

***SUBMISSION TO THE
JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
REVIEW OF THE ACCRUAL BUDGET DOCUMENTATION***

**Department of Finance and Administration
June 2001**

Introduction

The Department of Finance and Administration is pleased to provide a submission to the Committee's inquiry into the effectiveness of the current accrual budget documentation, including the Portfolio Budget Statements, Annual Reports and the Portfolio Additional Estimates Statements.

This Department works cooperatively with Treasury on budget documentation, with a common aim to ensure a cohesive set of documentation providing a "clear read" for consumers. The clear read philosophy also applies to annual reports, where Finance's liaison is with the Department of the Prime Minister and Cabinet. An overall feature of this cohesion is the minimising of duplication between documents – important not only to keep the various documents down to a size that is readable, but also to achieve a basic level of consistency in presentation so that readers know where to go to find material. This allows for the presentation of information in a linked and integrated manner, equipping parliamentarians with the information needed to decide which issues they should pursue and when.

Background

The Portfolio Budget Statements (PBSs) have their genesis in the Explanatory Notes prepared by departments for Senate Estimates Committees. These committees commenced in 1970¹. In 1976 the Government agreed to the tabling of the Notes in advance of the estimates hearings, and to them becoming a public document. In consultation with estimates committees and the Senate Finance and Government Operations Committee, the Department of Finance introduced standardised Explanatory Notes from the 1978 Budget onwards. At this time, Finance stressed that its guidance to departments represented a minimum requirement and that "such additional information that is considered relevant and necessary to satisfactorily explain the estimate should be provided"².

Since that time, Finance has worked closely with the Department of the Senate in responding to feedback from Senate committees on the PBSs and predecessor documents. In terms of annual reports, the Department of the Prime Minister and Cabinet liaises with the JCPAA on the guidelines. Finance works closely with

¹ At an early stage thereafter, the committees called for some form of explanatory memoranda or notes to guide the investigatory process.

² Estimates Committee Chairmen 1978, *Estimates Committees: Report of Chairmen on the Form and Content of Explanatory Notes and Staffing of Estimates Committees*, Parl. Paper 16, Canberra – cited in Senate Standing Committee on Finance and Public Administration, *Estimates Committee Documentation and Procedures*, April 1991, p8.

PM&C in respect of the performance reporting aspects of annual reports and Finance promulgates requirements for the format of the financial statements.

Finance is pleased to continue to work with the Parliament to improve Budget and Budget-related documentation. As already mentioned, we are mindful that a clear read of the documentation depends on cohesion and the minimisation of duplication. The JCPAA and Senate Standing Committee on Finance and Public Administration both play an important role in articulating the Parliament's needs. There have been a lot of changes with respect to the Commonwealth financial framework over time. Throughout, Finance has been aware of the need to make documentation readable and useful.

Consistent with past practice, central guidance on the form of the PBSs recommends a common core content. Finance continues to emphasise the flexibility available to agencies in meeting the needs of individual committees through the content of their PBSs or through separate provision of supplementary information³.

Performance information, promised and then reported, is important to the cohesion of accountability documentation, as well as for the internal management of agencies. After consultation with colleagues, the Minister for Finance and Administration promulgated Performance Management Principles in 1997. These represent a high-level articulation of the purpose of and approach to be taken toward performance reporting. The principles have recently been updated and are provided to the Committee for its information (Attachment A).

1. The link between the information contained in the PBSs and Annual Reports of agencies.

The strength of the accrual budget framework introduced in 1999-2000 is that it provides a tight link between performance predicted in PBSs and the reporting of this performance in annual reports for the corresponding period. This is reinforced by the fact that we now appropriate directly for outcomes⁴.

The PBSs and annual reports have complementary functions – the first being a document presented by the responsible Minister which provides explanations to assist the Parliament in considering the annual Appropriation Bills. The PBSs' main purpose is to be a forward-looking document focussing on funding for the coming year and on expected performance - through the identification of performance indicators and resource needs, it defines the terms of the Government's requirement. The importance of PBSs has increased under the accrual budget framework and in an era of greater devolution⁵. Annual reports are primarily historical documents from

³ The current PBS guidelines can be downloaded in Word format from the Finance website at http://www.finance.gov.au/budgetgroup/Other_Guidance_Notes/formatting_instructions.html then click on the hotlink titled "Guidelines".

⁴ The new framework removed barriers that had previously existed between appropriations and what were called objectives; there is now a clear unambiguous correspondence between Appropriation Bill line items and PBS detail.

⁵ The Appropriation Act clauses that declare the PBSs to be relevant documents give them significant status. The change in status of PBSs is also reflected in their release being brought forward to budget night – thus they are seen as being part of the extended budget documentation rather than supplementary information provided later.

agency heads reporting to Ministers and through them to Parliament on actual performance over the past year. Annual reports detail the success or otherwise of each agency's achievements against the Government's requirement.

The guidelines promulgated by Finance provide a framework for agencies to achieve a "clear read" between the PBSs and annual reports including, as mentioned above, identifying the performance information that will form the basis of reporting. Finance encourages agencies to provide targets, estimates or activity levels in the PBSs where appropriate, to assist readers in gaining a perspective of outputs. The success of this approach depends on agencies explicitly identifying and explaining any within-year changes in outcome/output structures or performance measures.

The following are some examples of good practice for the 1999-2000 financial year:

- The Department of Agriculture, Fisheries and Forestry (AFFA) identifies and systematically reports in its 1999-2000 annual report against budget measures performance indicators, outcome measures and output measures - in all cases page referencing to the 1999-2000 PBS. This information is published in Volume 2 of the report. Although the separate reporting is clear and useful, it might be more convenient for users and more cost-effective to integrate this within a single volume together with the associated financial performance as revealed through the financial statements in Volume 1.
- The Department of Immigration and Multicultural Affairs identifies performance indicators and targets in its PBSs for outcomes and outputs. It reproduces the same information in its annual report, adding a result column. For instance, see Outcome One in the 1999-2000 PBS (pp28-29) and the 1999-2000 Annual Report (pp35-37). Output level information is presented in a similar style.
- The Department of Finance and Administration also identifies performance indicators and targets in its PBS for outcomes and outputs. It identifies the same indicators in its annual report, together with the performance result. It quantifies results against indicators, and often specifically notes where effectiveness and quality indicators have been achieved, surpassed or not met. Quantity indicators show forecast and actual values in the annual report, enabling the reader to make an easy comparison. For example, see Outcome One in the 1999-2000 PBS (pp33-35) and the 1999-2000 Annual Report (pp19-23).

2. The explanatory information in each PBS to assist Members and Senators to understand how funds were expended and the measures used to assess performance in achieving government outcomes.

The nature of explanatory information in each PBS is influenced by the PBS guidelines and by dialogue between parliamentary committees, Ministers and agencies on individual committee needs and the availability of information. Finance stresses that the identification of performance measures in PBSs is an important element of the financial management framework.

Performance reporting relating to departmental outputs is of a good overall standard, and improvements are evident in outcomes and administered items reporting. Finance comprehensively revised its website advice on outcomes and outputs in November 2000, and continues to identify better practice in performance reporting. The better practice reported in this submission is taken from our website at <http://www.finance.gov.au>⁶

The Minister for Finance and Administration has recently consulted his colleagues on an updated set of Performance Management Principles, which aim to identify the main features of good practice in performance reporting and management. The principles emphasise internal as well as external uses of performance information. Reporting on administered items is targeted for attention. Finally, where appropriate, the principles encourage the use of targets, estimates and activity levels as part of performance measures, to provide a perspective for users. The Government's expectation is that portfolios will review their performance reporting needs at least every three years. This will naturally also occur when there is a change to their outcome/output structure.

Ministers and agencies have received the principles positively. A copy is provided at Attachment A for the Committee's information.

The publication of annual reports for 1999-2000 in September and October 2000 represented completion of the first full cycle of reporting under the accrual-based outcome output framework. Agencies are investing considerable effort to identify robust performance management techniques under the framework, including continuous improvement of performance indicators for their outcomes. The Institute of Public Administration Australia (IPAA) recently noted that "There has been a quantum leap in [the quality of] performance reporting in 1999-2000 annual reports compared with the previous year." IPAA was referring to agencies reporting under the Financial Management and Accountability Act and it pointed to the new annual report guidelines as a contributing factor⁷.

Finance would also contend that the introduction from 1999-2000 of the outcomes and outputs framework, with the tight performance reporting linkage expected between PBSs and annual reports was an important influence, likely to increase in significance as agency staff become more familiar with the framework.

⁶ Click on "Government Finances" and then on the hotlink to "Outcomes and Outputs Advice". There are then further links in the left margin to "Performance Reporting" and other aspects of the outcomes and outputs framework.

⁷ To place this in full context, IPAA's conclusion was that: "In the main, the quality of reports was good, although the degree of variability in quality suggests that for some agencies there is still some way to go. There has been a quantum leap in performance reporting in 1999-2000 annual reports compared with the previous year. The new guidelines have given a better framework for agencies to work with, without being overly prescriptive, and agencies have, in general, responded well to the challenge of transmitting the necessary information while keeping their reports intelligible and accessible. One important area for further improvement lies in the integration of financial information from portfolio budget statements with performance reporting." IPAA, *Report of Judges on the 1999-2000 Annual reports of Departments and Agencies*, May 2001, p6

The continuous improvement in the definition of outputs and performance measures experienced since the introduction of the framework is a natural part of the process. The experience of other jurisdictions is that it may take up to five years for frameworks and associated issues to settle down. The Senate Finance and Public Administration Legislation Committee noted evidence to this effect from the ACT and Victoria⁸.

The following are examples of the fruits of continuous improvement, particularly in terms of measures used to assess performance:

- Outcomes reporting: the Department of Education, Training and Youth Affairs (DETYA) identifies in its 1999-2000 PBS a range of measures, including forecasts, for each outcome (eg Outcome 1 pp35-36). These are often independently collected measures. They are discussed in sequence within the annual report, providing trend data where available (eg Outcome 1 pp28-30). Strategic priorities are also identified for each outcome (eg Outcome 1 at pp 36-37 in the PBS) and reported on in the annual report (eg Outcome 1, pp25-28). Overall, DETYA's annual reporting is concise yet effective.
- Outcomes reporting: the Department of Family and Community Services (FaCS) identifies a comprehensive suite of indicators. The strength of the FaCS reporting lies in its analysis/explanation of each indicator's results in the annual report.
- Outputs reporting: FaCS reporting at output level is also comprehensive, with analysis/explanation of most indicators. Some indicators in the 1999-2000 PBS were re-categorised between the effectiveness and quality/quantity categories when results were published in the 1999-2000 annual report. There has been considerable further restructuring of performance measures in subsequent PBSs. Activity levels and achievements against quality/timeliness targets are well presented, including services purchased from Centrelink.
- Outputs reporting: The Australian Trade Commission reported consistently in its annual report (pp16-19) against output indicators and targets identified in the PBSs (pp96-97). The targets added useful perspective.
- Administered items reporting: DETYA's output groups are structured around administered items, reflecting the fact that these represent over 98% of the department's appropriation. DETYA's administered item measures in the PBS are often accompanied by targets (eg Outcome Group 2.1 pp66-68). Reporting in the annual report discusses these measures in sequence showing original targets and results (eg Output Group 2.1 pp135-138).

⁸ The committee accepted that an amount of "bedding down" of the new reporting framework is required before a definitive view on its success or otherwise could be formed. It commented: "Certainly [the framework] has the potential to provide more complete information on what has been achieved and at what cost..." but it also indicated that comparable year-on-year information within the one portfolio and ideally, comparable for like issues across portfolios, were matters of interest for key stakeholders. Senate Finance and Public Administration Legislation Committee, *The Format of the Portfolio Budget Statements – Second Report*, October 1999, Chapter 3.

The nature of the financial management and budgeting framework and the quality of the guidance available to agencies has been mentioned above as factors in promoting better performance measures and reporting. Another ingredient is feedback from parliamentary committees. In report 374, the JCPAA noted that under Senate and House of Representatives Standing Orders, annual reports stand referred to particular standing committees. It noted some instances where House of Representatives standing committees exercise this prerogative⁹, and it urged standing committees of the Parliament to take advantage of standing orders to review annual reports.

The Senate Finance and Public Administration Legislation Committee went further in discussing the matter of feedback from key stakeholders in relation to the quality and timeliness of Commonwealth inputs to national [health] policy planning and strategy development and implementation. It cited a hearing of the Senate Community Affairs Legislation Committee where the Secretary of the Department of Health and Aged Care had indicated an interest in the views of the Parliament as to how a department gets feedback on its arrangements. The Senate Finance and Public Administration Legislation Committee concluded that "...the appropriate forum for such feedback exists in the regular reports by Senate legislation committees on agency annual reports, if only all committees took their responsibilities in this matter seriously."¹⁰

Parliament has an important role in providing substantive feedback on performance issues.

3. The explanation of significant variations in budgeted program expenditure.

The level of detail reported for variations in program expenditure is determined by the Government's policy. The Government has considered this matter, and determined that the PBSs provide sufficient information, explanation and justification as to the purpose of each item in the appropriation Bills. The Government has noted that the introduction of additional information would add complexity without enhancing clarity.

Finance notes that given the latitude available within the PBS guidelines, all significant budget variations can be adequately explained within the Government's policy framework.

4. The relationship of the outcomes/outputs framework with the existing organisational structure of agencies.

Finance's firm view is that an alignment of agency organisational structure with their outcomes/outputs under the framework is best practice because this best defines management accountabilities and responsibilities, and enables agencies to directly translate internal activity reporting to external outcome reporting.

⁹ JCPAA, *Review of the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997*, Report 374, October 2000, Chapter 3.

¹⁰ Senate Finance and Public Administration Legislation Committee, *The Format of the Portfolio Budget Statements – Second Report*, October 1999, Chapter 5.

Where alignment exists, all activities at the team level are able to focus through the section and branch level to concentrate on the output and through it to the relevant outcome. Through this system of transparent reporting of resource usage and achievement, it is easier for officers to clearly identify their direct contribution to the agency's outcome, and for managers to better control their resources.

Alignment is not essential – it depends on the circumstances applying within individual agencies. However, where organisational structure does not closely align with the outcomes/output framework there is a greater risk that:

- less attention is paid to meaningful descriptions of outcomes and outputs as they may not relate to the focus of the organisation's units;
- performance indicators are less well defined and may reflect the work of the units at the expense of the achievement of outputs or outcomes;
- it may be more difficult to make a clear link between resource usage and agency achievement;
- it becomes necessary to specify carefully what parts of the organisation contribute, and how much, to any shared outputs and outcomes; and
- it may be difficult to clearly identify who is responsible and accountable for the delivery of outputs.

A number of departments have aligned their organisational structures with the outcome/output framework. These include the Department of Employment, Workplace Reform and Small Business (DEWRSB), FaCS, and Finance.

5. The level of aggregation of appropriations within portfolio agencies and in particular for administered items.

Finance considers that there are instances where the level of aggregation is too high. For example, in some cases the span of a department's operations is such that there can be difficulty relating all these to one or even two outcomes. Finance will continue to encourage agencies to consider disaggregation where appropriate.

Finance notes that there is a suggestion in the Committee's list of matters of concern that this might be a particular issue in relation to administered items. However, our general view is that there is greater detail already presented for administered items within the PBS resource tables. See, for example, the 2001-02 PBS for the Industry, Science and Resources portfolio where for Outcome 1 the resource table listing includes items as low as \$57,000 in value (page 43).

In general, the high level of financial aggregation (ie appropriation by outcome) recognises the legal responsibilities of the agency's CEO to achieve that outcome in the most efficient and effective manner possible. It gives the agency maximum flexibility to allocate its funds, and recognises that an agency may alter its activity expenditure pattern through the year in order to achieve maximum efficiency and effectiveness.

However, actual expenditure at the output and activity level can be disaggregated in an agency's annual report if appropriate.

In the initial years of a new system, there can be considerable variations in the numbers of outcomes and outputs as portfolios settle down. For example, in the ACT jurisdiction, there was a reduction of about 50% overall in the number of outputs between the Territory's third accrual budget in 1998-99, and 1999-2000. At the outcomes level, Finance considers that it is important for the department and agencies within a portfolio to be able to convincingly relate to a particular outcome, at an appropriate level of aggregation. This argues for further disaggregation in some cases.

In 1999, the Senate Finance and Public Administration Legislation Committee considered the general issue of the level of specificity of outcomes and outputs. Its view was that "...portfolios have the right to be flexible in defining their outcomes and outputs, provided that they remain responsive in estimates hearings to requests for differing levels of aggregations."¹¹

6. *The level of detail and consistency in the recording of forward estimates for outcomes and outputs.*

Forward estimates for outcomes and outputs are developed and recorded by agencies who are required to maintain this information for the sustainable management of their finances.

The Government has considered the appropriate level of detail in the recording of forward estimates, and determined that there is already extensive reporting of forward estimates provided in the budget documentation. Forward estimates information is provided at an aggregate level (cash and accrual) as well as for agency expenses, measures and on a functional basis. This information is published at both Budget and Mid Year Economic and Fiscal Outlook update.

In reaching this conclusion, the Government noted that 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."

In 2001-02, the treatment of forward estimates in the budget papers was strengthened by the inclusion of information for the various functions of government in Statement 6 in Budget Paper 1 (BP1).

7. *The form of recording of asset values and the capital use charge.*

Finance's view is that sufficient information is provided in both areas.

The recording of assets is governed by and complies with both Government Financial Statistics (GFS) and Australian Accounting Standards (AAS) requirements. Under GFS a distinction is made between financial and non-financial assets. Financial assets, including investments represented by shares do not count in the determination of the budget bottom line. Statement 9 in BP1 provides data for the general

¹¹ Senate Finance and Public Administration Legislation Committee, *The Format of the Portfolio Budget Statements – Second Report*, October 1999, Chapter 3.

government and public non-financial corporations sector. This same distinction is made in respect to the AAS balance sheet as set out in Statement 10 of BP1.

Asset values are determined generally by the accounting standards. However, there are differences between AAS and GFS. The key differences are presented in Statement 11 of BP1, including the presentation of a reconciliation of those key differences.

Finance appreciates the need for transparency and understanding of the Capital Use Charge (CUC). A new table detailing agencies' CUCs has been included in BP1, Statement 10 for 2001-02 and forward years (Table A6).

The CUC is one of a range of tools currently used by Government to ensure improved financial practices within agencies. Finance's primary objective in this area is to ensure that the cost of capital used within each agency is included in the price of their outputs. The CUC is a first step in ensuring that agencies appreciate that there is a cost related to the use of capital resources. The net assets (equity) charging basis has been adopted as a process to include a cost of capital in the price of agency outputs and thus lead to improved agency asset management.

As part of its responsibility to manage CUC policy, Finance has undertaken a review of both the policy and process and has found that the rationale for the CUC is still valid. It has concluded that the policy should broadly continue in its current format.

8. The presentation of revenue estimates and variations.

Treasury is responsible for the development and maintenance of policy relating to tax revenues, while Finance is responsible for non-tax revenues. The Treasury will be providing the Committee with a submission relating to tax revenues.

The major non-taxation revenues are summarised in BP1, Statement 5, at Table 9, with trends in each category discussed on pages 5-21 to 5-23.

Agencies' revenue information on an outcome basis is included in Table 1.1 of the PBS, which identifies the amounts and explains their derivation. Finance considers that agencies have sufficient flexibility in presenting information on non-taxation revenues in their PBSs. Agencies can provide additional detail on resourcing (including revenue) for each of the outcomes under each of the relevant tables. For example, see Finance's 2001-02 PBS, Table 2.3.2, Outcome 2, Resourcing, on pages 44-45.

9. The presentation of budget aggregates, budget parameters, budget assumptions, forward estimates, reconciliation tables, and historical tables.

Finance has primary responsibility for the production of the consolidated budget estimates, including estimates of the principal budget aggregates and associated reconciliation tables.

The department welcomes feedback on budget documentation. The recent enhancement of Statement 6 in BP1 (2001-02) which now also includes data on a functional basis, is an example of its commitment to continuous improvement.

Finance recognises that there was a break in historical series due to the change from cash to accruals, and the department is examining the potential to overcome this.

10. Explanations of departures from relevant ABS and accounting standards.

At the individual agency level, the underlying precept for the preparation of PBS and annual financial reports is compliance with Australian accounting standards while for whole of government financial reports, including the Budget, the Final Budget Outcome and MYEFO, the underlying precept is compliance with GFS as well as provision of consolidated Australian Accounting Standard data.

The production of PBS and annual financial reports is governed by the Finance Ministers Orders (FMOs) issued under the respective FMA and CAC legislation. The FMOs require compliance with the Australian accounting standards and other prescribed accounting rules. Annual financial reports are subject to audit by the Auditor-General. Where there exists a material divergence from an accounting standard or other accounting rule, and that divergence is not corrected, the auditor is obliged to qualify the audit opinion issued in respect to that financial report. If the error is of sufficient magnitude to be material at the whole of government level and is not corrected at that level, the Commonwealth's Consolidated Financial Statements would also be qualified by the auditor.

For a range of transactions there are differences in the treatments prescribed by the accounting standards and GFS. These differences are described in key whole of government financial reports such as those mentioned above, together with a reconciliation of the differences in respect to revenues, expenses and fiscal balance. By way of illustration, the key differences and the reconciliations are included at "Appendix B: External Reporting Standards and Budget Concepts" of the MYEFO document for 2000-01.

11. The level of detail provided in the Mid-Year Economic and Fiscal Outlook.

The purpose and content of the Mid-Year Economic and Fiscal Outlook (MYEFO) document is set out in sections 15 and 16 of the *Charter of Budget Honesty Act 1998*.

The MYEFO report provides updated information to allow the assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statements (ie. Budget Paper 1).

MYEFO essentially provides a mid-year update of Budget Papers 1 and 2. The document takes into account, to the fullest extent possible, all Government decisions and all other circumstances that may have a material effect on the fiscal and economic outlook. This includes a description of measures decided since the Budget and identification of changes in the Statement of Risks. The MYEFO report is also required to identify the external reporting standards with which it complies, and the nature of any deviation from those standards.

If there is no change to information set out in the budget report, this information can be so identified and instead summarised in the MYEFO report

12. The presentation of budgeted program expenditure and year on year variations.

As explained earlier at topic 3, the Government's position is that the present level of disclosure throughout the budget papers is appropriate.

PERFORMANCE MANAGEMENT PRINCIPLES

Purpose

These performance management principles are intended as a guide to Commonwealth departments and agencies on performance reporting and its uses for both external and internal purposes.

- External reporting focuses on foreshadowing performance for a particular year through Portfolio Budget Statements, and within eighteen months, reporting of actual performance for that year through annual reports.
- Internal reporting is more frequent for management purposes, including monitoring performance of outputs and administered items within year. Where an agency's measures are aligned with employees' performance agreements, the performance measures can be used to provide feedback to staff on their contribution to the management of outputs and administered items.

Performance information must be structured in ways which show how an agency's outputs and administered items contribute to the achievement of the outcomes sought by the Government.

- Its purpose is to assist stakeholders and management to draw well-informed conclusions about performance in published and internal documentation, and to contribute to sound decision-making. Candour in disclosure and action on performance information will add to credibility.

Balance and clarity

Performance information will be useful where it is pitched to provide a comprehensive and balanced coverage of a particular outcome, output or administered item through a concise basket of performance indicators which can be understood, are well-defined, and are cost-effective to collect, store and manage.

- Performance information is most effective and meaningful where it is integrated with internal management processes and accountabilities within an agency, and can be utilised to meet external requirements.

Strategic focus of published information

Published performance information provides a top-level strategic overview. It is a core set of information which meets external accountability needs but also acts as an early warning to management of areas requiring attention.

- Published performance information should be supported by more detailed internal management information enabling diagnosis and continuous improvement.

Targets

Performance information is most effective if current performance can be compared qualitatively or quantitatively against specific benchmarks, targets or activity levels, where appropriate.

- In a context of continuous improvement, it is desirable that targets be of a stretching nature where possible, with the extent of “stretch” identified explicitly. Activity levels should be realistic.

Outcomes

Outcomes performance information relates to the specific impact that an agency’s outputs and administered items have had on the community relative to those planned by the Government. Outcomes are often long-term in nature, and performance information in this area must focus on effectiveness.

- Outcomes performance information needs to achieve a balance between addressing progress against milestones and ultimate long-term impacts.
- Outcomes performance information may be enhanced by inclusion of the results of performance audits, reviews or evaluations.

Outputs

In addition to reporting on effectiveness in achieving outcomes, output performance information relates to the quality, quantity and price of agency outputs (ie goods and services produced by an agency).

- The aim is to demonstrate that an agency has addressed the government’s purchase requirements in an efficient way, demonstrating overall value for the community.

Administered items

In addition to reporting on effectiveness in achieving outcomes, administered items performance information addresses the quality, quantity and price associated with third party outputs (such as from States, Territories and non-Government organisations) and transfer payments.

- Administered items performance information will derive from legislation, inter-governmental agreements, other contractual arrangements, or other expressions of Government policy which establish the third party outputs and transfer payments.

Continuous improvement of performance information

Performance reporting is most effective where trends can be compared over time.

- However, the reporting of agency outcomes and outputs, and performance information structures, can be expected to evolve with experience, changing needs, and the availability of more relevant or more reliable information.

- Performance information should be regularly assessed for appropriateness, including through systematic review and evaluation of agency outputs and administered items and, where necessary, of the Government outcomes they support.