjustment and refinement of government policy directions.

Attachment F: Extracts from the PGPA Act and PGPA Rule

Extracts from the Public Governance, Performance and Accountability Act 2013

15 Duty to govern the Commonwealth entity

- (1) The accountable authority of a Commonwealth entity must govern the entity in a way that:
 - (a) promotes the proper use and management of public resources for which the authority is responsible; and
 - (b) promotes the achievement of the purposes of the entity; and
 - (c) promotes the financial sustainability of the entity.

Note: Section 21 (which is about the application of government policy) affects how this duty applies to accountable authorities of non-corporate Commonwealth entities.

17 Duty to encourage cooperation with others

The accountable authority of a Commonwealth entity must encourage officials of the entity to cooperate with others to achieve common objectives, where practicable.

18 Duty in relation to requirements imposed on others

When imposing requirements on others in relation to the use or management of public resources for which the accountable authority of a Commonwealth entity is responsible, the accountable authority must take into account:

- (a) the risks associated with that use or management; and
- (b) the effects of imposing those requirements.

19 Duty to keep responsible Minister and Finance Minister informed

- (1) The accountable authority of a Commonwealth entity must do the following:
 - (a) keep the responsible Minister informed of the activities of the entity and any subsidiaries of the entity;
 - (b) give the responsible Minister or the Finance Minister any reports, documents and information in relation to those activities as that Minister requires;
 - (c) notify the responsible Minister as soon as practicable after the accountable authority makes a significant decision in relation to the entity or any of its subsidiaries;
 - (d) give the responsible Minister reasonable notice if the accountable authority becomes aware of any significant issue that may affect the entity or any of its subsidiaries;
 - (e) notify the responsible Minister as soon as practicable after the accountable authority becomes aware of any significant
- (2) However, for a Commonwealth entity that is a court or tribunal, subsection (1) applies only to activities, reports, documents, information or notifications about matters of an administrative nature.

- (3) Without limiting subsection (1), the rules may prescribe matters to be taken into account in deciding whether a decision or issue is significant.
- (4) The accountable authority must comply with a requirement under paragraph (1)(b) within the time limits set by the Minister concerned.

Relationship with other laws and powers

- (4A) If a Commonwealth entity has enabling legislation, then subsection (1) applies only to the extent that compliance with that subsection is not inconsistent with compliance with that legislation.
- (4B) This section is subject to any Commonwealth law that prohibits disclosure of particular information.
- (5) This section does not limit any other power that a Minister has to require information from a Commonwealth entity.

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.

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; 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.

36 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...

37 Records about performance of Commonwealth entities

- (1) The accountable authority of a Commonwealth entity must cause records to be kept that properly record and explain the entity's performance in achieving its purposes.
- (2) The accountable authority must ensure that the records are kept in a way that:
 - (a) complies with any requirements prescribed by the rules; and
 - (b) enables the preparation of the annual performance statements required by section 39.
- (3) The responsible Minister and the Finance Minister are entitled to full and free access to the records kept under this section. However, those Ministers' access is subject to any Commonwealth law that prohibits disclosure of particular information.

38 Measuring and assessing performance of Commonwealth entities

- (1) The accountable authority of a Commonwealth entity must measure and assess the performance of the entity in achieving its purposes.
- (2) The measurement and assessment must comply with any requirements prescribed by the rules.

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.

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 *27 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 the 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.

41 Accounts and records for Commonwealth entities

- (1) The accountable authority of a Commonwealth entity must cause accounts and records to be kept that properly record and explain the entity's transactions and financial position.
- (2) The accountable authority must ensure that the accounts and records are kept in a way that:
 - (a) complies with any requirements prescribed by the rules; and
 - (b) enables the preparation of the annual financial statements required by sections 42 and 48; and
 - (c) allows those financial statements to be conveniently and properly audited in accordance with this Act.

Note: The Auditor-General audits the financial statements of Commonwealth entities (see section 43).

- (3) The Finance Minister and the responsible Minister are entitled to full and free access to the accounts and records kept under this section. However, those Ministers' access is subject to any Commonwealth law that prohibits disclosure of particular information.

46 Annual report for Commonwealth entities

- (1) After the end of each reporting period for a Commonwealth entity, the accountable authority of the entity must give an annual report to the entity's responsible Minister, for presentation to the Parliament, on the entity's activities during the period.

Note: A Commonwealth entity's annual report must include the entity's annual performance statements and annual financial statements (see paragraph 39(1)(b) and subsection 43(4)).

- (2) The annual report must be given to the responsible Minister by:
 - (a) the last day of the fourth month after the end of the reporting period for the entity; or
 - (b) the end of any further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.
- (3) The annual report must comply with any requirements prescribed by the rules.
- (4) Before rules are made for the purposes of subsection (3), the rules must be approved on behalf of the Parliament by the Joint Committee of Public Accounts and Audit.

82 Sharing information with other jurisdictions

The rules may do the following:

- (a) prescribe a Commonwealth entity;
- (b) prescribe a Minister of a State or Territory as a State/Territory Minister for the entity;
- (c) prescribe kinds of reports, documents and information that relate to the entity's activities;
- (d) prescribe the circumstances in which the State/Territory Minister may request those reports, documents and information from the accountable authority of the entity;
- (e) require the accountable authority to give the State/Territory Minister any reports, documents and information requested in accordance with the rules, within the time limits prescribed by the rules.

83 Auditing by State and Territory Auditors-General

(1) This section applies if:

- (a) the Commonwealth provides money to the following (the *partner*) for a particular purpose:
 - (i) a State or Territory;
 - (ii) a body of a State or Territory;
 - (iii) a body (including a Commonwealth entity or Commonwealth company) to which a State or Territory, or body of a State or Territory, also provides money; and
- (b) the partner receives some or all of the money, whether directly or indirectly, because the partner:
 - (i) agrees to use the money in achieving that purpose; or
 - (ii) has entered into a contract that relates to that purpose.

(2) The Commonwealth must not impose any restrictions in relation to the conduct of any audit of the partner by, or on behalf of, the Auditor-General of the State or Territory.

Note: The money may also be audited under Division 2 of Part 4 of the *Auditor-General Act 1997*.

95 Corporate plan for Commonwealth companies

Commonwealth companies

- (1) The directors of a Commonwealth company must:
 - (a) prepare a corporate plan for the entity; and
 - (b) give the corporate plan to the responsible Minister and the Finance Minister in accordance with any requirements prescribed by the rules.
- (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 company relate to those priorities and objectives;then the corporate plan must set out how the activities of the company will contribute to achieving those priorities and objectives.

Subsidiaries

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

97 Annual reports for Commonwealth companies

- (1) The directors of a Commonwealth company must give the responsible Minister:
 - (a) a copy of the company's financial report, directors' report and auditor's report that the company is required by the *Corporations Act 2001* to have for the reporting period for the company (or would be required by that Act to have if the company were a public company); and
 - (b) for a wholly-owned Commonwealth company—any additional information or report prescribed by the rules.
- (2) The Commonwealth company must give the reports and information by:
 - (a) if the company is required by the *Corporations Act 2001* to hold an annual general meeting—the earlier of the following:
 - (i) 21 days before the next annual general meeting after the end of the reporting period for the company;
 - (ii) 4 months after the end of the reporting period for the company; and
 - (b) in any other case—4 months after the end of the reporting period for the company; or the end of such further period granted under subsection 34C(5) of the *Acts Interpretation Act 1901*.
- (3) If the auditor's report required by the *Corporations Act 2001* was prepared by an auditor other than the Auditor-General, subsection (1) also requires the company to give a report by the Auditor-General on the financial statements.
- (4) In preparing a report for the purposes of subsection (3), the Auditor-General must use the same *Corporations Act 2001* rules as applied to the report by the other auditor.

- (5) If the Commonwealth company is a wholly-owned Commonwealth company, or is not required to hold an annual general meeting, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after receiving them. In all other cases, the responsible Minister must table the documents in each House of the Parliament as soon as practicable after the annual general meeting of the company.

Extract from the Public Governance, Performance and Accountability Rule 2014

17 Audit committee for Commonwealth entities

- (2) The functions must include reviewing the appropriateness of the accountable authority's:
- (a) financial reporting; and
 - (b) performance reporting; and
 - (c) system of risk oversight and management; and
 - (d) system of internal control;
- for the entity.

Attachment G: Annual performance statement template

The PGPA Act requires Commonwealth entities to complete annual performance statements at the end of each financial year. The first annual performance statements will be required at the end of the 2015–16 financial year. However, the phased introduction of the full suite of performance framework requirements necessitates a progressive implementation of the performance statement requirement.

This attachment details a proposed template structure for the performance statement to be published within entities' annual reports for the 2015–16 financial year. It is intended to improve current performance reporting arrangements and introduce entities to the new requirements while maintaining direct alignment to existing performance information within the Portfolio Budget Statements. This format is intended to be in place until proposed performance plan requirements are implemented, if this initiative gains support and proceeds. If it does, then this template could be modified along the lines outlined in the body of this discussion paper.

Programme summary (to be produced for each programme under the outcome)

Programme title
Annual actual expenditure
Programme purpose and objective

Programme deliverable (to be produced for each programme deliverable identified within the entity's Portfolio Budget Statements)

Programme deliverable title	
Deliverable description	
Result	A statement indicating if the deliverable has been achieved and/or status of the deliverable at the end of the reporting period (e.g. 'delivered', 'partially delivered', 'not delivered').
Deliverable comment/context statement	Summary/contextual description of how the deliverable has been achieved, or progressed towards, and its intended results.

Results achieved

KPI title	
KPI target and result	
Performance assessment	Statements on how KPIs were measured, including supporting data and other information.
Lessons and challenges	Statements on any lessons learned and/or challenges encountered with respect to the programme.
Programme developments	Prospective statements that identify any possible changes, enhancements or developments in the programme.
Activities involving key delivery partners	Where relevant, statements about initiatives undertaken with key partners during the reporting period relevant to the achievement of the intended results of the programme.

Attachment H: Shared outcomes—key lessons

In response to ongoing concerns that the existing performance framework imposes barriers to effective cross-portfolio and cross-sector working arrangements, Finance initiated a series of trials with selected portfolios to try to develop mechanisms to overcome the methodological challenges associated with measuring government activities of this nature. Over recent years, Finance has worked with various portfolios to better measure cross-portfolio activities.

This work has provided useful insights into how to conduct a successful shared outcome assessment, as well as the challenges associated with such collaborative approaches. Key lessons from the trials, supplemented by information from a range of other academic sources, suggest that the following factors are important to the success of shared outcome processes:

- high-level commitment and support from relevant Ministers and senior management to engender and promote collaborative working arrangements and maintain momentum throughout the process
- a logical fit of objectives with the strategic purpose of entities involved¹⁰
- entities agree and clearly define responsibility and accountability for specific policy objectives contributing to the shared outcome, including the establishment of reporting and funding arrangements
- flexibility and willingness to reprioritise as required to meet overarching goals, balanced against the need to meet individual entity priorities
- clearly defined expectations of the project, including specification of KPIs, milestones and outputs
- a clearly identified, shared working project manager or partner for each entity, and clarification of the roles and responsibilities of each entity
- clear identification of the resourcing requirements and obligations of each party
- definition of the governance, accountability, oversight and scrutiny arrangements
- development of mechanisms and systems for the management of risks and reviews
- establishment of dispute resolution processes
- a communication and relationship management strategy, with clear reporting commitments
- consideration of the potential role of an external scrutineer, including the mechanism by which the scrutineer would report back their observations and recommendations.

¹⁰ The ANAO's Audit Report No. 29 2009–10—*Effective Cross-Agency Agreements*—reported that where the purpose of an entity's involvement in a shared outcome project is not articulated within that entity's Administrative Arrangements Order, it is difficult for collaboration to occur.

Attachment I: Possible performance plan template

The PGPA Act includes a requirement for an annual performance statement to be prepared and published with an entity's annual report. Complementary to this requirement, this paper discusses the concept of performance plans that could outline the proposed measurement and evaluation arrangements for particular programmes and major activities. These would be included in Portfolio Budget Statements.

Section 3.1 of this paper ('Inclusion of performance plans in the Portfolio Budget Statements') discusses the rationale for establishing performance plans and explores the various elements that could be included in a performance plan. The option scoped in this paper is for performance plans to be introduced as a replacement for the information currently presented under section 2 of the Portfolio Budget Statements.

This attachment illustrates the option scoped within the discussion paper.

Key questions to consider when reviewing the performance plan and the proposed template are in Section 2.1 of this paper ('Improving the Portfolio Budget Statements').

Outcome and programme structure

The total expenses for this outcome are \$_____. See the programme expense tables included in this performance plan for a breakdown of expenses by programme.

Figure XX: Programme structure [non-complex]

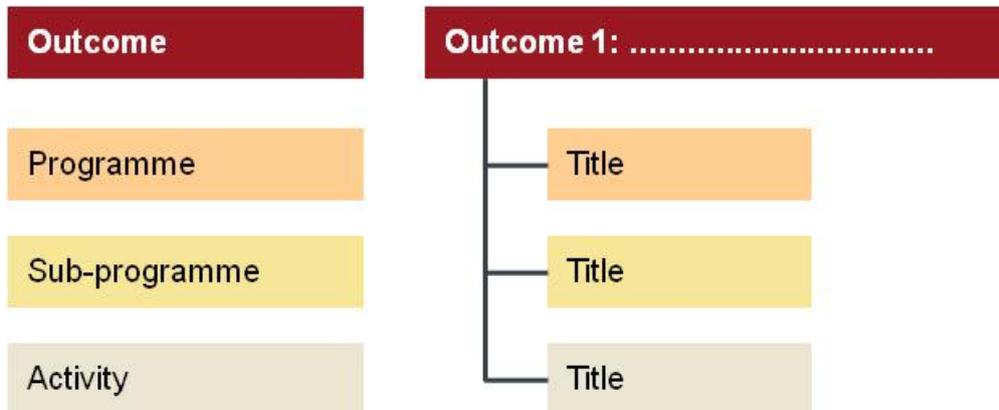
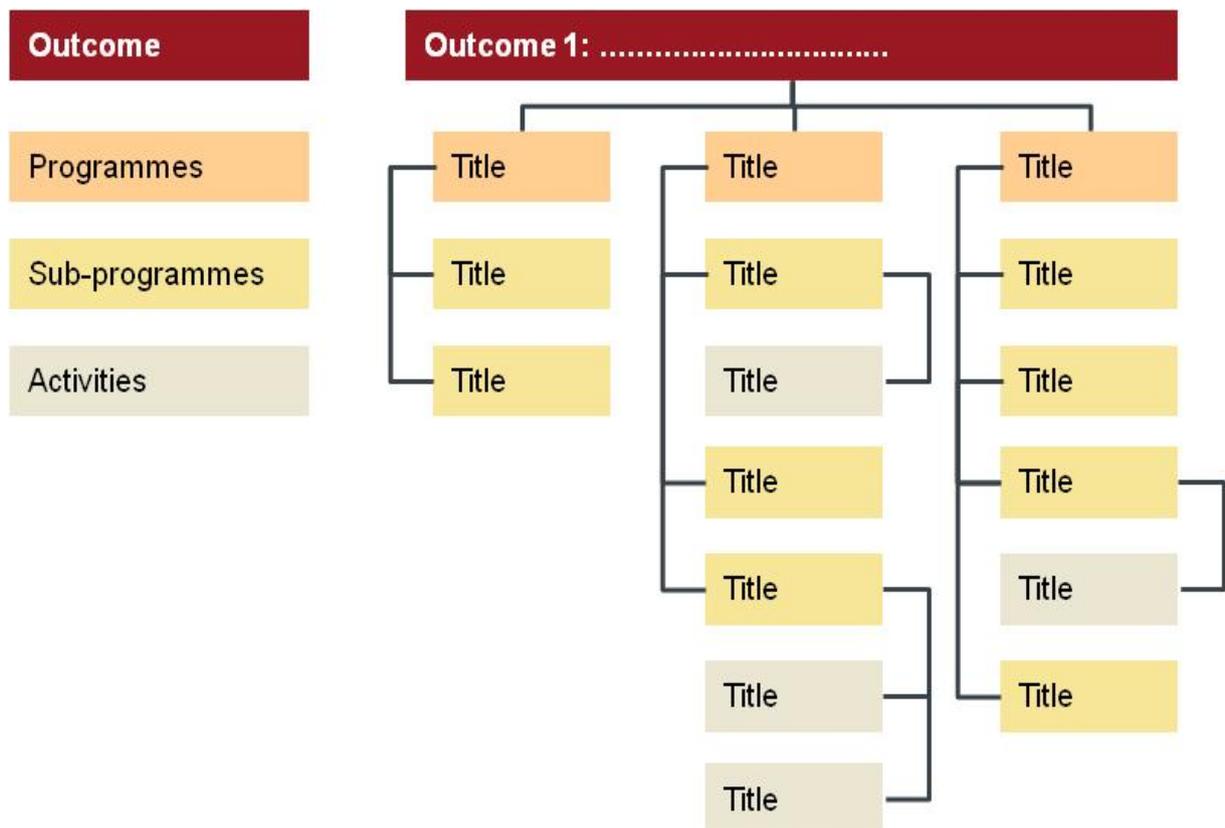


Figure XX: Programme structure [complex]



Programme summary

Programme title	
Year commenced	
Budget	
Complexity (low/medium/high)	
Risk (low/medium/high)	
Government Finance Statistics sub-function	

Purpose/objective	
-------------------	--

Forecast resources

Table XX: Programme X.1 expenses

	2013-14 estimated actual \$'000	2014-15 budget \$'000	2015-16 forward estimate \$'000	2016-17 forward estimate \$'000	2017-18 forward estimate \$'000
Annual administered expenses					
Administered item					
Administered item (including specific purpose payments)					
Special appropriations					
<i>Special Appropriation Act XX</i>					
Special account expenses					
Special Account Name					
Annual departmental expenses					
Departmental item XX					
Departmental item YY					
Programme support					
Expenses not requiring appropriation in the budget year ^a					
Total programme expenses					

a Expenses not requiring appropriation in the budget year are made up of XX, YY and ZZ.

Budget measures

[This part of the template will primarily only apply to budget measures that impact on an existing programme. However, the names of all new measures should be listed in the first row, whether they affect an existing programme or not.]

Name of budget measure and where it was published (e.g. 2015–16 Budget Paper 2 or Mid-Year Economic and Fiscal Outlook 2015–16)	All measures
Financial year in which measure commenced	Where impacting existing programme only
Nature of relationship with existing programme objectives	Where impacting existing programme only

Expected results and performance monitoring

Programme title	
Key delivery partners (title and relevant activity)	
Existing baseline data	
Expected short-term result	What is expected to happen and by when
Performance measurement methodology, including cross-entity performance assessment (how will progress on or achievement of the short-term result be measured):	
<ul style="list-style-type: none"> • 	
Source of data	
Specific contribution of sub-programme and activity to short-term result	
Expected medium-term result	What is expected to happen and by when

Performance measurement methodology, including cross-entity performance assessment (how will progress on or achievement of the medium-term result be measured): <ul style="list-style-type: none"> • 	
Source of data	
Specific contribution of sub-programme and activity to medium-term result	
Expected long-term result	What is expected to happen and by when
Performance measurement methodology, including cross-entity performance assessment (how will progress on or achievement of the long-term result be measured): <ul style="list-style-type: none"> • 	
Source of data	
Specific contribution of sub-programme and activity to long-term result	
External drivers	

Attachment J: Examples of performance measurement tools and approaches

Section 3 of the discussion paper proposes that Commonwealth entities would be required to specify the performance measurement tools and/or approaches that they would use to assess each of their programmes.

Performance measures can be derived from direct and indirect sources. Examples of direct and indirect sources of performance measurement data are provided below.

Direct sources

- benchmarking metrics
- environmental scans
- data collections
- independent reviews
- focus groups
- stakeholder surveys
- adherence to policies and procedures
- client survey reviews
- impact assessments
- external assessments
- longitudinal studies
- peer reviews
- key performance indicators, distinguished specifically as relating to:
 - input indicators (measuring the quantity of resources provided)
 - process indicators (measuring what happened during implementation)
 - output indicators (tracking the volume of products or services provided)
 - direct indicators (when precise results can be assessed)
 - indirect indicators (when direct measures are not feasible)
 - efficiency indicators (relationship of outputs to inputs)
 - effectiveness indicators (extent to which planned activities are realised and planned results achieved)
 - quantitative indicators (measures of values or counts, expressed as numbers or frequencies)
 - qualitative indicators (information describing meaning and experience that cannot actually be measured)
- activities identified specifically as relating to:
 - process evaluations
 - impact evaluations

- outcome evaluations
- summative evaluations

Indirect sources

- implementation readiness assessments
- gateway reviews
- capability reviews
- regulatory plans
- performance audits
- risk potential assessment tools
- strategic reviews
- agency capability initiatives
- organisational performance frameworks

Feedback form

Finance is seeking consolidated feedback from each entity on topics covered in the discussion paper. The key topic areas are identified in the table below, together with related discussion questions. These questions have been included to stimulate broad consideration of options to enhance the performance framework. **It is not necessary to answer all of the discussion questions, or to provide feedback on every topic.**

Name of entity: _____

Contact name: _____

Contact position: _____

Telephone: _____

Email: _____

Topic and key questions	Feedback
<p>Portfolio Budget Statements</p> <ul style="list-style-type: none"> - Should all corporate and non-corporate Commonwealth entities be required to complete Portfolio Budget Statements? - Should Commonwealth entities that don't prepare Portfolio Budget Statements place performance information in their corporate plans instead? - Should the Portfolio Budget Statements contain only non-financial performance information, with all financial information published in the core budget documents (Budget Papers 1 to 4)? - Are the Portfolio Budget Statements the best location for detailed entity performance information? - Would entities and the Parliament be better served if all performance information was removed from the Portfolio Budget Statements and instead published as a core element of entities' corporate plans? - If so, should corporate plans be published in conjunction with the Portfolio Budget Statements on budget night to expand the range of information available to Parliament as it considers the annual Appropriation Bills? - Could non-financial performance information be provided electronically on budget night and published in the corporate plan? 	

Topic and key questions	Feedback
<p>More flexible performance planning, monitoring and reporting arrangements</p> <ul style="list-style-type: none"> - What is the scope for the internal datasets currently collected in your entity being leveraged for publishable data to support better tactical and strategic decision-making in government? - What considerations need to be taken into account in growing new datasets ready for publication? - What sort of guidance should Finance provide on performance measurement tools? - What level of detail should Finance provide on performance measurement tools? - What level of guidance is appropriate regarding which performance measurement tools work best in particular circumstances? - Should all KPIs be reported publicly on an annual basis? - Should entities plan and report on performance at a programme level? - Should entities plan and report on performance at a sub-programme or major activity level? - What level of performance reporting best serves entities' and Parliament's purposes? - What level of reporting delivers the best outcomes for entities and Parliament in comparison to the effort required to produce it? - Should a programme expenditure materiality threshold be applied to support a simpler approach? - Should the annual performance plans be subject to coordinated and/or centralised review, or is entity self-assessment sufficient? - Who would be best placed to conduct coordinated and/or centralised reviews? 	

Topic and key questions	Feedback
<p>Corporate plans</p> <ul style="list-style-type: none"> - Do you have any suggested inclusions or deletions for the requirements of corporate plans suggested in Section 2.2 of the discussion paper? - Is the proposed list of inclusions in a corporate plan appropriate? - Do you have any suggestions on removing existing duplicative reporting? - Do you have any suggestions on how to tier existing performance reporting requirements? <p><i>Timeframe for updates</i></p> <ul style="list-style-type: none"> - Would a four-year plan support medium- to long-term strategic planning? - Should corporate plans be a living document and be updated as needed? - Should the proposed corporate planning rule set some of the requirements for updating corporate plans? - Should entities report progress against the corporate plan under Part 3 (management and accountability) of their annual reports? 	
<p>Annual performance statements</p> <ul style="list-style-type: none"> - Is the level of information proposed to be reported in entities' performance statements appropriate? - How should copies of annual performance statements be included in annual reports? 	
<p>Cross-entity activities</p> <ul style="list-style-type: none"> - How best can cross-entity activities be measured? - How should guidance be developed to assist entities to improve their measurement and reporting of cross-entity activities? 	
<p>Monitoring and evaluation</p> <ul style="list-style-type: none"> - Is there a benefit in having a more formal regime that identifies areas for review in a more coherent manner than currently exists? - Is there a benefit in providing improved consistent guidance material and allowing entities to adopt practices based on that guidance? 	

Topic and key questions	Feedback
<p>Performance plans</p> <ul style="list-style-type: none"> - Would performance plans help to improve the quality of non-financial reporting by Commonwealth entities by improving front-end planning? - At what level should performance information and performance plans be developed and reported by entities? - Would a performance plan draw out early feedback on the appropriateness of particular performance measurements? <p><i>Proposed elements of a performance plan</i></p> <ul style="list-style-type: none"> - Could the financial information provided in the current programme expenses table in the Portfolio Budget Statements be restructured, over time, to represent more of a resourcing view, rather than an appropriation view? - Could the table represent resources available to an organisation under the broad headings of ‘Annual appropriations’, ‘Special appropriations’ and ‘Other’, and also show capital directly attributable to the programme? - Is the level of information proposed to be included in performance plans appropriate and useful? How can this be improved? - How much information and effort should be required at each level of reporting, especially where the outcome, risk and complexity are assessed as being low? - If a performance plan was adopted, what would be the key enablers for its success? - If a performance plan was adopted, when might be an appropriate time for its introduction? 	