

The Allen Consulting Group

Performance and Accountability in the ACT

Towards a New Framework

2009

A Report commissioned by the Chief Minister's Department

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Executive summary

Towards a new performance and accountability framework for the ACT

This report examines the strengths and weaknesses of the ACT's current performance and accountability framework, presents the key-principles of better practice, and presents a possible principles-based framework for the ACT as a basis for further consultation and refinement. This multi-tiered framework draws on the experiences of five Australian jurisdictions, as well as Canada, New Zealand and the United Kingdom. It aims to assist government in better meeting the priorities and goals of the *Canberra Plan: Towards our Second Century* (the Canberra Plan) and its related sub-plans.

Key elements of this framework include:

- new arrangements that precipitate a gradual evolution towards a strategic approach for the ACT
- a review and evaluation process built around more meaningful and timely performance information on strategic objectives
- a coordinated approach by the Chief Minister's Department (CMD) and ACT Treasury to driving enhanced performance and accountability within the ACT. This approach would also include a program of regular performance evaluation to ensure the principles of the framework are being maintained
- a hierarchical outputs framework for agency reporting
- whole-of-government reporting that provides decision makers and the community with more timely and simplified performance information. Over time it is anticipated that such information would be available online to facilitate continuous reporting
- whole-of-government reporting that more clearly highlights the contribution of shared activities to government priorities
- a more clearly articulated set of performance requirements for agencies, chief executives, and agency level staff. Ideally these requirements would clearly reflect the priorities of the Canberra Plan and its related sub-plans and the key political priorities of the day
- the alignment of existing data collection systems that feed data into a live performance reporting for the whole-of-government, and meet the reporting requirements of COAG.

This report is intended to stimulate debate within the ACT about the steps that are necessary for improving the efficiency, effectiveness and transparency of government administration. It is also intended to stimulate discussion about the implementation requirements of a new framework.

Within this context, the report considers the structural, procedural and behavioural aspects of government as a means of enhancing the ACT's existing performance and accountability arrangements. The aspects that underpin the new framework include:

- the organisational culture and performance focus of agencies
- the processes underpinning strategic planning and priority setting – both at a whole-of-government level and at an agency level, including
 - the links between planning and budgeting or resource allocation
 - the links between planning, budgeting and management cycles
- the processes for measuring and reporting government performance
- the processes and structures for evaluating performance – including the relevant accountability structures to ensure performance systems deliver meaningful results
- the implementation requirements of performance systems.

The report proposes a multi-tiered model that links a parliamentary, ministerial and legislative framework, with a whole-of-government and agency level performance and accountability approach. Table 3.1 of this report lists the key features of the proposed framework and how they differ from existing arrangements. A diagrammatic presentation of the framework is presented in Figure 3.1.

The report also considers some of the main implementation requirements for a new ACT government performance and accountability framework in Chapter 4.

Part 1

Performance and accountability framework

Chapter 1

Taking the ACT towards best practice in public sector performance¹

1.1 Why have a performance and accountability framework?

Trust in government is based on the level of confidence citizens have in their government (both politicians and public officials) to act appropriately and honestly in the delivery of common goods. A lack of trust is seen to undermine the legitimacy of public institutions and hamper effectiveness over the longer-term. Within individual organisations, low levels of trust can generate communication barriers, impair decision-making, and discourage risk taking and innovation. Some commentators have suggested there has been a steady decline in the level of trust in government institutions and politicians since the 1960s (Moran 2005; OECD 2005; Uhr 2005).

Stronger performance, when married with stronger accountability, can help prevent declining trust – although enhanced accountability processes in isolation can actually lower trust by highlighting deficiencies and, if they are not seen to be meaningful and relevant to performance, encouraging cynicism about government processes. A good performance framework not only measures past performance but also encourages improvement in the future.

The lessons from practice are varied. Some jurisdictions (such as New Zealand and the Australian Government) have relied on outcomes-based frameworks and individual agency/CEO accountability. For others (such as Queensland, NSW, Victoria and South Australia) the development of government-wide strategic plans that articulate the objectives of ministers have been the centrepiece of the approach. Whatever route is chosen, experience elsewhere suggests that performance systems need regular updating and renewal in order to remain effective in helping governments achieve their objectives.

1.2 Does the ACT need a new performance and accountability framework?

The ACT was at the forefront of public sector management practices in Australia in the 1990s. It was one of the first Australian jurisdictions (1995) to adopt a New Zealand-style output budgeting and reporting framework and to introduce fully audited output-based performance statements. It was also one of the first jurisdictions to institute performance agreements for senior staff in government agencies. These reforms were widely recognised in Australia and internationally, although the output focussed approach has since been overtaken by an outcome based focus.

¹ We wish to acknowledge the assistance we have received from Professors Richard Mulgan (ANU, Australia), Peter Aucoin (Dalhousie University, Canada) and Jonathan Boston (Victoria University of Wellington, New Zealand) on this project. As expert panellists they provided valuable feedback on two drafts of the report. They are, of course, not responsible for any errors or omissions contained in this report.

In developing a long-term strategy for government through the Canberra Plan and its sub-plans, and in modifying and refining the financial model on which this is based, the ACT has placed a greater focus on the achievement of specified outcomes in the ACT. However, the ACT's public sector performance and accountability reporting arrangements have not changed in step with planning and budgeting arrangements. The types of performance indicators developed within each portfolio and the ways in which they inform decision-making, require better integration to meet the objectives of the Canberra Plan and its sub-plans (or a planning framework which replaces the Canberra Plan).

Moreover, other jurisdictions, not only in Australia but worldwide, have developed better, more effective systems of performance management and accountability over recent years. This means that while the ACT is no longer in a leading position, it can take account of lessons learned elsewhere to refresh its performance management system.

A failure to implement an up to date, sustainable and robust performance and accountability system could pose significant risks to current and future ACT governments. These include:

- adverse public reaction if the key structures and processes of government do not meet community expectations
- lack of cohesion (and a resultant poor public impression of government) where structures and processes in different parts of government do not complement the Canberra Plan
- loss of public confidence in government, such that each instance of even minor failure in service delivery or consultation becomes 'confirmation' of a systematic problem in the eyes of observers
- lost opportunities to address significant, economic, environmental and social issues
- a sub-optimal allocation and use of government resources
- potential misalignment between ACT government processes and the expanding COAG reporting obligations.

1.3 Towards a mature performance and accountability system for the ACT

The ACT government will be more effective in meeting the priorities and goals of the Canberra Plan and its related sub-plans if it implements a more contemporary set of institutional and procedural performance and accountability arrangements.

The areas of the current system that need to be addressed include:

- the disjuncture between the centralised planning process (under the Canberra Plan and its sub-plans) and agency level planning
- misalignment between the performance information collected and reported on by individual agencies and the government's stated priorities through the Canberra Plan and its sub-plans

- the development of a budgetary or allocative framework that clearly reflects the priorities of the Canberra Plan and its related sub-plans
- the capacity of central and line agencies to generate information that informs the Legislative Assembly, the government, decision makers and the community on whole-of-government performance. In particular the:
 - level of consistency in the way performance is reported between individual agencies
 - linkages between output classes in the budget papers and the stated priorities of the Canberra Plan and its related sub-plans
 - clarity about what constitutes an accountability measure and a strategic indicator
 - timeliness and relevance of progress reporting on agency performance.

A more detailed synopsis of the current arrangements and the ‘case for change’ is presented in Chapter 2.

Chapter 2

The case for change

2.1 Overview of the current performance and accountability framework

The current performance and accountability framework includes:

- ACT agency specific reporting requirements
- across government departmental reporting against strategic indicators in the budget papers
- ACT government reporting under national initiatives and funding agreements
- annual Chief Minister's statement on achievements under the Canberra Plan.

The following discussion focuses on the reporting within and for the ACT, rather than national reporting. Reference is sometimes made to national reporting where this is relevant to understanding the context of the ACT reporting.

ACT agency specific reporting requirements

For the purposes of this report, CMD coordinated a survey of agency accountability and reporting requirements, to provide an indication of the type and volume of reporting across government. The results of this survey are presented in Section 2.2. In summary, the survey indicates that agencies are preparing a high-volume of reports to meet a wide range of requirements and purposes.

Each agency has reporting requirements under the *Financial Management Act 1996*, which are fulfilled through the annual Budget, coordinated by ACT Treasury. Specifically, the annual Budget Papers include strategic and accountability measures for each agency. Annual reports include annual strategic and output based accountability performance measures. Half yearly departmental performance reports include progress updates on delivery of outputs.

ACT portfolio reporting against Across Government Strategic Indicators

The Across Government Strategic Indicators form part of the annual Budget Papers. Organised on a departmental basis (which may include multiple ministerial portfolios), there are 58 of these indicators in 2008-09. Some of these include sub-indicators, so the actual number is slightly higher.

Reporting required of the ACT Government under national initiatives

ACT government agencies contribute to the various national reporting requirements, resulting from COAG reforms and other national initiatives. As a small jurisdiction, the ACT is required to dedicate a proportionately higher share of resources to national reporting than larger jurisdictions (see Box 3.2 for further discussion of these reporting requirements).

2.2 Agency specific reporting requirements

Tables 2.1 and 2.2 detail the results of CMD's survey of accountability and performance reporting across the ACT Government.

Table 2.1 lists a selection of ACT reports to demonstrate the range and type of performance reporting undertaken by ACT agencies. Being based on a survey (rather than a census) it is not a comprehensive summary of all reports undertaken in the ACT. Moreover, it does not include intergovernmental performance reporting (e.g. reporting for the Productivity Commission and COAG), evaluations or performance requests in the budget context.

Table 2.1

REPORTING BY ACT GOVERNMENT AGENCY – SELECTED RESPONSES

Agency	Reports	Frequency
Chief Minister's Department	• ACT public service workforce profile	Annual
	• Canberra Plan progress report	Annual
	• Canberra Social Plan progress report	Biennial
	• Measuring our Progress – wellbeing and sustainability report	4 years
Department of Treasury	• Budget Mid-Year Review	Annual
	• Quarterly Consolidated Financial report	Quarterly
	• Quarterly Capital Works report	Quarterly
	• Grants Commission report	Annual
ACT Health	• ACT Health Corporate Plan	Annual
	• ACT Health Business Plan	Quarterly
	• Health Forum reports	Bi-monthly
	• Indigenous Taskforce reports	Bi-monthly
	• Report on the Performance of ACT Public Health Services	Quarterly
	• ACT Chief Health Officer's Report	Biennial
	• The Canberra Hospital Research Report	Biennial
	• Epidemiological Report	As scheduled
	• Mental Health Services Plan	Annual
	• Access Health	Annual
Department of Disability, Housing and Community Services	• The Supported Accommodation Assistance Program (SAAP)	Annual
	• Commonwealth State Housing Agreement	Annual
	• Multicultural Strategy - 2009-2012	Annual
	• Overcoming Indigenous Disadvantage Data	Biennial
	• Progress Report ACT Young People's Plan 2004-2008	Annual
	• Children in Care report	Weekly
	• Commonwealth State/Territory Disability Agreement (CSTDA) Bilateral Achievement Report	Annual
	• CSTDA Multilateral Achievement Report	Annual
	• Young People in Residential Aged Care Bilateral Agreement	Annual
	• Report Card on Racism	Biennial
Department of Education and Training	• Statement of performance	Biannual
	• School board reports	Annual
	• Indigenous education report	Annual
	• School excellence report	Annual
	• External validation report	Annual
	• ACT School Census	Biannual
	• ACT College Graduates – where are they now?	Annual
	• School Movement Survey	Biannual
Department of Environment, Climate Change, Energy and Water	• Think water, act water	Annual
	• ACT Climate Change Strategy	Annual
	• Climate Change Action Plan 2007-2011	Quarterly
	• Water quality in the ACT	Quarterly
Department of Territory and Municipal Services	• TAMS Strategy Map reporting	Quarterly
	• No Waste by 2010 Strategy	Annual
	• Audit committee report to portfolio ministers	Annual
	• Report against the 2007-2010 Strategy Map	Biannual
	• Report against each Network Business Plan	Biannual

Agency	Reports	Frequency
Department of Justice and Community Safety	• OHS Act Report	Annual
	• Half yearly report to the Legislative Assembly	Biannual
	• Insurance report to the Legislative Assembly	Annual
	• Policing Agreement to the Minister	Quarterly
	• Criminal Justice Statistical Profile	Quarterly
	• Aboriginal Justice Agreement progress report	6 – 12 monthly
	• Property Crime Reduction Strategy report	Annual
	• Review of Electoral Act following election report	4 years
	• Review of voting following election report	4 years
	• Court referral order reports	After a referral
	• Restorative justice compliance reports	After agreement
	• Restorative justice progress reports	Quarterly
	• Ministerial review restorative justice report	Within 21 months of 'phase 2'
ACT Planning and Land Authority	• Canberra Spatial Plan progress report	Biennial
Public Trustee	• Statement of Intent	Annual

Source: ACT Government

Table 2.2 provides a summary of the number of regular reports prepared by agencies as identified by the CMD survey. Again, the figures in the table do not represent the total number of reports prepared by each agency. Rather it gives an indication of the volume of reporting across government. It may be interpreted as the minimum level of reporting currently being undertaken.

In this table, reports of a general nature, which may be prepared by agencies in response to *ad hoc* requests, have been omitted. Some interpretation of the responses provided by agencies has been required. For instance, Treasury is responsible for preparing the Budget, which is recorded as one report, although there are various reporting requirements that flow from the budget, which Treasury oversees, and which depends upon reporting from agencies. Also, reports have been included in the table, regardless of the frequency with which they are required. So for the purposes of the table, a report that is required quarterly is recorded as one report, and a report that is required once every two years is recorded as one report. The column listing the number of reports that agencies contribute to includes various national reports in addition to ACT reports.

Table 2.2

NUMBER OF REGULAR REPORTS PREPARED BY ACT GOVERNMENT AGENCIES

Agency	No. of reports the agency is responsible for preparing	No. of reports the agency contributes to
Chief Minister's Department	6	8
Department of Treasury	1	5
ACT Health	10	14
Department of Education and Training	8	11
Department of Environment, Climate Change, Energy and Water	4	...
Department of Territory and Municipal Services	5	2
Department of Disability, Housing and Community Services	12	7
Department of Justice and Community Safety	13	3
ACT Planning and Land Authority	1	...
Total	58	50

Source: ACT Government

In addition, CMD has provided a summary of the requirements for annual reports, which are prepared by each agency. This comprises a typical set of requirements for public sector annual reports that exist in each jurisdiction. Annual reports are an integral feature of the accountability cycle, effectively closing the loop from the preceding budget. As a general observation, good public sector annual reports present useful performance information, which explains the agency's contribution to government wide objectives. The CMD requirements provided, list the following 'Performance and Financial Management' reporting requirements.

Box 2.1

ACT PUBLIC SECTOR ANNUAL REPORT PERFORMANCE REPORTING**Performance and Financial Management Reporting**

- The Organisation
- Overview
- Highlights
- Outlook
- Management Discussion and Analysis
- Financial Report
- Statement of Performance
- Strategic Indicators
- Analysis of Agency Performance

Source: CMD Compliance Index.

2.3 Across government strategic indicators

The ACT's annual Budget Papers include a range of across government strategic indicators organised by department. These indicators are set by each department in consultation with ACT Treasury as part of the development of the annual budget. The 2008-09 indicators are listed in full at Appendix A. Table 2.3 provides a selection of indicators for each department. Analysis of the strengths and weaknesses of the across government strategic indicators is provided in Sections 2.4 and 2.5.

Section 5.7 of the report provides further advice on good practice in the development of performance indicators. The analysis in 2.3 and 2.4 is informed by this advice, particularly the work of Bartos (2007), as this is well suited to a high-level assessment of the ACT indicators, which is appropriate for this report. The work of Neely *et al.* (2002) is well suited to detailed appraisal of each indicator that would form a revised set of across government indicators. The following is adapted for the purposes of external reporting:

- *start with a well-specified objective*, it is hard to measure performance if the objective is vague, manifestly unachievable or contradictory
- *collect only what is actually going to be used* to improve performance, for public reporting, this is also the information of most use to a wider audience, as it reflects the government's priorities
- *collect both quantitative and qualitative information*, some government activities can only be measured in qualitative terms, this information is still useful
- *keep the performance management task manageable*, by carefully selecting important measures that avoid unintended consequences.

Table 2.3

SELECTED ACT GOVERNMENT STRATEGIC INDICATORS FROM THE 2008-09 BUDGET PAPERS

Dept.	No.	Indicator	Measure	Target
Chief Minister's Department				
	1	Building a stronger across government focus in policy and service delivery	Nil	Nil
	2	Supporting informed decision making	Nil	Nil
ACT Treasury				
	1	Achieving a budget operating surplus	ACT budget surplus	Operating surplus in each budget
	2	Maintaining a AAA credit rating	Standard and Poors' ACT credit rating	Maintain AAA rating
ACT Health				
	3	Reaching the optimum occupancy rate for acute adult overnight hospital beds	Mean percentage of adult overnight acute beds in use	90% 08-09 85% long term
	10	Prevalence of cardiovascular disease	Proportion of the ACT population diagnosed with cardiovascular disease compared with Australian average	ACT lower than Australian average
Department of Disability, Housing and Community Services				
	1	Provide services to strengthen the capacity of people with disabilities, their families and carers to maximise control over their lives	Service users by service type accessed	3,477 in each year of the forward estimates
	2	Provide services to improve development outcomes for children, young people and adults with physical, intellectual, communication and other functional difficulties	Number of clients accessing services	4,230 08-09 4,260 09-10 4,290 10-11 4,300 11-12
Housing ACT				
	1	Provision of housing to people experiencing homelessness	Housing those most in need within 90 days	80% 08-09 81% 09-10 82% 10-11 84% 11-12
	2	The provision of housing enables tenants the opportunity to be part of a community	Tenant satisfaction	73% in 2008-09 increasing to 74% in 2011-12

Department of Justice and Community Safety			
2a	Level of crime against the person	Offences against the person per 100,000 population	Reduce the annual compared with preceding three years average
2c	Level of crime against property	Offences against property per 100,000 population	Reduce the annual compared with preceding three years average
Department of Education and Training			
1a	National reading, writing and numeracy	ACT years 3, 5 and 7 reading and numeracy benchmark compared with other jurisdictions	Nil
2	Year 12 or equivalent completion rates	Proportion of people aged 19 years who have completed year 12 or equivalent	Nil
ACT Land and Planning Authority			
1	Delivering a range of key spatial planning outcomes for the Territory that contribute to a sustainable community	Nil	Nil
3	Planning for land release and coordinated infrastructure provision	Contribute to WoG Urban Development Program and prepare Land Supply Strategy	A minimum supply of planned land for 5 years' Greenfield demand available
Department of Territory and Municipal Services			
1	Customer satisfaction with the delivery of services continues to demonstrate improvement	Overall customer satisfaction from survey results	85% 2008-09 90% long term
5	Annual number of road fatalities per 100,000 population	Number of road fatalities in ACT per 100,000 each year	<ul style="list-style-type: none"> • ACT to not exceed NRSS target • trend reduction in the annual number of ACT road fatalities

Source: 2008-09 ACT Budget Papers

2.4 Strengths of existing arrangements

Chief executives (CEs) consulted in the development of the report referred to performance initiatives in Health and Indigenous Affairs. The CE of ACT Health advised that ACT has better public reporting of health data than other jurisdictions, with reporting updated quarterly online.

In the case of Indigenous Affairs, in response to a request from the Chief Minister, portfolio wide bi-monthly performance reporting of actions implemented to improve Indigenous outcomes was developed. This extended across health, education and other service areas. CEs stated that this reporting was innovative compared to previous approaches, and was valued by the Chief Minister. The reporting has not been released publicly, but the experience demonstrates that more strategic portfolio wide reporting, with input from several agencies, is achievable.

The development of across government indicators, amid the apparent proliferation of agency specific reporting, indicates a willingness to report government performance publicly, and to specify the government's priorities across each portfolio area as part of the budget process.

Many of the indicators are useful, although some of these could be more suited to internal reporting undertaken by agencies rather than strategic whole-of-government reporting.

2.5 Areas requiring reform

There is an opportunity for reform in both agency specific reporting requirements, and whole-of-government government reporting. This was confirmed in consultations with CEs. However, chief executives also stated that the system is not fundamentally broken. There is a need for care in the design of a revised framework, so that the net effect is to simplify, and make more effective, the overall reporting requirements.

Agency specific reporting requirements

The proliferation of reports that require different presentation, organisation or formatting of data is labour intensive for agencies. Ideally the data collected by agencies could be used for multiple purposes. This would assist in reducing workload, while preserving the richness of performance information.

The volume of agency specific reports, in particular, suggests there is an opportunity to rationalise agency level reporting, as part of an improved performance and accountability framework. This observation is based on a high level review of the survey results and consultation with agency CEs. More detailed analysis would be required to determine precisely which reports could be eliminated or consolidated. In some cases, reports are required by legislation or under long-standing Ministerial requests. Even in such cases, change could be made as part of an integrated whole of government framework.

ACT government strategic indicators from the 2008-09 Budget Papers

Specific measures and targets

Many of the government's strategic indicators lack specific targets, and this is also reflected in key government documents. Ideally each of the indicators should include a measure and target, but many departments do not present the measures in this way. For example, the Chief Minister's Department (CMD) indicators are statements of CMD's responsibilities, however they do not provide any measure or target. For such targets, where quantitative assessment is not possible, qualitative measures and targets should be developed. As an example, this could involve CMD obtaining structured feedback from the Chief Minister and his staff on levels of satisfaction with the quality of CMD policy advice.

There is an opportunity to ensure that all indicators have accompanying measures, and wherever possible, a target. Where quantitative assessment is not possible, qualitative measures and targets should be developed.

Reflect over-arching government priorities

In addition, few of the indicators refer to over-arching ACT Government plans. When plans or policies are referred to, the references appear to be *ad hoc* (e.g. the Canberra Social Plan is a footnote to the Department of Education and Training's strategic indicator 2 in the 2008-09 Budget Papers). Consequently, the indicators do not give a clear sense of ACT government priorities, or the status and placement of these indicators in the context of those priorities.

There is an opportunity to develop across government indicators that are clearly aligned with government plans (currently the Canberra Plan and related sub-plans). These indicators should reflect government priorities, and provide the government and the public with information about how government is tracking in achieving its objectives.

Agency responsibilities

Most of the indicators are difficult to locate in a whole-of-government strategic setting. Many of the indicators could be suited to internal department planning and performance reporting, rather than being presented as across government strategic indicators. Furthermore, very few indicators acknowledge that other agencies have a role in achieving the stated targets of departments. Only CMD refers explicitly to an across government dimension, which reflects the nature of CMD's role. Consequently, the indicators lack a sense of across government effort or awareness.

There is an opportunity to develop indicators that are strategic in a whole of government context. This would include a nominated lead agency for each objective, and specifying the other agencies with a role in achieving each objective.

Consistent performance indicators

The indicators do not sit at a comparable level within and between portfolios. Some are at the level of an input to a program; some are at a program output level, and others are at a whole of government level. Whilst some degree of inconsistency is inevitable, the extent of inconsistency suggests that in the absence of a common whole-of-government framework, each department has determined a set of indicators in isolation from the other.

Box 2.2

INPUT AND OUTPUT INDICATORS: EXAMPLES

Inputs are the resources allocated by government to enable the delivery of outputs. An example of an input indicator is strategic indicator five of the ACT Planning and Land Authority, which states the budgeted expenditure for Community Services Grants in 2007-08 and for each year of the forward estimates.

Outputs are the actual deliverables, in the form of goods and services that government agencies produce to achieve outcomes sought by government. An example of an output indicator is ACT Health strategic indicator 17, the percentage of aged care clients discharged with a comprehensive discharge plan.

Source: ANAO Better Practice Guide – better practice in performance reporting; 2008-09 ACT Budget Papers

For example, the strategic indicators of the Department of Disability, Housing and Community Services relate to the number of services provided to clients, which is an output measure. While this information is important for the department's internal reporting and accountability requirements, it is not strategic in the context of whole of government reporting. Consequently, it is unlikely to be of particular value to high-level decision makers (such as Cabinet) or the public.

Where an effort has been made to place objectives in the context of government policy, this is not reflected in clear measures and targets. For example, the targets of the ACT Planning and Land Authority describe the 2007-08 deliverables from the Canberra Spatial Plan and the Sustainable Transport Plan, but without any measurable indicators of progress. It also describes the objectives of the Planning System Reform, without any reference to timeframes or measurable indicators.

There is also inconsistency in the volume and style of the measures and targets. In volume for example, ACT Health has 21 strategic indicators, while the Department of Education and Training has 2. Such a difference between the two largest service delivery agencies appears incongruous. There is further inconsistency in the respective approaches, as ACT Health has provided targets that are relatively detailed and quantifiable, while the Department of Education and Training does not clearly specify targets. There is an opportunity to develop targets that are more consistent in style and measurement, with a clear purpose. This will produce indicators that are more 'user-friendly' to government and the public.

To further illustrate this point, at present, many different types of targets are included. Whilst the development of different types of targets is inevitable in most performance frameworks, the divergence at present adds to the overall sense of discontinuity. The following types of target, or some combination of these, exist at present:

- no explicit target
- 2008-09 percentage target and 'long term' percentage target
- 2008-09 percentage target only
- maintain existing performance target
- improve existing performance target
- better Australian average target

- output target for each year of forward estimates (i.e. provide x services)
- service coverage target for each year of forward estimates
- customer satisfaction target for each year of forward estimates
- achieve targets, or implement, an ACT government policy
- achieve nationally agreed targets.

There is an opportunity to develop strategic indicators of a comparable level, as part of a coherent whole of government framework. The appropriate level would be that of major outputs, meeting both strategic and accountability requirements.

Indicators should be as clear as possible

The second style in the above list *2008-09 percentage and long-term percentage target*, is the approach favoured by Health and TAMS. The ambiguity of ‘long term’ is a flaw in this approach. Targets should be as clear as possible, including the time period over which the government is endeavouring to reach a particular objective. Those involved in target setting and policy implementation will interpret subjective time frames differently. As a consequence, some of the ‘long term’ targets are presently set at 100 per cent. While a target of 100 per cent may sometimes be appropriate, it may also reflect the lack of accountability caused by an ambiguous timeframe. Contrast this to a target specifying the achievement of a particular service standard or level of coverage within a specified period of, say, five years, which would result in greater accountability and, in turn give cause to the initiation of a plan of action to achieve the target within the timeframe. Specified targets are also preferable for budget purposes, both for internal resource allocation and for the preparation of budget submissions related to a given target.

These observations notwithstanding, this approach does at least represent an effort to quantify targets. At present, many of the objectives do not include targets, or only include ambiguous targets. Also, some objectives do not include a performance measure. Some of the targets appear highly ambitious, while others appear conservative. Again, a mix of targets to improve or maintain performance may be warranted, but without placement in a policy context, it is not clear whether these apparent disparities are intended and appropriate.

There is an opportunity to develop clear indicators, that are more consistent in style and measurement, and which promote accountability

Opportunities available to the ACT government

As the analysis above indicates, there are many opportunities to improve the ACT’s strategic indicators. These include:

- developing accompanying measures, and wherever possible, a target for all strategic indicators. Where quantitative assessment is not possible, qualitative measures and targets should be developed
- clearly aligning indicators with government plans (i.e. the Canberra Plan and its related sub-plans). These indicators should reflect government priorities, and provide the government and the public with information about how government is tracking in achieving its objectives

- developing indicators that are strategic in a whole of government context. This would include a nominated lead agency for each objective, and specifying the other agencies with a role in achieving each objective
- developing indicators that account for performance and accountability reforms being progressed by the Council of Australian Governments (COAG)
- developing strategic indicators of a comparable level, as part of a coherent whole of government framework. The appropriate level would be that of major outputs, meeting both strategic and accountability requirements
- developing clear indicators, that are more consistent in style and measurement, and which promote accountability.

Chapter 3

A better practice performance and accountability framework for the ACT

3.1 Core principles

This Report aims to establish the principles upon which an integrated ACT performance and accountability framework could be developed and implemented.

Observation of good practice in performance management in other jurisdictions (see Chapter 5) suggests that governments can more readily achieve their objectives when the framework is based on principles of:

- alignment (all aspects of the performance management and accountability system working in the same direction, with objectives that make coherent sense when aggregated at a whole-of-government level)
- clarity (both in the objectives of the system as a whole, and in the objectives adopted by individual agencies)
- credibility.

The system will need to strike an appropriate balance between devolved responsibility and agency level flexibility. A key feature of the new framework will involve the integration of new principle-based arrangements that build on the existing strengths of the ACT.

Box 3.1

CORE PRINCIPLES OF PERFORMANCE SYSTEMS

The core principles underpinning the development of a performance-based public management system include the following.

- *Clarity of objectives.* The initial element of a performance process must be the specification of objectives which managers are responsible for achieving. This implies both a clear identification of individual objectives (performance targets) and the avoidance of multiple, conflicting objectives.
- *Freedom to manage.* Managers of individual agencies must be given the scope to achieve organisational objectives. Most performance systems give managers the discretion to make resource allocation decisions in a way that best meets objectives, as such controls over inputs are generally discouraged.
- *Accountability.* Freedom to manage is not itself a sufficient precondition for good performance management. Incentives and sanctions must be in place to ensure that managers meet established objectives rather than pursuing independent goals of their own. For this to be achieved managers must be accountable for the decisions they make, and those on whose behalf they act must have the means to hold them to account.
- *Assessment of performance.* If managers are to be held accountable for their performance, there must be a means to establish the quality of that performance.
- *Adequate Information Flows.* If emphasis is to be placed on performance assessment, then a sufficient quantity and quality of information is required to make that assessment.
- *Minimising transaction and compliance costs:* The cost of performance systems should not outweigh the benefits of such systems.

Source: adapted from Cook 2004, p.4 and various sources.

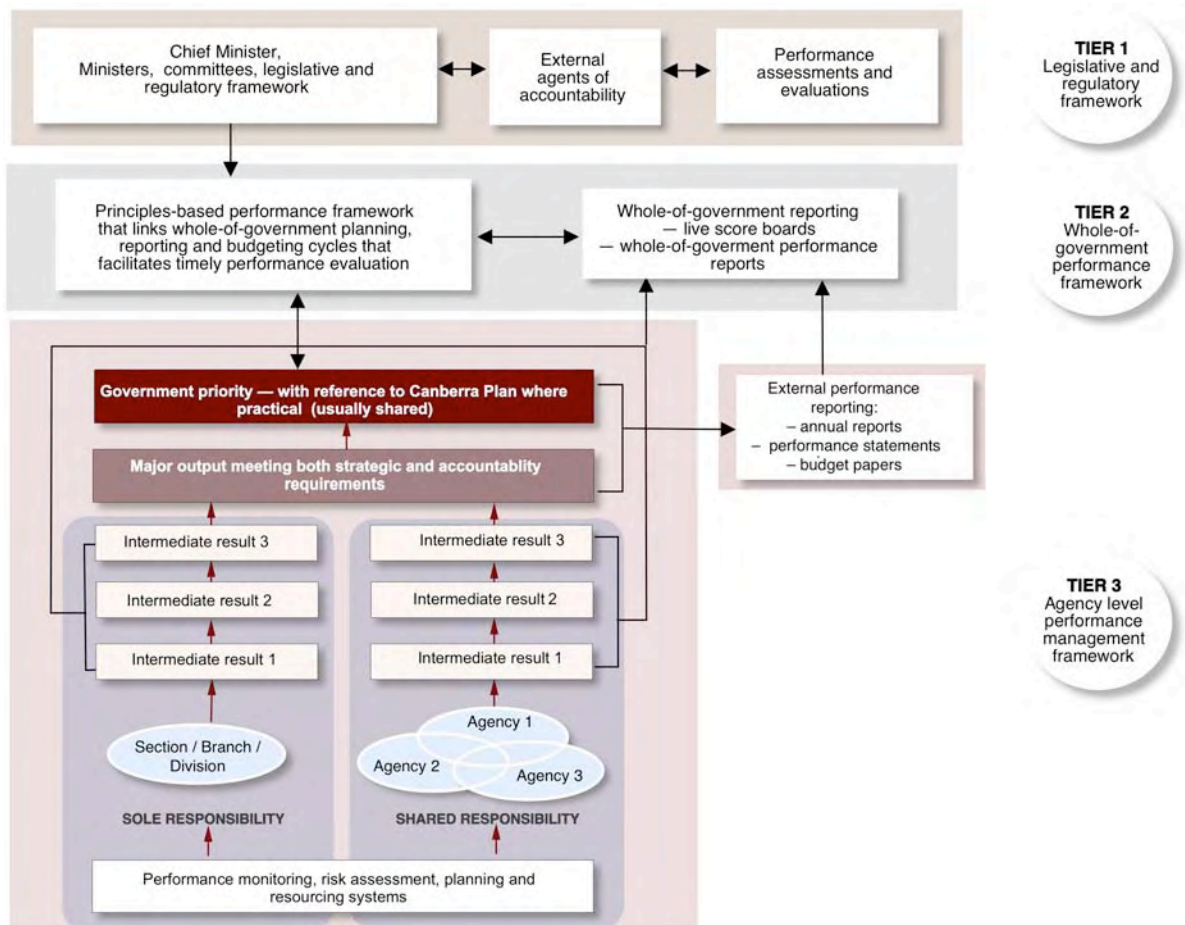
3.2 Alignment and integration

Despite considerable improvement in monitoring performance against whole-of-government objectives (since introduction of the Canberra Plan and its related plans), some problems with performance remain. The most significant of these are derived from an absence of an integrated framework that helps drive agencies towards the outcomes that Ministers are seeking and the community expect.

The alignment and integration of key structures and processes will be a challenging but crucial component of any new performance system (see Figure 5.1). The ANAO’s (2002) integrated performance and accountability model has been adapted to fit the ACT government context (see section 5.8) and the challenges of managing a diverse range of city and state-like functions (see Figure 3.1). Using the better practice principles developed in this report, the model highlights the relationship between different levels of decision making (the ministerial, the central government and the agency levels), processes (budget and management cycles) and accountability mechanisms (performance reporting and evaluation). It is important to note that this is somewhat of a stylistic approach to managing government, and it will take time to bed down a whole-of-government approach that adequately meets agencies’ needs.

Figure 3.1

INTEGRATED PERFORMANCE AND ACCOUNTABILITY FRAMEWORK FOR THE ACT



Source: The Allen Consulting Group.

The key elements of the new system, as contrasted to existing arrangements, are outlined in the table below.

Table 3.1

KEY ELEMENTS OF THE NEW SYSTEM

Tier	Current features	Proposed features
Tier 1 – Legislative, ministerial and regulatory framework	<ul style="list-style-type: none"> • A suite of financial management, audit, Freedom of Information (FOI) and reporting legislation that mirrors good practice. • A legislative assembly review and evaluation process that focuses on detailed process indicators. • Weak demonstrated linkages between ministers’ priorities and government agencies’ performance. • Unclear benchmarks for evaluating the performance of Ministers and their ministries. 	<ul style="list-style-type: none"> • New arrangements that precipitate a gradual evolution towards a future outcomes-type framework for the ACT. • A legislative assembly review and evaluation process built around more meaningful and timely performance information on key strategic concerns. • Stronger linkages between Ministers and CEs for performance outcomes as a consequence of having clearer expectations about performance. • A set of benchmarks that facilitate progress against priorities and goals, that is based on timely information.
Tier 2 – Whole-of-government performance framework	<ul style="list-style-type: none"> • Some limited coordination between CMD and Treasury in meeting the priorities of the Canberra Plan and other strategic issues. • Whole-of-government reports that do not clearly reflect the priorities of the Canberra Plan. • Post hoc performance reporting by individual agencies that are difficult to aggregate. • No overall benchmarks for assessing the performance of government. • Reporting on strategic and accountability measures do not present a coordinated whole-of-government picture about performance. 	<ul style="list-style-type: none"> • Coordinated CMD/Treasury approach to driving enhanced performance and accountability within the ACT. This approach would also include a program of regular performance evaluation to ensure the principles of the framework are being maintained. • Introduction of a hierarchy of outputs framework within which agencies are required to report on activities. • Whole-of-government reporting that more clearly demonstrates progress towards the Canberra Plan and its related sub-plans. • Whole-of-government reporting that provides a more simplified series of output measures. • The gradual introduction of whole-of-government live reporting that provides decision-makers with the latest information. • The gradual introduction of whole-of-government reporting that more clearly highlights the contribution of shared activities to government priorities. • Introduction of a government-wide survey to ascertain government performance in a range of key results areas. Over time survey results could form the basis upon which government activities can be evaluated.

Tier 3 – Agency level performance management framework

- Separate agency level planning, budgeting, management and reporting cycles.
- Unclear performance agreements between CEs and Ministers as a consequence of a loosely defined government performance and accountability framework.
- Post hoc performance reporting through myriad formal reports (see Chapter 2).
- Greater alignment between agency level planning, budgeting and reporting cycles with whole-of-government planning, budgeting and reporting cycles.
- More clearly articulated performance requirements of Ministers, CEs and agency level staff. Ideally these requirements would clearly reflect the priorities of the Canberra Plan and its related sub-plans and the key political priorities of the day.
- The gradual introduction of systems that better align existing data sources to a live performance reporting framework that meets the requirements of COAG.

Source: The Allen Consulting Group

Tier 1 – parliamentary, ministerial and legislative level

While all governments have longer-term objectives, they must also respond to day-to-day issues. A good performance and accountability framework should be flexible enough to account for both sets of priorities. Ideally it should also allow scrutiny of outcomes by the Legislative Assembly, and the wider public.

In terms of the processes for reporting and accountability a new system would bear similarity to that which currently applies. There is, however, a prospect of changing the *substance* (not the process) of reporting to ensure a focus on agencies' progress in meeting the Canberra Plan and its related sub-plans objectives, and greatly reduced administrative reporting.

Frequently, information in a political setting is required immediately. This requirement is often not satisfied by government reporting frameworks that deliver retrospective performance information to key stakeholders. A key aim of the framework is to, over time, address this gap in reporting. It seeks to do this by eventually incorporating live reporting and ongoing evaluation systems (see below) that improve public access to information about government performance.

Informed decision making based on more relevant and timely performance information

A key component of this framework will be to provide enhanced clarity for agencies on outcomes they are expected to achieve to meet the priorities of governments and ministers. A mixture of traditional reporting formats (i.e. Portfolio Budget Statements and Annual Reports) with the gradual addition of *live reporting formats* (that focus on the key priorities of government) will provide more timely information (see Figure 5.3).

It is anticipated that the eventual move to whole-of-government reporting based on more informative measures, will also provide ministers with stronger bases for evaluating the performance of their agencies and their senior government staff. Ideally, these reports would also play a crucial role in informing the planning and priority setting processes of government.

Community involvement

An important aspect of the framework's success will be the degree to which it complements the ACT's strong culture of government-community engagement. Ongoing community engagement engenders awareness about the government's commitment to performance improvement, and enables the government to compare its own assessment of performance with the views of the community.

The introduction of a systematic survey of government performance could be one way of further enhancing government-community engagement in the ACT. Such a survey could be based on Canada's Common Measurement Tool and the New Zealand's Kiwi Count Survey, which are widely recognised as effective mechanisms in evaluating the efficiency of government service delivery (see section 5.8 for a more detailed discussion on the survey and survey measurement tools). It is envisaged that, over time, the results of these surveys could provide one means of benchmarking government performance. They will also provide ministers with a longer-term perspective on how agencies are performing against the expectations of the ACT community.

Tier 2 – whole-of-government level

A key success factor of the new performance and accountability framework will be the degree to which it can promote the alignment of whole-of-government planning, budgeting and reporting with the agency level activity. The framework seeks to implement measures that facilitate a stronger whole-of-government approach and improve alignment between centralised planning and reporting and agency planning and reporting (see Figure 3.2).

The new arrangements will be defined by the introduction of a hierarchy of performance measures/outputs. This will provide a structured means of accounting for the outputs that are shared between departments and for measuring their progress towards government plans and priorities (see Figure 3.2). It does this while also providing agencies with the flexibility to report on other key activities that have strategic priority. This is achieved by granting individual agencies the power to set their own intermediate output measures that show progress towards major government outputs.

The approach provides agencies with a strong set of organising principles for streamlining both the number of measures reported and the way they are reported. This will facilitate transition towards a reporting framework that reflects national reporting requirements, such as those resulting from COAG initiatives.

To this end it will be important for the ACT government to draw on existing data collection and report methods that have a close relationship to national reporting requirements. Implementing new data collection regimes can be a lengthy and costly exercise. As such it is suggested that the data collection procedures required for national initiatives are extended to the entire reporting requirements for government.

Box 3.2

PRODUCTIVITY COMMISSION'S REPORT ON GOVERNMENT SERVICES

Services covered in the most recent report, including ACT:

- Early childhood, education and training — Children's services, school education, and vocational education and training
- Justice — Police, court administration, corrective services
- Emergency management — Fire and ambulance services
- Health — Public hospitals, primary and community health, breast cancer detection and management, and specialised mental health services
- Community services — Aged care services, services for people with a disability, and protection and support services
- Housing — Public and community housing, state owned and managed Indigenous housing, and rent assistance.

Source: Productivity Commission 2008.

Role of central agencies

The role of central agencies in the implementation, maintenance and ongoing development of the new arrangements is crucial to the success of the framework. Ideally, it is desirable to involve the central finance agency to monitor the efficient use of public resources as well as the central policy agency to ensure the key priorities of government are being reflected in the activities of agencies (see Figure 5.1). Experience from jurisdictions, both in Australia and overseas, highlights that these are the main institutional requirements for a successful performance and accountability model.

As such it is desirable for a joint CMD and Treasury effort, in which both agencies share the responsibilities for managing the policy/strategic (CMD) and financial (Treasury) aspects of the system and in setting the incentives. Stakeholder consultations have confirmed this is more effective than a single central agency effort, from either CMD or Treasury. They also reveal that a joint central agency effort assists in maintaining the commitment of agencies to a performance system.

The key role of central agencies is outlined in Box 3.3.

Box 3.3

POTENTIAL ROLE OF CENTRAL AGENCIES IN MANAGING THE OVERARCHING FRAMEWORK

Key functions of central agencies in managing performance frameworks include:

- driving the implementation of the new performance and accountability framework
- working collaboratively with agencies to streamline and strengthen existing measurements and reporting requirements that meet the principles of the new framework and the requirements of COAG (i.e. assisting agencies in refreshing their accountability mechanisms)
- monitoring the overall effectiveness of the framework against agreed criteria
- overseeing the evaluation of the framework to assess its successful implementation
- maintaining an ongoing across government commitment to performance
- assisting the government in better informing the assembly and the community about the overall performance of government.

Source: The Allen Consulting Group

Tier 3 – agency level

At this level CEs will retain responsibility for performance delivery. CEs will have the key role of ensuring that internal performance monitoring and management systems align with the whole-of-government planning, budgeting and reporting cycles and ensuring adequate attention is being paid to the strategic goals of the entire government (see sections 5.2 and 5.7).

Chief executive performance agreements with Ministers will continue as the basis for establishing expectations. The expectations on CEs should be reflected in performance management arrangements within each agency. There is, however, flexibility in the approach each agency may adopt to ensure this occurs. This would be expected to impact positively on the overall performance of agencies over time.

Linking whole-of-government planning, budgeting and reporting at the agency level to whole-of-government processes

As already suggested in the report, the degree to which planning, budgeting and reporting at the agency level can be brought together for the whole-of-government is crucial to the success of government (see Chapter 5). While this has been referred to as the ‘holy grail’ of public sector reform (Schick 1999), in reference to it being extremely difficult to achieve, there is clearly scope for the ACT government to improve alignment and streamline reporting requirements. The proposed model seeks to do this by building on the cache of existing arrangements and procedures within individual agencies (namely, risk assessment procedures, internal audit, financial management and reporting), and realigning them with a structured model that reflects whole-of-government procedures and national reporting requirements.

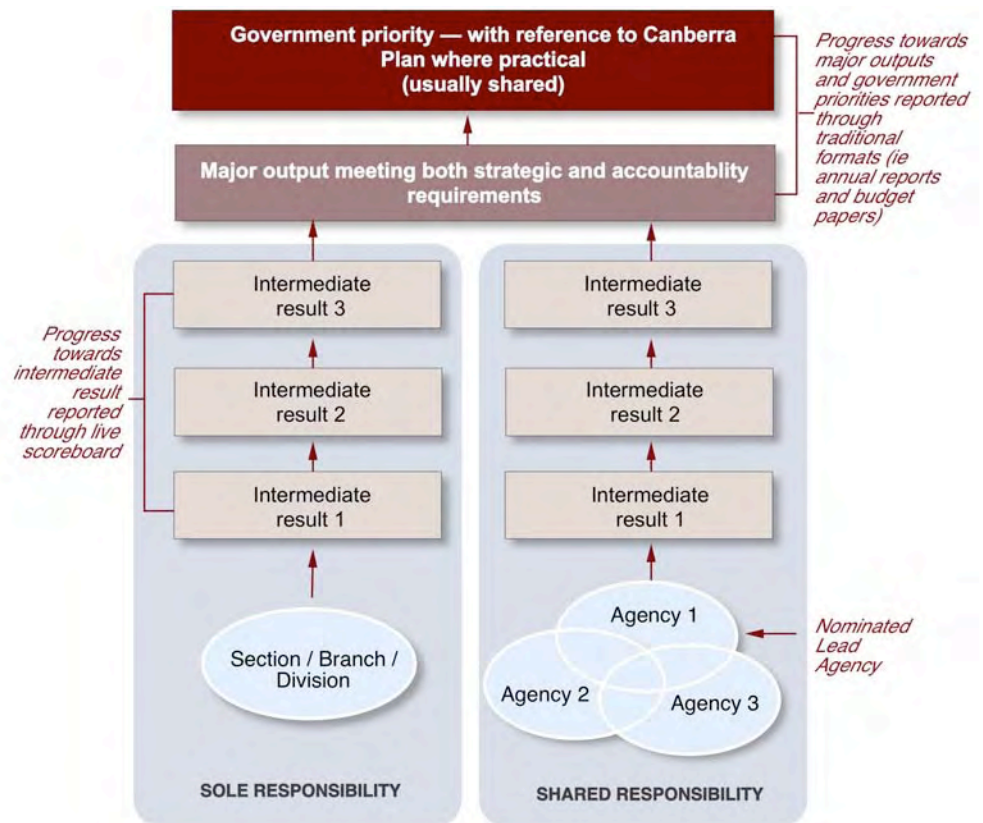
The NSW Treasury model for managing results and services has been adapted in developing the proposed performance framework for the ACT. The adapted model provides a graduated means of identifying how key activities contribute to the overall priorities of government. It provides for ‘intermediate steps’ that inform stakeholders about what an agency needs to achieve in the short-term in order to contribute to its high-level, longer-term outputs. Generally, an agency’s results will be concrete objectives (that are short-to-medium-term) that can be measured (NSW Treasury 2006). Moreover, the intermediate steps will provide the quantitative evidence upon which a live whole-of-government performance scoreboard could be based (see Figure 5.3).

Under the new model most agencies will have a maximum of 2-3 intermediate steps for each major output. Agencies will also have no more than 1-2 major outputs for each priority of government. Reporting on major outputs and government priorities will, by its very nature, be both quantitative and qualitative. In addition, as an agency moves up the results hierarchy, the capacity to influence results increases as it is matched by a greater level of accountability.

Such an approach will provide agencies with a disciplined approach to the production of performance measures and performance reporting.

The proposed model is outlined in Figure 3.2.

Figure 3.2

HIERARCHY OF OUTPUTS FOR ACT GOVERNMENT AGENCIES

Source: Adapted from NSW Treasury 2006.

Accounting for shared outputs

It is usually difficult to establish direct links between the services delivered by a single agency and the high level results that it endeavours to influence. This is because there are a range of factors which impact on high level results. Also, the impacts may take a long time to take effect. The outputs that are most important to the ACT community are unlikely to be within the control of a single agency. It may even be difficult to determine the extent to which results are influenced by an agency because of the difficulty in measuring and attributing change/progress towards outputs.

As such the new framework clearly distinguishes between the results for which responsibility is shared amongst agencies, and those for which a single agency is responsible. Under the framework, lead agencies will be nominated for each major output. The lead agency will be responsible for coordination with other supporting agencies, and for reporting on the progress towards intermediate and major outputs. The measures for achieving these outputs will represent both the strategic and accountability responsibilities of individual agencies.

Figure 3.2 provides an overview on how this might work in practice.

3.3 A few clear objectives

The new performance framework will not be viable unless there is a clear, and shared, understanding of what it is attempting to achieve.

Governments have multiple and sometimes conflicting objectives. Some jurisdictions have attempted to take account of the diversity and complexity of government by introducing highly complex performance management systems that attempt to measure all important aspects of government from all conceivable community perspectives. These approaches have not succeeded due to their excessive complexity.

The aim of any new performance management system should be to reduce the number of targets, performance indicators and reporting – the focus should be on a few key, important indicators rather than an attempt to measure everything.

This does not mean a diminished role for government in setting the controls and targets of the framework. Rather government will play a vital role in setting minimum standards and encouraging improvement in priority areas. Selection of the objectives to be measured will continue to be a key role for Ministers in discussions with their departments – but coordinated in line with the overall whole of government priorities as set out in the Canberra Plan and its sub plans, or its replacement.

At the agency level, a reduced number of reporting points would desirably be supplemented by more direct lines of communication about performance with the government and community. On-line reporting about day to day measures of standards and service delivery may be one way of achieving this. While such reporting is likely to be more resource intensive, it can help drive performance improvements in areas most highly valued by the community.

Service quality will therefore become a core test of government performance; this could be seen as a logical continuation of the ACT government's record of using community consultation to assist in shaping government services.

3.4 Credibility

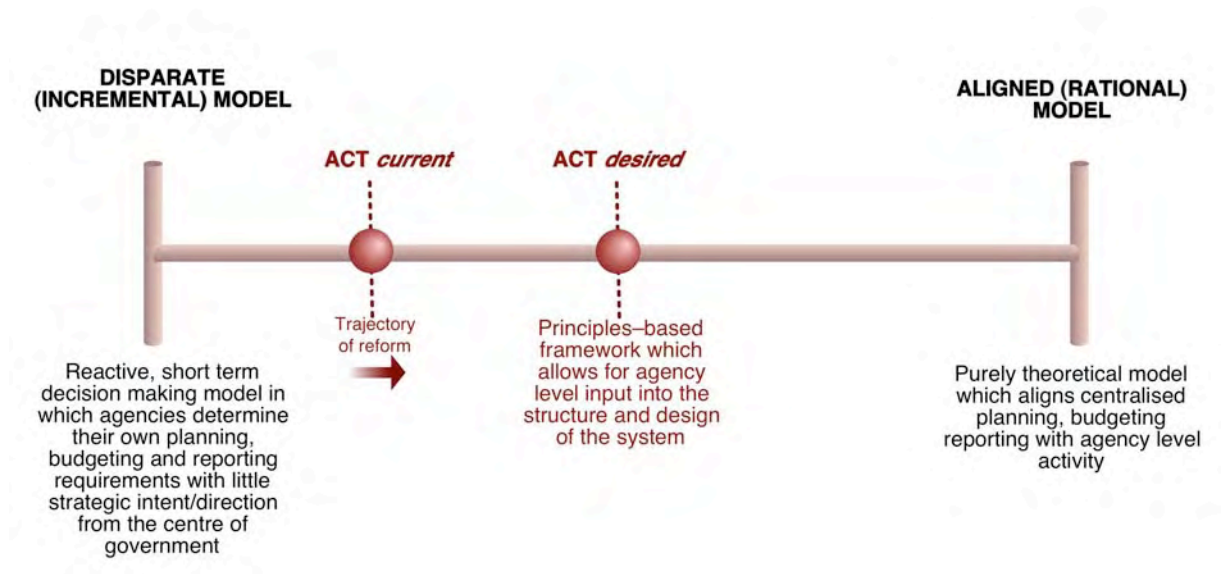
Any new performance system should account for the experiences of other jurisdictions, and how they relate to the ACT. From this perspective it is imperative for the model to be practical and workable. A purely theoretical model that does not take into account the practicalities, including the political realities, of managing a public administration, will inevitably fail. Numerous examples ranging from New Zealand, the Australian Government and NSW highlight the problems of implementing systems that are too rigid.

Likewise a framework that is conceptually weak may not support the desired improvements in performance and accountability. Experience from jurisdictions such as Canada and South Australia suggests that poorly conceived or rushed performance and accountability frameworks do not achieve the necessary traction required to bring about sustained behavioural change (see section 5.8).

For this reason, the framework seeks to implement a new set of arrangements that bridge the gap between pure theory and pure pragmatism – a strategic yet flexible approach.

Figure 3.3

UNDERPINNING CREDIBILITY OF THE NEW FRAMEWORK



Source: The Allen Consulting Group

Chapter 5 provides a summary of the evidence underpinning the framework.

Chapter 4

Preliminary implementation requirements

4.1 Implementation approach

Given the inherent difficulties experienced in successfully developing and implementing government-wide performance systems (i.e. New Zealand and the Australian Government), the ACT government may wish to adopt an incremental, yet systematic, approach. This approach does not imply a disjointed or un-strategic implementation agenda; rather that it is staged over successive years (see section 5.9 for a more detailed explanation of this approach). A description of each stage is outlined below.

Phase 1: Foundation phase

This phase is crucial in determining the success of the new framework. By setting the pace of reform and outlining the key objectives of the reform process, CMD/Treasury will play a key role in assisting agencies to transition towards a new set of performance and accountability arrangements. Part of the role will involve the development of indicative budgets for any additional resources that will be necessary for successful implementation.

This phase also gives individual agencies the opportunity to provide significant input into system design. Agencies will need to be involved in the planning process to ensure that key elements of the framework (such as data collection and reporting) can be implemented in a timely and cost effective fashion.

For this reason, it is recommended that CMD/Treasury consider ways of testing key elements of the framework. It will be crucial for CMD/Treasury to work closely with agencies to determine the scope and location for such 'pilot studies'. This will enable the government to make important adjustments to the new performance framework, prior to its implementation at a whole-of-government level.

Other important elements are likely to comprise:

- the development of a detailed implementation plan which also identifies the required information technology requirements of implementation
- the assessment of an agency's 'readiness' to develop and implement a streamlined and strengthened set of performance measures
- the identification of an agency's internal and external stakeholders
- the development strategies to create an awareness and culture of performance systems
- the development of guidelines for the implementation and use of new performance and accountability arrangements.

Phase 2: transition phase

This phase will involve the actual implementation of the new framework across the entire government. It will involve taking the main lessons from the ‘pilot studies’ and implementing the information systems that are required to transition towards live performance reporting.

As such the stage is likely to comprise:

- the involvement of an agency’s internal and external stakeholders in the design and implementation of the new arrangements
- the adoption of strategies that create a culture of performance systems within agencies
- the establishment of a new performance monitoring unit within the central agencies of government
- the possible introduction of financial management legislation which has elements of government performance (i.e. effectiveness) at its core
- the introduction of whole-of-government outcomes framework to link (and evaluate) the outputs of agencies.

Phase 3: sustaining phase

Ideally this phase would represent the successful implementation of the new framework and its information technology requirements, but also provide scope for incremental improvements to the architecture and processes of the frameworks to be made.

Ideally, this stage would consist of:

- an embedded performance culture across all agencies. This will be one of the most challenging aspects of implementing a new framework; hence it will be important for CMD/Treasury to consider in detail the kinds of incentives that change behaviour. These could include such elements as:
 - public recognition of excellence in public service improvement
 - consistent (both between agencies and across-time) central agency advice about the development of meaningful performance indicators
 - a system of financial incentives for individuals who achieve outstanding performance or meet performance requirements
- a means of regularly evaluating the performance information generated by agencies and the consolidated performance reports of government. These could include the introduction of client satisfaction surveys which over time provide benchmarks for measuring the efficiency and effectiveness of government.

4.2 Resources and administrative requirements of the new framework

Key elements of the new arrangements will require additional resources to ensure they are successfully implemented across the entire government. The most significant will include additional resources to enable live reporting of government-wide information.

The online Citywide Performance Report that is produced by the City of New York (see Section 5.6 and Figure 5.3) is based on a readily available ‘dashboard application’ from Oracle. The ‘Business Intelligence Enterprise Edition’ was adapted to fit the circumstances of New York City, but it is just one of many applications on the market.

While a detailed exploration of the implementation requirements and costs of a dashboard is beyond the scope of this project, the ACT will have to consider the following elements:

- the identification of key performance measures that need to be measured across agencies. Identification of the ‘right performance metrics’ can be a costly exercise that takes ongoing refinement
- the cultural changes that agencies will need to implement in order to report against a new set of key performance measures
- the ability of agencies to bring data together from disparate systems. The issues associated with data quality and context are often difficult to present in dashboard formats
- the representation of information over a time period that is consistent and comparable across the entire government
- the relative cost of implementing a new online reporting system in a small jurisdiction (i.e. a combination of scale and cost issues).

4.3 Implementation timetable

An indicative timetable for implementing the new framework is outlined below.

Table 4.1

INDICATIVE TIMETABLE FOR IMPLEMENTING THE ACT GOVERNMENT'S NEW PERFORMANCE AND ACCOUNTABILITY FRAMEWORK

Phase	Key element	Time	Who is responsible
1. Foundation phase	<ul style="list-style-type: none"> Development of a detailed implementation plan Pilot study 	1 month – 12 months	CMD/Treasury
2. Transition phase	<ul style="list-style-type: none"> Implementation of new IT systems to enable live reporting The adoption of strategies (incentives) that develop a culture of performance 	12 months – 36 months	CMD/Treasury in consultation with individual agencies
3. Sustaining phase	<ul style="list-style-type: none"> Embedded culture of performance 	36 months	All agencies working in a coordinated fashion to ensure successful maintenance of the framework
3. Sustaining phase – continued	<ul style="list-style-type: none"> Periodic review of the new arrangements to ensure they complement government strategy/performance and enhance the accountability of government 	36 months	CMD/Treasury and independent reviewer where necessary

Source: The Allen Consulting Group

Part 2

*The underpinning concepts of a
performance and accountability framework*

Chapter 5

Underpinning concepts

This chapter summarises themes from a review of five Australian jurisdictions, as well as Canada, New Zealand and the United Kingdom. It develops the key principles upon which a more detailed model can be constructed for the ACT government. As such, it does not canvass all elements of performance systems (because there are as many approaches to government performance as there are governments), rather it selectively draws upon the elements of practice that relate more closely to the ACT context. Some of the broader detail about performance frameworks is provided in Appendix D.

5.1 Performance systems require a strong commitment to and culture of performance improvement in order to meet their objectives

Performance systems require a culture of and commitment to continuous performance improvement in order to meet their objectives. A strong culture and commitment to performance is essential in defending the core principles of performance systems when critical political decisions are made or when the priorities of government change. In order to achieve such a culture, research suggests that four main capacities are required:

- critical reflection and questioning and challenging practices
- effective, dialogue, collaboration and communication
- research and analysis to provide sound evidence upon which to base decisions
- action planning and effective implementation (Micheli and Kennerley 2005, p 127).

These capacities often constitute the core functions of central agencies, hence performance systems are often developed, implemented and managed by central agencies that have the financial clout and incentives, policy credibility and political will to defend performance systems in times of crisis. In particular central agencies can:

- offer additional resources for existing programs or to fund new policy proposals
- grant individual agencies enhanced autonomy and discretion over how activities are performed if performance standards are achieved
- provide additional support and advice in the management of complex policy matters
- provide public recognition for high performance and provide a credible defence of agencies when performance outcomes have been misunderstood.

Practice from across the OECD suggests that, while the development of a performance culture has been a challenging aspect of government over the past four decades (Pollitt 2003), the presence of central agencies is crucial in providing the appropriate leverage for managing the politics of performance systems and minimising the resistance often displayed by line agencies. Notable reformers, such as the Governments of Australia, New Zealand, Victoria and Queensland, have each empowered central agencies to implement and manage a coordinated performance framework. It is our assessment that top-down approaches have therefore been crucial to the success of performance systems. Those jurisdictions that only involve one central agency or seek to implement reforms through an uncoordinated set of performance instruments, invariably fail. Table 5.1 provides an overview of the role of central agencies in managing performance systems.

Table 5.1

ROLE OF CENTRAL AGENCIES IN MANAGING PERFORMANCE SYSTEMS IN SELECTED JURISDICTIONS

Jurisdiction	Central agencies		Role of central agencies in managing performance	
	Budget Agency	Central Policy Agency	Budget Agency	Central Policy Agency
QLD Government	<ul style="list-style-type: none"> QLD Treasury 	<ul style="list-style-type: none"> Department of Premier and Cabinet (QLDDPC) 	<ul style="list-style-type: none"> Treasury assists agencies in meeting their performance requirements. Treasury ensures the budget process is reflective of priority setting process. 	<ul style="list-style-type: none"> QLDDPC assists the Premier in setting the priorities and the policy objectives of government. QLDDPC coordinates sanctions for agencies that have not met performance requirements. QLDDPC Implementation Unit plays a key role in monitoring the Government's capacity to deliver effective policy initiatives in priority areas. It works closely with Government agencies to ensure any obstacles to the implementation of Government commitments are effectively addressed and initiatives are kept on track.

NSW Government	<ul style="list-style-type: none"> • NSW Treasury 	<ul style="list-style-type: none"> • Department of Premier and Cabinet (NSWDPC) 	<ul style="list-style-type: none"> • Treasury has overall responsibility for managing the strategic management framework. • Treasury manages a system of gateway reviews. • Treasury issues guidance on performance measures (i.e. 'Financial Management Framework Policy and Guidelines Paper' 2006). 	<ul style="list-style-type: none"> • NSWDC provides strategic advice and services to the Premier and Government, drives the State Plan, manages state-wide issues and projects, drafts and publishes legislation, manages public sector staff and resources and ensures a whole-of-government approach. • NSWDC provides support to the Premier and Cabinet, Ministers and agencies to integrate and coordinate policy across the sector and ensure efficient machinery of government.
Victorian Government	<ul style="list-style-type: none"> • Department of Treasury and Finance (DFT) 	<ul style="list-style-type: none"> • Department of Premier and Cabinet (VicDPC) 	<ul style="list-style-type: none"> • DFT develops and implements resource allocation and management reform frameworks for the Victorian budget sector. • DFT monitors portfolio performance and quarterly revenue certification. • DFT develops and monitors whole-of-government financial management systems. 	<ul style="list-style-type: none"> • VicDPC develops and leads whole of Government initiatives that aim to ensure effective outcomes for the entire community. • VicDPC provides strategic policy leadership on the priorities and goals of the State Plan. • The Policy and Cabinet Group of VicDPC is crucial in supporting and enhancing the decision making of government through support to the Premier and in monitoring progress against the State Plan.
Australian Government	<ul style="list-style-type: none"> • Department of Finance and Deregulation 	<ul style="list-style-type: none"> • Department of Prime Minister and Cabinet (strategic and implementation area) • Public Service Commission (HR and related matters) 	<ul style="list-style-type: none"> • Finance responsible for the broad framework of the system. • Finance monitors the overall performance of the framework. • Provides advice to agencies developing meaningful outcome measures (i.e. 'The Outcomes and Outputs Guidance Document 2000). • Assists agencies in meeting their reporting requirements. • Undertakes gateway reviews. 	<ul style="list-style-type: none"> • PM&C sets the implementation requirements for new policy proposals. • PM&C Cabinet Implementation Unit. • Head of PM&C is also establishing a strategy unit in the department to coordinate whole-of-government initiatives.

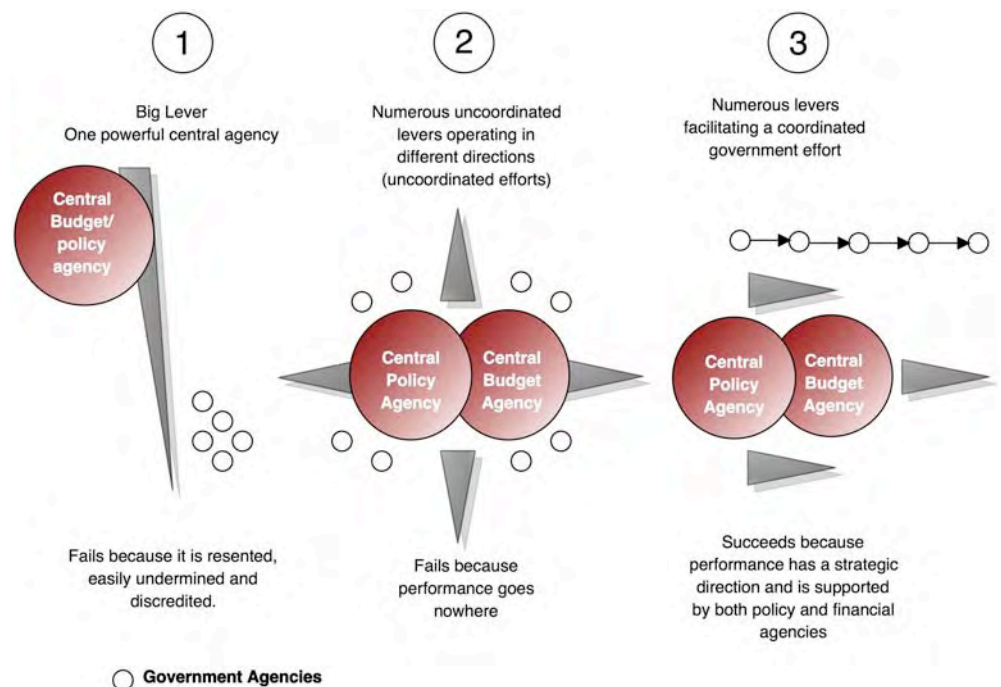
New Zealand Government	<ul style="list-style-type: none"> • Treasury 	<ul style="list-style-type: none"> • State Services Commission (SSC) • Prime Minister and Cabinet 	<ul style="list-style-type: none"> • Responsible for the broad framework of the system. • Treasury monitors the overall performance of the framework. • Treasury has championed key reforms to the system. • Treasury issues agency guides for developing performance indicators (e.g. Touchstones for assessing strategies). 	<ul style="list-style-type: none"> • SSC provides advice to agencies developing meaningful outcome measures. • SSC assists agencies in meeting their reporting requirements. • SSC monitors the performance management framework of government. • Prime Minister and Cabinet provides oversight of strategic intent.
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Source: various sources.

Experience from the OECD suggests that the introduction of a performance system requires the presence of agencies that have both policy capacities and the financial levers to implement reform. The lesson, for a small jurisdiction such as the ACT, is that a new performance and accountability model will require the buy-in and ongoing commitment of both the Chief Minister’s Department and ACT Treasury.

Figure 5.1

INSTITUTIONAL REQUIREMENTS FOR SUCCESSFUL PERFORMANCE AND ACCOUNTABILITY SYSTEMS



Source: The Allen Consulting Group.

While the presence of central agencies is crucial in maintaining a focus on performance, experience also suggests that frameworks need to be sufficiently flexible to allow for agency (and even sectional) input into the detail. There also needs to be sufficient flexibility within the framework to allow for changes in community expectations, and political priorities.

Hence, the development of a performance culture must adopt the principles of shared leadership and a systematic approach to change.

This can be achieved through the establishment of a clear vision of what an individual agency is trying to achieve. While this vision should have strong reference to the overall priorities of government, it needs to be primarily developed and supported by key stakeholders at the agency level.

The communication and promotion of this vision should not only fulfil the formal reporting requirements of government, but also provide agencies the discretion to tell the performance story in their own way. That is, agency staff must be encouraged to deliver key presentations and briefings that captures the entire performance story.

It is vital to put in place measures to assess how well an agency is achieving its vision. Stakeholders and agency staff need to be involved in agreeing appropriate measures.

Central agencies should not dictate new ways of doing things to line agencies. Instead, levers (such as targets, identification and promotion of good practice, rewarding and celebrating success) that challenge and explore under-performance need to be developed and implemented (Oakleigh 2008; Service Delivery and Performance Commission (SDPC), 2008).

5.2 Governments are increasingly using whole-of-government planning and priority setting to drive performance

Clear planning at a whole-of-government level, incorporating priorities and measurable targets, is a feature of successful performance systems.

This element considers:

- the quality of strategic and business planning
- the alignment and integration of departmental programs and activities to whole-of-government priorities and outcomes
- the capacity to analyse performance against objectives and adjust programs and projects accordingly (SDPC, 2008).

Planning should occur at a whole-of-government level, and be reflected at a portfolio and individual agency level. This requires both policy direction, financial direction and political direction. The main responsibility for each of these rests respectively with the Chief Minister's department, Treasury and Cabinet under the Chief Minister's leadership. Political leadership is essential to see the planning and implementation process through the challenges that arise from being more transparent and explicit about government objectives. Policy direction in isolation lacks financial clout and incentives, financial direction alone tends towards a narrow focus which lacks policy credibility and context.

Whole-of-government planning is about direction setting and engagement. It is consistent with government policy and legislative requirements, and also sets targets and challenges for government. First minister's departments tend to lead whole-of-government planning processes, and establish the mechanisms that ensure these plans flow through to the portfolio and agency level. They should be supported by Treasury departments and ensure there is engagement from the first minister and if possible, other key ministers such as the Treasurer. The planning processes may involve community engagement through public consultation sessions or similar means.

Whole-of-government planning will only succeed if it leads to plans that are:

- explicit – containing the 'real' objectives of government as demonstrated through its patterns of decisions and announcements
- coherent – demonstrating the connection between policies/programs and desired outcomes in a way that is clear and easily understood
- credible – plans are evidence based, not ideological assertions.

Evidence of these processes and features can be identified in each Australian jurisdiction. In the ACT, for example, such planning is reflected in the Canberra Plan and its sub-plans. These processes are also readily apparent in NSW and South Australia through their respective State plans (see Box 5.6 for a summary of the NSW State Plan). Also noteworthy is the extensive corporate and strategic planning framework that the Queensland Treasury has developed for departments and agencies.

Box 5.1

NSW STATE PLAN - SUMMARY

The State Plan sets out the **goals** the community wants the NSW Government to work towards based on the consultation undertaken during its development.

It identifies **priorities** for Government action that will help achieve each of these goals over the next 10 years.

Targets have been set 'where possible'.

The plan does not cover everything the State Government does. It focuses on five areas of NSW Government activity:

- *Rights, Respect and Responsibility* – the justice system and services promoting community involvement
- *Delivering Better Services* – key services such as health, education and transport
- *Fairness and Opportunity* – services that promote social justice and reduce disadvantage
- *Growing Prosperity Across NSW* – activities that promote productivity and economic growth
- *Environment for Living* – planning for housing and jobs, environmental protection, arts, recreation.

The plan is to be delivered by introducing:

- *Stronger Accountability* – through targets, lead Ministers and agencies, publication of data, State Plan Cabinet Committee, annual reporting, regular review
- *Structures to Drive Action* – new Cabinet Committee, new Functional Review Unit, new Better Regulation Office
- *Effective Partnerships* – seeking to use local knowledge for local solutions and establish government and community partnerships for delivery
- *Decisions for the Long Term* – provision of long-term funding commitments to key programs, full integration with every State Budget. Example:
 - **Goal:** An Effective Transport System
 - **Priority:** Increasing share of public transport journeys on a safe and reliable public transport system
 - **Target:** Increase public transport share of trips made to and from the Sydney CBD to 75%.

Source: A New Direction for NSW: State Plan Summary.

The political dimension cannot be ignored. In NSW for example, the government was motivated by public criticism over service delivery standards. The extensive public consultation process was well received by communities and the government. The plan is not however an end in itself. The government will be judged on its success or otherwise in meeting its targets, which focus on improvement of public services. The decision to respond to public concerns with a State/Territory plan is as a positive step, but not a sufficient one in terms of improved services.

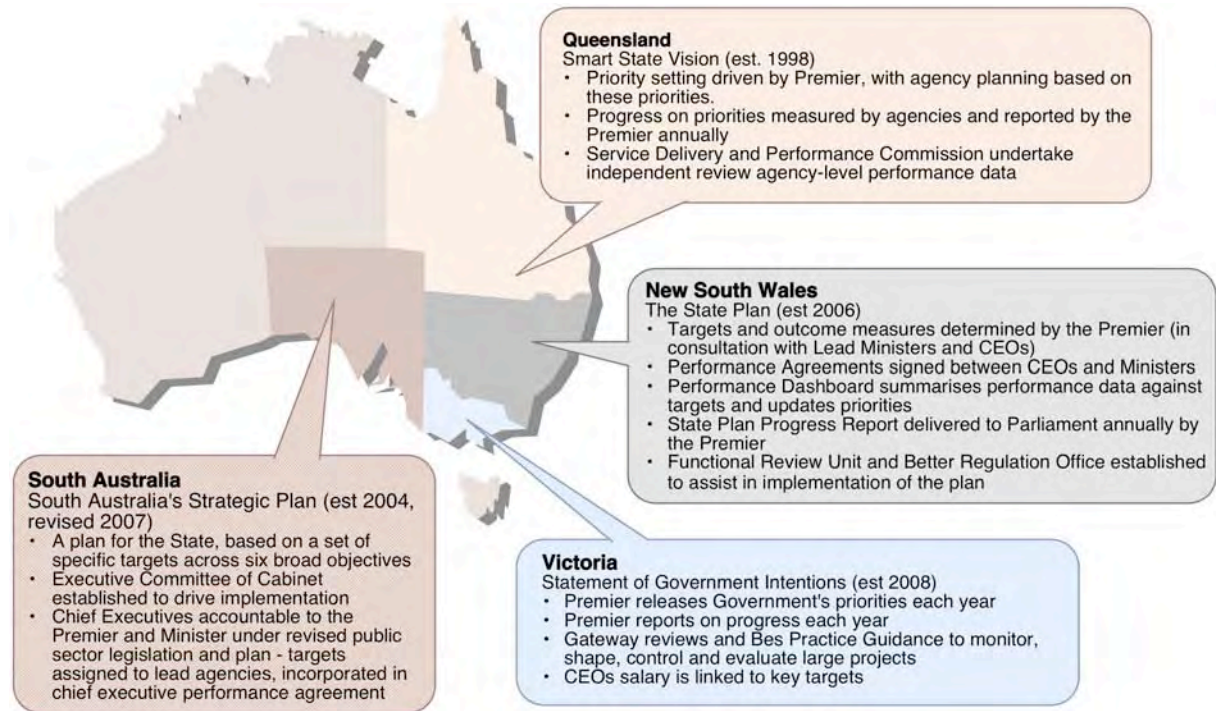
Whole-of-government planning alone will not assure a government, or a public sector, of sustained good performance. It is, however, an important component in the mix of attributes required of governments that are seeking to show policy leadership and ensure high quality service provision. Other attributes which complement planning are:

- political stability
- Ministerial engagement in policy development and reform
- an active culture of inquiry in the public sector
- effective leadership at a Ministerial and senior public sector level
- community engagement in decision making processes.

Figure 5.4 provides an overview of the planning regimes in four Australian jurisdictions.

Figure 5.2

OVERVIEW OF CHANGES IN SELECTED AUSTRALIAN JURISDICTIONS



Source: The Allen Consulting Group

In the ACT, planning has occurred at a whole-of-government level, but there is limited evidence (from a review of key documentation) that this planning has been linked to or integrated with planning by agencies. This is an issue requiring attention. The experiences of other jurisdictions offer some insights both in the development and implementation of whole-of-government plans.

Table 5.2

KEY ELEMENTS OF GOVERNMENT-WIDE PLANNING

Jurisdiction	Who involved	Name of plan and scope	Reporting and revision
ACT	<ul style="list-style-type: none"> • Chief Minister and Ministers. • Departmental Chief Executives. • Community representatives. 	<p>Canberra Plan</p> <ul style="list-style-type: none"> • Encompassing social, economic and spatial development, through seven strategic themes for action. 	<ul style="list-style-type: none"> • Published in 2004 and refreshed in 2008.
QLD	<ul style="list-style-type: none"> • Premier and Ministers. • Departmental Chief Executives. • Community consultation. 	<p>The Smart State Strategy 2005-2015</p> <ul style="list-style-type: none"> • Directed towards improvement of government service delivery. • Integrated with State budget. 	<ul style="list-style-type: none"> • Annual progress report published
NSW	<ul style="list-style-type: none"> • Premier and Ministers. • Departmental Chief Executives. • Community consultation. 	<p>State Plan</p> <ul style="list-style-type: none"> • Directed towards improvement of government service delivery. • Integrated with State budget. 	<ul style="list-style-type: none"> • Published in 2006, updated annually • Progress against targets reported annually.
VIC	<ul style="list-style-type: none"> • Premier. • Departmental Chief Executives. • Summit of community leaders. 	<p>Growing Victoria Together 2001-10.</p> <ul style="list-style-type: none"> • Balances economic, social, environmental goals and action. • Requires progress against measures in the plan to be reported on a regular basis. • Annual Statement of Legislative intent. 	<ul style="list-style-type: none"> • Published 2001, updated 2004. • Progress report published with Budget papers in 2003. • Commenced 2008
SA	<ul style="list-style-type: none"> • Premier and Ministers. • Departmental Chief Executives. • Increasing level of public consultation. 	<p>SA Strategic Plan</p> <ul style="list-style-type: none"> • State plan set on specific targets across 6 broad objectives. 	<ul style="list-style-type: none"> • Published in 2004 and revised in 2007. • Monitored by Executive Committee of Cabinet. • Progress against targets reported periodically.

Source: The Allen Consulting Group.

5.3 Criteria for evaluating government performance

The two commonly used criteria evaluating government performance are:

- efficiency measured by the ratio of inputs to outputs and changes to this ratio over time. Efficiency is also commonly measured against some other yardstick of performance – either the practices of another organisation, the past performance of an organisation, or some technical calculation from first principles. The sorts of questions that might be raised if an organisation is questioned over whether it promotes efficiency could include the following;
 - are practices growing more efficient over time? How does this compare with last (or any other relevant period of time comparison)?

- are there obvious practices in other organisations that could be applied to make its own operations more efficient?
- is it apparent to an external observer that there are process improvements to be made?
- effectiveness relates to whether or not results are achieved by agencies. Effectiveness is often the most problematic criteria to evaluate government performance due to the caveats and qualifications often necessary for making qualitative assessments of government activity (Bartos 2007, pp. 60-070).

Some jurisdictions, such as New Zealand, have gone to considerable lengths to institute mechanisms aimed at evaluating the performance of governments, through notions of efficiency and effectiveness, based on the assessments of individual constituents. For the ACT, evaluation criteria will be primarily derived from the stated objectives of the Canberra Plan and its related sub-plans, and the constituency's views of progress towards these plans.

5.4 Linking whole-of-government planning and agency level planning

The implementation of whole-of-government planning is clearly more challenging than the initial development of a plan.

Whilst a plan's development can be driven and controlled by a dedicated team, implementation relies on a public sector – and community–wide effort.

Implementation is all of the actions that are taken to achieve the objectives set out in a plan. This includes changes in government processes, structures, legislation and reporting arrangements.

The nature of implementation, and its measurability, varies for different types of agencies and objectives. Some targets are readily measurable and can be achieved by directing more attention or resources to the appropriate operational agency. Other objectives of a plan are more about steering the direction of government, and depend on central agencies to perform this role.

Linking of whole-of-government planning with agency level planning is an essential component of implementation. These links should flow through, from the centre of government to portfolio, agency and business unit plans. Whilst some of the objectives or targets set out in a plan may be inherently whole-of-government in their nature, for the purpose of delivery and accountability it is necessary to assign a lead agency for each objective. The lead agency is in turn, held accountable for working effectively with other agencies of government and external stakeholders to deliver on specific objectives or targets. The link with agency planning should be further entrenched by incorporating the objectives and targets of the plan in the performance agreements of, firstly, portfolio chief executives and secondly, of other senior executives. The chief executives performance agreement should be based on those elements of the plan for which that agency is the lead.

The plan should be robust enough so that it does not require substantive revision at anything less than three or four year intervals. However, some annual iterative amendment could be appropriate, so long as this is not merely an exercise in making targets easier. It would be legitimate though, to make targets more challenging, or to fine-tune targets that were found to be resulting in unintended consequences that are not desired.

This approach can be confronting because it may be viewed as assuming a level of government influence over external economic and social conditions that is unrealistic. It also ascribes a level of personal accountability that is not generally a feature of public sector culture.

Experience in Canada (as well as the other jurisdictions reviewed for this project) suggests that reporting and accountability must be made personal if planning is to make a real difference at a whole-of-government level. The experience in South Australia was that the development of a Plan of itself was not sufficient to ensure its adoption by public sector agencies. Agencies only began to integrate the Plan effectively, and make consequential changes to their priorities, when robust and high level monitoring and accountability mechanisms were introduced, similar to those outlined above.

Experience also suggests that such processes can of themselves place a significant cumulative administrative burden on agencies. To the extent possible, performance related activities (especially reporting) that do not related to the plan should be eliminated where possible.

In the case of the ACT, there appear to be many opportunities to strengthen the linkages between the Canberra Plan and agency plans.

5.5 Linking planning to budgeting

The budget is the manifestation of a government's planning and priority setting for the forthcoming fiscal period. Once the budget is set, agency priorities are determined by their own component of the budget allocation. Sometimes, the budget response is relatively straightforward and immediate. Other times, it may require a medium-to-long-term re-calibration in the way resources are allocated. If budget allocations disregard performance, Ministers and managers will also. However, aligning budgets with strategic plans, and thereby using the budget as an instrument of performance, is not only difficult, in some respects it is a risky proposition. This is considered such a vexed challenge, that it has been described as the "holy grail" of budget reform (Schick 2005).

For policy oriented agencies, such as the Chief Minister's Department and Treasury, the comprehensive alignment of budgets with plans as an instrument of decision making is probably impossible because of the changing and complex nature of government objectives. The challenge therefore is to pitch a plan and its objectives and targets at the right level, and direct them towards measures that are sensible and produce the right incentives. As mentioned above, the role of the central agencies is then primarily concerned with steering the machinery of government towards the achievement of the government's objectives, as enunciated in the plan. This extends to being a source of advice to agencies, a repository of plan related data, an advisor to the Chief Minister, Treasurer and Cabinet, and a gatekeeper monitoring other policy decisions that could be at odds with the direction set out in the plan (such as through the Cabinet process).

Both the Australian and New Zealand Governments have introduced budgetary systems that attempt to focus on outcomes. The systems, whilst comprehensive and in some respects groundbreaking, have also been a source of frustration (Jensen 2003). The New Zealand system was criticised for not adequately allowing for outcomes requiring across-government effort. The Australian Government system has been criticised by stakeholders outside of the bureaucracy, for being complex and confusing. Members of Parliament (MPs), for instance, have generally found that outcome frameworks do not give them the information about agency performance that they want. MPs generally want information on inputs (including funding) and processes related to specified programs. Output-outcome frameworks can be victims of their own rigour, if they become too complex and thus impenetrable to the uninitiated reader (Cook 2004).

Whilst the Australian and New Zealand Governments are examples of jurisdictions with mature output–outcome frameworks for budgeting and reporting, other jurisdictions we have reviewed have generally found the integration of budgets with plans to be a difficult task. Also, the timeframes within which the achievement (or not) of specified outcomes can be assessed do not generally lend themselves to annual budget processes (Cook 2004).

Our observation is that the linking of whole-of-government planning, agency planning and management, and budgeting in the ACT is under-developed and there is significant scope for improvement in this area. Ideally the three processes should be brought together into one coherent framework.

5.6 A commitment to meaningful reporting can assist governments in driving performance

A fundamental aim of performance reporting is to improve performance.

By using performance information, in conjunction with strategic planning, budgeting, policy, program and organisational reviews, public officials can set the direction of the public sector and control the quality of its outputs. In other words, performance systems can:

- help to reinforce sound whole-of-government management by providing public service managers with a comprehensive and integrated model for management and management improvement
- establish measures and indicators that highlight the performance of managers, chief executives, and central agencies over time
- establish frameworks that help explain the links between decision-making and policy outcomes
- establish frameworks that highlight results at different levels, as well as in an integrated fashion
- establish a framework that promotes public service modernisation and reform.

Performance reporting may take several forms. There is the traditional agency annual report process, which should include performance information. However, there is major divergence in the quality of annual reports within and between jurisdictions. Annual reports are published on agency websites some six to twelve months after the conclusion of the reporting period. They are a static fact-based report of performance. This is not a format that is particularly engaging or accessible to the wider community.

There may also be specific reporting of progress in achieving the targets set out in the Plan. This is likely to include both internal government reporting and periodic external public reporting. Internal reporting will be more detailed and regular. External reporting will be at a summary level and undertaken annually or as determined by government.

Real-time, on-line performance reporting

It is the ongoing reporting of progress, in a manner that is current, accessible and useful, where there is both considerable disparity in approaches. This is where there is a significant opportunity for the ACT to demonstrate leadership and innovation.

Frequent reporting of performance in a transparent manner is fundamental to the successful implementation of a plan. A plan will only achieve its full potential if this occurs. If performance is reported regularly and clearly online, this will contribute to community engagement and trust. It will also ensure that ministers and the public sector remain focussed on plan objectives, and integrate this into their own sub-plans and day-to-day decision making.

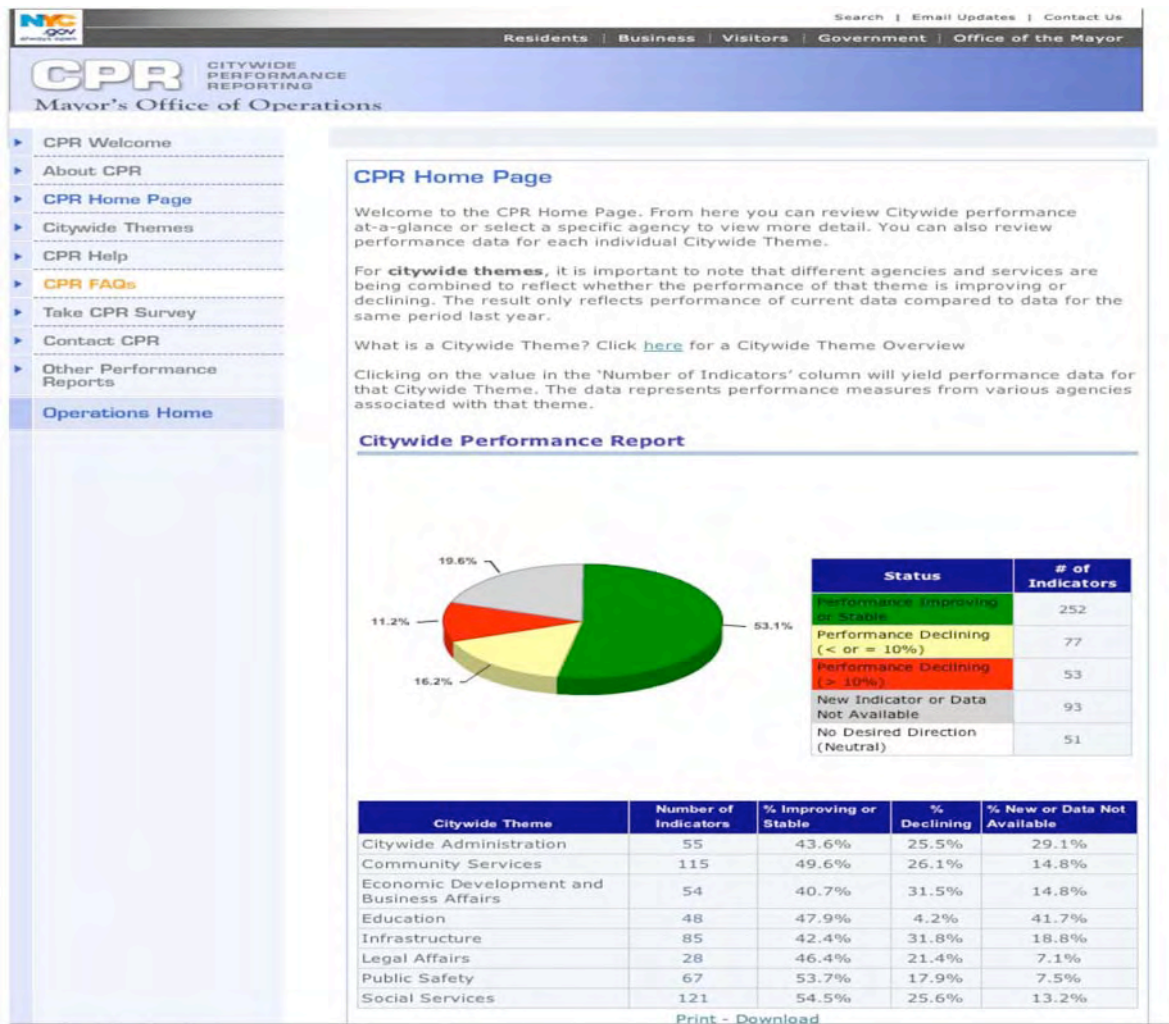
Australian jurisdictions all provide some form of reporting, albeit with varying degrees of depth and currency. Whilst reporting is available online, it generally reflects a traditional style of government reporting. Namely, data is collated for a given period, descriptive and politically acceptable language is drafted to accompany the data, and the information is made available months after the reporting period has concluded.

The emerging phase of government performance reporting will make better use of the online format, be current to the extent of being near to real time, and will rely on quantitative information.

An example of this approach exists in the City of New York, with the Citywide Performance Reporting Tool (CPR). CPR gives online performance management data. The information is focussed on the performance of agencies of the City of New York in delivering services to the public. This includes:

- searching for performance measures about specific services
- reviewing statistics summarising how well government is performing in different areas
- reviewing specific agency outcome measures.

Figure 5.3
CITY OF NEW YORK'S LIVE SCOREBOARD



Source: <http://www.nyc.gov/html/ops/cpr/html/home/home.shtml>.

NSW is reporting publicly on progress of the State Plan annually through a ‘Performance Dashboard’² The first such performance report was released in December 2007, in a similar format to that used by South Australia, with a graphical progress report for each plan target which can be downloaded from the site.

South Australia has reporting of progress available on the SA Plan website via a downloadable graphical report of progress.³

Whilst this graphical format is quite effective, the reporting presently available is out of date, concluding at the 2006 financial year. Also, downloading documents is not nearly as user friendly as the New York style presentation. In the South Australian case, time lags of this kind tend to undermine the government’s message about the pre-eminence of the Plan in setting the State’s direction and ambitions.

² <http://www.nsw.gov.au/stateplan/index.aspx?id=177e3ee3-4716-4a5a-aa93-b506f73bc2b2>.

³ <http://www.saplan.org.au/content/view/65/>.

Victoria reports annually on progress towards Growing Victoria Together (Department of Premier and Cabinet, 2005). This is a traditional government style report in a booklet, which can be downloaded from the website of the Victorian Department of Premier and Cabinet. As discussed above, this style of reporting is problematic, in that it gives information that soon becomes dated.

Queensland's progress report is relatively detailed, and whilst not having as 'live' a feel as the New York City reporting, it is integrated in a website that is relatively easy to navigate, avoiding the need to download a separate document for each piece of performance information.

Key features of Queensland's Smart State Strategy 2007 Progress Report include:

- an outline of the progress Queensland has made since 1998
- a description of progress across the three key areas of: education & skills; research; and innovation
- data measuring performance are sourced from a range of sources including the ABS, Queensland Government agencies and the OECD
- a mixture of quantitative and qualitative assessment of progress.⁴

The adoption of a real time, or almost real time, online performance reporting by the ACT would be an Australian first. The resource implications of this are beyond the remit of this model. Presumably though, some capital information technology investment would be required. Potentially, the recurrent cost would be relatively low if agencies posted performance data directly online, with appropriate quality assurance processes in place to ensure data integrity.

5.7 The collection of useful performance information is crucial to inform public decision making

Jurisdictions are increasingly developing plans with specific and measurable targets and performance indicators. The New York City example is based entirely on quantitative indicators. Australian jurisdictions tend to have measurable targets, although the reporting is usually accompanied by some qualitative assessment or commentary.

Plans must set the right targets and have access to the data and performance information needed to monitor performance. Typically the underlying principles of good performance information are:

- 'start with a well-specified objective. It is hard to measure performance if the objective itself is vague, manifestly unachievable or contradictory
- consider the use being made of the performance information and collect only what is actually going to be used by boards or managers to improve performance
- collect both quantitative and qualitative information. Some government activities can only be measured in qualitative terms, through surveys or other techniques. This information is still useful

⁴ The Progress Report is updated annually and available at http://www.smartstate.qld.gov.au/resources/publications/progress_report_2007/index.shtm.

- keep the performance management task manageable. A small selection of well chosen measures should address the organisation's efficiency and effectiveness' (Bartos 2007, pp. 60-070).

The Victorian Department of Treasury and Finance, has developed advice for Victorian government agencies, which have broader application. It advises that performance indicators typically set the quantity, quality, timeliness and cost levels which are sought in the delivery of outputs. Quantity measures describe outputs in terms of how much, or how many. Quality measures are usually defined by the customer's expectations. Timeliness measures provide parameters for how often, or within what time frame, outputs will be delivered. Cost measures reflect the full accrual cost of producing an output.

Poorly designed or specified performance indicators can result in unintended consequences if the behaviours they encourage are not carefully considered. The Productivity Commission has developed the following selection criteria for indicators. These include:

- significance and relevance
- comparability over time
- data availability and cost
- acceptability and ease of interpretation
- timeliness
- robustness.

Other characteristics that might be relevant are sensitivity to policy changes and empirical support for links to causality or outcomes. In the same way, Neely *et. al* provide ten tests to assess the value of a measure.

Box 5.2

THE TEN TESTS FOR PERFORMANCE MEASURES

- | | |
|-----|--|
| 1) | Truth — does the measure actually measure what it sets out to measure? |
| 2) | Focus — does the measure only measure what it sets out to measure? |
| 3) | Relevance — is the measure the right measure? |
| 4) | Consistency — is the measure consistent and is it released regularly? |
| 5) | Access — is the measure easily accessed and understood? |
| 6) | Clarity — is the measure clear and unambiguous? |
| 7) | So-what — can the measure be acted upon? |
| 8) | Timeliness — can the measure be rapidly accessed, analysed and used? |
| 9) | Cost — is the measure worth what it costs to collect? |
| 10) | Gaming — does the measure encourage only desired behaviours? |

Source: Neely *et. al* 2002, pp. 38-42.

Looking at Australian examples, the South Australian Plan is, at its core, a set of targets. The NSW State Plan is a similar approach. The targets are a mix of indicators, which have evolved with some consideration of historical performance, its performance relative to other jurisdictions and the desire of the Premier to challenge government and position the State as bold and ambitious. The setting of explicit, measurable targets was itself different as it showed the government did not fear being judged on its performance. For this the government has generally received praise, although as discussed previously there is still scope for improving the timeliness of reporting. In South Australia's case, the current version of the Plan is the second iteration, following an extensive consultative review process undertaken in 2006.

Our observation of the ACT Government is that the information about specific performance indicators in key government documents (i.e. the annual Budget Papers) is frequently vague and uninformative. (See Chapter 2 of this Report.)

Table 5.3

PERFORMANCE INDICATORS IN SELECTED JURISDICTIONS

Jurisdiction	Types of indicators used	How indicators are used
Australian Government	<ul style="list-style-type: none"> • Output–outcome framework (which include quality, quantity, effectiveness, price indicators). • Budget process, forward estimates. • Annual reports. 	<ul style="list-style-type: none"> • To allocate resources and set priorities on a department by department basis. • Planning and reporting has been focussed on departments rather than whole-of-government.
Queensland	<ul style="list-style-type: none"> • Smart State strategy that nominates specific targets for lead ministers (these include a mixture of quality, quantity and effectiveness measures). • Department strategic plans. • Department corporate plans. • Annual reports. 	<ul style="list-style-type: none"> • Smart State is government's overarching strategy. • Planning at department / corporate level and annual reports are main basis of planning, supported by Treasury guidelines
South Australia	<ul style="list-style-type: none"> • SA Strategic Plan (SASP) and targets (which include a mixture of quality, quantity and effectiveness measures). • Chief Executive performance agreements. • Department strategic plans • Annual reports. 	<ul style="list-style-type: none"> • Objective is for SASP to drive all planning and performance reporting. • Implementation was not comprehensive but ExComm has driven progress.
Canada	<ul style="list-style-type: none"> • The Management Accountability Framework (MAF) sets out the Treasury Board's expectations of senior public service manager for good public service management. • MAF also provides a performance reporting regime that is comparable to other jurisdictions mentioned in this report. • It is based on the elements of: public service values; results and performance; leading, innovation and change management; governance and strategic direction; policy and programs; people; citizen-focussed service; risk management; stewardship; accountability. • Agencies are required to provide annual performance reports against the ten elements through a mixture of quality, quantity, timeliness measures). 	<ul style="list-style-type: none"> • To develop a strong accountability mechanism for agency performance. • Implementation is comprehensive and used to inform Parliament about the activities of agencies.

Source: Treasury Board of Canada Secretariat www.tbs-sct.gc.ca/maf and various other sources.

Establishing monitoring systems

Once a set of measures has been put in place that allow an organisation to satisfy itself that management is managing properly, the next step is to create a monitoring procedure that will make effective use of them.

This can be a time consuming process and, unless care is taken, an organisation will use a considerable proportion of its resources monitoring the activities of the past. It is also possible for an inordinate amount of management effort to be devoted to the collection and presentation of performance data. It is good practice for the board and management of organisations to consider and agree on the means to be used to monitor performance and on the ways they can be integrated into an organisation's internal control systems. The key points to be determined include:

- treatment: some indicators need to be discussed on each occasion they are reviewed; others can be included in the board papers for noting and will be discussed only if the director feels that questions should be raised
- presentation: some indicators are best displayed on charts or graphs, some require tables or figures, and others need an explanation in text (Bartos 2007, pp. 60-090).

5.8 An integrated accountability framework builds confidence and trust in performance systems

In order for performance systems to be effective, mechanisms for evaluating the activities, policies and programs of governments need to be in place. Effective valuation (beyond simple performance measurement) informs agency heads, ministers, parliaments and the community about whether governments are meeting their stated objectives. While a strategy of dedicated program evaluation was used extensively in the Australian Government during the 1980s and 1990s, to great success, most jurisdictions rely on a mixture of other external and internal accountability instruments to evaluate the performance of governments.

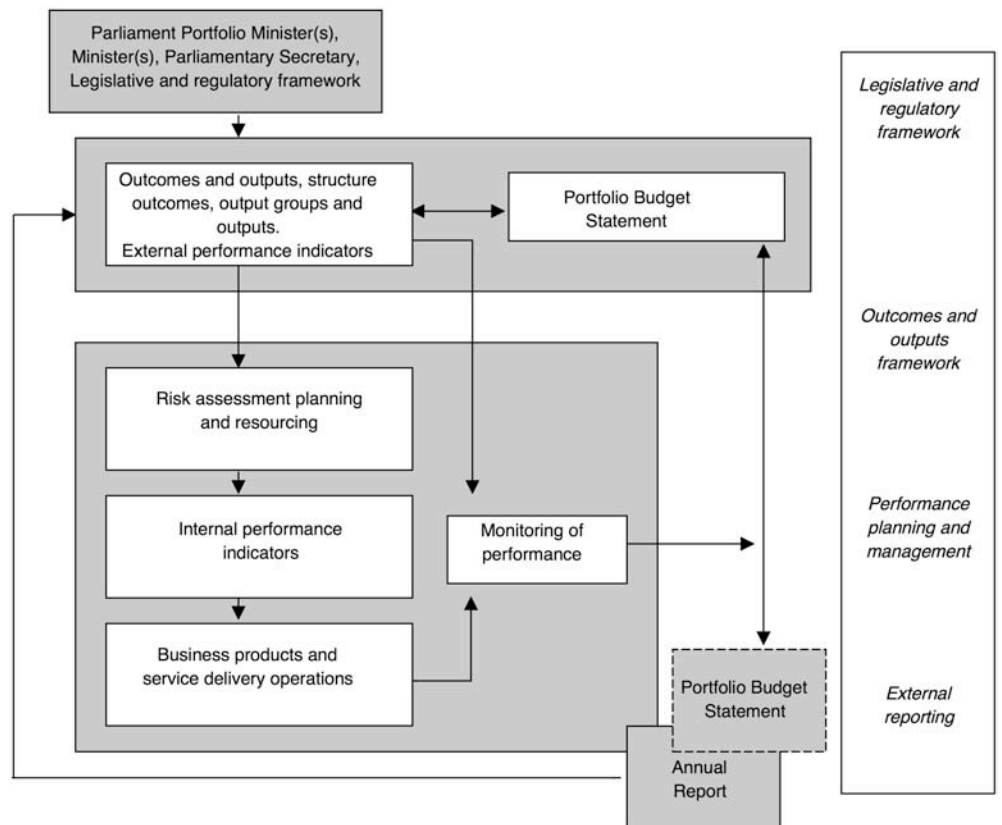
In many jurisdictions (such as NSW, QLD, New Zealand and the Australian Government) the authority to both generate and evaluate the performance information of agencies and government has been enshrined in financial management legislation, freedom of information legislation, occupational health and safety legislation and external audit legislation. This legislation is important in ensuring the transparency of government decision-making and is often the key instrument upon which parliamentary committees, auditors-general and ombudsmen can review the performance of government. In short, it provides auditors and ombudsmen with the legislative authority to review and report on the performance information of government. While legislation provides the basis upon which the performance of government can be externally evaluated, performance systems tend to work most effectively when they complement the internal accountability frameworks of government (Australian National Audit Office 2004).

It is commonly recognised that the risk of policy failure is minimised by aligning performance systems with internal audit processes, risk management strategies, governance procedures (such as conflict of interest measures), performance monitoring systems, codes of ethics, and ‘gateway’ reviews of individual projects. As a consequence most Australian jurisdictions have these elements in place (with the exception of Queensland and South Australia who do not conduct ‘gateway’ reviews of individual projects).

Figure 5.4 depicts the way in which some of the key elements of an internal accountability framework can be brought together at an agency level. It also highlights how these mechanisms can relate to the legislative and external reporting requirements of government.

Figure 5.4

GENERIC INTEGRATED ACCOUNTABILITY FRAMEWORK



Source: Australian National Audit Office 2002.

Some jurisdictions have even gone as far as to test the degree to which enhanced performance and accountability measures have improved the efficiency and effectiveness of government. The most notable of these are the Canadian Common Measurement Tool and the Kiwis Count Surveys. The Kiwi Count survey is the first whole-of-government national survey to ask citizens about their perceptions and experiences of public services as a whole. In a random sample of over 6,000 New Zealanders (surveyed by post) a response rate of over 60 per cent provided government with a wealth of information on where public services are doing well and where they can be improved, in relation to the drivers of satisfaction and trust.

Box 5.3 provides an explanation of the mechanism used in New Zealand to measure government performance.

Box 5.3

NEW ZEALAND'S COMMON MEASUREMENT TOOL

New Zealand's Common Measurements Tool (based on the Canadian model) provides agencies with a mechanism for building on the results of the Kiwis Count survey and developing a better understanding of satisfaction with their own services. The tool provides a set of common questions for agencies to use for their own satisfaction surveys, consistent with the approach used for the Kiwis Count survey.

By using common questions, agencies will be able to benchmark their results with the Kiwis Count survey results, with other agencies and internationally. This will provide a basis for designing service improvements that lift satisfaction ratings over time.

The State Services Commission now requires agencies to use the Common Measurements Tool as part of their ongoing commitment to performance and accountability.

Source: State Services Commission 2008.

The lesson for the ACT is that in order to enhance the performance of government, a holistic approach to government accountability is necessary. While reforms may start with legislation they must be closely linked with the processes and procedures of agency-level management and the reporting requirements of government. There also appears to be considerable utility in developing a distinct mechanism that tests public perceptions about the efficiency and effectiveness of performance systems.

5.9 While performance systems are generally expansive in scope, they are often best implemented incrementally

In striving to restructure public sector activity, some governments have resolved to reform all major sectors and administrative units of government at the one time (OECD 1997; Schick 1999, p. 4). Both New Zealand and the Australian Government are noteworthy for implementing wide-scale reforms that were subsequently revised over the following decade. The key lessons from the experiences in New Zealand and Australia include:

- the need for clear, stable, and measurable performance indicators, including adequate specification of outcomes in line with departmental outputs (DOFA 2000)
- recognition that there will be uneven performance across agencies in meeting the requirements of a new system due in part to the different functional requirements of government and in part to previous agency practices (ANAO 2005; New Zealand Treasury 2005, 2006).

For this reason, some jurisdictions have opted to pilot test their reforms and develop a strong commitment to performance initiatives prior to wide-scale implementation. Canada for example elected to adopt a staged implementation approach for its performance and accountability frameworks (TBS 2005-06).

In a small, yet functionally diverse jurisdiction such as the ACT it appears desirable to adopt a phased implementation approach that is based on a solid foundation of concepts. An implementation schedule for the ACT may include:

- Phase 1 – the ‘Foundation Phase’ whereby government departments and agencies build awareness of performance systems, assess the state of their current management practices, establish benchmarks to measure progress, and begin to identify and address priorities
- Phase 2 – the ‘Transition Phase’ whereby organisations begin to see their measurable improvements in management practices, and focus on building modern management skills and competencies that are in line with their identified areas of greatest need. The relationship between functional specialists and line managers evolves into a partnership focused on achieving results
- Phase 3 – the ‘Sustaining Phase’ whereby performance practices are the norm in organisations and are a core management function, management is principles-based, the department is a learning organisation, program results are measurable and costed, and improvement is continuous (adapted from Dupuis 2006 and TBS 2005-06).

More detailed implementation plan for the phases is canvassed in Chapter 4.

Appendix A

ACT Across Government Strategic Indicators

Table 5.4

ACROSS GOVERNMENT STRATEGIC INDICATORS 2008-09

Dept.	No.	Indicator	Measure	Target
Chief Minister's Department				
	1	Building a stronger across government focus in policy and service delivery	Nil	Nil
	2	Supporting informed decision making	Nil	Nil
	3	Strengthening Public Service capacity	Nil	Nil
	4	Improving housing affordability in Greenfield developments	Nil	Nil
	5	Supporting innovative responses to the skills shortage	Nil	Nil
	6	Improved public access to and increase participation rates in arts activities	Nil	Nil
	7	Improve the innovation capacity of the ACT economy	Nil	Nil
	8	Facilitate timely development and delivery of Government priority projects	Nil	Nil
Department of Treasury				
	1	Achieving a budget operating surplus	ACT budget surplus	Operating surplus in each budget
	2	Maintaining AAA credit rating	Standard and Poor's ACT credit rating	Maintain AAA rating
	3	Maintain net financial liabilities within the range of AAA rated jurisdictions	ACT net financial liabilities	Maintain AAA rating
ACT Health				
	1	Emergency department access block	Emergency Department waiting time for admission	25% 08-09 20% long term
	2 a	Rate of unplanned return to the operating theatre	Proportion requiring unplanned return	<0.7% Canberra <0.5% Calvary
	2 b	Rate of unplanned hospital readmission	Proportion re-admitted within 28 days	2% Canberra 1% Calvary
	2 c	Rate of post-operative pulmonary embolism	Proportion experiencing post-operative pulmonary embolism	<1% Canberra <1% Calvary
	2 d	Hospital acquired infection rate	Proportion admitted that acquire a bacteraemia infection	<1 per 1,000 Canberra <1 per 1,000 Calvary

Dept.	No.	Indicator	Measure	Target
	3	Reaching the optimum occupancy rate for acute adult overnight hospital beds	Mean percentage of adult overnight acute beds in use	90% 08-09 85% long term
	4	Reducing the use of seclusion	Proportion of mental health clients subject to seclusion	9% 08-09 8% long term
	5	Maintaining consumer and carer participation	Proportion of Mental Health ACT committees upon which consumers and carers represented	100% 08-09 100% long term
	6	Access to acute care (mental health clients)	Proportion of mental health clients who wait longer than 8 hours in being transferred from emergency to a ward	15% 08-09 10% long term
	7	No waiting for access to emergency dental health services	Percentage of assessed dental health emergency clients seen within 24 hours	100% 08-09 100% long term
	8	Achieve lower than the Australian average in the decayed, missing or filled teeth index	ACT compared with DMFT index	ACT lower than DMFT index
	9	Maintain highest life expectancy at birth in Australia	ACT male and female life expectancy compared Australian average	ACT higher than Australian average
	10	Prevalence of cardiovascular disease	Proportion of the ACT population diagnosed with cardiovascular disease compared with Australian average	ACT lower than Australian average
	11	Prevalence of diabetes	Proportion of ACT population diagnosed with some form of diabetes compared with Australian average	ACT lower than Australian average
	12	Reduction in the rate of broken hips (fractured neck or femur)	Rate of hip fractures per 1000 ACT residents aged over 75 years	5.4% 08-08 5.4% long term
	13	Access to radiotherapy services	Radiotherapy patients who receive care within 48 hours	95% 08-09 95% long term
	14	Reducing the average length of stay for acute rehabilitation care	Average length of stay of Aged Care and Rehabilitation Services patients	15 days 08-09 15 days long term
	15	Improving hospital access times for older persons	Number of persons aged over 75 who wait more than 8 hours for admission to a hospital ward from the emergency department	35% 08-09 25% long term
	16	Maintain the waiting times for in-hospital assessments by the Aged Care Assessment Team	Working days waiting time from request to assessment by Aged Care Assessment Team in public hospitals	2 days 08-09 2 days long term
	17	Increasing the rate of	Aged care clients	90% 08-09

Dept.	No.	Indicator	Measure	Target
		discharge planning	discharged with a comprehensive discharge plan	100% long term
	18	Reduce youth smoking rate	Percentage of persons aged 12-17 years who smoke regularly	5% long term
	19	Universal newborn hearing screening	Proportion of babies who receive hearing screening	100% 08-09 100% long term
	20	Number of additions to the cervical screening register	Number of cervical cytology results forwarded to the cervical cytology register	34,000 08-09
	21	Emergency department timeliness	Proportion of emergency department presentations treated within clinically acceptable time by triage category	most critical - immediately 100% 08-09 100% long term 2 nd most critical – within 10 mins 80% 08-09 80% long term 3 rd most – within 30 mins 75% 08-09 75% long term 4 th most – within 60 mins 70% 08-09 70% long term 5 th most – within 120 mins 70% 08-09 70% long term
	22	Breast screen participation rate for women aged 50-69 years	Proportion of women aged 50-69 who have had a breast screen in the preceding 24 months	60% 08-09 70% long term
	23	The proportion of patients with a length of stay greater than 30 days who have a comprehensive discharge plan	Proportion of patients with a length of stay greater than 30 days who have a comprehensive discharge plan	75% 08-09 90% long term
Department of Disability, Housing and Community Services				
	1	Provide services to strengthen the capacity of people with disabilities, their families and carers to maximise control over their lives	Service users by service type accessed	3,477 in each year of the forward estimates
	2	Provide services to improve development outcomes for children, young people and adults with physical, intellectual, communication and other functional difficulties	Number of clients accessing services	4,230 08-09 4,260 09-10 4,290 10-11 4,300 11-12
	3	Provide services to improve outcomes for children and families through the provision of coordinated locally based services	Number of families accessing services	765 08-09 770 09-10 775 10-11 780 11-12

Dept.	No.	Indicator	Measure	Target
	4	Provision of prevention / early intervention services that reduce the number of resubstantiated reports of abuse	Resubstantiation rates	Within 3 months 20% in each year of the forward estimates Within 12 months 35% in each year of the forward estimates
	5	Improve the outcomes for people in the community by providing a range of support services	Community Service Grants \$'000	22,688 08-09 23,124 09-10 23,710 10-11 24,541 11-12
	6	Promote participation in community life by Canberrans, including those from culturally and linguistically diverse backgrounds	Number of groups participating in the Annual Multicultural Festival	183 08-09 190 09-10 198 10-11 198 11-12
	7	Provision of a range of services that meet the needs of young people involved with youth justice services	Recidivism rates	Sentenced young people in custody 45% 08-09 45% 09-10 45% 10-11 42% 11-12 Young people on community based orders 38% 08-09 37% 09-10 36% 10-11 34% 11-12
	8	Meeting individuals' needs through case management and appropriate services and programs	Children experiencing no more than 1 or 2 placements	75% 08-09 75% 09-10 75% 10-11 76% 11-12
Housing ACT				
	1	Provision of housing to people experiencing homelessness	Housing those most in need within 90 days	80% 08-09 81% 09-10 82% 10-11 84% 11-12
	2	The provision of housing enables tenants the opportunity to be part of a community	Tenant satisfaction	73% in 2008-09 increasing to 74% in 2011-12
Department of Justice and Community Safety				
	1	Fair justice system	Number of Ombudsman complaints upheld	To achieve zero
	2a	Level of crime against the person	Offences against the person per 100,000 population	Reduce the annual compared with preceding three years average
	2b	Level of crime against property	Offences against property per 100,000 population	Reduce the annual compared with preceding three years average
	2c	Offenders referred to programs and services	Percentage of sampled offenders referred to	Establish a baseline

Dept.	No.	Indicator	Measure	Target
			programs or services that target offending behaviour	
	3a	Number of incidents requiring emergency responses	Incidents requiring response per 100,000 population	Nil
	3b	Emergency Services response within target response times	Emergency Services response times	Fire Brigade 50 percentile 6.5 minutes 90 percentile 10 minutes Ambulance 50 percentile 8 minutes 90 percentile 12.5 minutes
	3c	Unscheduled bushfires confined to less than 5 hectares within the bushfire Abatement Zone and built up areas	Nil	Nil
	4	Reduce rate of significant workplace injuries	Rate per 1000 employees accepted workers compensation claims resulting in work absence over 7 days	Reduction from 06-07 rate
Department of Education and Training				
	1a	National reading, writing and numeracy	ACT years 3, 5 and 7 reading and numeracy benchmark compared with other jurisdictions	Nil
	1b	International assessment programs	<ul style="list-style-type: none"> • ACT science PISA assessment compared with other jurisdictions • ACT maths PISA assessment compared with other jurisdictions • ACT reading PISA literacy assessment compared with other jurisdictions 	Nil
	2	Year 12 or equivalent completion rates	Proportion of people aged 19 years who have completed year 12 or equivalent	Nil
ACT Planning and Land Authority				
	1	Deliver spatial planning outcomes for the Territory that contribute to a sustainable community	<ul style="list-style-type: none"> • Implementation of the goals and objectives underpinning the <i>Canberra Spatial Plan</i> and the <i>Sustainable Transport Plan</i> • Forming a planning strategy pursuant to the <i>Planning and Development Act 2007</i> 	Nil
	2	Effective regulatory systems	Nil	Nil
	3	Planning for land release and coordinated infrastructure provision	Contribute to WoG Urban Development Program and prepare Land Supply Strategy	At a minimum, a supply of planned land for 5000 dwellings should be available for release at

Dept.	No.	Indicator	Measure	Target
				any point in time
Department of Territory and Municipal Services				
	1	Customer satisfaction with the delivery of services continues to demonstrate improvement	Overall customer satisfaction from survey results	85% 08-09 90% long term
	2	Number of action items implemented under the Climate Change Strategy action plan <i>Weathering the Change</i>	Number of action items implemented	34 08-09 43 long term
	3	Percentage of public sportsgrounds using non potable water to meet the vision of the <i>Where Will We Play</i> strategy	Percentage of public sportsgrounds using non potable water	10% 08-09 100% long term
	4	Reduction in wasted going to landfill and increase in material recovered from the waste stream	Total waste to landfill, minus resources recovered equals total actual waste	Achieve reduction on 2006-07 level
	5	Annual number of road fatalities per 100,000 population	Number of road fatalities in ACT per 100,000 each year	<ul style="list-style-type: none"> • ACT to not exceed NRSS target • trend reduction in the annual number of ACT road fatalities
	6	Customer satisfaction with the delivery of services in the management of parks and reserves	Customer satisfaction from survey results	90% 08-09 90% long term
	7	Percentage of business units with asset management plans in place	Percentage of business units with asset management plans	75% 08-09 100% long term

Source: ACT Budget Papers 2008-09

Appendix B

Limits of performance systems

B.1 Natural limits of public sector performance systems

While integrated performance and accountability systems hold considerable potential, there have been few systematic studies explaining how they have been successfully implemented in the public sector (Micheli and Kennerley 2005). There are natural limits to performance systems. These limits make the cause-and-effect relationships between performance systems and improved performance difficult to understand in the public sector. The most commonly cited reasons for this include:

- the unique nature of outcomes most public agencies are trying to achieve and deliver. In many cases these outcomes are long-term and the outcomes from government action (in areas such as health and education) may take decades to bring about measurable results (Bartos 2007, p. 60-040). Such timeframes make support for performance measurement from CEOs, ministers, and political leaders difficult to secure when priorities change
- the inherent vagueness in the objectives public agencies are seeking to achieve. This may be a deliberate political tactic, but more often it is because in government problems tend to be identified before the strategies for dealing with them can be developed. These factors also inhibit the ability to think holistically and find an integrated path for diverse objectives (Bartos 2007, p. 60-040)
- the technical capacity of public agencies to develop performance goals and measures and to overcome such conceptual barriers as distinguishing outcomes from outputs. It is often difficult to ascertain that very thing considered to be important can be measured equally well
- the problems of actually rewarding good performance and penalising poor performance within a public sector context (Micheli and Kennerley 2005, p 126).

All of these factors combine to make performance measurement in the public sector difficult, but not impossible. Performance information can be used to develop, monitor and implement policy, to measure whether the organisation's strategy is the right one and whether or not it is succeeding, and to inform governance (Bartos 2007, pp. 60-140).

Appendix C

Context and background of the project

C.1 The ACT's experience

During the 1990s the ACT was at the forefront of public sector management practices in Australia. The ACT was one of the first Australian jurisdictions (1995) to adopt a New Zealand-style output budgeting and reporting framework and to introduce fully audited output-based performance statements. It was also one of the first jurisdictions to institute performance agreements for senior staff within government agencies. These reforms were widely recognised as enhancing the efficiency and transparency programs delivery in ACT.

Since the mid-1990s the pure output based model has been modified to include greater focus on outcomes reflecting the need to link government activity to wider strategic objectives and outcomes. Modifications also included changes to reporting frameworks to overcome the incidence of low level activity reporting usually associated with output models.

The introduction of the Canberra Planning process (comprising of three primary elements: an Economic White Paper; a Social Plan; and Spatial Plan) in 2004 built on the reforms of the 1990s. It sought to assist government in better managing the city-like (e.g. waste collection and disposal, park and recreational management and public transport) and the state-like (e.g. health care, justice programs, capital works and public restructure, and public housing) functions of the ACT.

By linking three separate planning processes, the Canberra Plan provided the strategic overlay for setting the future direction of the Territory. The Canberra Plan provided a way of aligning the activities of individual agencies with the overall strategies of government. It also facilitated the introduction of a new financial reporting model and changes to the Budget Papers that introduced non-audited Strategic Indicators to supplement audited output performance measures.

In developing a long-term strategy for government through the Canberra Plan, modifying and refining the financial model, the ACT has progressively moved to an outcomes-based approach. However, the types of performance indicators developed within each portfolio and the way in which they inform decision-making require better integration to meet the objectives of the Canberra Plan.

C.2 Key questions of the review

The key questions driving this project are:

What elements of the ACT's performance and accountability framework need to be improved to better meet the priorities of the Canberra Plan and government?

What elements of better practice are suitable for improving performance and accountability in the ACT?

C.3 Key concepts of the review

Performance, within a public sector context, is usually thought of as progress toward goals and objectives. Its measurement can be complicated, particularly in reconciling and aligning agency level objectives with broader government objectives. Agency objectives are generally a mixture of those mandated by legislation and those set by government policy.

Within this context, the project focuses on the structural, procedural and behaviour aspects of government in order to develop an enhanced performance and accountability framework. These include:

- the organisational culture and performance focus of agencies
- the processes for strategic planning and priority setting – both at a whole-of-government level and at an agency level; including
 - the links between planning and budgeting or resource allocation
 - the links between planning, budgeting and management cycles
- the processes for measuring and reporting government performance
- the processes and structures for evaluating performance – including the relevant accountability structures to ensure performance systems deliver meaningful results
- implementation requirements of performance systems.

Appendix D

Country overview

Table D.1

OVERVIEW OF SELECTED COUNTRIES

Country	Objectives and approaches	Institutional arrangements	Performance measurement	Financial management	Performance reporting	Performance review	Use of performance information
Australia	<ul style="list-style-type: none"> • Management improvement. • Accountability and control. 	<ul style="list-style-type: none"> • Central Budget Agencies and legislation. 	<ul style="list-style-type: none"> • Combination of qualitative and quantitative measures used. Measures include service delivery quality and financial performance of government. • Focus on both the outputs and outcomes of governments. 	<ul style="list-style-type: none"> • Accrual accounting. • Pricing regimes. 	<ul style="list-style-type: none"> • Performance information made publicly available. • Annual Reports. • Budget Papers. 	<ul style="list-style-type: none"> • Internal evaluation by Central Budget Agency. • Performance auditing by the Auditor-General. • Program evaluation by policy department. 	<ul style="list-style-type: none"> • Performance information informs decision-making, but not performance-based allocation. • Performance information used to determine individual performance pay.
Canada	<ul style="list-style-type: none"> • Management improvement. • Accountability and control. • Savings. 	<ul style="list-style-type: none"> • Combination of Central Budget Agencies and legislation. 	<ul style="list-style-type: none"> • Combination of qualitative and quantitative measures used. Measures include service delivery quality and financial performance of government. • Focus only on the outputs of government, but 	<ul style="list-style-type: none"> • Cash accounting. 	<ul style="list-style-type: none"> • Performance information made publicly available. • Annual Reports. • Budget Papers. • Separate performance reports by individual agencies. • Canada Performs 	<ul style="list-style-type: none"> • Internal generic evaluation by Central Budget Agency. • Performance auditing by the Auditor-General. • Program evaluation by policy department. 	

Country	Objectives and approaches	Institutional arrangements	Performance measurement	Financial management	Performance reporting	Performance review	Use of performance information
New Zealand	<ul style="list-style-type: none"> • Management improvement. • Savings. 	<ul style="list-style-type: none"> • Combination of Central Budget Agencies and legislation. 	<p>does outcomes too.</p> <ul style="list-style-type: none"> • Combination of qualitative and quantitative measures used. Measures include service delivery quality and financial performance of government. • Focus on both the outputs and outcomes of governments. 	<ul style="list-style-type: none"> • Accrual accounting. • Pricing regimes. 	<ul style="list-style-type: none"> • Performance information made publicly available. • Annual Reports. • Budget Papers. • Performance contracts between ministers and agency heads. 	<ul style="list-style-type: none"> • Internal evaluation by Central Budget Agency. • Performance auditing by the Auditor-General. • Program evaluation by policy department. 	<ul style="list-style-type: none"> • Performance information informs decision-making. • Performance information used to determine individual performance pay.
United Kingdom	<ul style="list-style-type: none"> • Accountability and control. • Savings 	<ul style="list-style-type: none"> • Combination of Central Budget Agencies, special management bodies and legislation. 	<ul style="list-style-type: none"> • Combination of qualitative and quantitative measures used. Measures include service delivery quality and financial performance of government. • Focus only on the outputs of government. 	<ul style="list-style-type: none"> • Cash accounting. 	<ul style="list-style-type: none"> • Performance information made publicly available. • Annual Reports. • Budget Papers. • Performance contracts between ministers and agency heads. 	<ul style="list-style-type: none"> • Internal evaluation by Central Budget Agency. • Performance auditing by the Auditor-General. • Program evaluation by policy department. 	<ul style="list-style-type: none"> • Performance information informs decision-making, but not performance based allocation. • Performance information used to determine individual performance pay.

Source: adapted from the OECD 1997 and updated using various sources.

Appendix E

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