

# **Inquiry into the Commonwealth Performance Framework**

Joint Committee of Public Accounts and Audit

**Submission by the Department of Finance**

February 2016

## ***Introduction***

1. This submission seeks to address a number of issues with the Joint Committee of Public Accounts and Audit (the Committee) on the ongoing development of the enhanced Commonwealth Performance framework. It largely builds on earlier submissions made to the Committee by the Department of Finance (Finance). Issues canvassed include:
  - finance's initial views on 'Report 453 – Development of the Commonwealth Performance Framework' (Report 453);
  - proposed structural changes to the 2016-17 Portfolio Budget Statements (PBS);
  - observations on the 2015-16 corporate plans, including work undertaken by the University of Sydney; and
  - 2015-16 annual report requirements.
2. This submission provides an update on the proposed structural changes to the 2016-17 PBS. As previously raised with the Committee, we propose to make some refinements to incorporate the relevant recommendations of Report 453. The submission also provides our preliminary comments in relation to each recommendation of Report 453 and provides the Committee with a short summary of some 'lessons learned' analysis undertaken over recent months, on the 2015-16 corporate plans.
3. With regard to annual reports, under section 46(4) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the Committee is to approve new annual report rules for corporate Commonwealth entities and non-corporate Commonwealth entities. We also intend to introduce a new PGPA rule for Commonwealth companies. The previous requirements for corporate Commonwealth entities and companies, contained in a determination made under the *Commonwealth Authorities and Companies Act 1997*, have now expired. New PGPA rules are required to replace them. A new rule for non-corporate entities will replace the *Requirements for Annual Reports for Departments, Executive Agencies and other non-corporate Commonwealth entities* (Non-corporate Guidelines), which were approved by the Committee on 25 June 2015.
4. Refinements to the existing annual report requirements of Commonwealth entities are needed to facilitate the introduction of annual performance statements into the annual reports of Commonwealth entities.

### ***2016-17 PBS Changes***

5. Section 2 of the 2016-17 PBS Guidance, which deals with Outcomes and Performance Information, has been revised to incorporate the recommendations of Report 453. It is expected that the Guidance will be released in late February 2016, and a copy will be provided to the Committee.
6. The PBS guidance and direction will include:
  - program level performance information, including highlighting material changes and new programs resulting from new budget measures;
  - single table for outcomes and program financials;
  - targets included in performance information;
  - link between programs and purposes in entity corporate plans; and
  - stronger emphasis on linking programs across entities that contribute to the same Government objective.
7. The draft Finance Secretary's Direction is also being revised to incorporate recommendations of Report 453, with a view to having it released in late February 2016. A copy of the Direction will also be provided to the Committee.

### ***Report 453 – Initial Response***

8. The following responses relate to the recommendations made in the Committee's report 453 and represent the preliminary views of Finance. A Government response to the report will be provided to the Committee once the review of the issues raised in the report has been completed by Finance and considered by the Government.

*Recommendation 1 – The Committee recommends that relevant resource management guidance issued by the Department of Finance demonstrates, via better practice examples, how a 'clear read' of performance information might be achieved – throughout an entity's annual performance reporting cycle and for joined-up programs.*

9. The PBS Guidance for 2016-17 will provide examples of how an entity might approach providing performance information. Better practice examples will emerge over time and Finance will consider these in future guidance. The guidance makes it clear that entities should describe program connections with other entities and illustrates how this can be done.

10. As a result of the lessons learned work undertaken by ourselves and the University of Sydney Business School on the first set of corporate plans released for 2015-16, we are reviewing the guidance for corporate plans (Resource Management Guide No 133) and guidance for performance information (Resource Management Guide 131) to improve the quality of those documents including examples of better practice.

*Recommendation 2 – The Committee recommends that the Department of Finance consults with the Australian National Audit Office (ANAO) and other stakeholders to establish clear criteria that performance information should satisfy within the Commonwealth performance framework and portfolio budget statements and that these criteria are included in relevant resource management guidelines.*

11. Finance is drafting a paper for discussion with the ANAO to establish criteria that good quality performance information should satisfy. We are drawing from the *Report on Government Services 2016* performance framework used by the Productivity Commission, a copy of the relevant extract is at [Attachment A](#). Once the criteria have been agreed we will update *RMG 131 Developing good performance information*.

*Recommendation 3 – The Committee recommends that the Department of Finance commit to an ongoing, monitoring reporting and evaluation initiative for the Commonwealth Performance Framework, performance information in Portfolio Budget Statements and the broader Public Management Reform Agenda. Summary results from this initiative should be publicly reported and submitted to the Committee.*

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

12. Finance will continue to perform this function by undertaking the following activities:

- continuing and building the Communities of Practice fora;
- engaging with academe (academic symposium, continuing its current co-operation with the University of Sydney Business School);
- producing lessons learned papers;
- continuing broad and meaningful consultations; and
- continuing to refine practice and Guidance based on feedback and lessons learned.

*Recommendation 4 – That the Department of Finance Direction issuing requirements for performance information in portfolio budget statements include a minimum requirement or explicit statement that a performance criterion within portfolio budget statements must state the target to be achieved (the expected achievement) for the relevant appropriation wherever possible and the date by which the target is intended to be achieved.*

13. The Finance Secretary's Direction on Portfolio Budget Statements and updated guidance will explicitly address the issue of targets. It should be noted though that targets are only one element of performance criteria. It is rare for targets to be comprehensive enough in their own right to stand-alone without other performance information.
14. Because targets are largely quantitative in nature (e.g. number of transactions completed, satisfaction ratings or cost per output), their main utility is to provide information on how a program is delivered. Judgements on the impact of this delivery will need to be supported by other information, which will often draw on a mix of quantitative and qualitative sources.
15. A hypothetical example of a program where simple quantitative targets would not be sufficient would be increasing rural and regional school retention rates through participation in sport. The program would provide free bus services to attend school sporting events. The program is intended to leverage off the positive link between playing sport and attending school. A simple quantitative target measuring the number of children using the bus service is important, but additional qualitative information can provide richer insight into the programs value to rural and regional students. For example, by participating in school sport events children interact with other school communities; build a greater connection to their own school, potentially improving education outcomes; derive health benefits from the activity; if they perform well they will participate in higher level sporting competitions, including representative competitions; and build their self-esteem through sport. A simple quantitative target alone will not tell you about these other benefits or impacts.

*Recommendation 5 – That the Department of Finance Direction issuing requirements for performance information in portfolio budget statements include a minimum requirement that the most recent annual performance statement for an entity must be included in the entity's portfolio budget statement and that related guidance continue to request entities to include more up to date performance information in the PBS wherever practicable.*

16. A minimum requirement will be issued for the most recent annual performance statements to be included in an entity's PBS. This can not occur until the 2017-18 PBS; after the first annual performance statements have been done in October 2016.

*Recommendation 6 – That the Department of Finance consider amending the Direction issuing requirements for performance information in the PBS to include a minimum requirement or explicit statement that entities must update their corporate plans as soon as practicable following relevant appropriations being approved by Parliament.*

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

17. Requirements for entities to provide detailed performance information for new programs or programs that are materially changed as a result of budget measures will be outlined in the PBS guidance for the 2016-17 Budget. At least one performance criteria must be provided for ongoing programs and entities must provide an estimate of the performance outcome for the past budget year.
18. Further, the mechanism for updating entities' corporate plans is addressed by Section 16E of the Public Governance, Performance and Accountability Rule. An accountable authority may vary their corporate plan to reflect changes in the operation and/or activities of the entity; including new activities as a result of budget measures, where relevant. Once the corporate plan has been varied the accountable authority must, as soon as practicable, publish the plan on the entity's website and provide a copy to the relevant Minister and the Finance Minister.

### ***Corporate Plans 2015-16: Lessons Learned***

19. A 'Lessons Learned' paper has been produced on the issues faced in producing corporate plans, discussion of ways to overcome these issues and examples of better practice. This paper was informed by consultation with 198 people from 105 Commonwealth entities who were involved in the development of corporate plans, and an analysis of a sample of 71 corporate plans. The paper is currently going through clearance processes with the intention to release it to all Commonwealth entities in late February. Finance will provide the paper to the Committee on its release.

20. The paper draws the following conclusions: that senior level engagement and support is important in developing and implementing reporting frameworks; that a good corporate plan can be an effective driver of cultural change in an entity; and that there is the potential for entities to use a broader range of quantitative and qualitative performance information.
21. A key observation is that clear, concise and unambiguous purpose statements act as an anchor for a corporate plan. This observation is echoed in preliminary research findings from a project being undertaken by the University of Sydney Business School on the first round of Commonwealth entity corporate plans (at [Attachment B](#)). This work, led by Professor Suresh Cuganesan, has found that an absence of concise statements of purpose made it difficult to identify the overarching mission-driven goals the entity is pursuing. Further, the research identified differences in the focus of purpose statements between those that expresses what an entity does and those where the focus is on what an entity seeks to achieve in terms of impacts on society and the community. The research suggests that a focus on the former can result in entity planning being inwardly driven and focussed on maintaining the status quo, as opposed to being problem or needs driven and focussed on how best to achieve desired outcomes.
22. The University of Sydney Business School research also explores the role of corporate plans in describing collaboration and how collaborative performance is measured. It has found that while collaboration, and the reasons for collaborating, were mentioned in some corporate plans, the rationale for collaboration was often operationally based, rather than being expressed in strategic terms. This made it difficult to understand how collaboration helped to access capability, manage risk, coordinate programs and contribute to purpose. Performance measures of collaboration were limited.
23. Finance will engage with the Community of Practice using both the Lessons Learned paper and the findings of the University of Sydney Business School research to share views on improving the quality of corporate plans moving forward. This work will inform the revision and refreshing of guidance and work to streamline the corporate plan production and publishing process.

### ***Annual Reports***

24. Finance seeks the Committee's support for necessary annual report changes for the 2015-16 financial year. These include putting in place replacement annual report requirements

for corporate Commonwealth entities and Commonwealth companies, and introducing the annual performance statements into annual reports for the first time.

25. Under the new enhanced Commonwealth performance framework, the annual report remains a key accountability document from accountable authorities to responsible or shareholder Minister(s), who then table the report in Parliament. Annual reports are used by the Parliament as a key source of information for its scrutiny of estimates and executive activity and are a valuable source of information to stakeholders and the public.
26. Annual report requirements are detailed in a variety of different legal mechanisms, including various guidance, orders, and specific enabling legislation. Annual report requirements for non-corporate Commonwealth entities are currently detailed in the Non-corporate Guidelines.
27. Prior to 2015-16, the annual report requirements for corporate Commonwealth entities and Commonwealth companies were detailed in two separate documents: *Commonwealth Authorities (Annual Reporting) Orders 2011* and *Commonwealth Companies (Annual Reporting) Orders 2011*. Both sets of orders were made under the now superseded *Commonwealth Authorities and Companies Act 1997* and were carried forward briefly under transitional arrangements made under the *Public Governance, Performance and Accountability (Consequential and Transitional Provisions) Act 2014*.
28. These transitional arrangements have expired and it is now necessary to introduce new PGPA rules to replace them. Without their replacement, corporate Commonwealth entities and Commonwealth companies would have no legal obligation to meet content requirements, although the legal requirement to produce annual reports would continue to exist under the PGPA Act.
29. Section 46(4) of the PGPA Act provides that the Committee must approve annual report requirements for Commonwealth entities (but not companies). We are also intending to include a rule for non-corporate Commonwealth entities to replace the Non-corporate Guidelines. In replacing the existing requirements for non-corporate Commonwealth entities, we do not at this stage propose any changes to other requirements other than those refinements needed to accommodate the introduction of the new annual performance statement.
30. Annual performance statements are required to be included in the 2015-16 annual reports for the first time. Annual performance statements are intended to provide an assessment



of the extent to which an entity has succeeded in achieving its purposes. They were intended to improve on and replace the non-financial performance sections of annual reports. From 2015-16, all Commonwealth entities will now need to report against their performance criteria in their annual performance statements, presenting results and providing an analysis of outcomes. This is expected to significantly improve existing reporting arrangements, and will continue to develop as the quality of performance criteria continues to improve over time.

31. Annual performance statements were initially intended to only report against the performance criteria in corporate plans. However, the Committee requested in its Report 453 that performance information continue to be provided in PBSs and that annual performance statements should also be included in PBSs. This means that the annual performance statements will need to report against the performance criteria in both PBSs and corporate plans. We propose to restructure the annual performance statements to accommodate these new requirements as detailed in [Attachment C](#). The example provided builds on Finance's own 2015-16 Corporate Plan and PBS, and is intended to help the Committee consider our proposal. A description of the new model is provided below.
32. Finance has recently released a consultation paper inviting entity responses on a range of annual report issues, including the structure of annual performance statements. The paper was developed through a round of informal consultations with Commonwealth entities and Commonwealth Companies. Responses, requested by 26 February 2016, will help inform our final proposal.
33. The consultation paper explains that in developing the new annual report arrangements, we are not proposing to change the existing arrangements substantially. We are, however, interested in evolutionary change and in reducing the complexity of current requirements. Our preference is to introduce three new PGPA rules to cover each of: non-corporate Commonwealth entities, corporate Commonwealth entities and Commonwealth companies. This will consolidate annual performance requirements under the PGPA Act.
34. To ensure consistency with past rule design principles under the PGPA Act, we suggest that the new rules be principles based, with supplementary guidance. This will not impact on the corporate Commonwealth entities and Commonwealth companies, as their previous requirements were largely principles based. However, it may impact on non-corporate Commonwealth requirements as the existing guidance is more prescriptive,

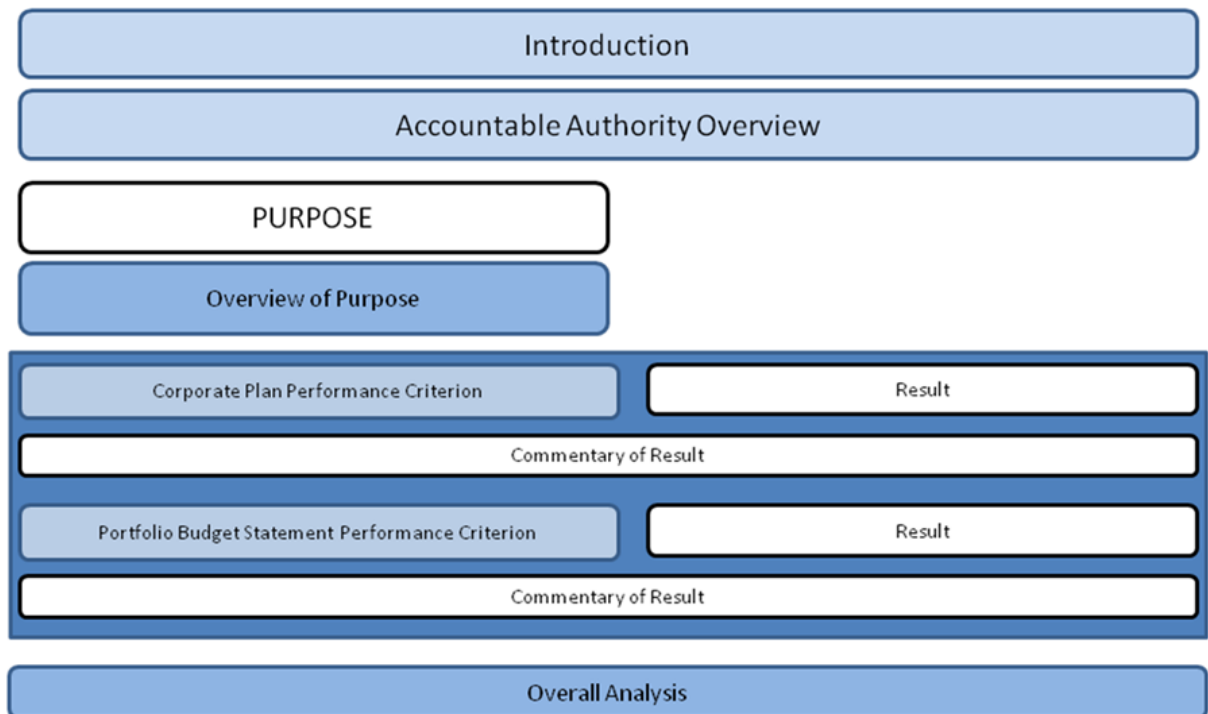
with a large amount of 'suggested' material embedded in the existing guidelines. This reflected the fact that the Non-corporate Guidelines, issued by the Department of the Prime Minister and Cabinet, were administrative in nature. The development of a new rule would provide us with the opportunity to modestly refine current content, with much of this suggested material moved from law into accompanying guidance. This approach would seek to provide much the same information as is in annual reports at present, but in a different structure.

35. The introduction of annual performance statements will provide an opportunity to refine existing annual report requirements for non-corporate Commonwealth entities. Existing reporting requirements on non-financial performance would largely be replaced by inserting the requirement for an annual performance statement. At a minimum this will involve replacing the existing non-financial content of Section 11 of the current Non-corporate Commonwealth Guidelines (Report on Performance), but it could extend to reviewing the requirements for the departmental overview.
36. The introduction of annual performance statements will also add a new requirement to corporate Commonwealth entity annual reporting. This will be the first time corporate entities will have a non-financial performance reporting requirement formally placed upon them.
37. Noting the discussion at various Committee hearings through 2015, we will also explore the possibility of bringing forward the timing for annual reports. Under section 46(2) of the PGPA Act, annual reports are required to be provided to responsible Ministers by the 15<sup>th</sup> day of the fourth month after the end of the reporting period for the entity, which for most entities is 15 October. We will explore the scope to improve on this time so that annual reports can be reliably delivered in time for Senate Supplementary Budget Estimates hearings. Of critical importance here is the ability of the Australian National Audit Office to finalise auditing of financial statements in a timely fashion. We intend to consult with the ANAO in this context, to ensure any proposed change to timing for annual reports is implementable.
38. In addition to these changes there may be scope in the medium term to further refine annual report requirements through the provision of this information in annual reports through electronic mechanisms, such as a central website of relevant material designed specifically for use by the Parliament. Electronic tabling will also be a significant enabler.

Other refinements may be possible as we learn more about the origins of the requirements currently contained in the Non-corporate Guidelines. We sought to clarify this issue in discussions with the Department of the Prime Minister and Cabinet, but have needed to cast the net wider by seeking information through our consultation paper on annual reports. We can develop further proposals once we better understand the origins of the existing requirements, including the public policy interests that informed their development.

### **Mock-up of the Finance 2015-16 Annual Performance Statement**

39. A mock-up of Finance's own anticipated 2015-16 annual performance statement is provided at Attachment C for illustrative purposes. This is intended to help the Committee's consideration of our proposal regarding a reconstructed annual performance statement that would report against performance criteria contained in both the PBS and the corporate plan, as requested by the Committee in its Report 453.
40. We propose that, at its highest level, the annual performance statement will report against entity purposes, which are identified in entity corporate plans. Our analysis shows that most Commonwealth entities have a single purpose. The structure of the annual performance statement is detailed in the diagram below. The statement's introduction is a standard paragraph that provides legal validation as required by the PGPA Rule. Provision is then made for an accountable authority overview, which is intended to provide a summary of the entity's performance across all purposes. The statement then presents each entity purpose, leading off with a purpose overview and then the presentation of the performance criterion/reporting in separate corporate plan and PBS sections. A final overall analysis section completes the statement.



41. To help detail the concept further, we have taken the step of developing a mock-up of Finance’s 2015-16 annual performance statement at [Attachment C](#), based on Finance’s existing 2015-16 Corporate Plan and 2015-16 Portfolio Budget Statement.
42. In the mock-up provided, two of Finance’s four purposes are identified. The statement is then structured into two separate sections under each Finance purpose. The first section under each purpose relates to Finance’s corporate plan, the second to its PBS. Under the proposal, entities will report against performance criteria in each section. The first will report results against the performance criteria listed against that purpose in each corporate plan. The second section will report results against performance criteria in the PBS, whose program has been mapped to the appropriate entity purpose in the corporate plan.
43. The mock-up provided shows selected Finance 2015-16 Corporate Plan and PBS performance criteria under Finance Purpose 1 and 4. Examples are provided of selected 2015-16 performance criteria in each section. Where the corporate plan and the PBS contain the same performance criteria, it is proposed that the results of the measure will only need to be reported once, in the corporate plan section of the statement against that purpose. Where criterion have been consolidated this is clearly indicated in the statement in a column detailing the source of the criterion. This is demonstrated at page 3 of the mock-up in the reporting of Corporate Plan Performance Criterion 2.

44. The mapping of PBS programs to the entity purposes contained in corporate plans is an essential element of the proposal. This will allow readers to identify which PBS criteria relate to which entity purpose. Finance’s 2015-16 corporate plan already provides this mapping (page 25).
45. The format used in the Finance model provided is consistent with the PGPA Rule on annual performance statements, and with the guidance set out in *RMG 134 Annual performance statements for Commonwealth entities*, by including a performance measure description (including targets), the reporting of the actual results, and, if required, a broad analysis of the entities performance in meeting its purposes. This format has been followed in both the corporate plan and PBS sections. This reporting format is proposed to replace the current non-financial performance section of the non-corporate Commonwealth entity annual reporting requirements.
46. An introductory entity overview section is proposed to give a summary of the overall performance of the entity. This will be followed by separate overview sections against each entity purpose. As outlined above, this presentation may provide scope to refine some of the existing annual reporting requirements, such as the departmental overview provisions contained in section 10 of the Non-corporate Guidelines.

***Next Steps***

47. Finance will continue to consult the Committee on the issues canvassed in this submission over the course of 2016.
48. A formal response to Report 453 will be provided once the Government has considered the recommendations. This response must be provided by mid 2016.
49. The 2016-17 PBS Guidance is expected to be released in late February 2016. A copy of the Guidance will be provided to the Committee.
50. Finance will need to present a draft PGPA rule on annual reports for non-corporate Commonwealth entities and corporate Commonwealth entities by early May 2016. The following timeline indicates a possible timeframe for the Committee’s comment.

<i>Date</i>	<i>Milestone</i>
<b>Mid February 2016</b>	Submission to Committee outlining a broad approach to Commonwealth entity annual report requirements.

**Mid February 2016**                      Comments due on consultation paper.

**March 2016**                              Develop PGPA Rule and guidance on annual reporting requirements.

**Early April 2016**                      Circulate proposal to Commonwealth entities for consultation.

**Late April 2016**                      Present PGPA Annual Report rule for Commonwealth entities to the Committee for approval.

**May 2016**                                Release rule guidance on annual reporting for Commonwealth entities and relevant Commonwealth companies.

**No later than 15 October 2016**      Commonwealth entities provide annual reports to their responsible Minister for presentation to the Parliament.

## Extract from the Productivity Commission's *Report on Government Services 2016 – Approach to performance reporting*

### Guiding principles

The primary aim of the Report is to provide objective performance information, in order to facilitate informed policy decisions. The guiding principles in box 1.4 are drawn from extensive Steering Committee experience, the review of the Report, the terms of reference and charter of operations, and performance reporting criteria set out in the Intergovernmental Agreement on Federal Financial Relations (COAG 2008a).

#### Box 1.4 **Guiding principles of the Report**

The Report's primary purpose is to provide comparative information to governments about the equity, effectiveness and efficiency of government services to facilitate improved service delivery. An important, but secondary purpose is to promote public accountability. The Steering Committee will use its influence to encourage working groups and other technical experts and groups to develop data and methods to implement the following guiding principles.

*Comprehensiveness* — performance indicator frameworks should be comprehensive, assessing performance against all important objectives.

*Streamlined reporting* — performance indicator frameworks aim to provide a concise set of information about performance against the identified objectives of a sector or service.

*A focus on outcomes* — high level performance indicators should focus on outcomes, reflecting whether service objectives have been met.

*Hierarchical* — where a greater level of sector specific detail is required, high-level outcome indicators should be underpinned by lower level output indicators and additional disaggregated data.

*Meaningful* — reported data must measure what it claims to measure. Proxy indicators will be clearly identified as such and the Steering Committee will encourage the development of more meaningful indicators to replace proxy indicators where practicable.

*Comparability* — the ultimate aim is data that are comparable — across jurisdictions and over time. However, comparability may be affected by progressive data availability. Where data are not yet comparable across jurisdictions, time series data within jurisdictions is particularly important.

*Progressive data availability* — progress may vary across jurisdictions and data are generally presented for those jurisdictions that can report (not waiting until data are available for all).

*Timeliness* — to be relevant and enhance accountability, the data published will be the most recent possible — incremental reporting when data become available, and then updating all relevant data over recent years, is preferable to waiting until all data are available.

*Use acceptable (albeit imperfect) performance indicators* — use relevant performance indicators that are already in use in other national reporting arrangements *wherever appropriate*. Adopting existing indicators can ensure consistency with other, relevant reports where this adds value, lowers the costs of data collection and avoids delays in reporting.

*Understandable* — to improve public accountability, data must be reported in a way that is meaningful to a broad audience, many of whom will not have technical or statistical expertise.

*Accurate* — data published will be of sufficient accuracy to provide confidence in analysis based on information in the Report.

Sources: SCRGSP (unpublished); Ministerial Council for Federal Financial Relations (MCFFR) (2009).



## **Preliminary Research Findings and Implications:**

Content Analysis of 2015-16 Corporate Plans

**Professor Suresh Cuganesan**

University of Sydney Business School

Distributed to Department of Finance 5 February 2016



## Background

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) requires Commonwealth entities and companies to publish corporate plans. The associated PGPA Rule specifies minimum content requirements for corporate plans in terms of disclosures on entity purpose(s), operating environment, performance, capability and risk management and oversight systems.

The requirement to produce corporate plans is an important element of the public management reform agenda, with aims (amongst others) of stimulating better planning practices across Commonwealth government entities and enabling better performance measurement and reporting. Professor Suresh Cuganesan at the University of Sydney Business School led an independent research project examining a sample of the first round of corporate plans (2015-16). This report outlines the research questions pursued, the research method employed, preliminary results and implications.

## Research Questions

The research focused on two main questions. These questions and the reasons for posing them are outlined below.

- 1. How are entities making sense of and articulating their ‘purpose(s)’ in corporate plans? And how are they intending to measure progress in purpose achievement?**

Reason: Strategic planning requires anchoring in an overarching sense of purpose. Only then will coherent resource management, operational planning and goal-directed employee behaviour occur. Measuring or assessing purpose achievement is also important because it facilitates double-loop learning in terms of exploring whether the right programs/activities are being done (rather than single-loop learning which focuses on whether existing programs /activities are being done right). It is also important for the discharge of accountability for purpose achievement. Hence the research examines how entities are articulating and intending to measure their purpose(s).

- 2. How is collaboration described and how is collaborative performance being measured?**

Reasons: Many areas of government require collaboration across entities, portfolios, levels of government and sectors (public, private and not-for-profit). Collaboration is widely seen as essential if wicked problems are to be meaningfully addressed. Recognising this, the PGPA Act imposes positive duties on accountable authorities of Commonwealth entities to encourage cooperation with others and consider the risks and effects of imposing requirements on others. Consequently it is important to assess how Commonwealth

entities are perceiving the need to collaborate and incorporating this dimension in their performance frameworks.

## Research Method

Given the need to assess collaboration (see research question 2), a selective sampling approach was adopted. This approach targeted entities in portfolios where a collaboration imperative could reasonably be expected to exist. In other words, it was reasonable to expect that the entities chosen had to work with others if they were to achieve their purpose.

Based on desktop research supported by conversations with informed experts, it was decided to select the following portfolios for analysis:

- Agriculture and Water Resources
- Attorney-General's Department (with a focus on entities involved in law enforcement and related activity)
- Immigration and Border Protection
- Industry, Innovation and Science
- Infrastructure and Regional Development
- Social Services (including Human Services)
- Treasury (specifically the Australian Taxation Office and the Australian Securities and Investment Commission).

Corporate plans were not available in some cases. This left a sample comprising a total (to date) of 38 corporate plans. A list of entities/companies that formed part of the content analysis sample is produced in Appendix A.

Given the research questions to be pursued, content analysis focused on disclosures about purpose, discussions on collaboration, including whether this also included the rationale for collaboration and/or the identity of partners (either specific entities or type of entities) and the ways that performance was to be measured.

## Preliminary Research Findings and Implications

The research findings detailed below relate to broad trends and patterns observed across the sample of corporate plans analysed. One important caveat is that the findings relate to the sample of 2015-16 corporate plans analysed only and may not necessarily apply to the broader population of corporate plans produced. Also, the findings and implications described in this section are preliminary in nature and are likely to be refined over time through further analysis and reflection. However, substantive changes are not expected to occur.

## Research Question 1: Purpose

The corporate plans examined indicated wide variety in how organisations are appearing to understand and articulate their purpose in corporate plans. Practices to date create three issues:

1. *An absence of concise statements of purpose(s).* Entire sections of text made it difficult to identify the overarching mission-driven goals the entity is pursuing. For example, some organisations list mission, vision and values while others list whole sections from applicable legislation in the purpose sections of their corporate plans. A lack of clear, concise and explicit articulations of overarching goals can make it difficult to understand why the entity is engaging in the activities that it is and the significance of the environmental issues that it faces and the capabilities that it needs. Developments in strategic management suggests the articulation of high-level overarching goals in thirty-five words or less.<sup>1</sup> Whilst such prescriptions are not suggested for corporate plans, this type of suggestion nevertheless indicates that better practice is for simple, clear and understandable statements of overarching goals.
2. *Difference in the focus of purpose statements.* Some organisations focused their purpose statements on explaining what they do while others emphasised what they sought to achieve in terms of impacts on society and the community. While both of these are consistent with the PGPA Act (section 8) which defines purpose in terms of “objectives, functions or role”, guidance produced by the Department of Finance (2015) comments that “a well-expressed purpose states the outcome that an entity seeks to achieve for clients, stakeholders and the public”.<sup>2</sup> When purposes are not expressed in this latter manner, there is a possibility of entity planning being inwardly driven and focused on continuing the status quo (this is what we do) rather than being problem- or needs-driven and focused on how best to achieve desired outcomes (this is the impact we need to achieve, how do we do it?). Furthermore, articulation of purpose in terms of what an entity does rather than the impact it seeks makes it difficult to assess success or effectiveness through performance measures.

*Implication:* Reinforcement of the need for explicit and concise statement(s) of purpose would be useful, along with guidance and clarification on the extent to which purpose statements describe ‘function/role’ versus ‘impact/outcome’. One possible approach to purpose articulation is for entities to express their purpose concisely and do this in terms of both impact on society and environment as well as how they will specifically contribute to this. Examples of better practices in this regard, with impact and specific contribution articulated, include:

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<sup>1</sup> Collis, D. and Rukstad, M. (2008), Can you say what your strategy is?, *Harvard Business Review*, pp.82-90.

<sup>2</sup> Department of Finance (2015), *Resource Management Guide No. 131 Developing good performance information*, Commonwealth of Australia, paragraph 43.

- the Australian Crime Commission who describe their objective as to “[impact] reduce serious organised crime threats of most harm to Australians and the national interest by [specific contribution] working across national boundaries to provide Australia with the ability to discover, understand and respond to nationally relevant serious and organised crime”
- the Department of Social Services who articulate their purpose in the area of ageing and aged care as to “[impact] promote improved wellbeing for older Australians through [specific contribution] targeted support, access to quality care and related information services”
- the Australian Taxation Office who reference their mission in the purpose section as to “[impact] contribute to the economic and social wellbeing of Australians by [specific contribution] fostering willing participation in our tax and superannuation systems”.

The benefit of these approaches is that the reader can easily understand what the entity is seeking to achieve and how it is attempting to do so. Statements such as these can also facilitate better performance measurement as they point to the activities and the short-term results that might be expected as part of an entity’s specific contribution. In addition, the explicit articulation of desired impact helps to provide a focus for the measurement and/or evaluation of purpose achievement over the long-term.

3. *Absence of purpose-linked performance measurement.* There was no clear ‘read-through’ from purpose to purpose-level performance measures. Instead, organisations categorised and grouped performance measures in terms of key results areas, strategic themes/initiatives or programs. While these ‘lower-level’ groupings of measures are important, they need to be complemented by higher-level purpose performance indicators so that one can assess whether achievements at the level of key results areas/themes/ initiatives/programs are translating into achievements of high-level goals. It should be noted that a number of organisations indicated that their performance measures and indicators were in transition and would be worked on subsequent to the production of corporate plans. Thus it is likely that improvements in performance frameworks will occur in the future.

*Implication:* Guidance and clarification are required on the need for entity purpose-level performance indicators that can co-exist alongside lower-level indicators at the program or activity level. Examples of practices that are moving along this trajectory include:

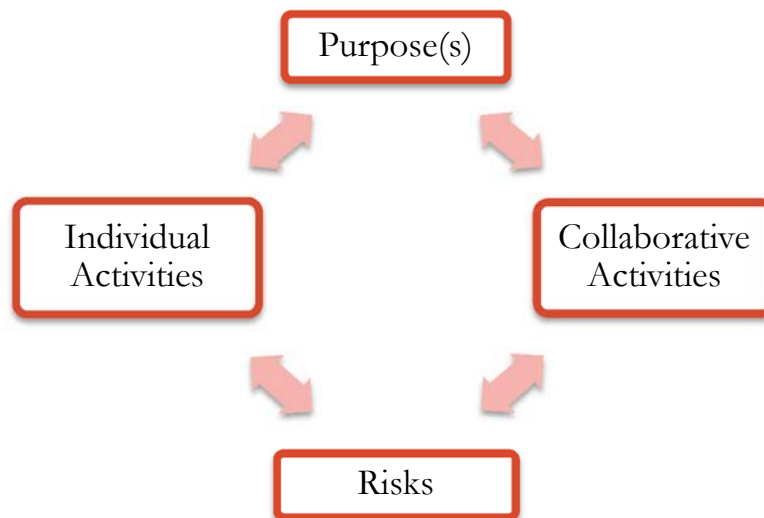
- the Commonwealth Scientific and Industrial Research Organisation - differentiates between strategy and program level performance indicators
- the Department of Social Services – has a matrix of outcome, intermediate outcome and output indicators across their various programs
- the Commonwealth Department of Public Prosecutions – distinguishes between strategic and operational performance indicators.

**Research Question 2: Collaboration**

1. *Corporate plans mentioned collaboration extensively but the strategic context of collaboration could be improved.* Positively, corporate plans mentioned collaboration and articulated the reasons for collaboration in a number of instances, providing insights into why cross-entity activity was being engaged in. However, explanations of the rationale of collaboration were often in operational rather than strategic terms, making it difficult to understand how collaboration helped to access capability, counter risk, coordinate important programs and contribute to purpose.

Ideally, collaboration should fit into a broader strategic narrative as represented in Figure 1. The use of two-headed arrows in Figure 1 is to indicate that (a) purpose and risk assessments should inform entities when they plan both their individual and collaborative activities, and (b) the individual and collaborative activities that entities engage in over time influence the extent to which purpose is achieved and risks are managed.

Figure 1



*Performance measures of collaboration were limited.* Performance measures were predominantly individualistic in that they reflected the performance of the entity in isolation from its interaction with others. Performance measures of collaboration that were included in corporate plans tended to focus on the extent to which an entity worked with others and whether these other entities were satisfied from the interaction. Less frequent were measures of impact that an entity achieved through, or jointly with, others. Possible ways in which collaboration could be conceptualised and measured are provided in Figures 2 and 3.

Figure 2 represents the situation where an entity collaborates with others through providing goods, services or some resource to the other entity. Here the possible performance measures (in italics) could focus on the recipient entity’s perception, objective indicators about the quality of goods/services/resources provided, the actions undertaken by the recipient as a result, and/or the eventual impact achieved. Examples of entities that fit this mode of collaboration include organisations within law enforcement who provide intelligence services so that others can engage in investigation and prosecution activity, ultimately yielding safety and security impacts for society; and entities in health or social services who provide resources to others engaged in actual service delivery so that the well-being of the community is improved. As noted above, measures tended to focus on recipient’s perceptions when this type of collaboration was included in performance frameworks.

Figure 2

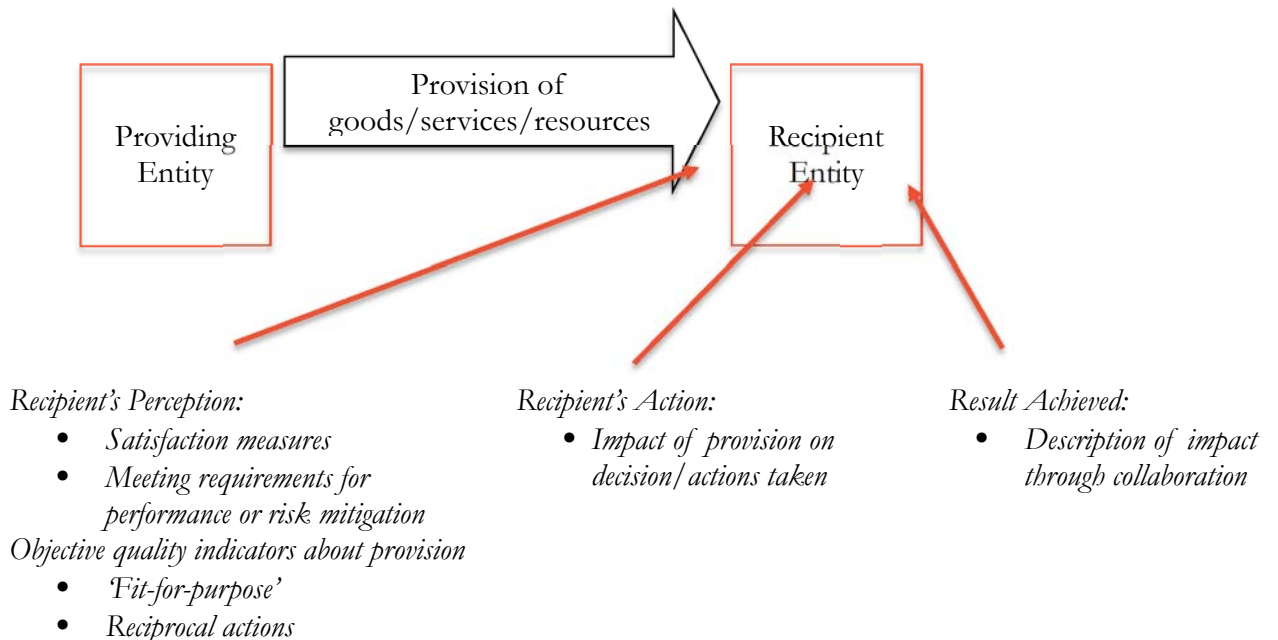
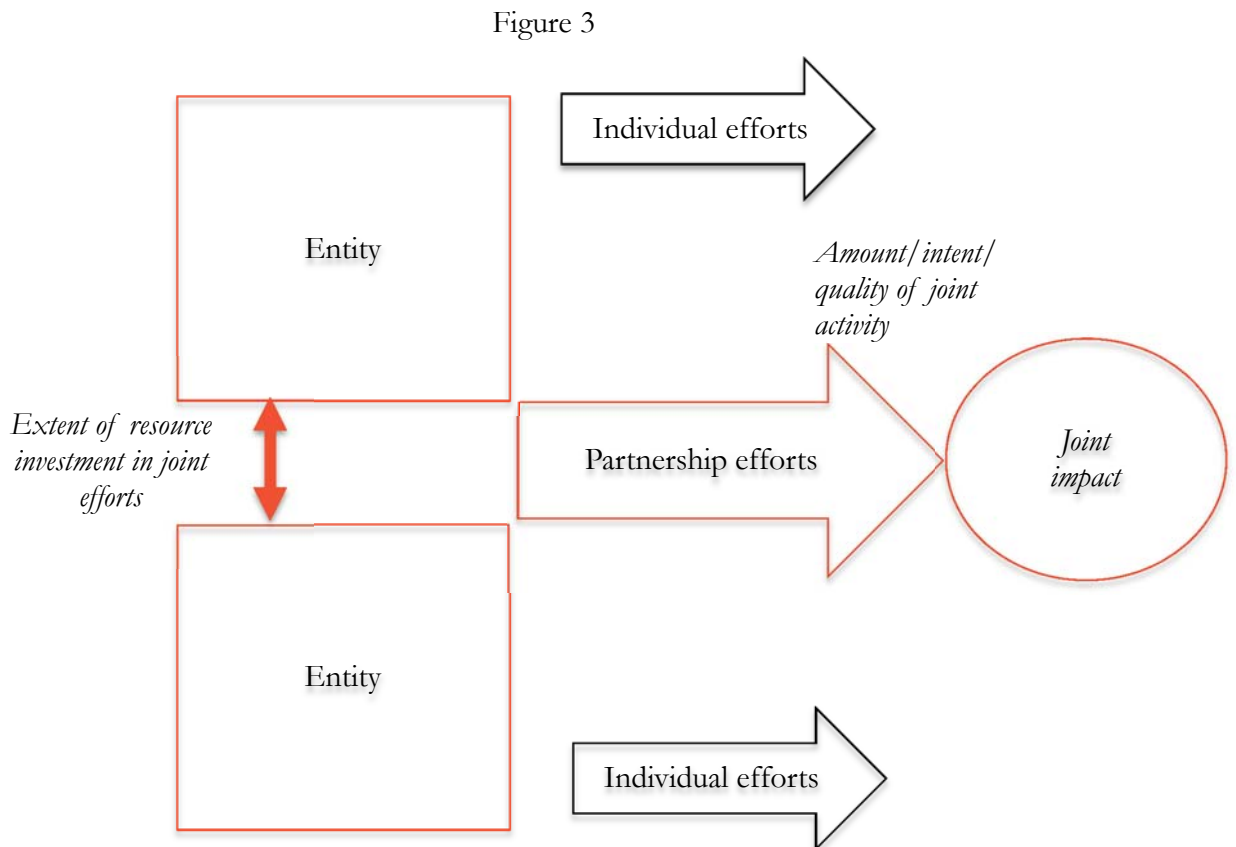


Figure 3 reflects the situation where entities collaborate through working on programs and activities jointly with others. Here, measures [in italics] could focus on the extent of joint investment, the amount/quality/intent of the joint activity and/or the impact of the collaboration. Measures predominantly focused on the amount of joint activity when this type of collaboration was included in performance frameworks.



*Implication:* Greater guidance could be provided in terms of how entities should discuss and present the collaborative elements of their plans and activities and the reasons why collaboration is to be engaged in. Guidance could also be provided on how entities might measure collaboration. Such guidance would also be useful in triggering greater cultural change within entities towards collaboration and joined-up thinking (to the extent that corporate plans and planning processes are seen as important within entities).

Further research work is currently being done to assess the various reasons and rationale for collaboration contained within the sample of corporate plans analysed and what the implications are for joined-up government and collaboration across sectors of the economy.

## Appendix A

Airservices Australia  
Attorney-General's Department (AGD)  
Australian Commission for Law Enforcement Integrity (ACLEI)  
Australian Crime Commission (ACC)  
Australian Federal Police (AFP)  
Australian Fisheries Management Authority (AFMA)  
Australian Hearing  
Australian Institute of Criminology (AIC)  
Australian Institute of Family Studies (AIFS)  
Australian Institute of Marine Science (AIMS)  
Australian Maritime Safety Authority (AMSA)  
Australian Nuclear Science and Technology Organisation (ANSTO)  
Australian Pesticides and Veterinary Medicines Authority (APVMA)  
Australian Rail Track Corporation (ARTC)  
Australian Securities and Investments Commission (ASIC)  
Australian Security Intelligence Organisation (ASIO)  
Australian Taxation Office (ATO)  
Australian Transaction Reports and Analysis Centre (AUSTRAC)  
Australian Transport Safety Bureau (ATSB)  
Civil Aviation Safety Authority (CASA)  
Commonwealth Director of Public Prosecutions (CDPP)  
Commonwealth Scientific and Industrial Research Organisation (CSIRO)  
CrimTrac Agency (CrimTrac)  
Department of Agriculture and Water Resources  
Department of Human Services (DHS)  
Department of Industry, Innovation and Science (DIIS)  
Department of Infrastructure and Regional Development  
Department of Immigration and Border Protection (DIBP)  
Department of Social Services (DSS)  
Geoscience Australia  
Infrastructure Australia  
IP Australia  
Moorebank Intermodal Company (MIC)  
Murray-Darling Basin Authority (MDBA)  
National Capital Authority (NCA)  
National Disability Insurance Agency (NDIA)  
National Offshore Petroleum Safety and Environmental Management Authority  
(NOPEsMA)  
National Transport Commission (NCT)



## Model Annual Performance Statement

The following model annual performance statement incorporates a selection of information from the Department of Finance's 2015-16 Corporate Plan and the Portfolio Budget Statement. As the model incorporates performance criteria relevant to the 2015-16 reporting period, which is not yet complete, it does not contain any performance results and/or commentary about the performance of the entity.

*Areas within the model, shaded in grey, provide an explanation of what commentary may be provided by entities to support the explanation of its performance over the reporting period to which the annual performance statement relates.*

## Department of Finance

### Introduction

I, Jane Halton, as the Accountable Authority of the Department of Finance, present the annual performance statements of the Department of Finance, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013 (PGPA Act)*. In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the *PGPA Act*.

### Accountable authority overview of performance of the entity

**Accountable Authority overview** – *The Accountable Authority of the entity will provide an overarching summary of the performance of the entity in the reporting period to which the annual performance statement relates. Accountable Authorities may include details of significant issues and developments during the year, an overview of the entity's performance during the year and an outlook for the following year.*

# Purpose 1

## Budget and financial advice, management and reporting -

### *Support the government to deliver its fiscal targets and policy objectives*

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#### **Overview of Purpose 1**

The Department of Finance is the manager of the Budget process and rules with the primary function to assist the government to develop and meet its fiscal targets, policy objectives and legislative obligations. The department is also responsible for maintaining the government's financial reporting framework to enhance public sector management and accountability.

In the financial year the department sought to fulfil this purpose through:

Providing policy advice and costings assurance to the Finance Minister and the Expenditure Review Committee of Cabinet on fiscal, economic and related matters, including:

- Coordinating, preparing, advising on and delivering the Budget and related updates, including appropriations legislation and the government's financial statements.
- Developing and maintaining sound legal, financial and policy settings, and implementing processes, that improve fiscal accountability and the quality of information provided to the parliament and the public.

#### **Overview of performance against Purpose 1**

*Overview of purpose* – An entity may provide an overall commentary of its performance against the purpose in the period to which the annual performance statement relates. The overview provides the opportunity for an entity to convey the overall performance against the purpose as well as explain how the relevant performance criteria (from both the Portfolio Budget Statements and the corporate plan) work together to demonstrate the entity's performance against that purpose.

<b>Purpose 1 – Corporate Plan Performance Criteria and Results:</b>		
Corporate Plan Performance Criterion 2	Source of Criterion	Result
<b>The Budget, related updates and the government’s financial statements are accurate (taking into account, to the fullest extent possible, all government decisions and other circumstances that may have a material effect) and delivered within required timeframes, and meet the government’s legislative obligations.</b>	2015-16 Corporate Plan	XXXX
<b><i>Analysis, advice and costing information is relevant, accurate, evidence-based and timely</i></b>	2015-16 PBS	XXXX
<b><i>Advice is objective and based on a thorough understanding of issues from a WoAG perspective</i></b>	2015-16 PBS	XXXX
<b><i>Accurate budget estimates measured as follows (after allowing for the effects of policy decisions) movements in economic parameters and changes in accounting treatments: (1)– 2.0% difference between first forward year estimated expenses and final outcome; (2)– 1.5% difference between Budget estimated expenses and final outcome; (3)– 1.0% difference between revised estimated expenses at MYEFO and FBO; and (4)– 0.5% difference between revised estimated expenses at Budget and FBO.</i></b>	2015-16 PBS	(1) XXXX% (2) XXXX% (3) XXXX% (4) XXXX%
<b><i>Performance criterion commentary-</i></b> An entity will provide commentary on its results against the performance criteria as published in its corporate plan and related measures from its Portfolio Budget Statements for the period to which the annual performance statement relates. This may include an analysis of each criterion and an explanation as to how it goes to demonstrate the entity’s fulfilment of the purpose to which it relates.		

Corporate plan Performance Criterion 3	Source of Criterion	Result
<b>The government’s cash requirements are met on a daily basis, ensuring the ongoing operations of government</b>	2015-16 Corporate plan & 2015-16 PBS	XXXX
<b><i>The derived underlying cash balance is provided to government within 5 days of the end of the financial year.</i></b>	2015-16 PBS	XXXX
<p><i>Performance criterion commentary- An entity will provide commentary on its results against the performance criteria as published in its corporate plan and related measures from its Portfolio Budget Statements for the period to which the annual performance statement relates. This may include an analysis of each criterion and an explanation as to how it goes to demonstrate the entity’s fulfilment of the purpose to which it relates.</i></p>		

<b>Purpose 1 – Portfolio Budget Statement Performance Criteria and Results</b> <i>(For PBS measures that are not published within the entity’s Corporate plan)</i>	
<b>The derived underlying cash balance is provided to government within 5 days of the end of the financial year.</b>	Achieved
<p><i>Portfolio Budget Statement Performance criterion commentary - For measures/performance criteria published in the relevant Portfolio Budget Statement that are not repeated in the entity’s Corporate plan, an entity may provide a commentary of its results against these measures for the period to which the annual performance statement relates. This may include an analysis of each measure and an explanation as to how it goes to demonstrate the entity’s fulfilment of the purpose to which it relates.</i></p>	

## Purpose 4

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### Services - Manage *efficient, cost-effective services to, and for, the government*

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#### Overview of Purpose 4

The Department of Finance is the steward of the government's key assets, including sovereign wealth funds and government non-defence real property. The department also administers entitlements and services to minister, office-holders, senators, members and their staff.

In the financial year the department sought to fulfil this purpose through:

- Administering and managing superannuation arrangements for parliamentarians, as well as governors-general, federal judges and federal circuit court judges.
- Achieving value for money in the management of the Department of Finance-managed property portfolio and undertaking significant government divestment, construction and land remediation projects.
- Administering and providing advice on entitlements and services to ministers, office-holders, senators, members and their staff.

#### Overview of performance against Purpose 4

*Overview of purpose – An entity may provide an overall commentary of its performance against the purpose in the period to which the annual performance statement relates. The overview provides the opportunity for an entity to convey the overall performance against the purpose as well as explain how the relevant performance criteria (from both the Portfolio Budget Statements and the corporate plan) work together to demonstrate the entity's performance against that purpose.*

<b>Purpose 4 – Corporate Plan Performance Criteria and Results:</b>		
<b>Performance Criterion 1</b>	<b>Source of Criterion</b>	<b>Result</b>
<b>The government’s non-defence property portfolio is actively managed, with 80 per cent of actions required to address extreme or high operational risks being programmed, in progress or completed within a given quarter, facilitating the more efficient and effective administration of the Finance managed property portfolio.</b>	2015-16 Corporate plan	XXXX
<b>Providing advice to the government on property management issues;</b>	2015-16 PBS	XXXX
<b>Assisting Commonwealth entities to use the Commonwealth Property Management Framework to achieve best practice in property management and planning. This role includes collecting property data on Commonwealth leasing trends and assisting in the disposal of Commonwealth property;</b>	2015-16 PBS	XXXX
<b>Providing advice and support to the government on decisions to own, lease, divest or acquire properties using whole-of-life cost-benefit analysis, an annual WoAG property capability plan, and the two-stage process for approval of major capital works;</b>	2015-16 PBS	XXXX
<b>Acquiring properties as required by government, divesting properties that are surplus to the government’s needs, and managing residual issues arising from previous Commonwealth property interests;</b>	2015-16 PBS	XXXX
<b>Managing properties within the Finance-managed property portfolio to meet their intended purposes, maintain their condition to agreed standards and meet legislative requirements, including environment, heritage, health and safety obligations, through the adoption of effective property management systems and process;</b>	2015-16 PBS	XXXX
<i>Performance criterion commentary- An entity will provide commentary on its results against the performance criteria as published in its corporate plan and related measures from its Portfolio Budget Statements for the period to which the annual performance statement relates. This may include an analysis of each criterion and an explanation as to how it goes to demonstrate the entity’s fulfilment of the purpose to which it relates.</i>		

Performance Criterion 4	Source of Criterion	Result
Services to ministers, office-holders, senators, members and their staff meet agreed service standards.	2015-16 Corporate plan	XXXX
93% of client contacts are acknowledged within 24 hours and responded to within agreed timeframes;	2015-16 PBS	XXXX%
95% of payments (including payroll) are made within agreed timeframes;	2015-16 PBS	XXXX%
100% of office establishment and relocation projects are delivered within their approved budget;	2015-16 PBS	XXXX%
100% of Monthly Management Reports are distributed by the 15th of each month; and	2015-16 PBS	XXXX%
99% of COMCAR reservations are completed without service failure.	2015-16 PBS	XXXX%
<p><i>Performance criterion commentary- An entity will provide commentary on its results against the performance criteria as published in its corporate plan and related measures from its Portfolio Budget Statements for the period to which the annual performance statement relates. This may include an analysis of each criterion and an explanation as to how it goes to demonstrate the entity's fulfilment of the purpose to which it relates.</i></p>		

<b>Purpose 4 – Portfolio Budget Statement Performance Criteria and Results:</b>	
Key Performance indicators	Result
<p>Providing advice and support to the government and officials in relation to the Lands Acquisition Act 1989, the Public Works Committee Act 1969, relevant sections of the Native Title Act 1993, the National Land Ordinance and the Commonwealth Property Disposal Policy; and</p>	XXXX
<p>Developing, delivering, and providing expert advice on, significant government construction and land remediation projects, including:</p> <ul style="list-style-type: none"> <li>• The post entry quarantine facility for the Department of Agriculture in Mickleham, Victoria;– site remediation and maintenance works at Malabar Headland, Cox Peninsula and the Industrial Waste Collection site at Lucas Heights;</li> <li>• Redevelopment of the Villawood Immigration Detention Centre;</li> <li>• Finalisation of the Australian Security Intelligence Organisation central office construction project including the Australian Cyber Security Centre;</li> <li>• Refurbishment of the John Gorton Building façade; and</li> </ul> <p>Other projects allocated to Property and Construction Division by the government with respect to the management of the government’s non Defence domestic portfolio including on a WoAG basis.</p>	XXXX
<p><i><b>Portfolio Budget Statement Performance criterion commentary</b> - For measures/performance criteria published in the relevant Portfolio Budget Statement that are not repeated in the entity’s Corporate plan, an entity may provide a commentary of its results against these measures for the period to which the annual performance statement relates. This may include an analysis of each measure and an explanation as to how it goes to demonstrate the entity’s fulfilment of the purpose to which it relates.</i></p>	

**Overall Analysis**

**Analysis** – An additional section that an entity may use to explain any events that have had a significant impact on the performance of the entity as reported in the annual performance statement. Entities may wish to use this section where actual reported performance at the end of the reporting period experiences a significant variation from its forecast intention in the corporate plan and/or Portfolio Budget Statement.





# Corporate plans 2015–16: Lessons learned

## Public Management Reform Agenda

February 2016

### Overview

The enhanced Commonwealth performance framework, established under the *Public Governance, Performance and Accountability Act 2013*, came into effect on 1 July 2015. The framework requires Commonwealth entities and companies to publish corporate plans by the end of August each year.

The minimum requirements for corporate plans are specified in the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). A corporate plan must set out an entity's:

- > purpose (or purposes)
- > operating environment
- > performance
- > capability
- > risk management and oversight systems.

A principles-based approach has been adopted to guide the development of corporate plans. This approach recognises the diversity in the nature and scale of Commonwealth activities. It gives entities the flexibility to determine the most appropriate way to present performance information to suit their circumstances, in a manner that is fit for purpose and is meaningful to their stakeholders.

Following publication of the first round of corporate plans, the Department of Finance (Finance) held a series of workshops with entities. The aims of the workshops were to allow entities to share experiences and insights, and for Finance to understand the issues they faced in developing corporate plans and discuss what might be considered better practice. A total of 198 people from 105 entities registered for workshops held in Canberra, Sydney and Melbourne.

Finance also assessed 71 corporate plans from a wide range of entities. This included identifying examples of how entities approached specific aspects of the corporate plan from the perspective of fitness for purpose and meaningfulness to stakeholders (see [Attachment A](#) for a discussion of key observations). Examples of better practice are at [Attachment B](#), the criteria used to assess corporate plans are at [Attachment C](#) and the list of entities whose corporate plans were assessed is at [Attachment D](#).

## Summary of observations

The key observations drawn from the workshops and assessments of corporate plans are summarised below. They will feed into Finance's ongoing work to refine guidance, training and information. As noted earlier, further discussion of each observation is at [Attachment A](#).

- > Senior-level engagement and support are important in developing and implementing entity-level performance planning and reporting frameworks.
- > Clear, concise and unambiguous purpose statements act as an anchor for a corporate plan.
- > An entity's corporate plan can be an effective driver of cultural change when it expresses clear purposes promoted by strong leadership.
- > Entities generally recognise the benefits of improving the quality of their performance reporting frameworks, and are committed to using corporate plans and annual performance statements as vehicles for making those improvements.
- > There is potential for entities to use a broader suite of quantitative and qualitative performance information that provides for short-, medium- and long-term performance assessment.
- > There are benefits in adopting an internally coordinated approach to developing corporate plans, including engagement with those responsible for annual reports, budgeting and financial reporting.
- > Clearance processes can take longer than expected and may make it difficult to meet publishing deadlines.

## Next steps

1. Commonwealth entities and companies to start considering how they can enhance the content of corporate plans as they prepare their 2016–17 plans for publication by 31 August 2016.
2. Finance will continue to collaborate with entities to improve corporate plans, primarily through the performance community of practice.
3. Finance will revise guidance materials by the end of May 2016 to take into account lessons learned from the 2015–16 corporate planning process.
4. Finance will consider how it can streamline the publication requirements for corporate plans.

## Attachments

[Attachment A](#)—Key observations from the 2015–16 corporate planning process

[Attachment B](#)—Examples of better practice

[Attachment C](#)—Criteria used for assessing corporate plans

[Attachment D](#)—List of corporate plans assessed

## **Key observations from the 2015–16 corporate planning process**

### **Senior-level engagement and support**

Senior-level understanding of the performance framework and involvement in the development of corporate plans is critical to unlocking the full potential of the framework. Senior leaders need to be engaged and lead change in organisational culture and business processes. Entities with strong senior-level engagement said that it resulted in planning and reporting processes being more broadly valued and understood by staff and stakeholders. These entities actively worked to identify opportunities to collect and present meaningful information about the impact of their activities.

When senior leaders were not involved in the development of corporate plans, or approached the process as a compliance exercise, the quality of the plans as forward-looking documents suffered.

### **Clear and concise purpose statements**

Clear statements of an entity's purposes that focus on what is being achieved for the benefit of society make for good corporate plans. Other elements, such as environment, capability and performance information, convey how those purposes will be fulfilled and monitored. Purpose statements that are clear, concise and unambiguous act as an anchor for the corporate plan. They should be relevant for the medium to longer term rather than just a list of short-term goals and functions, with a clear focus on the benefit to society created through the achievement of the purpose. Purpose statements that are vague, fragmented, difficult to follow and focussed on the short term lead to a lack of understanding of what the entity is trying to achieve.

Many entities published mission statements, values and strategic goals in their corporate plans. In some cases, this created confusion about what the entity is seeking to achieve. The next planning cycle provides an opportunity for entities to refine their corporate plans to avoid this confusion.

### **Corporate planning as a driver of cultural change**

Some entities reported that they used the corporate planning process to refresh their planning and performance management systems and, more broadly, as a driver for cultural change. Clear and concise purpose statements in corporate plans are being used to refocus attention on the high-level impacts the government expects an entity to deliver.

Relevant and reliable performance information is seen by some entities as more than just a way to meet their obligations to be accountable to the parliament and public. It can also be used as an internal tool to help entities understand how they can improve their day-to-day operations. When performance information is used in this way, corporate plans are more likely to achieve the intended goal of being high-level strategic documents that focus on an entity's efforts.

## Improving the quality of performance information

Commonwealth entities generally agreed that there is a need to improve the quality of the performance information that is reported publicly. They have welcomed the opportunity that the enhanced Commonwealth performance framework provides, especially the additional flexibility to supplement input and output measures with information that has a greater focus on outcomes and impacts (for example, who benefits, to what extent and how). Although 2015–16 corporate plans tended to reproduce performance information previously published in Portfolio Budget Statements, many entities made a first step towards improving the quality of information, or signalled that future plans would show progress towards improved performance reporting.

Entities will need to maintain the momentum towards improved performance information. It is broadly recognised that such improvements will take time. Entities will need at least one full reporting cycle under the new framework to understand the process of describing information in corporate plans and reporting against them in annual performance statements. Once the first cycle is completed—with the publication of annual reports in October 2016—entities will have the opportunity to assess what worked and where improvements can be made.

## A broader suite of performance criteria

There is potential for entities to use the broader set of performance information to improve the quality of performance reporting and with a view to showing achievement of purpose. Incorporating a mix of quantitative and qualitative information allows entities to build upon the key performance indicators (KPIs) traditionally reported in Portfolio Budget Statements. KPIs tend to focus on quantifying inputs (such as public resources) and outputs (such as the number of transactions completed), which may give only a partial performance picture. The framework allows entities to use benchmarking, peer reviews, surveys and comprehensive evaluations to provide information that supplements KPIs. By using a broader suite of performance criteria, entities may be able to better indicate what outcomes or impacts flow from their activities.

The PGPA Rule specifies that corporate plans must include performance information for *each and every period* over a four-year horizon. This requirement, together with a more complete narrative about an entity's environment and strategic outlook, allows entities to identify and measure the short-, medium- and long-term impacts of their activities. It might be possible, for example, for an entity to use quantitative information to report on short-term progress during the implementation of a new program, and more sophisticated qualitative information (such as a comprehensive evaluation) to report on the long-term impacts of its activities.

## Internally coordinated approach to developing the corporate plan

Some entities noted that developing and producing their corporate plans was made easier because there was close coordination with areas responsible for producing annual reports, budgeting (including reporting in Portfolio Budget Statements) and financial management. This allowed the corporate plan to better reflect the entity's strategic outlook and increased the possibility that it would be used to set the context

for day-to-day operations. Improved coordination is likely to lead to efficiencies in producing the suite of planning and reporting documents required over the course of a year. It will also help to ensure that these documents can be read together to provide a more meaningful picture of performance.

### **Publication requirements**

Many entities reported that clearance processes took longer than expected, making it difficult to meet the publishing deadline. This was compounded by the fact that they were developing and producing a new document with which their senior executives and responsible ministers were not familiar. Entities could consider how they might streamline internal clearance processes and build lead times into their schedule for publishing corporate plans. Finance will investigate opportunities to streamline publication arrangements to help entities meet deadlines.

## Examples of better practice

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### Logical structure that conveys a clear strategic vision

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#### **Reserve Bank of Australia Corporate Plan 2015–16**

[www.rba.gov.au/about-rba/pdf/corporate-plan.pdf](http://www.rba.gov.au/about-rba/pdf/corporate-plan.pdf)

The RBA took an innovative approach to structuring its corporate plan. The plan is divided into sections based on the RBA's seven functions. Each section provides information on purposes, environment, performance and capability, which gives the context for each function. This allows strong links to be maintained between purposes and other elements of the corporate plan, which aids the readability of the document.

#### **Australian Securities and Investments Commission Corporate Plan 2015–16 to 2018–19**

<http://asic.gov.au/about-asic/what-we-do/our-role/asics-corporate-plan-2015-2016-to-2018-2019>

ASIC's plan is structured to present information consistent with how ASIC defines its responsibilities and functions. While the plan includes the elements required under the PGPA Rule (purposes, environment, performance, capability, and risk oversight and management), it does not use them as explicit section headings. Instead, ASIC has interpreted and incorporated the requirements in a way that allows it to tell a performance story that fits its specific operational context. Purposes are framed as strategic priorities that reflect ASIC's obligations under its enabling legislation. Activities are framed as responses to challenges in the external environment (such as digital disruption in financial markets). Performance measurement is focused on demonstrating how well ASIC meets its obligations in this challenging environment.

#### **Central Land Council Corporate Plan 2015–19**

[www.clc.org.au/publications/content/clc-corporate-plan-2015-2019](http://www.clc.org.au/publications/content/clc-corporate-plan-2015-2019)

The Central Land Council produced a comprehensive and well-structured document that is presented as an operational plan (or central planning document). It is easy to see how the plan can be used by the entity on a day-to-day basis to inform operational requirements and possible areas for improvements.

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**Logical structure that conveys a clear strategic vision (continued)**

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**Department of Finance  
Corporate Plan 2015–16**

[www.finance.gov.au/publications/corporate-plan/2015-16/](http://www.finance.gov.au/publications/corporate-plan/2015-16/)

Finance adopted a structure that focuses on the out years for performance measurement.

A logical structure has been used for presenting the performance information, including listing the activities, delivery strategies, intended results, key legislation and performance measures associated with each purpose. Readers are left with an understanding of the broad and varied activities of Finance through the themes set out by its four purposes.

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**Clearly defined purposes**

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**Department of Foreign Affairs  
and Trade  
Corporate Plan 2015–19**

<http://dfat.gov.au/about-us/publications/corporate/Documents/dfat-corporate-plan-2015-2019.pdf>

The statement of DFAT's purpose is clear and concise.

*The Department of Foreign Affairs and Trade (the department) works to make Australia stronger, safer and more prosperous by promoting and protecting our interests internationally, and contributing to global stability and economic growth, specifically in the Indo-Pacific region. [p. 4]*

Explanatory text related to the purpose statement indicates how DFAT will join up with other entities, governments and organisations to contribute to a common purpose.

*In partnership with government and non-government organisations, business and community groups in Australia and overseas, the department leads the Government's efforts to shape the regional and international environment, progress Australia's international security priorities and strengthen global cooperation in ways that advance Australia's interests. [p. 4]*

The plan provides a clear sense of how DFAT will operate to achieve its purpose, and the high-level impacts it will have.

*The department works to open up new markets and generate conditions for increased trade and investment to strengthen Australia's economy and create jobs. It helps lift living standards and reduce poverty in the Indo-Pacific region and beyond. The department projects a positive and contemporary image of Australia as a destination for business, investment, tourism and study and provides high-quality passport and consular advice to Australian citizens. [p. 4]*

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**Succinct, comprehensive discussion of operating environment**

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**Creative Partnerships Australia  
Corporate Plan 2015–16**

[www.creativepartnershipsaustralia.org.au/assets/cpa\\_24ppa5\\_corporateplan\\_spreads2.pdf](http://www.creativepartnershipsaustralia.org.au/assets/cpa_24ppa5_corporateplan_spreads2.pdf)

Creative Partnerships Australia’s plan identifies and describes the major trends in the entity’s operational environment. These trends are mapped to implications and opportunities and challenges to allow readers to understand how Creative Partnerships Australia’s operating strategy will adapt to reflect the evolving business environment. For example:

**Sustainability within the Arts**

**Trends**

- *Not-for-profit arts sector seeking increased support from the private sector*
- *Low barriers to entry enables new players to enter independent and small to medium arts sector*
- *High staff turnover levels in fundraising and development roles*

**Implications**

- *More demand placed on limited public funding*
- *More demand placed on private sector funding*
- *Unstable staffing impacts on relationship continuity with donors and business*

**Opportunities and challenges**

- *Emerging organisations willing to embrace flexible business models from start up*
- *Creative Partnerships to provide expertise and resources to support the sector*
- *Creative Partnerships to support new ways of thinking in relation to funding*

[p. 17]

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## Discussion of environmental impacts on entity's ability to fulfil its purposes

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### Australian Securities and Investments Commission Corporate Plan 2015–16 to 2018–19

<http://asic.gov.au/about-asic/what-we-do/our-role/asics-corporate-plan-2015-2016-to-2018-2019>

Challenges that shape the environment in which ASIC will pursue its purposes are clearly and succinctly expressed.

*We see our long-term challenges that shape our outlook and strategy for the next four years as:*

- *balancing a free market-based system with investor and financial consumer protection, with a focus on ensuring the culture and conduct of financial system participants emphasises the interests of their customers first*
- *digital disruption to existing business models and channels*
- *structural change in our financial system through growth of market-based financing, which is largely driven by growth in superannuation*
- *financial innovation-driven complexity in products and markets, and*
- *the impact of globalisation on financial markets and products [p. 40]*

Challenges are expanded on and mapped to strategic priorities (or high-level activities) through which purposes will be fulfilled. The challenges that ASIC faces set the context for the corporate plan in terms of what capability it will need and how it plans to measure its performance.

*In responding to the challenges we face in coming years, we will work to achieve the best risk resilience that we can with the resources we have.*

*This corporate plan outlines how we will respond to our long-term challenges, and how we will evaluate our performance in achieving our strategic priorities.*

*From 2015–16 to 2018–19, we will continue to use our 'detect, understand and respond' approach. This includes:*

- *undertaking surveillance to detect possible wrongdoing, including proactive risk-based surveillance in high-risk areas that we believe will have the greatest impact on markets, and*
- *applying insights from behavioural economics to understand if product design or sales and advice models are taking advantage of biases and affecting trust and confidence.*

*Where we detect issues, we will take action. [p. 9]*

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## Performance measures that are impact-focused

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### Australian Taxation Office Corporate Plan 2015–19

[www.ato.gov.au/About-ATO/About-us/In-detail/Strategic-direction/Corporate-plan-2015-19](http://www.ato.gov.au/About-ATO/About-us/In-detail/Strategic-direction/Corporate-plan-2015-19)

The ATO corporate plan clearly places the emphasis on measuring and reporting of impacts (or outcomes), rather than inputs and outputs. The ATO takes the view that it is to be judged on how it improves circumstances for government and the community more broadly.

*Measuring our impacts is important as everything we do is ultimately about improving outcomes for government and the community. [p. 12]*

What is meant by impact is clearly defined through four broad themes that are measurable and aligned with internationally recognised standards.

*We have four interconnected impacts that we are setting out to achieve which are integrity, willing participation, revenue and productivity. These impacts are based on internationally recognised categories from the OECD and provide a high-level indication of the health of our administration. Under each of these broad impacts we have developed more specific impact indicators with supporting performance measures. [p. 12]*

The ATO's performance measurement regime includes a mix of quantitative and qualitative approaches. For example, qualitative measures are used to gauge the extent to which it fulfills its purposes with integrity (see, for example, p. 12) and quantitative measures are used to determine the extent to which it contributes to ensuring that the revenue available to government is sustainable (see, for example, p. 13).

The ATO acknowledges that the presentation of performance information is about telling a performance story, and that good information can help it identify opportunities to enhance the impact of its activities.

*Monitoring and evaluation of existing programs has always been a part of managing our performance. This year we will introduce program evaluations to contribute to our performance story and help shape our future tax and superannuation system through good performance information.*

*We will use internal and external evaluations to judge the effectiveness, efficiency and merit of a program. This includes questioning the relevance of the work in achieving its intended outcome, the impact on the community, and its cost effectiveness compared with an alternative means of delivery. [p. 13]*

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**A focus on improving the quality of performance information**

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**Department of Immigration and Border Protection  
Corporate Plan 2015–19**

[www.border.gov.au/ReportsandPublications/Documents/corporate-plan-2015-19.pdf](http://www.border.gov.au/ReportsandPublications/Documents/corporate-plan-2015-19.pdf)

The Department of Immigration and Border Protection acknowledges that improving the quality of the performance information it reports will be iterative, and indicates how it will evolve its performance framework over time.

*The planning and performance framework is being refined and iteratively updated following periodic review and evaluation. This supports the Department in aligning key performance indicators and measures of organisational performance through the life of the corporate plan. [p. 22]*

Although it retains the key performance indicators published in the Portfolio Budget Statements, the plan notes that additional measures are required to better demonstrate the impact of the department's activities.

*We report on our performance, using our existing performance measures as well as new measures assessing the impact we make, supplemented with qualitative performance information. A programme of evaluations and reports also contributes to our performance story and allow us to demonstrate how we go about improving outcomes for the Government and the community. Measures demonstrating our impact include indicators related to the success of our migration, citizenship, trade and customs programmes, revenue collection, service delivery, and success of our operational efforts to protect our borders. [p. 22]*

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**Use of non-quantitative performance measures**

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**Department of Foreign Affairs and Trade  
Corporate Plan 2015–19**

The performance measures described in DFAT’s corporate plan extend beyond quantitative key performance indicators to include case studies, surveys and comprehensive reviews. For example:

<http://dfat.gov.au/about-us/publications/corporate/Documents/dfat-corporate-plan-2015-2019.pdf>

Measurement	Assessment	Period
<b>Case studies</b>	The department will use case studies to highlight and assess: <ul style="list-style-type: none"> <li>&gt; the impact of the department’s advice and advocacy to deliver trade and investment outcomes for Australian business</li> <li>&gt; the achievement of Australian economic interests in bilateral, regional and plurilateral and international outcomes</li> </ul>	Annually
<b>Surveys</b>	Qualitative and quantitative business surveys on businesses’ satisfaction with the department’s support	Annually

[p. 7]

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**Recognition of the need for continued effort to improve performance measures**

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**Department of Health  
Corporate Plan 2015–16**

[www.health.gov.au/internet/main/publishing.nsf/Content/C849A8AF6220D3BACA257D2E001A6987/\\$File/Corporate-Plan.pdf](http://www.health.gov.au/internet/main/publishing.nsf/Content/C849A8AF6220D3BACA257D2E001A6987/$File/Corporate-Plan.pdf)

The Department of Health sees the benefit of improving its performance measures and signals this as something that will require substantial effort over a number of corporate planning cycles. A particular goal is to better report on activities that cross organisational and jurisdictional boundaries.

*The department's current performance measures are published in the 2015–16 Health Portfolio Budget Statements. They include deliverables and KPIs that relate to the 31 programmes currently administered by the department, within our existing ten outcome structure. Current performance measures have enabled us to successfully track delivery related to these programmes.*

*The Health Capability Review has afforded the department the opportunity to re-examine our performance reporting and look for more whole-of-system focused indicators which will measure the impact of policy measures on the health system and individual health. The development of these indicators will help us to work across boundaries, understand whole of system implications and improve our service offering to all those who interact with the health system. [p. 14]*

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**Honest assessment of capability and development required over the corporate plan period**

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**Australian Communications and Media  
Authority  
Corporate Plan 2015–19**

[www.acma.gov.au/theACMA/acma-corporate-plan](http://www.acma.gov.au/theACMA/acma-corporate-plan)

The ACMA plan includes sections on workforce planning, capital investment and ICT that explain how specific aspects of capability link to the ACMA’s capacity to fulfill its purpose.

***Workforce planning***

*The ACMA’s workforce plan sets out strategies to ensure that the ACMA workforce has the capabilities and skill sets required to deliver against the agency’s mandate, within the context of a changing environment and an expected decline in appropriation funding.*

*The ACMA faces a challenging operating environment. Most notably, it faces a constrained budget outlook as well as increasing stakeholder scrutiny and expectation as digital technologies drive significant shifts in the media and communications sector. [p. 17]*

The discussion of capability gives a clear picture of the future operating environment and the changes and strategies in place to ensure that the entity’s capability is best aligned to meet future challenges.

*We also need a strategic view of our learning and development needs. The 2015–18 Learning and Development Strategy will help ensure that the agency focuses its learning and development activities on those capabilities considered strategically important. The strategy aims to establish a learning culture to facilitate personal development and enable the agency to achieve its goals. [p. 17]*

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**Good description of how the entity engages with and manages risk**

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**Commonwealth Scientific and Industrial  
Research Organisation  
Corporate Plan 2015–16**

[www.csiro.au/en/About/Strategy-  
structure/Corporate-plan](http://www.csiro.au/en/About/Strategy-structure/Corporate-plan)

A statement from the CSIRO Chief Executive acknowledges that managing risk is critical to fulfilling CSIRO's functions. It sets the scene for effective risk management as a key part of CSIRO's strategy for achieving its purposes.

***Respecting risk***

*Success will depend on how well we support and develop our people. But innovation is less about success, but more about learning from failure and trying again, and again. We are committed to building an innovation culture based on leadership, empowerment, collaboration and inclusion. [p. iii]*

The plan provides a concise statement on how CSIRO will engage with risk and how it will capitalise on the opportunities created. It identifies the formal frameworks for tracking risk, particularly in terms of risks to reputation and brand confidence.

***Monitoring our risks***

*CSIRO is committed to the effective identification and management of risk. Acceptance and effective management of risk is vital to successfully capturing the opportunities created through scientific research and delivering on our purpose as an organisation. The management of risk is the responsibility of all our people.*

*CSIRO develops and maintains an Organisational Risk Plan in alignment with our Strategic Plan that reflects CSIRO's approach and posture in managing the risks that threaten the achievement of our goals and objectives. CSIRO's brand and reputation requires careful management of the following key areas of risk:*

***Governance and compliance***

*CSIRO's reputation hinges upon the integrity and quality of our science and ability to deliver positive impact for Australia. This risk is managed across all levels of the organisation in ways that include establishing rigour in our scientific processes, effective governance processes to ensure transparency of decision making, financial management practices to ensure efficient use of resources and values based engagement and commercial dealings with customers and stakeholders.*

*CSIRO recognises its obligations as a government entity conducting a broad range of activities across multiple highly regulated environments. Compliance risk is managed systematically across our Lines of Business, enabled and supported by Enterprise Support functions ... [p. 18]*

## **Criteria used for assessing corporate plans and identifying areas of better practice**

### **1. Structure**

- Presentation of minimum requirements well suited to the content.

### **2. Purposes**

- Clearly and succinctly defined purposes, which are then used consistently to align the other elements of the plan.
- Clear statement of expected impact.

### **3. Environment**

- Comprehensive but still succinct discussion of the entity's operating environment.
- High-level explanation of how the entity's environment influences its ability to achieve its purposes.
- Analysis that is contemporary—particularly with respect to a four-year outlook (including the need to be mindful that the next plan will drop the current year and add an additional out year).

### **4. Performance**

- Performance criteria that are relevant, reliable and complete.
- Evidence that the entity is moving towards a balance of quantitative and qualitative performance information.
- Use of a broad suite of performance criteria.
- Application of a four-year outlook—including evidence that this has influenced thinking on the types of performance criteria developed.
- Statement of an intention to improve performance information over time.

### **5. Capability**

- Clear link to purposes and discussion of how the capability will assist the entity to increase the impact of its activities.
- Some recognition that capabilities need to be developed or adjusted.
- Discussion of capability over a complete four-year horizon.

### **6. Risk**

- Evidence that the entity is aware of and complies with current risk policy.
- Evidence that risk assessment has been influential in how the entity intends to achieve its purposes.

### **7. Four-year outlook**

- Application of a four-year period to all elements.



## Corporate plans assessed

Administrative Appeals Tribunal	Commonwealth Superannuation Corporation
Attorney-General's Department	Creative Partnerships Australia (Australia Business Arts Foundation Ltd)
Australian Aged Care Quality Agency (Quality Agency)	CrimTrac Agency
Australian Broadcasting Corporation	Department of Agriculture and Water Resources
Australian Communications and Media Authority	Department of Communications and the Arts
Australian Curriculum, Assessment and Reporting Authority	Department of Defence
Australian Electoral Commission	Department of Education and Training
Australian Federal Police	Department of Employment
Australian Institute of Health and Welfare	Department of the Environment
Australian Institute of Marine Science	Department of Finance
Australian Maritime Safety Authority	Department of Foreign Affairs and Trade
Australian National Audit Office	Department of Health
Australian Nuclear Science and Technology Organisation	Department of the House of Representatives
Australian Pesticides and Veterinary Medicines Authority	Department of Human Services
Australian Prudential Regulation Authority	Department of Immigration and Border Protection
Australian Postal Corporation	Department of Industry, Innovation and Science
Australian Public Service Commission	Department of Infrastructure and Regional Development
Australian Securities and Investments Commission	Department of Parliamentary Services
Australian Security Intelligence Organisation	Department of the Prime Minister and Cabinet
Australian Sports Anti-Doping Authority	Department of the Senate
Australian Sports Foundation Limited	Department of Social Services
Australian Taxation Office	Department of the Treasury
Australian Trade Commission (Austrade)	Department of Veterans' Affairs
Australian Transaction Reports and Analysis Centre (AUSTRAC)	Director of National Parks
Australian War Memorial	Export Finance and Insurance Corporation
Bureau of Meteorology	Fair Work Commission
Central Land Council	Future Fund Management Agency
Civil Aviation Safety Authority	Geoscience Australia
Comcare	Great Barrier Reef Marine Park Authority
Commonwealth Grants Commission	Independent Hospital Pricing Authority
Commonwealth Scientific and Industrial Research Organisation	Infrastructure Australia
	Murray–Darling Basin Authority
	National Capital Authority

National Disability Insurance Scheme Launch Transition  
Agency (National Disability Insurance Agency)

National Gallery of Australia

Northern Land Council

Reserve Bank of Australia

Royal Australian Navy Central Canteens Board

Tertiary Education Quality and Standards Agency

Tourism Australia