



SENATOR THE HON MATHIAS CORMANN
Minister for Finance
Deputy Leader of the Government in the Senate

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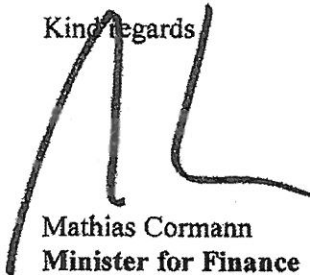
The Chair
Joint Committee of Public Accounts and Audit
Suite R1.108
Parliament House
CANBERRA ACT 2600

Dear Chair

Please find attached the Government's response to the Joint Committee of Public Accounts and Audit Report 453: Development of the Commonwealth Performance Framework.

A copy of this response will be tabled in Parliament.

Kind regards

A large, stylized handwritten signature in black ink, consisting of a tall vertical stroke on the left and a horizontal stroke on the right that curves upwards at the end.

Mathias Cormann
Minister for Finance

22 September 2016



Australian Government

Australian Government response to the
Joint Committee of Public Accounts and Audit Report 453:
Development of the Commonwealth Performance Framework

SEPTEMBER 2016

**Government response to the Joint Committee of Public Accounts and Audit
Report 453: Development of the Commonwealth Performance Framework**

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.

The Government agrees

The Finance Secretary's direction, issued under subsection 36(3) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), sets out the mandatory minimum requirements for the provision of performance information in Portfolio Budget Statements (PBS). The requirements provide for a clear read throughout an entity's annual performance reporting cycle and for joined-up programs. In particular, the direction requires entities to:

Map outcomes, programs and performance criteria to the entity's purpose as expressed in its corporate plan – this provides for a clear read from documents and papers relating to the Budget and an entity's performance cycle documents.

For new, or materially changed existing programs, outline all performance criteria, targets and expected dates of achievement – this provides a clear read in respect to new measures from Budget documents to the PBS, and through the mapping described above, to an entities performance cycle documents.

Report links with the programs and outcomes of other entities – this provides a clear read for joined-up programs across entities.

2016-17 PBS guidance reflects the requirements of the Finance Secretary's Direction. In addition, Resource Management Guidance related to the enhanced Commonwealth performance framework is being updated where relevant.

In respect to better practice examples, these will emerge over the next two to three reporting cycles with improved performance information included in PBS, corporate plans and annual performance statements. As better practice examples emerge, they will be provided to all entities through Finance communication channels including the Community of Practice networks and activities, Lessons Learned papers and where appropriate, in written guidance itself.

<p>Recommendation 2</p> <p>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.</p>	<p><i>The Government agrees</i></p> <p>Finance, in consultation with the ANAO, is developing clear criteria that performance information should satisfy within PBSs, corporate plans, and annual performance statements.</p> <p>The draft criteria reflect the principles of being "Relevant, Reliable and Complete", as identified by the Committee in its Report 453. They are built on principles developed by the Productivity Commission for use with inter-jurisdictional performance assessments for the Report on Government Services.</p> <p>Finance is currently finalising the development of the criteria in consultation with stakeholders. The criteria will be included in relevant Resource Management Guidelines.</p>
<p>Recommendation 3</p> <p>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.</p> <p>Further, the Committee requests 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.</p>	<p><i>The Government agrees</i></p> <p>Finance will continue to monitor the implementation of the enhanced Commonwealth performance framework. Finance will also continue supporting entities to help them improve performance reporting. These support activities include providing information and networking opportunities through the Community of Practice, producing Lessons Learned papers and refining and enhancing guidance.</p> <p>It is noted that the ANAO is undertaking an audit of the implementation of the enhanced Commonwealth performance framework, including an assessment of the corporate planning process of a number of entities. The audit findings will be presented to Parliament in the near future. It is understood that the ANAO intends to undertake further audits of the implementation of the framework, including an audit of the first round of Annual Performance Statements.</p> <p>It is a requirement of section 112 of the PGPA Act that the Finance Minister must, in consultation with the Joint Committee of Public Accounts and Audit, cause an independent review of the operation of the PGPA Act and the rules. This review must be conducted as soon as practicable after the end of 3 years after this section commences (1 July 2017). It is expected that this review, of which the report is to be tabled in each House of Parliament, would comment on the ongoing monitoring, reporting and evaluation of the framework.</p>

<p>Recommendation 4</p> <p>That the Department of Finance Direction issuing requirements for performance information in Portfolio Budget Statements (PBSs) include a minimum requirement or explicit statement that a performance criterion within PBSs 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.</p>	<p><i>The Government agrees</i></p> <p>The Finance Secretary's direction includes the requirement that an entity must state targets to be achieved and expected dates of achievement in their PBS. The 2016-17 PBS guidance reflects the requirements of the Finance Secretary's Direction.</p>
<p>Recommendation 5</p> <p>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.</p>	<p><i>The Government agrees</i></p> <p>The Finance Secretary's direction includes the requirement that an entity's most recent Annual Performance Statement (APS) be included in the entity's PBS.</p> <p>As the first set of APSs are to be included in 2015-16 Annual Reports, which are to be published during October 2016, this requirement does not apply to the 2016-17 PBS. Entities 2015-16 APS will be included in their 2017-18 PBS.</p> <p>Early consultations have indicated that the inclusion of the APS in the PBS has the potential to increase the size of PBSs significantly, affecting accessibility and readability. This is particularly the case for large portfolios that have a number of portfolio entities, or a large number of programs.</p> <p>Finance may discuss this requirement with the Committee following the production of the 2015-16 Annual Performance Statements.</p>
<p>Recommendation 6</p> <p>That the Department of Finance consider amending the Direction issuing requirements for performance information in Portfolio Budget Statements 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.</p> <p>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.</p>	<p><i>The Government agrees</i></p> <p>It is agreed that, where relevant, an entity's corporate plan should be updated as soon as practicable following relevant appropriations being approved by Parliament.</p> <p>The Finance Secretary's direction requires entities to report all performance criteria, targets and expected dates of achievement in their PBS where there are new programs, or material changes to existing programs as a result of budget measures. This will allow for Senate Estimates scrutiny of the performance information of all new or materially changes programs following the tabling of budget proposals.</p> <p>As a result of this requirement, there may be no need for draft updates to corporate plans to be provided for Senate Estimates.</p>

