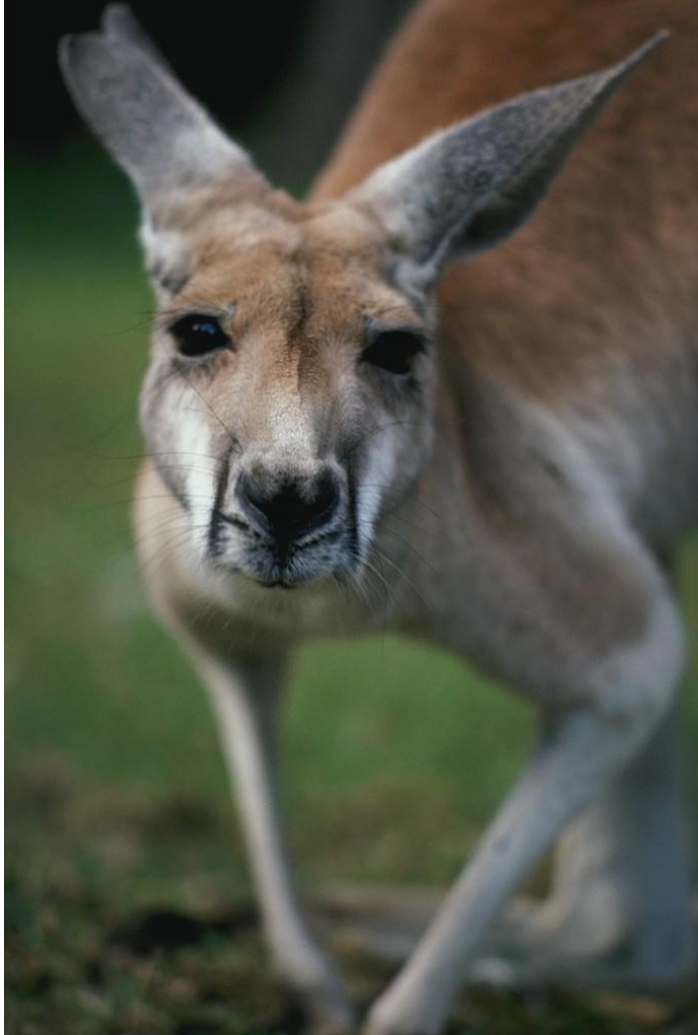




Public Sector Performance Management in Australia – is it successful?

Lewis Hawke

Why look at Australia?



- ▶ Considered a leader, innovator and long-term practitioner of public sector performance management (OECD)



Main features of the system



3 decades of Australian experience

- ▶ 1980s – *Financial Management Improvement Program*
 - ▶ Program budgets, performance measures, program evaluation
- ▶ 1990s – Accrual outcome and output budgets
 - ▶ Outcome appropriations, devolved responsibility for outcomes
- ▶ 2000s – Refinement of core elements
 - ▶ *Strategic reviews, Operation Sunlight, Programs 2.0*

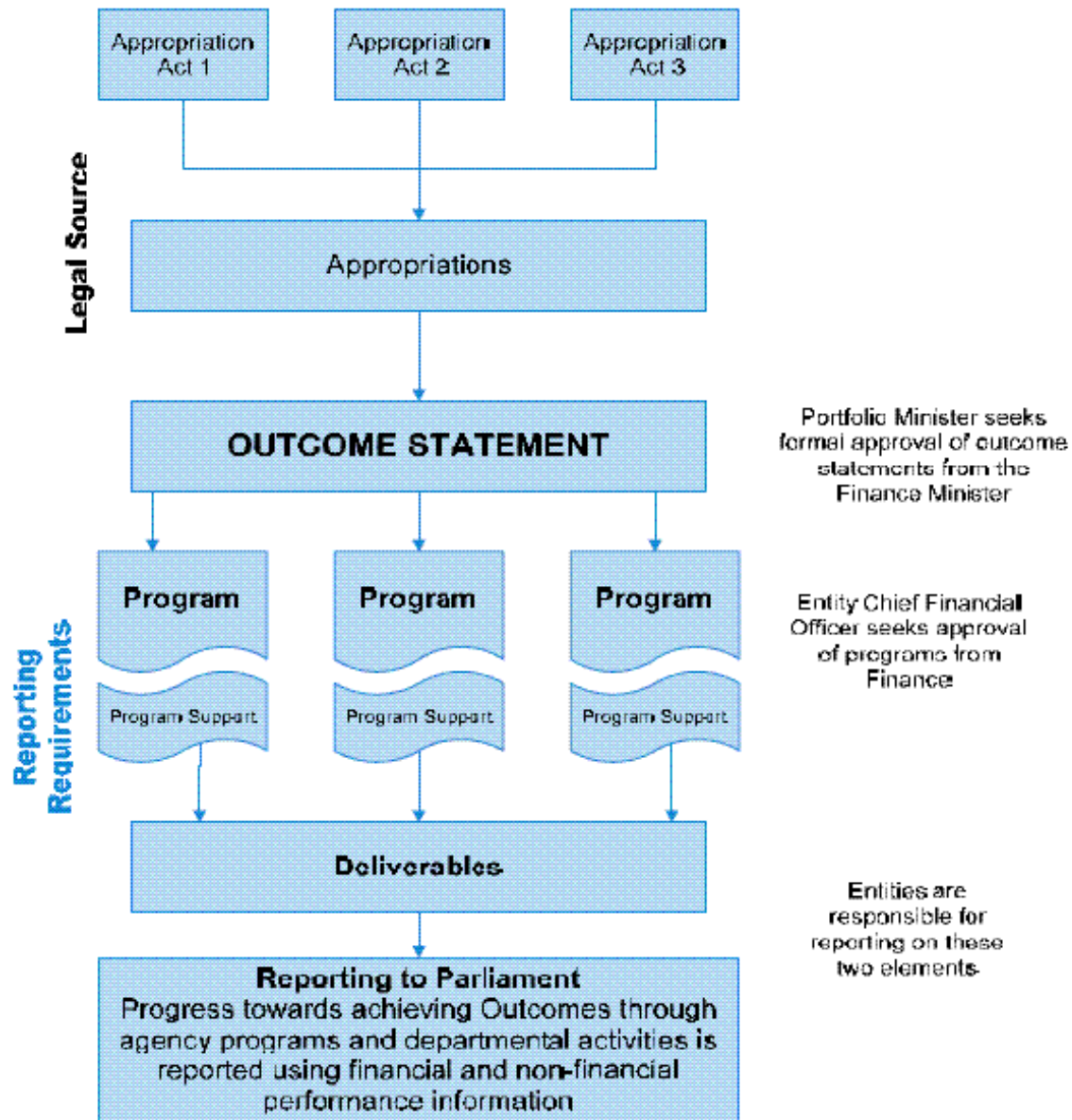


Policy Frame

- ▶ Performance measured by:
 - ▶ *Outcomes and outputs programs*
 - ▶ *Full accrual cost, cash appropriations*
- ▶ Budget plans - *presented by outcome*
- ▶ Appropriations - *presented by outcome*
- ▶ Reporting and accountability for performance
- ▶ Performance auditing



Elements of the Outcomes and Programs Framework



Source: Adapted from Finance guidance in the 2009–2010 Budget Portfolio Budget Statements Constructors Kit, p. 55.

Use of performance information

3 main uses:

1. Internal management

- ▶ Financial reports by outcome and output group
- ▶ Specific non-financial performance reports

2. Budget preparation

- ▶ Central system tracks outcomes and some programs
- ▶ New policy proposals by agency and outcome

3. Accountability to Parliament

- ▶ Agency annual reports



Typical program deliverables

Entity / Program	Example of a Typical Deliverable	Qualitative Indicator provided?	Quantitative Indicator provided?	Target provided?
Customs Program 1.1	Regulate and facilitate international passengers through assessment of passengers and crew on arrival including, through deployment of detector dogs and real-time officer assessment and response activities.	✓	×	×
Program 1.4	Northern Waters surveillance ACV Triton (patrol days).	×	✓	×
FWA Program 1	Orders relating to industrial action—good faith bargaining.	×	×	×
Program 1	Dispute resolution, minimum wages, orders and approval of agreements.	×	✓	✓
NFSA Program 1.1	Australian feature length films acquired.	✓	✓	✓
Program 1.1	New media works acquired (new separate KPI).	✓	✓	✓
RET Program 2	Timely processing of applications for offshore petroleum and mineral titles and promotion of offshore petroleum acreage release.	✓	×	×
Program 4	Provision of accurate, timely and effective policy advice to the Minister and Australian Government on tourism related issues.	✓	×	×

Source: ANAO analysis of 2009–10 Portfolio Budget Statements.

Key questions

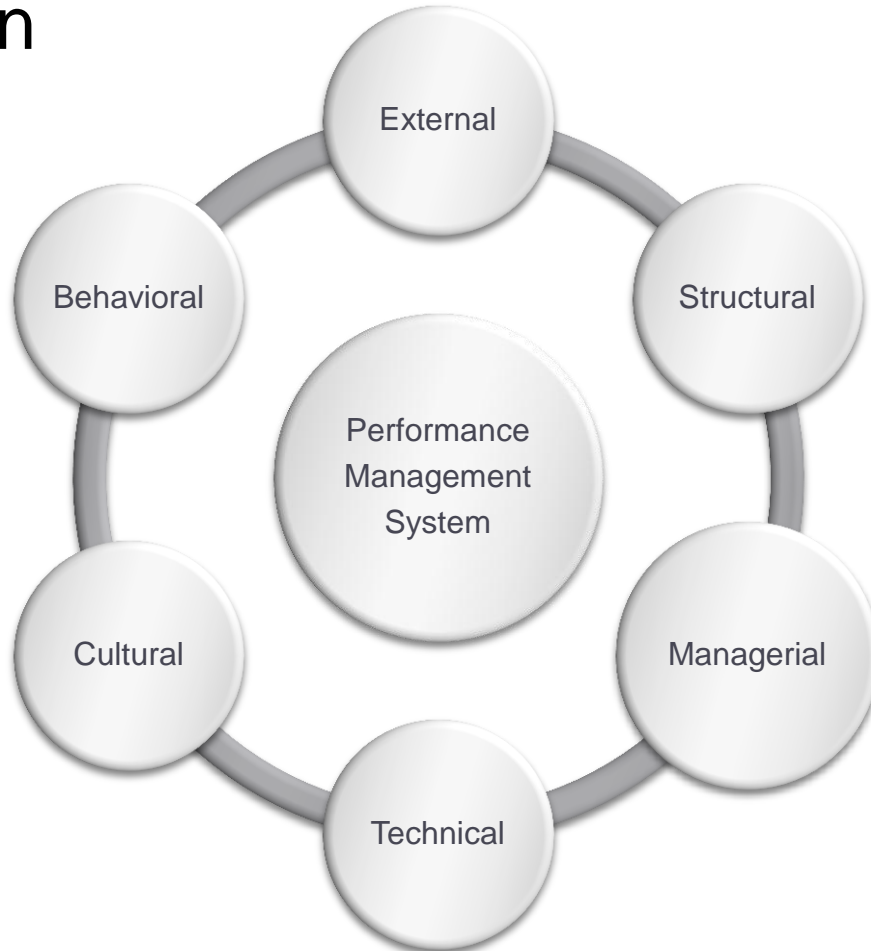
- ▶ To what extent has Australia's performance management system been successful?
- ▶ What has influenced the nature and level of success?



What affects success?

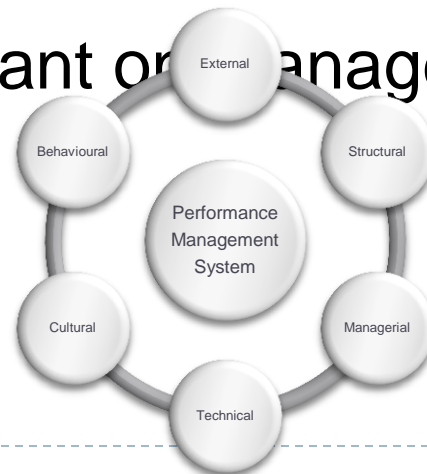
- ▶ **Success** = quality + use of performance information

Influences



Diagnostic assessment:

- ▶ **External** – across the board political support
- ▶ **Structural** – strong central drivers, devolved action
- ▶ **Managerial** – significant variation across agencies
- ▶ **Technical** – focus on performance for *budget*, basic guidance
- ▶ **Cultural** – core values include performance (but not enforced)
- ▶ **Behavioural** – reliant on managers and individual control



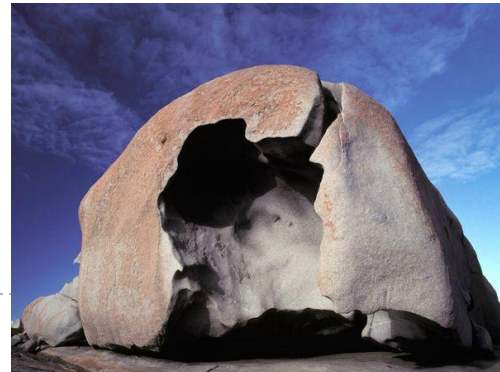
Success?

▶ **Achievements**

- ▶ Performance framework embedded in budgeting and reporting
- ▶ Evaluation focused on policy and programs development
- ▶ Pockets of good practice and effective use by managers
- ▶ Ongoing action to address technical weaknesses

▶ **Limitations**

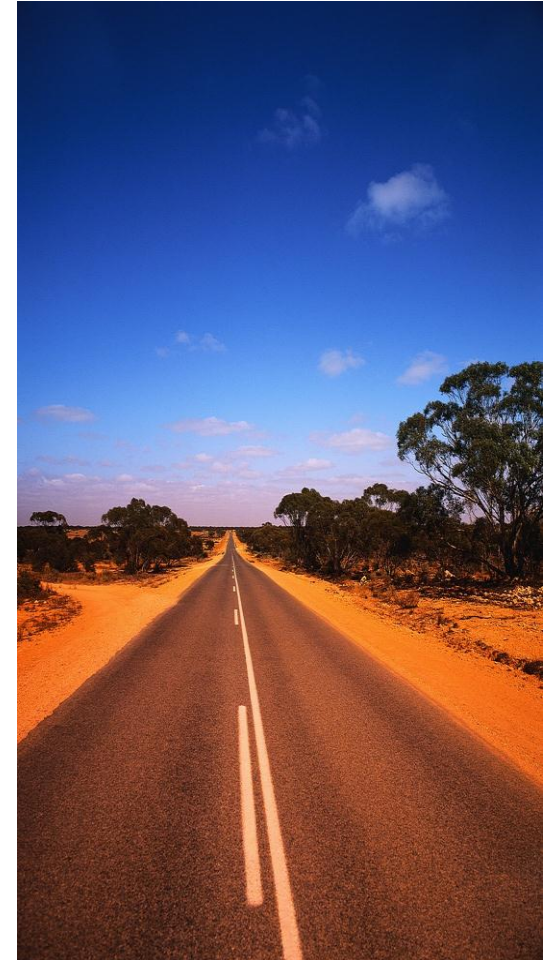
- ▶ Performance measures are often weak
- ▶ Outcome performance management remains challenging
- ▶ Patchy quality and usage



Future directions for policy

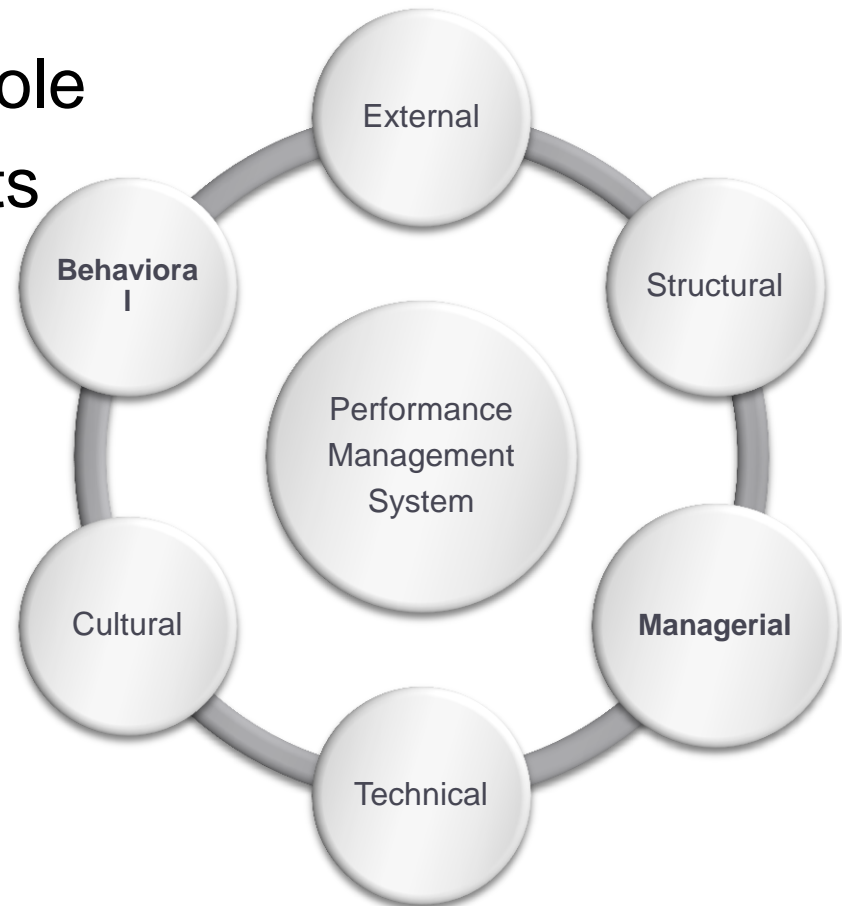
- ▶ Commonwealth Financial Accountability Review (C-FAR)
 - ▶ *“Integrating the performance framework”*
Options being considered:
 - ▶ Whole of government requirements
 - ▶ Legislate performance obligations
 - ▶ Better support to practitioners
 - ▶ Quality assurance

(unpublished – proposal expected in July 2012)



Recommendations for good practice

1. Be clear about system objectives: why performance?
2. Consider PFM as a whole
3. Address all six elements
4. Do not 'set and forget'



Questions?

