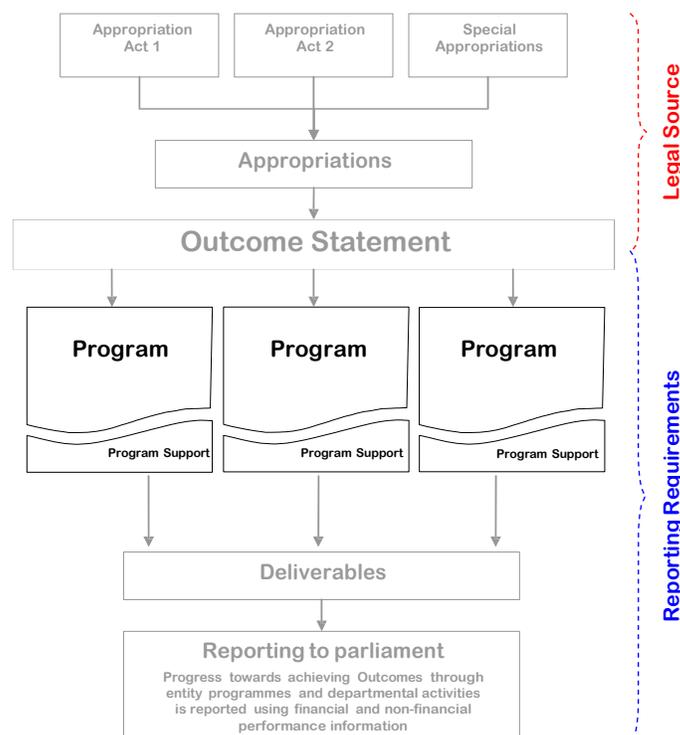# Commonwealth Programmes Policy and Approval Process

December 2009

This guide outlines the present requirements for Commonwealth programmes that should be followed by General Government Sector (GGS) entities when determining if new programmes, or changes to existing programmes are required.

What are Commonwealth Programmes?

Commonwealth programmes deliver benefits, services or transfer payments to individuals, industry/business or the community as a whole and are the primary vehicles for Commonwealth entities to achieve the intended results of their outcome statements.

Commencing from the 2009-10 Budget entities were required to report to parliament by programme. This is the minimum level of reporting required for budget documentation, and is recorded in the Central Budget Management System (CBMS) and reported in Portfolio Budget Statements (PB Statements). CBMS is maintained by the Department of Finance (Finance) in conjunction with entities and is used for whole-of-government reporting, most notably in Budget Paper No.1 . With two primary sources of programme data it is vital that entities ensure consistency between CBMS and the PB Statements.

Characteristics of a Commonwealth Programme

The characteristics of Commonwealth programmes are included in the hierarchy below (generally these points should apply from one to four, with point five being an exception):

1. Activities or group of activities that contribute to the intended results of Government (as specified in entity outcome statements).
    - Programmes should be structured around contributing to the intended results of the respective outcome statement.
    - Where necessary and appropriate, groupings of existing activities (either administered or departmental) can be grouped to form a more substantial programme.
2. Ongoing in nature (minimum span of 5 years).
    - Commonwealth programmes are to be ongoing in nature to allow for a consistent list at the whole of government level and for continuity in entity reporting.
3. Is material in size (e.g. > $50-100m) in annual expenditure.
    - Entities should use $50-100m as a guide to the minimum financial materiality of programme annual expenses to ensure that the Commonwealth Programme List remains manageable and relevant to whole of government programme analysis and budgeting.
    - However, financial materiality is not the sole driver of entity programme structures.
4. Maps to a single Government Financial Statistics (GFS) sub-function and single government outcome statement.
    - Mapping programmes to a single sub-function strengthens the whole of government medium to long-term fiscal trend information provided to government and the parliament.
    - Programmes are required to map to a single outcome to ensure appropriation and performance reporting frameworks are aligned.

      Please see the 'Recording of Commonwealth Programmes in CBMS and the PB Statements' section below which details some exceptions to these points.
5. Represents a particular and ongoing area of interest to the Government, parliament, and/or the public.
    - In some instances, areas of entity activity may not meet one or more of the four criteria outlined above, but still represent an area of activity that requires visibility, to the Government, parliament or the public.

Difference between Programme and Measure

Entities should note that Budget measures (appearing in Budget Paper No. 2 and in the Mid Year Economic and Fiscal Outlook) rarely constitute new programmes. Budget measures tend to be initiatives that contribute to programmes (which are ongoing and material in a financial sense) whereas measures generally represent particular initiatives that contribute to a programme objective.

Funding Sources of Programmes

As noted above, a Commonwealth programme represents activities or groups of activities that contribute to an intended result of Government. As such there are no strict rules governing the composition of funding sources for a Commonwealth programme. A programme may by funded through one or more of a number of appropriation items (including Bill 1, Bill 2, special appropriations and special accounts) which may be administered, departmental, or a combination of the two.

Public Reporting of Commonwealth Programmes

Entities are required to report against the approved list of programmes for which they are responsible in PB Statements, Portfolio Additional Estimates Statements and in Annual Reports from 2009-10. In addition to resourcing information, entities are required to provide details of the programme's objects and non-financial performance, including the deliverables and key performance indicators for each programme.

Reporting Below the Programme Level

There may be a requirement or desire for entities to provide more detailed information on key aspects of programme activities if public interest would dictate this additional level of reporting. The areas of reporting may be described as components, but in essence represent significant areas of activity and/or public interest within programmes that warrant reporting to parliament.

Reporting at the programme component level provides additional transparency when reporting to parliament but is not required to be separately disclosed in CBMS.

Programme Support

Programme support refers to the departmental activities and resources that can be attributed to the policy development, delivery and associated costs of administering a Commonwealth programme. It covers the costs of the area of the entity responsible for the programme's administration, and a relevant portion of the costs of the corporate areas that support the operation of the entity.

As programme support is funded from the entity's departmental appropriations, it is notional and can be redirected by the accountable authority of the entity to meet emerging priorities. It does, however, signal the expected resource requirements associated with the development and delivery of programmes.

Programme support is distinguishable from particular Commonwealth programmes because it is attributable to the delivery and/or development of a specific programme and is not a service or function in its own right.

Changing the Commonwealth Programme List

Reasons for establishing new, or changing existing Commonwealth Programmes

There are a number of circumstances that lead to the creation or refinement of Commonwealth programmes, which typically include:

- the creation of a new entity, new outcome statement or new significant ongoing entity activity;

- where an entity undertakes new functions that are not within existing outcomes or programmes;

- when Government calls for the creation of a new programme for reporting purposes;

- where the addition of new funding or activities to an entity's operations elevates the significance or materiality of existing programme components; or

- where there are refinements to policy objectives, strategy or desired results for entity activities that result in increased prominence, dictating an ongoing and material reporting obligation.

Approval of additions or changes to Commonwealth Programmes

The Commonwealth Programme List contains all GGS entity programmes, and is managed by Finance to ensure that the correct level of information is disclosed about material and significant areas of government spending.

Finance must approve proposals to change the Commonwealth Programme List to ensure the usefulness and consistency of programme reporting information over time.

The process for gaining formal approval for a new programme, or a variation to an existing programme, is set out below:

1. Entities should contact Finance through the relevant Agency Advice Unit (AAU), providing details of the proposed programmes ahead of discussions on the nature of the proposed changes.

2. Following officer level agreement with Finance, the entity's Chief Finance Officer is to provide sign-off on the proposed changes to Finance (the relevant form can be found in the Knowledge Management section of CBMS or by contacting your Finance AAU).

3. Following Finance approval, the programme is entered into the CBMS and is included on the Commonwealth Programme List.

Recording of Commonwealth Programmes in CBMS and the PB Statements

The programmes reported in PB Statements must match the programmes listed in CBMS, except in a limited number of cases which are detailed below. Any exceptions must be agreed with Finance prior to their inclusion or exclusion in PB Statements.

"Other" is not a Commonwealth programme

Entities are not to use the programme titles "Other Administered" or "Other Departmental" in the PB Statement under any circumstances. While these categories are available in CBMS for financial allocation purposes they are not to be used for public reporting.

Entities should only use the "Other Administered" programme allocation line in CBMS where absolutely necessary. This includes:

- where it is too late to create a new programme in CBMS prior to the close of a whole of Government estimates update (when new funding has been agreed and no existing programme is appropriate). In this situation a new programme for the PB Statements must be agreed in-principle with Finance before publication with the programme to be entered into CBMS at the next available opportunity; or

- where Portfolio Departments make payments within their portfolio to corporate Commonwealth entities as defined by the *Public Governance, Performance and Accountability Act 2013*.

Departmental Funding

Entities must not use 'Other Departmental' as a programme in their PB Statements. 'Other Departmental' is generally used to record entity running costs in CBMS. In the PB Statements these costs are allocated to programmes as programme support.

Where departmental funding is not classed as programme support, but is recorded in CBMS against 'Other Departmental', there are **two options** for entities for reporting in the PB Statements:

1) Roll up existing PB Statement programmes into a single programme.

- In the 2009-10 PB Statements many entities directly converted their 2008-09 outputs into programmes. In many cases these former outputs did not meet the criteria of a Commonwealth programme. To ensure the consistency and comparability of the Commonwealth Programme List across Government, departmental activities that do not meet the programme criteria should not be separately reported as programmes in the PB Statements.

- Instead these activities should be recorded as a single programme containing all departmental expenses in the CBMS allocation line 'Other Departmental', except for programme support as applicable.

- In this situation the programme name must be the entity's name to maintain consistency across Government. For example the Productivity Commission uses the CBMS programme 'Other Departmental – PC' but for programme reporting in their PB Statement uses a single programme called 'Productivity Commission'.

- If entities wish to disclose further details about their areas of work they should use the 'programme component' section of the PB Statements.

2) Split programmes in CBMS.

- If entities wish to maintain a split of programmes in their PB Statements this split must also be reflected in the CBMS.

- These programmes must meet the criteria for a programme detailed above.

Public reporting needs differ from the requirements of CBMS

There are a limited number of circumstances where the requirements of CBMS differ from the agreed Commonwealth Programme List. This can occur where, for instance, a programme is split over more than one sub-function.

An example of this situation is the Finance "Public Sector Superannuation" programme which is recorded as two programmes in CBMS to correctly allocate data between the 'Nominal superannuation interest' and 'Government superannuation benefits' sub-functions.

In these circumstances entities must show all lines from CBMS in their PB Statements programme expenses table to enable the figures to be directly translated back to CBMS.

Commonwealth programmes funded through both administered and departmental appropriations

When reporting in CBMS a programme must be explicitly classified as either administered or departmental because of the flow on consequences to the Appropriation Bills. This means that where a Commonwealth

programme reported in the PB Statements contains both administered and departmental funding (other than programme support) it must be represented by two programmes on CBMS. This can be done in CBMS by adding (Administered) or (Departmental) after the programme name.

Guidance on classifying items as administered or departmental can be found in the Knowledge Management section of CBMS.

Further information on programme policy and approval arrangements can be obtained by contacting the Performance Reporting and Planning Branch in Finance via: PMRAPerformanceFramework@finance.gov.au.