

Joint Committee of Public Accounts and Audit
Answers to Questions on Notice
Inquiry into Policy and Program Design and Implementation

Department/Agency: Australian National Audit Office

Outcome/Program Group:

Topic: Inquiry into Policy and Program Design and Implementation

Question reference number: 1

Type of question: Written

Date set by the committee for the return of answer: 23 February 2024

Number of pages: 2

Question(s):

Do you think cross-agency program governance could have been strengthened? Why?

Answer(s):

Yes, Auditor-General Report No. 39 (2022–23) [*Implementation of the Government Response to the Black Economy Taskforce Report*](#) identified that cross-agency program governance could have been strengthened.

For cross-agency initiatives, additional effort is often required to design effective governance arrangements than for single-entity initiatives. . The Taskforce argued that clear responsibilities and accountabilities would be needed so that the ‘[r]eport is not left on the shelf’ (paragraphs 2.1 and 2.3).

In seeking funding to coordinate the implementation of the Government response to the Black Economy Taskforce report, Treasury advised the Government that there was a significant risk of the recommendations not being delivered without a single coordination area leading the consultation both within and outside government (paragraph 2.17). Despite this, the audit concluded that Treasury did not effectively coordinate the implementation of the Government response to the Taskforce report across government (paragraph 11).

Cross-agency program governance could have been strengthened by:

- establishing cross-agency governance committees or similar (paragraph 2.25 and 4.5);
- more clearly defining and communicating roles and responsibilities across government (paragraphs 2.36 to 2.39);
- applying a program management approach to cross-agency coordination (paragraphs 2.40 to 2.45);
- documenting and agreeing timeframes for cross-agency implementation (paragraphs 2.46 to 2.50);
- establishing arrangements for ongoing monitoring and reporting on the implementation of Black Economy Taskforce recommendations across government (paragraph 2.53 to 2.65); and
- establishing cross-agency evaluations arrangements (paragraphs 2.66 to 2.74) — without a cross-agency approach to evaluation, Treasury cannot demonstrate that

the objectives of the Black Economy Taskforce's strategy have been achieved (paragraph 10).

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Question reference numbers: 2, 3

Type of question: Written

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Question: 2

Can the ANAO elaborate on why they were unable to verify Home Affairs' reporting on caseload complexity and risk using visa caseload data provided by Home Affairs? (Para 3.66, p. 55).

Answer:

The audit found that Home Affairs did not consistently distinguish between 'complexity' and 'risk' ratings (paragraph 3.59).

Paragraphs 3.57 and 3.58 describe the categorisation of Partner visa applications based on its level of complexity. Footnote 139 notes that visa application may be rated complex because of the need for certain requirements to be met, rather than due to risk factors. The relative complexity of a case may also change over the course of processing.

Table 3.3 shows that Home Affairs used different approaches to identifying risk for the same visa type. While the ANAO identified a range of briefings that reported on the proportion of the Partner caseload considered complex or high risk at particular points in time, these figures were not supported by underpinning data or analysis.

Question: 3

In ANAO's view do the processes listed by Home Affairs in their response to recommendations no.4 and no.5 adequately address the recommendations?

Answer:

Recommendation 4 of the ANAO report was that:

The Department of Home Affairs establish a standard set of monitoring and evaluation metrics to support analysis and continuous improvement in the efficiency of Family Migration Program visa processing.

In its submission to the JPCAA Home Affairs advised that it had created a monthly Program Health report to provide the Family Migration Program standardised evaluation metrics (noting that the timeframe for completion was October 2023) and had established monthly performance meetings.

The ANAO has requested information from Home Affairs about improvements made to visa processing efficiency in the context of its current audit of the department's 2023-24 annual performance statements. Home Affairs' corporate plan includes the following performance measure:

Target 16:

Visa processing times (from application lodgement to point of decision) for applications are reduced across at least 4 categories, in line with Government priorities.

The visa categories to be reported on include the Second Stage Partner category. This information is expected to be provided by the end of February 2024.

Recommendation 5 of the ANAO report was that:

The Department of Home Affairs establish processes to identify, analyse and remediate potential processing inactivity to support the improvement of efficiency in its business process for finalising Family Migration Program visa applications.

In its submission to the JPCAA Home Affairs advised that it has established a range of processes to address processing inactivity and the aged caseload. It states that in August 2023 the department created a Family Executive (Partner visas) Dashboard that provides disaggregated data aged more than 24 months to greater than ten years. This would help to more readily identify aged cases and may indirectly help to identify instances of when the processing of an application does not proceed in a timely manner. The ANAO notes that the Dashboard appears to only be produced for the Partner visa category.

However, the ANAO has not requested, or been provided with, specific evidence from Home Affairs on these processes and is therefore unable to comment on whether they adequately address the recommendation.

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Question reference number: 4

Type of question: Written

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Number of pages: 2

Question:

In ANAO's view, can DAFF now reliably measure the performance of the new export framework or do shortfalls still exist?

Answer(s):

The ANAO has not completed a performance audit on the Department of Agriculture, Forestry and Fisheries (DAFF) export framework since [Auditor-General Report no.6, 2022-23, Implementation of the Export Control Legislative Framework](#) was tabled on 18 October 2022.

[Auditor-General Report No.16 2023–24, Audits of the Annual Performance Statements of Australian Government Entities — 2022–23](#), reports that the ANAO issued a qualified conclusion on DAFF's annual performance statements due to the omission of performance information for reporting against Objective 1: Industry Growth and Objective 3: Resilience and sustainability; and the biased construct of the measure relating to point-of-entry failures.

Paragraphs 2.14 to 2.16 from Auditor-General report No.16 2023–24 reported:

DAFF's performance measure on the regulation of exported goods (IG-04) uses point-of-entry failures for meat exports as a proxy for all prescribed goods regulated under the Export Control Act 2020 (ECA) and the Export Control Rules. The ECA sets the overarching framework for the regulation of exported goods, including food and agricultural products. DAFF regulates the export of agricultural goods and issues Australian Government export certificates under the ECA and subordinate legislation.

Given the definition of exported goods for the purposes of the ECA is broader than meat exports and also includes plants, eggs, dairy and live exports, the ANAO was unable to corroborate DAFF's view that measuring point-of-entry failures for meat exports is a suitable proxy for DAFF's overall performance in administering the ECA. The measure did not, therefore, provide an unbiased basis for measuring and assessing DAFF's performance in regulating exports.

In addition, under IG-04 relating to the regulation of exported goods, only failures that are directly attributable to the department are reported as point-of-entry failures. DAFF's export regulatory system is implemented and oversighted by establishments registered with DAFF under the ECA, through production and operational procedures that are agreed by DAFF and formalised as approved arrangements under the ECA. In this environment, the risk that point-of-entry failures would be directly attributable to DAFF is reduced, but only measuring failures that are directly attributable to the department, in an environment where the responsibilities are licenced to other parties, adds to the biased construct of the measure.

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Question(s):

5. What were some of the main problems with the Blueprint from ANAO's perspective?
6. The ANAO audit stated that the department did not assess its expertise to inform the capability uplift expectations of the partner model.
 - a. Can ANAO please elaborate on what this actually means?
7. The ANAO reported from its audit that during implementation of the reforms not all risk assessment activities were completed, and some identified risks were not actively managed.
 - a. What were the areas of most concern for you in this regard and what were the potential implications of them?
 - b. Has the lack of risk management hindered the effectiveness of the reforms?
8. The audit found that arrangements to consistently drive the capability uplift objective through the use of the strategic and delivery partner model were not established.
 - a. Could ANAO outline some of the most problematic deficiencies if found in the governance arrangements for the strategic partner model?
9. The audit report was quite scathing of the department's framework to monitor the reform program, stating that progress reporting for specific initiatives did not provide accurate and complete information and further that due to limitations with the completeness of the data, the performance measures were largely ineffective for measuring impact. [Audit Recommendation 2-4]
 - a. What were the most problematic issues you had in relation to monitoring and reporting by DAFF on the reform program?

Answer(s):

5. Chapter 2 of the report examined whether the Department of Agriculture, Water and the Environment (DAWE) undertook appropriate planning to develop its reform program. This included an examination of the development and release of the Future Department Blueprint (the Blueprint). The Blueprint set out key actions to be undertaken as part of DAWE's reform agenda.

The audit found that:

- initiatives identified in the Blueprint were general in nature and not specific to DAWE's portfolio responsibilities, and it was unclear how these initiatives contributed to the objective of the Blueprint to 'be future ready' (paragraph 2.52);
- activities and communications planned to support the release of the Blueprint and engage departmental staff were not started, not updated, or not completed, and there was no reference to DAWE planning or conducting a review or analysis of the impact of planned activities and communications (paragraphs 2.58 and 2.63–2.65);
- DAWE identified tensions and potential delays between contingent Blueprint initiatives but did not resolve them (paragraphs 3.29–3.30);
- implementation monitoring for the Blueprint ceased seven months after its launch (paragraph 4.11) although the three tranches of initiatives and activities were intended to be delivered over four years (paragraph 2.51);
- DAWE conducted consultation to improve definitions around the achievement of Blueprint milestones and completion of projects, however milestones were ultimately not phrased in a manner that provided clear information on status to the DAWE Executive, and limited DAWE's ability to effectively monitor progress (paragraph 4.16);
- the impact monitoring framework for the Blueprint did not provide appropriate information for DAWE to measure the impact of Blueprint initiatives (paragraphs 4.23–4.32);
- it was not clear how performance measures were aligned to, or influenced by, the initiatives identified in the Blueprint, or the overall outcomes of the Blueprint (paragraphs 4.35–4.40);
- the Blueprint was a project delivered as part of the strategic partnership, however DAWE did not establish metrics to assess the outcomes of the 'strategic advisory services' element of the strategic partnership including any desired capability uplift via delivery of the Blueprint (paragraphs 4.45–4.50); and
- funding gaps relating to the implementation of the Blueprint were identified but not resolved, costs were not reviewed, and future funding arrangements for implementation of the Blueprint were not established (paragraphs 4.61–4.67).

The ANAO made four recommendations, the first of which was that the Department of Agriculture, Fisheries and Forestry (DAFF) 'establish the direction of its reform program by 30 June 2022' (paragraph 3.32). The subsequent recommendations would be applicable whether DAFF decided to continue work on the Blueprint or chose another course of action (see Appendix 1 Entity response).

6. A) The audit found that 'DAWE did not undertake an assessment of departmental expertise to inform the capability uplift expectations of the strategic and delivery partner model.'

Specifically, as outlined in paragraph 2.29, 'There is no evidence that DAWE assessed departmental expertise to identify gaps and inform the capability uplift expectations that were subsequently highlighted as a key element of the partner

model, including the strategic advisory services provided by the strategic partner directly to DAWE's senior executive team (see paragraphs 3.55–3.62).'

Paragraph 3.52 outlines that 'Capability uplift and the development of long-term skills, techniques and tools employed by departmental staff was identified as a key objective of the partner model. DAWE noted that, in establishing the partner model, firms committed to working 'side-by-side' with departmental staff 'often in joint teams, with a view to achieving capability uplift'.

Paragraph 3.55 notes that 'The deliverables defined under the strategic advisory services activity orders largely took the form of thought leadership and advice provided in meetings.' Paragraphs 3.57–3.58 and 3.60–3.62, and Case study 1 provide examples of deliverables under strategic project services activity orders.

7. A) Risk assessment activities are outlined in paragraphs 3.22–3.25 of the audit report.

In particular, the audit found that prior to the release of the Blueprint in September 2021, DAWE's Policy and Portfolio Strategy Branch identified risk themes and potential risks to Blueprint implementation. The major risk themes identified were:

- missed opportunities to deliver greater impact;
- changed department priorities;
- governance effectiveness;
- resourcing constraints;
- scope change/creep; and
- buy in and engagement to drive change (paragraph 3.23).

Potential specific risks identified within these themes are set out at paragraph 3.24 and included: future machinery of government changes; that capability and capacity objectives would not be achieved; a lack of staff engagement and buy-in; and a lack of resourcing and finances to deliver Blueprint initiatives. Assessment of these risks was not finalised, and risk owners were not assigned. There is no evidence of whether the draft risk assessment informed other finalised documents.

The potential implications are outlined in paragraph 3.26 which states that 'Risk may have been discussed in DAWE's governance meetings, however these were not clearly documented or supported by a formal review process of all risks involving consideration of ownership, tolerance, and controls. The lack of formal risk management arrangements limits management's ability to make informed decisions relating to the management of risks.'

- B) At the time the audit report was published, DAFF had yet to decide whether elements of the Future Department Review and Blueprint will apply to its new operating context, as part of the Designing DAFF project or otherwise.

As such, the ANAO is unable to comment on whether the risk management arrangements have impacted on the delivery of the reform program. However, the ANAO has previously commented that 'in ANAO audits tabled between July 2021 and June 2023, there is a positive relationship between risk

management findings in the audit and the overall audit conclusion. In other words, if an audit has positive findings about risk management, more likely than not, the overall audit conclusion will be positive.’ (See: [Audit Lessons Insights – Risk Management](#))

8. A) In relation to the strategic and delivery partner model, key elements of the governance arrangements are outlined in Figure 3.1 and paragraphs 3.15–3.18.

In addition to the above, paragraph 3.73 states that ‘A dedicated contract manager for the strategic partner was appointed in March 2022, 13 months after the commencement of the strategic partner arrangements. This appointment coincided with the strategic advisory services element of the strategic partnership being put on hold in March 2022.’

Arrangements for capability uplift and transfer for the strategic partner are set out in paragraphs 3.55–3.58.

Arrangements for capability uplift and transfer for delivery partners are set out in paragraphs 3.66–3.67.

9. A) The audit concluded that monitoring and reporting arrangements for the reform program were ineffective. Progress reporting for specific initiatives did not provide accurate and complete information. Performance measures primarily focussed on staff sentiment. Due to limitations with the completeness of the data, the performance measures were largely ineffective for measuring impact. DAWE did not undertake a planned evaluation of its reform program and did not establish appropriate assurance over capability transfer and uplift. DAWE did not complete cost mapping activities prior to commencing its reform program and subsequent funding gaps for implementation of the forward program emerged. These issues were not resolved.

Progress reporting is set out in paragraphs 4.12–4.17.

Impact measurement is set out in paragraphs 4.29–4.32.

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Type of question: Written

Date set by the committee for the return of answer: 23 February 2024

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Question(s):

The ANAO audit notes there were 'limitations to the data currently available to measure progress' for newer programs established outside the strategy. A) Can the ANAO elaborate on these limitations?

Answer(s):

Auditor-General Report No. 42 (2022–23) [*Access and Participation Programs for Regional and Remote Students*](#) found '[f]or the newer programs and initiatives established out of the Strategy, there are limitations to the data currently available to measure progress' (paragraph 3.38). This finding relates to:

- the data available to the Department of Education at the time of the audit for newer programs to meet its reporting timelines (see Table 2.1 and Table A.2 for the names of the newer programs and initiatives);
- the type of data being collected for each program and initiative and what, if any, analysis is undertaken (see Table 3.1);
- the department does not undertake additional analysis of the data (to what is outlined in Table 3.1) to determine whether the programs and initiatives are achieving outcomes outlined in the Strategy (paragraph 3.37); and
- Recommendation 2 (paragraph 3.42(a)) that the Department of Education establish a reporting framework that 'identifies data requirements (including the collection of up-to-date baseline data)' as the '[t]he department has not reported on its progress against the baseline or target data since the release of the Strategy in 2019 (which used 2016 data)' (paragraph 3.38).

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Question(s):

11. Findings by the ANAO determined that stakeholder consultation for permanent telehealth and changes to MBS items were not adequately undertaken, and that a key indigenous peak body (NACCHO) were not involved regarding specific policy settings.
A) Can you please elaborate on these audit findings in relation to Health's lack of consultation?
12. The ANAO audit found that although the advice to government by Health was that the telehealth expansion to the whole population would be cost-neutral, the modelling approach used did not assume cost-neutrality and was based on seemingly outdated trends observed during the early pandemic. A) How inaccurate did the modelling prove to be in terms of cost? What are the ongoing costs now?

Answer(s):

11. The ANAO concluded that for general practice and allied health permanent telehealth, consultation practices were largely aligned with a stakeholder engagement plan. For specialist permanent telehealth, there was no finalised stakeholder engagement plan, however consultations occurred, and views were reflected in policy advice. The Department of Health and Aged Care consulted with and incorporated the opinions of peak bodies into policy advice for temporary and permanent telehealth, except that a key Indigenous peak body was not involved in stakeholder meetings where the specifics of telehealth policy settings were discussed (see grey box, page 30 of report).

The National Aboriginal Community Controlled Health Organisation (NACCHO) is a national peak body representing 144 Aboriginal Community Controlled Health Organisations. As noted at paragraph 2.33 of the report, in July 2020 Health commenced negotiations with four peak bodies to request suggestions for policy settings and seek support for the Australian Government's primary health care reform package. Policy advice on telehealth to the Australian Government for the 2021–22 Budget noted the policy parameters were subject to ongoing discussion with these four peak bodies, which did not include NACCHO. As noted at paragraph 2.27 of the report, NACCHO was one of the participant organisations in the GP Peak Body

COVID-19 Response Teleconference which met 44 times between 18 March and 16 December 2020, and which discussed telehealth at 24 meetings. NACCHO also had representation on the Primary Health Reform Steering Group (see paragraph 2.31). However, as noted at paragraph 2.40 of the report, in a submission to the audit from NACCHO, NACCHO noted that it was not represented in the meetings described at paragraph 2.33, where the specifics of telehealth policy settings were negotiated. Internal Department of Health and Aged Care correspondence noted that the interests of NACCHO were significant and different to those of other peak bodies.

12. At paragraph 2.15 the audit report states that in July 2020 Health adopted an approach to modelling telehealth costs that did not assume cost-neutrality and was based on observed trends during the early pandemic. The audit did not examine the accuracy of the modelling. The ANAO has not undertaken an audit of the ongoing costs of telehealth, therefore the committee may wish to seek information from the Department of Health and Aged Care in relation to the ongoing costs.

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Question:

CHAIR: Ultimately, yes, I get that. I'll make the point, if you could take it on notice, that the policy issue I'm curious about, coming out of the report on policy and program design and implementation back into the big frame, is what structured, permanent, ongoing policy analysis and impact analysis you do. The impact and the performance framework are not just widgets and processing. They're the actual outcomes that the program is achieving—not just the fiscal outcomes but the social outcomes.

Mr Hehir: We didn't see any of that type of analysis. The data tended to be more on, as you said, throughputs and issues like that. As we talked about in the report, there was more analysis from the economic point of view but very little—well, we didn't see any of that type of analysis informing policy.

CHAIR: It's a reasonable question and something that this inquiry could quite reasonably think about or recommend. Drawing a parallel with the conversation we just had on the black shadow economy, it's not just about whether you've done the things in your plan but what outcomes you are achieving and if we are permanently analysing that.

Mr Hehir: We'll take it on notice.

Answer:

The ANAO audit observed that Home Affairs provides information to government relevant to decision-making on the annual migration program, including: population trends; social and economic policy objectives; state and territory priorities; stakeholder advice; and public opinion (paragraphs 2.5 and 2.11–2.15).

The size and composition of the migration program enable the government to implement its migration policy. However, achieving the expected economic and social outcomes is linked to the department's actual delivery against agreed planning levels. The ANAO audit found that the use of planning ceilings may increase uncertainty about the actual number of visas likely to be granted by the end of the year, reducing the government's ability to determine if its policy and fiscal objectives will be achieved (paragraph 2.17). The audit found that the department's

reporting on performance in delivering against previous year planning levels varied across years (paragraphs 2.22–2.24).