

OUTCOME 1—SUSTAINABLE
GOVERNMENT FINANCES

03



Finance's first outcome—sustainable Government finances—centres on the Budget, financial initiatives and reviews, and related advice that Finance provides to Government.

Highlights for 2000–01 include:

- international recognition of budgeting practices;
- successful delivery of the third outcomes and outputs based accrual Budget;
- the establishment of the Private Financing Unit.

OUTCOME 1—SUSTAINABLE GOVERNMENT FINANCES

Finance's Budget Group and the Business Services Group, in respect to shareholder advisory functions, are responsible for contributing to Outcome 1—sustainable Government finances. This is achieved by delivering the following outputs:

- supporting the preparation and delivery of the Commonwealth Budget;
- providing whole-of-government budgetary, financial and policy advice on outcomes and outputs;
- provision of advice to Government in its capacity as owner of organisations including advice on balance sheet management;
- whole-of-government financial reports such as the consolidated financial statements for the Commonwealth, and monthly financial reports.

PERFORMANCE SNAPSHOT

Finance successfully contributed to Outcome 1 in 2000–01 by assisting the Government in meeting its medium-term fiscal objective to achieve underlying Budget balance on average over the economic cycle.

A key indicator of how Finance's outputs contributed to the successful delivery of Outcome 1 is the extent to which the advice and information provided by the Department was timely and of high quality. To help measure this accurately, Finance encourages Ministers and their staff to give feedback on the quality, timeliness and rigour of its Departmental Ministerial briefs and advice. This feedback is analysed against our performance targets to provide an overall indication of performance for the year.

While Finance did not achieve all of the performance targets it set for itself, the overall result was very good and, in many instances,

targets were exceeded. Finance was able to achieve a perfect or near perfect result in a number of performance indicators. We were also able to meet an increased demand for services in several outputs.

More detailed performance information, including analysis and resources tables for Outcome 1 can be found at the end of this chapter.

THE COMMONWEALTH BUDGET

Delivery of the 2001–02 Budget

The 2001–02 Budget further consolidated the outcomes-outputs based accrual budgeting framework. Delivering this third accrual Budget without undue pressure on Finance staff was the result of good planning processes. Importantly, it was also a positive measure of how effectively Finance, the Department of the Treasury (Treasury) and other agencies were able to work together. This was the 101st Budget delivered by the Commonwealth since Federation.

Budget Group provided the Government with accurate and comprehensive estimates updates at three stages of the Budget process:

- the Mid-Year Economic and Fiscal Outlook (MYEFO), which was released publicly on 15 November 2000;
- an update prior to the start of Budget consideration by the Expenditure Review Committee (ERC) of Cabinet;
- the final update published in the May Budget.

The Budget management workload was reflected in the 2001–02 Measures document, which was the largest such document in any Budget since its introduction 5 years ago. Finance coordinates and drafts the expenses and non-tax revenue components of this statement.

The Budgeting Framework

Finance is committed to continuously refining the budgeting framework, ensuring it delivers maximum benefits and a whole-of-government perspective. To this end, the presentation of Budget Statement 6, describing expenses and net capital investment, was changed from a portfolio to a functional and sub-functional basis. As a result this statement categorises areas of Government activity by functions, which remain relatively stable over time, and details the resources directed by the Commonwealth towards them. To give an example, the education function includes the delivery of education services through higher education, vocational education and training, government and non-government schools and student assistance programmes. This was the first time information had been presented in this way since accrual budgeting was implemented in 1999. This presentation reflected feedback and consultation on the Budget papers and was well received by Ministers, the Parliament and other readers of the Budget documents.

During 2000–01 the Department revised its explanatory and guidance material on outcomes and outputs, and published this on the Finance website. The updated material presents concise budgeting information for Government agencies, including advice on specifying outcomes and outputs and developing robust performance management information. Portfolio Budget Statements Guidelines were released earlier in the Budget process than in previous years, to assist agencies in refining their outcome structures.

The Department continued its work in ensuring a consistent approach to the budgetary framework across the Commonwealth public sector through formal dialogue with agencies in the monthly Chief Financial Officers' (CFO) forum, and the establishment of a smaller Budget Consultative Committee to deal with strategic budgetary issues.

The Accrual Information Management System (AIMS), implemented in late 1998, underpins the delivery of the Commonwealth's Budget and the preparation of the MYEFO. A review of the system, completed in November 2000, concluded that the system was meeting

stakeholders' business requirements but agency use could be further improved by enabling Internet communications and better reporting tools. A replacement system for AIMS is planned for the 2004–05 Budget.

Contributing to Significant Policy Development

The development of the Defence White Paper, *Defence 2000—Our Future Defence Force*, involved an intense consultation process between Finance, the Department of Defence (Defence) and the Treasury in costing the capability options outlined in the White Paper. As recognised in the White Paper, the Defence spending figures are the most specific long-term Defence funding projections provided in more than 25 years. Finance's work with Defence to establish a new financial management framework for that organisation is a key element in this major new initiative. The Defence financial and management plan—integral to the accountability commitment—was presented to Ministers for the first time in the 2001–02 Budget process.

In January 2001 the Government launched *Backing Australia's Ability*, a \$2.9 billion package of measures promoting Australian innovation and research. Finance played a central role in this policy development, through examining the proposals and costings, and advising Ministers on its budgetary impact. Finance also has an ongoing role as a member of the implementation committee that reports to Ministers on the progress of the measures.

In February 2001, Finance established a small team to contribute to the Welfare Reform Taskforce, established to advise the Government on approaches to reform Australia's welfare system. The Finance team worked with other stakeholder agencies to develop the *Australians Working Together* package.

In 2000–01, Finance further strengthened its capacity to advise the Government on fiscal implications of longer-term emerging issues. The Department's Long-term Budget Policy Unit, established in 1999, focused its research during the financial year on the ageing of the population projected over the next 50 years and policy areas impacted by demographic change,

especially health, retirement income, employment and immigration. The Unit collaborated with other agencies in whole-of-government policy development, and established links with universities and 'think tanks' through a new seminar series on long-term economic and fiscal policy issues.

Output Pricing Reviews

Finance initiated a programme of pricing reviews in 1999-2000 in response to the accrual budgeting framework's focus on output prices rather than input costs. As part of this programme 19 pricing reviews of Government agencies, including Finance, were undertaken, continued or completed in 2000-01.

The pricing review process assists agencies in establishing more reliable costs for their outputs. The result is that they are more clearly informed on the accountability of resources under their control and internal decision making. A number of agencies that completed pricing reviews have advised Finance that this process assisted them in improving financial management outcomes. Some of these agencies also upgraded their costing and reporting systems and enhanced their financial management arrangements following their pricing review.

The 21 pricing reviews (which include reviews conducted since 1999-2000 and continuing ones) conducted to date have resulted in overall net savings which improved the fiscal balance by \$177.5 million for the Budget and forward years. In some instances, pricing reviews have led to an increase in the price of departmental outputs. Pricing reviews also provide Ministers with more information on the major drivers of the price of outputs.

Another 16 agencies are expected to undertake output pricing reviews during 2001-02. To offer further assistance, Finance has strengthened its pricing reviews database and the suite of diagnostics covering a range of common Government activities. These tools will assist agencies which are undertaking pricing reviews and benchmarking public sector activities.

Review of the Accrual Budget Documentation

The Joint Committee of Public Accounts and Audit (JCPAA) is inquiring into the effectiveness of, and options for enhancing, the format of the current Budget documentation including the Portfolio Budget Statements (PBS), Annual Reports and the PAES, for the purposes of Parliamentary scrutiny.

WHAT ARE PRICING REVIEWS?

Pricing reviews help the Government and its agencies to understand and agree on the optimal choice of the quality, quantity and price of outputs for the agency's contribution to Government outcomes. The primary responsibility for conducting the pricing review lies with the agency. Finance's role is that of specialist adviser and facilitator, providing strategic oversight for the process.

The central focus of a pricing review is the evaluation of the price of an agency's outputs. A number of sources of information can strengthen this evaluation, including analysis of market prices, external benchmarks, internal performance and costing data, process review appraisals, operating and balance sheet financial indicators, independent quality assessments and strategic evaluations. Over the

past 18 months, Finance has developed a number of tools and guides specifically tailored for the public sector environment to assist agencies in gathering pertinent information for pricing reviews. This pricing review toolkit includes an extensive benchmarking study covering over 18 generic outputs and 55 supporting functions that are common to many Government agencies.

Finance lodged a submission with the JCPAA on 8 June 2001 addressing a number of issues of particular interest to the Committee. The Department also attended a public hearing on 22 June 2001. At 30 June 2001, Finance was preparing responses to a number of follow-up questions from the Committee.

WHOLE-OF-GOVERNMENT FINANCIAL MANAGEMENT

Whole-of-Government Financial Reporting

Monthly accrual reporting has enabled Finance to undertake a more robust analysis of the long-term sustainability of Government finances. Monthly reporting establishes the nexus between Budget estimates and actual results, thus leading to better financial management across the Commonwealth.

Under the accrual budgeting framework, agencies are now responsible for their own estimates management. Finance is still required to ensure the integrity and accuracy of these estimates from a whole-of-government perspective. This year the Department streamlined and further developed quality assurance processes for estimates. It employed a greater level of scrutiny by using additional information, such as detailed asset and liability information in the balance sheet, which is available as part of the accrual budgeting process.

In early October 2000, the Government tabled in Parliament its 1999–2000 Consolidated Financial Statements prepared by Finance. This significant achievement compared favourably with Australian corporate practice, with the Commonwealth producing its final audited financial statements—the most extensive in the Southern Hemisphere—ahead of most major private organisations.

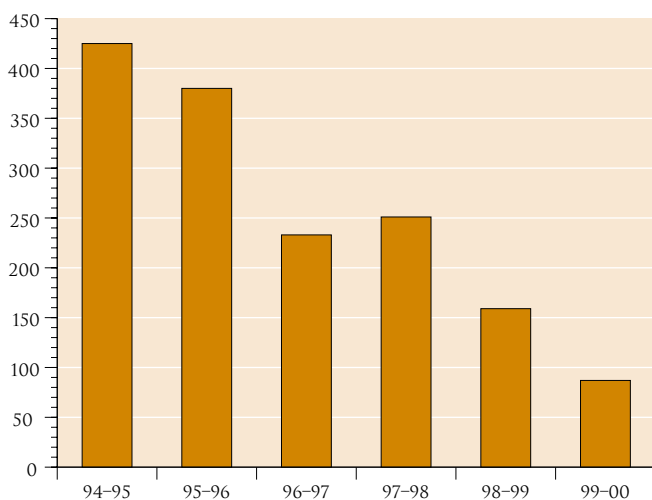
Finance is on schedule to meet its target of supplying a full set of audited Consolidated Financial Statements for the General Government Sector within 100 days of the end of the financial year.

Ownership Advice

The accrual budgeting and reporting framework has further enabled the Ownership Analysis Unit (OAU) to enhance Finance’s ownership role over the past 12 months through improved oversight of liquidity management, financial performance and capital funding decisions.

Over the course of the year, the OAU provided advice to the Government on both the Capital-use Charge (CUC) and the Commonwealth Property Principles’ hurdle rate. The review of the CUC found that its introduction has led to greater transparency on pricing decisions, with the Government now better able to compare the price of agency outputs with equivalent outputs

DAYS TO COMPLETE COMMONWEALTH FINANCIAL STATEMENTS



produced both within the public sector and in the private sector.

The OAU has developed a number of financial performance benchmarks. These benchmarks have enabled Finance to compare the performance of agencies against their budgets, each other and the private sector.

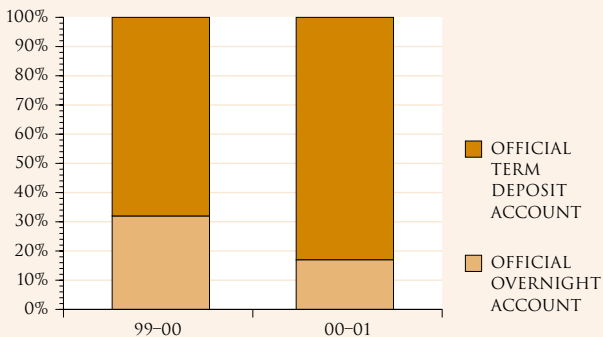
Furthermore, to improve decision-making on capital funding proposals, the OAU has developed new guidance material. Agencies are now better informed on how to develop business cases for capital injections, and staff within Finance have improved tools with which to analyse these proposals.

CASH MANAGEMENT IN THE COMMONWEALTH

As part of the accrual budgeting framework, implemented from 1 July 1999, agencies are responsible for the efficient, effective management of their departmental and administered appropriations. A component of this reform was to devolve banking arrangements to agencies and to encourage them to improve their cash management practices. Finance worked cooperatively with agencies throughout the year to assist them in this aim.

DEPARTMENTAL

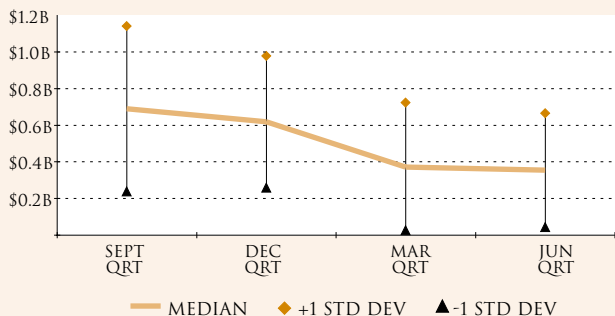
FMA AGENCIES SPLIT BETWEEN CASH AND TERM DEPOSITS (June Average)



The average aggregate balance of departmental cash and term deposits held by agencies over the course of the financial year was \$2.8 billion, which as a percentage of total turnover compares favourably with practices in both the Australian and US corporate sectors. As well, agencies have reacted well to the banking incentives as shown in the graph to the left, by the shift toward term deposits over the course of the year.

ADMINISTERED

AGGREGATE DAILY ADMINISTERED CASH BALANCE



The graph to the left demonstrates a sharp downward movement in aggregate daily administered cash balances. The volatility of administered cash holdings has also reduced. These improvements reflect a number of factors, including agencies improving their cash management practices and a more proactive monitoring role by Finance. These improvements should allow the Commonwealth more flexibility in determining an investment strategy, resulting in a greater yield from investments.



Shareholder Advice

The Commonwealth Shareholder Advisory Unit (CSAU) provides strategic advice to the Minister for Finance and Administration on the commercial performance of the Commonwealth's investment in the 13 Commonwealth Government Business Enterprises (GBEs) and the 15 non-GBE public trading and finance enterprises. The Commonwealth's diverse portfolio of businesses plays a vital role in sectors such as telecommunications, health care and transport infrastructure. The commercial success of these enterprises contributes to the Australian economy and provides significant returns to the Commonwealth.

During 2000–01, the CSAU continued to undertake strategic analysis of Commonwealth businesses and their industry sectors with a view to enhancing shareholder value. The CSAU provided the Minister with timely and focused commercial analysis of corporate plans, operational performance and significant investment proposals. Further to this, the CSAU also considered the fundamental structure of these businesses, ranging from dividend policy to capital structure.

As with any shareholder, the Commonwealth seeks to understand and manage risks arising from its investments. The CSAU proactively advised on such risks and their management. The CSAU continued to ensure that those enterprises formally designated as GBEs operate under a robust corporate governance framework,

through ongoing review of the Commonwealth's GBE governance and accountability arrangements.

New Initiatives—Private Financing Unit

In the 2001–02 Budget, the Government announced the formation of a Private Financing Unit (PFU) within Finance.

The PFU will advise agencies on appropriate assessment procedures for handling private financing proposals, and provide expert advice to the Government on specific proposals. The Unit will also develop policies and methodologies and issue guidance materials to Commonwealth agencies. Its core focus will be on assessing the value for money arising from potential private financing proposals, compared to traditional best practice procurement solutions.

The PFU will provide a concentrated level of expertise and bring a whole-of-government perspective to potential proposals.

Specialist Accounting Advice

As reported in the 1999–2000 *Department of Finance and Administration Annual Report*, Finance established an Accounting Centre of Excellence (ACE) in 1999.

The ACE clarified a number of important accounting issues during 2000–01, including reviewing the accounting treatment of transactions administered by agencies and authorities on behalf of Government. This led to significant changes in accounting disclosure

WHAT IS PRIVATE FINANCING?

Private financing is a form of Government procurement involving the use of private sector capital to fund an asset to deliver Government outcomes. Its primary benefit is its capacity to transfer risk to the party best able

to manage it. This allows public services to be delivered cost effectively with respect to the risks associated with major asset procurements.

Regardless of whether private financing is adopted as the

preferred mode of procurement, its rigorous benchmarking process supports the improved efficiency of public service delivery through a systematic analysis of the service delivery process itself.

requirements for administered items, providing for the disclosure of administered assets, liabilities, revenues and expenses as separate notes to the primary financial statements. This will result in a simplified and more relevant report on administered items in financial statements issued by Government agencies in 2001-02.

The 2001-02 PBS were prepared in a format consistent with draft 2001-02 Finance Minister's Orders (FMOs) prepared by the ACE. This will enhance the comparability of actual financial reporting for 2001-02 with the Budget estimates for that year. The Minister signed the FMOs on 24 May 2001. To provide agencies and authorities with as much lead time as possible, the FMOs were released earlier than in previous years.

The Minister issued a new FMO, drafted by the ACE, requiring that Commonwealth agencies whose staff move to other Commonwealth agencies or authorities make a payment to the gaining entity to cover the transferring employee's accrued annual and long service leave. This new arrangement will enhance the flexibility of staff movements, and

ensure that the appropriate agency or authority meets accrued employee entitlement liabilities. These arrangements came into force on 1 July 2001.

The ACE also undertook a review of the fair value methodology for valuing non-current assets, leading to improvements to the Fair Value Standard issued by the Australian Accounting Standards Board.

INTERNATIONAL ACTIVITIES

Finance's international activities in 2000-01 encouraged our people to develop their expertise in new environments and fortified the Department's international reputation. Building on its successful work in 1999-2000, a small team from Finance continued to be based in East Timor this year to provide technical assistance to the East Timor Central Fiscal Authority. This included assisting with the preparation and implementation of the 2000-01 East Timorese budget and the planning phase of the 2001-02 budget. Our long-term goal with this project is to transfer knowledge and skills and to build the capacity of the nascent East Timorese civil service.

FINANCE IN EAST TIMOR

The Finance team arrived in East Timor in May 2000 to provide technical assistance to the East Timor Central Fiscal Authority. Apart from the day-to-day transfer of knowledge and capacity building activity, Finance staff in East Timor also designed a four-week *Introduction to Public Finance* course, known as 'Budget School', for East Timorese civil servants.

Our aim was to enable the East Timorese Administration to deliver its own budgets in the future, and

to see our people benefit from this experience and bring that learning back to the Department.

Finance staff were charged with both training the East Timorese civil servants, and assisting them in the preparation of a working budget. Portable classrooms acting as makeshift offices with temperatures peaking at 35°C and working on laptop computers that experienced frequent power-cuts were typical of a day in the Dili office.

The work in East Timor will continue, with further training being developed in conjunction with the United Nations and the Department of Foreign Affairs and Trade to further facilitate the transfer of skills.

To further assist the people of East Timor the Department has identified over 500 books on construction and engineering within its library collection which will be donated to the East Timor National University.

In January 2001, Budget Group participated in a staff exchange programme with the New Zealand Treasury. The exchange was an excellent opportunity for the two officers involved and their home organisations to develop a greater understanding and exchange ideas. Each exchange officer contributed to the 2001–02 Budget process in his or her host country.

While in New Zealand, the Australian Finance officer participated in the review of the New Zealand Defence Force Remuneration structure and future management of the New Zealand Defence Force funding. While in Australia, the New Zealand Treasury officer provided to Finance a detailed analysis of its future role in the Defence output structure. In her report, the New Zealand officer drew extensively on New Zealand’s decade-long experience with accrual budgeting. This work will assist both Finance and Defence in further developing the Defence performance management framework.

Finance and the New Zealand Treasury considered the staff exchange programme a success, with both agencies supporting further exchanges in the future.

Finance consolidated its international reputation by hosting several overseas delegations. Officials from China, Vietnam, Malaysia, Korea, Ireland, Japan, Samoa and South Africa visited the Department in 2000–01 to observe our budgetary framework in action. While in Australia, most of these delegations spent one or two days with Finance. The Department uses these opportunities to share our experience in respect to a range of issues. As the largest economy to introduce accrual budgeting, Australia has excited a great deal of international interest in its implementation of accrual accounting and outcomes and outputs reporting, including pricing reviews, cash management and our Budget process and accompanying documentation.

PERFORMANCE INFORMATION FOR OUTCOME 1

Effectiveness—Overall Achievement of the Outcome

Target	Result
<p>The primary objective of the Government's medium-term fiscal strategy is to achieve fiscal balance on average, over the course of the economic cycle. The fiscal strategy incorporates the following supplementary fiscal targets:</p> <ul style="list-style-type: none"> ■ maintaining fiscal surpluses over the forward estimates period while economic growth prospects remain sound; ■ no increase in overall tax burden from its 1996–97 level; ■ improving the Commonwealth's net assets position over the medium to longer term. <p>Utility of Budget documentation and briefings for Budget decision making assessed by customer as excellent or above average.</p>	<p>Not met—Fiscal deficits are estimated for 2001–02 and 2002–03.</p> <p>Achieved—Refer to Budget Paper No 1 “Budget Strategy and Outlook 2001–02”, p. 11–13, Table A1, which indicates that Commonwealth General Government Sector Cash Revenue¹ as a percentage of GDP has decreased from 24.4 per cent (1996–97)² to 21.8 per cent (2000–01)³.</p> <p>Achieved—the net asset position of the Commonwealth improved by an estimated \$6.6 billion in 2000–01, based on preliminary unaudited Consolidated Financial Statements.</p> <p>Achieved—Finance produced high quality briefings and documentation that met the expectations of the Minister for Finance and Administration and other Senior Ministers.</p>

Output 1.1.1—Whole-of-Government Financial Reports

QUALITY

Target	Result
<p>Reports delivered within 100 days of end of year close off.</p>	<p>Surpassed—1999–2000 Final Budget Outcome provided within 87 days of the end of year close off. Preparation of the 2000–01 Final Budget Outcome is on schedule.</p>

QUANTITY

<p>12 whole-of-government monthly financial reports.</p>	<p>Eleven reports prepared. No monthly report is produced for June as June is incorporated into the annual financial statements. This target has been changed in the 2001–02 PBS.</p>
<p>Annual Consolidated Financial Statements for the whole-of-government sector.</p>	<p>Achieved—The 1999–2000 statements were prepared and released within 100 days. Preparation of the 2000–01 statements is on schedule.</p>

¹ There is a break in the series between 1998–99 and 1999–2000. Data for the years up to and including 1998–99 are consistent with the cash ABS GFS reporting requirements. From 1999–2000 onwards, data are derived from an accrual ABS GFS reporting framework, with revenues proxied by receipts from operating activities and sales of non-financial assets. Due to methodological and data-source changes associated with the change, time series data which encompasses measures derived under both cash and accrual accounting should be used with caution.

² Budget Paper No. 1 “Budget Strategy and Outlook 2001–02”, Table A1.

³ The 2000–01 Final Budget Outcome, Table C2.

Output 1.1.2—Whole-of-Government Budgetary Advice

QUALITY

Target

90 per cent of briefings and Ministerial replies rated excellent or above average.

90 per cent of Ministerial letters with turnaround within two days.

90 per cent of Parliamentary responses to Questions on Notice prepared within the timeframes agreed with Parliament.

90 per cent of economic reports delivered within agreed timeframes and rated excellent or above average.

Result

Achieved—94 per cent of Ministerials and 93 per cent of briefings were rated excellent or above average.

Surpassed—99 per cent of Ministerial letters with a two-day turnaround were completed within two calendar days or less.

Not met—Two Questions on Notice were received. One was not provided within the agreed timeframe.

Not met—80 per cent of reports were delivered within agreed timeframes. This was due to:

- annual reappraisal of content reducing turnaround times in December and January;
- an increase in the number of data releases issued on the same day, which reduced turnaround time because multiple data releases take longer to prepare than single data releases.

While reports were not rated separately, the overall quality of the reports was rated as ‘excellent’.

QUANTITY

Target

40 briefings to the Minister.

250 written Ministerial replies.

230 Economic reports.

10 Ministerial speeches.

340 in-person, electronic or telephone briefings to the Minister and Minister’s Office.

Result

36—In line with target.

137—Demand driven.

224—In line with target.

The Minister delivered eight post-Budget speeches.

299—Fewer briefings on whole-of-government budgetary issues were required.

Output 1.1.3—Outputs and Outcomes Advice

QUALITY

Target

90 per cent of briefings and Ministerial replies rated excellent or above average.

90 per cent of Ministerial letters turned around within two days.

90 per cent of Questions on Notice prepared within agreed timeframes.

90 per cent of pricing reviews delivered within agreed timeframes and rated excellent or above average.

Result

Achieved—94 per cent of Ministerials and 93 per cent of briefings were rated excellent or above average.

Surpassed—99 per cent of Ministerial letters with a two-day turnaround were completed within two calendar days or less.

Surpassed—100 per cent of Questions on Notice were prepared within agreed timeframes.

Surpassed—100 per cent of pricing reviews were delivered within agreed timeframes. 100 per cent of associated briefings were rated excellent or above average.

QUANTITY

Target

240 briefings to the Minister.

1,200 written Ministerial replies.

20 Pricing Reviews.

2,000 in-person, electronic or telephone briefings to the Minister and Minister's Office.

Result

332—A greater number of briefings on outputs and outcomes advice associated with the 2001-02 Budget were provided.

1,260—In line with target.

19—One agency was rescheduled for a future year.

2,736—A great number of briefings on output and outcome advice associated with the 2001-02 Budget were provided.

Output 1.1.4—Ownership and Advice to Government

QUALITY

Target

90 per cent of briefings and Ministerial replies rated excellent or above average.

90 per cent of Ministerial letters with turnaround within two days.

90 per cent of GBE reports to the Minister provided by the first business day of each month.

Result

Achieved—94 per cent of Ministerials and 93 per cent of briefings were rated excellent or above average.

Surpassed—99 per cent of Ministerial letters with a two-day turnaround were completed within two calendar days or less.

Achieved—94 per cent of GBE reports to the Minister were provided by the first business day of each month.

Output 1.1.4—Ownership and Advice to Government (continued)

QUANTITY

Target	Result
440 briefings to the Minister.	487—Target is demand driven.
330 written Ministerial replies.	1,183—This target is demand driven. In 2000–01 there was a public letter writing and petition campaign that resulted in a larger than expected number of Ministerials.
18 GBE reports.	Achieved—18 reports provided.
1,500 in-person, electronic or telephone briefings to the Minister and Minister's Office.	1,503—In line with target.
1,500 in person, written, electronic or telephone items of advice to agencies and GBEs.	1,931—This target is demand driven.

Output 1.1.5—Budget Management

QUALITY

Target	Result
One per cent difference between first forward year estimated operating result and final outcome.	Not applicable—use of this target does not produce results that are a meaningful assessment of performance. Accordingly, Finance has developed a more appropriate indicator for 2001–02. ¹
0.5 per cent difference between revised estimated operating result and final outcome.	Not applicable—use of this target does not produce results that are a meaningful assessment of performance. Accordingly, Finance has developed a more appropriate indicator for 2001–02. ¹
0.3 per cent difference between revised estimated operating result at Mid-term Review and final outcome.	Not applicable—use of this target does not produce results that are a meaningful assessment of performance. Accordingly, Finance has developed a more appropriate indicator for 2001–02. ¹
0.25 per cent difference between revised estimated operating result at Budget time and final outcome.	Not applicable—use of this target does not produce results that are a meaningful assessment of performance. Accordingly, Finance has developed a more appropriate indicator for 2001–02. ¹
90 per cent of briefings and Ministerial replies rated excellent or above average.	Achieved—94 per cent of Ministerials and 93 per cent of briefings were rated excellent or above average.
90 per cent of Ministerial letters turned around within two days.	Surpassed—99 per cent of standard Ministerial letters were completed within two calendar days or less.

¹ Finance has changed the measure of performance in the 2001–02 Portfolio Budget Statements to be the difference between estimated expenses and the final outcome, which is a more appropriate measure of performance. On this basis performance against these targets was 3, 4, 3 and 0 per cent respectively, which means the first three targets would not have been met and the fourth target would have been achieved. The operating result of \$6.0 billion is the difference between much bigger figures of \$161.6 billion revenue and \$155.6 billion expenses. A very small percentage change in either the revenue or the expenses estimate can thus have a huge impact on the operating result. For this reason the performance measure has been changed to estimated expenses (including capital) to better correspond to the equivalent performance measure of accuracy of outlays estimates which was used in reports prior to 1999–2000.

Output 1.1.5—Budget Management (continued)

QUANTITY

Target	Result
11 major Budget documents.	All major Budget documents prepared.
80 briefings to the Minister.	65—Demand driven.
40 briefings in the Budget context.	33—Demand driven.
200 written Ministerial replies.	246—Demand driven.
1,000 in-person, electronic or telephone items briefings to the Minister and the Minister's Office.	579—Demand driven.
55 staff days ERC support.	50 staff days—In line with target.

RESOURCES FOR OUTCOME 1—SUSTAINABLE GOVERNMENT FINANCES

	Budget 2000–01 \$'000	Actual 2000–01 \$'000	Budget 2001–02¹ \$'000
Administered Expenses			
(including third party outputs)	546	0	0
Total Administered Expenses	546	0	0
Price of Departmental Outputs			
Output Group 1.1—Budget²			
Output 1.1.1			
Whole-of-government financial reports	4,033	4,993	11,100
Output 1.1.2			
Whole-of-government budgetary advice	5,432	4,687	6,774
Output 1.1.3			
Outputs and outcomes advice	12,928	19,325	12,696
Output 1.1.4			
Ownership advice to government	4,202	5,697	7,455
Output 1.1.5			
Budget management	8,825	5,294	4,183
Subtotal Output Group 1.1³	35,420	39,995	42,208
Revenue from Government for Departmental Outputs	33,284	37,269	40,776
Revenue from Other Sources	2,136	2,726	1,432
Total Price of Outputs	35,420	39,995	42,208
Total for Outcome 1			
(Total Price of Outputs and Administered Expenses)			
	35,966	39,995	42,208
Average Staffing Level	160.0	178.0	179.0

¹ Due to the change to Finance's output structure in 2001–02 these figures have been recast in terms of the output structure for 2000–01.

² The reallocations between the components of Output Group 1.1 reflect a restructure undertaken during the year. Resources have been directed to those areas identified as priorities.

³ The increase at the subtotal for Output Group 1.1 is attributable to a redistribution of allocated overheads across outputs, with the main impact on Outcomes 1 and 3. This redistribution reflects a more accurate allocation method which was introduced during the year.

