Joint Committee of Public Accounts and Audit

The Department of the Treasury's submission to the Inquiry into Policy and Program Design and Implementation

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The Department of the Treasury (Treasury) appreciates the opportunity to make a submission to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into Policy and Program Design and Implementation. Treasury is the Government's lead economic adviser and traditionally has been focused on economic policy design and implementation. Treasury is proud of our tradition providing robust economic policy advice to the Government of the day and our ongoing delivery of the Treasury legislative program – the largest legislative program in Australia.

When Treasury commenced work on the Government response to the Black Economy Taskforce report in 2018, as an organisation we did not have well-developed, whole-of-Treasury systems for coordinating whole-of-government programs. This is evident in the findings of the Auditor-General's audit into the implementation of the Government response to the Black Economy Taskforce final report, which found our information management and program governance was not effective. These issues were compounded by the impact of COVID-19, which required Treasury to reallocate resources from the shadow economy response toward designing and implementing the response to COVID-19.

Treasury has been maturing its information management systems and culture and project management resources and culture since the Black Economy Taskforce work commenced. Treasury has stood up a governance committee focussed on information strategy at the departmental level, implemented an enterprise information strategy, improved the policies for appropriate information storage systems, transitioned to SharePoint Online and introduced mandatory information management awareness training for all staff. A secretariat has also been established which ensures record keeping related to governance committees is managed appropriately.

Treasury has also implemented a Program Management Framework (Attachment A) and stood up a Program Advisory team. Treasury's Program Management Framework enables business areas to apply the principles, fundamentals and elements of program management to suit their needs and objectives.

The Framework's purpose is to:

1. enhance and embed program management delivery across Treasury;
2. provide a structured approach to program management;
3. provide a shared understanding of best practice program management; and
4. assist program areas to design, manage and deliver their program efficiently, effectively while following relevant legislation and guidance.

The Framework is supported by a small Program Advisory team within Treasury's Governance and Stakeholder Liaison Branch, which provides advice and program management tools to program areas to build capability and better practice program management. Key programs also report regularly to our Performance and Risk Committee providing an increased level of governance.

The wider experience and improvement of Treasury's project management and information management processes and culture can be seen in our approach to managing or maturing other large implementation tasks since 2018. For example, the implementation of the Government response to the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry had a dedicated program management team, a program delivery plan, regular inter-departmental meetings, and fortnightly reports on the status of measures against targets, among other improvements (see Box 1 for more information). In its management of the largest legislative program in Australia, Treasury uses a comprehensive Legislation Program Governance Framework, which has consistently delivered legislative measures in accordance with Government priorities (see Box 2 for

more information). These, and other, examples of sound project management and governance within Treasury serve to educate and encourage others within the department to adopt similar frameworks.

Box 1: Implementation of the Government response to the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

The then government's February 2019 response to the Final Report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry contained 72 commitments, the majority of which required legislation. It required delivering a very large and interconnected legislative program, the majority of which was to be introduced into Parliament or given effect to by 30 June 2020 and the remainder by end 2020.

Treasury and other bodies such as OPC were resourced through budget processes to be able to deliver on the program. Delivery involved staff from five divisions (in three groups) within Treasury, working in close cooperation with ASIC, APRA and the Office of Parliamentary Counsel (OPC). Program management was provided by the Financial Services Royal Commission Taskforce Division (FSRT) and Law Division (LD), and included:

- A dedicated program management team in FSRT alongside dedicated staffing in LD's program management function, with a FSRT SES Band 1 authorised with responsibility for driving delivery across the whole of the program.
- A delivery plan integrated with regulators' processes and products (including regulatory guidance and information sheets).
- A regular Deputy Secretary level agency meeting (including OPC) to resolve roadblocks and address any program-level issues.
- Tight discipline around change management in the scope of individual commitments, through upfront, clear, communication and agreement across Treasury and regulators and maintained through the Deputy Secretary level meetings.
- Fortnightly reports on the risk status of legislative measures and dashboards on progress against targets, in addition to standard legislative project tracking by LD.
- Regular weekly meeting with Minister's Offices to support efficient Ministerial decision-making.
- Clear and early communications with external stakeholders on the timing of consultations.

While final delivery against the Implementation Roadmap was delayed by the onset of COVID in early 2020, at that time the delivery of all commitments was on track.

Box 2: Management of Treasury's Legislation Program

The Treasury Legislation Program (the Program) is the largest in the Commonwealth and a key mechanism for delivering the Government's economic reform agenda to achieve strong and sustainable economic and fiscal outcomes for Australians. Historically the Treasury portfolio has accounted for more than 20 per cent of the stock of Commonwealth legislation in force and a similar proportion of the flow of new laws enacted each year.

The Program is responsive and adapts to evolving priorities of the Government. Underpinning the Program is a comprehensive Legislation Program Governance Framework (the Framework) to ensure timely and effective delivery of legislative measures, in accordance with Government priorities.

The central components of the Framework are:

1. Full scale reviews of the Program three times a year in consultation with portfolio ministers, their offices, and the OPC. These reviews coincide with upcoming Parliamentary sitting periods and set out the forward program over the next 6 to 12 months;
2. Systematic and rigorous change management processes to formally document changes made to the Program outside of the tri-annual reviews;
3. Workforce planning to sustain capability and ensure legislative measures are appropriately resourced;
4. Regular reporting, monitoring and escalation of delivery risks; and
5. Centralised coordination of ministerial and parliamentary processes and regulator quality assurance processes at the final legislation delivery stages.

Treasury centralised the Program coordination function in 2015. Since that time the sophistication of the Framework continues to evolve as the benefits of a whole of Treasury approach for managing the risks associated with delivery of the Program are realised. The scale of the Program and the scope of the Framework have also increased, with the total number of legislative measures tracked in 2022 more than triple that tracked in 2015.

Through data-supported evaluation and evidence-based decision-making, Treasury continues to refine organisational systems, processes and procedures to ensure they are fit for purpose and support delivery of the Government's legislative priorities.

Delivery of Program is a key activity within Treasury's performance framework and contributes to *Key Activity 2: Treasury's implementation of policies and regulation supports Australia's economy and national interest*.[1] The performance activity measures the proportion of legislative measures committed for delivery at the beginning of a parliamentary sitting period, adjusted for any Government reprioritisation of legislative measures during the sitting period, and compared to the actual number delivered. For the 2021-22 period, Treasury delivered an average of 94% of legislative measures committed for delivery across the sitting periods, achieving the target of 90%.[2]

Current progress in implementing the Auditor-General's recommendations

Treasury accepts the findings of the Auditor-General in relation to the department's implementation of the Government response to the Black Economy Taskforce final report and has already made significant progress in implementing the Auditor-General's recommendations.

Audit recommendation	Treasury Response	Status
Recommendation 1 The Department of the Treasury implement policies and procedures to ensure that its governance and information management is fit for purpose, particularly within the	Agreed in part. Since December 2020, Treasury has implemented several changes to enhance our approach to information management. The	Work in progress. Work is currently underway to update Treasury's suite of enterprise information

1 The Treasury: Corporate Plan 2023-24: https://corporate-plan.treasury.gov.au/#section_5
2 The Treasury: Annual Report 2021-22: https://treasury.gov.au/sites/default/files/2022-10/p2022-329943-tsy-annual-report-2021-22-part2_0.pdf

Audit recommendation	Treasury Response	Status
context of leading and coordinating the implementation of reviews and inquiries.	policies and procedures that underpin this are already in place. Treasury is focused on embedding and maturing our approach to governance and information management, including in the implementation of reviews and inquiries. Importantly, this work will involve building a pro-integrity culture where all staff are aware of their responsibilities.	governance policies and training materials.
Recommendation 2 The Department of the Treasury review and update its website content in relation to the shadow economy.	**Agreed.** The website was updated on 24 May 2023.	**Finalised.** An initial review of the Treasury website was actioned on 24 May 2023. A further review has been conducted with additional updates, including linking to the ATO's Shadow Economy Advisory Forum page to ensure membership details remain up to date.
Recommendation 3 In order to progress the implementation of the Black Economy Taskforce report, the Department of the Treasury - Refer to recommendations 3(a) to (d) below: **(a)** Assess and determine a way forward for the recommendations presented in Table 2.1. **(b)** Review the ANAO's findings in relation to each of Treasury's recommendations (see Table 3.2) and determine what further action can be undertaken to implement these recommendations. **(c)** Produce a five-year report into the shadow economy to evaluate the implementation of the	**Agreed.** Treasury will continue to progress the implementation of the black economy Taskforce report, including by reporting to Government and producing a five-year report into the shadow economy to evaluate the Government response to the taskforce report.	**Work in progress.** Treasury has begun to review the Taskforce recommendations identified by the Auditor-General in recommendations (3) (a) and (3) (b) to determine appropriate next steps. Treasury has also begun consideration of the five-year report into the shadow economy. The department will report to the Government and seek decisions as appropriate.

Audit recommendation	Treasury Response	Status
Government response to the Taskforce report, and to assess the emerging risks and trends in the shadow economy (recommendation 16.1 of the Taskforce report). (d) Report (and seek decisions as appropriate) to the Government.		
Recommendation 4 The Department of the Treasury and the Australian Taxation Office review the 'ATO — Treasury Protocol' and establish cross-agency monitoring and evaluation arrangements that would further support evidence-based policy and delivery.	Agreed.	Work in progress. On 7 August 2023, the Treasury-ATO Forum considered a revised draft ATO-Treasury Protocol and an ATO paper on cross-agency monitoring and evaluation arrangements.

Conclusion

Treasury continues to evolve its capability to serve the needs of the Government and deliver effective economic policy for Australia and remains focused on embedding and maturing our approach to program management, including in the implementation of reviews and inquiries.

The department is using the audit findings as an opportunity to reinforce better practices. As an example, to engender further cultural change in the organisation, the team working on the audit made a presentation open to the to the whole department on the lessons learned from that process.

Treasury welcomes the opportunity to discuss the effectiveness of our policy and program planning, design and implementation with the JCPAA and will consider any findings from this inquiry as part of our ongoing efforts to improve our capability.

Australian Government
The Treasury

AUDIENCE	CATEGORY
All staff	Governance

Policies and procedures

Program Management Framework

This document was endorsed by the Executive Board in March 2022.

It is scheduled for review March 2024.

For further information or questions, please contact:

mailto:Program-Advisory-Risk-Services@treasury.gov.au

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Why we need a Framework

Since the commencement of the COVID-19 pandemic the work of Treasury has expanded and now includes design and delivery of major programs.

The 2020 internal audit report *Rapid Implementation of Government Initiatives – COVID-19 Policy Design and Deployment* found opportunities to strengthen program and project management practices at a department level.

In addition, feedback from staff engaged in program development was the lack of framework and supporting tools meant they had to "re-invent the wheel" each time. This was time consuming and creates a risk of inconsistent practices and people missing vital elements of project management. It also limits our ability as a department to share approaches and lessons learned.

This framework and the supporting tools available, seek to address these concerns.

About the Framework

Treasury's Program Management Framework outlines the department's approach for managing and delivering any programs (regardless of origin).

The Framework's purpose is to enhance and embed program management delivery across Treasury.

The Framework provides a structured approach to program management and a shared understanding of best practice program management.

The Framework assists program areas to design, manage and deliver their program efficiently, effectively and in accordance with relevant legislation and guidance.

The Framework is supported by a suite of tools to assist with the practical elements of program management.

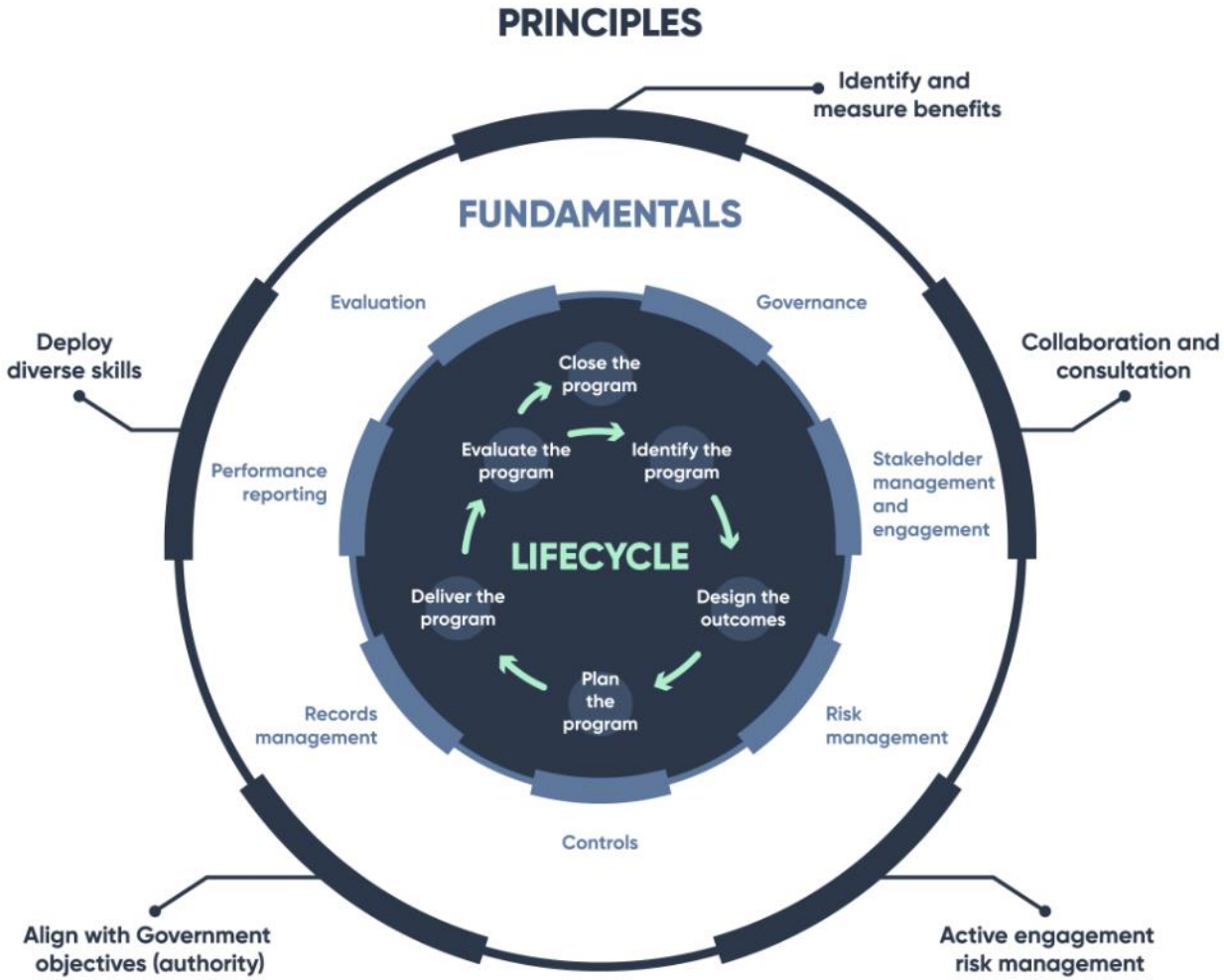
Engaging with the Framework

Engaging with the Framework is encouraged at any time. It is designed to assist you from program inception to closure.

The Framework sets out key details to consider when drafting your proposal or business case.

Once you receive authority or approval, the Framework provides a methodical approach to managing your program and a toolkit to support the delivery.

Treasury's Program Management Framework



The **Principles** help distil key concepts and frame our thinking for successful program management and delivery

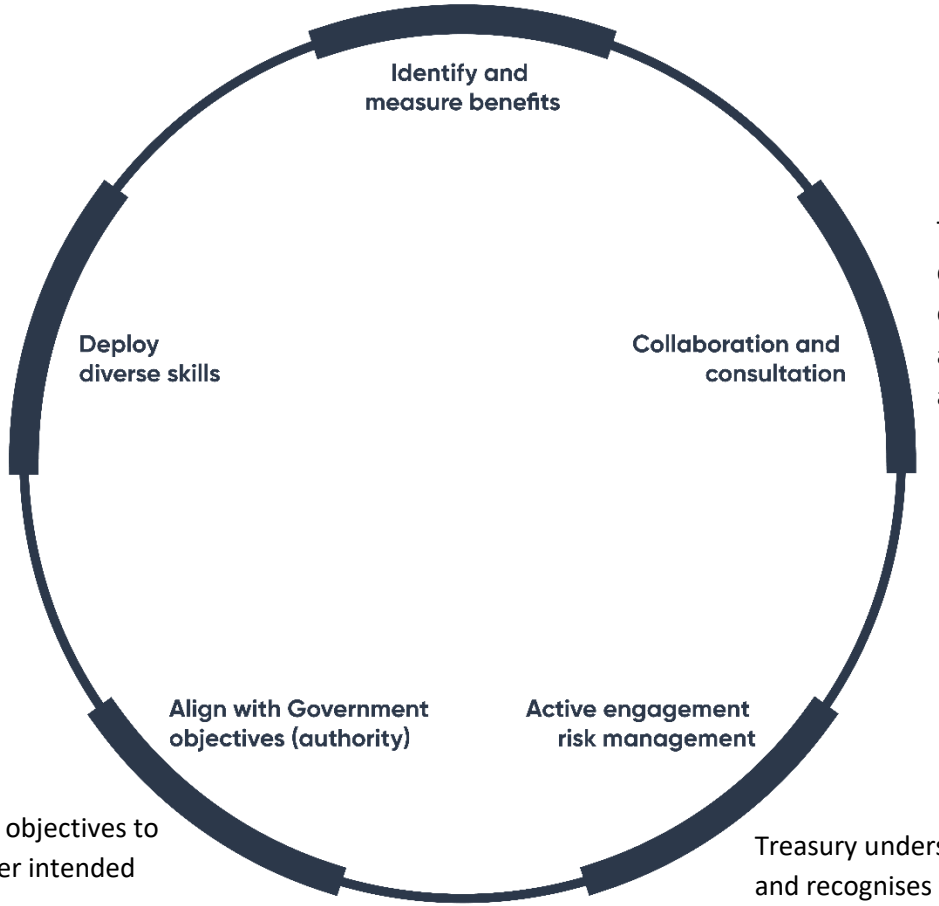
The **Fundamentals** are the essential structures of program management. They provide the building blocks for program managers to execute the program lifecycle.

The **lifecycle** outlines the basic flow for managing a program. Depending on the complexity of the program, steps three and four can be repeated to allow for multiple phases of delivery.

Principles at a Glance

Treasury demonstrates delivery against the policy intent of each program through identifying and measuring the benefits.

Treasury acknowledges that good program and project management requires a diversity of skills. We focus on development of our staff to uplift the internal capability.



Treasury facilitates effective collaboration and consultation to ensure adequate representation and involvement of our internal and external stakeholders.

Treasury aligns to government objectives to ensure our programs will deliver intended outcomes and benefits.

Treasury understands and engages with risk and recognises when to escalate. We embrace uncertainty and address issues early

Fundamentals at a Glance

Evaluate our programs to assess the achievement of outcomes. This helps to inform future policy and program design.

Provide relevant and reliable information to enable effective decision-making. We clearly define roles and responsibilities and document decisions and actions.

Measure achievement of policy intent through available and accurate qualitative and quantitative data.

Identify our key stakeholders and establish processes for ongoing engagement. We ensure to capture and consider all stakeholder feedback.

Create and manage quality, consistent and transparent documentation to support key decisions.

Identify, assess, record and report risk effectively. We have processes in place to escalate risk.

Design, implement and effectively operate controls to support risk management.

The Australian National Audit Office's audit insights paper *'Rapid Implementation of Australian Government Initiatives'*, identified each of these elements as a fundamental of sound government administration.

Delivering the Fundamentals – further detail*

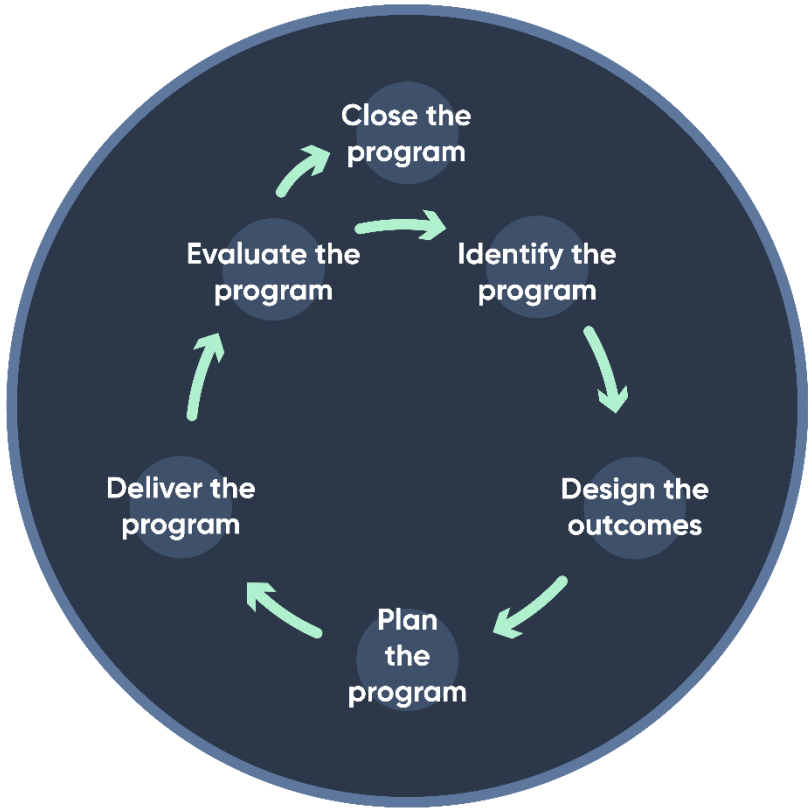
Governance	Stakeholder Management and Engagement	Risk Management	Controls	Performance Reporting
Roles and responsibilities are clearly defined and documented	Key stakeholders and other suitable information gathering processes have been identified	A formal risk assessment process has been established	Controls have been assessed to confirm implementation and operating effectiveness	Sound arrangements for monitoring ongoing program performance through valid and accurate qualitative and quantitative data are implemented
Progress and status reporting is effective and includes relevant, timely and reliable information	Feedback provided by stakeholders has been captured and considered	Roles and responsibilities are clearly defined for the risk management process	Where relevant, the management of conflicts of interest has been considered and addressed	
Governance meetings are scheduled, appropriately attended and effectively documented	A process has been established to engage with stakeholders on an ongoing basis	The risk management process includes the identification, monitoring and reporting of key risks		
Documentation has been maintained to capture key decisions and actions		Risk records contain sufficient detail (e.g. risk descriptions, owners, controls, and mitigation actions)	**Records Management**	**Evaluation and Review**
		Key stakeholders were adequately involved in the risk assessment process	Quality, consistency and transparency of documentation maintained to support key decisions	An evaluation strategy has been developed to measure achievement of program outcomes
		There is a process for escalating significant issues for consideration and resolution	Quality and ease of access of records	Program management and delivery processes are reviewed and updated regularly (where necessary)

The Australian National Audit Office's audit insights paper *'Rapid Implementation of Australian Government Initiatives'*, identified each of these elements as a fundamental of sound government administration.

* The list is a snapshot of the detail of each fundamental. Full details are featured on the Treasury Program Hub.

Treasury's Program Management Framework Lifecycle

The lifecycle outlines the basic flow for managing a program. Depending on the complexity of the program, the plan and deliver steps can be repeated to allow for multiple phases of delivery.



Resolve any remaining issues, risks and actions.

Measure the achievement of program outcomes.

Define the problem you are solving/addressing and seek authority to commence (e.g., business case).

Manage and deliver the program phases.

Design what the program will achieve.

Consider the relationships between Treasury and third party agencies in planning and delivery

Plan the structure of the program. This may be done in phases.

In line with the business case/NPP

Program Management Toolkit

The Framework is supported by a detailed suite of tools and guidance material to give program managers and their teams assistance with practical elements of delivering a program.

An example of elements within the toolkit is provided below.

Example Toolkit Elements*

* The list is a snapshot of the templates. Please refer to the Program Hub for the full toolkit.

Contacts

For advice, please contact Program Advisory Services, Executive Coordination and Governance Branch at Program-Advisory-Risk-Services@treasury.gov.au. This team is also responsible for updating and maintaining this Framework.

Version control

Date Modified	Version	Section of document	Author of change	Summary of change
31/03/2022	1.0	All	Program Advisory Services (formerly Program Management Advisory Team)	New framework – Secretary and Executive Board approval.
21/02/2023	1.1	All	Director Enterprise Risk and Program Advisory Services	Conversion from PDF to MS-Word, update Program Advisory & Risk Services to Program Advisory Services.
4/04/2023	1.2	Treasury's Program Management Framework	Assistant Director Program Advisory Services	Update Program Management Framework infographic with amended infographic.