
Production and Quality of Information for Performance Budgeting:

Case Study of Australia

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Matters covered

- The policy framework
 - Measurement of performance
 - Reporting of performance
 - Use of performance information
 - The Auditor-General
 - Potential for improvement
 - Future developments
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The policy framework

- Performance measured by:
 - *Outcomes and outputs*
 - *Full accrual costs*
 - Budget plans - *presented by outcome*
 - Appropriations - *presented by outcome*
 - Reporting and accountability for performance
 - Performance auditing
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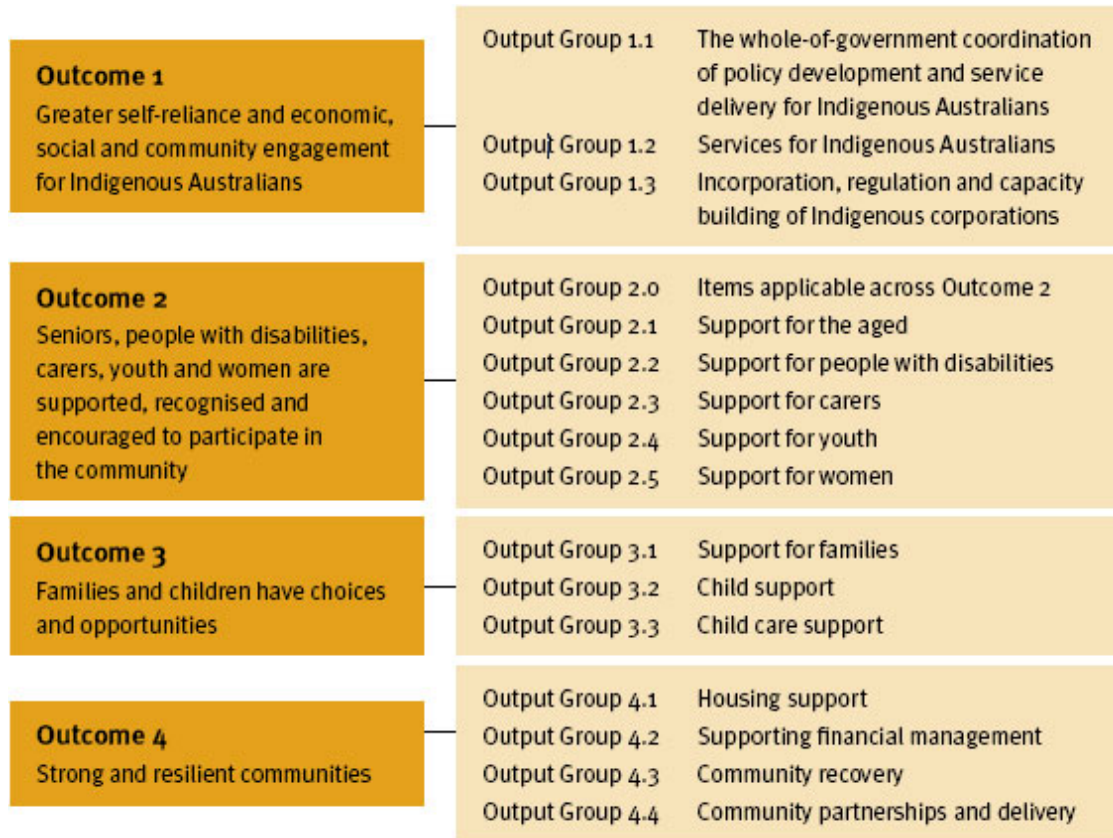
Measurement of performance

Characterised by diversity:

- Agency specifications – *wide diversity*
 - Cross-agency outcomes - *none*
 - Systems – *vary across agencies*
 - Cost allocation – *good methods and assurance*
 - Changing outcomes and outputs – *occurs often*
 - Variation across agencies – *wide variation*
 - Quality of performance measures - *varies*
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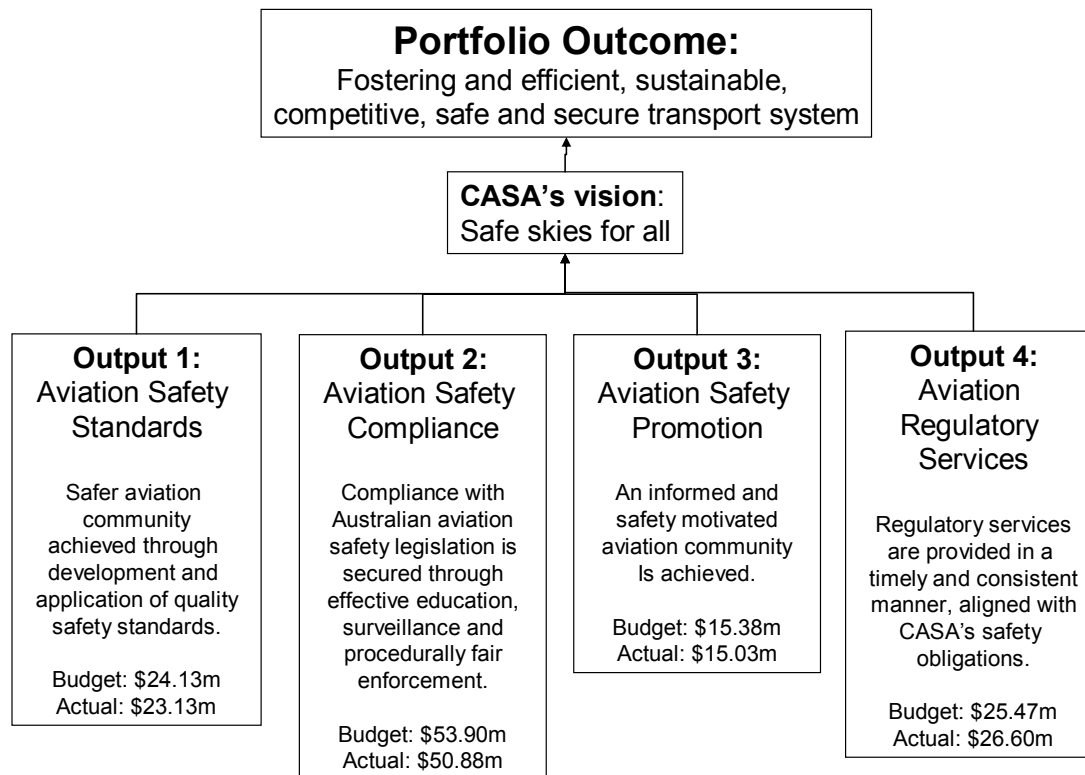
Examples of outcomes and outputs

1. Department of Families, Housing, Community Services and Indigenous Affairs



Examples of outcomes and outputs

2. Civil Aviation and Safety Authority



Examples of performance information

Indicator Type	Indicator/measurement	Target
Effectiveness	Public confidence in the safety of air travel, measured by a survey of the public every three years. (CASA)	No target specified.
	Proportion of visitors and users who indicated the Museum's exhibitions and public programs have contributed a new or different awareness or perspective on Australia's history or culture. Measured by visitor surveys. (Australian National Museum)	75% (81% of visitors in 2006-07 stated that they had learned something new about Australia from the exhibits).
	Reduced community harm caused by the misuse of licit drugs and use of illicit drugs, measured by statistics on the numbers of Australians using tobacco and alcohol at harmful levels and using illicit drugs. (Department of Health and Ageing)	Reduction in the numbers of individuals being harmed (directly) according to the statistics.
Output quality	Accurate and timely approval, payment and acquittal of grants in accordance with legislation and guidelines, measured by compliance standards. (Department of Education, Science and Training)	Target: 90% (Achieved 97% compliance in 2006-07)
	Time taken to resolve a person's immigration status, measured by the duration for resolving immigration applications. (Department of Immigration and Citizenship)	Reduction in the time taken to resolve a person's immigration status during program year.
	Scientific research undertaken is practical, economic and nationally significant, measured by the number of peer reviewed papers and conference papers and the number of scientists active in Antarctic and Southern Ocean science. (Department of Environment and the Arts)	300 papers in 2008 100 scientists active in 2008-09
Output quantity	Number of unaccompanied humanitarian minors (UHMs) assisted by the program. (Department of Immigration and Citizenship).	600 UHMs assisted
	Number of indigenous heritage areas protected. (Department of Environment and the Arts)	300 conservation projects
	Number of illegal foreign fishers apprehended and processed. (Australian Customs Service)	Forecast 1,425

Reporting of performance

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
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Use of performance information

- Agencies – *main users: for operations and policy development*
 - Government - *for budget proposals*
 - Parliament – *appropriations and results*
 - Other stakeholders – *academia, research, business, NGOs media*
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Agency use of performance information

Type of decision	Extent information is used in agency decision-making	Percentage of surveyed agencies using the information for these areas of decision-making			
		Cost information		Performance information	
		Outcomes	Outputs	Outcomes	Outputs
		%	%	%	%
Agency Priorities	Extensively	47	46	41	43
	Sometimes	24	35	38	38
	Rarely	17	14	12	12
	Never	12	5	9	7
Budget Planning	Extensively	52	51	43	44
	Sometimes	22	35	33	32
	Rarely	14	9	14	17
	Never	12	5	10	7
Resource Allocations	Extensively	52	49	41	43
	Sometimes	19	32	38	36
	Rarely	17	14	12	14
	Never	12	5	9	7

The Auditor-General

- Performance audit mandate
 - Audit activity (2006-07):
 - 51 reports, 162 recommendations
 - 4 good practice guides
 - Total cost \$A21.6m (\$A170,000 and 12.3 months average per audit)
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Potential for improvement

- Quality of outcome specification
 - Measuring contributions to outcomes
 - Quality of information across agencies
 - Expanding constructive engagement by Parliament
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Future developments

- Embedding strategic reviews
- Operation Sunlight
 - Central review of outcomes
 - Triple bottom line reporting
 - Single financial standard
 - Program reporting
- Agency level improvements

Constructive dialogue and effective use of results are pre-requisites for major advances



watch this space!