



Commonwealth Performance Framework
Opening Statement by the Auditor-General
Joint Committee of Public Accounts and Audit hearings
23 November 2016

1. Good morning Chairman and committee members.
2. Performance measurement and reporting regimes have been in place in the Australian public sector since the mid-1980s, with reforms introduced over time to make the public sector more accountable for its use of public funds. Appropriate and timely performance information strengthens accountability by informing the Parliament and the Government about the impact of policy measures. It also assists entities to manage programs and activities for which they are responsible and provides a basis for advice to government on the implementation and adjustment of policy directions.
3. While there has been an ongoing focus on improving public sector performance measurement and reporting, there is general agreement that this aspect of public administration requires considerable improvement. The ANAO's audit work over many years, and that of other Auditors-General both nationally and internationally, has indicated that public sector entities often fall short in demonstrating a clear understanding of what they are trying to achieve and whether intended outcomes are being achieved.
4. Today's hearings will involve the consideration of two recently tabled audit reports—the first examining system-wide developments arising from reforms to the Commonwealth's resource management framework (Audit Report No.6 2016-17, *Corporate Planning in the Australian Public Sector*) and the second examining aspects of performance monitoring and evaluation, and other administrative issues, specific to a large scale income contingent loans program (Audit Report No. No.31 2015-16, *Administration of Higher Education Loan Program Debt and Repayments*).

Corporate Planning in the Australian Public Sector

Audit Report No.6 2016–17

1. The ANAO's performance audit of *Corporate Planning in the Australian Public Sector* assessed progress in implementing the corporate plan requirement under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). It is the first in a series of planned audits that will focus on aspects of the implementation of the Commonwealth's new resource management and performance framework established by the PGPA Act.
2. The audit found that the nine selected entities had made a solid start in implementing the corporate plan requirements, with further work required to fully embed the requirements into future plans. In line with the policy intent of the new performance framework, five entities had positioned their first PGPA Act corporate plan as their primary planning document or had demonstrated a commitment to do this in future plans. Four entities did not fully meet the policy intent.
3. The audit also found that the majority of entities had sound processes for developing their first PGPA Act corporate plan. In contrast, the arrangements for monitoring the implementation of corporate plans were less mature. These findings could be expected in view of the early stage of implementation of the corporate plan requirement.
4. In relation to the Department of Finance's role in the implementation of the corporate plan requirement, 84 per cent of entities indicated that they were satisfied or very satisfied with the support that they received.
5. The audit identified a number of matters relating to the design of the performance framework that Finance should address in future guidance or in the statutory review of the PGPA Act to be undertaken after 1 July 2017.
6. The audit also identified a number of key learnings and examples of good practice of relevance to all Commonwealth entities and companies in the development of future corporate plans, as well as opportunities for improvement applicable to Finance.
7. All entities responded positively to the audit findings.
8. We would be happy to answer any questions the Committee may have.

Administration of Higher Education Loan Program Debt and Repayments

Audit Report No.31 2015–16

1. The ANAO's performance audit of the *Administration of the Higher Education Loan Program Debt and Repayments* concluded that the program is mature and is based on a solid foundation of collecting student loan debt through the income tax system. Nevertheless, there is scope for the Australian Taxation Office (ATO) and the Department of Education and Training (Education) to improve important aspects of the program's administration, including performance monitoring and evaluation, risk management and working with other public sector entities. These are three common recurring issues identified in the ANAO's audits in recent times.
2. Education projected that HELP debt will total almost \$200 billion in 2024–25 of which one-third of this debt will not be collected. However, the department did not routinely monitor and analyse repayment factors, including the sustainability of the program, to inform the design of the program.
3. In detecting and deterring non-compliant behaviour among HELP participants, the ATO and Education had a range of activities in place including business-as-usual and targeted compliance efforts. However, these activities were not supported by a risk-based compliance and enforcement strategy. Introducing such a strategy would assist the ATO and Education to work more effectively together to target compliance activities and address HELP compliance risks.
4. The ANAO made five recommendations, which were all agreed.
5. We would be happy to answer any questions the Committee may have.