



Australian Government
Department of Finance

Strengthening the Commonwealth Performance Framework

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Enhanced Performance Framework Overview

1) Public Governance, Performance and Accountability Act

1. Update
2. Next Steps

2) Performance Framework

From the perspectives of:

1. Managers
2. Scrutiny
3. System Design



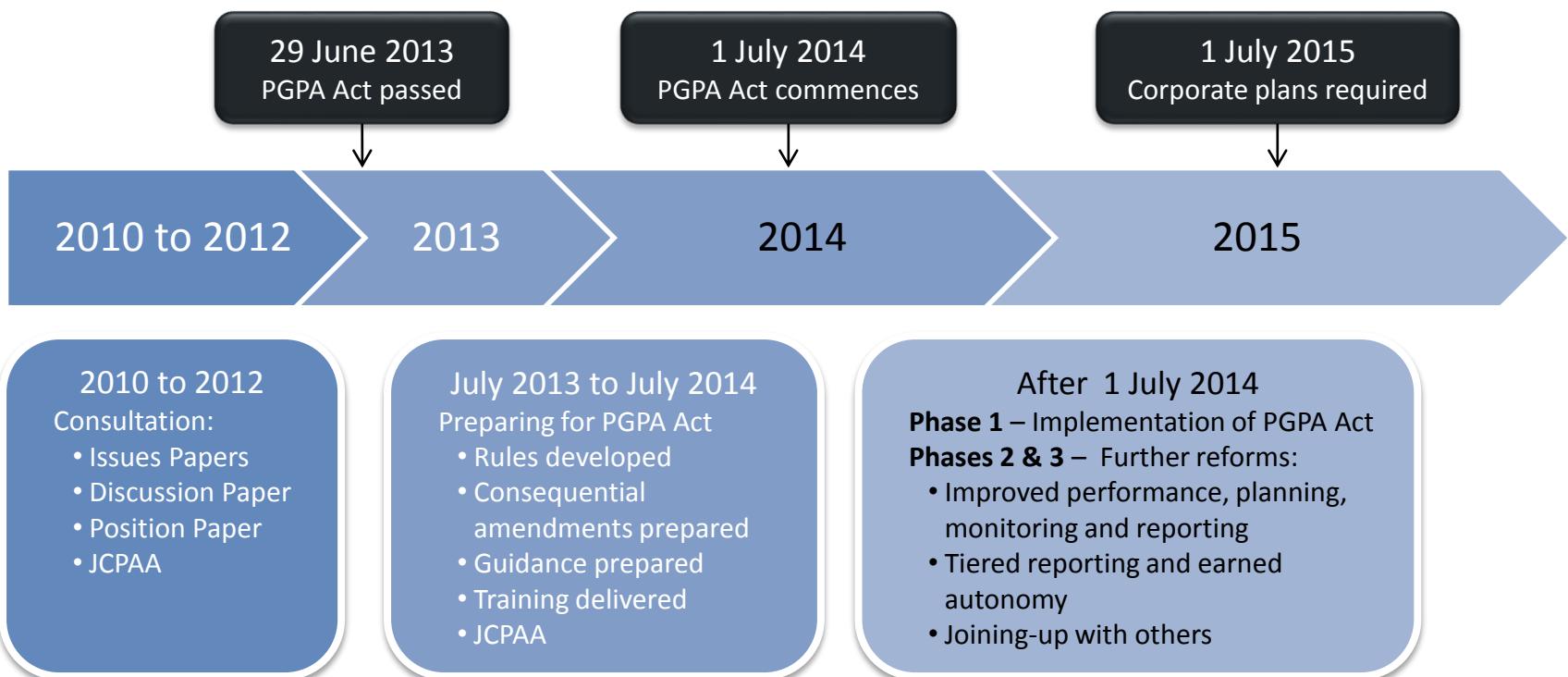
The PGPA Act

- PGPA Act is the cornerstone reform of the Public Management Reform Agenda (PMRA)
- But it isn't the end....



After 1 July 2014

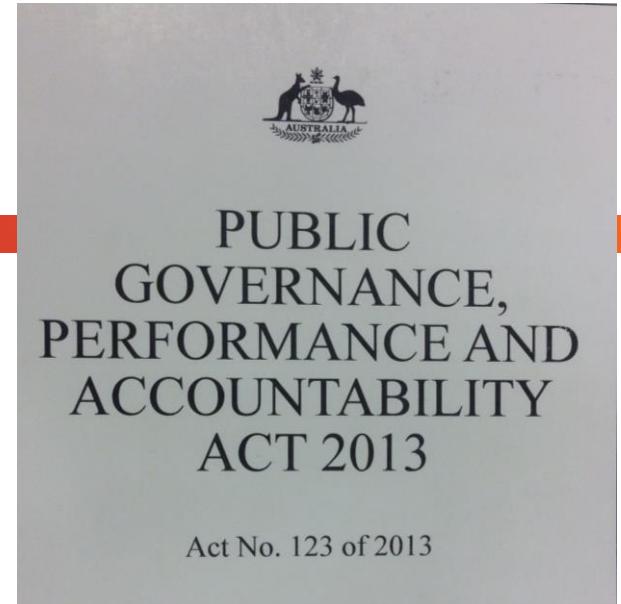
After the PGPA Act commences the next stage in the PMRA





PGPA Act

- Commenced on 1 July
- Replaced the FMA Act and CAC Act
- Lines up Commonwealth entities under a common resource management framework that enables us to:
 - adopt a risked based approach to management
 - optimise planning and performance
 - seek opportunities to work better together





Objectives of the PGPA Act

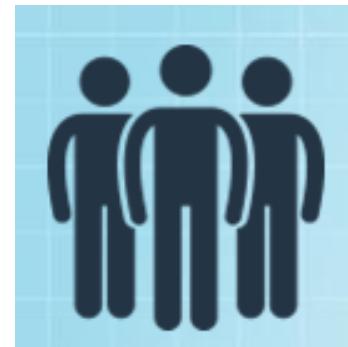
- Government should operate as a coherent whole
- A uniform set of duties applies to all resources handled by Commonwealth entities
- **Performance of the public sector is more than financial**
- Engaging with risk is a necessary step in improving performance
- The resource management framework should support the legitimate requirements of the Government and the Parliament in discharging their respective responsibilities.



Uniform duties for accountable authorities

One set of general duties for all accountable authorities to:

- govern the entity: s15
 - proper use and management of public resources
 - **achievement of the purposes of the entity**
 - financial sustainability of the entity
- establish systems for risk and control: s16
- encourage partnering: ss17-18
- keep responsible minister & Finance Minister informed: s19





Uniform duties established for officials

General duties on all officials to promote high standards of governance, performance and accountability, include:

- a duty of care and diligence: s25
- a duty to act in good faith and for proper purpose: s26
- a duty not to misuse position or information: ss27 & 28
- a duty to disclose interests: s29





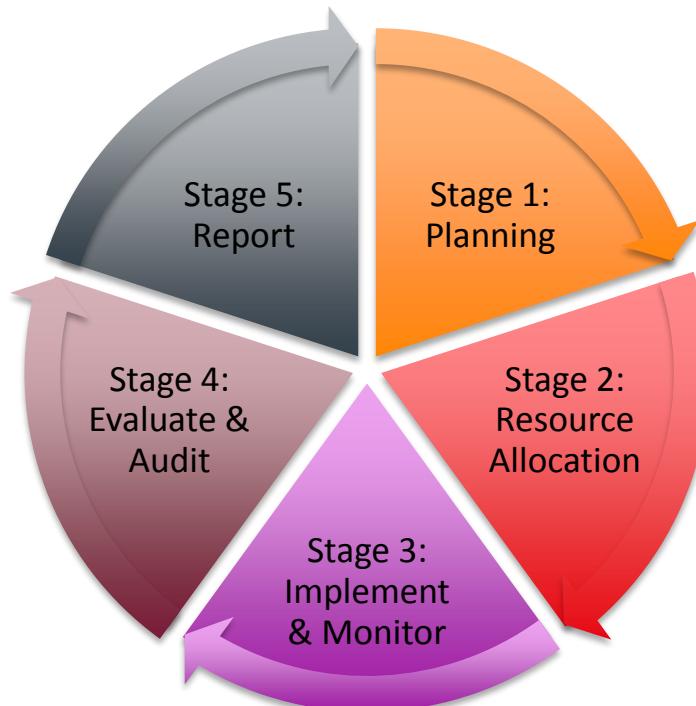
Next Steps in Performance Management Reform Agenda (PMRA)



From 1 July

Focus on helping entities to operate better and improve accountability

PGPA Act better reflects resource management cycle:





From 1 July

Phase 2: Focus on planning and performance

- Universal corporate planning for 2015-16: s35
 - linked to key Government's priorities & objectives: s34
 - relationship to Portfolio Budget Statements & budget process
- Framework for measuring and assessing performance: s37-40
 - monitoring and evaluation
 - meaningful performance information (financial and non-financial)
 - annual performance statement





From 1 July

Phase 2: Focus on reporting

Greater emphasis on accountability and transparency

- Better information to Parliament, the public and the centre
 - Clear line of sight from Corporate plans and Portfolio Budget Statements to Annual reports
 - More information on the web





Phase 3 – focus on cooperation and partnering

- Duty to encourage cooperation with others: s17
- Duty to consider requirements imposed on others: s18
- New bodies corporate to be established by rules: s87
 - Joint ventures
- Sharing information: s82
- Cross-jurisdictional auditing: s83





Strengthening the Performance Framework – Early Ideas



‘Enhanced Commonwealth Performance Framework – Discussion Paper’

- Finance is releasing a Discussion Paper on non-financial performance.
- We will consult widely
- The paper proposes options and questions
- Focuses on the new requirements (Corporate Plan and Annual Performance Statement) and how they will interact with the current mechanisms PBS and Annual Report



1. Managers

Existing requirements

Planned Performance
Portfolio Budget Statement (PBS)

- Outlines Government's planned activities and resources sought



Actual Performance
Annual Report

- Reports results against the PBS



Enhanced legislative requirements

Planned Performance

Portfolio Budget Statement (PBS)

- Outlines Government's planned activities and resources sought

Corporate Plan (new)

- Central repository of information regarding corporate governance, human resources and financial management.



Actual Performance

Annual Report

(including new Annual Performance Statement)

- Reports results against both the PBS and Corporate Plan



Improving Portfolio Budget Statements (PBS)

Potential improvements to KPI arrangements to include other measurement tools:

- Strengthen and improved guidance of KPIs
- Complemented by the flexibility to use a range of different performance measurement tools other than KPIs

Potential to reduce the volume of reporting in Portfolio Budget Statements by rationalising information that is duplicated in the budget papers



Corporate Plan – requirements

- The PGPA Act now requires all Commonwealth entities to have a corporate plan
- It is proposed as the central repository of information regarding corporate governance, human resources and financial management
- A PGPA rule will be developed which will detail the minimum corporate plan requirements
- Requirements will not be overly prescriptive
- Required from 31 August each year, starting in 2015.



Annual Performance Statements - new PGPA Act requirement

- Annual performance statements are required to be produced at the end of each reporting period and a copy included in their annual report
- Annual performance statements will provide a clear line of sight to the performance information outlined in each entity's PBS
- Requirement will commence from 2015-16 annual reports



2. Scrutiny

The current framework

- Non-financial performance information of Commonwealth entities has been regularly criticized by the ANAO and Parliamentary committees for:
 - no single source document
 - difficulties assessing performance across related programmes
 - Alignment issues between objectives, deliverables, targets and KPIs
 - data used primarily for internal management purposes



Proposed framework aims to deliver:

- improved guidance on KPIs and other measurement approaches
- clarity of options for improving data over time
- Improved alignment with other performance frameworks (e.g. National Partnership Agreements)
- options to leverage internal data to support strategic decision making



3. System Design

Existing

- Performance reporting that applies to some entities
- Poor alignment of key performance documents
- Reliance of KPI's as primary measurement tool



Enhanced

- Performance reporting that applies to ALL entities
- Clear line of sight between performance documents
- A more flexible range of measurement tools



Where to from here?

Legislating for performance is only a first step in cultural change. Systemic changes will be required to fully embed performance management across Commonwealth entities.

September:

- Finance is seeking input by **29 September 2014** to allow integration into final proposed framework

October:

- Draft Framework for dissemination and comment
- JCPAA hearings

December:

- Final Framework released
- Guidance to be issued



Consultation approach

Broad collaboration on the potential legislative, policy and guidance enhancements to the performance framework will occur in September.

This will include:

- Senior executive workshops (Canberra and interstate)
- Practitioner information sessions – EL and APS staff (Canberra)
- Targeted consultations with key stakeholders and other Commonwealth partners
- Details about workshops and information sessions will be sent to entities chief operating officers.



QUESTIONS?

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Aim of the Resource Management eLearning Program is:

- to help officials who use or manage public resources to understand their duties under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)
- to provide an understanding of what is required to meet these duties
- to test officials on their understanding/comprehension of their duties



Resource Management eLearning tools

Program Overview | Home Page

The Commonwealth Resource Management (CRM) eLearning Program was developed by the Department of Finance with the Shared Services Centre - Interactive Learning Solutions team. The core program will consist of 4 modules covering:

