FAP 2

Strengthening Performance and Accountability:

A Framework for the ACT Government

Chief Minister, Treasury and
Economic Development
Directorate

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Produced by: Policy and Cabinet Division, ACT Chief Minister, Treasury and Economic Development Directorate

Contact:

Director, Social Policy
Policy and Cabinet Division
Chief Minister, Treasury and Economic Development Directorate
ACT Government
GPO Box 158
Canberra City ACT 2601

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1. Introduction

1.1. Performance and accountability frameworks

The ACT Government's aim is a city that is an inclusive, welcoming society, open to diverse talents and determined to help everyone reach their fullest potential. The objective of the ACT Government is to bring positive outcomes to the community in the Australian Capital Territory. It does this through the provision of services and community facilities to the citizens of the ACT. Like any organisation, success for the ACT Government comes from strong performance and accountability for outcomes being delivered.

Improving organisational performance and accountability to deliver more appropriate, efficient and effective public services is the hallmark of good governance in the public service.

Performance and accountability frameworks take account of a range of mechanisms used by governments and organisations to direct performance and manage accountability. These mechanisms can include legislative requirements, government and agency plans and performance criteria, inter-governmental agreements, Budget Papers, reporting arrangements, internal evaluations, independent reviews, and government performance and management guidelines. A challenge in managing performance and accountability is to bring these together in a coherent and practical way that can be applied by agencies and public servants.

Effective planning, measuring and monitoring performance, public reporting and periodic review and evaluation are key elements of any governance framework and address:

- openness and transparency: having clear roles and responsibilities, and clear procedures for making decisions and exercising power
- integrity: acting impartially, ethically and in the interests of the agency
- accountability: being answerable for decisions and having appropriate mechanisms in place to ensure the agency adheres to all applicable standards
- performance: can be described as how well a service meets its objectives, recognising the influence of external factors.
- due care: degree of care expected to be exercised to avoid harm in the circumstances, or alternatively, the absence of negligence
- public scrutiny: activities and decisions are open to reasonable scrutiny and can withstand a 'public scrutiny' test in the context of fairness, equity and 'value for money'.

Strong performance and accountability frameworks support the delivery of each of these elements of good government.

1.2. Purpose

This document defines the ACT Government's Performance and Accountability Framework. It outlines the Government's performance hierarchy and cycle following a brief introduction of performance and accountability, the framework, its objectives, and its structure.

1.3. Structure

This document is designed for ACT Government officials to guide performance and accountability processes.

- Section 2 of the framework defines the mandatory policy obligations for all ACT Government agencies pertaining to the management of performance and accountability.
- Section 3 sets out the objectives of the ACT Performance and Accountability Framework,

- Sections 4 - 7 provide detailed information on the requirements of agencies associated with the four key components of the performance and accountability cycle: planning, managing, reporting and reviewing.

Attachments A-G have also been included to provide Directorates useful operational guidance, including information on how to amend Accountability Indicators; an explanation of key concepts and terms; and templates to assist agencies in meeting their performance and accountability requirements.

2. ACT Government Policy Statement on Performance and Accountability of Directorates and Territory Authorities

2.1. Policy

The ACT Performance and Accountability Framework is linked to the responsibilities of Directors-General of Directorates in the ACT Government, which is in part defined by section 31 of the *Financial Management Act 1996* (FMA Act), as follows:

(1) The responsible director-general of a directorate is accountable to the responsible Minister of the directorate for the efficient and effective financial management of the public resources for which the directorate is responsible.

(2) The responsible director-general of a directorate must manage the directorate in a way that—

(a) promotes the achievement of the purpose of the directorate; and

(b) promotes the financial sustainability of the directorate; and

(c) is not inconsistent with the policies of the government.

(3) In making decisions for the purposes of subsections (1) and (2), the responsible director-general must take into account the effect of those decisions on public resources generally.

These same responsibilities are also applied to Chief Executive Officers and Governing Boards of Territory Authorities, according to sections 55 and 56 of the FMA Act, respectively. The ACT Performance and Accountability Framework exists to enforce the accountabilities and responsibilities imposed by these legislative obligations.

All ACT Government Directorates and Territory Authorities are required to apply the principles and processes outlined in the ACT Performance and Accountability Framework to deliver continuous improvement in government operations and outcomes, to the benefit of ACT citizens.

3. The ACT Government Performance and Accountability Framework

3.1. Objectives

The actions and strategies outlined in the framework are designed to:

- improve community outcomes and make sustainable improvements to community well-being;
- enhance government accountability and performance;
- strengthen the relationship and trust between government and the community;
- provide for more efficient and effective government operations; and
- guide continuous improvement and work towards enhanced government performance and accountability, rather than prescribe specific actions.

The outcomes of the framework for government operations include:

- flexibility in how government achieves its objectives;
- clarity in how the work of agencies aligns with the priorities of government;
- transparency in how public resources are allocated and why; and
- reliability in government and agency performance reporting that is accessible, clear and aligned with strategic plans.

3.2. The cycle of performance and accountability

Good performance and accountability involves a cycle of continuous review and improvement, with the review stage informing the planning of the next cycle.

The four basic elements of this cycle are:

- planning objectives and actions;
- managing or delivering services;
- reporting on the performance of the service provided; and
- reviewing and evaluating outcomes.

There are different but connected cycles for each of the levels at which government performance can be assessed. In general, the higher the level of performance and accountability, the longer its cycle. For instance, the Government's long-term vision for the community is reviewed and updated generally once every term of government (that is, every four years), but agency services are delivered, reported and refined annually.

A strong performance and accountability framework depends on sound structures and processes through the entire performance cycle.

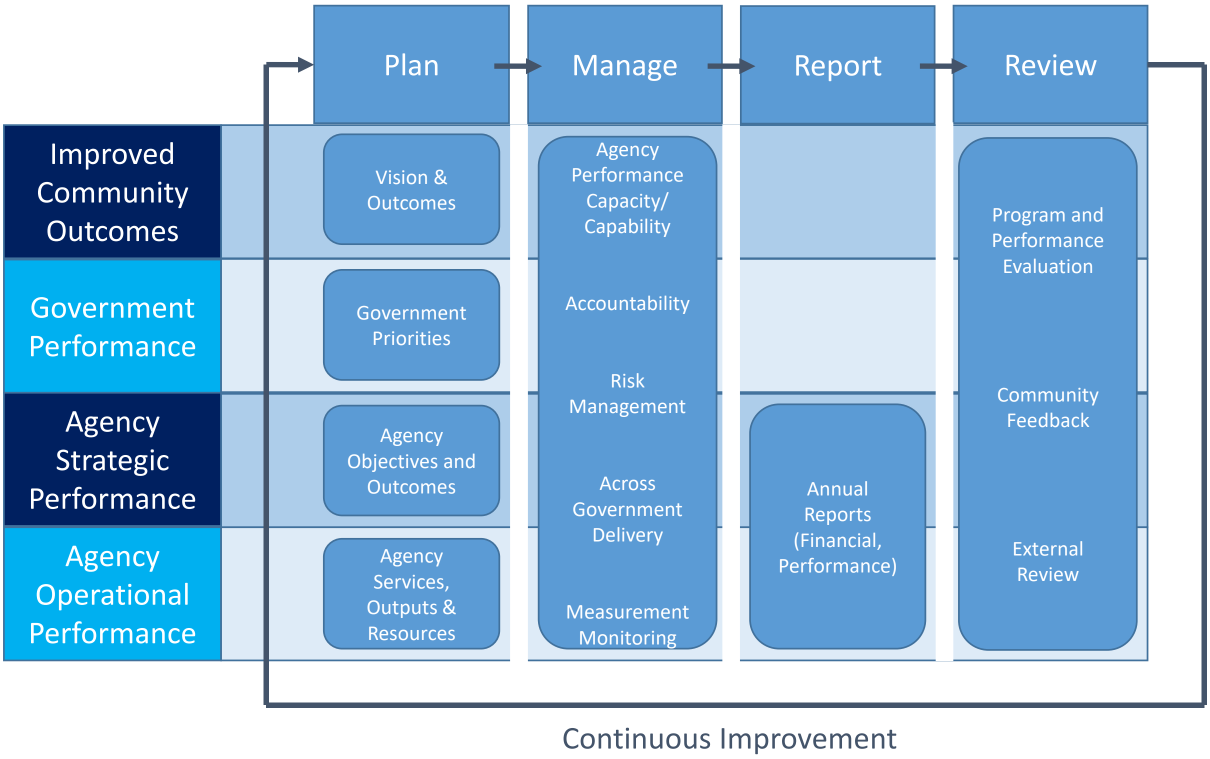
Sections 4 to 7 of this document define and further explain the four stages of the performance and accountability cycle in the context of ACT Government operations.

3.3. The ACT Government Performance and Accountability Framework

The ACT Government's Performance and Accountability Framework, represented in Figure 3.1 below reflects two broad dimensions. These include:

- the different levels at which government performance and accountability are assessed (represented on the vertical plane); and
- the cyclical process of improving performance and accountability (represented on the horizontal plane).

Figure 3.1: The ACT Government's Performance and Accountability Framework



3.4. Measuring performance and driving accountability

Performance can be described as how well a service meets its objectives, recognising the influence of external factors. Performance Measurement and Accountability are two important but separate aspects of driving performance.

Measuring performance means being able to accurately and consistently determine what is being done by an organisation in pursuit of a specific objective, the resources that have been used, and the extent to which those actions have resulted in progress towards an objective. This allows us to determine whether programs and services are effective and whether they are being implemented efficiently.

Accountability for performance means being able to determine the individuals or organisations that are responsible for planning and implementing the actions taken in pursuit of an objective. It also means that those individuals or organisations are answerable, in some form, for their decisions and actions.

Accountability for performance should reflect the capacity of parties to control and affect that performance. For example, the government has a high degree of control over the resources it uses and the services it delivers. It therefore has a corresponding level of accountability. However, a program delivery team would have control over a much smaller amount of resources and less influence over decisions outside the scope of their particular program. Therefore the program team would only be partially accountable for overall performance against the government's objectives.

In most cases, outcomes for the community are influenced to some extent by factors outside of the ACT Government's control or influence, such as national or international events. Again, it is important that these factors are taken into consideration when accountability for performance is being considered.

Both measurement of performance and accountability are required to achieve positive service delivery and policy outcomes. This is because doing one well does not guarantee the effective execution of the other.

Robust performance measurement is unlikely to lead to improved outcomes if it is not possible to determine who is responsible for the performance being measured, or they are not answerable for that performance. Similarly, being able to hold an individual or organisation to account for their performance is almost impossible if that performance is not being measured.

3.5. Performance indicators

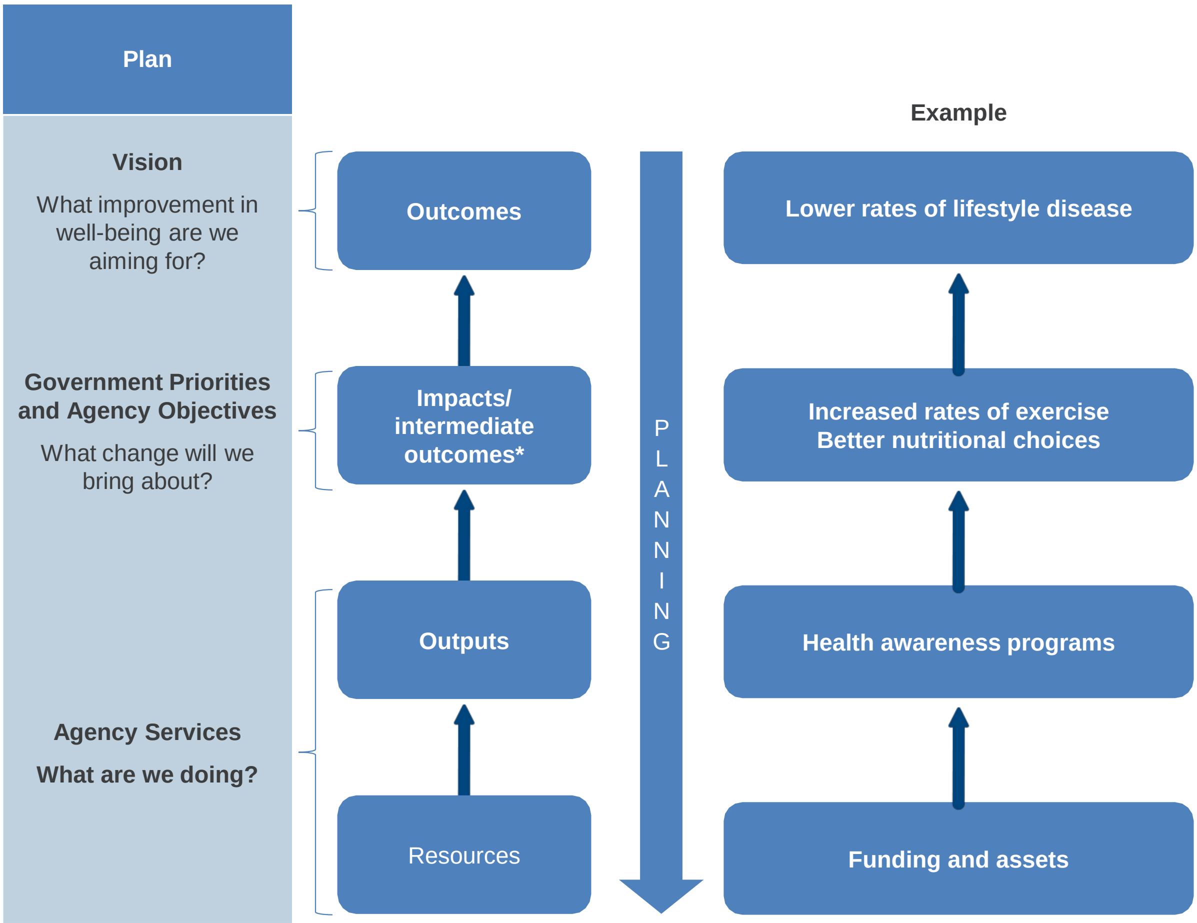
The ACT Government's Performance and Accountability Framework acknowledges that the Government's vision establishes the strategic direction for priority setting. These priorities inform agency strategy and service planning.

The ACT Government's performance can be assessed at four broad levels:

- improvement in community outcomes;
- government performance;
- agency strategic performance; and
- agency operational performance.

These levels are based on government activities and achievements, represented in Figure 3.2 below. The Government uses its resources to deliver services that contribute to sustainable improvements in community well-being.

Figure 3.2: A disaggregated view of performance and accountability across the ACT Government



* The concept of an "impact" or an "intermediate outcome" is not a formal structure in Government budgeting or performance management, but rather is an optional level of performance measurement to assist agencies where useful in measuring outcomes, which are sometimes longer-term and more difficult to measure and demonstrate.

The Budget Papers and associated financial planning documents for the ACT Government present information on outcomes and outputs, captured in Figure 3.2. These represent what the government and agencies are held accountable for.

The ACT Government defines:

- outcomes as the impacts and consequences for the community that result from the decisions of Government. 'Strategic indicators' provide a performance measurement for outcomes; and
- outputs as the goods produced or services provided by or on behalf of an agency to the community (as measured by 'accountability indicators') and the resources used to produce those goods or services ('output classes').

Impacts form an optional middle-layer of performance measurement. Many agencies currently report on impacts or intermediate outcomes in the annual Budget Papers, rather than looking at long-term outcomes and provide strategic indicators for services or outputs in the community.

The use of impacts in performance measurement has a number of potential benefits including:

- providing service providers and governments with the opportunity to assess progress toward a long-term outcome; and
- clarifying performance reporting arrangements by disaggregating medium-term progress from long-term outcomes.

Acknowledging that performance reporting arrangements should be efficient in the first instance, impacts can be used as a conceptual tool to evaluate progress towards outcomes reported as strategic indicators in the Budget Papers and Annual Reports. Agencies may wish to distinguish between intermediate outcomes and long-term outcomes for internal purposes.

3.6. Users of performance information

The performance measurement framework provides useful and valuable information for a variety of users. The main users of the information are provided below. Each of these users has different needs and requirements for the use of performance measurement information.

User	Nature of Use of Performance Information
ACT Community	Performance measures provide the community with information on the performance of the Government and the delivery of the outputs and progress towards desired outcomes. Agencies must take into consideration the needs of the community when developing performance measures. Agency selected measures must provide concise information so the community can easily determine the desired outcomes and the level of attainment.
Legislative Assembly	The Legislative Assembly, as representative of the ACT community, has a strong interest in the information provided on the performance of outputs and progress towards outcomes. This information allows the Assembly to: • scrutinise the performance of Government in achieving outcomes; • scrutinise the performance of agencies in the provision of outputs; • scrutinise the performance or impact of outputs; and • analyse the more significant outputs on a regular basis.
Ministers	Ministers are accountable for the provision of goods and services to the community, i.e. outputs and delivering the Government's desired outcomes. Ministers' key interests include: • the outcomes to be delivered by the agencies; • the outputs to be provided by agencies; and • the performance in producing outputs. Therefore, it is in the interest of the portfolio Minister to be provided with timely information on the efficiency and effectiveness of the outputs being produced and tracking the delivery of outcomes.
Agencies	Agencies must take into consideration the needs and requirements of the Government and the community when developing performance measures. Well-developed and meaningful performance measures are integral to the Government and the community to determine the performance of agencies. Therefore, performance measures can be seen as a management tool to ensure that goods and services are delivered in accordance with the measures set by agencies. Within Government, central agencies' role is to ensure agencies understand and effectively implement the performance management framework which mainly occurs during the budget process and annual financial reporting.
Directors-General, Chief Executive Officers	Directors-General and Chief Executive Officers: • will ensure Government outcomes and outputs are achieved through the performance targets set; • set targets for their agencies and ensure management is able to implement them and achieve them; and • continue to provide information to the community on delivering the outputs and outcomes.

User	Nature of Use of Performance Information
Management	Management may use the performance measures as a way to manage the performance of their teams in the delivery of goods and services. They must have an overall understanding of the needs and requirements of the other users of the measures, as well as an understanding of the outcomes required by Government.

All performance measures should be developed with the needs and requirements of the various users in mind. It is important that the measures be developed in a way that promotes commitment to the realisation of targets and ultimately to the achievement of the outcomes sought by Government.

4. Planning

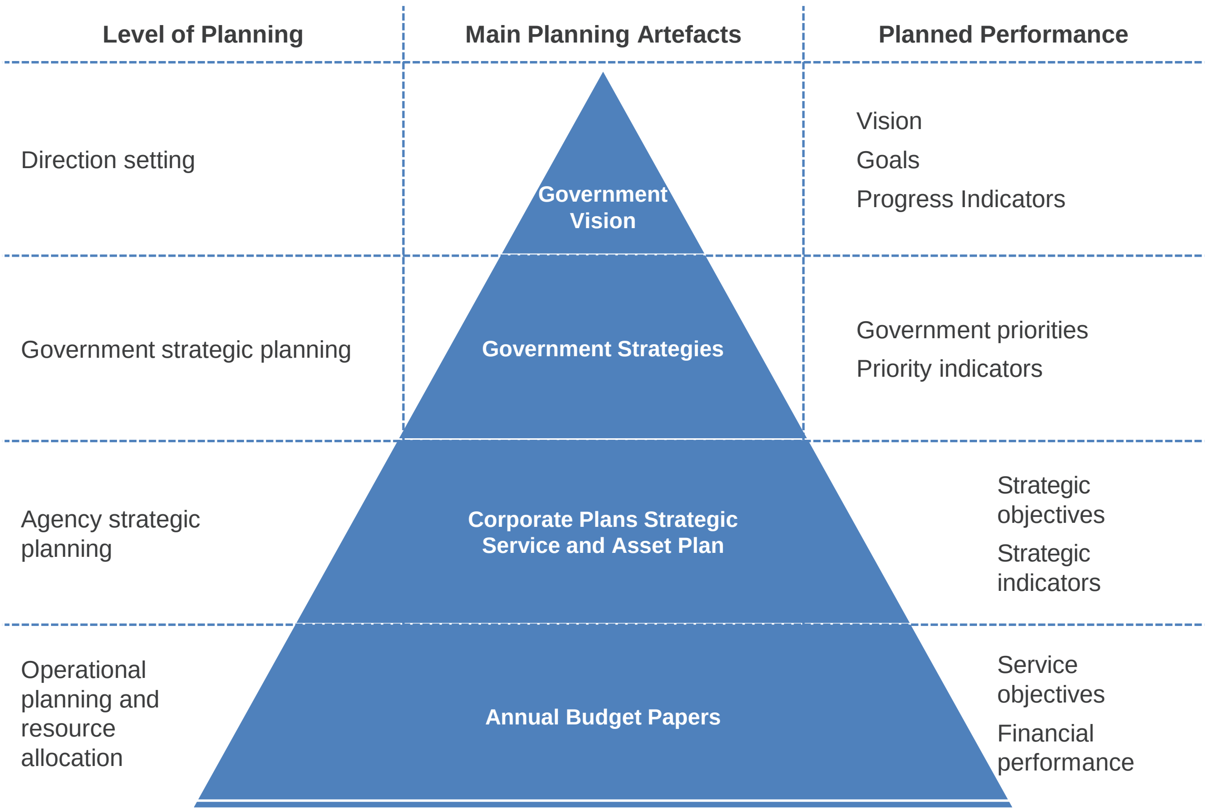
Planning is the foundation of effective performance and accountability systems. Good plans lead and inspire, focus effort and attention, anticipate obstacles, co-ordinate and prioritise action, and identify clear points of accountability.

4.1. The ACT's planning framework

The main elements of the ACT Government's planning framework, summarised in Figure 4.1 below, can be categorised into:

- informing planning;
- direction setting;
- Government strategic planning;
- agency strategic planning; and
- agency operational planning and resource allocation.

Figure 4.1: ACT Planning Framework



The ACT Government's planning framework also aligns with the principles outlined by the Council of Australian Governments (COAG) to inform the strategic planning priorities of capital cities. The COAG principles provide high-level direction to facilitate and support cities that are well placed to meet the challenges of the future.[1]

These principles include:

- preparing a hierarchy of plans addressing the long, medium and near term;

[1] Council of Australian Governments communiqué, -Capital City Strategic Planning Systems‖, 7 December 2009, p. 8

- integrating planning across functions such as land use, transport and economic development and across government;
- responding to nationally significant policy issues such as climate change, demographic changes and social inclusion;
- strengthening networks between capital cities and regions; and
- developing evidence-based land release programs with an appropriate balance between greenfield and urban infill.[2]

4.1.1. Informing planning

The ACT Government is committed to developing well-informed plans across all levels of its operations. Planning across government should be informed by:

- sound evidence, including demographic data and projections;
- robust policy development, including the assessment of all policy options from a sustainability perspective;
- community needs and aspirations, based on concerted engagement; and
- a review of findings from the previous performance cycle.

4.1.2. Direction setting

Direction setting is broad, long-term and aspirational. It relates to the elected Government‗s ultimate objective to improve the overall wellbeing of Canberrans; contributing to real and sustainable progress in our health, education, prosperity, social inclusiveness and environment.

Government, individuals, businesses and community groups all contribute to outcomes from a Government's long-term vision. Nonetheless, the Government has a significant role and will be committed to leading and coordinating efforts to meet the vision and goals.

4.1.3. Government strategic planning

Strategic planning relates more closely to the way in which services are planned and delivered. Identified strategic priorities define where the Government will focus its attention and effort from a high-level policy perspective. It also requires identification of priority actions and achievements that will contribute to the longer-term goals of Government.

Government priorities may relate to strategies and initiatives, or results defined by associated performance targets and indicators. Government priorities may also be defined in terms of specific services – for example a transport strategy, an education strategy or a social inclusion strategy. The ACT Government‗s strategic priorities are articulated in a range of documents which will be situationally focussed depending on the circumstances and vision of the Government, the environment in which the ACT exists and the areas in which Government believes specific strategic direction is required. In some instances, strategic priorities may be defined in intergovernmental agreements.

The Government reviews and refines these priorities periodically. This allows the Government to clarify and reinforce the priorities that agencies are expected to deliver. It also provides capacity to respond to emerging challenges and opportunities in particular policy areas.

Government strategic planning is supported by all agencies and co-ordinated by central agencies.

4.1.4. Agency strategic planning

Agencies must undertake planning and budgeting that is appropriate to the size of the agency. This includes ensuring that the performance of their capabilities — human, financial, information, physical assets and ICT, is adequately planned for.

Agency strategic planning is focused on the individual contribution that each agency makes toward the Government‗s priorities, long-term goals and key services.

[2] Council of Australian Governments communiqué, ‗Capital City Strategic Planning Systems‖, 7 December 2009

The purpose of strategic planning is to:

- describe the vision of the agency;
- define the agency's purpose;
- demonstrate how the agency objectives will contribute to the achievement of the Government's direction and strategic planning;
- describe strategies to make the agency's vision a reality;
- determine how the objectives will be measured (performance indicators); and
- identify key strategic risks and opportunities for the agency.

Specifically, key outputs of agency strategic planning are:

- strategic objectives — what effect or difference the agency aims to make in the community;
- strategic indicators — measures of achievement against these objectives by assessing progress of outcomes on the community; and
- high-level strategies for achieving these objectives.

Characteristics of sound strategic objectives and indicators are listed in Table 4.1 below.

Table 4.1: Characteristics of Strategic Objectives and Indicators

Strategic objectives	Strategic indicators
• Short, concise statement • Focused on results (not activities) • Contribute to government priorities and goals • Can be influenced by the agency over the medium term • Measurable or verifiable through strategic indicators	• Relevant to objectives • Reliable and verifiable • Informative • Attributable to agency actions

These elements are summarised in agency corporate plans and in the annual Budget Papers. The strategic plan should clearly articulate an agency's direction to staff, customers and other stakeholders and set the parameters for operational plans.

ACT Government agencies may also prepare strategies that focus on specific issues central to their operations and responsibility.

Strategic planning involves leadership and decision-making about resources, priorities and timeframes.

Further guidance on agency strategic planning is included in Appendix B

4.1.5. Agency operational planning and budget allocation

Agency operational planning is specific, detailed and focused on the near-term. It determines agency work programs and how resources will be managed over the year to achieve longer-term agency objectives and government priorities.

Agencies may choose to have an operational plan at the agency level, or individual plans across business units, service areas or divisions, which can then be accumulated at the agency level. There are no standard templates for the layout of agency operational plans.

Key outputs of this planning are:

- agency output classes that summarise agency services and activities and the objectives of these outputs;
- the strategies, services and initiatives that compose each output class;
- definition of the linkage between these output class strategies, services and initiatives, and the agency strategic plan

- operational performance indicators that allow agencies to measure outcomes and outputs;
- the resources allocated to each output; and
- definition of the risks to be managed and key management approaches to respond to those risks. Risk management frameworks are used to frame an agency's response to risks.

The outcome of this planning is consolidated in the annual Budget Papers. The detail of this planning is maintained at the agency level as an internal resource.

Defining performance indicators and associated targets is an essential part of operational planning. Performance indicators measure agency performance in delivering their outputs and outcomes. They should present a balanced, but concise picture of performance, which may include how much was done, how well it was done and what it achieved. The appropriateness of the types of measures used, either qualitative or quantitative, will vary according to the strategic objectives and services provided by agencies. It is not necessary to present measures from both these categories.

A sound set of performance indicators are generally:

- within the direct control of or significantly influenced by agencies;
- clearly linked to strategic objectives; and
- measurable or verifiable.

The Budget Papers present a summary or subset of agency performance indicators. These particular indicators are called 'Accountability Indicators', as they are audited by the ACT Auditor-General and must be reported in Annual Reports. Other performance indicators may be published and reported in agency-specific plans and reports, or used for internal management and monitoring purposes.

At the beginning of each budget development process, the Government informs agencies of its priorities for the next Budget. These priorities are based on the Government's long-term goals and vision, and also on agency strategic planning, which identify emerging pressures and opportunities.

The Government will allocate and reprioritise resources to meet these needs through the budget process. Accordingly, all agency budget proposals should clearly demonstrate how they address these priorities.

Further guidance on defining and using strategic and operational performance measures is included at Attachment D.

5. Managing

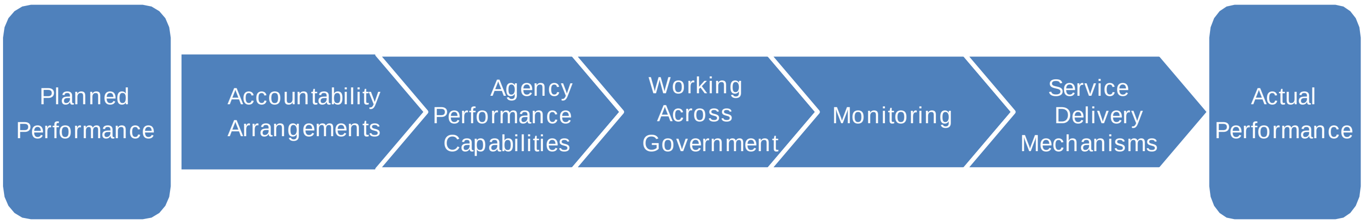
Good plans are important. They ensure we are aiming for the right things. The imperative then is to hit the target – to deliver on plans and priorities for real progress. This depends on good management.

5.1. The ACT's management framework

Key elements of the ACT's management framework, outlined in Figure 4.1, are:

- accountability arrangements – the *incentive* to manage;
- performance capabilities – the *resources* to manage;
- working across government – *co-operating* to manage;
- service delivery mechanisms – the *flexibility* to manage; and
- monitoring – the *information* to manage.

Figure 4.1: Managing for better performance



5.1.1. Accountability arrangements

The basic accountability arrangements across government are shown in Table 5.1 below. These arrangements ensure that effort is focused on agency objectives and government priorities, and accountability is shared across government.

Table 5.1: Accountability arrangements

Accountable entity	Accountability arrangements
• The Legislative Assembly	• Elections
• The Government and Ministers	• Published plans and reports • Estimates/annual report hearings • Standing Committee and Select Committee inquiries • Independent review by the Auditor-General
• Head of Service	• The Executive: Chief Minister and Ministers • Election Commitments and Parliamentary Agreements (if applicable)
• Directors-General	• Performance agreement with Head of Service • Legislative responsibilities • Annual Reports
• Statutory Office Holders	• Performance agreement with Minister/Board/Statutory Office Holder • Legislative responsibilities • Annual Reports
• Senior Executives and Managers	• Performance agreement with Director-General/ Chief Executive/Senior Executive
• Agency Officers	• Performance agreement with manager

These arrangements set out performance requirements and the consequences of failing to meet these. They are the foundation of accountability, providing both clear responsibilities and incentives to manage.

Other arrangements include:

- intergovernmental agreements;
- statutory accountability;
- agreements between agencies; and
- contracts or partnership agreements with third parties.

Suitable accountability arrangements are expected to apply to all government activities. Characteristics of sound accountability arrangements include:

- specific and clear objectives and responsibilities;
- balanced accountability for outcomes and processes;
- flexibility to manage and adapt to changing circumstances; and
- permissible incentives.

5.1.2. Agency performance capability

Good performance requires capability within an organisation to effectively manage activities and deliver desired outcomes. Key capabilities include:

- people – recruitment, training, development and management;
- leadership – strategic planning, internal communication and organisational culture;
- systems and processes – information and monitoring, asset and financial management, risk management;
- structures – service delivery mechanisms, decision-making bodies; and
- relationships – with Ministers, the public, other agencies and stakeholders.

Agencies are expected to regularly review and develop strategies to build internal capacity. This process involves assessing requirements and reviewing current capability. This assessment should account for agency purposes and objectives, Government priorities, the broader operating environment and emerging issues.

Agencies are then able to develop objectives, strategies and priority actions to build the necessary performance capacity.

This process is part of the broader strategic planning of agencies. Objectives, strategies and priority actions for building capability should be detailed in an agencies strategic/corporate plans and summarised in operational plans.

5.1.3. Service delivery management mechanisms

To deliver services and initiatives as efficiently and effectively as possible, agencies will need to consider and use a wide range of mechanisms to manage their activities and deliver services.

Mechanisms include traditional government service delivery, regulation, market-based mechanisms, third-party providers and partnerships that share risk and benefits.

The benefits and costs of these options should be considered initially during policy development and reviewed periodically during service management.

Agencies must develop appropriate accountability arrangements to support its service delivery mechanisms. For example, contracts with third-party providers should specify performance criteria, service standards and reporting requirements.

5.1.4. Working across government

Many government priorities and long-term goals depend on contributions from a range of agencies. It requires co-ordinated activity across government and cooperation between agencies.

This degree of co-operation clarifies roles and responsibilities, reduces duplication, and ensures the most effective use of expertise, experience and resources across government.

The ACT Government employs a range of mechanisms (which may change from time to time) to foster across government co-operation and shared delivery of priorities. These include:

- executive strategic committees providing whole-of-government direction;
- statutory positions with the power to direct and co-ordinate activity across government to achieve particular objectives, for example Coordinators-General;
- policy development forums to share expertise and experience in developing policies and programs; and
- inter-directorate working groups to develop and manage specific programs and initiatives.

The Government expects that agencies will continue to identify areas of shared interest and use appropriate mechanisms to manage relevant activities.

5.1.5. Monitoring

To manage effectively, decision-makers rely on a timely flow of meaningful information. An effective monitoring system gathers and disseminates information about milestones, risks, budget and achievements to decision-makers.

The ACT's monitoring regime includes:

- agency-specific arrangements, which provide information about agency activities to managers, Directors-General, Chief Executives, Ministers and other stakeholders;
- Auditor-General program;
- legislated reporting e.g. annual reports;
- across-government monitoring and oversight by the Chief Minister, Treasury and Economic Development Directorate; and
- biannual reports to the Government monitoring progress toward identified priorities.

Monitoring can include conducting performance reviews, which can be defined as '. . . a series of regular, periodic meetings during which the [executive leaders] use data to discuss, examine and analyse, with the individual [functional director], past performance, future performance objectives and overall performance strategies'.

A useful tool to understand performance results is trend analysis. This presents data by showing how performance changes over a period of time. Alternatively, variance analysis compares performance measures against each other from one period to another, from one agency to another, or from target to actual. This type of analysis provides information about what drives the variances.

Agencies are expected to review their monitoring capacity and requirements as part of their broader organisational capability planning.

Characteristics of effective monitoring arrangements:

- provide timely, reliable, concise and clear information;
- target the relevant decision-maker and tailor information to suit their needs;
- gather information aligned with strategic, accountability and external performance indicators; and
- are cost-effective.

6. Reporting

6.1. The ACT's reporting framework

The ACT's reporting framework seeks to:

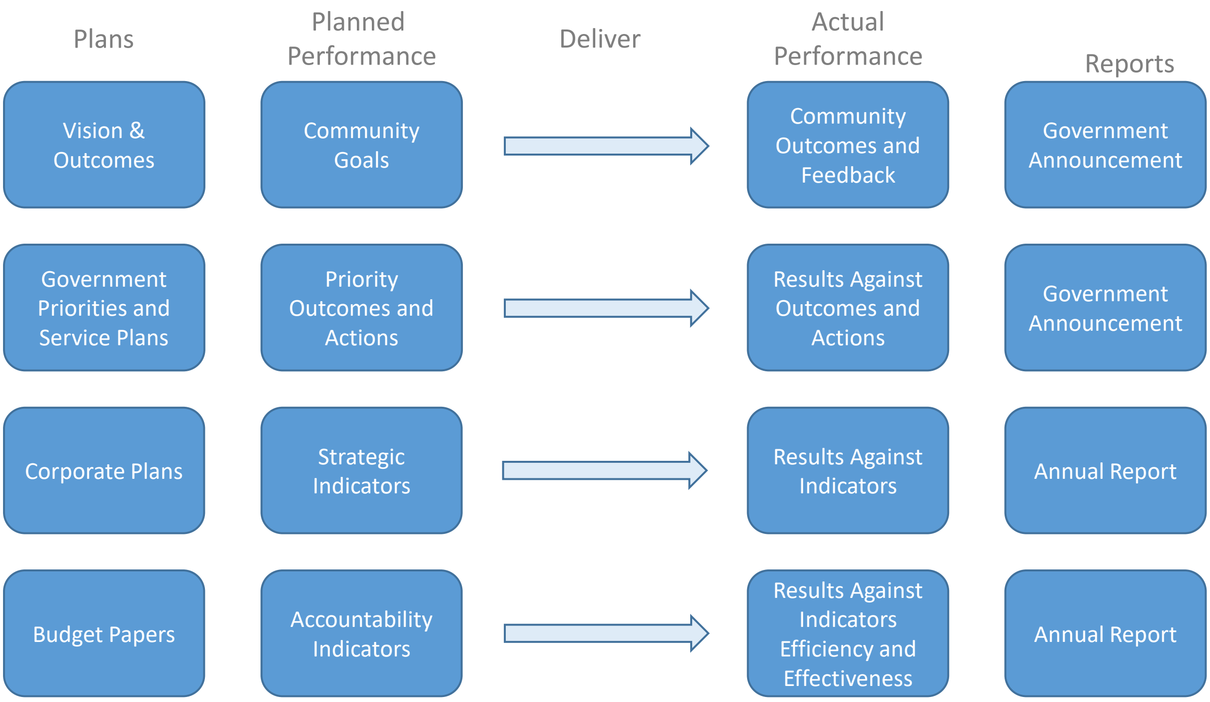
- align planned performance with reports on actual performance;
- achieve a balanced and integrated presentation of performance; and
- ensure accessibility and efficiency.

6.1.1. Alignment

For the sake of clarity, transparency and accountability there should be clear alignment between planned performance and reporting of actual performance. Figure 6.1 has mapped these links in the context of overall ACT Government operations.

At a minimum, reporting of actual performance should be against the goals, priorities, strategic objectives and performance indicators articulated in corresponding plans.

Figure 6.1: Mapping of government performance planning and reporting



Agency performance is reported in agency Annual Reports and corresponds with corporate plans. Similarly, accountability indicators identified in the Budget Papers are reported in Annual Reports.

6.1.2. Balance and integration

Reporting is more valuable when it captures an overall picture of performance. An integrated reporting framework, as outlined in Figure 6.1, improves accountability across government operations by providing this snapshot.

However, performance data alone does not generally tell the performance story. It is important to include contextual and explanatory information in reports, such as an analysis of performance information, to communicate the meaning of the level of performance achieved and how it is to be interpreted.

Effective reporting systems:

- identify whether desired outcomes are delivered and opportunities for improvement in the future;
- cover an appropriate range of activities and achievements;
- use both quantitative and qualitative measures of performance where appropriate; and
- explain, analyse and interpret performance outcomes.

The analytic and evaluation component of reporting should assess:

- the appropriateness of planned performance criteria and their limitations;
- factors affecting performance, such as changes in the operating environment;
- unintended performance outcomes, positive or otherwise;
- causes of performance outcomes both positive and negative; and
- steps taken to review and improve performance.

A basic principle of balanced reporting for the ACT Government is considering performance from a perspective informed by social, economic, and environmental considerations.

Not all performance information reported can be good news. Credible performance reporting requires a balanced account of performance. Specifically, better practice performance reporting involves being open about the extent of, and reasons for, the results achieved – whether the results are above or below the expected level of performance. It also includes explaining what the agency plans to do in response, to the extent that the situation is within their control.

6.1.3. Accessibility and efficiency

Agencies should aim to make performance information broadly accessible. Accessibility of performance information may be improved by:

- clear and concise presentation;
- more timely performance reporting;
- use of a range of different and emerging media to communicate effectively; and
- developing more user-friendly information; for example, by providing full data sets and interactive interfaces online.

Accessibility of reporting needs to be balanced against its efficiency. There is a point at which reporting can become burdensome and reduce resources available for service delivery. The Government is committed to maintaining informative, transparent reporting, that does not place unreasonable burdens on agencies. To streamline and refine reporting, agencies should:

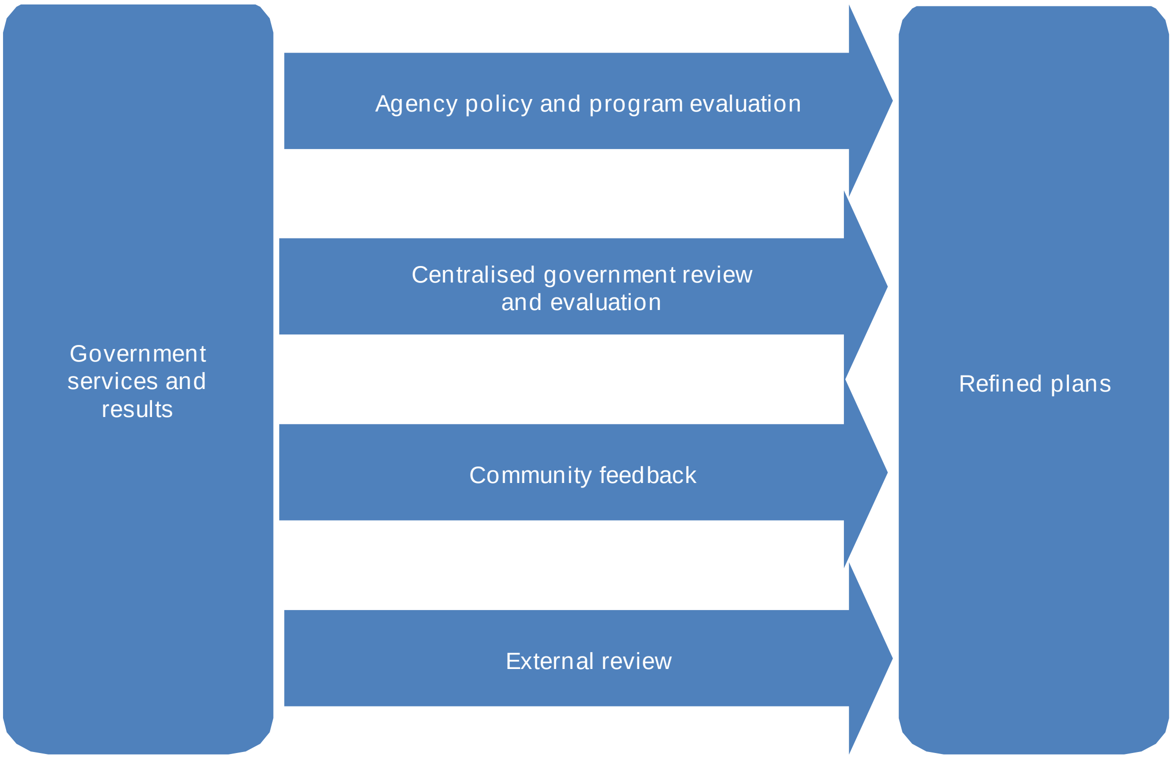
- use existing performance indicators and criteria rather than expand the range of indicators;
- focus on strategic reporting, rather than everything;
- consolidate public reporting where possible rather than create new arrangements; and
- regularly review reporting requirements to consolidate and reprioritise effort.

7. Reviewing

7.1. The ACT's evaluation framework

Figure 7.1 illustrates the main elements of the ACT's evaluation framework.

Figure 7.1: Evaluation across government



7.1.1. Agency policy and program evaluation

Evaluation is the systematic, objective assessment of appropriateness, effectiveness and/or efficiency of a policy. A commitment to rigorous evaluation is an important aspect of government accountability, especially in circumstances where a policy is new (and the results cannot be reasonably foreseen as a result of prior research) and expensive. The rigorous evaluation of policy initiatives also helps to build an evidence base that in turn can be used to inform the development of future policies.

For this reason, agencies are expected to continuously and critically evaluate their own activities.

Better practice evaluation includes processes for the ongoing analysis and assessment of performance information and measures, including variance analysis of results and progress to date against targets and/or standards.

Self-reflection can also be a highly incisive, informed and timely type of evaluation. It is a fundamental requirement for improvement.

A component of effective evaluation can include benchmarking. Benchmarking involves the collection of performance information to undertake comparisons of performance. Potential forms of benchmarking include:

- results benchmarking – comparing performance within and between organisations using measures of effectiveness and efficiency;
- process benchmarking – analysing systems, activities and tasks that turn inputs and outputs into outcomes; and
- setting better practice standards – establishing goals and standards to which organisations can aspire.

Agencies should take a continued and long-term approach to evaluation by:

- fostering a culture of evaluation;
- building evaluation capability – the expertise, systems and structures to conduct evaluations internally;
- planning to evaluate by embedding evaluation into policies and programs, and co-ordinating evaluation activity;
- evaluating strategically by prioritising and scaling evaluation activity, based on an assessment of the size, risk and complexity associated with a program;
- conducting evaluations to a high standard and from an overall perspective of sustainability i.e. social, economic and environmental; and
- making evaluation count – by communicating results and acting on recommendations.

As part of their strategic planning process, agencies are required to develop:

- a plan to improve agency evaluation strategies, including objectives and priority actions; and
- a schedule of planned evaluation activity that is strategically focused.

Refer to Attachment G for guidance material to help agencies prepare evaluation plans.

7.1.2. Centralised government review and evaluation

Centralised arrangements balance and supplement agency evaluation activity.

In general, CMTEDD is responsible for coordinating and monitoring evaluation activity across government. This includes:

- establishing policy and practice in relation the evaluation, economic analysis and review;
- reviewing evaluation reports and the manner and extent to which arising recommendations have been implemented; and
- directing evaluation findings to relevant policy development and decision-making processes.

7.1.3. Community feedback

The views of the community – the recipients of government services, and the ultimate beneficiary of government activity – matter a great deal in reviewing, refining, and reprioritising government services. These views may consider:

- Are government services meeting community needs and being delivered to expected standards?
- Are there other services that would be preferred over current services?
- Could services be improved, better co-ordinated, more accessible, or delivered more efficiently and effectively?

To answer these and other questions, agencies are expected to remain focused on delivering broader community outcomes, particularly using evaluation processes to improve performance.

When collecting and measuring community feedback or experience it is important to:

- consider the objectives of the program or service and ensure that the survey questions are aligned with those objectives;
- clearly define the group of consumers you want to survey; and
- consider the most appropriate mode of community engagement, and whether it should be administered by an independent third party to conserve integrity.

Methods of engagement include:

- quantitative approaches which measure values or counts. With appropriate statistical design and analysis, they can be used to generalise results to represent entire populations of interest:

    - self-completion surveys (e.g. web-based, email, SMS, mail);
    - interviewer-based surveys (e.g. computer assisted telephone interviewing, face-to-face intercept surveys);
- qualitative approaches, which are generally exploratory in nature, providing valuable insights into underlying reasons and motivations of the community; however, they are generally not intended to be representative:
    - live feedback mechanisms, such as telephone hotlines or email;
    - community consultation forums;
    - structured or unstructured observation; and
    - in-depth interviewing.

7.1.4. External review

Government activities are also subject to external review by a range of bodies. These include:

- the Legislative Assembly;
- the Auditor-General; and
- Australian Government bodies, such as the Productivity Commission.

The ACT Government takes these processes very seriously. Such reviews are the foundation of government accountability. The findings and recommendations of the Legislative Assembly and Auditor-General, which have a specific legislative authority in the ACT, also provide another perspective on possible ways to improve government performance.

The Government carefully considers and responds to each recommendation made by these bodies, and appropriate actions are taken to improve processes and programs to ensure the best possible value for money and the best outcomes for the community.

Attachment A: Glossary

Term	Definition
Accountability	Accountability is the acknowledgment and assumption of responsibility for governance and the obligation to report and justify resulting consequences. The extent to which individuals or organisations are held responsible for achieving particular results and for the management of capabilities used.
Accountability indicators	Accountability indicators are a measure of an agency's performance (effectiveness and efficiency) in providing each class of the outputs identified in the annual Budget Papers. Accountability indicators may be measures of outputs or inputs. Where appropriate, they may also include input measures that report on the quantum and/or costs of individual services. These indicators are reported in the annual Budget Papers and are subject to audit, and may be measures of outcomes, outputs or inputs.
Agency	Used generically to refer to the various organisational units within Government that deliver services or otherwise contribute to the achievement of Government objectives. For the purposes of this framework, the term includes directorates and territory authorities.
Annual report	A published report on the operations of the agency during the financial year, as prescribed by the *Annual Report (Government Agencies) Act 2004* and *Financial Accountability Act 2009* (section 63).
Appropriation	The maximum amount of public money authorised by the ACT Legislative Assembly under a legislative authority for transfer from the Territory Banking Account to an agency.
Capability	Resources of an agency (including human, financial, information, physical assets and ICT) that are used to their maximum potential for efficient and effective service delivery.
Direction setting	At the whole-of-Government level, it is the mechanism by which the Government decides on its whole-of-Government direction through consideration of the external drivers. Government is held accountable for its performance by customers, stakeholders and the community. At the agency level, it is the mechanism by which an agency decides on its agency business direction through developing objectives which contribute to the whole-of-Government direction. The objectives are described in the agency's strategic plan and the extent to which the outcomes meet the objectives are measured using performance indicators. To be effective, the direction should be collectively understood by governance bodies and ensure buy-in across the entire government or agency through effective communication and engagement.
Effectiveness	Effectiveness measures reflect how well the actual outputs of a service achieves the stated purpose (objective) of the service.
Efficiency	Efficiency measures reflect how capabilities (resources) are used to produce outputs.
Evaluation	The systematic, objective assessment of the appropriateness, relevancy, process, effectiveness and/or efficiency of a program. Post-implementation evaluation is not disparate to monitoring or assurance. It is likely that monitoring of outputs, processes and outcomes or internal and external assurance functions could either constitute an evaluation or provide valuable input into an evaluation.

Term	Definition
Government priorities	Government priorities are the actions and achievements which contribute to delivering the longer-term goals of government. Government priorities may relate to strategies and initiatives, or results defined by associated performance targets and indicators. Government priorities are strategic, high-level and measurable.
Impacts	Impacts are the intermediate results or outcomes of government activity.
Inputs	Resources that an agency uses in the production of its outputs.
Measure	The act or process of gauging performance by ascertaining the extent, dimensions, quantity, etc., of something, especially by comparison with a standard. There are various types of measures employed by agencies to quantify their core business: • Activity – measures the number of service instances, service recipients, or other activities for the service. They demonstrate the volume of work being undertaken. They are generally measures of busyness. While not generally demonstrating the achievement of service objectives, activity measures provide a basis for judging whether an agency is contributing to the desired social change of the service being delivered. • Cost – cost of outputs/services produced (direct and/or fully absorbed). Ideally, the outputs are uniform and the cost per unit of output provides an obvious benchmark for measuring performance both over time and between like service providers. However, such uniformity is not always possible. • Equity – measures how well a service is meeting the needs of particular groups that have special needs or difficulties in accessing government services. Equity measures focus on any gap in performance between special needs groups and the general population. Equity indicators may reflect equity of access – all Australians are expected to have appropriate access to services; and equity to outcome – all Australians are expected to achieve appropriate outcomes from service use. • Input – measures the resources consumed in delivering a service, either as an absolute figure or as a percentage of total resources. Input measures demonstrate what it costs to deliver a service. Input measures can often be converted to efficiency measures by combining them with activity measures to show the unit cost of the activity. • Location – measures relate to where the service is delivered. This is usually as a measure of access and equity for customers in rural remote or targeted locations. • Process – measure throughput, or the means by which the agency delivers the service, rather than the service itself. They demonstrate how the agency delivers services, rather than how effectively services are delivered. • Quality – measures of whether a service is fit for purpose, for example, the extent to which outputs conform to specifications. Quality itself is one dimension of effectiveness but does not necessarily represent how effective a service is (for example, a service could be high quality, but still not effective, and vice versa – a low quality service could be highly effective). The quality of a service can be measured in various ways – timeliness, accuracy, completeness, accessibility and equity of access, continuity of supply, and/or customer satisfaction. • Timeliness – relates to the time taken to produce an output and provide an indication of the processing or service speed. Measures of timeliness

Term	Definition
	provide parameters for 'how often' or 'within what time frame' outputs are to be produced.
Objectives	The effects or impacts that a government or agency seeks to have on its customers, stakeholders and the community. • Agency objectives – should deliver the agency business direction and contribute to the whole-of-Government direction and, collectively, agencies' objectives should deliver the whole-of-Government direction. • Government's objectives for the community – the effects and impacts that the Government wishes to have on the community. The Government is required to prepare and table a statement of the Government's broad objectives for the community, including details of arrangements for regular reporting to the community about the outcomes the Government has achieved against these objectives for the community.
Operational plan	Sets out how the agency plans to deliver its services over the relevant year. It also includes service standards and other measures that allow the agency to assess progress in delivering services in an effective and efficient manner to the standards as set out in the plan
Operational risk	Those risks that arise in day to day operations and require specific and detailed response and monitoring regimes. If not treated and monitored, operational risks could potentially result in major adverse consequences for the agency.
Outcomes	Outcomes are the impacts, benefits and consequences for the community as a result of the decisions of Government. Desired outcomes are the basis for Government action for which policy decisions are made concerning the outputs which agencies produce to achieve the desired outcomes. The outcomes of an agency will be influenced by the strategic/corporate plan, business plans, resource management plans, strategic asset management plan, and priorities of its Minister. The outcomes sought provide the rationale for the range of outputs delivered by the entity.
Outputs	Outputs are the goods produced or services provided by, or on behalf of, an agency to the community. Outputs allow agencies to measure the cost to provide goods or services to the ACT community. The term refers only to the goods and services produced for third parties; it excludes goods and services consumed within the reporting entity (such as services provided by legal, research, human resources and information technology functions to other functional areas within the same entity, which are often referred to as 'internal outputs'). The outputs needed to achieve the outcomes are the focus of policy and strategic planning, and the monitoring and management of outputs, is the business of each agency. The relationship that exists between outcomes and outputs must be able to be demonstrated. Agency outputs must be consistent with achieving longer-term agency objectives and Government priorities. Consistency of outputs across the forward years is required, where possible, not only for reporting requirements, but also for comparative purposes.
Output class	Outputs are grouped into similar categories known as output classes. It is a legislative requirement that agencies provide in their Budget papers a statement of output classes, outputs and the performance criteria to be met in providing the outputs during the year.

Term	Definition
	Output classes are defined against the following principles: • each class of outputs should comprise only outputs that are of a similar nature and have similar characteristics or functions; • the level of aggregation of similar outputs should reflect a level at which it is efficient for Government to link outputs to desired outcomes. This enables Government to hold an agency accountable for the efficiency of each class of outputs; • the level of aggregation should be material, either because of the relative magnitude of the amounts of money involved or because of the essential nature of the output to the work of the agency or the achievement of outcomes; and • each component of the output class must be capable of being costed, priced, and reported through an auditable financial management information system. Output classes should be explicit with clear, unambiguous and informative statements of the nature of outputs.
Performance	Performance can be described as how well a service meets its objectives, recognising the influence of external factors. It refers to the execution, by an individual, agency or government, of duties, actions or activities for the achievement of stated objectives, which can be measured and reported.
Performance indicators	Performance indicators measure the extent to which government, or agencies, are achieving their objectives and stated priorities. Performance indicators or measures are the specific criteria or means used to measure performance (most commonly of outputs produced and outcomes achieved). They may be expressed as (but are not limited to) absolute numbers, percentages, ratios, point estimates or ranges. They might also be qualitative in nature.
Performance management	The management and evaluation of information on the efficiency and effectiveness of whole-of-Government direction, agency business direction and agency service delivery to improve accountability of government, to inform policy development and implementation and to create value to customers, stakeholders and the community.
Program	A structure (such as an intervention, initiative, strategy or service) created to coordinate, direct and oversee the implementation of a set of related projects and activities, in order to deliver value for the agency and/or its stakeholders (including customers) in response to an identified need and policy position.
Results	Results are lower-level outcomes, commonly referred to as impacts or intermediate outcomes. They are achievements which are closely attributable to what an agency does (that is, the outputs delivered).
Risk	The chance of something happening that will have an impact on the achievement of the agency's objectives. Risk is measured in terms of consequences and likelihood, and covers threats and opportunities.
Risk management	The systematic application of management policies, procedures and practices to the tasks of establishing the context, identifying, analysing, evaluating, treating, monitoring and communicating risk.
Service objectives	Services are the outputs delivered by agencies to identified stakeholders. Service objectives describe the standards of efficiency and effectiveness to which the agency aims to deliver services within its fiscal limit. Standards are set with

Term	Definition
	the aim of defining a level of performance that is appropriate for the service and is expected to be achieved. Standards of efficiency reflect how resources (inputs) are used to produce services and objectives, expressed as a ratio of resources (inputs) to services – *technical efficiency*, or resources (inputs) to objectives – *cost efficiency*. Standards of effectiveness reflect how well a service achieves its stated objectives through meeting service delivery standards – *operational effectiveness*, or achieving desired objectives – *policy effectiveness*.
Strategic Indicators	Strategic indicators are aimed at measuring the Government's performance against longer-term strategic outcomes with impact upon the ACT community. An agency has some accountability for performance against these indicators, although cannot be held fully responsible for achieving the specified targets, as there are external factors that will influence the result. Strategic indicators, presented in the annual Budget Papers, are not subject to audit.
Strategic objective	The effect or difference the agency aims to make in the community in the long term.
Strategic plan	A concise document used by an agency to describe its vision, purpose, objectives and performance indicators. The agency business direction must align with the whole-of- Government direction.
Vision	A government‘s vision represents the desired effects on, or consequences of, government services on the community over the longer-term. The ACT Government‘s vision is strategic and high-level.

Attachment B: Agency Strategic Planning

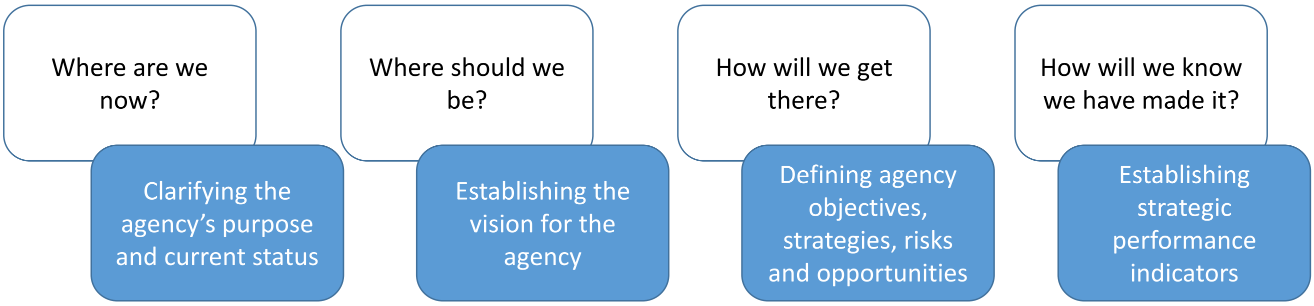
A strategic plan is a concise document which clearly articulates the agency's strategic direction, over a period of years, for staff, customers, stakeholders and the community.

In determining an agency's business direction, the purpose, vision and objectives of the organisation need to be clearly defined, appropriate strategies for delivering on objectives identified, and appropriate performance indicators established to measure the extent to which the agency's objectives are achieved over time. Consideration also needs to be given to identification of strategic risks and opportunities.

The process should culminate with the preparation of a concise strategic plan which clearly articulates the agency's direction to staff, customers and other community stakeholders.

Framework

Strategic planning is an ongoing process whereby agencies review the strategic direction of their organisation and its contribution towards achievement of the Government's objectives for the community. In strategic planning, agencies should focus on four key questions:



Agency Purpose

In clarifying the agency's purpose, specific consideration should be given to the overall aim of the agency. An effective purpose statement will assist the agency in establishing its vision and in identifying and setting its strategic objectives.

Consideration should also be given to factors affecting the current performance of the agency and the agency's future actions. An environmental scan is useful to collect information about changes in government policy, demographic shifts and changing customer, stakeholder or community needs.

Agency Vision

The vision statement describes that the agency aspires to be and/or achieve for the ACT by reflecting on how it wishes to be perceived by customers, stakeholders and the community and/or what it is working towards achieving for the ACT. The vision statement considers the current status of the agency and outlines its future direction.

For consistent policy development and delivery of services, it is crucial that an agency's strategic plan is developed in the context of the Government's overarching objectives.

Agency Objectives

Agency objectives should reflect what an agency is trying to achieve and contribute to the whole-of-Government direction (objectives for the community, priorities and strategies). Establishing agency objectives helps the agency focus on achievable goals and attain the best possible results for its customers, stakeholders and the community. It also helps the agency identify its required capabilities (i.e. resources - human, financial, physical assets and ICT) to maximise the potential for efficient and effective service delivery.

Agency objectives are progressively achieved over a number of years and are translated into policies or programs that agencies implement. These policies and programs include what services will be delivered and what other interventions are necessary to achieve the objectives. A focus on the ends (rather than the means) provides agencies with the flexibility to explore alternative service delivery strategies if necessary.

Strategic objectives are best met/delivered by assigning accountability to individual officers with appropriate authority. Ideally, this should be at the senior executive level and the relevant accountable officer's performance agreement should reflect indicators related to the assigned objectives. It is recommended that accountability be assigned in internal documentation (i.e. performance reports) however should not be in the published version of the strategic plan.

The strategic objectives of an agency should cascade down throughout the organisation and align to responsibilities set at the division, team and individual employee level.

Objectives should:

- express what the agency wants to achieve;
- be focussed on the end results or impact the agency is contributing to, not on the means of achieving it. Objectives should not be discrete services or products;
- be consistent with the Government's objectives for the community – all agency objectives must contribute to one or more of the Government's objectives. Agency objectives should be at a level relevant to agencies and should link to (not replicate) the Government's objectives;
- have a strategic focus, without being pitched at too high a level;
- be well aligned with the agency's vision and purpose;
- be measurable, or at least be able to be verified, in order for the Government to be able to judge the degree to which the outcome achieved the objective;
- be able to be influenced by the agency (not necessarily be entirely within an agency's control), particularly where the perception of customers, stakeholders and the community is that the agency is accountable for the actual outcome;
- be informative to a wide range of users, in particular, Parliament, Ministers, agency management and staff, and the general community (sufficient to inform and support decision making by the user of the information);
- be realistically achievable over the term of the plan from the collective outputs generated from the delivery of the agency's services and through the influence Government is able to exert on customers, stakeholder, the broader community and the economy; and
- be formally assigned to an individual Directorate or agency officer (with the appropriate authority) to promote/encourage accountability.

Agency Strategies

Strategies are the ways in which the agency intends to achieve its objectives and contribute to the Government's objectives for the community. The agency should generally focus on longer-term strategies for the strategic plan, which are pursued over a number of years.

It can be beneficial to present the strategies against the relevant objective to maintain a clear line of sight between the two. Performance indicators should not directly measure strategies. The effectiveness of strategies should be measured through routine program evaluations.

Strategic Risks and Opportunities

Risk is an ever-present element of public policy and government service delivery. Strategic risks are issues that may affect the agency's ability to meet its strategic objectives and require oversight by senior executives. They may be related to external factors and/or strategic risks internal to government. Internal controls countering the impact of identified risks will need to be managed with the agency's business processes.

Identifying key strategic risks and analysing their potential impacts is crucial to maintaining effective service delivery. It is suggested that strategic plans focus on the agency's top strategic risks (as too many risks can be difficult for management to respond to and monitor effectively). The likely cause and effect of each strategic risk needs to be clearly identified.

The strategic plan must also clearly identify key opportunities for the agency. These may or may not be linked to the nominated strategic risks.

Content

There are no standard templates for the layout of strategic plans. Typically, they are short, easily understood documents that can be influential on the reader. Content typically:

- Identifies the agency's purpose – providing a simple statement of its reason for being
- Provides a vision statement – describing what the agency aspires to be
- Identifies the agency's relationship with/contribution to the Government's objectives for the community – focusing only on those objectives for which the agency has a strong alignment to
- Sets out the agency's objectives – focussed statements of what the agency intends to achieve (which should collectively contribute to the whole-of-Government direction – objectives for the community, priorities and strategies)
- Identifies strategic indicators – used to measure the extent to which the outcomes achieved by an agency are meeting its objectives
- Sets out the agency's strategies – describing the ways in which it intends to achieve its objectives and contribute to the Government's objectives for the community (which should be presented against the relevant agency objective to maintain a clear line of sight between the two)
- Identifies key strategic risks and opportunities for the agency.

Other information that may be included in a strategic plan includes:

- Service areas, services and service standards: Agencies may include high-level information regarding service areas in strategic plans.
- Values: the beliefs that are shared among the staff of an agency. They are the foundation of an agency's culture, and assist to guide operations, decision-making and staff behaviour. Values must be consistent with the public sector ethics principles and approved codes of conduct.

Process

There is no one way to undertake strategic planning, and the approach taken for each agency will depend on preferences from senior leadership and the way in which an agency is governed. Probing questions which can be used in connection with each of the four components of the strategic planning framework are presented below.

Where are we now?

- Review and assess the agency's history and significant achievements to help visualise how the agency has changed over time.
- Review and assess the agency's current status and performance.
- Perform a comprehensive internal and external assessment of environmental factors affecting the current performance of the agency and the agency's future actions. Collect information about changes in government policy, demographic shifts and changing customer, stakeholder or community needs.

Where should we be?

- Review and assess the agency's role in delivering the whole-of-Government direction (objectives for the community, priorities and strategies).
- Create a very real and concrete picture - an image of what 'should be' and reflect this in a concise vision statement. A shared vision provides direction and helps people in the agency focus on what they are trying to change and achieve.

- Identify priority areas the agency wants to change to achieve the agency's vision and reflect these in the agency objectives and strategies developed (see next section – How will we get there?).

How will we get there?

- Conduct a gap analysis – the difference between 'where are we now' and 'where should we be'.
- Develop agency objectives and identify strategies which are most likely to accomplish objectives and achieve the agency's vision.
- Identify and consider strategic risks and opportunities that could impact on achieving the whole-of-Government direction and/or the agency's objectives, including how risks identified will be managed or mitigated.

How will we know we have made it?

- Set up effective methods to ensure that the strategies are being carried out and that the desired quality of work is being achieved.
- Develop appropriate performance indicators (including data dictionaries) for each agency objective.
- Review progress against realistic, clearly identifiable milestones (with performance indicators) along the way. This helps to maintain energy for change.

This is discussed in more detail in Attachment D.

Guidelines for Strategic Planning

The following represent core principles that should be considered in undertaking strategic planning:

Improvement

The ACT community expects continuous improvement and innovation from its Government. On that basis, central to the updated ACT Government Performance and Accountability Framework is continuous improvement. Improvement is something to strive for, and within all Government activity there is always room for improvement.

On this basis, strategic planning should identify options for improving and innovating service delivery. This may be in the delivery of new services or working towards new priorities. When undertaking strategic planning Directorates should:

- identify areas for improvement and innovation;
- identify options for improvement and innovation; and
- communicate this to inform resource allocation.

It is important to note that improvement may mean a cessation of delivery of services.

Alignment

Directorate services should contribute to the high-level goals of Government. Therefore, strategic plans will provide the line of sight between Directorate services and high-level goals of Government. This will be done by:

- outlining which high-level goal or priority the services contribute to;
- testing for the line of sight between:
  - goals and priorities of the community;
  - the service;
  - Directorate strategic objectives, Government priorities; and
  - Government high-level goals;

- determining an appropriate measure of performance (ensuring they are linked to the overarching indicator set). Performance measures are discussed in more detail in Attachment D.

Testing for the line of sight should include an analysis of the current services and any additional services that Directorates think might be necessary to meet these objectives. Through this process, information may also be provided on whether or not objectives need to be altered.

Integration

Strategic plans should be integrated with key planning processes, meaning they should inform and be informed by these processes.

Key planning processes in the ACT Government include program and delivery decision-making; setting annual Government priorities; and the Budget process.

The Budget process is central to a robust strategic planning process and the Budget should reflect decisions made based on strategic service planning documentation.

In order to successfully integrate with these processes, strategic planning should be:

- routinely undertaken (including being reviewed, but not necessarily updated, annually); and
- timed to coincide with decision-making processes.

Consistency

In order to effectively inform decision-making, agency strategic plans need to have consistency across Directorates. This will present options to Government that have been based on the same or similar assumptions. Essentially, where appropriate or relevant, it will allow Government to compare 'like with like'.

This can be achieved by:

- providing input to, and using, a common information base and agreed sources;
- using official ACT population projections, including suburb level projections;
- assessing consistency with existing policy and legislation;
- using common methodologies for forecasting demand and costs where appropriate; and
- using consistent reporting.

Coordination and cooperation

The complexity of problems facing Government mean that overlap, or even conflict, between objectives may sometimes arise. Through the strategic planning process, clarifying Directorate objectives and their role in the overarching strategic direction of Government will allow clearer and easier identification of duplication or conflict.

Steps for coordination and collaboration include:

- identifying what other Directorates and non-government bodies are doing in this area;
- identifying influential stakeholders, including other Directorates, the private sector, etc., with the potential to impact materially on targeted outcomes;
- providing strategic plans to the Strategic Board early in the planning process to identify areas of conflict or overlap;
- providing options for decision makers on trade-offs between Directorates; and
- clarifying roles and responsibilities of Directorates to ensure that duplication is minimised.

Clarity

Strategic plans should clearly state the overall direction of the Government and Directorate, but they should also clearly state the strategies that the Directorates will undertake to achieve these.

Directorates should:

- clearly state Directorate objectives;
- clearly articulate the service standards and objectives; and
- assess and summarise current service need and levels.

ACT Government Directorates work in a unique environment. It is important to be open and transparent about the context in which we work and the limitations that this context has on the scope of our activity. On this basis strategic plans should:

- outline any COAG or other intergovernmental agreements in place; and
- outline regulatory or legislated limitations.

Efficiency and effectiveness

Planning for the future requires Governments to determine a service mix and quality that meets needs, is sustainable and is cost-effective. Strategic planning should, therefore, be premised on efficiency and effectiveness.

When investing in services and dedicating resources the Government needs to be sure it is providing a service that is of value to the community and that it is investing the right amount at the right time.

Policy and programs should be developed on sound evidence. As outlined above, they should also be based on consistent data. When undertaking strategic service planning there should be demonstrable evidence supporting:

- the need for a service;
- the drivers of demand for that service; and
- the efficacy of the options.

To know that services and plans are effective, it is necessary to evaluate policies, programs and planning processes. Strategic planning should further embed a culture of evaluation as laid out in the Attachment G.

Checklist for Strategic Planning

Agency vision Does the vision statement describe what the agency aspires to be by reflecting on how it wishes to be perceived by customers, stakeholders and the community? This statement should take into account the current status of the agency and outline its future direction.	☐
Agency purpose Does the agency's purpose specify the overall aim of the agency – a simple statement of its reason for being?	☐
Relationship with/contribution to the Government's objectives for the community Is the strategic plan developed in the context of the Government's objectives for the community and clearly demonstrates how the agency contributes to these objectives?	☐
Agency objectives Does the plan present concise focussed statements of what the agency intends to achieve? Do the objectives collectively contribute to the whole-of-Government direction (objectives for the community, priorities and strategies)? Are the objectives clear and measurable?	☐
Performance Indicators Does the plan present relevant, clear and measurable performance indicators?	☐

Do the indicators measure the extent to which the outcomes achieved by an agency are meeting its objectives? Agencies are encouraged to develop and set performance targets for performance indicators where possible. Have the data sources for performance indicators in the plan been defined to document the attributes of each performance indicator, what it means and what the limitations are?	
Strategies Does the plan present action focussed strategies stating the way in which the agency intends to achieve its objectives and contribute to the Government's objectives for the community? Strategies included in a strategic plan would generally be longer term strategies that are pursued over a number of years.	☐
Strategic risks and opportunities Does the strategic plan clearly identify key strategic risks and/or critical issues for the agency to achieve its vision and purpose? Strategic risks may be related to external factors and/or strategic risks internal to government. Does the strategic plan also clearly identify key opportunities for the agency?	☐
Timeframe Does the strategic plan cover a strategic timeframe and is the planning timeframe clearly stated in the plan?	☐

Attachment C: Agency Operational Planning

Operational planning is a process which focuses on answering the question, 'How will we deliver our services?'

An operational plan is a subset of an agency's strategic plan. It must cover a period of one year and should describe short-term activities and/or milestones that contribute to the implementation of an agency's objectives.

Agencies may choose to have an operational plan at the agency level, or individual plans across business units, service areas or divisions.

Content

There are no standard templates for the layout of agency operational plans. Operational plans should be developed in a way that best suits the business area responsible for delivering the plan.

Typical components of content include:

- Relationship with agency strategic plan: the agency's operational plan(s) must be developed to deliver on the agency's objectives in its strategic plan. Agencies should be able to demonstrate how all plans prepared by the agency relate to each other. The operational plan(s) should outline how the agency will contribute to delivering its services over the year to support the delivery of the agency's objectives within the allocated budget. There is no prescribed format for representing this relationship.
- Operational risks and opportunities: the agency's operational plan(s) must consider the potential impact key operational risks and opportunities may have on the agency's service delivery, including how these risks will be managed or mitigated and opportunities realised.
- Service Areas and Services: services are sets of activities that deliver outputs and result in outcomes for customers, stakeholders and the community. Ideally, services generate benefits for these groups and as a result, are valued by them.
- Performance information: performance information within an operational plan should reflect and compliment/contribute to the agency's performance indicators in its strategic plan. This information should measure the success of the operational strategies, projects or activities outlined in the operational plan and be regularly monitored throughout the year to determine how the agency is performing.
- Operational strategies / projects or activities: strategies are the way in which an agency intends to pursue its objectives, deliver its services and assist in achieving the whole-of-Government direction (objectives for the community, priorities and strategies). Strategies included in an agency's operational plan(s) would generally be shorter term 'operational' strategies that are pursued over a one year or less timeframe and would cascade down from the strategies outlined in the agency's strategic plan.

Process

As for strategic planning, there is no one way to undertake operational planning, and the approach taken for each agency will depend on preferences from senior leadership and the way in which an agency is governed. Probing questions which can be used to drive an operational planning process can include:

What should we be delivering?

At the whole-of-agency level:

- Consider the agency's current strategic direction (as per the agency's strategic plan).
- Consult with the Director-General or Chief Executive and senior executives across the agency to determine priority areas the agency wants to focus on during the 12 month period of the operational plan.

- Identify the strategic objectives the agency is working towards during the operational planning period (a strategic plan is developed within a long-term context and all strategic objectives may not be applicable for each 12 month period).

At a division/business unit/service area level:

- Consider the division/business unit/service area's priorities for the 12 month period (using previous internal performance reporting and the agency's strategic objectives from the strategic plan).
- Review the success of the previous operational planning period and identify any outstanding activities or missed opportunities.

How will we deliver?

At the whole-of-agency level:

- Consider the agency's annual report and internal performance reports to determine what was delivered in the previous year and how well.
- Consider what activities and strategies are required to deliver on priority areas identified – more specific planning may be required for each division/business unit/service area to contribute to the whole-of-agency operational plan.
- Consult staff to determine service delivery opportunities/possibilities (including what works and what does not work). For some agencies, it may also be appropriate to consult customers, stakeholders and the community.
- Conduct an assessment of available resources (staff, budget, systems) including the agency's allocated budget.
- Identify and consider operational risks and opportunities that could impact on achieving the activities within the operational plan, including the level of risk and how these risks will be managed or mitigated.

At a division/business unit/service area level:

- Consider internal performance reports from previous reporting periods to identify delivery options that worked well or not so well.
- Conduct an assessment of available resources for the division/business unit/service area (staff, budget, time, systems etc).
- Identify short-term activities relevant to the division/business unit/service area's core business that contribute to the agency's strategic direction (as per the strategic plan).
- Consult staff, management and stakeholders to develop new and innovative service delivery opportunities.
- Identify and consider operational risks and opportunities that could impact on achieving the activities within the operational plan, including the level of risk and how these risks will be managed or mitigated.

Who is going to do what and when?

At the whole-of-agency level:

- Consult senior level officers to allocate individual agency officers with appropriate authority for each operational objective or priority.
- Identify and include timeframes and dates for delivery of actions within the operational plan (noting these should not exceed the 12 month duration of the plan).
- Assign responsibility for reporting progress to the Director-General or Chief Executive Officer throughout the 12 month period of the operational plan.
- Seek approval from the Director-General or Chief Executive Officer for the operational plan.

- Once the operational plan is approved, communicate the plan to staff. It may also be appropriate for some agencies to communicate the plan to customers, stakeholders, and the community.

At a division/business unit/service area level:

- Consult staff within the division/business unit/service area to allocate actions to individual officers for delivery.
- Identify and include timeframes and dates for delivery of actions within the operational plan (noting these should not exceed the 12 month duration of the plan).
- Assign an officer with appropriate authority to report progress of the operational plan to the appropriate level of management, within agreed timeframes.
- Seek approval from the relevant delegated authority for the operational plan.
- Once the operational plan is approved, communicate the plan internally to staff within the division/business unit/service area, as well as the corporate planning unit within the agency. It may also be appropriate for some agencies to communicate the plan to customers, stakeholders, and the community.

How will we know we have delivered it (and how well)?

At the whole-of-agency level:

- Consider the agency's annual report and Budget to determine the level of service delivery performance against budget.
- Consider the agency's Budget to determine and set realistic targets and goals that drive the agency to improve operational efficiency and effectiveness.
- Establish appropriate performance measures to measure the activities that are being carried out and determine if the desired quality of work is being achieved.
- Align performance information from the operational plan to performance indicators in the strategic plan.
- Incorporate actions and performance information into relevant individual officer Performance Agreements to encourage accountability and ownership of actions within the operational plan.
- Review progress against realistic, clearly identifiable milestones (with performance measures) regularly. This helps to maintain energy for change.

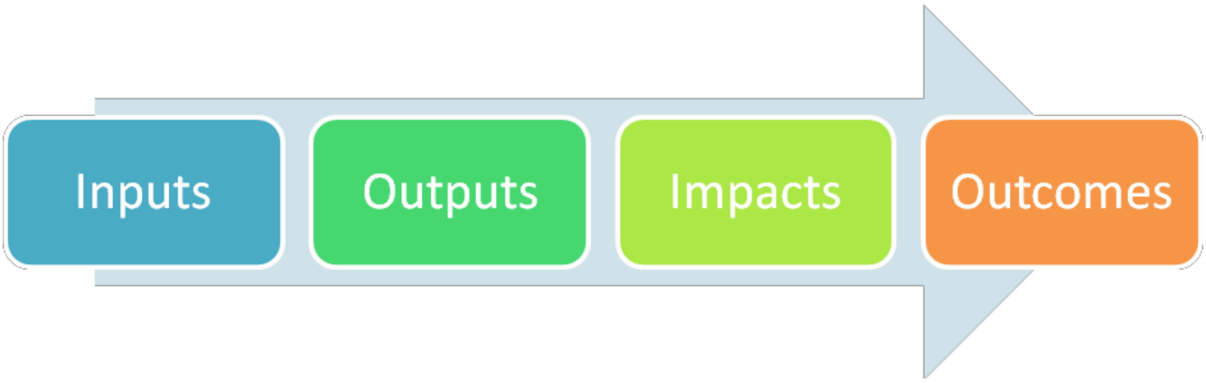
At a division/business unit/service area level:

- Establish appropriate performance measures to certify the activities are being carried out and that the desired quality of work is being achieved.
- Set realistic and clearly identifiable targets, goals and milestones based on previous performance and desired outcomes to improve operational efficiency and effectiveness within the division/business unit/service area.
- Incorporate actions and performance information into relevant individual officer Performance Agreements to encourage accountability and ownership of actions within the operational plan.
- Review progress against performance information regularly throughout the 12 month period to maintain energy for change and to detect slippage or delivery issues prematurely.

More information regarding performance measurement is included in Attachment D.

Linkage to program logic

A useful tool in operational planning is program logic, which involves aligning top level Government outcomes, Government priorities, Directorate services and costs.



Program logic, as outlined below, refers to the process of planning rather than the output. Program logic is the first step in robust performance measurement because indicators for each level can be developed so that a clear 'line of sight' emerges. Program logic assists in clarifying the context, logic and purpose of the program by taking a structured and deliberative approach to planning and program design. This can be done by following the steps in the table below:

1. Select and clearly define outcomes	• Outcomes are what the Government is working to achieve. • Outcomes should be clearly defined as early as possible in the planning process. • Outcomes, both intermediate and long-term, do not specify what is being provided, but rather the impacts expected after outputs are delivered.
2. Define impacts	• Impacts are the effect of the Directorate's outputs or what must happen to achieve the outcome. • One key to performance measurement is to clearly define the impacts in a way that represents the results expected from your outputs. • Define your impacts as specifically as possible so that they can be measured against. This can be done by describing what you want to achieve.
3. Identify outputs	• Outputs are how you achieve the impacts and outcomes. • Outputs must be a tangible statement such as services delivered or goods produced by, or on behalf of, the Directorate to the community, allowing agencies to measure the cost or time to provide goods or services.
4. Identify resources	• Resources are the set of inputs to produce outputs, such as funding and staff. • Programs must be linked back to resources so decision-makers can assess value for money.

The definition of a program logic also positions a program or service well for evaluation. This is discussed in more detail in Attachment G.

Checklist for Operational Planning

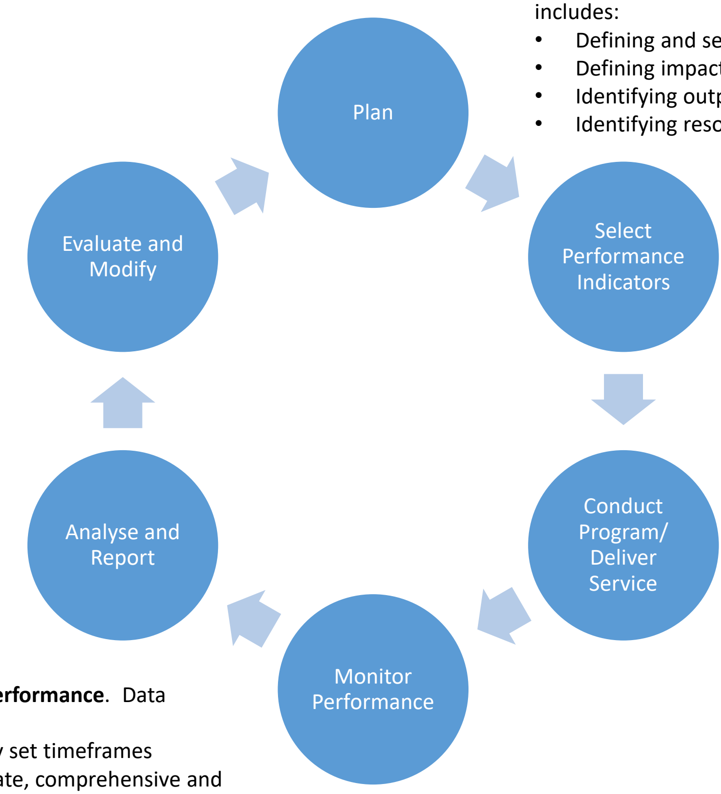
Relationship with agency strategic plan The agency's operational plan(s) must be developed to deliver on the agency's objectives in its strategic plan. Agencies should be able to demonstrate how all plans prepared by the agency relate to each other. Does the operational plan(s) outline how the agency will contribute to delivering its services over the year to support the delivery of the agency's objectives within the allocated budget? There is no prescribed format for representing this relationship.	☐
Operational risks and opportunities	☐

Does the operational plan(s) consider the potential impact operational risks and opportunities may have on the agency's service delivery, including how these risks will be managed or mitigated and opportunities realised?	
Service Areas and Services Does the operational plan(s) identify service areas and services - sets of activities that deliver outputs and result in outcomes for customers, stakeholders and the community?	☐
Performance information Does the performance information in the operational plan reflect and compliment / contribute to the agency's performance indicators in its strategic plan? There should be a clear line of sight between the performance information in the strategic plan and the operational plan(s). Does the performance information in the operational plan(s) measure the success of the operational strategies, projects or activities outlined and is it regularly monitored throughout the year to determine how the agency is performing?	☐
Operational strategies / projects or activities Strategies are the way in which an agency intends to pursue its objectives, deliver its services and assist in achieving the whole-of-Government direction (objectives for the community, priorities and strategies). Are the strategies included in the operational plan(s) generally shorter term 'operational' strategies that are pursued over a one year or less timeframe and cascade down from the strategies outlined in the agency's strategic plan?	☐
Timeframe Does the operational plan(s) cover a period of one year and is this clearly stated in the plan?	☐

Attachment D: Performance Measurement and Reporting

A step-by-step guide to performance measurement

The diagram below provides a step-by-step guide to performance measurement under the ACT Performance and Accountability Framework:



Planning is central to good program design and effective measurement. Program logic can be used to assist planning. This includes:

- Defining and selecting outcomes
- Defining impacts
- Identifying outputs
- Identifying resources

Indicators should:

- Measure performance
- Refer to a result rather than being descriptive
- Be well-defined, relevant and informative
- Be available, timely and cost effective

Programs and services should be **delivered** in line with program logic.

Data is gathered to **monitor performance**. Data considerations include:

- Gathering relevant data by set timeframes
- Ensuring the data is accurate, comprehensive and (where possible) comparable to benchmarks, history or targets

Reporting should:

- Explain the difference between planned performance and actual performance
- Provide a picture of overall performance
- Provide an unbiased and complete picture
- Identify and explain assumptions, gaps and variances
- Present information clearly and concisely

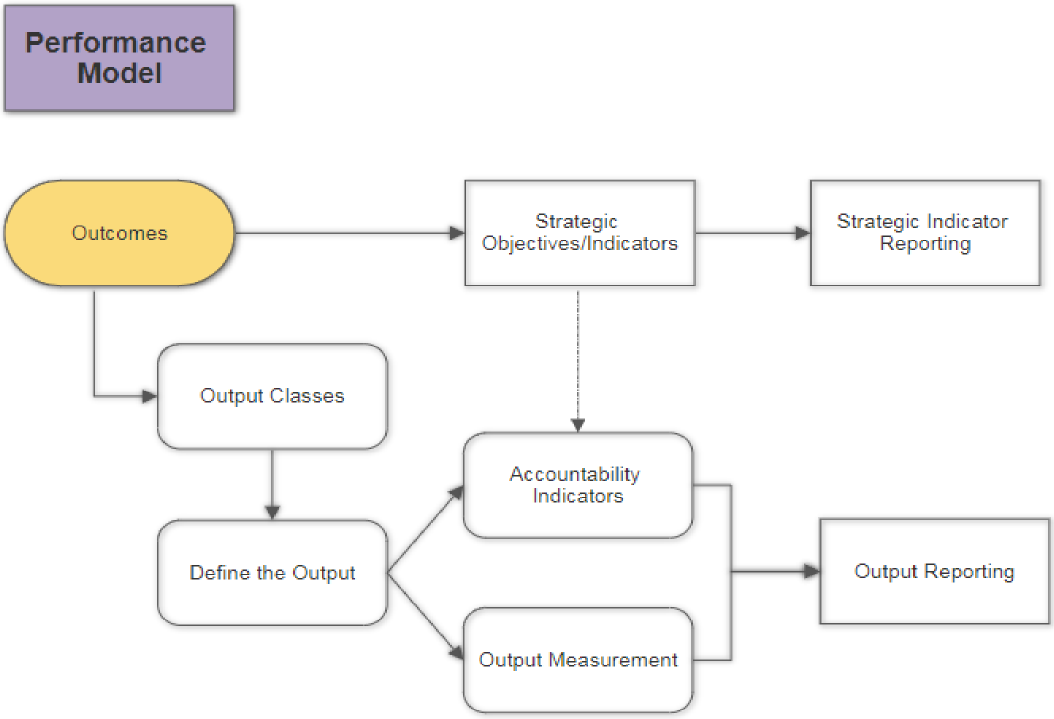
If performance measurement indicates that the program or strategy is not effective, **evaluate** the program or strategy and consider **modifying** it.

Types of performance measures in the Performance and Accountability Framework

Under the framework, there are three specific types of performance measures used by ACT Government agencies, being:

- strategic indicators
- accountability indicators
- output (operational performance) indicators.

The linkage of each of these to an agency's outcomes, output classes and outputs is outlined in the diagram below:



Strategic Indicators

When an agency undertakes its strategic planning, the focus is on the individual contribution the agency will make towards Government priorities and long-term goals. For an agency to meet these priorities it is important to understand what the strategic objectives and strategic indicators are, and the associated strategies required for achieving these objectives.

Strategic indicators are the measurement of an agency's achievement in meeting the strategic objectives through assessing the progress of outcomes on the community. The intention is to track an agency's performance in meeting the Government's priorities and long-term goals.

Government policy does not allow strategic indicators to be amended during the financial year. Once strategic indicators are finalised in the Budget Papers, they are to remain until the next Budget.

Accountability Indicators

Accountability indicators measure the agency's effectiveness and efficiency in delivering its outputs and may be measures of outcomes, outputs or inputs. Where appropriate, they may also include input measures that report on the quantum and/or costs of individual services.

As part of the Budget process each year, when agencies prepare their statement that sets out the classes of outputs and that the agency proposes to provide during the year, agencies are also required to provide the accountability indicators to be met by the agency in providing the outputs.

Accountability indicators are subject to audit, and must be appropriately measurable to quantify achievement. In addition to broader advice regarding performance measure setting, when selecting accountability indicators, agencies should take the following into consideration:

- Accountability indicators often link to strategic indicators. Accountability indicators relate to outputs agencies produce through activities, whereas strategic indicators relate to outcomes that the Government is trying to achieve or influence through providing these outputs.
- Usually accountability and strategic indicators should be different and agencies should seek to avoid overlaps between the two. However, there may be limited circumstances where some indicators may be presented as both strategic and accountability indicators. This allows for discussion of longer-term targets and provides a strategic context for the agency's performance, as well as providing an annual target which will be subject to audit.

Amending accountability indicators

Section 19D of the FMA allows the responsible Minister of an agency and the Treasurer to amend the agency's accountability indicators provided in the Budget papers. Although not a requirement of the FMA, it is a Territory policy all amendments be checked by CMTEDD, prior to sign off by the Minister.

<u>Amending a target – transfer of functions between directorates</u>

When an agency amends their accountability indicators under section 19D, agencies must ensure:

- an amended target is provided for the period for which the indicator was held i.e. both the transferor and transferee to provide revised targets. A revised target cannot be N/A.
- the revised target reflects what the target ought to be at the time of transfer and not what has actually been completed to date.
- before transfers occur, transferor and transferee need to ensure the target has not already been met. If the target has been met and no further work is required, the indicator is not to be transferred.

An example of the schedule to be used for a section 19D instrument when functions are transferred between directorates is included later in this attachment.

<u>Amending a target – function remains with the directorate</u>

When an agency amends their accountability indicators under section 19D, agencies must ensure the revised target reflects what the target ought to be at the time of its amendment and not what will be actually completed.

An example of the schedule to be used for a section 19D instrument when functions remain within a directorate is included later in this attachment.

<u>Reason for amending targets</u>

Section 19D(3) lists some of the reasons why the responsible Minister and the Treasurer would amend the accountability indicators, such as when a change occurs in Administrative Arrangements.

When an accountability indicator is amended, the note to the Statement of Performance should:

- explain why the accountability indicator was amended;
- provide the date when the accountability indicator was amended;
- provide the notifiable instrument number confirming the amendment; and
- report percentage variance explanations between the actual result and the amended target.

Output (operational performance) indicators

The purpose of output measurement is to provide agencies, the Government and the community with meaningful information on determining whether agencies have provided goods and services in an efficient and effective manner and are achieving Government priorities. Output measurement provides:

- the output costing for each output class; and
- indicators with appropriate measurability to quantify achievement.

General principles in setting performance measures

In general, the following represent better practice features for performance measure/indicator selection.

Feature	Meaning
Relevant	Performance measures should be relevant and aligned to what the organisation is trying to achieve. It should also be confirmed that the measure is the most appropriate way of assessing the performance of the output/impact/outcome and present an indication of how the Directorate is performing. Importantly, the measure should not encourage perverse incentives, for example, measuring the speed of answering letters instead of measuring the quality of responses.
Significant and Informative	Performance measures should measure significant information on the performance of a program and its contribution to the change.
Well-defined	Performance measures should have clear documentation behind it so that they can be validated. Further, the definition of the data should be easy to understand and unambiguous. This will ensure that the data is collected consistently and the measure can be understood and used.
Available and cost-effective	Data availability can constrain measurement. It is important when choosing indicators to ensure that there are cost-effective methods of collecting relevant data.
Reliable	Performance measures should be relatively accurate and responsive to change. For example, a measure based on a very small sample may show large fluctuations. Similarly, a measure that is not responsive to change will not demonstrate the impact of programs.
Timely	Data used to measure the performance must be produced frequently enough to track progress and be up to date. If the data is not released frequently or the program is long-term and will take time to create an impact, give sufficient time for the performance to be measured.

Setting performance measures

The table below provides guidance on what is being measured for each of the three types of indicators that agencies use:

Measure type	What is being measured	Relevant indicator
Outcome measures	Track achievement of strategic goals.	*Strategic indicators* measure the Government's performance against outcomes and impacts.
Impact measures	Track progress towards outcomes, assess the differences occurring in the short/medium term, confirm the right mix of outputs and assess cost-effectiveness. Impact measures indicate the success of the program and provide feedback on performance by linking outputs to outcome levels.	
Output measures	Typically assess: quality, quantity, targeting, timeliness, location, cost and coverage.	*Accountability indicators* measure an agency's

Measure type	What is being measured	Relevant indicator
	Comparable information also allows an agency to assess how production and efficiency have changed, and to test whether impacts or outcomes changed as predicted.	performance in delivering its outputs identified in the Budget papers. *Output (operational performance) indicators* are internal measures of performance in delivering the outcomes and outputs.

What can be measured?

Effectiveness measures

Effectiveness measures reflect how well the actual outputs of a service achieve the agency's stated purpose (objective), describing the quantifiable extent of the outcome experienced by recipients as a result of the level and quality of the service provided.

Effectiveness is sometimes measured through customer and/or stakeholder satisfaction/experience surveys. To be considered a proxy measure of effectiveness, the survey seeks feedback on all drivers of satisfaction. Feedback on a single driver of satisfaction such as timeliness is a measure of quality, not effectiveness.

Efficiency measures

Efficiency measures reflect how capabilities (resources) are used to produce outputs for the purpose of achieving desired outcomes. They are often expressed as a ratio of capabilities (resources) to outputs.

Efficiency measures help to answer questions like:

- How much does it cost to deliver this service or product?
- Is this service or product efficient in the way it uses public money for policy purposes?

While measuring efficiency is important, it needs to be in conjunction with measuring effectiveness. Government services which are provided efficiently may not necessarily be meeting customer, stakeholder or the broader community's needs.

Other measures of performance

Other measures may be relevant for internal monitoring by agencies:

- Activity measures: Measure the number of service instances, service recipients, or other activities for the service. They demonstrate the volume of work being undertaken. While not generally demonstrating the achievement of service objectives, activity measures provide a basis for judging whether an agency is contributing to the desired social change of the service being delivered. Activity measures can often be converted into efficiency measures by combining them with input measures to show the unit cost of the activity.
- Cost measures: Measure the cost of outputs/services produced (direct and/or fully absorbed). Ideally, the outputs are uniform and the cost per unit of output provides an obvious benchmark for measuring performance both over time and between like service providers. However, such uniformity is not always possible.
- Process measures: Measure throughput, or the means by which the agency delivers the activity or service, rather than the service itself. Process measures demonstrate how efficiently services are delivered, rather than how effectively services are delivered, and are sometimes used as proxies for effectiveness measures if it is impractical or uneconomical to measure the effectiveness of the service or its outcome.
- Input measures: Measure the resources consumed in delivering a service, either as an absolute figure or as a percentage of total resources. Input measures may be measured in terms of funding, number of employees, person-days, equipment, supplies etc, and can often be

converted to efficiency measures by combining them with activity measures to show the unit cost of the activity.

- Quality measures: Measure how well a service is fit for purpose, for example, extent to which outputs conform to specifications. The quality of a service can be measured using specific criteria (timeliness, accuracy, completeness, accessibility and equity of access, continuity of supply, and/or seeking feedback on one of these criteria through customer satisfaction surveys). Quality itself is one dimension of effectiveness, but does not necessarily fully represent how effective a service is (e.g. a service could be high quality, but still not effective).
- Location measures: Measure where the service is delivered. This is usually as a measure of access and equity for customers in rural remote or targeted locations.
- Timeliness measures: Measure the time taken to produce an output and provide an indication of the processing or service speed. Measures of timeliness provide parameters for ‘how often’ or ‘within what time frame’ outputs are to be produced.
- Equity measures: Measure how well a service is meeting the needs of particular groups that have special needs or difficulties in accessing government services. For example, measures disaggregated by sex, disability status, ethnicity, income and so on. Equity measures focus on any gap in performance between special needs groups and the general population. Equity indicators may reflect equity of access – all Australians are expected to have appropriate access to services; and equity to outcome – all Australians are expected to achieve appropriate outcomes from service use

Examples of measures

The table below outlines common indicators at each level of program logic, including impact measures across both the short (immediate) and medium term.

What is measured		How it is measured
Output	Efficiency of process Economy	Cost of delivering output (input per output unit)
	Quantity Coverage Access	Number of people served Number of people receiving training/service/output Number of targeted group not using service/output
	Quality Appropriateness	% of output meeting specification % of people who would recommend/re-use output/service
Impact:	Immediate Impact examples: Effectiveness Completion rate Reduction in queue Receipt of benefits Unintended effects	% of people with post-school qualifications compared with national average % of people with computers at home
	Medium-term Impact examples: Effectiveness Behaviour change Risk reduction Lifestyle change Survival Unintended effects	% of people changing their behaviour after use of service/output % of people better off after use of service/output Fewer drunken drivers/bad incidents % in jobs/new career/crime free

What is measured		How it is measured
Outcome	Total improvement Program effectiveness More equity	Improved health/wealth/happiness Fewer deaths/accidents/people in prison Decrease in welfare dependency/fewer kids in care

Setting targets for measures

Setting targets can challenge an agency to improve performance. Where possible, targets for measures should be specific, realistic, measurable, time bound and reportable.

Targets aid accountability. The aim of targets is to set a level of performance acceptable to government on behalf of the community within fiscal limits. Setting target levels is a complex task as the establishment of a target can raise as many questions as it answers.

Targets should present clear and quantified levels of performance against which agencies can assess their results or indicate the desired movement of performance. Targets should be expressed as absolute numbers, a range, a percentage, or a ratio.

Agencies may use a combination of methods to establish targets for measures. Common approaches include:

- current performance;
- current performance plus/minus a percentage improvement change;
- averaged performance (national, state, or industry);
- better practice – if quantifiable benchmarks exist that are considered directly relevant to the activity being measured;
- external targets established by professional associations;
- external targets set by COAG; and
- management decisions – calculated decisions given resource (in particular, staffing) limitations.

To ensure that targets are not unrealistic or create perverse incentives:

- targets should be set through agency planning processes;
- proposed targets should be trialled in parallel to existing targets; and
- targets should be presented in the context of the service being delivered (not in isolation).

Targets should be challenging but achievable. Stretch targets should be set rather than setting unrealistic targets. For example, targets for customer satisfaction should not be set at 100%. It is not reasonable to believe that every customer will be completely satisfied with a service provided by an agency.

Consultation throughout the agency – with service delivery staff in particular – should occur in the target setting process. Staff at all levels should be clear about their role and responsibilities in the performance against targets, and be held accountable in some way, for example through individual or team performance objectives. In particular, the individuals who are best placed to ensure the achievement of a target must feel ownership and responsibility.

As customers, stakeholders and the community are affected by an agency's business and the services it provides, agencies should consider including them in the development and/or review process of setting targets where appropriate.

Consultation with customers, stakeholders and the community helps to establish targets that are meaningful and useful for decision makers.

If achievement of a publically reported target becomes impractical or not feasible, the agency should explain why that is the case and what legislative, regulatory, or other actions are needed to accomplish the target, whether the target should be modified or if the performance measure and target should be discontinued.

Checklist for establishing targets

Target does not promote adverse results (e.g. efficiency improves to a level that substantially decreases quality)	☐
Target indicates the desired movement of performance (e.g. > x or < x)	☐
Target is challenging, but achievable based on judgement of available information at the time of setting targets	☐
Target is a clear and quantified measure against which the agency can assess performance	☐
Target is expressed as an absolute number (i.e. avoid use of words), a range, a percentage, or a ratio	☐
Target is consistent with objectives and targets set in other government publications	☐
Target is at or above minimum regulatory standards and benchmarks	☐

Sample Scheduled for Section 19D Amendments of Accountability Indicators

The schedule below is to be used for a section 19D instrument when functions are transferred between directorates, and there is a consequent transfer of a quantitative target and a rateable target. Notable in this schedule is the splitting of the target columns and specifying actual target dates.

AMENDMENT OF PERFORMANCE CRITERIA UNDER SECTION 19D OF THE *FINANCIAL MANAGEMENT ACT 1996*

Agency	Output Class and Output	Description of performance criteria	Targets			Action
			2018-19 Budget papers	**1/7/18 to 31/12/18 Amended target**	**1/1/19 to 30/6/19 Amended target**	
Directorate XYZ	Output Class 1 – ABC Services – Output 1.1: Children Fitness Classes	Accountability Indicator (c) Write an outline on how to perform each exercise	65	32	0	Measure transferred to Directorate B.
Directorate B	Output Class 1 – DEF Services Output 1.1: Children Fitness Classes	Accountability Indicator (h) Write an outline on how to perform each exercise	N/A	N/A	32	Measure received from Directorate XYZ.
Directorate XYZ	Output Class 1 – ABC Services – Children Rehabilitation Management	Accountability Indicator (c) Number of rehabilitation plans issued within 24 hours of qualified staff meeting with the child	95%	95%	95%	Measure transferred to Directorate B.
Directorate B	Output Class 1 – DEF Services Children Rehabilitation Management	Accountability Indicator (h) Number of rehabilitation plans issued within 24 hours of qualified staff meeting with the child	N/A	N/A	95%	Measure received from Directorate XYZ.

The following schedule is for instances other than the transfer of functions between directorates.

AMENDMENT OF PERFORMANCE CRITERIA UNDER SECTION 19D OF THE FINANCIAL MANAGEMENT ACT 1996

Agency	Output Class and Output	Description of performance criteria	Targets		Action
			2018-19 Budget papers	2018-19 Amended target	
Directorate XYZ	Output Class 1 – ABC Services – Output 1.2: Children Rehabilitation Management	Accountability Indicator (a) Percentage of children seen within 5 days of admission	92%	94%	Measure amended for an increase.

Attachment E: Collecting data and monitoring performance

Program planning, design and selection of indicators are key components of a performance measurement system. However, these steps are essentially meaningless if data is not collected against each of the indicators.

Measuring performance requires the timely and relevant collation and analysis of data. Data must be gathered by set timeframes and must be accurate, comprehensive and comparable.

When analysing data to get a meaningful picture of performance, comparisons must be considered. This can be done either year by year or, where relevant, by using benchmarking or simple comparisons of groups that did and did not receive outputs. It should be noted, however, that there are risks associated with benchmarking and comparisons. Such risks may relate to changes and lack of control of external factors, which may also influence performance.

Data sources and quality

There are many sources of program relevant data. Data may already be collected and released by a centralised body, such as the Australian Bureau of Statistics or the Productivity Commission. When using this data, care must be taken to ensure that it is frequently updated and relevant to the ACT's scale. Some data may be gathered internally within Government and some indicators and programs may require new data to be gathered. This data must be checked for integrity and appropriateness prior to being analysed and reported.

It is crucial that performance data collected is accurate, timely and can be relied upon as a valid assessment of an agency's performance. The basic raw data should be robust, in the sense of being derived in a way that is verifiable, free from bias and preferably comparable over time.

Data assurance arrangements for performance information should include adequate documentation of data sources, collection methods, standards and procedures and clear management trails of data calculations.

A data dictionary is a tool that is used to document the meaning and context of a performance measure, including how the measure is compiled, how it should be interpreted and reviewed, allocation of responsibility and identification of any limitations and data risks.

Monitoring performance

Data is collected over time so that performance can be monitored to answer the following questions.

- Has performance changed over time?
- If so, by how much?
- In which direction?

This is the basis for performance monitoring. Regular and complete monitoring of performance can effectively manage risk and strengthen accountability.

Attachment F: Reporting

Strategic indicator reporting

The Chief Minister's Annual Report Directions states that directorates and prescribed territory authorities must report their performance against strategic indicators in the annual report.

Directorates and prescribed territory authorities are not to include strategic indicators in the Statement of Performance. The *Financial Management (Statement of Performance Scrutiny) Guidelines 2008* clarifies that the Statement of Performance reports on an agency's accountability indicators only and does not include strategic indicators.

If a prescribed territory authority includes strategic indicators in its Statement of Intent, the Statement of Performance must also address the performance of the strategic indicators.

The strategic indicators section in the annual report must quantify the results for the financial year against the strategic objectives and strategic indicators set in the Budget papers. The format of the section ideally should be similar to the format presented in the Budget papers.

Along with providing an explanation of the financial year results, the section is also to provide the reader with a means of comparing results or progress through either comparison with a benchmark or with previous results. By agencies providing a comparison, the community will be able to track an agency's performance over time in achieving the objectives and outcomes.

Output reporting (Statement of Performance)

The Statement of Performance is the report used to compare actual performance in providing each class of outputs with the Budget, revised Budget, or a supplementary Budget for the year, and state the extent to which the output performance criteria set out in the Budget, were met. The Statement of Performance is to be completed by all directorates and territory authorities as soon as practicable after the end of the financial year.

The Statement of Performance is only to report against the accountability indicators.

Statement of Performance Content – Directorates and territory authorities prescribed for outputs

The Statement of Performance should include the following information for each output.

- Description of the output - output descriptions are included to provide users with more information in relation to the outputs and services being provided by agencies.
- Output cost – the following information is required:
  - the original cost of the output as provided in the original budget papers;
  - the amended cost of the output, where the cost has been amended by either a *Supplementary Appropriation Act* (section 13A 'Amendment of Budgets for Supplementary Appropriation') or a section 19D19 instrument ('Amendment of Performance Criteria');
  - where a target has been amended, the reason for the amendment should be disclosed by way of note;
  - the actual cost of the output at the end of the financial year;
  - the percentage variance from the amended cost of the output; and
  - an explanation of material variances from the amended cost.
- Controlled Recurrent Payment (CRP) – the following information is required:
  - the original CRP as provided in the original budget papers;
  - the amended CRP, where CRP has been amended by either a *Supplementary Appropriation Act* (section 13A 'Amendment of Budgets for Supplementary Appropriation') or a section 19D instrument ('Amendment of Performance Criteria');

- where a target has been amended, the reason for the amendment should be disclosed by way of note;
- the actual CRP received for the output at the end of the financial year;
- the percentage variance from the amended CRP; and
- an explanation of material variances from the amended CRP.

The Statement of Performance should include the following for each output when reporting against Accountability Indicators.

- Accountability measures - the measures provide users with an indication of an agency's performance in delivering its outputs.
- Original target - the original target is the amount specified in the original budget papers for the year.
- Amended target - a target can be amended by either a Supplementary Appropriation Act (section 13A 'Amendment of Budgets for Supplementary Appropriation') or a section 19D instrument ('Amendment of Performance Criteria'). Where a target is amended, the reason for the amendment should be disclosed by way of note.
- Actual result – the actual result is the actual amount at the time of the report, i.e. 31 December (for the half yearly statement of performance) and at 30 June (for the annual statement of performance).
- Percentage variance from amended target - the percentage variance is calculated by subtracting the 'amended target' from the 'actual result' and dividing this difference by the 'amended target'. For example, where an amended target is 75% and the actual result is 60% the variance would be calculated as follows: (60% - 75%) / 75% = -20%
- Explanation of material variances - where there is a material variance, agencies must explain the reason for the movement from the amended target to the actual result. A material variance is determined by agencies based on the nature of each measure and the size of the variance. As a general guide, a variance of more than 10% is considered to be a material variance. Where variances are between 5% and 10% an explanation is only required where it is considered significant.
- Explanation of Measures - to assist readers in understanding the measures, it is useful to provide an explanation of measures where:
  - the terms are difficult to comprehend;
  - it is difficult to determine how the measure has been calculated; and / or
  - a sample size is used. The actual sample size is to be noted in the explanation.

Statement of Performance Content –Territory authorities not prescribed for outputs

Where territory authorities are not prescribed for outputs, their Statement of Performance should include the following for each Statement of Intent Indicator.

- Description of objectives for the year - the description of the authority's objectives are included to provide users with more information in relation to the services being provided by agencies.
- Statement of Intent Measures - the measures provide users with an indication of an authority's performance in delivering its services.
- Original Target - the original target is the amount specified in the original budget papers for the year.
- Actual result – the actual result is the actual amount at the time of the report, i.e. at 30 June (for the annual statement of performance).
- Percentage variance from Original Target - the percentage variance is calculated by subtracting the 'original target' from the 'actual result' and dividing this difference by the 'original target'. For example, where an original target is 85% and the actual result is 60% the variance would be calculated as follows: (60% - 85%) / 85% = -29%

- Explanation of Material Variances - where there is a material variance authorities must explain the reason for the movement from the original target to the actual result. A material variance is determined by authorities based on the nature of each measure and the size of the variance. As a general guide, a variance of more than 10% is considered to be a material variance. Where variances are between 5% and 10% an explanation is only required where it is considered significant.
- Explanation of Measures - to assist readers in understanding the measures, it is useful to provide an explanation of measures where:
  - the terms are difficult to comprehend;
  - it is difficult to determine how the measure has been calculated; and/or
  - a sample size is used. The actual sample size is to be noted in the explanation.

Legislative requirements - Directorates

Financial Management Act 1996

Sections 30A to 30E of the FMA provides the requirements relating to a directorate's Statement of Performance. In summary the requirements include the following.

To compare actual performance in providing each class of outputs with the original budget or revised budget where amended by Section 19D of the FMA or a supplementary budget for the year, and state the extent to which the output performance criteria set out in the budget, were met.

A directorate's Statement of Performance must have endorsed on, or attached to it, a Statement of Responsibility signed by the responsible Director-General. The Statement of Responsibility must state that, in the Director-General's opinion, the Statement of Performance fairly reflects the performance of the directorate in delivering each class of outputs during the financial year.

A directorate's Director-General must give the ACT Auditor-General the agency's Statement of Performance for the financial year with a signed Statement of Responsibility, as soon as practicable after the statement is prepared. The ACT Auditor-General must provide a report about the Statement of Performance to the Director-General as soon as practicable after the ACT Auditor-General has received it. This report will be a Limited Assurance Report.

An Annual Report of a directorate must include or have attached to it:

- the Directorate's Statement of Performance for the year; and
- the ACT Auditor-General's report regarding the Statement of Performance.

A directorate must also prepare a half yearly performance report which is required to be provided to the Members of the Legislative Assembly within 45 days after 31 December. The half yearly report provides information relating to the progress on the delivery of outputs for the relevant directorate. The report includes:

- the half yearly performance against the Budget Outputs as listed in Budget Paper No. 4 and/or as amended by Section 19D or a supplementary budget;
- the annual and year to date targets; and
- the directorate's progress against these targets.

Notes on variances greater than or equal to +/- 5 per cent between targets and results should be included.

The *Financial Management (Statement of Performance Scrutiny) Guidelines 2017* clarifies that the performance criteria to be included in the Statement of Performance are the accountability indicators listed in the budget for the agency for the year. Strategic indicators are not to be reported in the Statement of Performance.

Annual Report Directions

The Annual Report Directions require an agency to include its Statement of Performance for the year in its annual report. The Statement of Performance must be accompanied by the respective ACT Auditor-General's limited assurance report for the year.

Although an agency does not include its strategic indicators in its Statement of Performance, an agency's performance against its strategic indicators listed in its budget for the year is to be included in an agency's annual report.

Legislative requirements – Territory Authorities

Financial Management Act 1996

Territory authorities must prepare a Statement of Performance as soon as practicable after the end of the financial year. Sections 68 to 71 of the FMA outline the requirements relating to a territory authority's Statement of Performance.

Territory authorities are required to produce a Statement of Performance that addresses the performance measures included in its Statement of Intent for the year. If an authority includes strategic indicators in its Statement of Intent, then the Statement of Performance must also address these performance measures.

Territory authorities that are prescribed for outputs, in addition to reporting on their Statement of Intent performance measures, must also report against the accountability indicators presented in the Budget papers and / or as revised by section 19D of the FMA or a supplementary budget. The *Financial Management (Statement of Performance Scrutiny) Guidelines 2017* clarifies that strategic indicators listed in the budget for the authority for the year, but not in the authority's Statement of Intent, are not to be reported in the Statement of Performance.

Where an authority has a governing board, the chair of the board must sign the Statement of Responsibility. Alternatively, where an authority does not have a governing board, the CEO must sign the Statement of Responsibility.

Annual Report Directions

The Annual Report Directions requires an authority to include its Statement of Performance for the year in its annual report. The Statement of Performance must be accompanied by the respective ACT Auditor-General's limited assurance report for the year.

For a prescribed territory authority: where the authority does not include its strategic indicators in its Statement of Performance, the authority is required to report on its performance against those strategic indicators listed in its budget for the year in its annual report.

"The performance story"

Publishing performance information is essential for accountability, transparency, to drive continuous improvement in performance and to influence trust and confidence in public sector service delivery.

However, performance data alone does not generally tell the performance story. It is generally accepted that a performance report should strike a balance between reporting data and allowing agencies to tell the performance story. This is believed to be more useful to the users of performance reporting, who benefit from context and a description of the journey to existing performance levels.

It is important to include contextual and explanatory information in reports, such as an analysis of performance information, to communicate the meaning of the level of performance achieved and how it is to be interpreted. Contextual and explanatory information may refer to:

- the rationale for the selection of performance information reported
- the significance of each performance indicator, service standard or other measure
- the environment in which the agency is operating (i.e. economic, social and environmental)
- external factors that may have impacted on performance
- whether performance is within acceptable tolerances if results:
    - exceed expectations, are there any adjustments that need to be made
    - are below expectations, are there compensating improvements in other areas, and/or higher priorities
    - are not effective or performing poorly, does this need to trigger critical reflection and/or a change of approach.

Attachment G: Evaluation Policy & Guidelines

The *ACT Government Evaluation Policy and Guidelines* can be viewed here. This document provides supporting information and practical implementation strategies to deliver enhanced evaluation across the ACT Government.

Evaluation refers to the process of measuring and assessing the impacts and merits of government policies, strategies and programs. It provides a mechanism for ensuring the effectiveness and efficiency of government programs and contributing to policy development and innovation.

Chief Minister, Treasury and Economic Development Directorate

February 2020