

The level of detail in the Portfolio Budget Statements

Introduction

- 4.1 This chapter focuses on the level of detail provided by agencies in their PBSs. The concern of the Committee is whether the financial and performance information in the PBS is meeting the needs of the Parliament. The Committee has considered the following issues:
- the appropriate levels of disaggregation of outcomes for appropriation and performance measurement purposes;
 - the appropriate levels of disaggregation of outputs to support measurement of the efficiency by which agencies deliver outputs to achieve outcomes, including information relating to portfolio organisations and programs; and
 - the reporting of forward estimates for outputs.
- 4.2 The level of detail contained within the PBS is one of a number of issues considered previously by the SFPALC.¹ The SFPALC's second report noted among other things, that Senators wanted less aggregated financial

¹ SFPALC, *The Format of Portfolio Budget Statements, Second Report*, October 1999 and *Third Report*, November 2000.

information and forward estimates for outcomes and outputs.² The SFPALC's third report noted that reporting on agency progress towards achieving its outcomes was a weakness of the new system.³

The appropriate level of disaggregation of outcomes

Introduction

- 4.3 The Committee has considered two key issues relating to the disaggregation of agency outcome statements:
- defining the expected impacts of agency activity; and
 - articulating the purpose of the relevant appropriations under the Appropriation Acts of the Commonwealth Budget.

Defining the expected impacts of agency activity

- 4.4 For the purposes of transparency, accountability, and the measurement of performance, it is important that outcome statements:
- specify the key business objectives of the agency;
 - are clear and simple, making it easy to understand what the agency seeks to achieve; and
 - are measurable or assessable, to the maximum practical extent—this will assist stakeholders to form an opinion on the extent to which an outcome has been achieved.

Specifying key business objectives

- 4.5 It is important that agencies specify their core objectives completely and at an appropriate level of disaggregation to assist Parliament in understanding precisely the impacts Government expects from the work of the agency. Where this does not occur, reduced transparency and accountability for performance may result.
- 4.6 In evidence to the Committee, Finance indicated it had 'some sympathy for the view that some outcomes are presented at too high a level of aggregation.'⁴

2 SFPALC, *The Format of Portfolio Budget Statements, Second Report*, p. 17.

3 SFPALC, *The Format of Portfolio Budget Statements, Third Report*, p. 40.

- 4.7 The Committee noted that in some instances, agencies have only one high level outcome statement to explain their core objectives. For example, in its PBS for 2001–02, the Department of Defence (Defence) has identified the single outcome, *The defence of Australia and its national interests*.⁵
- 4.8 In addressing the issue of disaggregating outcomes to support transparency and accountability, both DETYA and DHAC told the Committee that they were providing significant levels of disaggregation in their outcomes and outputs frameworks to assist the Parliament in its decision-making processes.⁶
- 4.9 DETYA advised the Committee:
- We have provided, for the past couple of years, a disaggregation of our outcomes in appendix 4 of our PBS. It is a reasonably extensive disaggregation and it does cover the forward estimates years as well. We have done this because of our relationship with the Senate estimates committee. They were most interested in this information and were asking the question on notice. We thought it reasonable to provide the information rather than just get it as a question on notice in any case.⁷
- 4.10 The Committee notes that this practice has continued in the 2002–03 PBS for the Department of Education, Science and Training.⁸

Clarity and simplicity of information

- 4.11 Although an agency may report completely on its progress towards achieving its core objectives, if the objectives were not clearly stated in the first place, that is, within the budget context, Parliament has no basis on which to compare the agency's performance. This scenario also weakens accountability to Parliament for agency performance.
- 4.12 To support clarity, outcome statements need to be expressed in plain English.⁹ For example, the ANAO has reviewed the Australian Taxation Office (ATO) single outcome statement: *Effectively managed and shaped*

4 Mr Stephen Bartos, Finance, *Transcript*, p.26.

5 *Portfolio Budget Statements 2001–02, Defence Portfolio, Budget Related Paper Nos 1.4A and 1.4C*, p. 3. This outcome has been retained for 2002–03, *Portfolio Budget Statements 2002–03, Defence Portfolio, Budget Related Paper Nos 1.4A and 1.4C*, p. 3.

6 Mr Pat Watson, DETYA and Mr Craig Storen, DHAC, *Transcript*, p. 39.

7 Mr Pat Watson, DETYA, *Transcript*, p. 39.

8 *Portfolio Budget Statements 2002–03, Education, Science and Training Portfolio, Budget Related Paper No. 1.5*, pp. 97–9.

9 Plain English attempts to eliminate jargon and technical terms, and to simplify structure and syntax etc, to make a document or communication more understandable to the general public.

systems that support and fund services for Australians and give effect to social and economic policy through the tax system.

- 4.13 The ANAO criticised the clarity of the phrases '*effectively managed*' and '*shaped systems*' on plain English grounds. It also considered that the ATO should elaborate on the systems it was referring to in its outcome statement as this would enhance stakeholder understanding.
- 4.14 The ANAO concluded that the ATO could revise the language used in its outcome statement to more clearly and simply describe its objectives.¹⁰ The Committee notes that in its PBS for 2002–03 the ATO has defined the systems it was referring to in its outcome statement.¹¹
- 4.15 The Committee has reviewed the clarity of some performance measures. For example, at the public hearing the Committee sought clarification from FaCS on its environmental indicators for Outcome 3, *Economic and Social Participation*. The indicators were:
- Disability ratios: and
 - Relativities between income units headed by a person aged 65 years and over as a proportion of the mean gross weekly income of all income units.¹²
- 4.16 The Committee suggested that the performance indicators were written in an overly shorthand way, their meaning was unclear, as was how they related to the outcome, *Economic and Social Participation*.
- 4.17 FaCS responded:
- If you are raising an issue in terms of the description of the indicators then that suggests that some of them need to be clarified if there is some ambiguity there.¹³
- 4.18 The witness proceeded to explain the meaning of the indicators and how they related to the outcome, but conceded that they 'could be written a bit more transparently, a bit more clearly.'¹⁴
- 4.19 The Committee notes that in the FaCS PBS for 2002–03, the environmental indicators have been replaced by a detailed and comprehensive *Operating*

10 Auditor-General, Audit Report No. 46 2000–2001, *ATO Performance Reporting under the Outcomes and Outputs Framework*, p. 48.

11 *Portfolio Budget Statements 2002–03, Treasury Portfolio, Budget Related Paper No. 1.16*, p. 164.

12 *Portfolio Budget Statements 2001–02, Family and Community Services Portfolio, Budget Related Paper No. 1.8*, p. 135.

13 Mr Alexander Dolan, FaCS, *Transcript*, p. 61.

14 Mr Alexander Dolan, DFACS, *Transcript*, p. 61.

*Environment Statement.*¹⁵ The Committee considers this to be a significant improvement.

Committee comment

4.20 The Committee notes that the issue of the clarity with which outcome effectiveness measures are articulated is not unique to the examples discussed—like FaCS, other agencies could also improve their performance in this area.

Recommendation 3

4.21 **Agency outcomes statements should be written in clear simple English language to allow for greater transparency.**

Outcome measurability

4.22 The SFPALC noted that the extent to which outcomes are achieved is to be assessed through effectiveness indicators. It noted that:

Few narrative 'effectiveness indicators' proffered to date are particularly robust and many agencies have indicated that they have work to do in this area. Given that funding is now directed to outcomes, the importance of assessing progress towards outcomes is of paramount importance.¹⁶

4.23 Finance advice to agencies is that outcome performance information relates to the specific impact that an agency's outputs and administered items have had on the community. Outcomes are often long-term in nature, and performance information in this area must focus on effectiveness. There needs to be a balance between addressing progress against milestones, intermediate targets and ultimate long-term impacts.¹⁷

4.24 The Committee sought advice from witnesses on whether all agencies will have in the future a reasonably sophisticated set of reference points to show links between the expenditure of public money and progress towards achieving outcomes.

15 *Portfolio Budget Statements 2002–03, Family and Community Services Portfolio, Budget Related Paper No. 1.8*, pp. 144–7.

16 SFPALC, *The Format of the Portfolio Budget Statements Third Report*, p. 41.

17 Finance, *The Outcomes and Outputs framework Guidance Document*, p. 29.

4.25 The ANAO supported the use of intermediate outcomes. During the hearing ANAO commented that:

In our submission we certainly encourage agencies, even if they cannot measure outcomes, to try and measure intermediate outcomes. That is a concept that Finance has promoted—a very good concept—to try and say, ‘If you cannot measure the actual outcome, try and get some measures along the way to see whether you can gauge whether you are being successful or not.’^{18, 19}

4.26 In *Audit Report No. 46 2000–01*, the Auditor-General commented that specifying intermediate outcomes can:

- assist agencies to identify transition strategies towards their ultimate outcomes;
- assist management to articulate and communicate achievable short-term objectives across the organisation;
- demonstrate practical linkages between outputs and desired outcomes;
- assist agencies to report meaningfully on their achievement of outcomes in the shorter term; and
- assist planning, monitoring and performance reporting of long-term objectives.²⁰

4.27 The Committee sought information from various agencies on the issue of using intermediate outcomes.

4.28 The ABS told the Committee that they considered that the ANAO proposal of using intermediate outcomes was sound. They stated that the reporting on intermediate outcomes would not represent a major shift for them as the ABS currently reports on the progress of medium term initiatives and are reflected in the ABS Annual Report.²¹

4.29 FaCS commented that it supported the concept of intermediate outcomes and informed the Committee that it provided effectiveness performance

18 Mr Ian McPhee, ANAO, *Transcript*, p. 48.

19 Some higher level outcomes describe objectives which are only achievable in the long term and have a tenuous link to agency outputs. Intermediate outcomes can be developed which, by describing shorter term objectives, provide a link between agency outputs and this higher level outcome.

20 Auditor-General, *Audit Report No. 46, 2000–2001, ATO Performance Reporting under the Outcomes and Outputs Framework*, p. 47.

21 ABS, *Submission No. 14*, p. 124.

indicators which could for practical purposes be seen as a type of intermediate outcome.²²

- 4.30 FaCS continued to explain to the Committee that 'by definition, the term "effectiveness" is an outcome concept so that the existing performance reporting principles and guidelines already provide for intermediate outcomes.'²³
- 4.31 Treasury supported the concept of intermediate outcomes, but advised it did not currently make use of them. Its supplementary submission added that Treasury was 'continuing to consider how it can best measure progress towards achieving Treasury's longer term outcomes.'²⁴
- 4.32 The Committee asked Defence to comment on the use of intermediate outcomes as a way of measuring progress towards achieving its single long-term outcome. Defence was not receptive to the idea of intermediate outcomes. The following reason was provided to the Committee:

The Government has provided Defence with a single outcome: the defence of Australia and its national interests. The achievement of this outcome is ongoing, without any intermediate steps.²⁵

Conclusion

- 4.33 The Committee considers that some agency outcome statements are too highly aggregated to describe agency objectives in a meaningful way and assist Parliament in assessing proposed resource allocation and agency performance. This is particularly the case with large agencies that have single outcome statements.
- 4.34 Regarding Defence's single outcome, the Committee considers it is possible for Defence to identify intermediate outcomes that would indicate its progress towards achieving its existing single outcome.

22 FaCS, *Submission No. 15*, p. 130.

23 FaCS, *Submission No. 15*, p. 130.

24 Treasury, *Submission No. 19*, p. 152.

25 Defence, *Submission No. 18*, p. 147.

Recommendation 4

4.35 Agency outcome statements should:

- completely and clearly define their key objectives to reflect the impacts Government expects from their work;
- completely and clearly define the impacts Government expects from agency administered items; and
- accurately articulate the purpose of the relevant appropriations under the Appropriation Acts of the Commonwealth Budget.

Recommendation 5

4.36 Agencies with a single broad ranging outcome, or with a small number of highly aggregated outcomes, should identify intermediate outcomes to indicate the shorter term objectives on the path to achieving their higher level outcomes.

Appropriate level of output disaggregation

Introduction

4.37 It is important that agencies appropriately disaggregate their outputs to support transparency and accountability relating to the efficiency with which they deliver their outputs to achieve outcomes.

4.38 Finance notes that it is important that agencies:

- ‘develop their outputs and output groups with considerable care, especially consulting with major stakeholders, such as client groups, related agencies, the relevant Senate Legislation Committee and Finance’; and
- provide sufficient detail to not only identify what government is paying for but to be measurable in a meaningful way in terms of price, quantity and quality. In particular, outputs need to be ‘amenable to comparison

between actual or potential suppliers (especially through price analysis).'²⁶

Disaggregating outputs to reflect agency organisations and programs

4.39 The Committee has considered the level of output disaggregation and how this affects information about organisational structure and the ability to track the expenditure on particular programs.

Information about the organisation structure

4.40 The Committee noted that in some cases it was no longer possible to identify specific outlays or the total budget for some discrete organisations in an agency PBS. For example, information in the PBS for the Department of Agriculture, Fisheries and Forestry Australia (AFFA), does not provide specific information about the Australian Quarantine and Inspection Service.²⁷ Also in its recent review of the Coastwatch organisation the Committee concluded it was difficult to determine the true costs of Coastwatch before final figures were provided in the Customs Annual Report.²⁸

4.41 The Committee considers that high levels of aggregation in some agency outputs is a major problem making it difficult for the Parliament and the community to track the level of funding of particular organisations and what they are doing with those funds.

4.42 Finance advice to agencies relating to specifying outputs includes among other things, that outputs need to be 'specified so that the agency's organisational structure and management systems can be mapped to its outputs (in practice this may be achieved over time).'²⁹

4.43 Further, Finance has noted that:

Across the Commonwealth, there is considerable variation in the level of specificity on outputs. In 2000-2001, the number of outputs per agency ranges from one to 58, with an average of about seven. This is not of itself a concern, although it may raise questions as to

26 Finance, *The Outcomes and Outputs Framework Guidance Document*, pp. 19-20.

27 *Portfolio Budget Statements Agriculture, Fisheries and Forestry Portfolio, Budget Related Paper No. 1.1*, p. 63.

28 JCPAA, *Report 384, Review of Coastwatch*, Canberra 2001, p. 39. The Committee notes that its criticism has not been addressed in the Customs PBS for 2002-03.

29 Finance, *The Outcomes and Outputs Framework Guidance Document*, p. 20.

the scope for genuine comparisons of performance between outputs and agencies.³⁰

4.44 For example, the number of outputs specified by Defence in its accrual based outcomes and outputs framework has fluctuated from twenty two outputs in 1999-2000 to five outputs in 2000-2001 and six outputs in 2001-2002.^{31,32}

4.45 In explaining the variation in the number of Defence's outputs Defence drew attention to the alignment of its current outputs to its organisation structure:

Indeed, the organisational chart in the minister's PBS, at page 13, indicates a structure for the organisation that reflects accountability to the secretary and the CDF in discharging their responsibility to deliver to the government outputs. There are six output executives who are largely responsible for the internal delivery of services and products that allow the organisation to deliver the external products. The remainder of the executives, whom we style as 'owner support', assist the secretary and the CDF with the governance of the organisation, and there are 'enabling executives' who are essentially internal providers to other executives.³³

4.46 Agency advice from Finance suggests one way forward may be for agencies to use output groups:

About half the agencies that published outputs in the Portfolio Budget Statements for the 1999-2000 used output groups in one form or another. While agencies are still required to report at the output level, grouping outputs can allow aggregated reporting at a business or program level.

Output groups tend to reflect the more business-specific aspects of an agency's operations, while outputs within output groups tend to be more generic in nature.³⁴

30 Finance, *The Outcomes and Outputs Framework Guidance Document*, p. 22.

31 *Transcript*, p. 12.

32 In 2002-03, Defence retained its 6 outputs. *Portfolio Budget Statements, Defence Portfolio, Budget Related Paper No. 1.4A and 1.4C*, p. 27.

33 Mr Greg Harper, Defence, *Transcript*, p. 12.

34 Finance, *The Outcomes and Outputs Framework Guidance Document*, pp. 20-1.

Committee comment

- 4.47 The Committee considers that although the Defence outputs may reflect its organisation at the highest level, the outputs are too highly aggregated and could be further disaggregated to provide more transparency and accountability to Parliament by enabling specific items and expenditure to be traced. Despite this focus on Defence, the Committee is aware that this problem is not confined to that agency.
- 4.48 Where agencies have highly aggregated outputs, the Committee suggests that a possible solution to enhance transparency and accountability, is for agencies to use existing outputs as output groups and then disaggregate these groups to lower level outputs in their framework. This approach would allow for a degree of continuity in the provision of Budget and actual financial and performance information while improving transparency and accountability for performance.

Expenditure on particular programs

- 4.49 The Committee is aware that criticisms of the accrual based outcomes and outputs framework documentation include the complaint that observers are unable to track the expenditure on particular programs.
- 4.50 The Committee is concerned that there has actually been a regression in the level of detail relating to programs provided in the Budget papers, and the PBS. This has led to a situation where it becomes impossible to determine what is actually happening with respect to a particular function or program. This had been possible under the previous arrangements.
- 4.51 The Committee sought advice from witnesses on whether it would be possible for agencies to report program level information under the accrual based outcomes and outputs framework.
- 4.52 Finance advised the Committee that the ability of agencies to report program level information would be dependent on the way in which agencies were structuring their operations and their financial management.³⁵
- 4.53 Treasury, observed that the answer may be:
- ... in the way in which outputs are specified by departments and agencies. Effectively, the task would be to align the output specification with the material at the level of detail you were wishing to report. So the answer may be that there is quite a bit of

35 Mr Brett Kaufmann, Finance, *Transcript*, p. 36.

work that needs to be done to ensure that the output specifications are meeting the reporting requirements that the government might have. I suspect also that it may take some time for departments and agencies to be able to cope out on the ground with respecifying their outputs, if the government wanted to change the output structure in some way.³⁶

4.54 In addition to the possibility of aligning the outputs or outcomes with programs, Finance advised the Committee that another way agencies could report information on programs would be through a hierarchy using outcome, output, and program.³⁷

4.55 The ANAO observed that the Department of Transport and Regional Services PBS disaggregated the agency's output groups:

They have a number of output groups and then they slice the salami fairly thinly, with more detail at individual levels of services, which I think is really getting to the issue that you are raising. So there is some good experience around. Not everyone does it. As I think Finance and Treasury are saying, it relies on agencies disaggregating information in their own systems to be able to systematically produce this information, but it is fundamentally achievable.³⁸

4.56 The Committee suggested to witnesses that it was the sophistication of agency costing systems which determined their ability to provide more disaggregated information. The ANAO responded:

I think it does go to that issue. It is the level of sophistication agencies have in their current costing arrangements. ... Our audit work is showing that agencies are certainly getting a handle on their management information systems. ... [It] is much more achievable now than it was a couple of years ago.³⁹

Conclusion

4.57 The level of disaggregation of agency departmental outputs provided in PBS and annual reports varies widely. It is the degree of sophistication of agency costing systems which appears to determine their ability to provide disaggregated information relating to their outputs.

36 Dr Paul Grimes, Treasury, *Transcript*, p. 37.

37 Mr Phillip Prior, Finance, *Transcript*, p. 37.

38 Mr Ian McPhee, ANAO, *Transcript*, p. 37.

39 ANAO, *Transcript*, p. 40.

4.58 The Committee recognises that there is a cost associated with agencies establishing and maintaining disaggregated data in their costing systems. However, the Committee considers that there would be considerable benefit in agencies providing more disaggregated output information to support transparency and accountability for performance. The Committee considers the challenge for agencies is to:

- more clearly determine the information needs of the Parliament and other stakeholders;
- design their outcomes and outputs frameworks to provide the requisite information; and
- develop costing systems that will capture and report the requisite information in a cost-effective manner.

4.59 The Committee therefore strongly encourages Finance, in consultation with relevant Parliamentary Committees, to identify and make available to the Parliament, agencies, and the public, examples of better practice where agencies have specified outcomes and outputs frameworks that support the provision of appropriately disaggregated information in a cost-effective manner to meet the scrutiny needs of Parliament.

Reporting of forward estimates for outputs

Estimated forward financial information

4.60 Currently, agency PBSs include budgeted financial statements in accrual format covering the budget year, the previous year and the three subsequent financial years (forward estimates) for agencies. In relation to the level of detail provided as forward estimates in the PBS, the ANAO observed:

... when you look at the forecast financial statements you get the estimated actual for the current year, you get the budget estimates and you get three forward years. So you get quite a lot of information in the financial statements. When you go to the resourcing for the outcomes by the various output groups you get the estimated actual for the current year and you just get one budget estimate figure, without any forward positions. And when you go to the performance information, you tend to just get the

information for the budget year. So within the papers provided by agencies there is quite a variation in the information provided.⁴⁰

4.61 In its reviews of the format of the PBS, the SFPALC has twice recommended that the PBS include forward estimates for outcomes and outputs.⁴¹ The Government has not agreed with the recommendation.

4.62 During its review in 2000, the SFPALC discovered that forward estimates information at output level was held within Finance, but was withheld from the PBS because the focus of the PBS was the current Budget year. In making its recommendation the SFPALC commented:

In approving the Appropriation Bills, Senators have to satisfy themselves that previous expenditure has been wise. Were detailed forward estimates available in the PBS, they might disclose that, in two years' time, a given output required a huge injection of money, one explanation for which might be wastage or inefficiency in the past. At the very least, the proposed changing expenditure pattern would be worthy of examination.⁴²

4.63 The SFPALC also noted that DETYA in fact included forward estimates as an appendix to its PBS.⁴³

4.64 The Committee has raised the issue with Finance which responded in a supplementary submission:

... the purpose of the PBSs is to explain the annual Appropriation Bills before the Parliament. As such, forward estimates information by output and for each administered item (or by programme prior to the introduction of outcome-output budgeting) has never previously been included in the PBS, nor in the Explanatory Notes.

The PBS Guidelines represent minimum requirements for the document, across all portfolios. The guidelines do not prevent agencies responding to the particular information needs of individual committees in estimates or other contexts.⁴⁴

40 ANAO, *Transcript*, p. 48.

41 SFPALC, *The Format of the Portfolio Budget Statements, Second Report*, October 1999, p 50; *The Format of the Portfolio Budget Statements, Third Report*, November 2000, p. 40.

42 SFPALC, *The Format of the Portfolio Budget Statements, Third Report*, pp. 16–17.

43 SFPALC, *The Format of the Portfolio Budget Statements, Third Report*, p. 17.

44 Finance, *Submission No. 13*, p. 114.

Estimated forward performance information

4.65 The ANAO suggested that given that annual reports are not provided until some time after the Parliament has considered the budget estimates for the following year, there may be benefit in agencies providing in their PBS, as a minimum, an estimated outcome in terms of some of the performance information. The ANAO told the Committee:

There is then a second question about whether the forward performance information should be provided as well as the forward estimates, ... The question really is: is there enough information ... for members to get a grip on trends and get a handle on program performance over time? I think one answer would be that it is pretty difficult to understand how the program is performing today and also how it is expected to perform in the longer term. ... we certainly encourage agencies, even if they cannot measure outcomes, to try and measure intermediate outcomes.⁴⁵

4.66 Finance's response to this suggestion, provided in its supplementary submission, was that while quantifiable performance information such as specific benchmarks, targets or activity levels would be appropriate for the Budget year, 'in line with the Government's position on forward financial information, the publication of quantified performance information for the forward years would not be appropriate in the PBS.'⁴⁶

4.67 However earlier in its submission Finance noted that the 'guidelines do not prevent agencies responding to the particular information needs of individual committees in estimates or other contexts.'⁴⁷

4.68 The Committee asked agencies to discuss the merits and feasibility of providing forward performance information in their PBSs.

4.69 The Department of Family and Community Services (FaCS) told the Committee that it would be technically possible to provide future performance information in the PBS. However, they questioned the utility of providing forward estimates for each performance indicator given the additional efforts required to produce the estimates.⁴⁸

45 Mr McPhee, ANAO, *Transcript*, p. 48.

46 Finance, *Submission No. 13*, p. 114

47 Finance, *Submission No. 13*, p. 114.

48 FaCS, *Submission No. 15*, p. 129.

4.70 Defence stated that the provision of forward non financial performance information was a complex and sensitive task. However Defence was establishing a planning framework and:

... will work to a rolling corporate plan that will bring together strategic investment priorities, operational requirements, corporate business strategies, and proposed funding arrangements with appropriate performance and accountability measures. This will put Defence in a position to provide forward non-financial performance information ...⁴⁹

Conclusion

4.71 The Committee notes that in the past under the cash accounting system, it was possible to identify proposed government expenditure with respect to particular agencies and programs and therefore engage in debate about whether that was adequate. It was also possible to identify from year to year what projected changes to those forward estimates governments had made, and engage in debate about their significance.

4.72 Regarding the new accrual Budget framework, the delivery of outputs is designed to lead to the achievement of longer term outcomes. Therefore the provision of forward estimates of financial and performance information in agency PBS for outcomes and outputs would assist Parliament to better understand and track:

- agency progress towards achieving those outcomes; and
- the appropriateness of agency resourcing strategies to achieve their outcomes.

4.73 The Committee notes the evidence provided by Finance to the SFPALC that forward estimates information is available and the fact that DETYA has provided such information as an appendix to its PBS. The Committee recognises that agency costing systems may find the provision of accurate forward information a challenge, but considers it is a goal worth striving for.

4.74 In an accrual environment managers should be aware of medium and longer term performance goals, because they will want to monitor movement towards achieving those goals and be in position to apply additional resources if warranted. Releasing such information to the Parliament will provide reassurance that agencies are concentrating on

49 Defence, *Submission No. 18*, p. 146.

their outcomes and provide an incentive to managers to maintain that focus.

- 4.75 The Committee therefore concludes there would be benefit in agencies providing forward estimates of financial and performance information by outcomes and outputs in agency PBSs to support transparency and accountability and assist Parliament in identifying trends over time.**
- 4.76 The Committee has considered the alternative way in which forward estimates information might be published—as an appendix to agency annual reports. (The Committee notes that guidelines for annual reports have to be approved by the Committee before they can take effect.) However, at this point of time, the Committee considers forward estimates, as essentially forecasting information, would sit better in an *ex-ante* document such as the PBS rather than in the *ex-post* annual report.

