

Part 2: Performance

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Part 2 reports on the results achieved in 2018–19 against the purpose and performance criteria published in the Department's Corporate Plan 2018–19, the Portfolio Budget Statements 2018–19 and the Portfolio Additional Estimates Statements 2018–19. It also includes Finance's key priorities, key activities and achievements during 2018–19.

Priorities for 2018–19

Finance's key priorities and deliverables for 2018–19 were:

1. **advising on expenditure and managing sustainable public sector resourcing** assisting the Government to achieve its fiscal and policy objectives. The Department provided policy and financial advice, management and reporting as mandated by the *Charter of Budget Honesty Act 1998* and the *Public Governance, Performance and Accountability Act 2013*. The Department continued to modernise the Commonwealth's Budget process by building automation into Budget management through the Shared Budget Workflow System (SBWS) and building on collaboration across Australian Public Service (APS) entities.
2. **delivering cost-effective services to, and for, Government** by supporting parliamentarians and their staff through frameworks that administer remuneration, work expenses and other public resources. During an election year, the Department supported departing, returning and new parliamentarians and their staff through transitioning out of, and into, a new Parliament. In 2018–19, the Service Delivery Office (SDO) continued to challenge and change the way shared services can be delivered and Finance successfully transitioned a number of internal corporate services to a shared services arrangement with the SDO, enabling the Department to streamline and automate many corporate processes.
3. **managing public sector frameworks and governance mechanisms across the whole of government** ensuring the sector is operating efficiently and has the organisational capability to respond to changing priorities. The Department provided fit-for-purpose services to empower Finance's stakeholders to deliver the desired outcomes for government. The Department coordinated whole-of-government advertising campaigns and provided a range of secure telecommunications and ICT infrastructure such as the ICON fibre optic network for government entities and GovLINK, which enabled secure communication between government entities.
4. **driving public sector transformation** and delivering productive and better quality services to citizens and businesses. Finance supported business improvements across the APS and investment in technology and digital capability that enabled public servants to focus on the Government's strategic priorities and collaborate in the delivery of services. In 2018–19 Finance supported several initiatives that are transforming the way the APS operates, including the Centre of Procurement Excellence (CoPE), the Productivity and Automation Centre of Excellence (PACE), and the [transparency.gov.au](https://www.transparency.gov.au) repository of publicly available corporate information for all Commonwealth entities. This year, in partnership with APS entities, the Department hosted a public sector expo that showcased projects that are modernising the public sector and increasing efficiencies and productivity.

In addition to supporting these themes reflecting Finance's purpose, the Department had a focus on delivering key government projects and business improvements. For example:

- enabling strategic reporting and sound governance arrangements that ensured Government Business Enterprises (GBEs) operated efficiently and maintained financial and operational sustainability
- providing back-office administration functions to entities through participation in and delivery of the Shared Services Program
- leading the Snowy 2.0 Taskforce in partnership with the Department of the Environment and Energy and development and delivery of the GBE Professional Education Program
- delivering government savings through the National Property Efficiency Program and the National Divestment Program, which support the whole-of-government coordinated procurement arrangements for property services
- providing operational support before, during and after the 2019 federal election including in the areas of *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees and parliamentarians, establishment of the Electoral Integrity Assurance Taskforce and implementation of machinery-of-government changes.

Through the internal transformation agenda, Finance has fostered four focus areas in delivering its priorities: **people, stewardship, making business better** and **integrated business planning**.

The activities and achievements discussed below highlight the Department's work in striving to be a high-performing, modern, efficient and continuously improving public sector organisation in 2018–19.

IN FOCUS

Advising on expenditure



Finance delivered on its priorities of supporting the Government in its Budget preparation, providing policy and financial advice to the Minister for Finance, senior ministers and the Cabinet's Expenditure Review Committee.

The Department's stewardship role, driving collaboration and positive engagement across the Australian Public Service, was central to providing well considered and informed expenditure advice to government on a range of budget and financial issues.



Delivering an early Budget, Mid-Year Economic and Fiscal Outlook, Pre-Election Economic and Fiscal Outlook and Final Budget Outcome

In 2018–19 Finance undertook a range of work associated with the 2019–20 Budget, federal election and other peak events.

The Government delivered the 2019–20 Budget in April 2019—one month earlier than usual. To support the Government in its preparation for the Budget, Finance began planning and engaging with the Department of the Prime Minister and Cabinet (PM&C) and the Department of the Treasury (Treasury) in parallel with delivering the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO). Finance's strong collaboration with PM&C, Treasury and all Commonwealth entities meant that the 2019–20 Budget could be delivered within a compressed timeframe.

During the development of the 2019–20 Budget, Finance:

- provided policy and financial advice on spending and savings proposals and lodged around 60 briefs for the Expenditure Review Committee of Cabinet to assist its policy deliberations
- scrutinised cost estimates for spending and savings proposals. Finance:
 - considered more than 1,300 policy costings across all Commonwealth portfolios for accuracy and overall alignment with the policy's intent
 - collaborated with portfolio entities to validate more than 4,000 estimate adjustments using the Central Budget Management System (CBMS)
- coordinated key aspects of the Budget process and administered the Budget Process Operational Rules
- prepared Budget documentation, including:
 - Statement 5 of Budget Paper No. 1, which details how the Government intends to allocate \$500.9 billion of expenditure across the various functions of government for the 2019–20 year (totalling \$2.1 trillion from 2019–20 to 2022–23)
 - Statement 8 of Budget Paper No. 1, which details fiscal risks, assets and liabilities, contingent assets and liabilities and government loans that may influence the actual Budget outcome
 - Statement 10 of Budget Paper No. 1, which provides the Australian Government financial statements
 - 252 new expense, capital and non-tax revenue measures included in Budget Paper No. 2
 - Budget Paper No. 4, which contains information on resourcing for government entities in 2019–20.

For the 2018–19 MYEFO, Finance analysed and processed 202 expense, capital and revenue measures and prepared a range of documentation, including information on the Australian Government financial statements and an update to fiscal risks and contingent liabilities and assets since the 2018–19 Budget.

In preparing for the 2019 federal election, Finance worked with the Treasury on the Pre-election Economic and Fiscal Outlook. In accordance with the *Charter of Budget Honesty Act 1998*, the Secretary to the Treasury and the Secretary of Finance publicly released the Pre-election Economic and Fiscal Outlook on 17 April 2019.

Over the caretaker period, up until the day of the 2019 federal election, Finance costed 66 election commitments. These costings were made available to the public on a dedicated website, electioncostings.gov.au.

For the 2017–18 Final Budget Outcome (FBO), Finance analysed and prepared a range of documentation, including information on the Australian Government's financial statements and commentary in relation to payments, non-tax receipts, expenses, capital and non-tax revenue variances. The 2017–18 FBO was released on 25 September 2018 and was based on audit-cleared financial statements for all material in general government sector entities with the exception of the Department of Defence.



Delivering the Government's fiscal and budget strategies

Finance supports the Government in a wide range of areas to enable the Government to achieve its fiscal and budget policy objectives.

In the context of the 2019–20 Budget, Finance provided policy and financial advice on major government projects, including measures to improve economic and community infrastructure (including ensuring corporate and financial regulators are resourced to operate effectively), improve skills and education outcomes and guarantee essential services. Finance provided policy and financial advice on major government investments into infrastructure and regional development, as well as to support drought and flood affected communities and to enhance national security.

Finance supported the Government in delivering on its Budget repair strategy by advising on the progress of Budget-related legislation through Parliament and the Government's financial position.



Revised modelling to support estimates for the Pharmaceutical Benefits Scheme

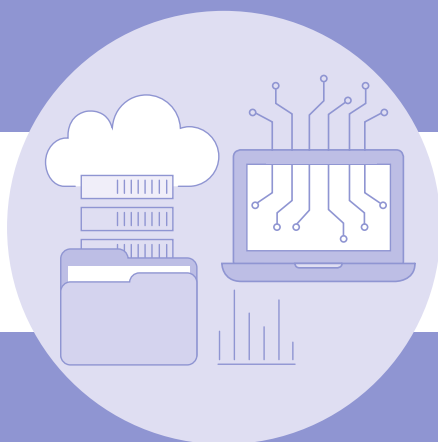
In 2018–19 Finance worked collaboratively with the Department of Health on the redevelopment of the data models used for the Pharmaceutical Benefits Scheme. The new data models improve the accuracy of new policy costings and forecasting.

The Department's Health branch (including a dedicated person on secondment from Treasury) developed a strong working relationship with the Department of Health. They worked collaboratively to obtain a better understanding of the drivers and components for the costing to support updates to the Budget estimates. This resulted in more accurate estimates for the 2019–20 Budget and more robust modelling for revenue, including the impact of the new arrangements for medicines with Special Pricing Arrangements.

We have also been able to establish better protocols to facilitate access for Finance to the Department of Health data for budget costings under the latest security and privacy requirements.

IN FOCUS

Delivering cost-effective services



The Department has continued to focus on delivering cost-effective services to, and for, Government. Through a range of initiatives, Finance continued to deliver better services and better outcomes for clients and stakeholders.

In particular Finance delivered services to Commonwealth entities through the Service Delivery Office, providing efficiencies to clients and providing high-level services to parliamentarians, their employees and others to assist them in undertaking their duties.



Service Delivery Office

The SDO directly supports the modernisation and transformation of the APS as one of the Hubs providing shared services to Commonwealth entities. Through the delivery of shared, standard and sustainable technologies and processes, the SDO contributes to increasing the effectiveness and efficiency of organisational management.

The SDO is realising the benefits of deploying standard digital technologies once, for multiple entities, through a shared services arrangement.

Transitioning to Shared Services

In 2018–19, Finance successfully transitioned to a shared services arrangement with the SDO, complementing our existing policy and delivery responsibilities. The Department now receives shared services such as accounts payable, accounts receivable, pay and conditions, payroll administration and payroll management from the SDO.

This transition provides Finance with access to the SDO's modern, integrated Enterprise Resource Planning (ERP) system at a reduced cost. The ERP system gives Finance staff access to self-serve automated workflows and efficient ways to manage people, finance and procurement functions, including by reducing reconciliations and risks between Finance's three legacy systems and faster decision-making using enhanced real-time reporting capability.

This new digital capability enables Finance to work more effectively, using more efficient business processes, and to position itself for the future. It means that our people can focus on strategic and higher value work, supporting the Government to deliver for citizens and business.

The Department made the transition to shared services over an 18-month period through the Shared Services Implementation Project (SSIP). The transition involved a broad group of stakeholders from across the Department and was governed by a two-tiered project management structure comprising an operationally focused project board and strategically focused steering committee.

The SSIP has already delivered wide-ranging benefits including streamlined and cleansed HR and financial data and documented end state business processes that will be used to further improve corporate processes and economies of scale.

Single Touch Payroll

By adopting a principle that requires standard solutions to all new ICT deployments, the SDO is:

- enabling quicker implementation of solutions
- providing for faster adoption of upgrades and new technologies including process automation and augmented intelligence
- avoiding higher future costs associated with maintenance of customised solutions.

In May 2019, the SDO successfully implemented a digital solution for Single Touch Payroll (STP) for its clients that consume the payroll service, ensuring their compliance with legislation. This is the first implementation of the SAP standard STP solution in the APS. By implementing the standard solution, the SDO has minimised the implementation and ongoing costs for its clients, including running, maintenance and upgrade costs.

STP is a legislative change initiated by the Australian Taxation Office (ATO) which requires employers to submit to the ATO the taxable gross earnings, Pay As You Go (PAYG) withholding tax, allowance payments and employer superannuation contributions made to employees at the end of each pay cycle.

The solution was implemented at a technical cost of around \$600,000, representing an average cost for each agency of around \$65,000. In comparison, estimates for a single agency implementation cost are five times higher. If applied across the nine SDO clients, this would total around \$3 million. Through the implementation of STP as a shared services offering, the SDO delivered to its clients a solution that is standard, compliant with legislative requirements and achieves value for money by removing the cost of duplication.

In line with the objectives of the Shared Services Program, the SDO's approach to deploying digital technologies actively enables the realisation of standard business processes and supports the SDO's clients to lift performance and capacity by enabling them to focus on delivering core services to citizens and business.



COMCAR Automated Resource System

In March 2019, the Department, through COMCAR, implemented a new vehicle booking and dispatch management system. The new COMCAR Automated Resource System (CARS) has enabled numerous efficiencies and benefits that are a vast improvement on the old booking system, delivering an enhanced service and experience to clients.

The modern technology in CARS delivers benefits to both COMCAR and its clients. For example:

- additional communication channels allow for greater interaction with both clients and drivers
- clients can now make, amend and view their bookings through a dedicated client online portal and mobile application as well as track the location of their vehicle
- COMCAR drivers can now access key information about their role via a drivers' mobile application.

Throughout the development and implementation of CARS, COMCAR staff ensured that all stakeholder groups were kept informed. COMCAR provided user training to staff as well as individual, tailored support to COMCAR clients.

The implementation of the online booking functionality to clients has been successful, with user uptake of the client web portal and mobile application progressing well. The introduction of CARS has allowed COMCAR, its staff and clients to embrace the use of new modern technology, further improve internal operations and deliver a contemporary service to its valued clients.



IN FOCUS

Whole-of-government approach

In 2018–19 Finance provided a range of whole-of-government services to assist entities across government in achieving their priorities, supporting an efficient public sector.

The Department takes a partnership approach to engagement and building capability.

Finance worked collaboratively with other entities to identify the most efficient and effective whole-of-government services across a range of areas, including procurement, property, travel, technology and advertising.



Enhancements to electoral legislation

Finance is responsible for drafting amendments to Australia's electoral legislation—the *Commonwealth Electoral Act 1918* and the *Referendum (Machinery Provisions) Act 1984*—to give effect to policy decisions of the Government.

Ahead of the May 2019 federal election, in response to reports tabled by the Joint Standing Committee on Electoral Matters, Finance was involved in the implementation of two major electoral reforms. This followed reform earlier in the parliamentary term to enhance the political communication authorisation regime. Finance worked closely with the Australian Electoral Commission and other government entities (including the Australian Government Solicitor, Office of Parliamentary Counsel, the Attorney-General's Department and PM&C) to develop and deliver these electoral reforms.

The *Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Act 2018* improved the operation and transparency of political finance regulation by:

- improving the consistency of registration and reporting requirements that apply to all entities that seek to influence Australian voters—registered political parties, candidates, Senate groups or non-party-political actors
- reducing perceived and actual foreign influence on the Commonwealth electoral system by restricting foreign political donations
- tying public election funding to the amount of actual electoral expenditure incurred.

These measures formed part of a comprehensive suite of government reforms to address a broad spectrum of foreign interference and covert political influence in Australia.

The *Electoral Legislation Amendment (Modernisation and Other Measures) Act 2019* modernised voting and scrutiny processes and improved the federal candidate nominations process by:

- implementing critical reforms to ensure the efficient delivery of the 2019 federal election
- making it compulsory for candidates to complete a Qualification Checklist demonstrating their eligibility under section 44 of the Constitution.



Snowy 2.0 Taskforce

Finance, in partnership with the Department of the Environment and Energy, led a taskforce to provide commercial and investment advice to the Government on the feasibility of Snowy 2.0. As a result of the work undertaken by the Taskforce, the Government announced, on 26 February 2019, that it had provided Snowy Hydro Limited with shareholder approval for it to proceed with Snowy 2.0.

This project will expand the existing Snowy Mountains Hydro scheme by linking two existing Snowy Scheme Dams through approximately 27 kilometres of underground tunnels and involves the construction of a power station 800 metres underground.

It will provide additional generation capacity of 2,000 megawatts, enough to power the equivalent of 500,000 homes at peak demand, and address the electricity market's need for large scale storage and support for renewable generation. Snowy 2.0 is expected to produce first power in 2024–25.

The Taskforce worked in close collaboration with Snowy Hydro Limited throughout 2018–19 to analyse the business case and more than 6,800 pages of supporting information. Finance’s expertise in providing coordinated and comprehensive investment advice to the Government resulted in the Commonwealth’s decision to support delivery of the project including an equity investment of \$1.38 billion over six years, subject to Snowy Hydro Limited achieving financial close and the commencement of the main project works, expected in 2020.

Finance continues to work closely with the Department of the Environment and Energy and Snowy Hydro Limited as the company progresses the required environmental approvals and funding arrangements for the main works on Snowy 2.0.



AusTender re-platform

During 2018–19, Finance successfully and seamlessly transitioned AusTender, the Australian Government’s procurement information system, to a more contemporary and flexible platform.

The AusTender re-platform project was a key initiative in Finance’s overall strategy to ensure AusTender’s sustainability, enhancing its functionality by modernising the underlying technology and software products of the system.

As part of the project, the Department needed to rewrite the code and rebuild the software, line by line, for every field, database, selection widget and screen. There was also a need for a significant amount of quality, load and performance testing. For example, the Department ran over 60,000 human checks, migrated around eight million records to the new platform and conducted over 15 rounds of formal testing across multiple devices and operating systems.

The transition to the new platform was the culmination of approximately two and a half years of work. The new system is now delivering greater flexibility in infrastructure design, lower maintenance overheads and increased levels of scalability and redundancy to meet future procurement reporting needs.

AusTender now has the capability to deploy new or enhanced functionality more quickly and simply, enabling Finance, over time, to deliver future efficiencies to government entities and the business community.



Procurement negotiations—Free Trade Agreements

In 2018–19, Finance collaborated with key stakeholders and provided quality technical advice, expertise and knowledge on government procurement as part of negotiations for a number of Free Trade Agreements. In particular, Finance worked closely with the Department of Foreign Affairs and Trade during negotiations to ensure that negotiators understood key elements of the Commonwealth Procurement Framework and to explain the implications of Trade Agreement obligations to stakeholders.

Two significant negotiations in which Finance played a key role were:

- the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which commenced on 31 December 2018. The CPTPP is the largest trade deal that Australia has been party to since 1994
- Australia's accession to the World Trade Organization Agreement on Government Procurement, with Australia becoming the 48th member on 5 May 2019.

Finance also worked to facilitate the passage of the *Government Procurement (Judicial Review) Act 2018*, which establishes an independent procurement supplier complaints mechanism—an important prerequisite to finalising these agreements. Finance worked closely with stakeholders to develop comprehensive guidance to assist entities to implement and comply with the new complaints arrangements, which came into effect on 19 April 2019.

Finance is now providing support to Australia's efforts to pursue a new Free Trade Agreement with the European Union, where negotiations started in June 2018.



Procurement self-help tools

In 2018–19 Finance released a suite of procurement self-help tools and associated guidance that will help to streamline and standardise routine procurements. The new tools will reduce the administrative burden and costs associated with procurement for both Commonwealth entities and the business community.

These tools, which were developed as part of CoPE, include:

- BuyRight—an online procedure tool that guides procurers step-by-step through the process of undertaking a simple procurement and ensures that they understand and comply with all relevant obligations
- Commonwealth ClauseBank—a repository of pre-drafted standard contract terms that Commonwealth entities can use within existing contract templates or in bespoke contracts when appropriate. The repository encourages greater consistency in contracting practices and minimises legal costs for both customer and suppliers
- Commonwealth Contracting Suite Deed of Standing Offer—an automated smart form system that generates a standardised set of terms and conditions for use in standing offers (panels). The new system will minimise administrative burden and legal costs
- Contract Management Guide—a guide that gives practical contract management advice to assist Commonwealth officials to effectively manage contracts and achieve value for money outcomes.

Finance will continue to refine and improve these self-help tools and work with stakeholders to identify areas for further standardisation and streamlining.



IN FOCUS

Public sector transformation

In 2018–19, the Department continued to champion public sector transformation, making improvements to the way that the APS operates and increasing productivity and the delivery of services to citizens and businesses.



Shared Services Program

The Shared Services Program aims to reduce the time entities spend on corporate services so that they can focus more on delivering the Government's priorities, including delivering better services to citizens and businesses.

The Shared Services Hubs take on the delivery of the transactional elements of these functions, allowing staff to focus on higher value activities.

At the centre of the Program is collaboration and co-design. A Shared Services Taskforce, made up of representatives from across the Commonwealth, is developing the roadmap for the Program. Finance has involved more than 100 APS staff from 11 entities in this work.

The aim is to realise an APS where every staff member has access to the same—and the best—technology and the simplest processes, enhanced through automation, for common administrative tasks such as payroll, leave, travel, invoices and credit cards.

We are also developing a common IT platform, known as GovERP, managed centrally, that will bring together personnel and financial data that can be accessed for analysis in near real time.



Modernisation Fund projects

In addition to overseeing the Government's \$500 million Public Service Modernisation Fund, Finance is delivering a number of Modernisation Fund projects that aim to improve public sector productivity.

An example is the Shared Budget Workflow System (SBWS). The SBWS is designed for, and will be used by, staff across Australian Government entities who contribute to the Budget to support timely and reliable advice to the Government. It fully or partially automates highly manual components of the Budget process, introducing data validation and modern communication tools such as online document collaboration between users, which will improve communication across entities.

The current Budget processes rely extensively on manual processes and significant resources are needed to quality assure content and deliver information to ministers in compressed timeframes. The SBWS will improve consistency of reporting to government and provide increased data analytics capabilities to help inform briefing to government.



Digital Annual Reporting Tool

As foreshadowed in Finance's 2018–19 Corporate Plan, the Department deployed a new digital capability—the Digital Annual Reporting Tool (DART)—to modernise the reporting of corporate and administrative information across the Commonwealth.

In March 2019, the new digital annual reporting requirements and the related Transparency Portal website were launched at the Modernising the Public Sector Expo.

Since this launch, over 380 Commonwealth employees and over 180 entities have been trained to use DART, which helps to standardise the collection and presentation of data and information in annual reports.

Through this initiative the APS is expected to complete the shift to online planning and performance reporting. This innovation will help drive broader workplace efficiencies through electronic document workflow processes and eventually bring an end to the need to print hard copy annual reports.

The Transparency Portal provides a single point of access for all Commonwealth company and Commonwealth entity annual reports and empowers users to instantly generate tables and charts that compare information on resourcing, remuneration and staffing from multiple government bodies and financial years. By November 2019, it is anticipated that the complete set of 2018–19 Commonwealth annual reports will be available on the Transparency Portal.



Modernising the Public Sector Expo

On 13 March 2019, Finance hosted the Modernising the Public Sector Expo—a showcase of initiatives that are improving public sector productivity and delivering real results for Australian citizens and businesses.

The Expo included 18 interactive displays highlighting reform initiatives taking place across the public sector. More than 500 staff from across the public sector had the opportunity to meet with colleagues to discuss the innovative work underway and to share ideas after the Expo through the Modernising the Public Sector GovTEAMS community. The community, made up of more than 400 members, is a space where staff can learn about projects and initiatives already happening across the public sector to make it more efficient, productive and innovative. Case studies from the Expo are available at publicsectorreform.gov.au.



Centre of Procurement Excellence

In March 2019, Finance launched the CoPE—a major initiative stemming from the broader APS reform and modernisation agenda. The CoPE exemplifies Finance’s approach to stewardship. It will help entities to build their procurement capability, strengthen partnerships with the business community, encourage innovation in procurement and harness data to drive better value for money for entities.

The CoPE focuses on five pillars: capability, risk, policy stewardship, data and information and productivity. It is harnessing the collective experience and expertise of Commonwealth entities, Finance’s partners in state and territory governments and the business community.



Centre of Procurement Excellence

2018–19



During 2018–19, Finance commenced a range of CoPE-related initiatives, including:

- convening the Secretary’s Procurement Roundtable, which brings together senior members of key Commonwealth entities and the business community twice a year to discuss issues related to Commonwealth procurement
- engaging with entities, state and territory jurisdictions and international governments to leverage existing knowledge, tools and better practice
- establishing a digital community of practice on GovTEAMS, which enables representatives of all entities bound by the Commonwealth Procurement Framework to share better practice and lessons learned, to work together to solve common procurement-related problems and to facilitate mobility in the procurement workforce
- updating, refreshing and redesigning the industry-facing Selling to Government website to make it easier for the business community to engage with government procurement
- publishing better practice case studies—in particular, case studies on engaging with the small and medium enterprise sector—on Finance’s website
- establishing a CoPE Steering Group, which consists of representatives from key Commonwealth entities and the business community, to provide strategic oversight, support and guidance as initiatives are developed and rolled out under CoPE
- commencing work to establish a Commonwealth Procurement Capability Baseline as an important first step in developing a Commonwealth Procurement Capability Roadmap.



GBE Professional Education Program

The scale of the Commonwealth’s balance sheet investments has increased in recent times through the provision of equity contributions to GBEs, loans and the establishment of funds to support policy objectives, including the Northern Australia Infrastructure Facility, Inland Rail and the Regional Investment Corporation.

The GBE Professional Education Program was established in recognition of the need to enhance skills and capability throughout the APS to support the development and implementation of a wide variety of complex investment proposals and to actively manage the Government’s investments throughout their life cycle. Finance helped to enhance APS-wide commercial acumen by using the skills and expertise of the private sector to deliver customised training courses and secondment opportunities.

The key component of the Program is a customised training course on financial analysis, facilitated by the Australian Graduate School of Management at the University of New South Wales. The course contains both a fundamentals unit and an advanced unit for specialist commercial analysts.

Through the delivery of the Program, Finance undertook a stewardship role in developing APS-wide commercial acumen to ensure the APS is well equipped to manage the Government’s investments.



IN FOCUS

2019 federal election response

In a busy year that included a federal election, the Department worked with a number of agencies to support the democratic process.



Electoral integrity in the 2019 election

The Electoral Integrity Assurance Taskforce was a multi-agency network formed to provide expertise to the Australian Electoral Commission to address potential issues related to interference in the 2019 federal election. The Department of Finance co-chaired this Taskforce, along with the Australian Electoral Commission (AEC), and worked collaboratively with all agencies represented on the Taskforce to facilitate a whole-of-government approach to these matters.

The Department, with policy responsibility for elections, will continue to work closely with the AEC on matters of electoral integrity.



Ministerial and Parliamentary Services election response and support

The 2019 federal election was a busy period for Finance as we welcomed new parliamentarians and MOP(S) Act staff and provided support and assistance to those who departed the Parliament. In the lead-up to the election, Finance published extensive guidance material and answered almost 2,000 inquiries. Finance also launched a new self-help tool for MOP(S) Act employees which allowed individuals to assess the impact of the election outcome on their particular employment circumstances. The tool provided MOP(S) Act employees with the ability to access information at their convenience without having to contact the M&PS Help Desk.

Immediately following the election, Finance worked closely with other parliamentary agencies to provide an induction to the 46 new Senators and Members, including providing each with a personalised briefing on their employment responsibilities and obligations under the work expenses framework. As a result of electoral redistributions and the location of incoming parliamentarians, Finance has facilitated a significant number of electorate office relocations and establishments.



Machinery-of-government support and implementation

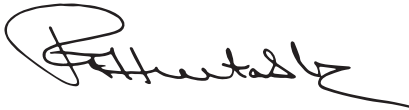
In 2018, in collaboration with PM&C and the Australian Public Service Commission (APSC), Finance undertook a review of the processes and associated guidance materials that support the implementation of machinery-of-government changes. As a result of the review, Finance released updated guidance materials—in particular, the *Machinery of government changes—a guide for agencies*—which was jointly released with the APSC in April 2019 to capture lessons learned from prior experience.

On 29 May 2019, after the federal election, the Prime Minister announced changes to the Administrative Arrangement Orders, which resulted in the movement of a number of functions between portfolios. Finance worked closely with impacted entities to implement the machinery-of-government changes, utilising the updated processes and guidance. Through effective collaboration, the changes were substantially implemented by 1 July 2019. The revised machinery-of-government arrangements were incorporated into the Appropriation Bills introduced on 25 July 2019.

Annual performance statements

Introductory statement

I, as the accountable authority of the Department of Finance, present the 2018–19 annual performance statements of the Department of Finance, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the Department, and comply with subsection 39(2) of the PGPA Act.



Rosemary Huxtable
Secretary

25 September 2019

Purpose

Finance assists the Australian Government to achieve its fiscal and policy objectives by advising on expenditure, managing sustainable public sector resourcing, driving public sector transformation and delivering efficient, cost-effective services to, and for, Government.

Advising on expenditure

Criterion	Budget papers, related updates (e.g. the Mid-Year Economic and Fiscal Outlook) and Appropriation Bills are accurate, delivered within required timeframes and meet the government’s fiscal and policy objectives and legislative obligations.
Source	Corporate Plan 2018–19, page 29–30 Program 1.1, Finance Portfolio Budget Statements 2018–19, page 24
Result	<p>Substantially achieved</p> <p>All of the Budget papers and related updates due to 30 June 2019 were produced in accordance with the timeframes and other requirements of the <i>Charter of Budget Honesty Act 1998</i>:</p> <ul style="list-style-type: none">• The 2019–20 Budget was delivered on 2 April 2019.• The 2018–19 Mid Year Economic and Fiscal Outlook (MYEFO) was released on 17 December 2018.• The 2017–18 Final Budget Outcome (FBO) was released on 25 September 2018.• In 2019, the Secretaries of Finance and the Treasury met their obligation under the <i>Charter of Budget Honesty Act 1998</i> and released the 2019 Pre-election Economic and Fiscal Outlook (PEFO) on 17 April 2019. <p>Budget estimates continue to be based on external reporting standards, with any departures disclosed as required, consistent with requirements set out in the <i>Charter of Budget Honesty Act 1998</i>.</p> <p>In relation to the accuracy of budget estimates, Finance reports the following results:</p> <ul style="list-style-type: none">• The difference between first forward-year estimated expenses and the FBO was 1.5 per cent on an accrual basis (target of less than 2.0 per cent difference).

Result
(continued)

- The difference between Budget estimated expenses and FBO was 1.3 per cent on an accrual basis (target of less than 1.5 per cent difference).
- The difference between revised estimated expenses at MYEFO and FBO was 1.1 per cent on an accrual basis (target of less than 1.0 per cent difference).
- The difference between revised estimated expenses at Budget and FBO was 0.6 per cent on an accrual basis (target of less than 0.5 per cent difference).

Variations between the estimates and final outcome reflect program-specific parameters. Program estimates are regularly reviewed and updated to take account of the best available information to maximise their reliability and accuracy.

Appropriation Bills were introduced within the required timeframes and in accordance with legislative requirements:

- *Appropriation Bill (No. 3) 2018–2019, Appropriation Bill (No. 4) 2018–2019 and Appropriation (Parliamentary Departments) Bill (No. 2) 2018–2019* were introduced in the House of Representatives on 14 February 2019.
- *Supply Bill (No. 1) 2019–2020, Supply Bill (No. 2) 2019–2020 and Supply (Parliamentary Departments) Bill (No. 1) 2019–2020* were introduced in the House of Representatives on 2 April 2019.
- *Appropriation Bill (No. 1) 2019–2020, Appropriation Bill (No. 2) 2019–2020 and Appropriation (Parliamentary Departments) Bill (No. 1) 2019–2020* were introduced in the House of Representatives on 2 April 2019.
 - These Appropriation Bills lapsed upon the dissolution of the Parliament for the 2019 federal election. Following the outcome of the election, Appropriation Bills were re-introduced in the House of Representatives on 25 July 2019.

Analysis

A core activity undertaken by Finance to achieve the 'advising on expenditure' element of its purpose is supporting the Minister for Finance and Expenditure Review Committee of Cabinet in the preparation of the Budget and related fiscal updates. In 2018–19, this activity included:

- providing effective, timely and accurate advice on Budget processes to government entities
- ensuring the Budget framework effectively supported decision-making
- informing the Minister for Finance and Expenditure Review Committee on the use of government finances
- coordinating, preparing and delivering accurate and timely Budget estimates and documentation to the Minister for Finance.

Analysis
(continued)

In undertaking this activity, Finance advised on the impact of proposed Government decisions on the Government's overall ability to achieve its policy and fiscal objectives.

Finance has identified the delivery of Budget papers, related updates and Appropriation Bills that are accurate, delivered within required timeframes and meet policy and fiscal objectives and legislative obligations as an appropriate measure of Finance's performance in undertaking this activity.

Budget papers and updates, together with Annual Appropriation Acts, are essential elements of the Australian Government Budget process.

- The Budget papers and related updates support the Budget-related decisions of the Government, providing the fiscal outlook for the Australian economy and highlighting major new initiatives of the Government.
- Annual Appropriation Acts provide annual funding for government operations and programs and also for investment in assets and reduction of liabilities.

Taking into account the timely release of Budget publications and introduction of Appropriation Bills in 2018–19, together with achieving accuracy of Budget estimates targets in two of the four periods assessed, with the remaining two periods assessed showing a result of 0.1 per cent above the target range, this criterion has been assessed as substantially achieved.

Criterion	The government's financial statements, including monthly statements, are complete, accurate and released publicly on timeframes agreed with the government.
Source	Corporate Plan 2018–19, page 31
Result	<p>Achieved</p> <p>All of the government's financial statements were prepared in accordance with publicly agreed timeframes:</p> <ul style="list-style-type: none"> • The 2017–18 FBO was released on 25 September 2018. • The 2018–19 monthly financial statements were provided to the Minister for Finance on average within 21 days of the end of each month since the release of FBO. <p>The government's 2017–18 Consolidated Financial Statements were signed by the Finance Minister on 15 November 2018 and received an unmodified report from the Auditor-General on 16 November 2018.</p>
Analysis	<p>Another measure of Finance's performance in achieving the 'advising on expenditure' element of its purpose is through the timely public release of complete and accurate government financial statements.</p> <p>The Australian Government has a robust financial reporting framework, with key reporting outputs including:</p> <ul style="list-style-type: none"> • monthly financial statements, which show how actual expenditure is tracking against the monthly profile and full year estimate • the FBO, which provides the outcome for the latest financial year with an emphasis on a government finance statistics presentation of the general government sector • Consolidated Financial Statements, which present the whole-of-government and general government sector financial reports for a financial year. <p>Monthly financial statements, the FBO and Consolidated Financial Statements are required by legislation. They are integral to the Commonwealth's accrual budgeting and reporting framework and complement the Budget process by providing outcomes against Budget estimates.</p>

Criterion	Commonwealth entities have access to cash on a daily basis.
Source	Corporate Plan 2018–19, page 31
Result	<p>Achieved</p> <p>The cash needs of each and every Commonwealth entity have been met every day of the reporting period.</p>
Analysis	<p>Finance also contributes to the 'advising on expenditure' element of its purpose by managing the daily disbursement of cash to Commonwealth entities for operating purposes.</p> <p>Finance's robust financial systems and frameworks support the processing of a daily disbursement of cash through the Central Budget Management System (CBMS) to meet the daily cash requirements of Commonwealth entities. This is crucial, as meeting the funding requirements of entities enables them to continue to deliver on the Government's policy objectives, including provision of services to the community. In order to ensure that no entity is prevented from delivering its services due to a lack of cash, and to ensure the ongoing operations of government, Finance has a target of meeting all entities' cash requirements on each day of the financial year. To support this, Finance ensures entities maintain up-to-date forecasts of planned expenditure and has a regularly tested business continuity plan in the event of a disruption to the daily disbursement process.</p>

Public sector resourcing and transformation

Criterion	Finance oversight of Modernisation Fund investment ensures government has visibility of progress and outcomes, and informs government decisions around prioritisation and ongoing management of investments to drive improved outcomes.
Source	Corporate Plan 2018–19, page 32
Result	<p>Achieved</p> <p>Finance has provided advice to the Secretaries APS Reform Committee, and to the Minister for Finance, on the performance of projects, including benefits realisation, under the Public Service Modernisation Fund.</p> <p>Finance's advice has led to the reprioritisation of \$11.9 million within the Modernisation Fund to drive improved outcomes across projects, consistent with the overall policy intent. For example, reprioritisation has led to additional analytical projects within the Data Integration Partnership for Australia to deliver high-impact, evidence-based insights on priority cross-portfolio policy issues.</p> <p>As at the end of Quarter 4 2018–19, the Modernisation Fund projects are on track to deliver by 30 June 2020, \$296 million has been expended to date, five projects have reached completion and one project has ceased.</p>
Analysis	<p>Responsibility for delivery of Modernisation Fund projects lies with entities, with oversight by the Secretaries APS Reform Committee, chaired by the Finance Secretary. Finance supports the Chair and the Committee to discharge its oversight responsibilities. These responsibilities include recommending to the Finance Minister whether reprioritisation within the Fund could drive improved outcomes.</p> <p>To inform the Committee's deliberations, Finance coordinates quarterly status reports among project owners. These reports include a self-assessment of expenditure, delivery confidence, risks and issues, deliverables and benefits.</p> <p>Finance uses this information, along with further investigation directly with project owners, to identify projects that may be in scope for reprioritisation (projects that have the potential to drive additional outcomes within the policy authority if additional funds were to be provided and those that are unlikely to spend funds or achieve outcomes).</p> <p>Drawing on Finance's advice, the Committee provides recommendations to the Finance Minister. The Prime Minister has delegated to the Finance Minister authority to reprioritise funding between agencies and years, up to a threshold amount, to facilitate the delivery of projects within the original policy intent. Other decisions, including funding of new projects, must be brought forward in the MYEFO or Budget processes consistent with the Budget Process Operational Rules. Reprioritisation to date has been managed within the Finance Minister's delegation.</p>

Criterion	Corporate service functions (e.g. financial, human resources and associated IT systems) for non-corporate Commonwealth agencies are provided through a shared services provider hub arrangement, on common platforms and software.
Source	Corporate Plan 2018–19, page 32
Result	<p>Substantially achieved</p> <p>Thirty agencies in scope for the Shared Services Program are receiving or starting to receive services through a Hub, with an extension of services now available. In addition to the five core services offered through Managed Service arrangements, in 2018–19 agencies are able to access additional services through Software as a Service arrangements.</p> <p>Considerable focus throughout 2018–19 has been on efforts to coordinate investment in underlying platforms and software that support the delivery of these services. The Hubs are working together to design a common Enterprise Resource Planning (ERP) solution that could be shared/reused among some or all of the Hubs.</p> <p>As part of progressing the Program, Finance undertook extensive work in 2018–19 to prepare for onboarding to the Service Delivery Office Hub, which occurred successfully on 1 July 2019.</p>
Analysis	<p>Finance has policy and program responsibility for the whole-of-government Shared Services Program. This performance criterion demonstrates the implementation status of the Program by tracking the number of agencies that are receiving corporate service functions through a shared services provider Hub arrangement and consolidation of the underlying corporate IT systems (or ERP systems) used by the Hubs.</p> <p>The number of agencies receiving services and the services delivered are self-reported to Finance through regular engagement with the Hubs.</p> <p>The Hubs have also completed a baseline maturity assessment. Through this assessment, the Hubs self-report their progress against the Program's core criteria, including the requirement that the Hubs move toward full cost recovery arrangements and have governance arrangements that are separate to those of their host entity (functional independence). Hubs are invited to update their progress against the baseline through their regular engagements with Finance (updates are provided iteratively as there is no annual reporting process at this stage).</p> <p>While the number of agencies that are engaged with the Hubs has not substantially increased since last financial year, there has been an extension of the services available and considerable work to modernise the underlying ERPs in use by the Hubs.</p>

Analysis
(continued)

In addition to the five core transactional services (payroll, accounts payable, accounts receivable, ledger management, credit card management), which are available through Managed Services, the Hubs are now able to offer additional services based on client needs through Software as a Service arrangements.

The technology landscape is evolving which creates challenges and opportunities for the Program. For example, five of the Hubs use a SAP-based ERP. In 2025, SAP will no longer actively support this ERP version, so the Hubs will need to move to an alternative solution or pay a premium for maintenance.

During 2018–19, a significant program of work was undertaken to inform the future direction and architecture of the program in the context of the technology landscape. This included the development of a Shared Services Roadmap which outlines the strategic intent and the planned approach to achieving benefits through coordinated investment in underlying ERP systems. The Roadmap builds on work undertaken, involving 14 agencies, to co-design a whole-of-government ERP platform to enable modern and streamlined processes for Australian Public Service (APS) organisations (referred to as GovERP).

GovERP will allow the Hubs to invest once in a new ERP and share the asset, avoiding the costs of each Hub investing separately for the same capability. Costs avoided will be identified in 2019–20 as part of the detailed planning and implementation process. The onboarding of agencies to shared services arrangements will be influenced by the introduction of the common ERP—here is a need to ensure that agencies do not incur unreasonable costs by onboarding to the old technology.

Criterion	Entities currently participating in the whole-of-government grant administration arrangements must implement existing and proposed in scope grant activity via the Government's Community and Business Grants Hubs using the Hubs' standardised grant process and ICT grants management services, replacing the multiple ICT systems and business processes currently in operation.
Source	Corporate Plan 2018–19, page 33
Result	<p>Achieved</p> <p>100 per cent of grants originally identified through the program are either being delivered through a Hub (90 per cent) or have received a Government deferral or exemption (10 per cent) based on exceptional circumstances.</p>
Analysis	<p>Finance has program responsibility for the whole-of-government grants administration arrangements through the Streamlining Government Grants Administration Program (SGGA). The SGGA measure ceased on 30 June 2019.</p> <p>Of the identified 363 grants to be delivered or scheduled to transition to a Grants Hub by 30 June 2019, the Program has achieved 90 per cent (328) transition. The remaining grants have received an exemption (are no longer in scope for Hub delivery) or a deferral (with a new date agreed by Government for delivery through a Hub due to exceptional circumstances).</p> <p>As the SGGA measure has ceased, the deferred grants will be monitored as part of 'business as usual' Hub arrangements. That is, all new grants that are in scope for Hub delivery are identified through the Budget process. The Hubs and the granting agency agree a transition schedule. The Hubs report progress to Finance on a quarterly basis or as otherwise agreed.</p>

Criterion	Finance participation in the Data Integration Partnership for Australia contributes to an increase in Commonwealth public sector analytics capability and use of data to inform public policy.
Source	Corporate Plan 2018–19, page 34 Program 2.2, Finance Portfolio Budget Statements 2018–19, page 42
Result	<p>Substantially achieved</p> <p>In 2018–19, Finance delivered the prototype Government Protected Data Exchange (GovPDX) solution, which will enable Commonwealth agencies to share and analyse Protected Data securely, to support policy development. Finance's Government Business Analytical Unit (GBAU) is trialling GovPDX before onboarding other agencies and datasets from 1 January 2020.</p> <p>The GBAU built and distributed a data model and visualisation tool to 32 agencies participating in a Productivity Pilot. The data model provides a nuanced analysis of APS data that will help to inform policies to support a more productive public sector and increase the visibility of workforce planning measures.</p> <p>As part of this work, the GBAU has analysed APS workforce movements, providing a current state assessment of the mobility patterns across the APS over a five-year period that can assist senior leaders to consider longer-term workforce strategies to develop capability.</p>
Analysis	<p>This criterion contributes to driving public sector productivity and strengthening our capabilities and enablers. The delivery of GovPDX and the establishment of the GBAU is enabling Finance to take a data-driven approach to inform public sector and government administration.</p> <p>The Department of the Prime Minister and Cabinet (PM&C) has established the Data Integration Partnership for Australia (DIPA) outcomes framework, which includes quarterly reporting of DIPA-funded projects to the Deputy Secretary of the DIPA Board. Finance provides quarterly reports on the progress of GovPDX, including expenditure, deliverables and benefits realisation.</p> <p>The Productivity Pilot is an initiative of the Secretaries APS Reform Committee delivered through the GBAU, one of the DIPA analytical Hubs located within Finance. The Pilot reports to the Committee through the Modernising the Public Sector Roadmap implementation status reports, coordinated by Finance (refer to the Roadmap criterion immediately following).</p> <p>GBAU mapped approximately 50,000 promotions and transfers of staff over five years. In 2018–19, this analysis provided the Secretaries APS Reform Committee with insight into mobility patterns that will assist longer-term workforce strategies, including by highlighting where there might be opportunities to optimise capability development that can occur through staff moving between agencies.</p>

Criterion	Finance oversight of activities under the Modernising the Public Sector Roadmap supports better services to citizens and businesses, delivered more efficiently—to build trust in government.
Source	Corporate Plan 2018–19, page 34
Result	<p>Achieved</p> <p>Throughout 2018–19, Finance has provided advice to the Secretaries APS Reform Committee on the progress of 25 initiatives being delivered under the Modernising the Public Sector Roadmap.</p> <p>Of the 25 projects, all are on track, with one project successfully completed. The preliminary outcomes of five of the initiatives have informed the recommendations of the Independent Review of the APS.</p> <p>Each initiative has its own benefits realisation plan, aligned to the Roadmap’s objective, to improve services for citizens and businesses in the most efficient way possible.</p>
Analysis	<p>This criterion supports the Secretaries APS Reform Committee (chaired by the Secretary of the Department of Finance) in performing its strategic oversight role of the Modernising the Public Sector Roadmap, which outlines a number of new and existing initiatives that are expected to contribute to better services for citizens and businesses delivered by a more efficient public service.</p> <p>Each project under the Roadmap has a separate implementation and benefits realisation plan, aligned to the broad Roadmap objectives. Individual project leads are responsible for project delivery and benefits realisation.</p> <p>Finance coordinates high level status reports from project leads and provides advice to the APS Reform Committee on progress. The APS Reform Committee calls upon individual project leads to present ‘deep dives’ as needed (reporting against that project’s specific objectives).</p> <p>Status reports indicate that all initiatives are on track to deliver their intended outcomes, with the following delivered to date:</p> <ul style="list-style-type: none"> • an APS-wide framework for engagement and participation • pilot design for mobility/secondments • Executive Level 2 (EL2) talent assessment and development pilot • first stage assessment of APS classification system

Analysis (continued)

- project to explore enabling new technologies
- GovTEAMs collaboration platform
- Centre of Procurement Excellence
- Productivity and Automation Centre of Excellence
- proof of concept for a whole-of-government ERP
- trial of new approach to prioritising major departmental investment.

In 2018–19, as part of the Productivity Pilot, Finance established baseline metrics and undertook initial analysis to provide an indication of what makes a high-performing team in the context of delivering better services to citizens and businesses, in the most efficient way possible. This work is being presented to the APS Reform Committee regularly to guide future decisions.

PM&C is responsible for a citizen experience survey, which provides the Committee with another input to guide the Roadmap.

Criterion	Finance ensures the Resource Management Framework is maintained a fit-for-purpose framework for the proper use of public resources, under which Commonwealth entities and companies understand their governance and accountability obligations, and are equipped and supported to meet them.
Source	Corporate Plan 2018–19, page 35 Program 2.1, Finance Portfolio Budget Statements 2018–19, page 39
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule, undertaken by Elizabeth Alexander AM and David Thodey AO, was completed in September 2018. It found that the PGPA Act and Rule established a coherent principles-based system of governance and accountability, and a performance framework, for the Commonwealth, comparing favourably with similar frameworks in other countries.</p> <p>The annual Chief Financial Officer (CFO) Survey was undertaken between December 2018 and January 2019. The survey results indicate satisfaction with Finance’s guidance and e-learning modules supporting the PGPA Act and framework.</p> <p>Finance’s ongoing engagement with new accountable authorities continues to be a measure of the broader support provided to Commonwealth entities to strengthen governance and accountability by providing systems of support, through web-based information and face-to-face meetings, for new accountable authorities to understand their duties in governing their entity.</p>
Analysis	<p>The PGPA Act is the cornerstone of a flexible resource management framework that enables accountable authorities to tailor resource management to the operating context of their entity. Finance supports entities on the application of the framework through comprehensive and up-to-date guidance, tools and advice.</p> <p>The Independent Review of the operation of the PGPA Act and Rule considered the support provided to Commonwealth entities including reviewing guidance on the PGPA Act and Rule issued by Finance, and consideration of other strategies such as Communities of Practice, utilised to support entities.</p> <p>The CFO Survey is used as a proxy measure to inform Finance on how well Commonwealth entities and companies understand their obligations under the PGPA Act and are supported by Finance to meet these obligations. In 2018–19, 85 CFOs of Commonwealth entities and Commonwealth companies completed the Survey. The Survey results indicated that CFOs believe that the PGPA Act provides a flexible framework that enables internal controls to be applied appropriately to Commonwealth entities’ and Commonwealth companies’ operating contexts.</p> <p>Finance also supports new accountable authorities to understand and apply the framework to support improved governance outcomes.</p>

Criterion	The government and key Parliamentary committees have confidence that public resources are used efficiently, effectively, economically and ethically.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>As at 30 June 2019, there were no reports published in 2018–19 by the Australian National Audit Office (ANAO) or the Joint Committee of Public Accounts and Audit (JCPAA) identifying adverse findings on the PGPA Act and associated rules.</p>
Analysis	<p>This criterion uses ANAO audit reports and JCPAA inquiry reports as a proxy measure of Finance’s performance in implementing and maintaining the PGPA Act and associated rules supporting the efficient, effective, economical and ethical use of public resources. It is a measure of how effective the various products and services that Finance provides are in assisting Commonwealth entities to meet the requirements of the PGPA Act.</p> <p>The ANAO conducted a number of performance audits that were related to the PGPA Act and rules, including:</p> <ul style="list-style-type: none"> • Report No. 17—<i>Implementation of the Annual Performance Statements Requirements 2017–18</i> • Report No. 33—<i>Governance and Integrity of the Northern Australia Infrastructure Facility</i> • Report No. 34—<i>Effectiveness of Board Governance at Old Parliament House</i> • Report No. 35—<i>Governance of the Special Broadcasting Service Corporation</i> • Report No. 36—<i>Effectiveness of Board Governance at the Australian Institute of Marine Science</i> • Report No. 37—<i>Effectiveness of Board Governance at the Sydney Harbour Federation Trust</i>. <p>These reports contained no adverse findings on the PGPA Act and associated rules. However, they included commentary on the application of the PGPA Act by a number of Commonwealth entities. Finance monitors this commentary to identify areas where improvements could be made across the relevant requirements and guidance material to support improved implementation of the resource management framework.</p>

Criterion	The PGPA Act and Rule provisions, and Finance's support services, enable achievement of the objectives of the PGPA Act.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule undertaken by Mr David Thodey AO and Ms Elizabeth Alexander AM was tabled in Parliament on Wednesday 19 September 2018.</p> <p>The Review found that the PGPA Act and Rule established a coherent principles-based system of governance and accountability, and a performance framework, for the Commonwealth. Finance has begun implementation of the Review recommendations, which will be broad reaching and involve consultation with Commonwealth entities and stakeholders. A number of recommendations have been completed.</p>
Analysis	<p>The objectives of the Independent Review were to:</p> <ul style="list-style-type: none"> • examine whether the operation of the PGPA Act and Rule is achieving the objects of the PGPA Act in a manner consistent with the guiding principles • identify legislative, policy or other changes or initiatives, to enhance public sector productivity, governance, performance and accountability arrangements covered by the PGPA Act • examine whether policy owners' implementation of the PGPA Act and Rule has appropriately supported their operation in Commonwealth entities. <p>The Review involved broad consultation with other parties and stakeholders, including the JCPAA, the ANAO, key staff of Commonwealth entities and Commonwealth companies, and international jurisdictions. Written submissions were also invited.</p> <p>The Review report was referred to the JPCAA for their consideration and the Committee's media release of 21 December 2018 noted their intent to monitor the implementation of the recommendations through regular reports from Finance.</p> <p>The Minister for Finance tabled a statement on the Government's response to the Review. It states that the Government accepts, in principle, 48 out of 52 recommendations of the Review that are within its responsibility.</p>

Criterion	Better performance information is available to the Australian Parliament and the public.
Source	Corporate Plan 2018–19, page 36
Result	<p>Achieved</p> <p>The Independent Review of the operation of the PGPA Act and Rule noted that the Commonwealth Performance Framework provides a good platform for improved planning and performance measurement and that practice is maturing.</p> <p>The basis for assessment of this criterion has changed in response to the recommendations of the Independent Review and JCPAA Report 469.</p>
Analysis	<p>From the 2018–19 reporting period, Finance has changed the approach to analysing and assessing corporate plans and annual performance statements. A whole-of-cycle assessment will be adopted in response to Recommendation 4 of JCPAA Report 469 (Finance should provide a yearly report to the Committee on the above matters by way of a snapshot on the 'health' of the Commonwealth performance framework, with this report to also be published on the Finance website) and Recommendation 10 of the Independent Review (the Department of Finance should develop 'lessons learned' papers that cover complete performance cycles to identify good-practice examples of a clear read of performance information across portfolio budget statements, corporate plans and annual reports). This involves assessing the corporate plan, Portfolio Budget Statements and annual performance statements as a whole at the end of each reporting period, rather than as individual components of the Commonwealth Performance Framework at the time of publishing. This approach will take account of issues such as a clear line of sight across these documents. The JCPAA will be provided with an annual report of the findings of the analysis and assessment, including the identification of better practice examples. This report will be published on the Finance website.</p> <p>The analysis and assessment of the 2018–19 reporting period will be undertaken when annual performance statements are tabled in Parliament in entity annual reports, which generally occurs in October and November. As a result, the findings of the report on the 2018–19 period will be provided in Finance's 2019–20 annual performance statements. A pilot of the new approach based on the 2017–18 reporting period is being undertaken to develop and test a methodology to assess whole-of-cycle reporting.</p>

Criterion	Investment mandates are set for each Australian Government Investment Fund which assists in achieving the financial and risk objectives and are consistent with the policy, regulatory and legislative framework.
Source	Corporate Plan 2018–19, page 37 Program 2.8, Finance Portfolio Budget Statements 2018–19, page 50
Result	<p>Achieved</p> <p>The Future Fund Management Agency has advised that, at 30 June 2019, the benchmark rates of return for the Future Fund, the Medical Research Future Fund and the DisabilityCare Australia Fund, the Building Australia Fund and the Education Investment Fund have been met when measured over the medium and long term.</p> <p>Finance advised the Government and assisted in drafting legislation to establish the Aboriginal and Torres Strait Islander Land and Sea Future Fund from 1 February 2019. Investments from the former Land Account are being transitioned into investments with a higher return potential, in line with the investment mandate for the Fund.</p>
Analysis	<p>Finance supports the Government through implementing a policy and legislative framework that facilitates maximising the returns on investment funds managed by the Future Fund Board of Guardians.</p> <p>Finance provides advice to the Government on investment mandates and governance arrangements for the Government's Investment Funds to maximise the value of the Funds to the Government. This includes advice on credits to the Funds and debits for payments from the Funds. The Funds are the:</p> <ul style="list-style-type: none"> • Future Fund, which seeks to assist the Government to meet unfunded superannuation liabilities • DisabilityCare Australia Fund, which seeks to enhance the Commonwealth's ability to reimburse state and territory, and Commonwealth governments for expenditure relating to the National Disability Insurance Scheme • Medical Research Future Fund, which seeks to provide grants of financial assistance to support medical research and medical innovation • Aboriginal and Torres Strait Islander Land and Sea Future Fund, which seeks to make payments to the Indigenous Land and Sea Corporation • Building Australia Fund • Education Investment Fund. <p>The Building Australia Fund was abolished after the 2018–19 reporting period ended.</p>

Criterion	The Commonwealth government's civilian superannuation schemes are effectively administered.
Source	Corporate Plan 2018–19, page 37 Program 2.7, Finance Portfolio Budget Statements 2018–19, page 49
Result	<p>Achieved</p> <p>Finance provided advice to the Government on policy, legislative, governance and other matters relevant to the Commonwealth civilian, parliamentary, judicial and governors-general superannuation arrangements.</p> <p>The operational and administrative objectives for the superannuation schemes administered by Finance were met—including benefit payments, pensions and contributions processing and the dispatch of members' statements.</p> <p>A new IT system to administer the schemes is being procured to improve efficiency of operations. The new IT system will be operational by the end of the 2019 calendar year.</p>
Analysis	<p>Finance supports the Government through implementing a policy and legislative framework for the Commonwealth civilian, parliamentary, judicial and governors-general superannuation schemes that is consistent with the Government's broader prudential requirements.</p> <p>The Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) and the Public Sector Superannuation Accumulation Plan (PSSAP) remain regulated superannuation schemes.</p> <p>In 2018–19, Finance advised the government and assisted in drafting legislative instruments to provide membership of the CSS, PSS and PSSAP to certain Australian Securities and Investments Commission employees and employees of the National Housing Finance and Investment Corporation.</p> <p>In 2018–19, Finance also provided advice to the Minister on four appointments to the Board of the Commonwealth Superannuation Corporation, which is the trustee and administrator of the CSS, PSS and PSSAP. The appointments were finalised before 30 June 2019.</p> <p>Finance administers the Parliamentary Contributory Superannuation Scheme, the Judges Pension Scheme and the Governors-General Pension Scheme as well as the Death and Disability arrangements for Federal Circuit Court Judges. Benefit and pension payments were paid in accordance with the prescribed timeframes.</p> <p>In 2018–19, Finance successfully implemented a new framework (Member Account Attribute Service) for the reporting of member accounts to the Australian Taxation Office that fulfilled its statutory reporting obligations for the superannuation schemes it administers.</p>

Criterion	Finance works with external stakeholders to develop, implement and maintain systems and policies to support a fair, efficient, and transparent procurement framework for the Australian Government and its suppliers.
Source	Corporate Plan 2018–19, page 38 Program 2.5, Finance Portfolio Budget Statements 2018–19, page 46
Result	Achieved Finance worked proactively and engaged regularly with Commonwealth entities and external stakeholders through a variety of mechanisms to improve procurement practices.
Analysis	<p>Finance develops, implements and maintains systems and policies to support a fair, efficient and transparent procurement framework for the Australian Government and its suppliers.</p> <p>Procurement is strategically important to all government agencies because it supports the delivery of Government policies, programs and services. Poor procurement processes can lead to sub-optimal outcomes, such as delays or additional costs to address problems.</p> <p>In 2018–19, Finance’s management of the procurement framework included:</p> <ul style="list-style-type: none"> • providing advice to Commonwealth entities about procurement policy and administration, including technical advice on government procurement to support free trade negotiations • updating the Commonwealth Procurement Rules to, among other things, reflect outcomes from our free trade arrangements • engaging with key industry and government stakeholders through the Procurement Consultative Roundtable • launching the Centre of Procurement Excellence (CoPE), and implementing complementary initiatives, including: <ul style="list-style-type: none"> – refreshing and redesigning the industry-facing Selling to Government website – establishing a CoPE Steering Group, comprising representatives from key Commonwealth entities and the business community. • maintaining and supporting AusTender, the Australian Government’s centralised procurement information and e-tendering system, including completing a major software re-platform project • developing intuitive and user-friendly self-service procurement tools, such as: <ul style="list-style-type: none"> – ClauseBank (a repository of pre-drafted optional contract clauses) – the Australian Government Contract Management Guide. • developing comprehensive guidance to assist agencies to implement and comply with the new complaints arrangements established under the <i>Government Procurement (Judicial Review) Act 2018</i>.

Criterion	Whole-of-Australian-Government (WoAG) procurement arrangements for non-ICT corporate services (e.g. travel bookings and major office equipment) generate savings for Commonwealth entities that access these arrangements.
Source	Corporate Plan 2018–19, page 38
Result	Achieved Recent procurement processes have established price savings for entities. Targeted benchmarking of prices through our whole-of-government arrangements confirm that savings and efficiencies have been achieved through negotiated prices and behavioural change.
Analysis	Finance delivers savings and efficiencies to entities by: <ul style="list-style-type: none"> • analysing expenditure data to identify trends • identifying and encouraging more efficient purchasing behaviour • negotiating prices that deliver value for money products and services • ensuring that the objectives of coordinated procurements are achieved.

Criterion	Comcover is financially sustainable.
Source	Corporate Plan 2018–19, page 38
Result	Achieved Comcover, which is self-funded through the collection of annual fund member contributions, continues to deliver cost-effective services that encourage agencies to effectively manage insurable risk.
Analysis	Comcover was established as a self-managed fund in July 1998 to implement the Government's self-managed insurance policy. It is mandatory for all Commonwealth entities that are subject to the PGPA Act and classified in the general government sector to be Comcover members. Outstanding claims are actuarially assessed each quarter and annual risk-based premiums are set based on actuarial advice regarding the expected cost of claims in the policy year and administration expenses. By providing a clear price signal, these risk-based premiums encourage agencies to effectively manage insurable risk. As at 30 June 2019, Comcover had a claims liability of \$471.5 million, with cash reserves of \$518.3 million in the Comcover Special Account. It is anticipated that Comcover will be able to meet its liabilities as and when they fall due, with the cash balance adequate to cover at least four years of normal claims payment experience. Information on the financial performance and position of the scheme is included in the Department's financial statements.

Criterion	Comcover assists Commonwealth entities to ensure the appropriate treatment of insurable risks and provides a consistent, whole-of-government approach to the management of claims against the Commonwealth.
Source	Corporate Plan 2018–19, page 39 Program 2.4, Finance Portfolio Budget Statements 2018–19, page 45
Result	<p>Achieved</p> <p>Results from the 2018–19 Risk Management Benchmarking Program show that the overall risk maturity of Comcover fund members increased by 1.9 per cent in 2018–19. Increases in maturity were recorded across each of the nine elements of the Commonwealth Risk Management Policy. The greatest increase, of 3.6 per cent, was observed for element seven—<i>Understanding and managing shared risk</i>, with the lowest increase (0.3 per cent) observed for element five—<i>Developing a positive risk culture</i>.</p>
Analysis	<p>Comcover supports entities to obtain the knowledge, skills and expertise they need to successfully implement and integrate risk management in their organisations. Throughout 2018–19, Comcover provided entities with a range of risk management services including:</p> <ul style="list-style-type: none"> • training to 2,460 officials from 101 entities through a comprehensive training program in risk management, which includes workshops, e-learning and workplace support • better practice guidance, case studies and access to risk management tools and consultancy services, which assists entities to manage risk effectively • advice and support to entities on risk management issues, including tailored advice and the development of specific risk management tools • a Comcover Legal Seminar Series to highlight current and emerging risks • the annual Risk Management Benchmarking Program, which enables fund members to self-assess their risk management capability against the nine elements of the Commonwealth Risk Management Policy using a risk maturity model. <p>These services contribute directly to improving the risk maturity of entities.</p> <p>The 2018–19 Comcover Awards for Excellence in Risk Management recognised exceptional and inspiring examples of risk management by Commonwealth entities. Eleven nominations were received in the Enterprise Wide and Risk Initiative categories with six awards presented across both categories.</p>

Criterion	<p>In accordance with government targets:</p> <ul style="list-style-type: none"> • better utilisation of office space leased by non-corporate Commonwealth entities • absorb Commonwealth entities' lease requirements into existing vacant office accommodation where it is feasible to do so (Operation Tetris) • ensure that leases and other property services are delivered through coordinated procurements • continued rationalisation, through divestment, of the property portfolio in 2018–19 to ensure it continues to meet contemporary requirements.
Source	<p>Corporate Plan 2018–19, page 39–40</p> <p>Program 2.3, Finance Portfolio Budget Statements 2018–19, page 44</p>
Result	<p>Achieved</p> <p>The Commonwealth is continuing to better utilise leased office space, including through implementation of the whole-of-government Leasing Strategy and the coordinated procurement arrangements for leasing and property services. As of 30 June 2019, 75 per cent of non-corporate Commonwealth entities have transitioned to the coordinated arrangements.</p> <p>The 2018 Australian Government Office Occupancy Report, published in April 2019, showed the Australian Public Service reduced its leased office footprint by 1.5 per cent since 2016, and the number of office accommodations that meet the occupational density target increased from 22.1 per cent in 2016 to 31.6 per cent in 2018.</p> <p>The divestment program is ongoing. Since 1 January 2015, 138 properties have been sold, with gross proceeds of over \$222 million. A further 25 properties are on the program for divestment.</p>
Analysis	<p>Finance is responsible for the:</p> <ul style="list-style-type: none"> • policies and legislation that form the Commonwealth's Property Management Framework (Property Framework), including development and implementation of policies, and advising entities on policy interpretation and obligations. The Framework establishes the principles for the efficient, effective, economical and ethical use of property resources and applies to property leased and owned by non-corporate Commonwealth entities • management of whole-of-government Property Services Coordinated Procurement arrangements, the whole-of-government Leasing Strategy and management of the Government's Strategic Property Adviser

Analysis
(continued)

- oversight, management and support to entities on the Commonwealth's leased and owned property interests, including data through the online Australian Government Property Register and the annual Office Occupancy Report
- the *Lands Acquisition Act 1989*, and for administering relevant provisions of the *Public Works Committee Act 1969*, including advising the Minister on exercising statutory powers
- management of the Australian Government's domestic non-Defence property portfolio (including acquisitions and divestments when and as required) and the construction and delivery of domestic non-Defence major capital works projects (when and as required by Government).

Finance is demonstrating its contribution to the purpose of public sector resourcing and transformation through reforming and transforming the management and operations of Commonwealth property assets and interests.

Finance continues to build efficient Commonwealth property outcomes through:

- the whole-of-government coordinated procurement of property services to leverage the Commonwealth's buying power
- the whole-of-government Leasing Strategy to capitalise on vacant Commonwealth space and undertake joint approaches to market (where practicable) for new space
- the National Property Divestment Program to streamline the Commonwealth's property holdings
- strategic analysis and reporting of property data to assist entities to meet their policy, regulatory, property and work health and safety responsibilities.

Finance continues to reduce Commonwealth property holdings and therefore ongoing maintenance costs, through divestment of properties that are surplus to requirements, in accordance with the Commonwealth Property Disposal Policy.

A commitment to genuine engagement with external stakeholders, through formal governance and informal arrangements, has provided an open channel of communication to strengthen linkages and collaboration between Finance and entities as we deliver these and other Commonwealth property-related initiatives.

Criterion	Facilitate and monitor GBE delivery of the government's key infrastructure priorities, including Western Sydney Airport, Inland Rail and Naval Shipbuilding.
Source	Corporate Plan 2018–19, page 40
Result	<p>Achieved</p> <p>Finance, in collaboration with the relevant Shareholder Departments, has implemented governance arrangements to facilitate the delivery of some of the Government's key priority projects and initiatives.</p> <p>A key achievement in Naval Shipbuilding was the successful implementation of ASC Reform, with the separation of ASC Shipbuilding Pty Ltd from the ASC Group in December 2018 and its transfer to BAE Systems Australia to build the Hunter Class Frigates. This required the execution of a commercial transaction to deliver sovereign naval shipbuilding capability that supports the Government's continuous Naval Shipbuilding program now and into the future.</p> <p>Finance, in collaboration with the Department of the Environment and Energy, has provided advice to Government to facilitate the decision to invest in Snowy Hydro Limited for the delivery of Snowy 2.0. The Snowy 2.0 Taskforce provided advice to Government, resulting in the Commonwealth's decision to support delivery of the project including an equity investment of \$1.38 billion over six years, subject to Snowy Hydro achieving financial close on the project and the commencement of the main project works, expected in 2020.</p> <p>Finance continues to support Australian Rail Track Corporation (ARTC) in progressing to the construction stage for Inland Rail, with a sod-turning held on the Parkes to Narromine section on 13 December 2018. Through the provision of advice to Government and ARTC, Finance also assisted ARTC to release the Inland Rail Public Private Partnership Expression of Interest request on 29 March 2019.</p> <p>Finance, through the provision of advice to Government and Western Sydney Airport, has supported the commencement of construction onsite and the naming of the airport as Western Sydney International (Nancy-Bird Walton) Airport. The timely achievement of these activities has enabled Western Sydney Airport to remain on track to commence airport operations by 2026.</p>

Analysis

Finance provides advice to the Australian Government relating to its Government Business Enterprises (GBEs) and other commercial entities.

A GBE is a Commonwealth entity or Commonwealth company that is prescribed by the rules (section 8 of the PGPA Act). Section 5 of the PGPA Rule prescribes nine GBEs (two corporate Commonwealth entities and seven Commonwealth companies).

Finance's primary tasks in relation to GBEs are to:

- provide sound strategic and analytical advice to the Government, in particular by engaging with the GBEs, analysing their operations and their environment, and consulting with stakeholders
- action the Government's decisions including communicating objectives
- ensure that there is a robust and sound governance framework in place by initiating change and contributing to policy development.

Finance regards its effectiveness in facilitating and monitoring GBE delivery of the Government's key infrastructure priorities as a valuable contribution to the public sector resourcing and transformation element of Finance's purpose.

Criterion	Continue to encourage ongoing efficiency and financial sustainability in GBEs.
Source	Corporate Plan 2018–19, page 41
Result	<p>Achieved</p> <p>Finance continues to provide assistance to Commonwealth GBEs with respect to corporate planning, financial and operational performance and other significant programs of work. Advice is provided on a regular basis to Shareholder Ministers on the compliance and performance of the GBEs, based on information provided in corporate plans, quarterly reports and annual reports as well as regular interactions with the GBEs. Further work is being undertaken to ensure best practice regarding both the oversight of GBEs and the consistency and quality of the analysis and briefing.</p> <p>The second GBE Company Secretaries Forum, held in Adelaide in March 2019, provided an opportunity to bring company secretaries and Shareholder Departments together to facilitate shared learnings, experiences and discussions on best-practice approaches. It also provided an avenue for attendees to build a network of professional contacts.</p> <p>Representatives from eight GBEs and four Shareholder Departments attended the day, with topics discussed including corporate plans, caretaker conventions and the PGPA Act. The Forum was well received by all attendees and it was an effective way to share information, ideas and learnings.</p>
Analysis	<p>Another valuable measure of performance against the public sector resourcing and transformation element of Finance's purpose relates to Finance's oversight of GBEs. This performance criterion uses a range of indicators to measure Finance's performance in encouraging Commonwealth GBE efficiency and financial sustainability, including:</p> <ul style="list-style-type: none"> • the provision of advice to Shareholder Ministers on the performance of the GBEs • the compliance of GBE corporate plans with the PGPA Act and GBE Guidelines • delivery of activities to support GBE efficiency, appropriate risk management, financial sustainability and knowledge sharing, such as the GBE Company Secretaries Forum.

Delivering effective services to, and for, government

Criterion	As a Shared Service hub, the Service Delivery Office provides quality services to client entities.
Source	Corporate Plan 2018–19, page 42 Program 2.6, Finance Portfolio Budget Statements 2018–19, page 48
Result	<p>Achieved</p> <p>In 2018–19, the Service Delivery Office (SDO) continued to mature as a Shared Service Hub. The SDO worked to further build the Shared Service Program and transitioned two new clients to a cost-effective, high-quality shared services offering. These new clients commenced receiving services from the SDO on 1 July 2019.</p> <p>The SDO continued to deliver on its agreed service levels for clients during 2018–19. The SDO achieved an average service level of 96.42 per cent across all services, managing on average:</p> <ul style="list-style-type: none"> • 2,379 credit cards per month • 5,323 payments received and debts per month • 2,353 payments per month • 5,895 active Hub users per month • 732 HR master data amendments per month • 4,811 pays per pay period.
Analysis	<p>Operating the SDO is a key activity in Finance contributing to its purpose to deliver effective services to, and for, government.</p> <p>The SDO directly supports the modernisation and transformation of the APS as one of the Hubs providing shared services to Commonwealth entities. Through the delivery of shared, standard and sustainable technologies and processes and the increasing use of automation, the SDO contributes to increasing the effectiveness and efficiency of organisational management.</p> <p>In 2018–19, the SDO provided monthly performance reports to its clients, ensuring transparency and accountability on its performance against agreed service levels. In May 2019, the SDO established a customer survey capability within its systems, providing a channel for feedback from the end recipients of the SDO's services and to inform targeted operational and service delivery improvements.</p>

Analysis
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The SDO continues to fulfil the goals of the Shared Services Program by maximising the benefits of consolidation and standardisation of shared corporate functions. In 2018–19, the volume of corporate and financial services provided by the SDO to its clients remained at comparable levels to 2017–18. The SDO continued to focus on building economies of scale by transitioning two new clients to its services from 2019–20. Further, the SDO engaged with other Commonwealth agencies on the potential to onboard to its services in future years.

The Productivity and Automation Centre of Excellence (PACE) continued to support government agencies to achieve enhanced business management practices and process automation. Within the SDO, 11 automation processes are operating, delivering efficiencies by freeing up over 3,000 hours of staff capacity per year and improving quality by reducing manual errors. The PACE also established the Strategic Reference Group with a focus on providing strategic direction on building automation capability for the Australian Government, while ensuring it is underpinned by effective commercial arrangements and appropriate governance.

In 2018–19, its second full year of operation, the SDO continued to provide cost reductions to its clients, with reductions in prices of around 8 per cent. These savings are returned to clients, enabling them to focus on delivering better frontline services to citizens and businesses.

This ongoing success has been delivered through a combination of initiatives, including a client-centric approach and a focus on stronger engagement, transparency and governance. The SDO's partnership with clients is exemplified in their engaged participation in the identification, prioritisation and oversight of shared investments.

Criterion	Commonwealth entities and companies have access to GovTEAMS, a new generation platform to provide a single environment for both internal and external collaboration across government to improve public sector productivity.
Source	Corporate Plan 2018–19, page 43
Result	<p>Substantially achieved</p> <p>The GovTEAMS platform is successfully operating with modern collaboration tools such as Chat, Online Audio and Video Meetings, Online Profiles, Social Feeds and File Sharing available to government employees and their invited external guests for 99 per cent of the time in office operating hours.</p> <p>User adoption rates for 2018–19 reached approximately 19,500 registered users by 30 June 2019.</p> <p>All active GovDEX communities were successfully migrated to GovTEAMS in May 2019. Many existing GovDEX communities transitioned to GovTEAMS before their communities were migrated. The end-of-year user count in GovTEAMS exceeded the number of active GovDEX users.</p>
Analysis	<p>GovTEAMS forms part of both the Secretaries APS Reform Committee program and the Finance Transformation Plan.</p> <p>Finance is committed to being a driver of transformation in the public sector and a key focus is building capability across the APS. GovTEAMS supports this goal by facilitating APS-wide collaboration in a modern and innovative way. GovTEAMS empowers individuals with the tools they need to build their digital capability and increase their productivity.</p> <p>The GovTEAMS Program has adopted an agile and adaptable approach in the delivery of GovTEAMS to government, achieving success in a resource constrained and dynamic environment.</p> <p>The GovTEAMS business case forecast productivity gains of \$6.9 million in year one, based on 10,000 users for the entire year. The actual GovTEAMS average monthly user count from 1 January (launch date) to 30 June was 9,500. Based on actual user counts, the original benefits estimation model forecasts actual productivity gains of \$6.6 million for the 2018–19 financial year.</p> <p>Within Finance, the GovTEAMS' video-conferencing facility was successfully used by Finance staff members to participate in the Malaysia-Australia Economic Workshop. Using GovTEAMS enabled effective participation in the Workshop while saving the cost of international travel.</p>

Criterion	Commonwealth entities and companies have access to the GovCMS management and website hosting support platform to assist in the creation of modern, affordable and responsive websites that better connect Government with people.
Source	Corporate Plan 2018–19, page 44
Result	<p>Achieved</p> <p>As of 30 June 2019, 284 sites and 91 agencies were using GovCMS from all tiers of government, an annual increase of 20 per cent for agencies using the platform and an increase of 44 per cent for number of websites hosted.</p> <p>Websites hosted on GovCMS were available to the public for 99.97 per cent of the year. Commonwealth entities were able to access the platform back-end with an up-time of 99.998 per cent over the year, exceeding the 99.95 per cent up-time service level.</p>
Analysis	<p>The original feasibility study for GovCMS in 2014 provided a cost model for savings generated that was commissioned by Finance and designed by Deloitte.</p> <p>The feasibility study projected a conservative four-year uptake of 182 sites, an ambitious uptake of 437 sites, and an intermediate uptake of 300 sites. Assessment against the original feasibility study shows how the platform is tracking against original targets designed by Deloitte. Finance is tracking close to the intermediate uptake.</p> <p>The Digital Transformation Agency commissioned Deloitte to update and refine the model in 2016 for determining whole-of-government cost savings for digital transformation. The underlying parameters are conservative and remain valid in 2019.</p> <p>Using the Deloitte model, the total operating cost (excluding agency staffing costs) for the 284 sites hosted would exceed \$73 million if hosted independently. The total cost of operating GovCMS in 2018–19 was \$5.9 million, an overall saving of \$67.1 million.</p> <p>Commonwealth sites make up 81 per cent of sites on the platform (231 sites) and generate 80 per cent of the total savings. The model shows that the savings specific to the Commonwealth are \$53.7 million annually. Savings calculations shows the cost to government (excluding staff costs) if these sites were hosted independently less the cost of the GovCMS platform, including GovCMS staff costs (but not agency staff costs). The remainder is a conservative assessment of the savings generated. As agency staff costs were excluded from the model, there are savings not accounted for. For example, agencies hosting sites on the Software as a Service (SaaS) platform no longer require in-house infrastructure engineers.</p>

Analysis
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Finance continues to engage with agencies where possible to obtain a more detailed view of actual savings.

GovCMS has enhanced security for Commonwealth websites by using its collective purchasing power to embed cyber security defences into SaaS. Prior to GovCMS, few agencies had the ability to fully protect their sites with either Distributed Denial of Service (DDoS) defence, Web Application Firewall (WAF) or a content delivery network (CDN). As costs were prohibitive, some agencies protected their main corporate website with either DDoS or CDN but rarely both, and few were able to extend similar defences to all the other sites they owned. All websites hosted on SaaS have these protections by default and agencies are benefiting from increased cyber security resilience and increased coverage across their website collections.

GovCMS' high availability to users and administrators also demonstrates the stability and robustness of the platform.

Criterion	Services meet the needs of Parliamentarians, their employees and others as required by the Australian Government.
Source	Corporate Plan 2018–19, page 44 Program 3.1, Finance Portfolio Budget Statements 2018–19, page 54
Result	<p>Achieved</p> <p>Service standards met, or exceeded, for the period ending 30 June 2019 include:</p> <ul style="list-style-type: none"> • 98 per cent of client contacts were acknowledged within 24 hours and responded to within agreed timeframes • 99.87 per cent of payments (including payroll) were made within agreed timeframes • 99.71 per cent of COMCAR reservations were completed without service failure • 100 per cent of office establishment and relocation projects were delivered within their approved budget.
Analysis	<p>Finance regards the delivery of timely and efficient business support to current and former parliamentarians and their employees under the <i>Members of Parliament (Staff) Act 1984</i>, and others as required by the Australian Government, as essential. This subsequently benefits the broader Australian community.</p> <p>Finance oversees the provision of non-travel related expenses and services to parliamentarians (current and former) and their respective employees. Finance also provides secure and confidential car-with-driver services (COMCAR) to a range of clients, including the Governor-General, the Prime Minister, members of parliament, the federal judiciary and heads of Commonwealth agencies.</p> <p>In order to determine our performance in delivering these services, Finance identified four high-level service standards related to essential services delivered by Finance. In 2018–19, Finance met all of these service standards.</p> <p>Finance continues to put parliamentarians' and their employees' needs at the centre when designing and delivering services. This is done by employing user reference groups, consultative groups, service delivery data and surveys to ensure the best outcomes for our clients.</p>

Criterion	The timeliness, efficiency, clarity and transparency of the administration of parliamentary work expenses is improved.
Source	Corporate Plan 2018–19, page 45
Result	<p>Substantially achieved</p> <p>The Parliamentary Expenses Management System (PEMS) is a secure online portal for parliamentarians, former Prime Ministers, their staff and administering entities to electronically submit and monitor office and travel expense claims, manage budgets and perform reporting and various HR functions. Release of the first stage—office and travel expense functionality—was in August 2018.</p> <p>As part of the PEMS project, a new vehicle booking and dispatch management system for COMCAR has also been implemented. The COMCAR Automated Resource System (CARS) provides significant advances in technology over previous booking systems, including greater functionality (online and mobile applications) for COMCAR clients and staff.</p> <p>The final release of PEMS, scheduled for delivery in mid-2020, will activate HR payroll, budget management, digital end-to-end processing of claims for office expenses and travel, reporting and audit functions.</p>
Analysis	<p>Finance is continually seeking to improve the timeliness, efficiency, clarity and transparency of administering parliamentary work expenses.</p> <p>Finance, in collaboration with PM&C, the Remuneration Tribunal and the Independent Parliamentary Expenses Authority, is implementing the recommendations of the An Independent Parliamentary Entitlements System: Review report.</p> <p>A major reform from the Review is the implementation of a new parliamentary work expenses framework that commenced on 1 January 2018 and the implementation of PEMS.</p> <p>The project is being implemented in stages to assist with the transition and to meet stakeholder expectations. Progress reports are provided to Finance’s Executive Board through the Strategic Review process.</p> <p>The PEMS Portal was launched in July 2018 and additional functionality was added in the following five months. Parliamentarians can now also lodge travel and expense claims digitally. Finance has continued to undertake design of the final release, which will provide integration of the office and travel expense claims with the financial management information system. PEMS will also include budget management, reporting and self-service functions such as viewing payslips, submission of leave applications and managing changes in personal information.</p>

Overarching analysis of performance against Finance's purpose

Operating as a central agency of the Australian Government, Finance performs a critical and influential role in assisting the Government to shape and deliver its priorities, ensure public expenditure programs are sustainable, and enable the sector to deliver efficient services to government and for the Australian community. Finance undertakes a diverse range of activities to meet its purpose, from policy and financial advice to support informed decision-making, to the creation of operating frameworks fit for a modern and agile APS, through to effective and efficient service delivery, primarily to other government entities and parliamentarians.

Finance's success reflects our strong, collaborative approach with our stakeholders to better understand the Government's agenda and ensure a clear line of sight to outcomes for the Australian public including ensuring government decisions support value for money for taxpayers. Through this approach, Finance supports the Government to implement the policies they have been elected to deliver and ensure that the Australian people are at the centre of APS service delivery. This also helps build public confidence and trust in the integrity and accountability of the public service.

In 2018–19, as it has been in previous years, Finance's performance in achieving its purpose was impacted by emerging priorities and environmental pressures, some beyond Finance's control. As forecast in Finance's 2018-19 Corporate Plan, the Department's performance in 2018-19 had regard to:

- the Government's fiscal strategy and the discipline of a structured budget process
- innovations in business models and technology that disrupt every sector of the economy, including the public sector
- the substantial contribution of GBEs and other Commonwealth entities to the Australian economy
- the Parliament and community's expectations regarding the effective management of expenses for parliamentarians and their staff.

In 2018–19, Finance continued to implement the Government's agenda across the breadth of our policy and service delivery responsibility.

These annual performance statements demonstrate that Finance made substantial contributions towards its purpose in 2018–19 despite a challenging operating environment and fiscal constraints. This included a federal election in May 2019 which required the Department to:

- undertake activities inherent to the election cycle such as the release of the PEFO with the Treasury
- implement machinery-of-government changes for the public service
- provide increased support to parliamentarians and their staff before, during and following the outcome of the election.

The Department's performance and delivery of its core functions and activities, including through the caretaker period, was against this backdrop.

The Finance Corporate Plan is the key planning document against which our performance and delivery is measured. In 2018–19, Finance demonstrated high levels of performance across all 26 of the performance criteria published in its 2018–19 Corporate Plan, with 21 of the 26 performance criteria assessed as achieved and five assessed as substantially achieved. Our achievements and contribution towards our purpose in 2018–19 included the following performance highlights:

- delivering on our key budget responsibilities in support of the Government's fiscal target and policy objectives, including the 2017–18 FBO, 2018–19 MYEFO and an early 2019–20 Budget
- completing a full cycle of economic updates in the new CBMS and rolling out the Shared Budget Workflow System (SBWS) to facilitate information-sharing and collaboration, and enhance efficiency in budget management
- disbursing cash through CBMS to meet the cash needs of every Commonwealth entity on each day in 2018–19, enabling Commonwealth entities to operate and deliver services, ensuring the ongoing operations of government
- demonstrating strong collaboration and leadership across government in spearheading policy development, research projects, whole-of-government engagement and supporting the Secretaries APS Reform Committee
- supporting the delivery of the Independent Review of the operation of the PGPA Act and Rule (tabled in September 2018)—which noted its successful implementation and areas for improvement—and working collaboratively to implement the recommendations agreed to by the Government which will further strengthen public sector governance
- developing legislation to improve the transparency of political donations, restrict foreign donations and modernise the electoral system
- providing advice to the Australian Government relating to its GBEs and other commercial entities, including ensuring a robust and sound governance framework
- working to ensure best practice oversight of GBEs and the commercial projects they deliver, and holding the second GBE Company Secretaries Forum, bringing Company Secretaries and Shareholder Departments together to facilitate discussions on best practice approaches
- supporting the timely commencement of the construction of Western Sydney International (Nancy-Bird Walton) Airport, ensuring the project remains on track
- acquiring Snowy Hydro Limited from the New South Wales and Victorian Governments as part of the Commonwealth Government's plan to deliver affordable and reliable power to consumers and businesses
- delivering the separation of ASC Shipbuilding from ASC Pty Ltd and the transfer of ASC Shipbuilding to BAE Systems Australia, as part of an agreement to see the delivery of nine Hunter Class Frigates and the establishment of a sovereign naval shipbuilding capability
- establishing a Centre of Procurement Excellence to unlock further savings and drive value for money across government
- achieving efficiency and savings for government through the National Property Efficiency Program and National Property Divestment Program, including the divestment of 31 properties and revenue to the Commonwealth of \$52.4 million (exclusive of GST) in 2018–19
- supporting continued innovation with the introduction of the DART and the SDO continuing to improve the way shared services can be delivered, which is being watched by all levels of government in Australia and across the globe

- delivering efficiencies through the SDO which continues to mature as a Shared Service Hub, including achieving an 8 per cent reduction in operating costs for its clients in its second year of operation and delivering value for money to those agencies so they can focus on delivering better frontline services to citizens and businesses
- providing effective and high standard services to parliamentarians, their respective employees and others to assist them in undertaking their duties, with all office establishments and projects being delivered within their approved budget and over 98 per cent of enquiries responded to within 24 hours
- supporting a royal visit as well as APEC towards the end of 2018 through COMCAR services
- rolling out the PEMS, which is being used by the vast majority of parliamentarians, to modernise and streamline the management of parliamentary expenses, with further enhancements to come.

Underpinning these performance highlights and across all of Finance's achievements is our role as steward and our focus on supporting the effective implementation of government priorities, both internally and across government, to deliver better outcomes for citizens.

Finance's responsibility for numerous whole-of-government policies and initiatives helped assist the APS in 2018–19 to operate effectively and efficiently, and adapt to new challenges and leverage emerging opportunities, including in innovative ways.

As an agency, Finance is committed to transforming into a more flexible, adaptable and responsive organisation, with a sustained focus on stewardship, genuine collaboration and leveraging data and technology to deliver for all Australians. A significant aspect of our transformation agenda is about ensuring we are fit for the future and responsive to changes in our external environment.

In 2018–19, Finance sought to further develop and enhance the enablers required to achieve its purpose—resources, staff, capabilities, leadership, systems and business processes—and delivered a number of initiatives to support this agenda through:

- continued investment in our data capability model to ensure we have the right hardware, software, people, culture and data in place to allow data analytics to happen more efficiently and effectively, and to support better advice to the Government by delivering and implementing the SBWS and the DART
- moving relevant departmental corporate functions to the Shared Services Hub as a new and innovative way of working, recognising the benefits of operating at scale in the management of corporate functions, supported by the PACE
- a professional, capable, diverse workforce, deployed across the Department in line with our key priorities, enabling Finance to respond to the Government's agenda.

Overall, and within a changing and dynamic environment, Finance performed strongly across all of the performance criteria specified in its 2018–19 Corporate Plan to deliver a broad range of substantial contributions to Finance's purpose.

Financial performance

Finance's 2018–19 financial statements are presented in Part 5 of this report. The Australian National Audit Office issued an unmodified audit opinion for the financial statements on 30 August 2019.

A summary of Finance's financial performance for departmental activities and the activities administered on behalf of the Government is provided below.

Departmental activities

The 2018–19 operating surplus of \$16.5 million (2017–18: \$126.9 million) is reflective of the Department's strong resource management. The Department manages a diverse range of activities that are subject to external factors that can significantly impact the operating result in any given year. The 2018–19 operating result is lower than 2017–18, primarily due to Comcover insurance claims.

The result is in keeping with the Department's sound financial position as at 30 June 2019, with financial assets of \$932.7 million exceeding total liabilities of \$731.6 million. Non-financial assets were \$2.1 billion as at 30 June 2019, primarily reflecting the Department's non-Defence domestic property portfolio.

Activities administered on behalf of the Australian Government

In 2018–19, Finance administered four programs on behalf of the Australian Government with expenses of \$11.7 billion including:

- \$8.4 billion in member benefits for Commonwealth defined benefit superannuation schemes
- \$2.6 billion relating to the investment funds including distributions to portfolio special accounts
- \$0.6 billion for ministerial and parliamentary services including entitlements, salaries for staff employed under the *Members of Parliament (Staff) Act 1984*, and COMCAR services.

Administered income of \$2.6 billion includes \$1.2 billion of superannuation contributions and \$1.3 billion of interest, dividends and distributions and gains from the investment funds.

At 30 June 2019, administered assets were \$41.0 billion and contain investments in a wide range of securities, instruments and collective investment vehicles. Total assets increased 25.2 per cent from 2018–19, mainly due to government contributions.

Administered liabilities of \$235.5 billion largely consist of member benefits for the Commonwealth defined benefit superannuation schemes. Superannuation liabilities increased by \$50.0 billion from the prior year primarily as a result of changes to the discount rate used to value the liabilities.