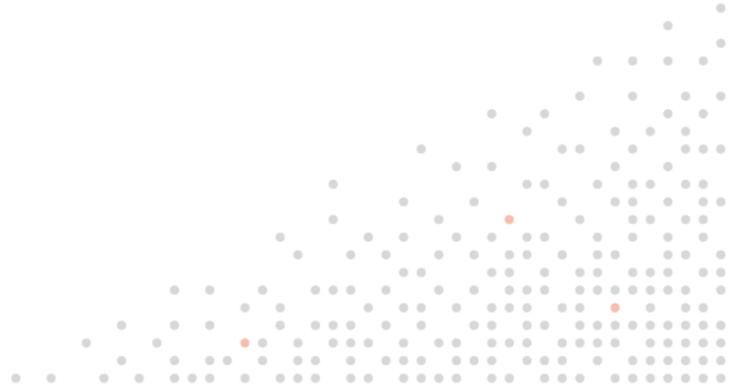
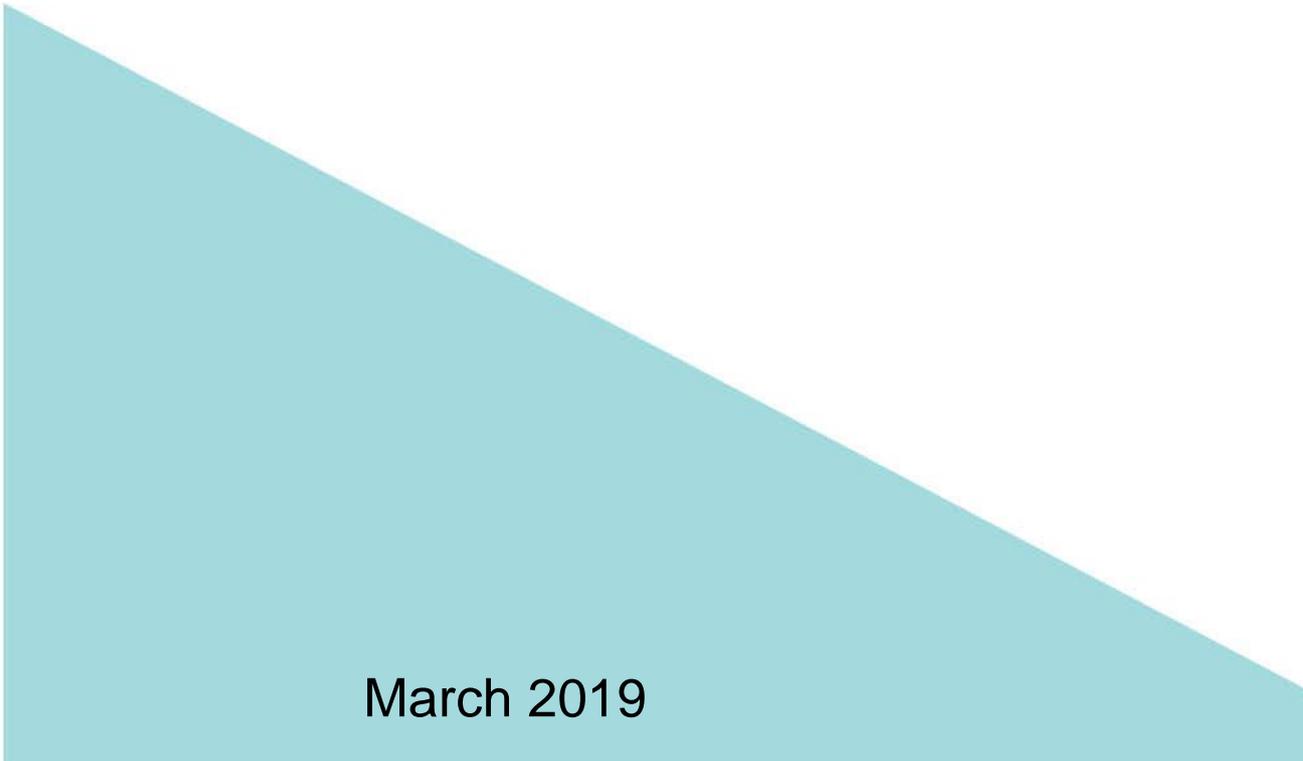




**Australian Government**  
**Department of Finance**



# Outcome Statements Policy and Approval Process



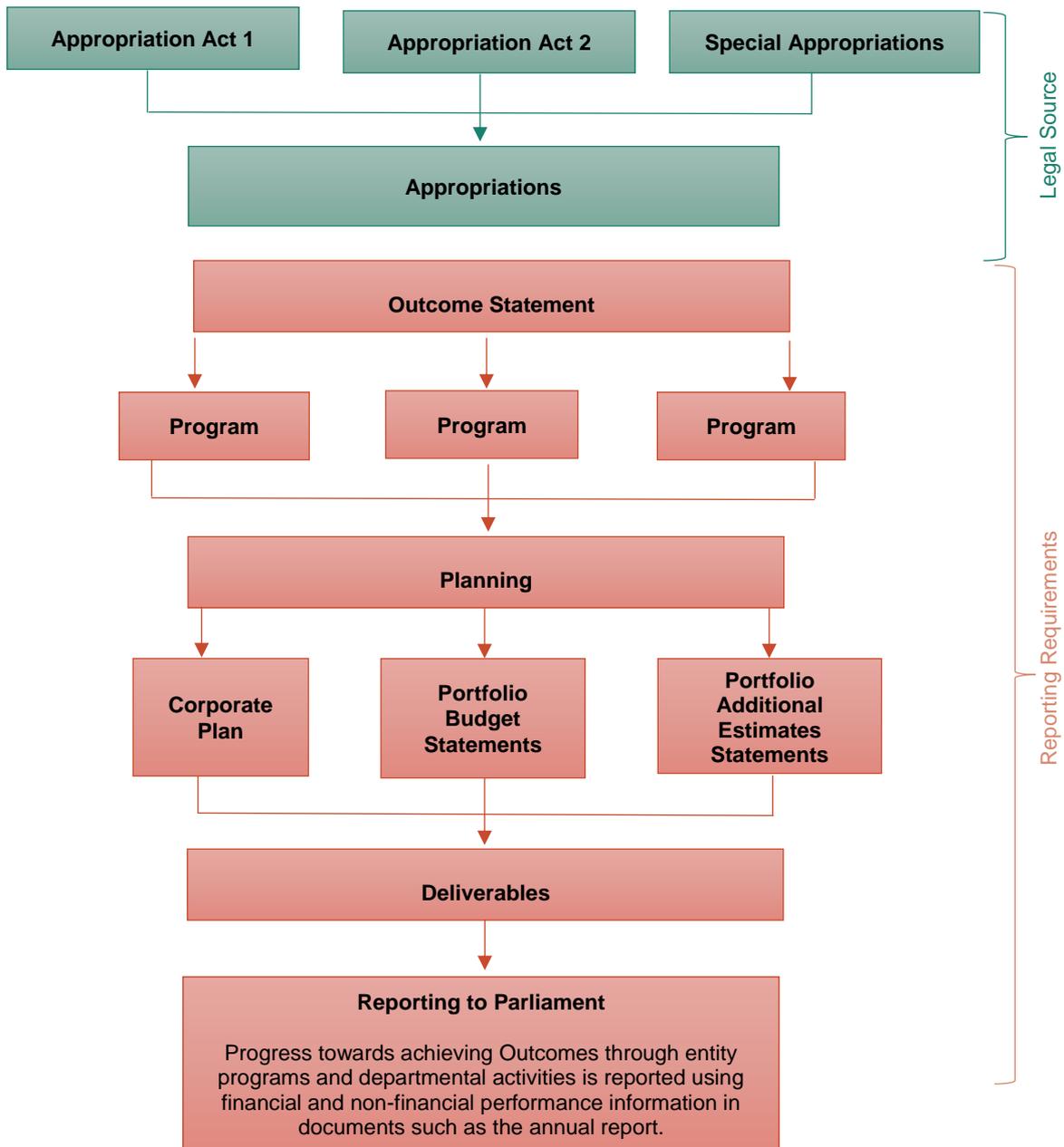
March 2019

# Outcome statements - policy and approval

This guide outlines the requirements for the preparation and approval of new or amended outcome statements by General Government Sector (GGS) entities.

## What are outcomes?

Outcomes are the results, consequences or impacts of Government actions.



## What are outcome statements?

Outcome statements articulate Government objectives and serve three main purposes within the financial framework:

1. to explain the purposes for which annual appropriations are approved by the Parliament for use by entities
2. to provide a basis for budgeting and reporting against the use of appropriated funds
3. to measure and assess entity and program non-financial performance in contributing to Government policy objectives.

Consequently, all entities within the GGS must have at least one outcome statement to allow it receive appropriations and report its performance.<sup>1</sup>

## What is the purpose of outcome statements?

Outcomes statements help to address three questions:

1. What does Government want to achieve? (Outcomes)
2. What activities does Government undertake to achieve this? (Programs and activities)
3. How does Government monitor its progress towards achieving this? (Performance reporting).

The Government seeks to achieve benefits for the Australian community (outcomes) primarily through programs delivered by entities.

Entities apply resources (e.g. funding, human resources, capital equipment) to activities and processes that generate products and services. These resources include the funds appropriated to entities through the annual Budget, and/or revenue from other sources, such as receipts for services delivered, sales, levies and industry contributions.

Outcome statements form part of a broader reporting framework that aims to help those outside of the entities who have an interest in Government performance, including ministers, parliamentarians, external accountability bodies (e.g. the Auditor-General) and the public.

## Changing and creating outcome statements

Changes to an existing outcome statement and/or new outcome statements may be required:

1. when a new entity is established

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<sup>1</sup> The requirement for outcome structures do not apply to Commonwealth entities classified in Government Financial Statistics as public finance corporations (PFC's) or public non- financial corporations (PNFC's) as they are not part of the GGS).

2. when an existing function is transferred to another entity through a Machinery of Government change and a description of that function is no longer required
3. when an entity undertakes a new function or has functions transferred to it, and that function is not adequately described in the entities existing outcome statements
4. where policy objectives, strategies or intended results for entity activities are refined or need to be clarified.

## Key principles for outcome statements

An outcome statement should be specific, focused, and easily interpreted. A statement should:

1. identify the *intended result(s)* of the entity, with the level of achievement against the intended result(s) capable of being measured
2. specify the *target group(s)* where this group is narrower than 'Australia' or 'Australians'
3. specify the *activities undertaken* by the entity that contribute to the achievement of the intended result(s).

Outcome statements *must align* with the entity's purposes, as expressed in its corporate plan.

## How should outcome statements be expressed?

Outcome statements should be written succinctly and precisely, to ensure the purpose is clear. Statements should not include multiple purposes nor use technical and difficult language. This usually means they are covered by a single and relatively short sentence or statement.

Outcome statements should typically be set out as follows:

*[Intended result] for [target group] through [actions]*

or

*[Intended result] through [actions] for [target group]*

## What this means in practice

The *intended results* of the entity should be identified with performance against those intended results capable of measurement.

- The *intended results* should be distilled from the Government's international and domestic policy goals and objectives for the department or entity and the Government's expectations of what the entity is to achieve.

The *target group(s)* should be clearly specified where this group can be identified more explicitly than simply 'Australia' or 'Australians'. The target group need not be specified if it is implied that this outcome benefits Australians generally.

- Entities should only define a target group if it is clear that the results will only relate to that group and no others.

The *broad activities* the Government or entity will undertake to bring about the intended result should be identified in an outcome statement.

- Entities should be able to describe the major actions, policy processes, events or business processes undertaken to bring about the intended result for the target group.
- Entities should be careful not to unduly limit the range of activities specified.

## Drafting tips

Ensure that the outcome statement is specific enough to form a valid appropriation.

An outcome statement cannot be so abstract as to be without meaning. Avoid using terms that:

1. cannot be clearly defined
  - *For example phrases like "in line with community views" leads to questions such as:*
    - Which community?
    - How are the community's views to be identified?
2. are generic or have multiple interpretations
  - Ambitious words and phrases such as "worldwide appeal" and "economic advantage" are overly ambitious should be avoided unless clearly defined.
  - Words or phrases with subjective meanings such as "higher quality" and "enhanced" have subjective meanings and should only be used where the entity provides a reference point in relation to which the factors can be measured.

Ensure the outcome statement does not unnecessarily restrict the purpose for which an entity can spend money.

Entities may find that they cannot spend money in relation to an administered appropriation if outcome statements are so specific they inappropriately limit expenditure under that outcome. Entities should:

1. Be careful in defining target groups
  - Even terms as broad as 'Australians' can be limiting if the entity's programs can benefit people who are not Australian.
  - The description of the target group must be clear; avoid ambiguous terms (e.g. 'young people').
2. Ensure that activities that may arise during the year are covered by the appropriation
  - Use inclusive language where possible, rather than exhaustively defining the activities the entity will undertake.

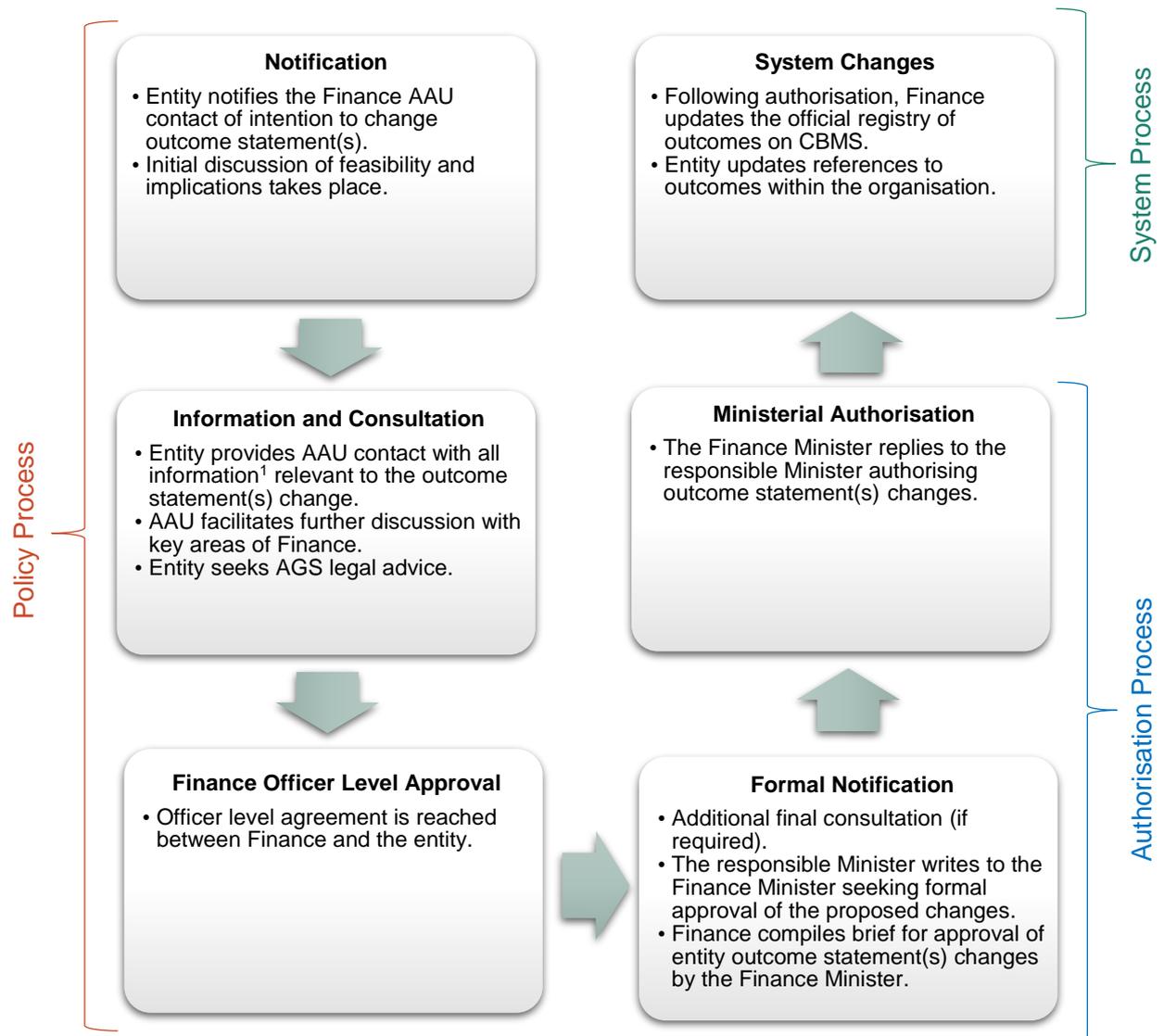
Outcome statements should be in accordance with the Australian Government Style Manual at: <https://www.australia.gov.au/about-government/publications/style-manual>.

## How are outcome statements approved?

The Minister for Finance (Finance Minister) must approve all outcome statements.

Entities seeking new or amended outcome statement(s) should follow the following steps:

1. Contact their Department of Finance (Finance) Agency Advice Unit (AAU) and provide details of the proposed outcome statement(s).
2. Finance will then undertake a preliminary assessment of the proposed outcome statements against the three key principles (outlined above) and provide 'in-principle' agreement on proposed outcome statement(s).
3. Entities are advised to seek legal advice from the Australian Government Solicitor (AGS) to confirm that the proposed new or amended outcome statement(s) describes a purpose fit for appropriation, before formal approval to change an outcome statement is sought.
4. The responsible Minister will then write to the Finance Minister seeking formal approval of the proposed changes.
5. Finance will brief the Finance Minister on the proposed outcome statement(s) and prepare correspondence to the responsible Minister approving the outcome statement(s).
6. To allow adequate time to complete these processes, entities should ensure changes to outcome statements are finalised before February each year, to allow revised outcome statement(s) to be reflected in the Central Budget Management System (CBMS) and budget documentation. However, a change in Government policy or Machinery of Government change may necessitate changes to outcome statement(s) at other times of the year.
7. This process is summarised in the diagram below.



- <sup>1</sup>The minimum amount of information provided should include:
- Background information on the reason for the change e.g. key announcements that support a change in policy or direction for the entity.
  - Proposed wording of new or amended outcome statement(s).
  - Materiality of old and proposed outcomes.
  - Mapping of the proposed outcome to programs and appropriations for incorporation into CBMS.

## Why are outcome statements included in Portfolio Budget Statements?

Portfolio Budget Statements form part of the suite of information made available by the Government to describe Budget appropriations and entity activity.

As outcome statements provide the basis for the appropriation of money from the Commonwealth, they also provide an important role in the reporting of information, such as how an entity plans to spend its appropriations in the pursuit of government objectives.

Advice on the development of Portfolio Budget Statements is produced annually by Finance. The 2018-19 Guide can be found at: <https://www.finance.gov.au/sites/default/files/guidance-portfolio-budget-statements-18-19.pdf>.

## Further Information

Further information on outcome statement policy and approval arrangements can be obtained by contacting the Annual Appropriations Team in Finance via [Annual.Appropriations@finance.gov.au](mailto:Annual.Appropriations@finance.gov.au) or through the relevant AAU.