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ACT GOVERNMENT SUBMISSION TO THE PUBLIC ACCOUNTS COMMITTEE ON THE AUDITOR-GENERAL'S REPORT NO.1/2010: PERFORMANCE REPORTING

Introduction

The Auditor-General provided her recommendations on Performance Reporting to ACT Government agencies for comment before tabling her report. ACT Government agency responses to the recommendations were included in the report and are reflected in this Government Submission.

The Government is also providing the following additional background in relation to recommendations 4 and 8.

Recommendation 4 related to agencies providing quality and quantity indicators. The Government reviewed its performance management framework in 2005-06. As part of that review, it was decided to remove the requirement for agencies to have timelinesss, quality and quantity indicators, as this resulted in a large number of indicators, some of which were not key to an agency's performance. Instead it was decided that agencies should have the discretion to choose their most relevant indicators.

Recommendation 8 related to agency reporting on ecologically sustainable development. In December 2009, the Government released a pilot triple bottom line annual report for public comment. The Government is now finalising its approach to triple bottom line annual reporting in the light of the public comments received. The development of an approach to agency triple bottom line annual reporting will give close consideration to the relationship between that reporting and ecologically sustainable development reporting to ensure compatibility

The Government's current process to review and enhance its Performance and Accountability Framework is designed to ensure effective agency reporting and effective integration of the elements of government's cycle of planning, managing, reporting and reviewing. The revised framework, along with other documents such as Treasury's guidelines for indicators, will lay out the Government's approach in this area. The framework will reflect the Government's responses to the Auditor's recommendations on performance reporting.

Recommendation 1

Agencies should, wherever practicable, provide indicators of quality of services as well as quantity, for each output class.

Response

Agreed-in-part. Agencies should consider both quality and quantity aspects when determining the most appropriate indicators to set. However, the Government does not support mandating both quality and quantity indicators, wherever practicable, for each output class, as this could lead to a proliferation of indicators. A focus on a small number of key indicators is preferable to a larger number of indicators which might provide little additional value in measuring the performance of an agency.

The Government considers it better practice to allow agencies to choose the most useful key indicators rather than specifying the types of indicators required. When guidance to agencies is issued before the next Budget process, the guidance will emphasise that both quality and quantity aspects should be considered when setting the most useful indicators and that the indicators set must present a balanced picture of the agency's performance.

Recommendation 2
Agencies should link their performance indicators in the budget with their corporate objectives, and strategic business plans.

Response
Agreed. Performance indicators should be linked to corporate objectives and strategic business plans wherever relevant and appropriate.

Recommendation 3
Departments should seek to integrate the performance indicators with the decision-making process to:

a) use the performance information to inform decisions about the department activities;

b) regularly assess whether key organisational objectives are being met; and

c) take timely action as appropriate to meet performance targets business objectives.

Response
Agreed. This is already being done to a large extent.

Recommendation 4
Chief Minister's Department should improve the usefulness of its accountability indicators by adding appropriate targets, timeliness and quality measures.

Response
Agreed-in-part. Chief Minister's Department regularly reviews its performance indicators to ensure that the most useful, relevant and up-to-date information is being provided. Given that the Audit Report does not provide detail on the methodology used to assess clarity and usefulness, it is difficult to respond in full, however, the report rightly notes the difficulty in providing indicators for a policy-oriented department.

Recommendation 5
Departments should establish strategic indicators in line with Treasury's guidelines, in particular relating the strategic indicators to outcomes, and not merely describing activities.

Response
Agreed. Agency strategic indicators are reviewed annually and developed in line with Treasury's guidelines.

Recommendation 6

Each statutory authority should:

a) comprehensively review the performance measures included in its Statement of Intent. This review should ensure that:

- all objectives are expressed consistently and reflect well the legislative functions;
- the selected performance measures address all of the main objectives of the authority as stated in its statement of intent; and
- the performance measures provide a meaningful indication of how well the authority's planned activities have been performed.

b) ensure that its statement of performance includes sufficient information to enable readers to understand the performance measure, the result being reported and, where appropriate, how it is measured.

Response

Agreed. Statutory Authorities review their performance measures each year as part of the annual budget process and in line with Treasury's guidelines. This review includes an assessment of relevance, clarity and measurability.

Recommendation 7

Agencies should report in subsequent years on the outcome of significant activities for which undertakings were made in the previous annual report.

Response

Agreed. The Audit has confirmed that this is presently being undertaken in the majority of cases.

Recommendation 8

a) The Chief Minister's Department should, in consultation with other agencies, seek to establish a simple and cost-effective set of performance measures and targets for ecologically sustainable development (ESD).

b) The Chief Minister's Department should improve consistency in the guidance on completing the ESD section of the annual report.

c) All agencies should complete the ESD section of their annual report in the format recommended by the annual report guidelines for better consistency and comparison across government agencies.

d) Relevant agencies should include discussions on how they use the ESD indicators in implementing government sustainability policies and objectives.

Response

Agreed-in-part. Chief Minister's Department will, in conjunction with the Department of Environment, Climate Change, Energy and Water, undertake a review of existing ESD indicators and related requirements in the Annual Report Directions.