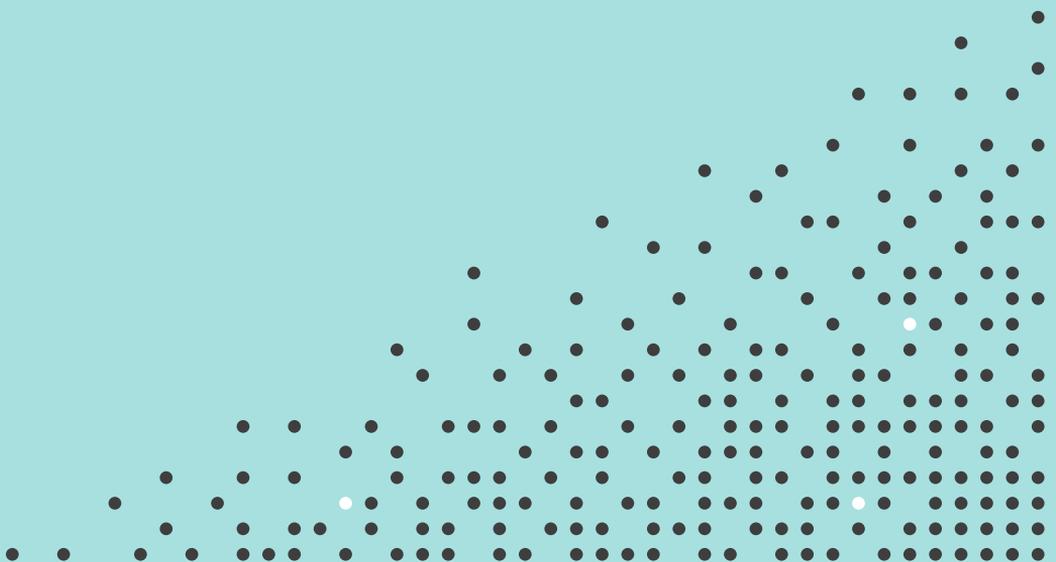


Part 2: Performance

- Summary of performance and highlights
- Annual performance statements



Summary of performance and highlights

In accordance with the enhanced Commonwealth performance framework introduced in 2015–16, Finance's performance reporting is structured around the four purposes set out in the department's Corporate Plan 2015–16 (see 'Our aspiration and purposes' on page 7). In previous years, performance reporting centred on our outcomes and programs. The relationship between our purposes and our outcomes and programs is shown in Appendix A.

The performance framework also requires that the annual report include annual performance statements. The annual performance statements on pages 29 to 44 reflect the actual results achieved against the performance criteria set out in our corporate plan and portfolio budget statements for the reporting period.

Priorities

Our key priorities for 2015–16 were:

- supporting the government to deliver its fiscal policy objectives through the budget and financial advice, management and reporting, as required by the *Charter of Budget Honesty Act 1998* and the *Public Governance, Performance and Accountability Act 2013* (see 'Delivering the 2016–17 Budget and economic updates' on page 15)
- supporting the smaller government agenda and ensuring public sector operations are cost-effective, including rationalising surplus office leases and expanding the reform of back-office systems and coordinated procurement arrangements for ICT products and services (see 'Shared and common services program' on page 22 and 'Revised ICT benchmarking framework' on page 23)
- supporting the government's agenda to modernise approaches for the efficient delivery and management of publicly funded services and assets, including:
 - delivering key projects such as completing the negotiation on the long-term arrangements for the Air Warfare Destroyer Program and the strategic review of ASC Pty Ltd's mandate, corporate and capital structure and governance (see 'Reform of the Air Warfare Destroyer Program' on page 21 and 'Review of ASC's mandate, corporate and capital structure and governance' on page 22)
 - undertaking reviews and scoping studies to assess optimal arrangements for delivery and ownership options for identified assets, such as the Intra-Government Communications Network and the Australian Rail Track Corporation Ltd (see 'Intra-Government Communications Network scoping study' and 'Australian Rail Track Corporation scoping study' on page 22).

In 2015–16, Finance achieved a longstanding operational objective by co-locating most Canberra-based staff (previously accommodated across several separate tenancies) into one building. The new building creates the opportunity for our people to collaborate more easily across the organisation, and improved technology and work practices will make operations more agile and better connected and help organise people more flexibly in response to work priorities (see 'Finance transformation program' on page 46).

Budget and financial advice, management and reporting—support the government to deliver its fiscal targets and policy objectives (relates to Outcome 1)

Activities

- As manager of the budget process and rules, assist the government to develop and meet its fiscal targets, policy objectives and legislative obligations.
- Maintain the government's financial reporting framework to enhance public sector management and accountability.

Summary of our performance

Finance performed well in 2015–16 by progressing the purpose's activities. The department accomplished five of the six performance criteria identified in the Portfolio Budget Statements 2015–16 and Corporate Plan 2015–16. One criterion was assessed as partially achieved. Our performance has also been demonstrated by realising all the intended results in the corporate plan and deliverables in the portfolio budget statements.

More information on our results against the performance criteria for the budget purpose is available in the annual performance statements (pages 29–31) and in the highlights below.

Highlights

Delivering the 2016–17 Budget and economic updates

Finance's core role is to provide advice and analysis to support the government to develop and deliver its fiscal and economic policies. Finance works closely with the Treasury to manage the budget process, communicate the policy decisions and fiscal targets, and ensure that the budget takes into account government decisions and other material impacts on the budget, consistent with our obligations under the Charter of Budget Honesty Act.

During the development of the 2016–17 Budget, Finance:

- provided advice on spending and savings proposals, and prepared over 100 briefs for the Expenditure Review Committee of Cabinet to assist its policy deliberations to achieve the government's objectives
- scrutinised cost estimates for new spending and savings proposals. Finance verified approximately 740 policy costings for accuracy and overall alignment with the policy's intent and collaborated with portfolio agencies to validate 9,060 estimates adjustments entered in the Central Budget Management System
- coordinated key aspects of the budget process and administered the budget process operational rules

- prepared budget documentation, including:
 - Statement 5 of Budget Paper No. 1, which details how the government intends to allocate \$450.6 billion of expenditure in 2016–17
 - Statement 8 of Budget Paper No. 1, in relation to fiscal risks, assets and liabilities, contingent assets and liabilities, and Australian Government loans that may influence the actual budget outcome
 - Statement 9 of Budget Paper No. 1, which provides the Australian Government budget financial statements
 - 220 new expense, capital and non-tax revenue measures included in Budget Paper No. 2
 - Budget Paper No. 4, which contains information on 2016–17 resourcing for Australian Government agencies.

For the 2015–16 Mid-Year Economic and Fiscal Outlook, Finance analysed and advised on 164 expense, capital and non-tax revenue measures, and prepared a range of documentation, including information on the Australian Government budget financial statements and an update to fiscal risks and contingent liabilities and assets since the 2015–16 Budget.

In preparing for the 2016 federal election, Finance worked with the Treasury on the Pre-election Economic and Fiscal Outlook. In accordance with the Charter of Budget Honesty Act, the Secretary to the Treasury and the Secretary of the Department of Finance publicly released the Pre-election Economic and Fiscal Outlook on 20 May 2016.

Over the caretaker period, up until the day of the election, Finance costed 50 election commitments. These costings were made available to the public on a dedicated website, www.electioncostings.gov.au.

Delivering the government's fiscal and budget strategies

In the 2016–17 Budget, the government reiterated its commitment to the medium-term fiscal strategy of achieving budget surpluses, on average, over the course of the economic cycle, and its aim to deliver budget surpluses building to at least 1 per cent of GDP as soon as possible.

To support this goal, Finance, in collaboration with the Treasury, the Department of the Prime Minister and Cabinet and other agencies, developed proposals across a number of portfolios aimed at improving productivity in the economy and workforce participation. Finance provided advice on major reforms, including the youth employment package and investment in infrastructure and defence capability.

Finance supported the government in delivering on its budget repair strategy by advising on the progress of budget-related legislation through the parliament.

Structural savings

Finance, in collaboration with the Treasury and the Department of the Prime Minister and Cabinet, developed savings proposals for consideration by the government designed to support the long-term sustainability of the budget. Finance advised the Expenditure Review Committee on structural savings proposals to help ensure savings were responsible and sustainable and could contribute to the ongoing costs of key expense measures.

Youth employment package

Finance, in collaboration with central agencies and the departments of Employment, Social Services, Education and Training and Human Services as part of the Youth Employment Taskforce, advised the government on the design of, and policy and financial matters for, the youth employment package announced in the 2016–17 Budget.

The package included the establishment of the Youth Jobs PaTH (Prepare, Trial, Hire) program. The government will invest \$751.7 million over four years in Youth Jobs PaTH, which aims to improve youth employment outcomes by increasing young people's employability and providing up to 30,000 young people each year with real work experience. The package also included measures to promote youth innovation and assist young people to start their own businesses.

CASE STUDY

Surging to deliver the 2016–17 Budget

Reflecting Finance's new way of operating, a surge readiness management model was developed building short-term teams to 'surge' towards work priorities as they arise. In 2015–16 this included assisting with the peak of activity associated with the 2016–17 Budget.

Over 40 staff undertook targeted budget training, and 15 staff mobilised in February 2016 to work in Budget and Financial Reporting as part of the budget surge response team. Their work included costing new policy proposals, preparing green briefs, drafting measure descriptions and processing adjustments in the Central Budget Management System. A second surge team of five staff was activated in a rapid response to a request for assistance to quality-assure and proofread the budget supply bills.

'We really appreciated the surge response team offering their services to help better manage the workload across the group during this peak period—it made a real difference. It was also an opportunity for us to see some different ideas from different areas of the department and have a fresh look at the process.'

The surge response team also found the experience to be beneficial.

'It was a good opportunity to develop my skills and learn something new that could benefit me in any role across the department. I also met new people and established some networks. I would definitely recommend it.'

This was a great example of staff mobility in action with successful outcomes for all involved. The department will continue to refine the implementation of the surge readiness management model to build on our capacity to flexibly deploy staff and resources to deliver the government's priorities.

Staff in Budget and Financial Reporting found the contribution of the surge response team to be extremely valuable.

Surging to deliver the 2016–17 Budget



Governance—foster leading public sector practice (relates to Outcome 2)

Activities

- As steward of the government’s public sector governance, performance and accountability framework and key assets:
 - contribute to, and foster, leading practice in public sector resource management, governance and accountability, encompassing:
 - the public governance, performance and accountability framework and related oversight frameworks, incorporating procurement, grants, charging and risk frameworks
 - the Commonwealth land, public works and property management frameworks
 - government advertising policies
 - oversee the government’s investment funds, including the Future Fund, and the stability of the government’s unfunded superannuation liabilities
 - provide performance assessments and strategic advice to support shareholder oversight of the performance of corporate Commonwealth entities and Commonwealth companies.
- Provide support and advice to the government on Australian electoral matters.

Summary of our performance

Finance performed well in 2015–16 by progressing the purpose’s activities. The department accomplished 16 of the 17 performance criteria identified in the Portfolio Budget Statements 2015–16 and Corporate Plan 2015–16. One criterion was assessed as partially achieved. Our performance has also been demonstrated by realising all the intended results in the corporate plan and deliverables in the portfolio budget statements.

More information on our results against the performance criteria for the governance purpose is available in the annual performance statements (pages 32–6) and in the highlights below.

Highlights

Trans-Pacific Partnership negotiations

Finance provided technical support to the Department of Foreign Affairs and Trade in relation to the government procurement chapter.

Investment mandate for the Medical Research Future Fund

Following passage of the *Medical Research Future Fund Act 2015* in August 2015, Finance worked with technical and legal advisers, and with the Treasury, on an appropriate investment mandate for the fund. The Medical Research Future Fund Investment Mandate Direction 2015 took effect in November 2015 and is an important tool in shaping the outcomes the government aims to achieve from the fund (returns, preservation of the capital over the long term and an acceptable level of risk).

Clean Energy Innovation Fund

Finance worked with the Department of the Environment to develop the operational parameters for the \$1 billion Clean Energy Innovation Fund, to be jointly managed by the Clean Energy Finance Corporation and the Australian Renewable Energy Agency. The two departments worked with technical advisers to draft provisions that set a target rate of return and described the risk level for the fund. The fund was established through provisions in the Clean Energy Finance Corporation Investment Mandate Direction 2016, issued by the Minister for Finance and the Minister for the Environment in May 2016.

Reform of Senate voting practices

Led by Finance, multiple entities developed the most significant electoral reform in 30 years, through amendments to the *Commonwealth Electoral Act 1918*. The amendments changed voting practices so that voters' choices are directly responsible for the election of Senators. The changes provided increased flexibility and opportunity for voters to express their preferences for Senate candidates.

Amendments to the Commonwealth Electoral Act for Norfolk Island residents

Finance worked with the Department of Infrastructure and Regional Development to develop policy and legislative reforms that made enrolling to vote in federal elections compulsory and provided for the representation of Norfolk Island electors in a single electorate in the Australian Capital Territory.

Revised guideline for machinery of government changes

The Australian Public Service Commission and Finance revised the guideline to make it more strategic by focusing on a set of key principles for implementing machinery of government changes. The revised guideline has a more user-friendly web-based format and incorporates new practices to improve the implementation of machinery of government changes. It also includes links to checklists and to other resources that provide more detailed information.

Administration of the Central Advertising System

Finance administers the Central Advertising System, which consolidates the government's buying power to support the proper use of public resources. A total of \$218.3 million was spent on media through the system in 2015–16:

- Total campaign advertising media expenditure was \$198.7 million, comprising \$174.7 million by non-corporate Commonwealth entities and \$24.0 million by corporate Commonwealth entities, Commonwealth companies and other bodies.
- Total non-campaign advertising media expenditure was \$19.6 million, comprising \$16.8 million by non-corporate Commonwealth entities and \$2.8 million by corporate Commonwealth entities, Commonwealth companies and other bodies.

CASE STUDY

Enhanced Commonwealth performance framework

In 2015–16 the department put the final component of the enhanced Commonwealth performance framework in place. The new framework aims to improve the quality of planning, performance information, evaluation and reporting in government so that performance information draws clear links between the use of public resources and the results achieved.

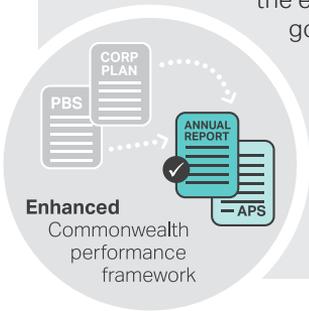
The framework creates a clear line of sight between performance planning in corporate plans and performance reporting in annual performance statements. It aims to provide high-level information about the extent to which government policy objectives are being met.

Communities of practice were integral to the successful

implementation of the new framework. Throughout 2015–16 the department conducted a comprehensive series of community of practice meetings in Canberra, Melbourne, Sydney, Adelaide and Brisbane with over 2,400 attendees from Australian Government entities.

The Joint Committee of Public Accounts and Audit commended the department’s consultation with affected entities and the extensive set of quality guidance we produced. In a recent performance audit into corporate planning in the Australian public sector, the Australian National Audit Office found that 84 per cent of entities were satisfied with the department’s assistance.

The department will continue to provide professional guidance and assistance as entities refine and improve their performance planning and reporting.



Transformation—innovate and improve public sector operations and reform the management and operations of public assets (relates to Outcome 2)

Activities

As a public sector leader, stimulate and drive public sector efficiency, excellence and innovation, and support the government in reforming and improving the governance, performance and accountability of the public sector and public assets.

Summary of our performance

Finance displayed a high level of performance in 2015–16 by accomplishing the purpose's activities. The department achieved all four of the performance criteria identified in the Portfolio Budget Statements 2015–16 and Corporate Plan 2015–16. Our performance has also been demonstrated by realising all the intended results in the corporate plan and deliverables in the portfolio budget statements.

More information on our results against the performance criteria for the transformation purpose is available in the annual performance statements (pages 37–8) and in the highlights below.

Highlights

Effective and efficient management and divestment of non-defence domestic property

Finance continued to manage the \$1.4 billion non-defence domestic property portfolio to meet its intended purposes and comply with relevant legislation. Assets were managed by promptly addressing issues and scheduling repairs and upgrades to preserve and improve asset value. Finance continued to work closely with government entities to fulfil their requirements for functional and fit-for-purpose office accommodation.

Fifty-two property sales were completed under the government's surplus property divestment program in 2015–16. The sales returned approximately \$9 million in gross proceeds to consolidated revenue, and achieved savings in property management costs. Most of these sales involved properties previously held by the former Albury–Wodonga Development Corporation and rural blocks located along the NSW–ACT border.

Reform of the Air Warfare Destroyer Program

The department worked with the Department of Defence to successfully implement long-term arrangements for the Air Warfare Destroyer Program to address budget and schedule overruns and ensure that the program meets Australia's defence requirements. These arrangements have significantly improved the performance of ASC Pty Ltd.

Review of ASC's mandate, corporate and capital structure and governance

Finance conducted a strategic review of ASC Pty Ltd, and is updating that review to ensure that the company is best structured to support the government's long-term plan for a strong and sustainable naval shipbuilding industry.

Intra-Government Communications Network scoping study

The department managed a scoping study into future ownership options for the Intra-Government Communications Network (ICON). Following consideration of the outcomes of the study, the government announced that it would retain ICON because a sale or lease would not represent value for money. The study found that ICON provides significant value to the government as a strategic asset that gives agencies low-cost, high-bandwidth secure telecommunication services.

Competitive tender process to operate the ASIC Registry

Following the government's decision to outsource the operations and upgrading of the ASIC Registry, the department delivered three of the four phases of the competitive tender process—the registration of interest phase, the expression of interest phase and the indicative bid phase. The final bid phase was launched on 29 April 2016.

Defence Housing Australia forensic review

Finance worked with the Department of Defence to finalise a forensic review of the operations and activities of Defence Housing Australia. Finance supported Defence Housing Australia and other stakeholders with implementing the review's recommendations.

Australian Rail Track Corporation scoping study

Finance managed a scoping study into options for the future management, operations and ownership of the Australian Rail Track Corporation, taking into account the implications of the Inland Rail project. Having considered the outcomes of the study, the government decided to keep the company in government ownership to deliver the Inland Rail project in partnership with the private sector. Finance is leading a market-testing process for private sector involvement in the project.

Shared and common services program

The shared and common services program is driving standardisation of business processes across the public sector by consolidating service provision from 94 agencies into a few designated public sector providers by the end of 2019–20. Significant progress was made in 2015–16, including:

- establishing six designated providers from which 14 consuming agencies are sourcing services
- matching each consuming agency to a provider
- starting an automation pilot with a number of providers
- conducting scoping for a pilot of business process outsourcing
- conducting the second round of corporate services benchmarking to enable monitoring of benefits.

Revised ICT benchmarking framework

The ICT benchmarking framework is used to monitor whole-of-government trends in ICT activities and investment. During 2015–16 the framework was revised in order to reduce red tape, remove lower value data items and improve the data collection process. Greater emphasis was placed on improving performance and the return on investment of ICT management and applications.

Streamlining Grants Administration Program

The Finance-led Streamlining Grants Administration Program will ensure a simpler, more consistent and more efficient process for administering government grants. The initiative includes the establishment of two grants administration hubs, as announced in the 2015–16 Budget. During 2015–16, the transition arrangements were established for the program, including the scope of services to be delivered by the hubs, plans for automating services and a pathway to transition. Thirteen agencies are in scope for the program. The two hub agencies are streamlining their grants management processes, with a user experience focus, and the 11 other granting agencies will transition their programs to one of the grants administration hubs beginning on 1 July 2016. This reform will reduce red tape for grant applicants and recipients and provide administrative efficiencies for government.

Digital records management

During 2015–16, Finance led a study to examine the business, technical and financial costs and benefits of moving to a whole-of-government digital records management system. The cost–benefit analysis showed that a single system was feasible. Finance has established a program of work concentrating on smarter procurement for records systems, mapping the future of government records management, and enabling interoperability of information.

Efficiency through Contestability Program

Under the Efficiency through Contestability Program, Finance continued to methodically examine Commonwealth public sector activities, staffing and agency functions to ensure that government administration is as efficient, effective and responsive as possible. In 2015–16, Finance advised agencies on undertaking functions under the contestability framework and delivered five functional and efficiency reviews to government. The reviews have led to administrative and program savings of about \$2.7 billion to date and the savings are expected to continue to build over time.

Independent review of whole-of-government internal regulation

Finance led a cross-entity secretariat to support Ms Barbara Belcher's independent review of the need for, and impact of, regulations imposed on the public service. The review's report contains 134 recommendations, with a key focus on streamlining security vetting processes, removing duplication of reporting, improving accessibility of information, clarifying guidance, introducing electronic tabling in parliament and improving annual reports. The Secretaries Committee on Transformation and the Secretaries Board agreed to all recommendations and work is now underway on implementing them.

CASE STUDY

National Property Efficiency Program

Finance's National Property Efficiency Program capitalises on the Australian Government's position as a major purchaser of property services in the Australian market.

The program has two key initiatives:

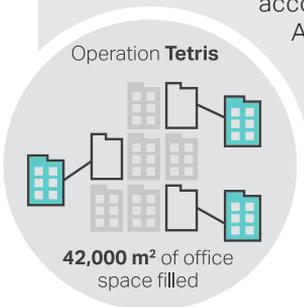
- Operation Tetris—absorbing entities' lease requirements, where feasible, into existing vacant office accommodation
- coordinated procurements—ensuring leases and other property services contracts maximise the government's substantial purchasing power.

Operation Tetris focuses on filling vacant government office accommodation in the Australian Capital Territory. In 2015–16 over 42,000 square metres of previously vacant

and surplus office space in and around Canberra was filled by government agencies, which will deliver almost \$200 million in savings over 10 years.

In February 2016 the department facilitated a joint approach to market for the ACT office accommodation needs of the Department of Immigration and Border Protection, the Australian Bureau of Statistics and the Department of Defence. The joint approach leveraged the buying power of the three agencies to enhance value for money and achieve significant savings over the life of the leases, estimated at around \$324 million over 30 years.

The department is taking the benefits from these successes and is rolling out the program nationally.



Services—manage efficient, cost-effective services to, and for, the government (relates to Outcomes 2 and 3)

Activities

As steward of the government's key assets (including sovereign wealth funds and government non-defence real property) and public sector governance, administer:

- government superannuation arrangements
- government general insurance and risk management services (Comcover)
- government non-defence property services
- key whole-of-Australian Government ICT services (including communications networks, online services and ICT apprentice programs)
- government purchasing arrangements for common goods and services.

Administer entitlements and services to ministers, office-holders, senators, members and their staff.

Summary of our performance

Finance performed well in 2015–16 by progressing the purpose's activities. The department accomplished 10 of the 12 performance criteria in the Portfolio Budget Statements 2015–16 and Corporate Plan 2015–16. One criterion was assessed as partially achieved and one criterion was assessed as not achieved. Our performance has also been demonstrated by realising all the intended results in the corporate plan and deliverables in the portfolio budget statements.

More information on the results against the performance criteria for the services purpose is available in the annual performance statements (pages 38–42) and in the highlights below.

Highlights

Parliamentary injury compensation scheme

The 2015–16 Budget included funding to establish an injury compensation scheme for parliamentarians (and the spouse of the Prime Minister), providing coverage from 1 January 2016. The measure is based as far as practicable on the relevant provisions of the *Safety, Rehabilitation and Compensation Act 1988*, and is administered by Comcare. The scheme was implemented through an amending regulation, and the scheme benefits were determined by the Special Minister of State in a legislative instrument.

Before the scheme's establishment, parliamentarians were one of the only professions in Australia not to be covered for work-related injury.

ICT entry-level programs

The Australian Government's ICT entry-level programs continued to build the ICT capability of the APS workforce. As part of the annual intake in January 2016, 42 ICT apprentices and 54 ICT cadets started programs in 12 government agencies. In February 2016, 39 graduates commenced employment across 12 agencies. In 2015–16, Finance increased the use of social media to market the programs to potential applicants. Facebook was used to advertise and communicate with applicants through live 'question and answer' sessions and boosted posts. This increased activity resulted in a higher number of applications compared to previous years.

Cox Peninsula remediation

Finance is remediating 4,750 hectares of contaminated land at Cox Peninsula that was used for a variety of maritime, communications and defence purposes for over 70 years.

Work completed to date, totalling approximately \$13 million, has included the remediation of sections 41 and 266. More than 1,200 hectares was handed over to the traditional owners by the Prime Minister in a formal ceremony held on site on 21 June 2016.

The remainder of the land to be remediated includes sections 261, 262 and 265, comprising approximately 3,500 hectares, which will be progressively transferred to the traditional owners under the Kenbi land claim.

Post-entry quarantine facility

Finance is overseeing the construction of a post-entry quarantine facility in Mickleham, Victoria. Buildings for the quarantine of horses, bees, dogs, cats and plants were commissioned and progressively completed between February and December 2015 at a cost of \$203 million. This work assists the Department of Agriculture and Water Resources to keep Australia safe from exotic pests and diseases that could threaten our human, plant and animal health. The construction of this facility consolidates a number of premises to better meet Australia's future post-entry quarantine needs.

Refurbishment of child dispute area at Sydney law courts

The child dispute area at the Commonwealth Law Courts building in Sydney has been updated to meet contemporary safety and security standards. This project, completed in May 2016 at a cost of \$2 million, has improved safety and security for members of the public and staff who use this area. This project was funded through a 2015–16 Budget measure which provided \$30 million over four years for the refurbishment of Commonwealth Law Courts buildings.

Villawood Immigration Detention Centre refurbishment

The redevelopment in stage 2a has involved remediating the site and replacing ageing infrastructure and facilities in accordance with the principles in the Standards for Design and Fit-out of Immigration Detention Facilities, the Standards for Health Services in Australian Immigration Detention Centres, and the Detention Health Framework. In March 2016 at a cost of \$34 million, two low-risk accommodation precincts were completed that can house approximately 380 people. The development also incorporated amenities that promote the health and wellbeing of people in detention, staff and visitors.

Extension of the Microsoft Volume Sourcing Agreement

During 2015–16, Finance executed an amendment to the Microsoft Volume Sourcing Agreement to extend it for a further three years to 30 June 2019. The agreement provides entities with significant price discounts, favourable licensing conditions and deployment flexibility for Microsoft software and services, which includes the ability to move licences between entities without additional cost.

Delivery of a Protected voice, video and chat service

Finance designed and procured a mobile voice, video and chat application in response to the need for accredited communications services at a Protected classification. The system was constructed in a 10-week window following an open market approach. The system is modular and can be extended to interoperate with other Protected systems using standards-based protocols.

New government panel for air travel services

During 2015–16, Finance entered into a new arrangement for air travel. It delivers value for money through competitive fixed-price fares and other discount arrangements for the 1.4 million sectors that are travelled annually by government travellers. It also meets the needs of the 140 agencies and 230,000 government travellers that will use the arrangement.

CASE STUDY

govCMS

govCMS is an open source web content management and hosting service developed to help agencies create modern, affordable and responsive websites and to make it easier to collaborate and innovate. govCMS helps reduce the technology and compliance burden on government agencies while providing a more cost-effective web content management and hosting option.

Before govCMS, many agencies were locked into expensive, proprietary software—all trying to solve the same problems, battling to achieve compliance and keep up with increasingly sophisticated security and technical requirements.

Adoption by agencies in the service’s first full year of operation has exceeded all expectations, reflecting the trust established in govCMS. The Victorian Department of Premier and Cabinet used govCMS to deliver the state budget on www.budget.vic.gov.au, and one of the most visited sites in the federal government, www.humanservices.gov.au, also adopted the service.

Agencies using govCMS are part of a thriving community that is supported to create functionality once, and share with others, which eliminates duplication of cost, time and effort.

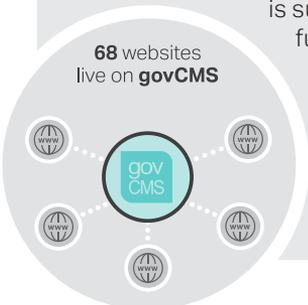
One tool, which enables sites to use information from open data portals and picture the data on their websites, was co-developed by a federal and a state agency and has been shared across the community. Another, which allows the public to participate in both formal and informal policy consultation, has also been shared.

The success of govCMS shows the value in starting with customer requirements. Agencies were engaged early and involved in the design of the service and implementation was based on the most pressing customer needs.

govCMS shows you don’t have to mandate the service—just make it compelling.



The work in 2015–16 culminated in govCMS being recognised as a positive example of innovation, winning the Contributing to a Culture of Practice of Innovation category at the Institute of Public Administration Australia’s 2016 Public Sector Innovation Awards.



Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2015–16 annual performance statements of the Department of Finance, as required under section 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the department, and comply with section 39(2) of the PGPA Act.



Jane Halton
Secretary
3 October 2016

Purpose: Budget and financial advice, management and reporting—support the government to deliver its fiscal targets and policy objectives (relates to Outcome 1)

Results

Performance criterion

Analysis, policy advice and costing information provided to the Finance Minister and the Expenditure Review Committee of Cabinet as part of budget and financial reporting processes are relevant, accurate, evidence-based and timely.

Criterion source

Corporate Plan 2015–16, p. 12
Program 1.1, Portfolio Budget Statements 2015–16, p. 29

Result against performance criterion

Achieved

Finance provided advice to the Finance Minister and Expenditure Review Committee of Cabinet that was relevant to government considerations, accurate, evidence-based, delivered within agreed timeframes and consistent with government-agreed processes. Finance prepared and provided over 100 briefs to support the deliberations of the Expenditure Review Committee of Cabinet.

Performance criterion

Advice is objective and based on a thorough understanding of issues from a whole-of-Australian-Government (WoAG) perspective.

Criterion source Program 1.1, Portfolio Budget Statements 2015–16, p. 29

Result against performance criterion Achieved

Independent advice, from a WoAG perspective, was provided to the Finance Minister and Expenditure Review Committee of Cabinet based on information gathered through consultations with entities and other stakeholders. During the development of the 2016–17 Budget, Finance verified approximately 740 policy costings for accuracy and overall alignment with the policy's intent and validated 9,060 estimates adjustments entered by agencies into the Central Budget Management System.

Performance criterion

Accurate budget estimates measured as follows (after allowing for the effects of policy decisions, movements in economic parameters and changes in accounting treatments):

- 2.0 per cent difference between first forward year estimated expenses and final outcome
- 1.5 per cent difference between budget estimated expenses and final outcome
- 1.0 per cent difference between revised estimated expenses at Mid-Year Economic and Fiscal Outlook (MYEFO) and Final Budget Outcome (FBO)
- 0.5 per cent difference between revised estimated expenses at budget and FBO.

Criterion source Program 1.1, Portfolio Budget Statements 2015–16, p. 29

Result against performance criterion Partially achieved

The difference between first forward year estimated expenses and FBO was –1.9 per cent on an accrual basis and –2.0 per cent on a cash payments basis.

The difference between budget estimated expenses and FBO was –1.5 per cent on an accrual basis and –1.9 per cent on a cash payments basis.

The difference between revised estimated expenses at MYEFO and FBO was –0.9 per cent on an accrual basis and –1.2 per cent on a cash payments basis.

The difference between revised estimated expenses at budget and FBO was –0.6 per cent on an accrual basis and –0.4 per cent on a cash payments basis.

One element of this criterion was fully achieved and three elements were partially achieved. Variations between the estimates and final outcome were due to unpredictable delays in the achievement of project milestones under a range of national partnership agreements and changes in some program-specific parameters. Program estimates are regularly reviewed and updated to take account of the best available information to maximise their reliability and accuracy.

Performance criterion

The budget, related updates and the government's financial statements are accurate (taking into account, to the fullest extent possible, all government decisions and other circumstances that may have a material effect) and delivered within required timeframes, and meet the government's legislative obligations.

Criterion source	Corporate Plan 2015–16, p. 12 Program 1.1, Portfolio Budget Statements 2015–16, p. 29
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Result against performance criterion	Achieved
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The 2016–17 Budget was delivered on 3 May 2016.

The 2015–16 MYEFO was delivered on 15 December 2015.

The 2014–15 FBO was published on 21 September 2015, within the legislated timeframe and with audit-cleared financial statements for all material entities. The results were consistent with the subsequent audited consolidated financial statements.

Since FBO, the monthly financial statements were delivered, on average, to the Finance Minister within 21 days of each month end.

The consolidated financial statements were provided to the Auditor-General on 30 November 2015, within the legislated timeframe. They were audit-cleared with one exception for the fair value measurement of specialist military equipment assets. This matter related to a technical accounting measurement issue. Specialist military equipment assets were measured at cost, which was consistent with the treatment in prior years. The accuracy of the budget, related updates and government financial statements was demonstrated by the previous performance criterion.

Performance criterion

The derived underlying cash balance is provided to government within five days of the end of the financial year.

Criterion source	Program 1.1, Portfolio Budget Statements 2015–16, p. 29
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Result against performance criterion	Achieved
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The 2014–15 derived underlying cash balance was provided to the government within five days of the end of the financial year.

Performance criterion

The government's cash requirements are met on a daily basis, ensuring the ongoing operations of government.

Criterion source	Corporate Plan 2015–16, p. 12 Program 1.1, Portfolio Budget Statements 2015–16, p. 29
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Result against performance criterion	Achieved
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The government's cash requirements were met on every day of 2015–16.

Analysis of budget purpose performance

See the overarching analysis of performance at the end of these annual performance statements.

Purpose: Governance—foster leading public sector practice (relates to Outcome 2)

Results

Performance criterion	
Delivery of significant government initiatives improves, with:	
<ul style="list-style-type: none"> • 90 per cent of senior responsible officials identifying that gateway reviews have contributed constructively to their project • 90 per cent of gateway review report recommendations actioned or being actioned by entities. 	
Criterion source	Corporate Plan 2015–16, p. 14 Program 2.1, Portfolio Budget Statements 2015–16, p. 36
Result against performance criterion	Achieved
100 per cent of senior responsible officials identified through feedback forms that gateway reviews contributed constructively to their project in 2015–16.	
98 per cent of gateway review recommendations have been, or are being, actioned by entities as reported in feedback forms.	
Performance criterion	
Timely and relevant advice on grant policy matters.	
Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 36
Result against performance criterion	Achieved
Stakeholder feedback indicates that grants policy advice, tools and guidance was relevant and timely. Advice was provided on over 120 grant guidelines and all advice was provided within the advised timeframes.	
Performance criterion	
Contribute to the achievement of the government’s objectives in Papua New Guinea, the Pacific and East Asia.	
Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 36
Result against performance criterion	Achieved
Stakeholders and whole-of-government partners, including the Department of Foreign Affairs and Trade, regional development partners and foreign governments endorsed the effectiveness of Finance’s technical assistance activities in the Indo-Pacific region.	
Performance criterion	
Timely and relevant advice on procurement policy matters is provided, with at least 80 per cent of entity queries to the procurement advice inbox responded to within three days.	
Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 36

Result against performance criterion	Achieved
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The department received 547 requests for advice from agencies and responded to 97 per cent of those requests within three days.

Performance criterion

AusTender is available 99 per cent of the time during business hours (ACT local time).

Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 36
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Result against performance criterion	Achieved
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AusTender was available 99.97 per cent of the time during business hours in 2015–16.

Performance criterion

Advice to the Finance Minister [relating to government shareholder oversight] is timely, relevant and of high quality.

Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 37
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Result against performance criterion	Achieved
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The Finance Minister was briefed promptly and comprehensively on shareholder issues related to government business enterprises as evidenced by the provision of regular and issues-based briefings during 2015–16.

Performance criterion

Briefings on corporate plans and progress reports [for government commercial entities] to be provided to the Finance Minister within four weeks of receipt.

Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 37
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Result against performance criterion	Partially achieved
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Eleven briefings on corporate plans or progress reports were provided to the Finance Minister within the required timeframe. Nineteen briefings were delayed for various reasons.

Performance criterion

Quarterly meetings with government business enterprises.

Criterion source	Program 2.1, Portfolio Budget Statements 2015–16, p. 37
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Result against performance criterion	Achieved
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Meetings were held with the government business enterprises on a quarterly or more frequent basis.

Performance criterion

Advice, analysis and support to the government on public sector superannuation policy and governance, investment fund policy, and governance matters, is provided in a timely manner, and is assessed as high quality and robust, supporting the delivery of the government's objectives and investment mandates.

Criterion source	Corporate Plan 2015–16, p. 14 Program 2.6, Portfolio Budget Statements 2015–16, p. 49 Program 2.7, Portfolio Budget Statements 2015–16, p. 51
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Result against performance criterion

Achieved

The merger of ComSuper and the Commonwealth Superannuation Corporation took effect on 1 July 2015, representing a significant reform in superannuation governance. Throughout 2015–16, Finance chaired a deputy secretary-level stakeholder working group to consider and resolve issues in a timely manner.

Finance provided advice and assistance to the government in relation to the 2016–17 Budget measure 'Offering Choice in Public Sector Superannuation Accumulation Plan'. Advice, including information obtained from consultations with relevant stakeholders, was provided within the necessary budget timeframes.

Finance provided advice and assistance to the government on establishing the Medical Research Future Fund (MRFF), issuing an investment mandate for the MRFF and closing the Health and Hospitals Fund (HHF). The *Medical Research Future Fund Act 2015* received royal assent on 26 August 2015. The Medical Research Future Fund Investment Mandate Direction 2015 was issued on 8 November 2015 and the HHF was closed by proclamation on 29 October 2015.

Performance criterion

The Australian Government Office Occupancy Report (to be published in 2015–16) demonstrates that Commonwealth entities are working towards best practice in property management and planning.

Criterion source

Corporate Plan 2015–16, p. 14
Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion

Achieved

The Australian Government Office Occupancy Report 2015 showed that entities are working to achieve best practice in property management and planning.

An assessment of the findings of the 2015 report against those of previous reports shows WoAG reductions in the median fit-out density, total office area and total work points.

These results are also relevant to the Portfolio Budget Statements 2015–16 performance criterion 'WoAG property data is collected, analysed and used as the evidence base to inform government property management policy and entity property decisions'.

Performance criterion

Sustainable property management practices and tools are promulgated to relevant entities and assisted in using these tools to achieve more efficient, effective and sustainable property outcomes on a whole-of-life basis.

Criterion source

Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion

Achieved

Ongoing consultations were undertaken with entities that focused on the implementation of effective and sustainable property outcomes in support of the Commonwealth Property Management Framework.

In addition, Finance developed a financial model, checklist and templates that entities may choose to use when preparing a cost–benefit analysis and seeking endorsement of a particular lease.

Performance criterion

Cost–benefit analysis, an annual WoAG Property Capability Plan, and the two-stage process for approval of major capital works are systematically applied to better inform government and entity decisions to own, lease, divest or acquire properties.

Criterion source Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion Achieved

Major property expenditure proposed by individual entities was supported by cost–benefit analysis, the two-stage process and other budget processes, including new policy proposals.

Finance assisted entities when requested to undertake reviews of business cases and cost–benefit analyses prior to the entities seeking endorsement of their property lease proposals. Finance also advised entities on their obligations under the Commonwealth Property Management Framework. During 2015–16 Finance provided advice over 200 times on cost–benefit analyses, lease notifications and lease endorsements and decisions to acquire or dispose of properties, leading to more informed decisions to own, lease, divest or acquire properties.

The requirement to develop a WoAG Property Capability Plan was discontinued during 2015–16.

Performance criterion

Advice and support is provided to the government and Commonwealth entities in relation to the *Lands Acquisition Act 1989*, the *Public Works Committee Act 1969*, relevant sections of the *Native Title Act 1993*, the National Land Ordinances and the Commonwealth Property Disposals Policy.

Criterion source Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion Achieved

Finance provided advice and guidance on three acquisitions that were commenced or completed under the *Lands Acquisition Act 1989*, to support Commonwealth entities.

Finance prepared 17 public works referrals, totalling approximately \$2.69 billion. Finance prepared 24 expediency motions with a combined cost of approximately \$3.41 billion for approved works.

Under the Commonwealth Property Disposals Policy, Finance provided advice to Commonwealth entities on over 30 disposal-related matters and assisted with obtaining approval for four disposal matters.

Performance criterion

Major capital works projects and major land contamination remediation projects are completed in close consultation with clients and within the time, cost and quality parameters agreed by the government for the project.

Criterion source Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion

Achieved

The major capital works and remediation projects are proceeding within the projects' time, cost and quality parameters agreed by the Australian Government, including with respect to the post-entry quarantine facility at Mickleham (Vic.) and remediation activities such as the Cox Peninsula (NT) and Malabar Headland (NSW) works. Finance undertook close consultations with the relevant client agencies, traditional owners, state, territory and local government officials and local community stakeholders through regular project governance meetings.

Performance criterion

Properties within the government's non-defence domestic property portfolio are strategically managed to meet their intended purposes and legislative requirements.

Criterion source

Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion

Achieved

Properties were managed to meet their intended purposes and in accordance with all legislative requirements. Properties were subject to an annual maintenance program and routinely inspected to maintain compliance. Regular consultation with tenant entities made sure that the properties met their business needs.

Performance criterion

Properties are acquired and divested as appropriate and desired by the government, and residual issues are managed to protect the government's interests.

Criterion source

Program 2.3, Portfolio Budget Statements 2015–16, p. 43

Result against performance criterion

Achieved

Finance continued to progress its surplus non-defence property divestment program, with 65 properties divested since the program's inception in 2014–15. Properties divested in 2015–16 included 44 land parcels in Albury–Wodonga and seven rural blocks located around the NSW–ACT border. Due diligence continued on the remaining properties to inform divestment strategies and to make sure that post-sale risks are minimised.

Performance criterion

Credits to and payments from the [Australian Government investment] funds are timely and consistent with legislation.

Criterion source

Program 2.7, Portfolio Budget Statements 2015–16, p. 51

Result against performance criterion

Achieved

Finance assisted the government in making crediting determinations for the MRFF on 28 August and 26 November 2015, consistent with the *Medical Research Future Fund Act 2015*.

Upon its closure, the uncommitted balance of the HHF, of \$1,010,000,000, was transferred to the MRFF by a crediting determination made on 28 August 2015. A further \$2,139,351,000 was credited to the MRFF on 1 December 2015.

Analysis of governance purpose performance

See the overarching analysis of performance at the end of these annual performance statements.

Purpose: Transformation—innovate and improve public sector operations and reform the management and operations of public assets (relates to Outcome 2)

Results

Performance criterion

Contestability reviews and functional and efficiency reviews are completed to support decisions about Commonwealth entities strategically realigning and reprioritising functions to meet the core objectives of government.

Criterion source

Corporate Plan 2015–16, p. 16
Program 2.2, Portfolio Budget Statements 2015–16, p. 39

Result against performance criterion

Achieved

Finance coordinated the Efficiency through Contestability Program during 2015–16, which included the completion of 10 functional and efficiency reviews of portfolio departments and agencies, and the commissioning of eight new functional and efficiency reviews for completion in 2016–17.

Functional and efficiency review outcomes announced to date have delivered administrative and program savings of about \$2.7 billion. Budget Paper No. 4 2016–17 records the net savings to government from completed reviews.

These results are also relevant to the Portfolio Budget Statements 2015–16 performance criterion ‘Supporting entities to design and implement initiatives to improve the efficient delivery of government functions’.

Performance criterion

Reviews and scoping studies meet the government’s targeted outcomes, including for the Air Warfare Destroyer Program, ASC Pty Ltd and the Australian Rail Track Corporation Ltd.

Criterion source

Corporate Plan 2015–16, p. 16
Program 2.2, Portfolio Budget Statements 2015–16, p. 39

Result against performance criterion

Achieved

The reviews and scoping studies related to the Air Warfare Destroyer Program, ASC Pty Ltd and Australian Rail Track Corporation Ltd were conducted consistent with their respective terms of reference. The reviews involved consultation with stakeholders and management of a range of issues to provide advice to inform government decision-making on matters such as the capital and corporate structures, mandates and governance arrangements of the government business enterprises.

These results are also relevant to the Portfolio Budget Statements 2015–16 performance criterion ‘Delivering to government agreed scoping studies that report on their respective terms of reference’.

Performance criterion

75 per cent of relevant entities access the internet through their shared internet gateway.

Criterion source Program 2.2, Portfolio Budget Statements 2015–16, p. 39

Result against performance criterion Achieved

77 per cent of relevant entities accessed the internet through their shared internet gateway.

Performance criterion

Usage of the National Telepresence System increases by 10 per cent annually.

Criterion source Program 2.2, Portfolio Budget Statements 2015–16, p. 40

Result against performance criterion Achieved

Usage of the National Telepresence System increased by 16.8 per cent in 2015–16 from 2014–15.

Analysis of transformation purpose performance

See the overarching analysis of performance at the end of these annual performance statements.

Purpose: Services—manage efficient, cost-effective services to, and for, the government (relates to Outcomes 2 and 3)

Results

Performance criterion

govCMS is providing useful capability for entities.

Criterion source Program 2.2, Portfolio Budget Statements 2015–16, p. 40

Result against performance criterion Achieved

govCMS is providing useful capability for entities. At 30 June 2016, govCMS had 68 websites live on the platform (from 37 entities) and a further 18 were in development. This is 40 per cent higher than the govCMS feasibility study forecast completed by Deloitte Touche Tohmatsu Limited before the initiative was implemented.

Performance criterion

The government’s non-defence property portfolio is actively managed, with 80 per cent of actions required to address extreme or high operational risks being programmed, in progress or completed within a given quarter, facilitating the more efficient and effective administration of the Finance-managed property portfolio.

Criterion source Corporate Plan 2015–16, p. 18

Result against performance criterion

Achieved

All extreme and high risks were addressed or mitigated. Emerging risks were managed as identified through enhanced stakeholder engagement, which allowed for responsive and efficient property management. Risks were identified through monthly stakeholder meetings, inspections and building fault reporting. All extreme and high risks were addressed immediately, while progress on actions to address risks with lower likelihood or consequence were reported on a monthly basis to the department's divisional executive.

Performance criterion

WoAG coordinated arrangements meet the government's objectives for the relevant reporting period.

Criterion source

Corporate Plan 2015–16, p. 18
Program 2.5, Portfolio Budget Statements 2015–16, p. 46

Result against performance criterion

Achieved

WoAG coordinated arrangements met the government's objectives, with:

- the establishment of the Whole-of-Government ICT Hardware and Associated Services Panel in September 2015
- the extension of the Microsoft Volume Sourcing Agreement until June 2019
- the commencement of the new Air Travel Services Panel on 1 May 2016 with an initial term of five years
- the management of 19 contracts in accordance with appropriate contract management plans
- the conduct of two tender processes within agreed timeframes and budgets.

These results are also relevant to the Portfolio Budget Statements 2015–16 performance criterion 'WoAG arrangements are well managed. In particular, scoping studies and tender processes are conducted within agreed timeframes and budgets, and contracts are managed in accordance with appropriate contract management plans'.

Performance criterion

ICT capability in participating Commonwealth entities increases, as demonstrated by 70 per cent of students annually accepted for the ICT entry-level programs remaining in the government after one year, and 50 per cent remaining after two years.

Criterion source

Corporate Plan 2015–16, p. 18
Program 2.2, Portfolio Budget Statements 2015–16, p. 40

Result against performance criterion

Achieved

97 per cent of students annually accepted for the government ICT Apprenticeships Program remain in the government after one year, and 94 per cent remain after two years.

95 per cent of students annually accepted for the government ICT Cadetships Program remain in the government after one year, and 93 per cent remain after two years.

100 per cent of students annually accepted for the government ICT Graduate Program remain in the government after one year. This is a one-year program, so no data is available after 12 months.

Performance criterion

Coordinated procurement arrangements are expanded for ICT products and services, establishing cost-effective WoAG purchasing arrangements for these items.

Criterion source Corporate Plan 2015–16, p. 18

Result against performance criterion Achieved

All milestones scheduled in 2015–16 to expand arrangements for ICT coordinated procurement were completed. Negotiations have commenced with IBM, SAP and Oracle. Agreement on pricing, terms and conditions will be largely dependent on vendors and this may impact timeframes.

Performance criterion

Government advertising is conducted in accordance with government advertising policies.

Criterion source Program 2.5, Portfolio Budget Statements 2015–16, p. 46

Result against performance criterion Achieved

All advertising campaigns above the value of \$250,000 which launched in 2015–16, and which were subject to the *Guidelines on Information and Advertising Campaigns by non-corporate Commonwealth entities* (February 2015), were reviewed by the Independent Communications Committee. The committee’s compliance advice for all relevant campaigns was published on Finance’s website.

Performance criterion

Completion of 50 per cent of all act of grace and waiver of debt requests within 60 days and 100 per cent compliance with timeframes in the *Administrative Decisions (Judicial Review) Act 1977*.

Criterion source Program 2.1, Portfolio Budget Statements 2015–16, p. 37

Result against performance criterion Achieved

68 per cent of act of grace and waiver of debt requests were completed within 60 days and there was 100 per cent compliance with the timeframes of the *Administrative Decisions (Judicial Review) Act* for act of grace and waiver of debt requests.

Performance criterion

No adverse findings from the Commonwealth Ombudsman in respect of special claims.

Criterion source Program 2.1, Portfolio Budget Statements 2015–16, p. 37

Result against performance criterion Achieved

There were no adverse Commonwealth Ombudsman findings in 2015–16.

Performance criterion

80 per cent of Comcover fund members have achieved their identified level of risk maturity as measured in the Comcover Benchmarking Program.

Criterion source Program 2.4, Portfolio Budget Statements 2015–16, p. 45

Result against performance criterion

Not achieved

The Commonwealth Risk Management Policy led to a greater focus being placed on the management of risk across the Commonwealth. However, the Comcover Benchmarking Program indicated that 80 per cent of fund members had not yet achieved their identified level of risk maturity.

Achievement of risk maturity is dependent on entities taking time to build capability. Finance undertook a range of activities to support entities to improve their risk management capability and to identify the level of risk management maturity that is appropriate for them.

These activities included:

- developing guidance material to assist entities to implement the Commonwealth Risk Management Policy
- providing access to high-quality risk advisory services to assist with specific risk-related projects such as reviews of risk frameworks, risk matrix reviews, development of risk appetite and tolerance statements, and post-loss reviews
- providing a comprehensive risk management education program that assists entities to develop skills and capabilities in risk management through a mix of workshops, e-learning, seminars, events and networking opportunities
- providing a benchmarking program to assist entities to identify opportunities to improve their risk management capability.

Performance criterion

Members of schemes administered are satisfied with service provision, in particular:

- payments are accurate and in accordance with scheme timeframes
- superannuation statements are issued in accordance with prescribed timeframes.

Criterion source

Program 2.6, Portfolio Budget Statements 2015–16, p. 49

Result against performance criterion

Achieved

Payments for those schemes administered by Finance were accurate and in accordance with scheme timeframes.

Payments were accurately made to all members of the Judges' Pensions Scheme, the Governors-General Scheme and the Parliamentary Contributory Superannuation Scheme, and payments under the death and disability arrangements for Federal Circuit Court judges were made within the prescribed timeframe. There were no payment inquiries or complaints from members during the reporting period.

99.98 per cent of payment statements were delivered without error and in accordance with scheme timeframes.

Superannuation statements were issued in accordance with prescribed timeframes.

Annual superannuation statements were accurate and provided to all members of the Parliamentary Contributory Superannuation Scheme within the prescribed timeframes. There were no complaints from members during the reporting period.

Performance criterion

Services to ministers, office-holders, senators, members and their staff meet agreed service standards.

- 93 per cent of client contacts are acknowledged within 24 hours and responded to within agreed timeframes.
- 95 per cent of payments (including payroll) are made within agreed timeframes.
- 100 per cent of office establishment and relocation projects are delivered within their approved budgets.
- 100 per cent of monthly management reports are distributed by the 15th of each month.
- 99 per cent of COMCAR reservations are completed without service failure.

Criterion source Corporate Plan 2015–16, p. 18
Program 3.1, Portfolio Budget Statements 2015–16, p. 56

Result against performance criterion Achieved

95 per cent of client contacts were acknowledged within 24 hours and responded to within agreed timeframes.

95 per cent of payments (including payroll) were made within agreed timeframes.

100 per cent of office establishment and relocation projects were delivered within their approved budgets.

100 per cent of monthly management reports were distributed by the 15th of each month.

99.67 per cent of COMCAR reservations were completed without service failure.

Performance criterion

The scoping study on the online delivery of parliamentary entitlements is completed to inform government decision-making.

Criterion source Corporate Plan 2015–16, p. 18

Result against performance criterion Partially achieved

The scoping study on the online delivery of parliamentary entitlements was superseded by *An Independent Parliamentary Entitlements System: Review* released in February 2016. That review, led by an independent committee, provided options for an independent parliamentary entitlements system including a principles-based system for the determination, processing and monitoring of parliamentarians’ allowable work expenses. In response to the review in the 2016–17 Budget under the ‘Scoping Study—integrated solution for the management of parliamentary entitlements’ measure, the government provided \$0.5 million in 2015–16 to undertake a scoping study into the development of an integrated ICT solution for the management of parliamentary entitlements.

The scoping study to develop options and a possible first-pass business case for an integrated solution for the management of parliamentary entitlements will commence in July 2016 with a finalisation date of the end of November 2016.

Analysis of services purpose performance

See the overarching analysis of performance at the end of these annual performance statements.

Overarching analysis of performance against Finance's purposes

In August 2015, Finance launched its Corporate Plan 2015–16, a fundamental pillar of these annual performance statements. The plan was Finance's first under the enhanced Commonwealth performance framework. Following department-wide consultation, it included the department's first aspiration statement: 'Leading the public sector in delivering excellence and value in the business of government'. The definition of Finance's aspiration and purposes gave clarity to the department's organisational focus, drove cultural change, and supported service delivery to government and the community and better decision-making. Critically, the corporate plan underpinned Finance's performance against its purposes.

In 2015–16 Finance performed strongly against the performance criteria identified for each of its four purposes. Finance fully achieved 35 of 39 performance criteria. Three performance criteria were partially achieved and one was not achieved. The reasons these three performance criteria were not fully achieved were that their completion was dependent on other entities' actions, the difficulty of accurately estimating expenditure across a diverse range of government programs or there was a change in timing due to a government policy decision.

Finance's progress against its four purposes in 2015–16 was achieved in the context of a complex operating environment influenced by:

- global and national issues that drive and impact on government fiscal policy decision-making
- policy frameworks that position the public sector to meet government and community expectations, including a flexible and efficient public sector that delivers programs and services efficiently and effectively
- a complex legislative and legal environment that affects the design and passage of legislation, and the delivery of the government's objectives
- continuing public sector reform within a constrained fiscal environment.

In 2015–16 Finance's operating environment was also affected by:

- the review of parliamentary entitlements that was released in February 2016, which was of particular relevance to the services purpose
- the Independent Review of Whole-of-Government Internal Regulation, which was of particular relevance to the governance and transformation purposes
- the shared and common services process, particularly in regard to ICT services, which was of particular relevance to the transformation and services purposes
- the delivery of the 2016–17 Budget being brought forward by a week, which was of particular relevance to the budget purpose.

Despite Finance's complex operating environment in 2015–16, performance against its intended results was at a high standard, including of note that:

- the budget, appropriation and financial reporting frameworks effectively supported government decision-making
 - A key role for Finance is the costing of proposals brought forward in the budget process. This involves looking at cost structures and drivers; implementation timetables, strategies, risks and dependencies; and alignment with government policy. This results in better estimates of costs, risks, schedules, resources and benefits.

For example, Finance worked closely with the departments of Social Services, Health, Human Services, the Treasury, and the Prime Minister and Cabinet and the National Disability Insurance Agency to cost the bilateral agreements with all states and territories, other than Western Australia, for the transition to the National Disability Insurance Scheme (NDIS). Finance worked with these agencies to assess and comprehensively analyse the costs and complex financial interactions between the Commonwealth and states and territories, and between the NDIS and mainstream services, such as existing Commonwealth disability programs and aged care.

- governance policy frameworks and modern management practices embodied best practice public sector leadership and supported efficient, effective, ethical and economical public sector administration
 - The introduction of annual reporting requirements for all Commonwealth entities and companies in the Public Governance, Performance and Accountability Rule 2014 in 2015–16 put in place the final component of the enhanced Commonwealth performance framework. With this, the Commonwealth has a complete new resource management framework that gives coherence to its governance, performance and accountability arrangements. The new framework encapsulates many of the formal elements required to build better performance with a more efficient, effective, coherent and joined-up public sector. It has a strong focus on improving the quality of public information about the delivery of government programs and services. The framework was developed with input from the parliament, key external stakeholders and Commonwealth entities and companies.
- reviews and scoping studies informed government decision-making on the reform and improvement of the delivery of services, assets and businesses
 - Gateway reviews with entities supported project governance and assurance practices and increased program and project management capability across government. Gateway reviews provided support to project leaders with escalation protocols to draw implementation problems to the attention of public service leaders and ministers. While the Independent Review of Whole-of-Government Internal Regulation identified limitations to gateway reviews, including that they are strongly focused on the project management process, the overwhelming feedback from entities was positive. The reviews provided useful and practical assurance tools to support institutional checks and balances in the design and implementation of new projects and programs.
- ICT investment and implementation across government was efficient and effective
 - Finance provides a central assurance role at the whole-of-system level. Finance’s collection of whole-of-government ICT benchmarking data is published and individual comparative reports are provided to entities with guidance on how to use the data to drive investment efficiency and effectiveness.

There was no material change in Finance’s organisational capacity specific to any individual purpose in 2015–16. However, Finance’s organisational capacity was enhanced by the department’s internal transformation program. Under this program in 2015–16 Finance:

- moved to a new tenancy—co-locating the majority of Finance staff
- rolled out new technology
- established a People and Projects Office.

This new approach supported progress against the purposes by mobilising staff to support the delivery of priority activities.