



Australian Government
Department of Finance



The Enhanced Commonwealth Performance Framework

2016-17 Annual Performance Statements

Lessons Learned

April 2018

This paper summarises findings from an analysis of 2016-17 annual performance statements prepared under the *Public Governance, Performance and Accountability Act 2013*. It identifies key lessons and includes examples of better practice to assist Commonwealth entities improve future annual performance statements and the performance information they report in them.

Enquiries: pmra@finance.gov.au

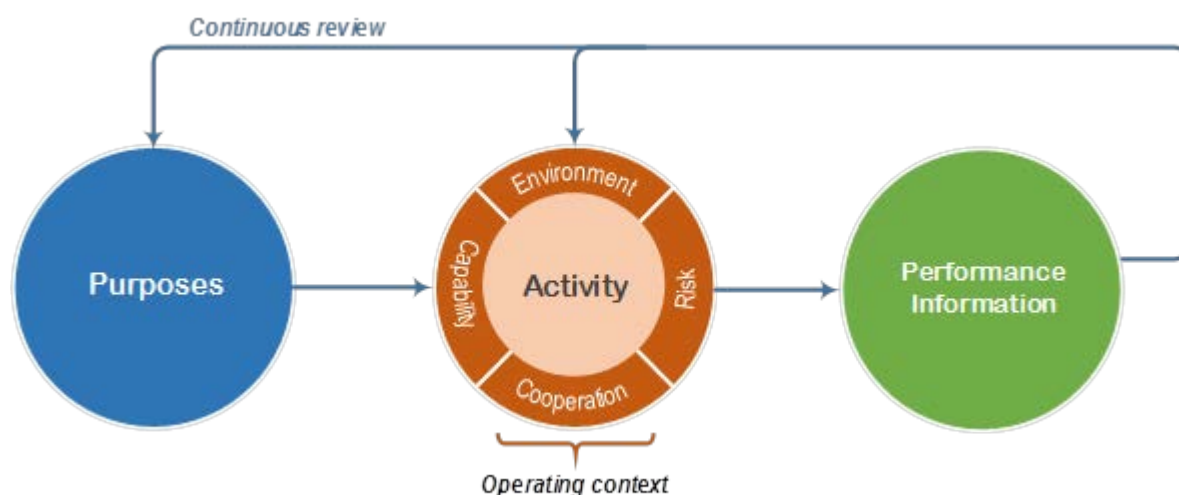
Contents

Overview	4
The Commonwealth Performance Framework	4
General observations	5
Summary of examples from 2016-17 annual performance statements	6
Examples from 2016-17 annual performance statements	8
Department of Infrastructure, Regional Development and Cities (DIRDC)	8
Airservices Australia (Airservices)	13
Department of Communications and the Arts (DoCA)	18
Australian Transactions Reports and Analysis Centre (AUSTRAC)	23
Tourism Australia	30

Overview

The Commonwealth Performance Framework

The Commonwealth performance framework has three inter-dependant elements – purposes, operating context and performance information used to demonstrate the achievement of purposes¹.



Annual performance statements report against the planned performance criteria in corporate plans, Portfolio Budget Statements (PBSs), Portfolio Additional Estimates Statements or other portfolio estimates statements. Their publication completes the performance cycle under the enhanced Commonwealth performance framework.

No one report in the performance framework stands alone. There is a strong link between each of the documents. It was especially apparent in this 2016-17 reporting cycle that good annual performance statements flowed from good quality performance criteria contained in 2016-17 PBSs and corporate plans. As the framework matures, it becomes more obvious that hard work at the front end of the performance cycle pays off at the back end in terms of the quality and insightfulness of performance information produced.

This paper observes the quality of 2016-17 annual performance statements based on an analysis against defined criteria². The examples of annual performance statements referred to in this paper use a holistic approach. They either have better practice characteristics or are examples of significant improvement in entity practice. In some, innovative techniques are used to overcome challenges presented by inadequate performance or contextual information in either the PBS or corporate plan.

¹ Defined in the Public Governance, Performance and Accountability Act 2013 at section 8: '**purposes** of a Commonwealth entity or Commonwealth company includes the objectives, functions or role of the entity or company.'

² Refer to <https://www.finance.gov.au/resource-management/>

General observations

1. Clear alignment to entity purposes

Annual performance statements should provide the reader with a coherent and concise snapshot of an entity's performance in meeting its purposes. Entities need to present a narrative that demonstrates how effective they have been in meeting their purposes or otherwise³.

A clear link between performance and achievement of purpose is essential to satisfy section 16F (1) of the PGPA Rule. It says that, 'the accountable authority of an entity must measure and assess the entity's performance in achieving the entity's purposes in the reporting period in accordance with the method of measuring and assessing the entity's performance in the reporting period that was set out in the entity's corporate plan, PBS, Portfolio Additional Budget Statement, or other portfolio budget statement'.

Finance's interpretation of Section 16F (1) of the PGPA Rule is that the annual performance statements should allow the reader to form a judgement as to how the entity has performed against the measures in its corporate plan and PBS. This does not necessarily require entities to publish a line-by-line acquittal, however, the reader should be able to clearly discern the entity's performance against all of the proposed measures. One example might be where measures could be appropriately grouped and responded to together rather than dealt with separately.

2. The importance of ensuring a clear read between performance documents

Clear structuring of performance information across the PBS, corporate plan and annual performance statements helps the reader follow the relationship between the documents. Good mapping between the documents in the annual performance statements themselves is crucial to shaping this relationship. Many entities have improved the mapping between performance documents and this, in turn, has helped to improve the clear read across the documents.

Entities are required to provide only one high-level performance criterion against each existing program in the PBS. These PBS performance criteria may be built on or supplemented in the corporate plan. For new programs, or material changes to existing programs, a full suite of performance criteria is required.

The advantage of this building block approach is that a consistent set of performance criteria avoids duplication or inconsistency between the documents.

Where the updating of a corporate plan results in some change during the reporting period, entities can explain the change in their annual performance statements.

3. Improving the quality of annual performance statements by improving the quality of performance criteria in corporate plans and PBSs

If a corporate plan or PBS contains poor performance criteria, it is hard for an entity to produce high-quality annual performance statements. We recognise the time lag in the performance cycle. Where entities made changes from their 2016-17 corporate plans to their 2017-18

³ 'Including an analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period...' (PGPA Rule section 16F(2)(3) Refer to <https://www.finance.gov.au/resource-management/pgpa-rule/>

corporate plans, their 2016-17 annual performance statements are still bound to the 2016-17 plans.

Some entities, however, took on feedback from the 2015-16 annual performance statements and were able to use tools and strategies to take their 2016-17 corporate plans to the next level. The benefits are apparent in the quality of their 2016-17 annual performance statements.

Developing good performance criteria should be a key focus for those who seek to improve their performance reporting. Finance will continue to work closely with entities in this respect.

4. Producing good technical annual performance statements

Good annual performance statements will contain performance information that is sound and generated from a comprehensive suite of performance criteria. Entities with poor performance criteria can further enhance the technical aspects of their annual performance statements to help them to present a meaningful performance story. This can be done by developing good quality and insightful data that helps the entity to measure its performance results, their impact on stakeholders, and in delivering the results sought by government, and the efficiency and effectiveness with which the entity carries out its role and achieves its purposes.

In our previous advice, we said that where a direct impact based performance measure is not possible, an entity could explain its performance using proxy measures. A sophisticated analysis of the entity's operational environment can provide additional detail to fill any gaps in the performance narrative. Many entities took this advice on board for their 2016-17 annual performance statements and this has supported an overall improvement in the analysis contained in the 2016-17 annual performance statements.

Summary of examples from 2016-17 annual performance statements

We have drawn examples from several entities to demonstrate key lessons learned from the 2016-17 annual performance statements. These include some examples of better practice, and others where there have been key improvements or they show useful techniques for presenting a complete performance narrative.

The examples included in this paper invite readers to compare and contrast a variety of approaches to performance reporting and to consider which analytical approaches or combinations of quantitative and qualitative measures are most successful or may be usefully adapted to suit another entity's performance reporting.

The Department of Infrastructure re-issued its 2016-17 corporate plan in March 2017 with a shift from output to outcome and impact based performance reporting. The annual performance statement benefits from this. It is an example of how an entity can reposition itself in order to tell a full and complete performance story. Infrastructure's presentation of the performance information has also been updated and is well presented and easy to read.

Airservices Australia produced a clear and succinct annual performance statement. It used graphic representation to engage the reader and make the information easy to understand. The strategy-on-a-page set the scene and provided context around purpose, activities, capability and outcomes. The analysis provided a complete picture of performance, including the influence its operating context had on the entity's results.

The Department of Communications and the Arts provided a high-level summary in relation to performance to give the reader an overview of performance up front. It has made significant progress towards shifting from output-based quantitative performance information to impact-based with qualitative measures. In addition, it used analysis to present a fuller performance narrative, particularly in relation to outcomes that have yet to be met. It also used a variety of reporting methods, including case studies, to tell this story, which involves successful collaboration with industry to pilot technology.

AUSTRAC produced a well-presented annual performance statement demonstrating clear integration between the performance documents. It provided good detail around methodology and included visual cues to enhance readability. AUSTRAC's analysis described its contribution to outcomes and discussed impacts that it may not have full control over, but are an integral part of fulfilling its purpose.

Tourism Australia used a small set of quantitative indicators as proxy measures to tell its broader performance story. It incorporated macro factors and complementary metrics to provide context around the results and give an idea of the environment it faces in the future. Tourism Australia's annual performance statements use a logical structure presenting the results clearly in tables and providing an overall analysis of achievement against purpose.

The 2016-17 annual performance statements represent a general improvement from the 2015-16 statements in all areas. Key factors in improving maturity of performance reporting under the enhanced Commonwealth performance framework in 2017-18 will be integration of performance documentation, both within the performance cycle and from year-to-year, and better performance information.

Examples from 2016-17 annual performance statements

Department of Infrastructure, Regional Development and Cities (DIRDC)

SOURCES:

[Annual performance statements included in DIRDC 2016-17 annual report](#)

[DIRDC 2016-17 corporate plan](#)

In its 2016-17 corporate plan, published in August 2016, the DIRDC flagged its intention to conduct a review of its performance information.

Performance

'In 2016-17, we will undertake a review of our performance information. We aim to improve the quality and relevance of our measures and better assess the impact of our programs.'

[2016-17 Corporate Plan, p. 8]

To ensure we achieve our purposes the Department has a set of outcomes which are delivered through a suite of programs. Our annual Portfolio Budget Statements provide information on each program's objective, delivery mechanism, resourcing and purpose. The Portfolio Budget Statements can be accessed at infrastructure.gov.au/department/statements.

It should be noted that this Corporate Plan resets the performance criteria and targets that were presented in the 2016-17 Portfolio Budget Statements and in the original 2016-17 Corporate Plan.

Following this review, the Department reissued its 2016-17 corporate plan in March 2017 with revised, impact orientated performance criteria. It reset the performance criteria previously presented in the 2016-17 Portfolio Budget Statements and in its original 2016-17 corporate plan.

This Corporate Plan is a re-issue, incorporating revised, impact-oriented performance measures. These measures are informed first and foremost by our understanding of what the Department's success looks like for our key stakeholders, complementing our performance story about the decisions we make and the actions we take.

[2016-17 Corporate Plan (revised), p. 2]

The revised provisions of the corporate plan were reflected in how the Department reported performance in its annual performance statement. Compared to its 2015-16 annual performance statement, the 2016-17 annual performance statements focus on how the Department achieved purposes, concentrating on effectiveness and stakeholder impacts rather than on activities completed. An example of this change of focus in reporting on the efficiency of the transport network is below.

Rather than reporting on projects and outputs completed, the Department committed to report on the impacts to stakeholders in the form of timesaving arising from Government funded projects. The intended performance target is also clearer with the new layout. Although the relevant data set is still under development, performance reporting will highlight the value added to stakeholders from the Department's activities, rather than highlighting the activities themselves.

Performance Criterion Australian land transport networks are more efficient

Result Achieved (also rated as achieved 2014–15, 2013–14 and 2012–13)

The efficiency of the land transport network has been enhanced with well targeted investments to upgrade roads and rail. This includes projects such as the continuation of upgrading and duplicating the Bruce and Pacific highways, and commencement of projects such as works on the Midland Highway in Tasmania, the Tullamarine Freeway Widening in Victoria and the Gateway Upgrade North in Queensland.

The Department continued its work on the delivery of an inland rail. This included independent confirmation on key parts of the business case being developed by the Australian Rail Track Corporation, to ensure that the Australian Government's investment is efficient and effective.

[2015-16 Annual Report, p.22]



1. Transport networks are more efficient	Demonstrated through travel time savings arising through Australian Government funded projects	In progress
		<p>Infrastructure Investment program expenditure totalled over \$6.3 billion in 2016–17. The projects targeted and selected for funding include those which have been assessed to deliver a more efficient transport network.</p> <p>Data indicating the total travel time savings for all Australian Government funded infrastructure projects are currently unavailable. However, as the Department has started to collect these data from state and territory governments, being able to demonstrate that the target has been met is in progress.</p> <p>In the interim, Case Study A on page 78 demonstrates travel time savings arising through an Australian Government funded project.</p>

[2016-17 Annual Report, p.77]

The change in how transport safety performance is reported is a similar evolution. There is a shift from reporting on the outputs of transport safety related activities, such as number of Black Spot projects and safety programs, to reporting on road and freight deaths. While the Department does not have absolute policy ownership or control over reducing transport related deaths, transport related deaths is a proxy measure as the Department's purpose seeks to foster a safer transport system.

Table 5.1 Traffic-light summary of results against targets

Measure	Target	Result against target
Purpose: Promote, plan, evaluate and invest in infrastructure and regional development		
1. Transport networks are more efficient	Demonstrated through travel time savings arising through Australian Government funded projects	In progress
2. Annual number of deaths on Australian roads	Trends on track to achieve the target in the National Road Safety Strategy 2011–2020, to reduce road deaths by at least 30 per cent on 2008–10 figures by 2020	Target not met
3. Jobs supported by infrastructure investment	Demonstrated through the delivery of Australian Government funded projects	Target met
4. Percentage of major road projects (defined as Australian Government contribution of \$100 million or more) funded with a benefit cost ratio above 1.0	100 per cent	Target substantially met



[2016–17 Annual Report, p. 74]

Table 5.2 Summary results against Infrastructure Investment measures

Measure	Target	Result
1. Transport networks are more efficient	Demonstrated through travel time savings arising through Australian Government funded projects	<p>In progress</p> <p>Infrastructure Investment program expenditure totalled over \$6.3 billion in 2016–17. The projects targeted and selected for funding include those which have been assessed to deliver a more efficient transport network.</p> <p>Data indicating the total travel time savings for all Australian Government funded infrastructure projects are currently unavailable. However, as the Department has started to collect these data from state and territory governments, being able to demonstrate that the target has been met is in progress.</p> <p>In the interim, Case Study A on page 78 demonstrates travel time savings arising through an Australian Government funded project.</p>
2. Annual number of deaths on Australian roads	Trends on track to achieve the target in the National Road Safety Strategy 2011–2020, to reduce road deaths by at least 30 per cent on 2008–10 figures by 2020	<p>Target not met</p> <p>There were 1,239 road deaths in 2016–17*, representing a reduction of 13.1 per cent relative to baseline 2008–10 figures (1,426 road deaths).</p> <p>* 2016–17 road death figure sourced from the <i>Australian Road Deaths Database</i>. The figure is preliminary and subject to revision, and is provided here as a provisional indication of progress.</p>
3. Jobs supported by infrastructure investments	Demonstrated through the delivery of Australian Government funded projects	<p>Target met</p> <p>Infrastructure Investment program expenditure totalled over \$6.3 billion in 2016–17. By implementing infrastructure investment projects, the Australian Government is supporting jobs, most of which are in construction and project management.</p>

[2016–17 Annual Report, p. 77]

A traffic light summary of results is provided upfront, followed by more detailed performance information later in the statement. This allows readers to gain both a high level and detailed understanding of results.

The result for **Measure 1** explains that data is not available at this time to determine whether the target has been met. Use of a case study to show that there has been benefit arising out of a project that falls under the measure provides stakeholders some assurance that they are working to meet their target.

Table 5.2 Summary results against Infrastructure Investment measures

Measure	Target	Result
1. Transport networks are more efficient	Demonstrated through travel time savings arising through Australian Government funded projects	<p>In progress</p> <p>Infrastructure Investment program expenditure totalled over \$6.3 billion in 2016–17. The projects targeted and selected for funding include those which have been assessed to deliver a more efficient transport network.</p> <p>Data indicating the total travel time savings for all Australian Government funded infrastructure projects are currently unavailable. However, as the Department has started to collect these data from state and territory governments, being able to demonstrate that the target has been met is in progress.</p> <p>In the interim, Case Study A on page 78 demonstrates travel time savings arising through an Australian Government funded project.</p>

[2016-17 Annual Report, p. 77]



Measure 1–Case Study A: Transport networks are more efficient

The Bruce Highway: Cooroy to Curra (Section A) project upgraded approximately 13 kilometres of the Bruce Highway between the Cooroy Southern Interchange and Sankeys Road. The new road provides a four lane divided highway, upgrades to the Cooroy Southern Interchange and a new grade separated interchange north of Cooroy. These upgrades to the road and interchanges allow traffic to flow more efficiently through this increasingly crowded section of the Bruce Highway and separation of traffic increases safety for all road users.

The project commenced major construction in June 2013 and was completed in May 2017. The Australian Government committed up to \$245.0 million towards the \$490.0 million project. The project created approximately 430 jobs over the life of the project.

The project has reduced travel time from an average of 9.3 minutes along this section of highway to approximately 7.6 minutes. This has resulted in reduced business costs for local freight operators, higher economic productivity and efficiency for local businesses, and greater access for passenger and freight movement along the Bruce Highway and throughout the region. Up to 16,000 vehicles per day use this section of the Bruce Highway.

[2016-17 Annual Report, p. 78]

The result for **Measure 2** includes an honest appraisal of progress and that the target has not been met. The analysis section explains that an independent inquiry into the National Road Safety Strategy 2011-2020 was conducted in 2017 to better understand and prevent road trauma. This assures stakeholders that measures are being taken to target road infrastructure investment so as to reduce the road death toll.

Table 5.2 Summary results against Infrastructure Investment measures

Measure	Target	Result
2. Annual number of deaths on Australian roads	Trends on track to achieve the target in the National Road Safety Strategy 2011–2020, to reduce road deaths by at least 30 per cent on 2008–10 figures by 2020	<p>Target not met</p> <p>There were 1,239 road deaths in 2016–17*, representing a reduction of 13.1 per cent relative to baseline 2008–10 figures (1,426 road deaths).</p> <p>* 2016–17 road death figure sourced from the Australian Road Deaths Database. The figure is preliminary and subject to revision, and is provided here as a provisional indication of progress.</p>

[2016-17 Annual Report, p. 77]



Analysis of performance against purpose—Infrastructure Investment component

Investing in safer road infrastructure can help reduce road crashes and deaths. Following stronger progress in the early years of the National Road Safety Strategy 2011–2020, the number of deaths in road crashes in 2016–17 represents only modest progress towards the 30 per cent reduction target. The Australian Government is committed to improving road safety and will continue to invest in road safety programs including the Black Spot Program. The Australian Government will also ask an independent reference group to lead an inquiry into the strategy during 2017, looking closely at the evidence and advising what can be done better to prevent road trauma.

[2016-17 Annual Report, p. 79]

This analysis could include trend analysis and case studies on the effectiveness of the Black Spot Program.

The Department intends to continually review and improve its performance information to deliver ongoing improvements to organisation performance.

The review commenced a process of improvement, and it is expected that the measures and data supporting them will be subject to increasing sophistication and refinement over the coming years. It is also recognised that appropriately focused performance monitoring and reporting can be used to continuously improve organisational performance.

[2016-17 Annual Performance Statement, p. 73]

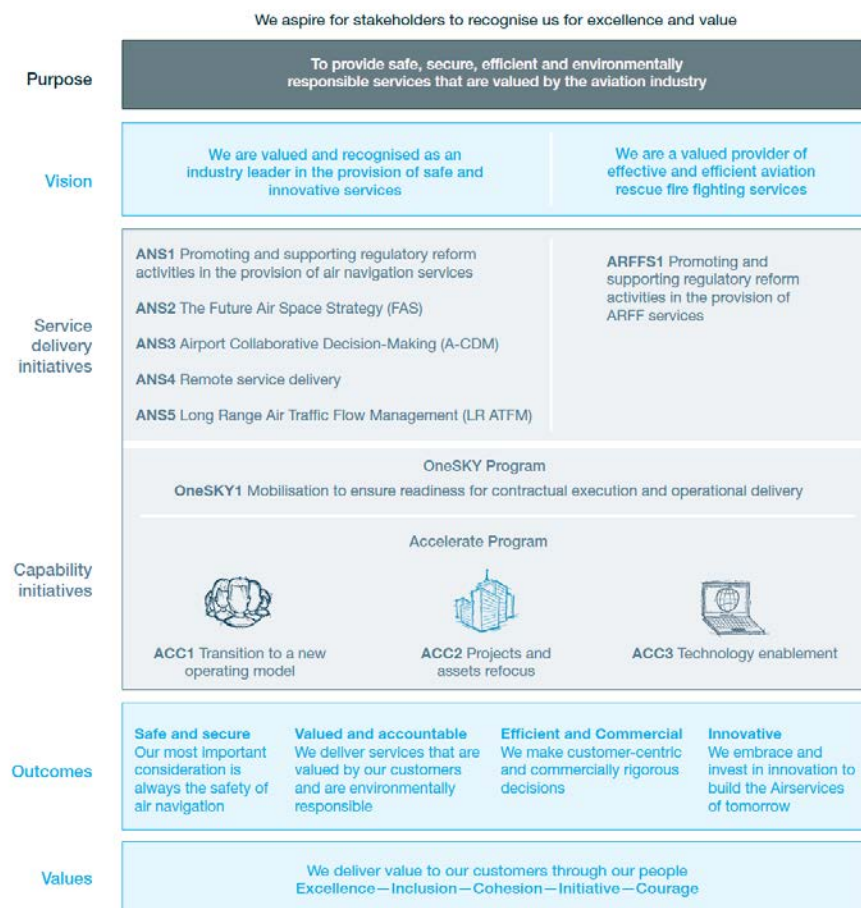
SOURCE:

Annual performance statements included in Airservices' 2016-17 annual report

Airservices' 2016-17 corporate plan

In 2016-17, Airservices augmented its purpose statement with the introduction of a strategy-on-a-page framework to the corporate plan, which gave context to its purpose and activities.

Our strategy



[2016-17 Corporate Plan, p. 58]

The strategy-on-a-page sets the structure and tone for its corporate plan and annual performance statement. It is a simple way of depicting how its service delivery and capability initiatives help to achieve outcomes and purpose.



'At the highest level our performance is focused on nine enterprise-wide KPIs, linked to the five dimensions of our balanced scorecard. These measures are cascaded through the organisation to focus our people and other resources on our purpose and vision.'

[2016-17 Corporate Plan, p. 9]

An example of streamlined performance information is how Airservices reports on safety. By combining loss of separation and runway incursion measures and focusing on significant occurrences, the performance information allows a more succinct and clearer narrative to unfold.

Performance Measure
ATS attributed en route LoS rate Air Traffic Service attributed number of en route loss of separation (LoS) occurrences per 100,000 flight hours.
ATS attributed terminal area LoS rate Air Traffic Service attributed number of terminal area loss of separation (LoS) occurrences per 100,000 movements.
ATS attributed tower LoS rate Air Traffic Service attributed number of tower loss of separation (LoS) occurrences per 100,000 movements.
ATS attributed runway incursions Number of ICAO Class A or B Airservices Air Traffic Service attributable runway incursions.

[2015-16 Annual Report, p. 36-37]



KPI
Significant Attributable Safety Occurrences – Air Navigation Services (ANS) Any loss of separation or runway incursion occurrence where the Risk Assessment Tool score is Category A. Source: Page 10 of 2016-17 Corporate Plan
Significant Attributable Safety Occurrences – Aviation Rescue Fire Fighting Services (ARFFS) Any occurrence in which the response to an aircraft did not meet the regulated response time. Source: Page 10 of 2016-17 Corporate Plan

[2016-17 Annual Report, p. 22]

Trend analysis, in conjunction with a qualitative analysis section, provides context to the performance information. Airservices used this section to detail a performance target they did not meet (arrival airborne delay) and to provide details of why they missed the target, and why the result was poorer than in previous years.

KPI		2014-15	2015-16	2016-17	
		Result	Result	Target	Result
Arrival airborne delay The median (and 75th percentile) excess time incurred during the arrival airborne phase of flight in reference to the estimated time of arrival for high-volume operations (High-volume operating environments defined as Brisbane, Melbourne, Perth and Sydney) Source: page 11 of 2016-17 Corporate Plan	Median (minutes)	0.36	0.36	0.36	0.56
	75th Percentile (minutes)	3.2	3.1	3.1	3.48
Industry advocacy Percentage of customers and stakeholders rating Airservices as very good or excellent as determined by survey Analysis of qualitative input Source: page 11 of 2016-17 Corporate Plan		n/a	n/a	Baselined in quarter 1	-39

[2016-17 Annual Report, p. 22]

The qualitative analysis section explains that factors beyond Airservices' control affected its ability to meet the target, notably a growth in aircraft movements and cyclonic disruption. While cyclones are a known hazard, the extent of the disruption in the reporting year was unusual.

The analysis focuses on improving performance, citing stakeholder engagement and other initiatives as evidence of this work. The initiatives link back to Airservices' strategy-on-a-page. This level of integration helps to show the connectedness of how initiatives and activities contribute to the performance and achieving the purposes of the organisation.

ANALYSIS

The arrival airborne delay result for the reporting period was above target. This was due to a number of factors including growth in aircraft movements at Melbourne and Sydney, and significant disruptions to the air traffic system caused by Tropical Cyclone Debbie and other weather-related events.

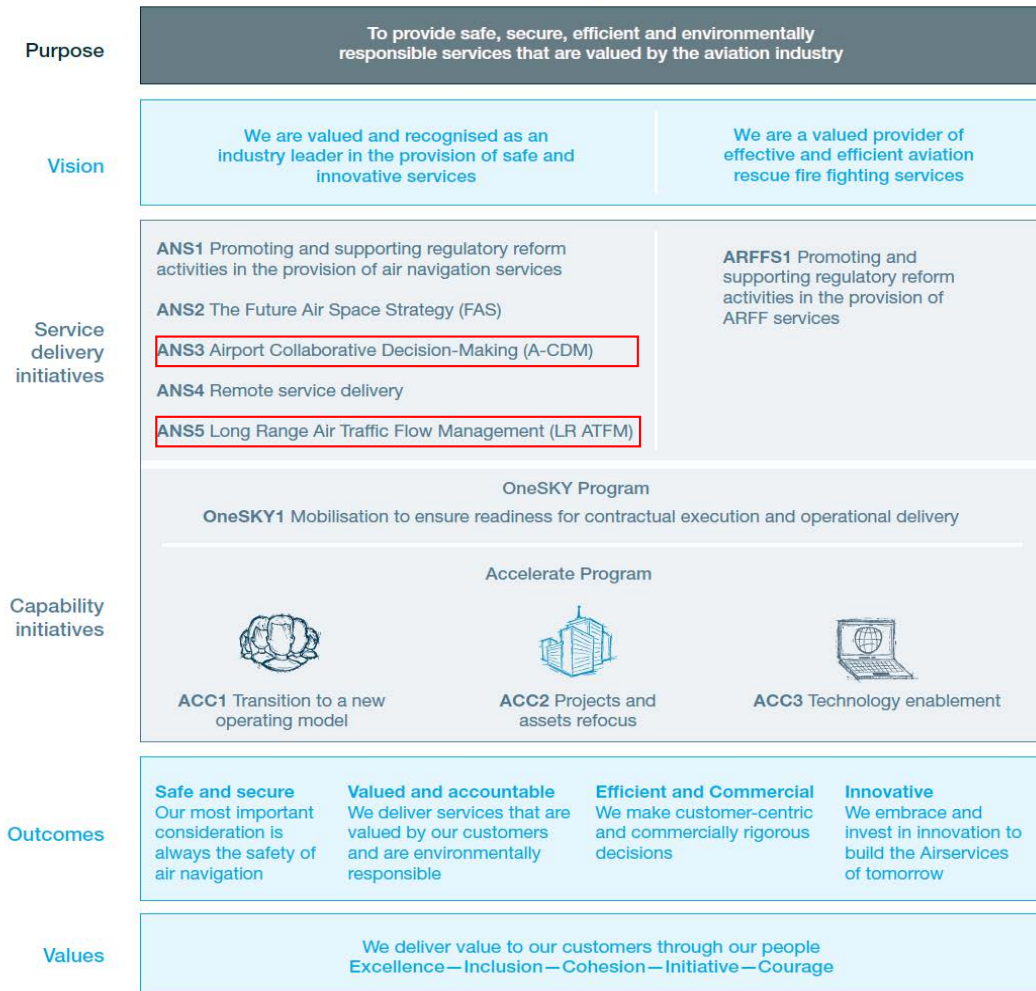
Despite these impacts, we remain focused on improving our performance in this area and achieving our purpose. We have commenced engagement with our airline and airport stakeholders to understand the causal factors of delay, and through our Airport Collaborative Decision Making (A-CDM) and Long-Range Air Traffic Flow Management (LR-ATFM) Initiatives generate further efficiency.

For the first time, we also conducted an Industry Advocacy Survey to understand how our customers perceive our service delivery. We are harnessing the insights gathered through the survey to identify potential service improvements and ensure we deliver on our performance outcomes.

[2016-17 Annual Report, p. 22]

Our strategy

We aspire for stakeholders to recognise us for excellence and value



[2016-17 Corporate Plan, p. 28]

ANS 3: Airport Collaborative Decision-Making (A-CDM) Source: Page 15 of CP16-17	1. Market engagement for an A-CDM capability solution completed 2. Operating and governance framework endorsed	Substantially met The operating and governance framework has been developed and will be refined in the next reporting period before a final investment decision is made in 2017-18.
--	---	---



[2016-17 Annual Report, p. 32]

ANS 5: Long Range Air Traffic Flow Management (LR ATFM) Source: Page 17 of CP16-17	1. Contract in place with a service provider to jointly develop processes 2. LR ATFM capability trial conducted in Sydney during early morning arrival period 3. Assessment of trial completed	Substantially met Market engagement was undertaken with industry for an LR ATFM solution designed to drive innovation and collaboration. This will support a final investment decision to be made during 2017-18.
---	--	---

[2016-17 Annual Report, p. 32]

Airservices used a case study to illustrate its actions in the wake of cyclonic disruption. As the impact of Cyclone Debbie was unforeseen, Airservices used the case study to demonstrate what Airservices did to ensure that operations were brought online and returned to normal as soon as possible. They also note their cooperation with other organisations to bring these operations online. While the disruption affected their ability to meet their target, Airservices Australia were able to provide a positive outcome to their customers and the local community.

CASE STUDY - RESPONDING TO CRISIS

WORKING TOGETHER TO SUPPORT THE COMMUNITY

Tropical Cyclone Debbie had a devastating impact on Far North Queensland and triggered a massive emergency response by a wide range of agencies and service providers. While our operations were impacted, we also played an important role in the recovery effort.

Tropical Cyclone Debbie caused the temporary closure of Hamilton Island Airport and Airservices operations there. Immediately following the cyclone, ARFFS on the island worked alongside Hamilton Island Enterprises to restore the airport runway and taxiway system to an operational state. Appropriate preparations were made to ensure the safety and security of the ARFF and water rescue service during the cyclone, allowing ARFFS to restore capability immediately after the event. ARFFS assisted Hamilton Island-based emergency services by responding to a range of emergency incidents, effectively deploying a disaster relief task force to assist with impact assessment and service restoration activities to the airport.

Rockhampton Airport operations were also significantly affected by extreme flooding. As part of a broader Airservices response to the local community, ARFFS undertook a staged relocation of services from the airport when it closed. Regional emergency management established an emergency airfield servicing rescue helicopter operations at the nearby Rockhampton Heritage Village. Under Queensland's state emergency mutual aid arrangements with Airservices, we provided an ARFF service to the aerodrome during the time Rockhampton Airport was closed. This included a specialist aviation fire fighting vehicle, as well as a command and communication vehicle which was used by ARFFS and the Queensland Fire and Emergency Services Air Attack Supervisor to direct helicopter operations. This service was invaluable to the safety of emergency operations and the community.

Both the Hamilton Island and Rockhampton responses demonstrate not only the quality, regulated services Airservices provides to our customers, but also the vital emergency services we provide to the local community.

[2016-17 Corporate Plan, p. 28]

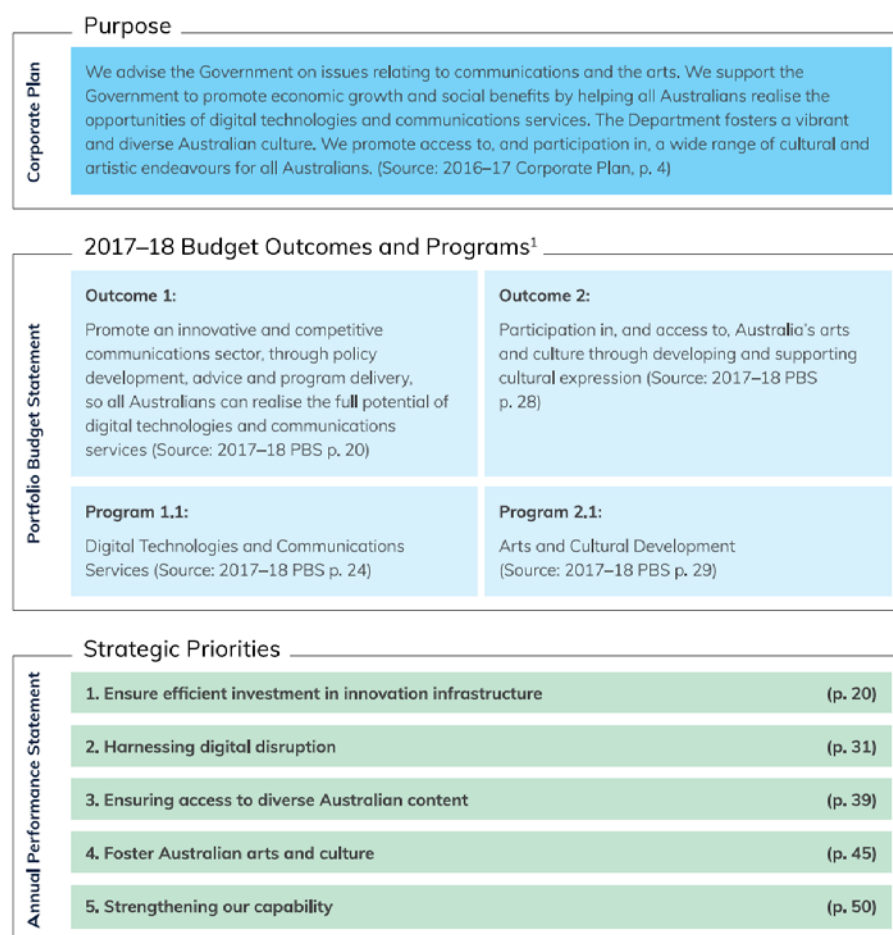
Department of Communications and the Arts (DoCA)

SOURCE:

Annual performance statements included in DoCA's 2016-17 annual report

In 2016-17, DoCA completed its first full performance cycle since the portfolio became responsible for arts functions. The 2016-17 annual performance statement outlines the relationship between purpose, outcomes, programs and strategic priorities. This layout, similar to a plan-on-a-page style, which some entities have begun to incorporate into their corporate plans, is an effective way of summarising the integration of the various components that contribute to achieving purpose.

Figure 2.1 Relationship between purpose, outcomes and programs and strategic priorities



[2016-17 Annual Report, p. 22]

DoCA has developed its performance reporting to incorporate more diverse and complete reporting methods. An example of this is in the reporting of classification performance. The 2015-16 annual performance statement included a relatively simple, albeit effective look at how its activities improved access to the national film, television and on-line content classification scheme and reduced the regulatory burden on industry.

The 2016-17 annual performance statement evolves this into a more complete analysis, incorporating stakeholder survey results and a case study on a classification pilot project, while still having regard to regulatory burden and access. It states the need for reforms to address stakeholder concerns about protecting children from harmful online content while minimising regulatory burden. Measurement of long-term effectiveness will be through impact-orientated surveys to the extent that the public considers classification arrangements minimise harm.



Figure 2.7 Community concern about children and young people with regard to online content

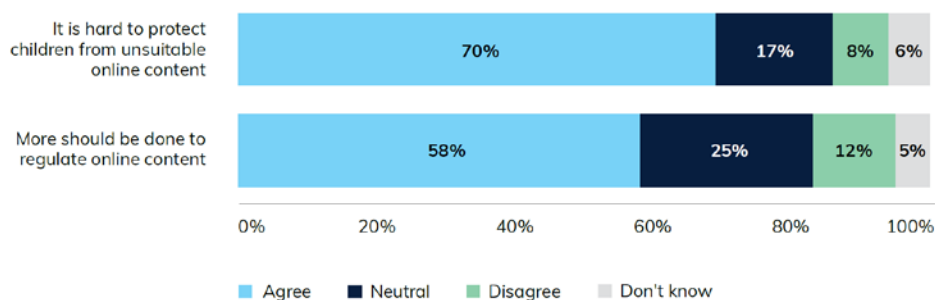



Figure 2.8 Classification amendments

Legislation	Impact
Counter-Terrorism Legislation Amendment Act (No.1) 2016	<ul style="list-style-type: none"> Amended the <i>Classification (Publications, Films and Computer Games) Act 1995</i> to bring a provision relating to terrorism material up to date.
Classification (Publications, Films and Computer Games) (Markings and Consumer Advice) Amendment Determination 2017	<ul style="list-style-type: none"> Amended the <i>Classification (Publications, Films and Computer Games) (Markings and Consumer Advice) Determination 2014</i> to ease the regulatory burden on the cinema industry around the classification of trailers, while ensuring that the industry continues to provide prominent classification information.

[2016-17 Annual Report, p. 36]

Survey data and information about the impact of reforms implemented through legislation is supported by a case study that describes collaboration with industry to pilot technology that allows Australia's system of program classification to be extended to content streamed online.



FOCUS ON

THE NETFLIX CLASSIFICATION PILOT

Over the year the Department worked collaboratively with Netflix to develop and monitor the Netflix classification tool, which innovatively combines Netflix technology with Australia's system of classification and consumer advice to better help the community make decisions on what they and their children watch.

The Netflix classification tool provides an efficient and cost-effective way to classify huge volumes of entertainment content from Netflix and improves productivity, progresses common goals and achieves an excellent outcome for the Australian public. The tool is a new solution to help modernise the classification scheme and is an example of the Government's response to the media regulation challenges posed by the rapid emergence and uptake of online streaming video-on-demand services in Australia.

Australia is the first country in the world to implement the tool and it is also the first time a tool is being used to classify films and television series in Australia. The tool was launched by the Minister for Communications on 7 December 2016 and will operate as a pilot for the first 12 months. As of 30 June 2017, the tool had generated 1,014 classification decisions.

During the pilot, we will support the Classification Board to undertake random and targeted audits of a broad range of the tool's classification decisions. These audits will assess the accuracy and integrity of the tool and will support Netflix to enhance and refine the tool.

[2016-17 Annual Report, p. 37]

DoCA's reporting on the impact of its Mobile Black Spot Program provides a further example of how information from quantitative and qualitative sources is combined to provide a more complete picture of performance.

Criteria	Target	Source	Outcome
Deliver the Government's Mobile Black Spot Program to expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities.	Deliver the Mobile Black Spot Program to expand reliable mobile phone coverage and competition in outer metropolitan, regional and remote communities	Corporate Plan 2016-17, p. 9 PBS 2017-18, p. 24	In progress. See analysis on p. 26

[2016-17 Annual Report, p. 21]

Each criterion is accompanied by a high-level summary and links to other performance documents. The majority of the performance criteria is qualitative without specific or measurable targets. The use of detailed analysis and case studies allows stakeholders to determine whether purposes are being met.

Mobile Black Spot Program

Competitive private sector investment has delivered quality mobile outcomes for the majority of Australians. Australia's mobile coverage, affordability, investment and innovation is recognised by the GSM Association, an international industry peak body, which has ranked Australia first of 134 nations on its Mobile Connectivity Index.⁷ However, the economics of operating mobile services are such that commercial

Rounds 1 and 2 of the program will deliver almost \$600 million (GST inclusive) in new investment in mobile infrastructure in regional and remote Australia, including \$430 million in co-funding from industry and state governments. This investment will deliver:⁸

- 765 new and upgraded mobile base stations
- 86,300 square kilometres of new and upgraded handheld coverage

[2016-17 Annual Report, p. 26]



In 2016–17, we continued to deliver the Mobile Black Spot Program. As at 30 June 2017, a total of 203 base stations have been deployed under the program. These 203 base stations are providing improved mobile coverage to an estimated 31,624 premises and 2,256 kilometres of major roads across regional and rural Australia.

Communities across Australia are benefiting from improved mobile phone and data coverage and greater competition. The program has also contributed to improving community welfare. For example, operational reports for the first 54 base stations indicate over 2,619 Triple Zero calls have been made through these base stations.

We will continue to focus on completion of rounds 1 and 2 in 2017–18 and implementation of the \$60 million priority locations round of the program, including its competitive assessment process.

We will also continue to monitor the effectiveness of the program in improving access and competition at the state and community levels.

In 2016–17, we also contributed in other ways to the deployment of mobile network infrastructure. We developed and consulted on changes to powers and immunities to enable telecommunications carriers to roll out mobile and other telecommunications infrastructure more quickly and at lower costs, enabling them to better meet consumer needs.

On 26 June 2017, we made a submission to the inquiry by the Australian Competition and Consumer Commission into the declaration of a domestic mobile roaming service.⁹ The submission emphasised the need to foster private sector investment in competing mobile infrastructure, including in regional, rural and remote areas.

[2016-17 Annual Report, p. 27]

DoCA has provided both output and outcome based performance analysis for the Mobile Black Spot Program. This includes details of investment rounds, international rankings of mobile connectivity and the amount of emergency calls made through emergency base stations. The analysis explains the Government's role in this space.

MOBILE BLACK SPOT PROGRAM CASE STUDIES

The village of Murringo, in New South Wales, is one community experiencing social and economic benefits from the installation of a mobile base station funded under the program. Students at the Murringo Public School now have better access to the internet to do their homework and stay in touch with their friends. The new base station is also opening up new opportunities in the village for the small businesses, farmers and families who previously had no mobile reception.¹⁰

Ferguson Valley in Western Australia is another community experiencing social and economic benefits under the program. In particular, small businesses in the area are now able to contact, and be contacted by, potential customers, since the base station went live in April 2017. The ability to accept bookings, answer enquiries and have customers able to access mobile reception will provide an economic stimulus to the area.¹¹

[2016-17 Annual Report, p. 27]

A high-level summary of results is provided with sources for each criterion. The performance criteria are primarily qualitative, without specific or measurable targets. This is appropriate as the analysis and case studies contain sufficient information for stakeholders to assess whether the entity is achieving its purpose.

Australian Transactions Reports and Analysis Centre (AUSTRAC)

SOURCES:

Annual performance statements included in the AUSTRAC 2016-17 annual report

AUSTRAC 2016-17 corporate plan

In its 2015-16 corporate plan, AUSTRAC stated that its performance measures would be progressively enhanced and refined to ensure that they continue to be fit for purpose.

These measures are not intended to remain static, and will be progressively enhanced and refined over future years... by adding targets and new indicators as and where appropriate to ensure they continue to support our strategic direction, our changing environment and our operating model.

[2015-16 Corporate Plan, p. 2]

In its 2016-17 corporate plan, AUSTRAC refined its purpose statement and streamlined its performance framework. This change provided more relevant, reliable and complete performance information, which better reflects the impact of AUSTRAC's work. AUSTRAC reduced the amount of performance criteria from 34 in its 2015-16 corporate plan to 11 in its 2016-17 corporate plan.

AUSTRAC'S PERFORMANCE FRAMEWORK

'Our performance framework is designed to assess the agency's ability to deliver its purpose...'

[2016-17 Corporate Plan, p. 18]

Our performance framework is designed to assess the agency's ability to deliver its purpose to discover, understand and disrupt criminal financial activities.

There is a clear link between AUSTRAC's purpose, activities and the performance criteria it uses to judge its success. AUSTRAC's 2016-17 corporate plan includes three high-level criteria from its Portfolio Budget Statements (PBS), with specific, lower-level criteria to assess its performance.

This is consistent with the Finance Secretary's direction on requirements for performance information in the PBS. AUSTRAC's visual presentation helps the reader navigate through a range of data and information.



[2016-17 Corporate Plan, p. 18]

DISCOVER

Collect and share actionable intelligence to enable us, with our partners, to discover criminal financial activity

ACTIVITIES:



collaborate with the private sector, non-governmental and non-profit organisations, and public sectors nationally and internationally to build intelligence and knowledge of the AML/CTF environment



expand and strengthen our domestic and international relationships/networks



detect previously unknown ML/TF threats and risks.

UNDERSTAND

Collaborate with our partners to analyse and interpret new and emerging threats and risks

ACTIVITIES:



transform information into actionable intelligence



detect non-compliance and criminal abuse in the financial system



contribute to domestic and global understanding of ML/TF threats and risks



contribute to building the capacity of international partners to support intelligence



build AUSTRAC's capability to understand ML/TF threats and risks.

DISRUPT

Through our compliance and intelligence activities, disrupt and prevent exploitation of the financial system and criminal abuse

ACTIVITIES:



provide actionable intelligence to our partners to support prevention and intervention strategies



influence and participate in whole-of-government, multi-agency initiatives through our specialised financial intelligence expertise and regulatory actions



undertake regulatory, compliance and enforcement actions using a risk-based approach



improve the regulatory system to become smart regulation



influence the domestic and global AML/CTF agenda.

[2016-17 Corporate Plan, p. 18]

<p>PERFORMANCE CRITERIA:</p> <ul style="list-style-type: none"> 1.1 Improved capability by us and by Industry to detect ML/TF risks, methods, vehicles and channels 1.2 Improved use of financial Intelligence and AML/CTF Information by domestic and International partners to generate Insights and Information exchange on new and emerging risks 1.3 broadened domestic and global relationships for more effective Information exchange. 	<p>PBS PERFORMANCE CRITERIA 1:</p> <p>Effectiveness of a domestic and International Information exchange network to detect and monitor existing and emerging money laundering and terrorism financing threats.</p>
<p>PERFORMANCE CRITERIA:</p> <ul style="list-style-type: none"> 2.1 timely analysis of information and generation of Intelligence that contributes to a national and International understanding of ML/TF risks 2.2 AUSTRAC's Intelligence-led, risk-based approach drives AUSTRAC and whole-of-government priorities 2.3 Improved capability of AUSTRAC to understand ML/TF domestic and global threats and risks in collaboration with public and private sector partners. 	<p>PBS PERFORMANCE CRITERIA 2:</p> <p>The ongoing value to domestic and International partner agencies, taskforces and Industry of financial Intelligence capability, Information and Intelligence products produced by AUSTRAC.</p>
<p>PERFORMANCE CRITERIA:</p> <ul style="list-style-type: none"> 3.1 Improved use of actionable Intelligence that contributes to revenue protection and supports crime prevention and Intervention strategies 3.2 effective Influence and participation in whole-of-government multi-agency initiatives 3.3 effective use of compliance and enforcement approaches 3.4 Improved regulatory system to enhance Intelligence-led and risk-based approaches leading to smart regulation 3.5 demonstrated Influence of the domestic and global AML/CTF agenda 	<p>PBS PERFORMANCE CRITERIA 3:</p> <p>The effectiveness of AUSTRAC's operations in protecting revenue, supporting the prevention and disruption of money laundering and terrorism financing, and influencing policy and law reform.</p>

[2016-17 Corporate Plan, p. 19]

AUSTRAC uses both quantitative and qualitative measures. It discusses some of the challenges with performance measurement, such as the long lead times between the gathering of intelligence and the actioning by cooperating law enforcement agencies.







PERFORMANCE MEASUREMENT METHODOLOGY

Performance methodology (PM)	Performance criteria	Type of measure
PM 1: Collation and evaluation of stakeholder views	Provides insight to all criteria	Quantitative and qualitative
PM 2: Demonstrated influence and outcomes tied with AUSTRAC's purpose and national priorities	Provides insight to all criteria	Qualitative and quantitative
PM 3: Demonstrated progress against our response to the independent statutory review of the AML/CTF Act	1.1, 2.3, 3.4	Qualitative
PM 4: Key identified milestones met in the design of a national centre for financial intelligence in collaboration with private and public sector partners	1.1, 1.3, 2.3	Qualitative

[2016-17 Corporate Plan, p. 20]

AUSTRAC's annual performance statement includes a legend and a general explanation of the structure of the performance information. This includes how each performance criterion links back to its corporate plan and Portfolio Budget Statement.

RESULTS LEGEND

					
Achieved	Partially achieved	Not achieved	Criterion source	Rating	APS supplementary analysis*

* The 'Annual performance statement (APS) supplementary analysis' section of this report provides more detailed information about the results against performance criterion where relevant. Numbers referenced next to the paper-clip icon are references to the corresponding supplementary analysis.

[2016-17 Annual Report, p. 30]

Each criterion discusses and analyses performance against the corporate plan. As AUSTRAC works collaboratively with other entities to achieve its purposes, it has included case studies that show its contribution to revenue protection and crime prevention outcomes in cooperation with other entities.

PERFORMANCE CRITERION		
3.1. Improved use of actionable intelligence that contributes to revenue protection and supports crime prevention and intervention strategies	Corporate plan, p.19	✓
<p>Results against performance criterion</p> <p>The Serious Financial Crime Taskforce (SFCT) is a multi-agency task force that identifies and addresses serious and complex financial crimes. AUSTRAC intelligence contributed to the outcomes achieved by this task force. The SFCT raised \$258.86 million in tax liabilities, with \$126.1 million recouped by the Australian Taxation Office this financial year.</p> <p>Our financial intelligence capability protected Australian Government revenue by contributing to \$116 million in income tax assessments (2,518 cases). This brings our total contribution to tax assessments raised, to nearly \$2.7 billion over the past 10 years.</p> <p>AUSTRAC data contributed to 379 reviews by the Department of Human Services and \$17.25 million in savings (against target savings of \$14.72 million) in 2016-17, from increased detection of welfare fraud.</p> <p>We notify integrity agencies—such as state police oversight bodies and the Australian Commission for Law Enforcement Integrity—who use AUSTRAC data for their investigations, of any SMRs relating to possible public official fraud, corruption and bribery. Corruption and integrity agencies have direct access to our data and we support requests for information as appropriate.</p> <p>The case studies on the following pages demonstrate our performance against this criterion.</p>		

[2016-17 Annual Report, p. 43]

Money laundering

Our information was the catalyst for a law enforcement investigation into the unexplained wealth of two entities. The subjects were a married couple identified as moving large and unexplained amounts of cash domestically, as well as sending funds offshore. Law enforcement enquiries revealed approximately \$4.1 million total funds available to the couple from unknown sources. The investigation resulted in the forfeiture of bank accounts and property to the Commonwealth, valued at approximately \$2.4 million. Reports submitted by industry, including threshold transactions and IFTIs, informed our analysis, which was then referred to law enforcement.

[2016-17 Annual Report, p. 45]

Supplementary analysis provides detailed information separate from the main performance reporting and analysis. This links with references throughout the performance section.

PERFORMANCE CRITERION			
3.3. Effective use of compliance and enforcement approaches		Corporate plan, p.19	
Results against performance criterion <p>The highest civil penalty in corporate Australian history—\$45 million—was ordered against Tabcorp by the Federal Court of Australia, for non-compliance with the AML/CTF Act.</p> <p> APS supplementary analysis: 6</p>			



[2016-17 Annual Report, p. 48]

06
TABCORP CIVIL PENALTY

On 16 March 2017 the Federal Court of Australia ordered the highest civil penalty in corporate Australian history against Tabcorp, in civil penalty proceedings brought by AUSTRAC. Tabcorp was ordered to pay a \$45 million civil penalty and AUSTRAC's agreed legal costs.

The Federal Court found that Tabcorp had contravened the AML/CTF Act on 108 occasions over a period of more than five years.

The Court found that Tabcorp failed to:

Tabcorp has taken important steps towards improving its AML/CTF compliance, including through introducing better governance measures and oversight by its Board, and making substantial investments in time, money and resources on these improvements.

This outcome demonstrates our agency's resolve to take effective enforcement action against reporting entities that engage in significant, extensive and systemic non-compliance.

[2016-17 Annual Report, p. 70]

AUSTRAC intends to refine and develop its performance reporting and its framework in cooperation with stakeholders to better measure and assess its performance in achieving its outcome.

'We will continue to mature our performance framework over the next 12 months to better assess and measure our impact on financial crime and our contribution to economic growth. We will work closely with key partners to better assess and report on our shared outcomes or work programs, and conduct a stakeholder survey in 2016-17 to inform our performance criteria in future years.'

[2016-17 Corporate Plan, p. 17]

SOURCES:

Annual performance statements included in Tourism Australia 2016-17 annual report

Tourism Australia uses a succinct suite of primarily quantitative KPIs to measure its performance. Given the nature of its business, the quantitative indicators are fit for purpose and, when paired with analysis against the results and against the purpose of the entity, they tell a relevant performance story.

ENTITY PURPOSE

To grow demand and foster a competitive and sustainable Australian tourism industry through partnership marketing to targeted global consumers.

RESULTS – GROW DEMAND

Program 1: Grow demand for Australia as a tourism destination.

Objective: Identify and target best-prospect consumers and inspire them to travel to Australia, and use a dedicated market categorisation approach to focus activities and resources.

CRITERION SOURCE

Portfolio Budget Statements 2016–17: Budget Related Paper No. 1.9, Foreign Affairs and Trade Portfolio (page 163); and Tourism Australia Corporate Plan 2016 – 2020 (page 18).

[2016-17 Annual Report, p. 151]

Tourism Australia groups its performance information according to the programs listed in its PBS and follows the same structure in its corporate plan. This provides a clear read between the documents.

'Visitor spend' is one of two areas of performance criteria under Program 1.1. The results show that the entity has met its targets for all indicators except KPI5. This is acknowledged and explained in the following analysis (See following page for analysis).

PERFORMANCE CRITERION AND RESULTS			
Key performance indicator	Actual 2015/16	Goal 2016/17	Actual 2016/17
VISITOR SPEND	At 31 December 2015 ¹	At 31 December 2016 ²	At 31 December 2016 ²
1 Overnight tourism spend	\$94.5 billion (+7.9%)	\$100.7 billion (+6.5%)	\$100.1 billion (+5.9%)
2 Total international spend	\$36.6 billion (+17.7%)	\$40.7 billion (+11.2%)	\$39.1 billion (+6.8%)
3 Total international spend by visitors from Tourism Australia target markets	\$29.5 billion (+20.7%)	\$33.5 billion (+13.4%)	\$31.6 billion (+7.0%)
4 Total international spend by leisure visitors from Tourism Australia target markets ³	\$14.9 billion (+20.0%)	\$17.0 billion (+13.9%)	\$16.5 billion (+10.8%)
5 Total international spend by business events visitors in Tourism Australia target markets ⁴	\$2.0 billion (+1.0%)	\$2.2 billion (+10.0%)	\$1.9 billion (-7.1%)

[2016-17 Annual Report, p. 151]

The analysis of performance indicators against the two programs is presented in three categories in the annual performance statements: visitor spend (shown in this paper), marketing effectiveness and industry development.

The analysis of visitor spend provides detail around both positive and less positive performance results. It has a forward focus and speaks to the growth anticipated over the reporting period. It incorporates some complementary metrics including growth visitor numbers, the sectors that experienced this growth and Australia's market share of global arrivals.

Tourism Australia uses a small number of performance measures to indicate its overall performance. It uses visitor spend as the key proxy measure to determine performance in relation to its performance in relation to growth in tourism. Although this is held as the primary indicator, the analysis shows that other complementary metrics contribute to the overall performance story including visitor arrivals.

ANALYSIS OF PERFORMANCE AGAINST CRITERIA

Visitor spend and arrivals

The following year-on-year increases in expenditure were achieved:

- > Overnight tourism spend – 6 per cent to \$100.1 billion
- > Total target spend – 7 per cent to \$39.1 billion
- > Total international spend by visitors from Tourism Australia markets – 7 per cent to \$31.6 billion
- > Target spend by leisure visitors from Tourism Australia markets – 11 per cent to \$16.5 billion.

Tourism Australia set ambitious visitor spend goals in 2016/17 to focus our efforts. While we did not reach all of the goals, performance was within 5 per cent for all metrics except business events visitor spend. The increased strength of the Australian dollar in some target markets impacted spend – it was more expensive for consumers to travel to Australia which reduced their spending while here. Business events spend from Tourism Australia target markets was \$1.9 billion, which was 13 per cent below target. It is anticipated that the opening of the ICC Sydney in December 2016 will be a key driver in the recovery of business events spend.

Recent forecasts indicate visitor spend will reach \$131 billion by 2020¹, well within the Tourism 2020 strategy's goal range of \$115 billion to \$140 billion.

There was solid growth in visitor arrivals. In the year ending June 2017, total international arrivals reached 8.5 million, up 9 per cent year on year. This represents an extra 695,000 visitors compared to the same time last year. Growth was driven by the leisure segment (up 9.3 per cent), particularly holiday arrivals (up 11.3 per cent). There was double-digit growth in visitor numbers, with strong performance from Indonesia (up 22 per cent), India (up 14.6 per cent), the USA (up 14.4 per cent) and Japan (up 12.8 per cent). During 2016/17, Australia's market share of global arrivals also increased in key markets including China, India, Malaysia, Japan and Singapore.

Results were influenced by the following macro-economic factors:

- > Growth in spend from several Tourism Australia markets – Japan (up 29 per cent), South Korea (up 17 per cent), China (up 11 per cent), India (up 9 per cent), Malaysia (up 9 per cent) and the USA (up 7 per cent). This reflects the strengthening economies of these countries; the growing middle class, particularly in China and India; and the predisposition of consumers to travel internationally as they become more educated, financially secure and experienced as travellers
- > The strength of the Australian dollar affected results. For example, total expenditure in Australian dollars by visitors from China grew 11 per cent, while spend in local currency grew 19 per cent; and for visitors from the UK, total expenditure declined 3.1 per cent, while spend in local currency grew 8.4 per cent
- > Increased aviation capacity, including new routes from China, Japan, South Korea and the USA, which heightened competitiveness of airfares and stimulated demand from our source markets
- > A decline in spend by visitors from the UK (down 3 per cent), reflecting the negative impact of Brexit on consumer sentiment. The devaluation of the pound against the Australian dollar also dampened spending behaviour
- > The devaluation of major currencies against the Australian dollar.

[2016-17 Annual Report, p. 152]

The analysis goes further to identify key macro factors outside of the entity's influence that shaped Tourism Australia's operating context. It compares and contrasts the influences of growth in Australia's key tourism markets with the effect of a relatively strong Australian dollar. This helps to contextualise the achievement of results as well as to justify optimism in relation to anticipated growth in the forward outlook.

Tourism Australia concludes its annual performance statements with an analysis of the results against its purpose, which greatly strengthens the overall performance story and provides a holistic view of how its various activities contribute to its overall performance.

ANALYSIS OF PERFORMANCE AGAINST PURPOSE

Tourism Australia is performing well against its stated purpose – to grow demand and foster a competitive and sustainable Australian tourism industry through partnership marketing to targeted global consumers. As a result, the industry is on track to achieve the Tourism 2020 goal of more than \$115 billion in overnight visitor spend by 2020. Recent forecasts¹ indicate overnight visitor spend will reach \$131 billion by 2020.

[2016-17 Annual Report, p. 155]

This section goes on to detail highlights and activities that have contributed to Tourism Australia's achievement of purpose. These include reference to projects, business as usual activities and organisational performance.