



Australian Government
Department of Finance

GUIDE

Resource Management Guide No. 131

Developing good performance information

APRIL 2015

© Commonwealth of Australia 2015

ISBN: 978-1-925205-17-6 (online)

With the exception of the Commonwealth Coat of Arms and where otherwise noted, all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia (<http://creativecommons.org/licenses/by/3.0/au>) licence.



The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3 AU licence.

Use of the Coat of Arms

Information and guidelines on the use of the Coat of Arms are published on the Department of the Prime Minister and Cabinet website (www.dpmc.gov.au).

Contact us

Questions or comments about this guide should be directed to:

Public Management Reform Agenda
Department of Finance
John Gorton Building
King Edward Terrace
Parkes ACT 2600

Email: pmra@finance.gov.au

Internet: www.pmra.finance.gov.au

This guide contains material that has been prepared to assist Commonwealth entities and companies to apply the principles and requirements of the *Public Governance, Performance and Accountability Act 2013* and associated rules, and any applicable policies. In this guide: the mandatory principles or requirements are set out as things entities and officials 'must' do; and actions, or practices, that entities and officials are expected to take into account to give effect to those principles and/or requirements are set out as things entities and officials 'should consider' doing.

Contents

AUDIENCE	2
KEY POINTS.....	2
RESOURCES	3
INTRODUCTION	3
<i>Purpose</i>	3
<i>What this guide is not</i>	3
<i>Background</i>	4
<i>Comments on the use of ‘purposes’ and ‘activities’</i>	5
<i>The importance of clear purposes and leadership</i>	5
<i>Tips on using this guide</i>	5
PART 1 – FUNDAMENTAL CONSIDERATIONS	8
<i>Considerations that lead to good performance information</i>	8
<i>Purposes and activities</i>	10
<i>The uses of performance information</i>	11
<i>Interactions between the uses of performance information</i>	12
<i>Practical considerations</i>	13
PART 2 – UNDERSTANDING PURPOSES AND ACTIVITIES.....	15
<i>Understanding entity purposes</i>	15
<i>Contributions to a common purpose</i>	16
<i>Using logic models</i>	17
<i>Purpose-level logic</i>	19
<i>Activity-level logic</i>	20
<i>The influence of time</i>	21
PART 3 – IDENTIFYING WHAT PERFORMANCE INFORMATION IS NEEDED	22
<i>Learning from experience</i>	22
<i>Good performance information - use of quantitative and qualitative measures</i>	23
<i>The features of good performance measures</i>	24
<i>Focus on quality, not quantity</i>	25
<i>Effectiveness – measuring the what</i>	25
<i>Efficiency, outputs and inputs – measuring the how</i>	27
<i>Using targets</i>	29
<i>Matching performance measures to the needs of the audience</i>	29
PART 4 – COLLECTING PERFORMANCE INFORMATION.....	31
<i>Good collection methods support good performance information</i>	31
<i>Sampling bias</i>	32
<i>Information collection methods</i>	33
<i>Data mining</i>	33
<i>Benchmarking</i>	35
<i>Surveys</i>	36
<i>Peer reviews</i>	38
<i>Comprehensive evaluations</i>	39
PART 5 – REPORTING TO TELL THE PERFORMANCE STORY.....	41
<i>Focusing on effectiveness</i>	41
<i>Preparing to tell a story</i>	41
<i>Presenting performance information</i>	42
<i>PGPA Act reporting requirements</i>	42
<i>Corporate plans</i>	43
<i>Annual performance statements</i>	44
<i>Reporting for other purposes</i>	45
<i>Leveraging information across publications</i>	46
GLOSSARY	47
ADDITIONAL RESOURCES	52

Audience

This guide applies to accountable authorities,¹ chief financial officers, chief operating officers, programme managers and officers responsible for measuring and reporting on the performance of activities delivered by a Commonwealth entity.

The primary focus of this guide is to support good performance reporting in corporate plans and annual performance statements required under sections 35 and 39 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). **These requirements apply to Commonwealth entities only.**

Commonwealth companies may use aspects of this guide to assist them in meeting their obligation to produce annual corporate plans under section 95 of the PGPA Act and sections 16E and 27A of the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule).

Key points

This guide:

- emphasises that good performance information is critical to telling a cohesive performance story that demonstrates the extent to which a Commonwealth entity is meeting its purposes through the activities it undertakes
- discusses the main considerations to be taken into account when developing good performance information, which include:
 - creating a common understanding of an entity's purposes and the activities through which those purposes are fulfilled
 - identifying a mix of quantitative and qualitative measures that demonstrate the effectiveness and efficiency with which purposes are fulfilled
 - selecting appropriate methods to collect and analyse performance information (e.g. through data mining, benchmarking, surveys, peer reviews and comprehensive evaluations)
 - presenting information in a way that tells a clear and accurate performance story to diverse audiences for diverse purposes
- provides links to additional resources for readers who wish to explore concepts in more detail.

¹ Section 12 of the PGPA Act defines the accountable authority of a Commonwealth entity as the person or group of persons who has responsibility for, and control over, the entity's operations.

Resources

This guide is available on the Department of Finance website at www.finance.gov.au and relates to the following other guidance on the enhanced Commonwealth performance framework:

RMG No. 130	Overview of the enhanced Commonwealth performance framework	http://www.finance.gov.au/resource-management/performance/
RMG No. 132	Corporate plans for Commonwealth entities	http://www.finance.gov.au/resource-management/performance/
RMG No. 133	Corporate plans for Commonwealth companies	http://www.finance.gov.au/resource-management/performance/
RMG No. 134	Annual performance statements for Commonwealth entities	http://www.finance.gov.au/resource-management/performance/

Introduction

Purpose

1. This guide is about **what good performance information looks like**. It is about the kinds of information that allow informed judgements to be made about whether an activity is delivering something worthwhile. It is about what information is relevant in the context in which an activity is delivered; what kinds of information are likely to be useful; how to collect rich information; and how to report information to give a clear picture of performance.
2. The advice that follows is intended to improve the quality of non-financial performance information available to the Commonwealth, the parliament and the public. Its primary focus is on performance measures for external reporting that show how public resources have been applied to achieve an entity's purposes, and what results and impacts have been achieved.
3. However, entities may also find this guide useful in driving improved performance information development within their own organisations.

What this guide is not

4. This guide is not intended to provide definitive technical advice on how to design performance measures. Nor does it prescribe a generic set of standard performance measures to be reported by Commonwealth entities. Development of entity-specific performance measures is for the technical experts (e.g. evaluation experts) that already exist within Commonwealth entities or external partners (including commercial providers).
5. More technical information on the general theory of performance measurement (e.g. the use of logic models), formal descriptions of qualitative performance measurement and detailed descriptions of specific measurements tools (e.g. surveys) are readily available in the literature and elsewhere. The additional resources section at the end of this guide provides links to websites and documents that go into greater depth on specific topics.

Background

6. Accurate and reliable performance information helps officials, ministers, the parliament and the public form judgements on whether a Commonwealth entity is delivering on its intended results. Performance measurement should be considered a business-as-usual activity. Appropriately, focused performance monitoring and reporting can be used to continuously improve performance.
7. A one-size-fits-all approach to the design and use of performance information leads to poorly defined and poorly focused performance reporting. Diverse data sources are required to assess the results of government activities, given the diversity of government activities and spending. Entities know the most about the activities they deliver and are therefore best placed to determine what types and what levels of performance information are appropriate for them.
8. This guide takes a flexible approach to performance measurement that builds on the past use of quantitative key performance indicators (KPIs). If well designed and reported, KPIs remain a powerful source of non-financial performance information that can be easily understood and related to the efficiency and effectiveness of an activity. Currently, the quality of KPIs reported by Commonwealth entities is variable.
9. **KPIs alone may not give a full performance picture** – particularly when the effectiveness of activities is hard to measure quantitatively (e.g. policy advice); when activities are more complex (e.g. because they address persistent or complex policy problems); when outcomes are best observed over the medium to long term; and when activities require collaboration across diverse entities, including other jurisdictions.
10. It is likely that the current KPIs can be reviewed to reduce their number, and that those remaining can be usefully supplemented with other quantitative and qualitative measures that are better suited to establishing the link between public resources used and results delivered. Other practical methods could include benchmarking exercises (multi-faceted comparison against a historical dataset); surveys to understand impacts on stakeholders; peer reviews that seek assessments from relevant experts; and comprehensive evaluations.
11. **Good performance reporting is not about the volume of data**; it is about using quality data to support better decision-making and better assessment of performance. Less can be more.
12. **Performance reporting must be cost-effective.** Elaborate performance measures are not good measures if the process of collecting and analysing data for them takes too much time away from the activities that contribute to delivering intended results.
13. **Performance measures should be informed by the nature of the activities they are trying to assess and the activities' key stakeholders.** Managers of activities have the greatest knowledge of what those activities aim to deliver and how. There should also be consistency in performance measurement across entities of a similar nature.

Comments on the use of 'purposes' and 'activities'

14. This guide is primarily focused on the characteristics of good performance information in the context of the enhanced Commonwealth performance framework. The framework describes performance measures in terms of the 'activities' delivered by a Commonwealth entity to fulfil its 'purposes' as set out in its corporate plan. What represents a discrete activity (or group of activities) is for entities to define, and will depend on an entity's size, the complexity of its activities, and the environment in which it delivers its purposes.
15. The guide does not assume that activities and purposes will necessarily equate to the 'programmes' and 'outcomes' reported by Commonwealth entities in Portfolio Budget Statements (PBS) and other budget documents. However, to provide a clear line of sight between the allocation and use of public resources, entities will need to ensure that links can be made between the appropriations reported in the PBS and the performance information published in corporate plans and annual performance statements. An activity may relate to a programme, a sub-programme or a collection of programmes. How the links are made is left to the discretion of entities.

The importance of clear purposes and leadership

16. Good performance is likely to result when the purposes of an entity are clear and senior leaders are able to organise resources and activities to deliver on those purposes. Good performance information helps an entity's leadership determine whether this is being achieved or not and, if not, some guidance on what they may need to do to achieve it.
17. Developing good performance information relies on a shared understanding of what is to be achieved and of the big things that are important when pursuing intended results. Put another way, performance information will only be as good as the extent to which the purposes of an entity are clearly understood. Accountable authorities and senior managers play a critical role in ensuring that this understanding exists (and is reinforced) at all levels in an entity.

Tips on using this guide

18. This guide is divided into five parts. Some may wish to read it cover to cover, but the parts are intended to be stand-alone so that readers can go directly to the topic or topics they are interested in learning more about. The following table provides a summary of the various parts of this guide and the circumstances in which they are likely to be of interest to readers.

Part	Purpose	Of interest when ...
Part 1 Fundamental considerations	<p>Discusses the importance of telling a meaningful performance story and the key considerations that lead to good performance information.</p> <p>Provides background on the type of considerations that may need to be taken into account when developing an effective performance story, including the characteristics of good performance information, the uses of performance information and the level within an entity at which to present performance information.</p>	<p>The reader wants an overview of the kind of things that need to be considered if performance information is to be fit-for-purpose.</p> <p>The reader wants to know what is broadly meant by performance information and what good performance information looks like.</p>
Part 2 Understanding purposes and activities	<p>Discusses the importance of establishing a common understanding of an entity's purposes and the activities through which they are fulfilled.</p> <p>Introduces the use of logic models to represent how purposes are fulfilled and activities are undertaken.</p>	<p>The reader wishes to develop descriptions of purposes and related activities that establish a clear connection with intended results.</p> <p>The reader wishes to establish a logic model that identifies the factors that are critical to achieving intended results.</p>
Part 3 Identifying what performance information is needed	<p>Describes the characteristics of good performance information, and the types of measures that can be used to generate it, that support a meaningful performance story. Discusses the distinction between qualitative and quantitative information, and the importance of using a mix.</p> <p>Explains the differences between and the uses of effectiveness, efficiency, output and input measures.</p>	<p>The reader wants to understand the types of things that might be measured, and how information from diverse sources supports a meaningful performance story.</p>
Part 4 Collecting performance information	<p>Provides an overview of what to consider when designing data collection and analysis processes.</p> <p>Describes of the set of flexible collection methods promoted under the enhanced Commonwealth performance framework, including data mining, benchmarking, surveys, peer reviews and comprehensive evaluations.</p>	<p>The reader wants to know the types of information collection methods available, and what information each might deliver.</p> <p>The reader is interested in some of the factors that affect the quality of information collection and analysis.</p>

Part	Purpose	Of interest when ...
Part 5 Telling the performance story	<p>Emphasises the importance of telling the performance story in the right way and to the right audiences.</p> <p>Provides an overview of the PGPA Act requirements to present performance information in corporate plans and annual performance statements.</p> <p>Provides an overview of the use of various modern reporting formats (e.g. balanced scorecards and dashboards) for presenting complex information.</p>	<p>The reader wants to understand the requirements for performance information under the PGPA Act.</p> <p>The reader wants to understand what options are available for getting the message across to different audiences in different circumstances.</p>

19. At the end of the guide is a **glossary** of terms used to describe performance information in the Commonwealth and a selection of **additional resources** that provide further information on the concepts discussed in this guide.

Part 1 – Fundamental considerations

Good performance information allows a **meaningful performance story** to be told.

20. Performance reporting is about telling a meaningful story about what has been achieved. A good performance story answers **What** did we do and how much? **How well** did we do it? **Who** was better off and **why**?
21. Under the enhanced Commonwealth performance framework, these questions relate to what difference an entity makes when it fulfils the purposes described in its corporate plan, and how that difference was achieved through the activities related to those purposes.
22. This part provides an overview of the considerations that lead to performance information that can address the above questions. It also discusses other overarching issues related to the design and use of good performance information, including what is meant by purposes and activities, the different ways performance information can be used and the interactions between those uses.

Considerations that lead to good performance information

23. A rich story will draw on diverse sources for evidence. It will be told at different levels of detail and to different audiences. The extent to which performance information is **good performance information in specific circumstances** is critical to telling a meaningful performance story in those circumstances.
24. This guide is focused on the considerations that are critical to developing good performance information, summarised as follows:
 - **Understanding purposes and activities** – creating a shared understanding of what the government wishes to achieve is critical for the development of relevant and meaningful information. Arriving at a common understanding relies on dialogue across contributors and stakeholders to identify and test what success looks like. It also requires a Commonwealth entity to clearly define its purposes (and the activities that contribute to those purposes) and what will be different when those purposes are fulfilled.
 - **Identifying what performance information** is needed– using an understanding of purposes (and the means of delivery) to identify a set of measures that can demonstrate the extent to which those purposes and activities are being delivered effectively and efficiently.
 - **Collecting performance information** – determining how to collect and analyse data associated with a measure using quantitative and qualitative methods (e.g. the use of KPIs, benchmarking, surveys, peer reviews and comprehensive evaluations).
 - **Reporting to tell the performance story** – using the data collected for performance measures to tell the performance story of an activity.
25. Figure 1 summarises a sequence for taking these considerations into account. It suggests tasks that might be undertaken, questions that could be asked and resources that might be useful in answering those questions. If the performance information is developed using the process suggested here then there will be a better chance that it will be good performance information.

Figure 1: A sequence for identifying good performance information



Purposes and activities

26. For Commonwealth entities², reporting on performance amounts to telling a story about the achievement of purposes through activities. This story is told through two key public documents under the enhanced Commonwealth performance framework – corporate plans and annual performance statements.
27. From 1 July 2015, Commonwealth entities and companies are required to publish four-year rolling corporate plans on an annual basis. Minimum requirements for these plans include a description of the purposes of the entity or company, which the PGPA Act defines as its ‘objectives, functions or role’. Corporate plans must also summarise the performance measures (quantitative and/or qualitative) that the entity or company will use to assess its performance against those purposes.
28. Annual performance statements published in annual reports acquit performance against these measures and describe the factors that influenced achievement of intended results.³
29. Entity activities, as defined as a distinct effort undertaken by an entity to achieve a specific result, should naturally be aligned with the entity’s purposes, and therefore represent a natural focus for performance measurement and reporting. Performance reporting at the activity level should focus on what the activity achieved and the contribution it makes to fulfilling the entity’s purpose (or purposes). What counts as an activity is for an entity to decide. Alternatively, a purpose may be achieved through multiple activities, or an activity may make a contribution to one or more purposes.
30. The decision on what constitutes an activity will determine the level of detail at which performance information is identified, collected and reported. If a purpose is met through a single activity, performance information is likely to be at a coarser level than if a purpose is achieved through multiple activities. The appropriate level of detail will depend on the circumstances under which a purpose is being met, including its significance (e.g. within the broader whole-of-government context) and complexity. Ideally, an activity will be defined in such a way that the level of performance information is sufficient not only to report on high-level achievement, but also to provide the more detailed information needed to inform effective management and continuous improvement.

The description of **purposes and activities** in a Commonwealth entity’s corporate plan form the **foundation on which to develop performance information and tell a meaningful performance story**.

² This guide is intended to help both Commonwealth entities and companies in developing good quality performance information. Commonwealth entities will report against this information

³ Only Commonwealth entities are required to prepare annual performance statements.

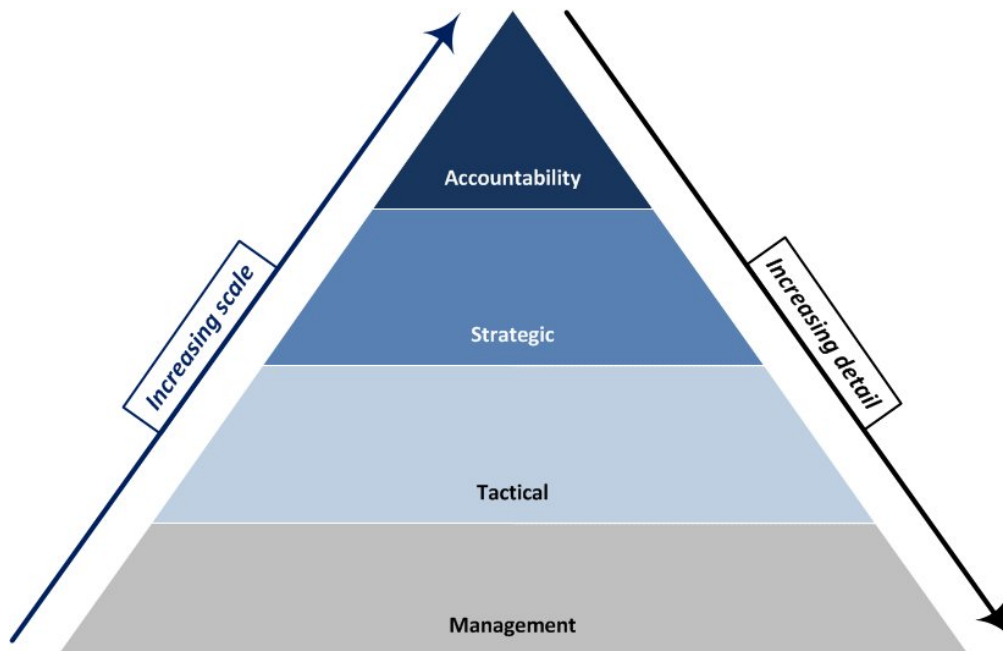
The uses of performance information

31. Good performance information will allow an activity to be understood by different people for different reasons. Good performance information can be used for more than just accounting for the use of public resources by demonstrating how they made a difference. It should also inform government decisions about how to allocate public resources across competing priorities, and inform management decisions about how activities are best delivered.
32. Figure 2 summarises a hierarchy of the various reasons why performance information might be useful, and to whom. The hierarchy is defined in terms of the following four broad categories of uses:
- **Accountability** – performance information that demonstrates whether the use of public resources is making a difference and delivering on government objectives. This is the level of performance reporting that is the focus of the PGPA Act, and made public through documents such as corporate plans and annual performance statements.

Performance reporting for accountability purposes is of most interest to the parliament and the public.
 - **Strategic decision-making** – performance information that supports government consideration of how best to deploy limited public resources to achieve its policy objectives. Such information allows the government to understand whether classes of activities contribute effectively to its purposes, and to assess the relative performance of activities competing for the same resources.

Performance information used to support strategic decisions is likely to focus at the entity purposes level, with some ability to relate to performance at the whole-of-government scale. It will be most relevant to ministers and the Cabinet, and to governing boards of corporate Commonwealth entities.
 - **Tactical/Entity decision-making** – performance information that the accountable authority of a Commonwealth entity can use to make decisions about which activities to allocate resources to in order to best achieve the outcomes determined by government. Information for tactical decision-making would ideally allow accountable authorities to understand how the performance of particular activities (or groups of activities) contributes to the achievement of one or more entity purposes.
 - **Management/Operational** – performance information that allows the managers of activities to understand whether the tasks they have been allocated are providing the results expected by senior managers, and if not, why not. Performance information used for this purpose supports continuous improvement. Ideally, the information is shared across an entity, and between entities to help identify better practice.
33. The level of detail required for performance information will depend on what it will be used for. Information used to make decisions about how to deliver an activity (tactical/management) is likely to be at a finer level of detail than that used by ministers to make decisions about resource allocations (strategic/accountability). Performance information at the top of the hierarchy (e.g. used to demonstrate accountability) will be considered in a broader context, and is likely to be presented at a reasonably high level (for example, focused on answering the high-level question: who is better off and why?). Ideally, performance information will be able to be put to as many of the four uses as possible.

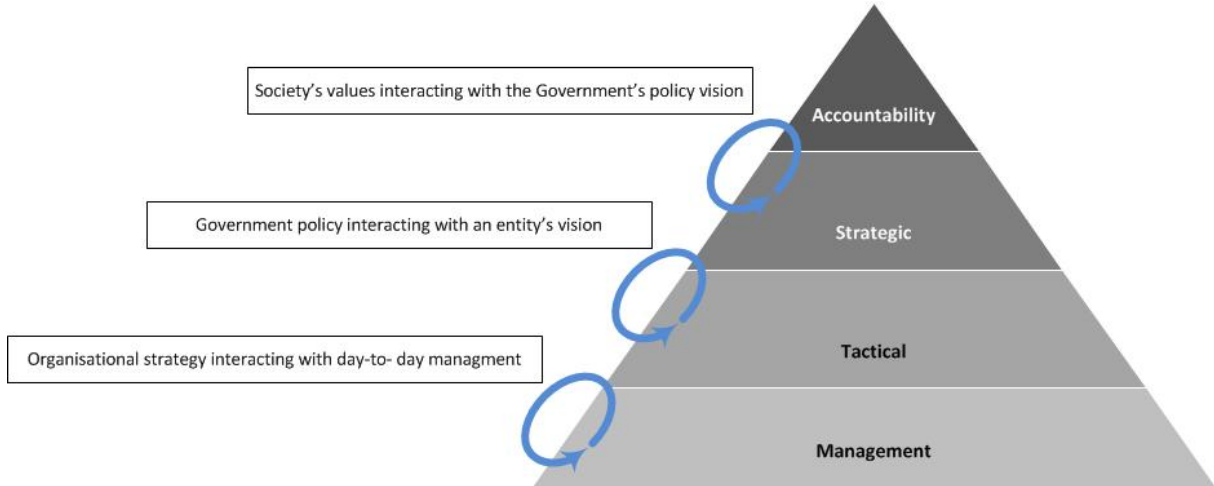
Figure 2: Levels of performance information



Interactions between the uses of performance information

- 34. The relationship between the levels of performance information shown in Figure 2 is not strictly linear (see Figure 3 for some examples).
- 35. The parliament and public are likely to combine information presented for accountability purposes with an understanding of society’s values to form judgements on whether an activity has made a difference. A minister is likely to view the relative merits of activities within their portfolio in terms of the government’s priorities and policies.
- 36. The contexts in which performance information is used are not only different depending on what it is being used for (and by whom), they also interact and influence each other. How the public views the performance of an activity in the context of society’s values may influence government policy and the priorities a minister gives to different activities. These interactions will flow through the levels of the hierarchy and influence decisions down to the base level of how activities are conducted and managed.
- 37. Interactions between the uses of performance information are not always top-down. They can also happen from the bottom up. For example, performance information relevant to managing specific activities flows upwards and informs what is feasible (based on what can be managed and delivered).
- 38. The complex interactions between the different levels will influence the development of performance information. Good performance information will need to be useful in different contexts. The experience and needs of people making decisions at different levels needs to be considered. It may mean that information at a lower level (for management decision-making) cannot be easily aggregated to provide good information at a higher level (e.g. for tactical decision-making). It also means that there needs to be dialogue between the users of the information at different levels, so that judgments at one level inform what counts for good information at other levels.

Figure 3: An example of how the uses of performance information might interact



Practical considerations

39. Apart from the conceptual considerations, there are several practical considerations that may influence the development of good performance information. The table below summarises the most significant of these considerations. Some are addressed in further detail in the sections that follow.

Data quality	<p>Poor-quality (or irrelevant) performance information will compromise the integrity of performance reporting and jeopardise effective management of an activity.</p> <p>Clearly defined purposes, expected results and performance management systems need to be in place to ensure that performance information is meaningful.</p> <p>Information needs to be quality controlled to ensure consistency and give assurances that the data is of value.</p>
Cost	<p>Performance measurement must be cost-effective. The effort required to collect and manage the information must be commensurate with the significance of an activity.</p> <p>Costly measurement frameworks can detract from an entity's ability to deliver activities and achieve its purposes.</p>
Attribution	<p>Many government activities are delivered in complex environments that are constantly changing. Limited control over external factors can make it difficult to link the results of a particular activity with changes observed in the broader environment.</p> <p>In such cases, it may be necessary to just measure the changes observed, and provide evidence that supports a theory that links those changes to the results of a specific government activity.</p>

Cross-entity activities

The government often requires entities to work together to achieve a particular purpose. Although the entities may deliver discrete components of the broader undertaking, the performance information that is likely to be of most interest, from an accountability and strategic perspective, is information on whether the common purpose is being achieved.

Results on different timescales

Many activities will deliver different results at different times. Long-term results can be difficult to measure since they may only be observable once an activity has ended (or has been going on for many years). In such cases, it is important to use results observable in the short to medium term to provide confidence that the long-term results will follow.

Durable data

It is often necessary to demonstrate the difference an activity makes over time. In such cases, performance information will need to be stable over the period of interest. If the types of information (or methods of collection and analysis) vary significantly, the ability to make comparisons between different times will be compromised.

Part 2 – Understanding purposes and activities



40. An understanding of what difference an activity seeks to make – and how this will be achieved – is critical to telling a meaningful and accurate performance story. Those involved in activities that deliver on a common purpose need to have the same understanding of what that purpose is, what will be different when it has been achieved and how it will be achieved in an efficient and effective manner. If a common understanding of how activities contribute to a purpose is not established at the outset (and sustained), those involved in delivering on that purpose are likely to work towards different things.
41. This part provides guidance on establishing an understanding of the objective(s) of an activity (or activities) and developing an understanding of the characteristics of activities that influence the development and use of good performance information. This is the first step in the sequence of tasks shown in Figure 1.

A shared understanding of what is being delivered by an activity is critical to the development of good performance measures.

Understanding entity purposes

42. Meaningful performance information depends on having a clear understanding of the purpose to be fulfilled, and expressing that understanding in a way that is measurable. The table below provides some examples of poorly worded descriptions of entity purposes and wording that is likely to provide a better understanding of the results that are aimed for.

Poorly worded purpose	Better worded purpose
<i>Provide support to regional industry</i>	<i>Encourage further investment in regional areas that leads to generation of new jobs</i>
<i>Defending Australia</i>	<i>Develop and sustain military capability that meets the government's strategic and operational needs</i>
<i>Improve health services for people with serious and life-threatening illnesses</i>	<i>Reduce mortality rates for people with serious and life-threatening illnesses</i>

43. A well-expressed purpose states the outcome that an entity seeks to achieve for clients, stakeholders and the public. Such an understanding must be shared by those who contribute to delivering on a purpose – both within a Commonwealth entity and external delivery partners (e.g. state governments and non-government organisations). The understanding of what difference will be made when a purpose is achieved should also be shared with clients and stakeholders, so that those expecting to benefit have a common and realistic understanding of what will be provided.

Tips for developing a common understanding of purpose

Discussing the following questions extensively internally as well as with delivery partners and key external stakeholders, will assist in establishing a clear and coherent understanding of the purpose (or purposes) to be fulfilled:

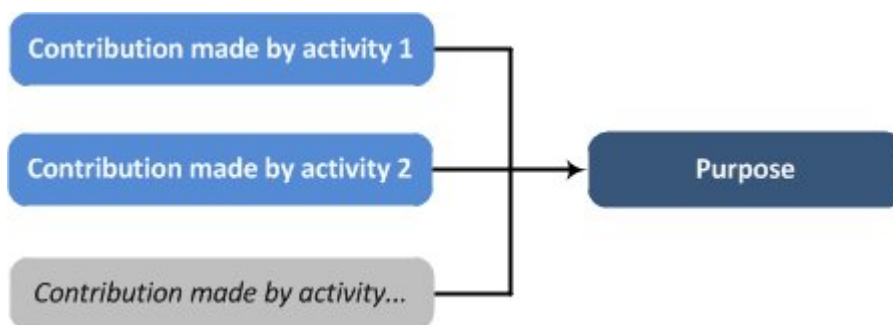
- What need is being met? What is the government's role in meeting that need?
- How will things be different when the need is met, and for whom?
- Who should be involved in making this difference? How long will it take?
- How can this difference be achieved effectively at the lowest cost?
- When will stakeholders know a significant difference has been made? What will be observed to have changed?

44. The importance of understanding purposes collectively cannot be stressed enough. Purposes will be most widely understood if they are established through dialogue with ministers, senior managers, line managers and external stakeholders. It is important that this dialogue continues over time so that it incorporates lessons learned from past performance, changes in external environments and changes to government priorities. As discussed in the introduction, an entity's leadership has an important role to play in ensuring that a clear understanding of purpose is being constantly and consistently defined and shared with all those responsible for fulfilling it.

Contributions to a common purpose

45. When a Commonwealth entity's purpose is fulfilled through more than one activity, it is important that the contribution each activity makes is well understood. The combination of contributions made by all activities will be the extent to which the single purpose is met (e.g. as shown in Figure 4). The contribution made by one activity is likely to have impact on others – for example, one activity might need to achieve specific results for another to be successful. This interdependency means that – like an understanding of a purpose – contributions need to be understood collectively. This helps ensure that activities are coordinated and that the performance of each can be understood in terms of its contribution to the common purpose.

Figure 4: Contributions made by multiple activities to a single purpose



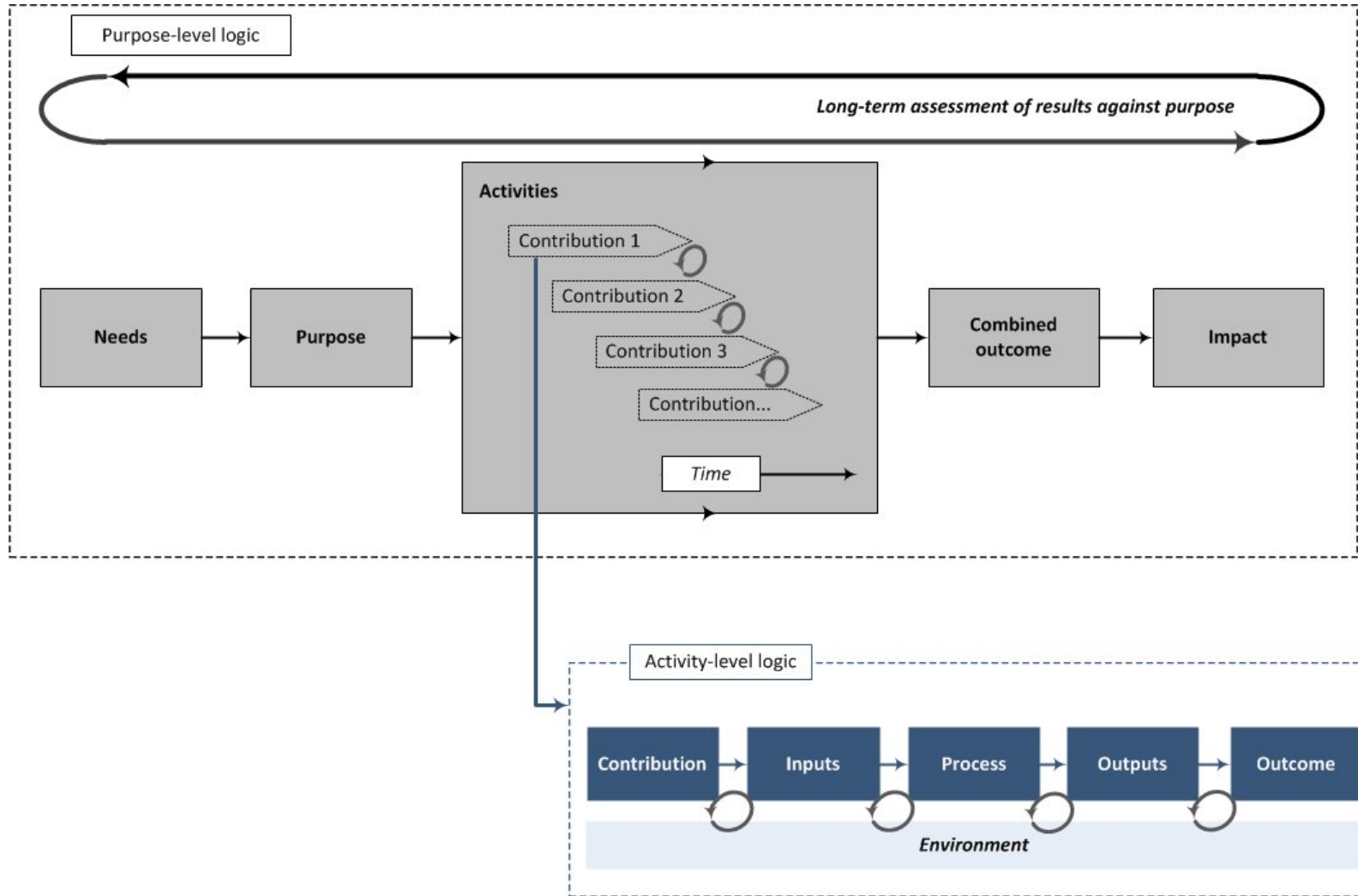
Using logic models

46. A logic model helps in understanding how a purpose is met through one or more activities. It is a visual representation (see figure 5) of how the purpose is intended to be met and seeks to establish a chain of reasoning or a series of 'if ... then...' statements that connect critical elements of the proposed activity(s). For example, if these public resources are made available, then these things will be produced, and if these things are produced then this is the difference they will make to recipients. A logic model can help determine what performance information is needed to tell an effective performance story because it can help identify the sequence of *causes and effects* that explain how a purpose is intended to be fulfilled.
47. Figure 5 shows a generic logic model applicable to a purpose met by a Commonwealth entity through a single activity or multiple activities. The generic logic applies at two distinct levels:
- **purpose-level logic** describes how interdependent activities focused on a single purpose make contributions to achieving that purpose by combining to make an impact on those with an identified set of needs
 - **activity-level logic** describes the connection between the elements (inputs, outputs and outcomes) that determine how a single activity makes a specific contribution to fulfilling a specific purpose.
48. In cases when a purpose is met by one activity, the two levels will collapse into a single layer, with elements combining into a single sequence that goes from needs to purpose to impact.
49. A meaningful logic model will typically be developed through collaboration among all those involved in fulfilling an entity's purpose. A logic model should also be dynamic and should be revisited at regular intervals during the lifetime of a specific purpose. This is because the model must be relevant to the context in which a purpose is met, and that context is likely to change in response to external factors.

Tips for developing a logic model

- Develop a logic model collaboratively with key programme managers, delivery partners and external stakeholders.
- Use clear and concise wording to describe each element and/or step in the logic model.
- Ensure the inputs, outputs and outcomes:
 - contribute to the achievement of the entity's purpose
 - address the gaps between the current situation and the desired situation.
- Consider the potential impact of external factors on outcomes.
- Use 'if ... then' thinking to describe how change occurs and how activities trigger the change process.
- Treat a logic model as a dynamic model that is informed by environmental scanning to understand the changing context in which a purpose is fulfilled.

Figure 5: A generic logic model describing the elements that contribute to fulfilling a purpose



Purpose-level logic

50. Purpose-level logic puts activities in the context of why they are being undertaken and the ultimate difference they are intended to make. The key elements of purpose-level logic shown in Figure 5 are:
- **Needs** – identifies the issues to be addressed, who are to benefit and why government intervention is required. An example could be the need to assist a region to deal with changes in its economic circumstances (e.g. due to drought or the closure of manufacturing businesses). The primary beneficiaries are the people who live in the region who would benefit from a more vibrant local economy. The government has a role because the market (and the community) alone cannot address the diverse social and economic issues threatening the region.
 - **Purpose** – describes how the identified needs are to be met and to what effect. In the case of providing assistance to a region, the purpose may be to increase and sustain the region's economic viability. The description could include a timeframe or target against which fulfilling the purpose can be assessed (e.g. significant improvements within three years, followed by a five-year period of sustained economic growth).
 - **Activities** – describes the means through which the identified purpose(s) is to be achieved. There may be multiple activities all directed at meeting a common purpose. Examples of activities in a regional assistance context could include financial assistance for regional businesses, enhanced employment assistance for displaced workers etc.
 - **Combined outcome** – describes the overall effect (or result) of the activities conducted to meet the purpose. For the regional assistance example, the outcome could be an improvement in the economic conditions of the region.
 - **Impact** – the ultimate difference made by achieving the outcome. Compared to outcomes, impacts are measured over the longer term and within a broader societal context. For the regional assistance example, the impact could be that the region re-establishes itself as a vibrant community and attracts new business, the population increases and the state government invests in new infrastructure.
51. At the highest level, effective performance measurement amounts to an assessment of the extent to which the impact and common outcome(s) achieved through activities fulfills the common purpose(s) those activities were put in place to achieve. This will require the regular assessment over the lifetime of a purpose and, as such, will often need to change over time as contributing activities mature and the external environment changes.

Activity-level logic

52. Activity-level logic describes the contribution a single activity makes to achieve a purpose. As shown in Figure 5, the key elements of a logic model rendered at this level are:
- **Contribution** – what the activity will achieve to help fulfill the purpose to which it contributes. In the case of assistance to a region, a discrete activity could seek to retrain those left unemployed after the closure of a major employer.
 - **Inputs** – the public resources (such as money, property and people) provided to meet the need identified by government and achieve its objectives in meeting that need. For retraining those left unemployed after a business closure, inputs could include the people required to establish and deliver the training programmes, the facilities required to provide training in skills relevant to the region and people willing to be retrained.
 - **Process** – the activity done by a Commonwealth entity directed towards a particular activity. For the retraining programme example, the process could include identifying skills that increase employment opportunities, establishing a curriculum for training in those skills, employing teachers, and recruiting trainees.
 - **Outputs** – the tangible things (e.g. service, benefit payments or grants made) delivered through the process associated with an activity. The output of a retraining programme would be individuals who are qualified to use their new skills.
 - **Outcome** – the difference made by outputs being provided. The outcome of delivering a retraining programme might be the percentage of trainees re-employed within their region.
53. Activity-level logic provides a detailed understanding of how a purpose is fulfilled. It builds on purpose-level logic by drilling down into why a purpose is to be met by a certain observed standard. It does this by providing information on the mechanics of an activity and the factors that led to an activity making a contribution as expected (or deviating from what was expected).
54. Activity-level logic can also help reveal the interactions between specific elements of an activity, and also between those elements and the wider environment. For example, effective performance measurement may demonstrate that the outcome of an activity is not making the anticipated contribution it was expected to make to the achievement of a purpose. In this case a rethink would be warranted. The nature of the contribution may need to be reviewed. Or alternatively outputs may need to be adjusted or refined, resulting in a change in process and reconsideration of the inputs demanded by the redesigned process. This rethink could also consider whether environmental factors are influencing elements in an unexpected way, so that the outcome needs to be pursued differently (e.g. because economic changes have influenced the inputs that are available).

The influence of time

55. Where multiple activities combine to fulfill a single purpose, the timing of those activities will be important. Activities will often be sequenced, and will not always be conducted simultaneously. This is because one activity may depend on another providing something it needs as an input. Activities also often work on different timelines, so the contributions that activities make to a combined outcome will be different at different times. The performance story told at a particular time will need to reflect the combined outcome that can be reasonably expected from the activities that are relevant up until that time (i.e. the combined outcome will vary over time).

Figure 6: Short, medium and long-term performance information



56. Figure 6 illustrates the influence that time has on telling a performance story. Short-term activities provide short-term performance information; medium-term activities provide medium-term information; and long-term activities provide long-term performance information. A full performance story can be told when information on all three timescales becomes available.

57. When information on one or more timescales is not available, it should not be substituted with information from another timescale (e.g. medium-term information should not be substituted for long-term information). The information available should be used to tell the performance story as it stands, and to provide confidence that the full performance story will develop over time as expected. For example, a full performance story cannot be told during the initial stages of an activity. However, a story about implementation activities being successful can be used to provide confidence that an entity is well placed to achieve the expected long-term outcome.

Part 3 – Identifying what performance information is needed



58. One of the biggest challenges is choosing the kind of information that best illustrates whether a particular purpose is being met. This includes identifying past and present performance results, and pointing to potential future performance. Good performance information will draw on diverse sources to support a rich performance story told over time, with quantitative data typically sitting alongside qualitative data.

59. This part provides advice on what constitutes good performance information. It assumes an entity's purposes are well understood, both in terms of the difference made when a purpose is fulfilled and the mechanics of the activities that contribute to that purpose.

Learning from experience

60. In the past, Commonwealth entities have been required to report performance through quantitative key performance indicators (KPIs) – presented as measures of things such as the number of transactions or client contacts, the cost of an activity (in dollars or full-time equivalents) or the number of people or groups.

61. The use of KPIs has drawn criticism related to their ability to provide a comprehensive picture of what was achieved with public resources.⁴ These criticisms have included the following:

- Often there has been no link between an entity's KPIs and what an entity seeks to achieve (i.e. its purposes)
- KPIs have tended to be vague, ambiguous and open to interpretation
- KPIs have often lacked targets or context against which they can be measured
- Entities have often changed KPIs for an activity from year to year, making it difficult to get a reliable view of performance over time
- Entities have often used KPIs to measure the use of resources (inputs) or the delivery of outputs, without providing a picture of whether the purposes aimed for are being achieved.

62. Overall there has been poor use of KPIs to tell effective performance stories and to support a dialogue on what works well and what does not.

63. The flexibility to choose performance measures of different types promoted through this guide (and the enhanced Commonwealth performance framework) will help address this failing. Entities will now be able to use a range of different performance measure methodologies to assess their performance. This should encourage entities to look at performance from different viewpoints.

⁴ See, for example, Australian National Audit Office, *Pilot project to audit key performance indicators*, Audit Report No. 21, 2013–14 (available at www.anao.gov.au).

Good performance information - use of quantitative and qualitative measures

Quantitative data refers to observations that are represented numerically, including as a number (count), grade, rank, score or proportion. Examples are standardised test scores, average age, the number of grants made during a period, and the number of clients assisted during a period.

Quantitative inquiry emphasises measurement, rather than narrative.

Qualitative data is information that describes something.

Qualitative inquiry emphasises narrative rather than numbers.

Qualitative inquiry involves capturing and interpreting the characteristics of something. This can involve tapping into the experiences of stakeholders through observation, interviews, focus groups and analysis of documents.

64. As a general rule, a meaningful performance story will be supported by both quantitative and qualitative information. Quantitative and qualitative information make different contributions to an assessment of performance. A performance story where one is presented without the other is less likely to provide a complete picture than a story that uses one to complement the other.
65. A good performance measure will often have both quantitative and qualitative dimensions. For example, a survey may be used to seek clients' opinions on whether they derived a benefit from a service provided by a Commonwealth entity. The survey will provide quantitative information – for example, 50 per cent of respondents were satisfied with the service provided. However, to be useful, the survey would need to ask questions about what respondents valued and what they felt was lacking, so that the entity can understand why half of the surveyed group considered their experiences unsatisfactory.
66. There may be instances when measuring performance is justified in mainly quantitative or qualitative terms (for example, when an activity is purely transactional and performance can be measured in terms of reaching a quota and/or completing transactions within a specific timeframe). In such cases, the entity should consider explaining (e.g. in its corporate plan) why one type of information is preferred over the other. Such commentary would also serve to better place an activity in the context in which it is delivered, and indicate the lens through which performance should be judged.

The features of good performance measures

67. Good performance measures should enable the entity to monitor and manage the performance of activities contributing to a particular purpose. Generally, performance measures should provide information on:

- **the *what*** – high-level performance measurement that addresses the difference made by activities. It focuses on achievements against a specific entity purpose – both positive and negative. It focuses on outcomes and impacts rather than inputs and outputs. The ‘what’ informs judgements about the **effectiveness** of activities.

The ‘what’ allows stakeholders, the parliament and the public to independently judge an entity’s performance and thus hold the entity accountable for its activities.

- **the *how*** – more detailed performance measurement aimed at understanding the performance reported against a purpose. It provides information on how activities were undertaken and why they made a particular contribution to an entity’s purpose. It will typically include measures of inputs used and outputs delivered. The ‘how’ informs judgements about the **efficiency** with which public resources were used.

The ‘how’ can be used to monitor performance and understand how activities can be improved to make better use of public resources.

- **the *who*** – more detailed performance measurement on who has been affected by the activity, to what extent and whether this was intended or not. This goes primarily to the **effectiveness** of activities, although it has **efficiency** aspects as well. Is the activity effectively and efficiently delivering the intended benefit/change to the people it was directed at etc?

68. As a longer term goal, it is hoped that good performance measures will also facilitate a more joined-up view of government. Ideally, it should be possible to make connections between the performance of activities in common policy areas (e.g. national security, health or education) to understand what works well and what doesn’t.

Good performance measures will provide **meaningful information** on an entity’s purpose in terms of the effectiveness and efficiency of activities focused on that purpose.

69. There is no general rule for what constitutes a good performance measure. However, the following principles may assist in developing performance measures that are (at least) fit for purpose:

- Focus on a **small number of well targeted and defined performance measures** rather than a large number of loosely framed performance measures
- The form and content of the performance measures should provide sufficient evidence to show whether the activity is achieving or satisfactorily progressing towards the achievement of the desired outcome
- The performance measures should be carefully worded to ensure that the results being monitored are specific enough to allow a meaningful discussion of performance
- The performance measures should drive behaviours that will deliver the desired outcomes of the activity
- A comprehensive and balanced set of performance measures should compare actual performance with expected results.

70. In cases where activities are delivered through collaboration across different entities, the performance measures reported by those entities should be clearly linked to provide a holistic view of the achievement of the common purpose.

Focus on quality, not quantity

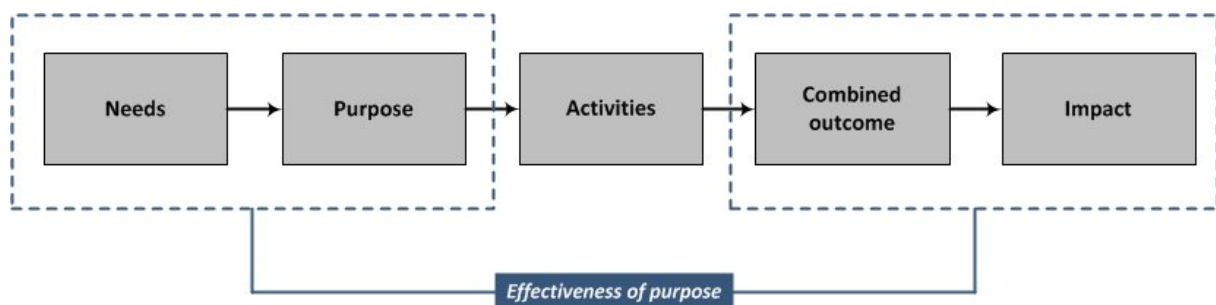
71. Good performance information will draw on multiple sources that offer different perspectives on the achievement of the intended objectives of an activity. The performance story of an activity is likely to be best supported through a small and diverse set of measures. It is rare that a single measure will be able to adequately determine the effectiveness of an activity.
72. This is not to say that the quantity of information is the key. Quality should be emphasised over quantity. The best performance information will be provided by the smallest set of measures that is comprehensive enough to cover the main things that affect an activity's performance.

Effectiveness – measuring the what

Were the right things done with the right effect?

73. Effectiveness is what the parliament and external stakeholders are likely to be most interested in. At the highest level, effectiveness is about whether an entity delivered on a purpose it was tasked with achieving e.g. as described in its corporate plan). In terms of a purpose-level logic model, it is a measure of whether the combined outcome achieved through activities delivers on an entity's purpose (see Figure 7). Effectiveness measures show whether the needs addressed through a purpose are being met and are making a difference to the right people.

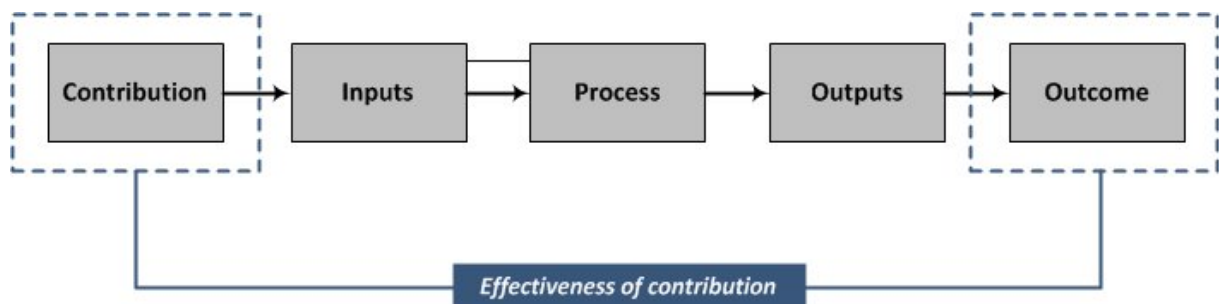
Figure 7: Effectiveness in terms of the achievement of an entity's purpose



74. Measures of effectiveness will be suggested by well-worded entity purpose statements. Examples might include:
- the **change in literacy rates** as a result of activities to meet a purpose focused on raising national reading standards
 - the **change in workplace injuries** as a result of workplace, health and safety regulation aimed at achieving a purpose focused on reducing workplace injuries
 - the **change in the value of exports** as a result of implementing a free trade agreement with a bilateral partner aimed at achieving a purpose focused on fostering increased trade.

75. If effectiveness is measured in quantitative terms, some other measurement of the combined outcome of activities is often required. For example, measuring the change in literacy rates might require testing people to determine whether their reading meets a minimum level. The number at or above the minimum level would then be compared against a baseline (e.g. before specific activities commenced) to determine the change in literacy rates.
76. Effectiveness can also be considered in terms of the contribution made by a specific activity (in cases when a purpose is delivered through multiple activities). The effectiveness of an individual activity is defined in terms of the outcome it achieves against the contribution it is intended to make to the relevant purpose (see Figure 8).
77. For the example of a purpose that seeks to reduce the number of workplace injuries, specific activities and their outcomes might include:
- **safe workplace training** with the outcome that employers and employees understand safe workplace practice and how to manage health and safety risks in their environment
 - **workplace certification** with the outcome that minimum standards of workplace health and safety management are maintained across workplaces
 - **workplace compliance monitoring** with the outcome that there is an effective deterrent against ignoring health and safety regulations.
78. Each of these individual activities has its own measurable outcome against which the effectiveness of the specific activity can be assessed. However, these outcomes interact (in a non-linear fashion) to produce the combined outcome of reducing workplace injuries. This combined outcome relies on each of the individual outcomes being achieved. If one is absent (or achieved to a lesser extent), the others will interact in a different way to produce a different combined outcome. Understanding the individual outcomes of activities (and how they interact) can help deepen the understanding of effectiveness at the purpose level.

Figure 8: Effectiveness in terms of the contribution made by a specific activity

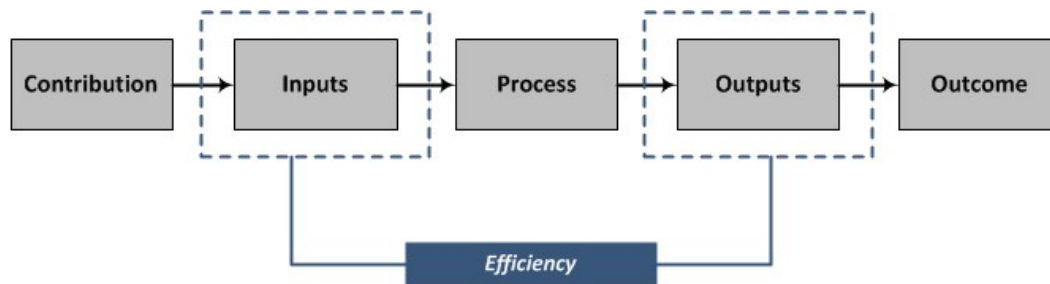


79. Although the examples of effectiveness measures offered above are quantitative in nature, effectiveness will not always be able to be measured in quantitative terms. For more complex purposes and activities, qualitative information will complement quantitative measures (e.g. by indicating how results were valued by people). For example, people receiving reading education might be surveyed to understand whether it has made a major difference to their lives.

Efficiency, outputs and inputs – measuring the how

80. Activity efficiency measures can often be used to complement effectiveness measures. In some cases they will be a measure of effectiveness in themselves e.g. where payments or services need to be delivered to particular eligibility groups.
81. Such 'how' measures include those that describe the outputs produced (e.g. services) and the use of inputs (e.g. public resources consumed) (see figure 9).

Figure 9: Using a logic model to define efficiency



82. Measuring the 'how' is useful when external stakeholders or government wish to understand what influenced the achievement of a reported level of effectiveness. Measures of efficiency, outputs and inputs can also provide insights into the operational factors that are affecting the extent to which an activity is effective. They support the monitoring of activities and allow judgements to be made about how delivery might be improved or how resources might be better allocated among activities.
83. The table below summarises the key features of common types of information that can be used to show how an activity was delivered. Efficiency measures are widely used across government and, when reported on a common basis (e.g. the unit costs of administering grants), can be used to benchmark the relative economy of like activities across different entities and policy spaces.

Efficiency measures	<p>Efficiency measures say something about the process used to convert inputs (e.g. dollars or full-time equivalents) to outputs. Examples of efficiency measures include processing cost per grant, cost per benefit payment, full-time equivalent per grant provided, and minutes per inspection.</p> <p>An activity is efficient when there is reasonable evidence that efficiency measures have been maximised. Such evidence may be provided through methods such as benchmarking that make comparisons across similar activities or assessments by experts with experience in delivering similar activities.</p>
Input measures	<p>A key objective of performance reporting is to provide accountability for the use of public resources. Such accounting provides information on the inputs that are provided from public resources to achieve a specified purpose.</p> <p>Inputs typically include money, staff time and equipment. These inputs are invariably measured in quantitative terms, and are captured by an entity's IT systems used for financial, human resource and project management.</p> <p>Inputs can also be intangible, such as relationships with stakeholders, reputation and intellectual property (e.g. an existing brand). These inputs are best described in qualitative terms and are best reported when they are critical to the success of activities (e.g. because they create the conditions under which an activity can succeed).</p>
Output measures	<p>Output measures typically provide information on the number and quality of tangible outputs (e.g. products and services) delivered by an activity. Examples of numerical output measures include:</p> <ul style="list-style-type: none"> • number of grant applications processed • number of training hours provided • number of clients serviced • number of transactions processed • number of briefings or reports produced. <p>The quality of outputs will typically be determined using a mix of qualitative and quantitative measures. For example, the turnaround times to respond to queries may be used to assess the performance of an advisory service.</p> <p>Qualitative information on outputs may also be gathered from methods such as surveys of recipients of government goods and services (e.g. responses to questions about whether recipients were satisfied with the good or service provided).</p>

84. Efficiency, output and input measures will typically sit alongside effectiveness measures. There will be some cases, however, when effectiveness information is incomplete, does not exist or is simply too costly to collect. For example, effectiveness is unlikely to be measurable during the initial implementation phase of an activity, or when many agencies contribute to a whole-of-government purpose that cannot be expressed in common terms. In such cases, input, output and efficiency measures might be all that is available. When an entity finds itself in this situation, it should be clear on why effectiveness cannot be measured, and how well-designed input, output and efficiency measures provide confidence that the right things are being done (i.e. that they are suitable proxies for effectiveness).

Using targets

85. The use of targets often helps define performance. Targets are particularly useful when there is a clear expectation of the standard to which a purpose is to be fulfilled (or an activity is undertaken), and comparison against such targets provides a clear and unambiguous result. Good targets are often:

- clearly defined in terms of data sources (and the limitations of those sources)
- unambiguous (they cannot be interpreted in more than one way)
- consistently phrased in either positive or negative terms.

86. While targets should reflect the performance expectations of management, stakeholders, parliament and the public, they can also be informed by external benchmarks or trends in performance from prior periods or activities. Baseline results, achieved before an activity or intervention begins, may also be a useful reference point for a new activity.

Matching performance measures to the needs of the audience

87. The types of performance information used in particular circumstances will depend on the needs of the audience. The table below shows the types of measures (effectiveness, efficiency, output or input) that are likely to be useful for each of the four purposes of performance information: demonstrating accountability to the parliament and the public; strategic decision-making by government and ministers; tactical decision-making by accountable authorities and senior officials; and management of activities.

Performance information use	Performance information types
<p>Accountability</p> <p><i>Information that demonstrates whether the use of public resources is making a difference and delivering on government objectives</i></p> <p>Relevant to the parliament and the public</p>	<p>Effectiveness measures at the purpose level to provide information on whether expected results have been achieved (and to what standard).</p> <p>For a complex purpose (e.g. delivered through interdependent activities), purpose-level effectiveness measures may be complemented by effectiveness measures at the level of each activity to provide more detail on how a purpose was fulfilled.</p>
<p>Strategic decision-making</p> <p><i>Information that supports government consideration of how best to deploy limited public resources to achieve its policy objectives</i></p> <p>Relevant to government, responsible ministers and the Cabinet</p>	<p>Effectiveness measures at the purpose level to provide information on whether expected results have been achieved (and to what standard).</p> <p>Effectiveness measures at the level of each activity to provide more detail on how a purpose was fulfilled.</p> <p>Effectiveness measures at the cross-entity level, to provide information on whether a purpose delivered through multiple entities is being achieved.</p>
<p>Tactical decision-making</p> <p><i>Information that assists an entity in making decisions about how best to deploy its resources to achieve its purposes.</i></p> <p>Relevant to accountable authorities and senior managers</p>	<p>Effectiveness measures at the purpose level to provide information on whether expected results have been achieved (and to what standard).</p> <p>Effectiveness measures at the level of each activity to understand which activities are most effective at fulfilling a purpose.</p> <p>Efficiency measures for each activity related to a purpose to understand where opportunities exist to allocate resources more effectively across the entity.</p>
<p>Management</p> <p><i>Information that allows the managers of activities to understand whether they are providing the results expected by senior managers</i></p> <p>Relevant to managers and their staff</p>	<p>Effectiveness measures at the level of each activity to understand which activities are most effective at fulfilling a purpose.</p> <p>Efficiency measures at the level of each activity to understand where opportunities exist to improve processes.</p> <p>Output measures at the level of each activity to understand what is being delivered (and to what standard)</p> <p>Input measures at the level of each activity to ensure that scarce resources are being used efficiently.</p>

Part 4 – Collecting performance information



88. This part provides advice on how to collect good performance data once the purposes and activities being monitored and reported are well understood and appropriate performance information has been identified.

Good performance information must be able to be collected, analysed and managed.

Good collection methods support good performance information

89. Good performance information will be able to be collected, analysed and managed. The following considerations are important when deciding how to collect performance information (and what performance information to collect):

- **Availability** – is the information available already (e.g. in existing enterprise management systems)? If not, is it feasible to collect it?
- **Suitability** – can accurate information be collected? Can it be audited? For example, data may not be reportable without making omissions to protect sensitivity or commercial confidentiality. In such cases, the remaining data may not be sufficient to provide a reliable view of performance.
- **Timeliness** – can information be collected on a timescale that suits the purpose to which it will be put? Information that takes several months to collect and analyse may be relevant to an evaluation towards the end of the life of an activity, but it is unlikely to be useful for day-to-day management.
- **Cost** – What is the cost of collecting information? Are there sufficient resources? The effort required to collect and analyse information should be commensurate with the benefit the information provides and should not detract from an entity's ability to deliver activities and achieve its purposes.

90. Information must be able to be managed and analysed. Collecting information using electronic (e.g. web-based) forms that feed responses directly into a spreadsheet or database is likely to be a better solution than paper-based forms (where individual responses can be easily separated from a physical file, and errors can occur when information is entered manually into a spreadsheet).

91. The frequency at which information needs to be collected (and the level of detail required) will also influence how it is collected. Information that needs to be collected frequently may justify investment in systems that allow much of the process to be automated. Such investment is less likely to be cost-effective if information is to be collected once and greater interaction is required with those providing the information (e.g. to develop narratives or explore initial responses).

Sampling bias

92. When designing an approach to collecting and/or analysing information, it is important to consider what bias might be introduced by the collection method. Minimising bias is particularly relevant to information collected and analysed as statistics (where biased data can lead to false conclusions). Common types of bias are summarised in the table below.

Exclusion bias	<p>Occurs when important information is not collected (e.g. adequate information is not collected on activities that make key contributions to fulfilling a purpose).</p> <p>Can be minimised if purposes and activities are well understood and the performance information required has been identified through a rigorous process.</p>
Sampling bias	<p>Occurs when individuals or groups are disproportionately represented in the sample from which information is collected (e.g. when key stakeholders are omitted from the sample group).</p> <p>Can be minimised if an analysis is conducted of how the information to be collected is likely to vary across different groups and circumstances, and the sample group is designed to capture these variations.</p>
Interaction bias	<p>Occurs when the sample group is aware that it is being observed and changes its behaviour either consciously or subconsciously (e.g. when people perform differently because they know they are being observed).</p> <p>Can be minimised by ensuring information collection occurs as unobtrusively as possible.</p>
Perception bias	<p>Occurs when the people collecting information have preconceived idea about how a system should behave or about what the results will be.</p> <p>Can be minimised if independent information collectors are used and/or if collectors are made aware of their preconceptions before commencing a collection exercise.</p>
Operational bias	<p>Occurs when the process for collecting information is not followed or when errors are made in the recording and analysis of data.</p> <p>Can be minimised if processes for collecting and managing information are well designed and documented, and collectors are well trained.</p>

Information collection methods

93. This section provides an overview of the following methods for collecting information:

- **data mining** – where performance information is collected (or extracted from existing data collections) and presented in numerical form (e.g. an efficiency measure or quantitative output measure)
- **benchmarking** – where performance information for an activity is collected against some standard (benchmark) for similar activities
- **surveys** – where information is sought from delivery partners and/or external stakeholders to understand the results of an activity
- **peer reviews** – where assessments of performance are provided by either experts or stakeholders
- **comprehensive evaluations** – where information from diverse sources is combined to understand the factors that influence the effectiveness of an activity.

94. With the exception of data mining, each of these methods can be used to collect both quantitative and qualitative information that provides insights into performance.

95. The following tables describe the typical approaches, relevant tools, strengths, and limitations associated with these methods.

Data mining

Description
<p>Data mining is used to collect and analyse performance information (metrics) that can be calculated using quantifiable data (i.e. numerical data).</p> <p>Such performance information is typically represented as whole numbers, percentages, proportions, trends (e.g. increase or decrease from an established baseline figure), statistics (e.g. average, median or standard deviation) and ranks.</p> <p>Common examples include the dollar cost of delivering an activity, the number of full-time equivalents staff required to deliver an activity, the unit cost of providing a service (e.g. cost per transaction), and turnaround times for responding to inquiries.</p>
Typical approaches
<p>Numerical data will often be extracted from existing databases or systems, such as financial management systems, human resource information management systems, project management systems and customer relationship management systems.</p> <p>If the information cannot be extracted from internal systems, it may need to be collected from delivery partners, Commonwealth or inter-governmental partners (e.g. state and local governments) and external stakeholders. Ideally, this information will be collected through a well-developed and consistent process.</p>

Relevant tools

Data mining typically requires:

- expertise in database and management systems to design automated reports that extract performance information that can be easily manipulated and presented
- data analytics, data visualisation and statistical analysis tools that transform raw numerical data into useful performance information (such as trends and averages) Such tools are also useful in testing the quality of data (e.g. through analysis of statistical variation)
- well-designed forms (e.g. web- or PDF-based) that allow accurate information to be collected cost-effectively.

Strengths

Data mining provides a readily understood measure of performance when well designed and compared against an unambiguous target. It is typically most suitable for quantifying outputs (e.g. number of payments made) and efficiency of activities.

Well-maintained and stable longitudinal information sets can provide insights into the effect of an activity over time (e.g. a change in trends can indicate changes in environmental factors affecting performance).

This method can be relatively inexpensive if information already exists (e.g. in a management accounting database) and reporting can be automated (e.g. produced at a click of a button).

Limitations

The information collected through data mining is not well suited to measuring the effectiveness of complex activities (especially when results are based on interdependent activities that deliver results on different timescales).

The data can be misleading when metrics are poorly designed, ambiguous or not compared against a clear target.

Benchmarking

Description

Benchmarking is a way comparing the performance of activities against similar activities. It is often based on comparisons against a range of quantitative and qualitative information (e.g. cost and customer satisfaction).

Benchmarks for comparison are often constructed from extensive datasets for classes of activities (e.g. procurement, corporate functions, project management and service delivery).

Benchmarks can be expressed as averages (for numerical measures), percentiles (e.g. the top 10 percentile representing best practice) or common descriptions of well-performing activities (for qualitative measures).

Repeated benchmarking over the lifetime of an activity can track progress towards achieving a predetermined quality of delivery.

The appropriateness of benchmarking a particular activity (or activities) will depend on the existence of (or ability to construct) a benchmarking dataset. Information that allows meaningful comparison of activities (i.e. 'apples for apples') may not be available. For example, activities may be sensitive and not reported publicly (e.g. national security activities) or the benchmarking data that is available may not fit with the circumstances of a Commonwealth entity (e.g. procurement in the private sector is not subject to the same requirements for public transparency).

Typical approaches

Benchmarking will typically consist of collecting information using standard techniques such as extracting quantitative data from an entity's management databases, collecting specific information internally, and seeking information from external stakeholders (or clients).

Once collected, information will be subject to some quality assurance and filtering to ensure it can be reliably compared against the benchmark dataset. Results will be presented in terms of variations (e.g. from the dataset average or top 10 percentile) for the different aspects of the activity being assessed (e.g. cost of IT).

Relevant tools

Benchmarking typically requires:

- information collection tools, such as data extraction from existing databases and information collection forms
- expertise and software systems for analysing the data and benchmarking sets
- accessible datasets that can be used to construct benchmarks. Such datasets may be available commercially (e.g. on a subscription basis) or publicly (e.g. data published by organisations such as the Organisation for Economic Co-operation and Development).

Strengths

Information from benchmarking can be used to identify better practice, where comparisons are made against activities that are similar enough in nature to provide ready-made transferable solutions.

This method can provide an indication of process improvement achieved if benchmarking is repeated periodically during the lifetime of an activity.

Limitations

Value will be reduced if the benchmarking dataset is only partially relevant to the activity being benchmarked.

Benchmarking can be costly and time-consuming (especially if access to benchmarking datasets is provided on a fee-for-service basis).

Surveys

Description

Surveys can be used to collect performance information from activity partners (e.g. other entities or state and local governments) and external stakeholders (e.g. clients and beneficiaries). This method is best used when the information sought has a subjective element (e.g. satisfaction with services or impact made) that depends on the opinions and perceptions of individuals (or specific interest groups).

Good quality surveys depend on choosing a sample group that is large enough to be representative of the group whose views are being assessed (e.g. customers) and cover the range of circumstances in which an activity is delivered.

Surveys can provide both quantitative and qualitative information.

Examples of quantitative data include customer satisfaction ratings or the percentage of stakeholders that consider an activity (or activities) is making a positive impact.

Qualitative data might include stakeholders' written explanations of why they have a positive (or negative) opinion of an activity or views on how a service might be improved.

Typical approaches

Surveys can collect information through paper-based forms (e.g. provided to participants by mail or email), face-to-face interviews, online forms and telephone interviews.

Preliminary surveys may be followed up with further interviews with respondents (either all or a subset) to gain a deeper insight into initial responses.

Quantitative data will be analysed using the techniques applied in data mining (see above), including trend and statistical analysis. Qualitative data (e.g. written responses) are typically assessed to identify emerging themes, issues or controversies that influence perceptions of performance and effectiveness.

Relevant tools

Surveys typically require:

- electronic forms (e.g. web- and PDF-based) to collect data (either completed by respondents or an interviewer)
- custom spreadsheets and databases for collating and analysing responses
- qualitative analysis software that helps identify and map common themes in responses to survey questions. Such software is particularly useful when a large number of responses and/or detailed (lengthy) responses are expected.

Strengths

Surveys can provide insights beyond those available from purely quantitative methods (e.g. data mining), especially when the delivery of an activity needs to be closely aligned with the opinions and specific circumstances of target groups.

This method can provide longitudinal datasets if surveys are repeated over a statistically significant period and questions remain stable.

Limitations

Poorly designed surveys may be open to misinterpretation, particularly if questions are not specific enough, or the context (e.g. the interests and circumstances of respondents) in which responses are provided, is not carefully controlled for.

Analysis of qualitative information relies on the expertise and knowledge of assessors (particularly their understanding of the circumstances and possible bias of respondents).

Voluntary surveys often have low response rates, which can adversely affect the quality of the performance information produced.

Peer reviews

Description

A peer review is a method for collecting performance information based on assessments of experts or key stakeholders.

Peer reviews, conducted by relevant experts, provide information on performance based on their knowledge and expertise concerning a specific activity (or activities). For example, IT experts may be asked to assess the delivery of a new software system in terms of cost efficiency, the quality of project management and the quality of the system delivered.

Reviews by key stakeholders would rate performance against expectations. Typically, stakeholders invited to participate would be those consulted during the development of an activity who provided advice on what needs were to be met, how and by whom. Key stakeholders may also include delivery partners (e.g. non-government organisations participating in the delivery of international aid programmes).

Like surveys, peer reviews can provide both quantitative and qualitative information. For example, reviewers may be asked to provide a numerical score for performance. Qualitative information may include views on how activities could be improved.

Typical approaches

Reviews conducted by experts will assess performance against specific criteria or terms of reference (e.g. cost, project management or stakeholder engagement). Experts would provide an opinion based on their knowledge of the activity (or activities) being assessed. They may be provided with documentation (e.g. project plans, quantitative data or survey results) to support their assessment and key personnel. Reviews may be conducted by interviewing experts (individually or as a group) or by asking for written reports.

Reviews by key stakeholders would typically assess performance against specific criteria (e.g. impact or the quality of consultation). Information can be collected through interviews or by written response (depending on the questions being posed and the effort stakeholders are willing to contribute). Information can also be gathered through focus group-style sessions facilitated by a skilled moderator. Group sessions can help generate a degree of consensus on how key stakeholders view the performance of an activity.

Relevant tools

The main resources are the skills, experience and knowledge of the experts and key stakeholders from whom assessments are sought. Tools for identifying reviewers include professional networks, established stakeholder forums and senior public service networks.

Strengths

Impartial experts can provide an unambiguous assessment of performance that takes into account their knowledge of the 'state of the art' of an activity.

Expert reviews will carry more weight if the experts consulted are well respected and widely recognised as the experts in their fields.

Stakeholder reviews provide rich information about performance against expectations when information is not readily available through other means.

Limitations

Suitably qualified experts who are willing to commit time to reviewing an activity can be difficult to identify. The quality of performance information can be affected by a relatively small sample of opinions.

Experts may be biased towards particular ways of delivering activities that may, or may not, be relevant to the entity seeking their views. Such biases will affect the quality of performance assessment and reduce objectivity.

Key stakeholders providing views on performance may have a limited understanding of the context in which a Commonwealth entity is required to deliver an activity, or may have developed unreasonable expectations of results to be delivered.

Comprehensive evaluations

Description

Comprehensive evaluations can be thought of as a 'deep dive' into the performance of an activity (or activities). They are a comprehensive examination of the significant elements that affect performance and often provide both quantitative and qualitative information about what an activity has achieved and why.

Comprehensive evaluations are typically aimed at assessing the long-term outcomes of activities. As such, they are conducted once an activity has reached an appropriate level of maturity. Evaluations of completed activities are often used to demonstrate what was achieved with public resources, or to help inform decisions about the value of establishing similar activities.

Comprehensive evaluations will often be conducted or supported by evaluation experts. Such experts have the skills to identify the sources of information required to address the performance criteria of interest. They will also bring an array of quantitative and qualitative analysis tools that can be applied to assess performance data and identify links (e.g. with external factors) that provide a more holistic view of performance.

Typical approaches

A comprehensive evaluation is a significant undertaking and is usually managed as a discrete project with governance oversight and a dedicated project management team.

A comprehensive evaluation will often be preceded by substantial planning, including discussions with senior managers and external stakeholders to establish the evaluation criteria and terms of reference. Other tasks include identifying the expertise required to conduct the evaluation and assembling an appropriate review team.

During a review, discussions with senior managers and stakeholders are likely to continue to ensure that the criteria and terms of reference are being met and to address any issues that arise as information is gathered and analysed. Depending on the extent and complexity of an evaluation, these discussions may occur through a reference group constituted from key managers and/or external stakeholders.

Results of a comprehensive evaluation are often reported through a formal comprehensive report. The report may be published in full or relied on in part (e.g. by reference to key findings) to inform the performance story of the activity (or activities).

Relevant tools

The tools relevant to a particular evaluation exercise will depend on the activities being reviewed and the performance criteria assessed. The technical experts assembled to conduct a review will usually be best placed to identify the tools required. They should also have the skills to use the tools and integrate results into a comprehensive view of performance.

Strengths

Comprehensive evaluations are the best (and sometimes only) way to assess the performance of complex activities – especially those that have a large number of interdependent elements delivered by multiple entities.

Data that has been collected through other means (e.g. data mining, surveys, peer reviews or benchmarking) can be used to inform a comprehensive evaluation.

Limitations

Evaluations can be costly and time-consuming as they require the collection, analysis and synthesis of large amounts of information from diverse sources.

This method is only suitable for mature activities, or those that have been completed.

Part 5 – Reporting to tell the performance story



96. This part provides advice on how to use performance information to tell a meaningful performance story and describes the formal performance reporting requirements under the PGPA Act.

Focusing on effectiveness

97. A good performance story will focus primarily on **demonstrating the effectiveness** of the activities that deliver on an entity's purpose(s). The effectiveness of fulfilling purposes is most of interest to key stakeholders like the parliament and the public. Other performance information (such as efficiency, output and input measures) may be of interest if it helps clarify why a particular level of performance was achieved and helps identify how activities might be improved.

Preparing to tell a story

98. Performance stories will be told in many circumstances to different people with diverse interests. Although the form of the story will vary, it will generally be useful to consider the following when deciding how to construct a particular narrative:

- **audience** – who the performance story is being told to. The audience could be the parliament, the public, ministers, key stakeholders, delivery partners (e.g. state governments or non-government organisations) or internal officials responsible for fulfilling an entity's purpose. Different audiences will have different interests and backgrounds, which will influence the level of knowledge that can be assumed.
- **message** – how the performance information is presented to demonstrate the effectiveness and efficiency of activities aimed at achieving a designated purpose(s). Entities will need to consider what outcomes should be highlighted in the message and collectively what they mean. This will be largely informed by the audience they are reporting to.
- **expected response** – what the audience is expected to do with the information provided. This includes what judgements they are likely to make (and the impact of those judgements) or what feedback they might provide. More generally, reporting may be targeted at creating confidence in an entity's ability to fulfil its purposes.

99. Decisions made about the audience, message and expected response will help determine the performance information that needs to be collected to tell a clear and concise performance story. A small set of relevant and high-quality performance measures, that generates information that tells a coherent story about the achievements of activities directed at satisfying a specific purpose, will always be preferred over larger amounts of poorly focused and messaged performance information .

Presenting performance information

100. How performance information is presented will also influence the clarity of a story and the extent to which the audience absorbs the message. Because it is likely to be a combination of quantitative and qualitative data, performance information will often be presented through a combination of graphics and narrative descriptions.
101. Numerical information is often best presented in a summary form (e.g. as averages and variations or in charts or tables) that is easy to understand visually. Narratives can often be told through concrete examples (e.g. case studies of the difference activities made for a particular group of people). Consideration should also be given to how a particular audience is accustomed to seeing information presented. For example, senior managers and key external stakeholders may be used to having information as dashboards or scorecards. Using common reporting methods will help the audience absorb information and make it easier for them to understand the intended message.
102. Further information on standard techniques for presenting and discussing performance information is provided in the additional resources section at the end of this guide.

PGPA Act reporting requirements

103. From 1 July 2015, Commonwealth entities will have formal performance planning and reporting requirements under the PGPA Act. By the end of August of each year (or the end of February for entities that operate on a calendar year basis), entities will be required to produce a corporate plan covering the current and three forward years (a four-year horizon). The corporate plan is the primary planning document of an entity. The plan must explain the entity's purposes and describe how it will measure and assess its performance in achieving those purposes. By 31 October of the year following a given corporate plan, Commonwealth entities are required to report their results (against the performance measures set out in their corporate plan) through annual performance statements included in annual reports.⁵
104. Reporting requirements under the PGPA Act generally focus on ensuring that Commonwealth entities can be held accountable for their performance (e.g. by the parliament and the public). Such reporting will inform judgements on the standard at which an entity has fulfilled its purposes, and facilitates dialogue with the parliament and public.

⁵ From the 2015–16 reporting period, annual performance statements will replace the report on performance section that is currently included in annual reports.

Corporate plans

105. The minimum requirements for performance information in corporate plans are set out in section 16E(2) of the PGPA Rule.

Public Governance, Performance and Accountability Rule 2014

16E Corporate Plan for Commonwealth entities

Matters that must be included in corporate plan

(2) The following table sets out the matters that must be included in the corporate plan:

Matters to be included in a Commonwealth entity’s corporate plan

Item	Topic	Matters to be included
4	Performance	For each reporting period covered by the plan, a summary of: <ul style="list-style-type: none"> (a) how the entity will achieve the entity’s purposes; and (b) how any subsidiary of the entity will contribute to achieving the entity’s purposes; and (c) how the entity’s performance will be measured and assessed in achieving the entity’s purposes, including any measures, targets and assessments that will be used to measure and assess the entity’s performance for the purposes of preparing the entity’s annual performance statements under section 16F.

106. The guidance on the development of corporate plans (see <http://www.finance.gov.au/resource-management/performance/>) suggests that the way in which an entity achieves its purposes may be expressed in terms of activities it undertakes to fulfil its purposes. It is for each entity to decide how to define its activities i.e. what they should be and at what level they should be rendered. For example, an activity could be mapped to a single purpose, or a purpose could be achieved through multiple activities. Likewise, a single activity may contribute to multiple purposes.

107. The guidance on corporate plans provides advice on how entities might present their strategy for assessing the performance of each activity. A corporate plan should include a description of performance measures, when they will be reported on, the data collection techniques to be used and any targets the performance measures will be assessed against. The plan should also provide a clear read between the activities being measured and the programmes against which appropriations are reported in an entity’s PBS.

Annual performance statements

108. The PGPA Rule also specifies the minimum requirements for annual performance statements. More detailed guidance on annual performance statements can be found at (see <http://www.finance.gov.au/resource-management/performance/>). Subsection 16F(2) of the PGPA Rule sets out the matters that must be addressed in annual performance statements.

Public Governance, Performance and Accountability Rule 2014

16F Corporate plan for Commonwealth entities

Matters that must be included in annual performance statements

16F (2) The following table sets out the matters that must be included in the annual performance statements for a Commonwealth entity:

Matters to be included in a Commonwealth entity's annual performance statements		
Item	Topic	Matters to be included
1	Statements	The following: (a) a statement that the performance statements are prepared for paragraph 39(1)(a) of the Act; (b) a statement specifying the reporting period for which the performance statements are prepared; (c) a statement that, in the opinion of the accountable authority of the entity, the performance statements: (i) accurately present the entity's performance in the reporting period; and (ii) comply with subsection 39(2) of the Act.
2	Results	The results of the measurement and assessment referred to in subsection (1) of this section of the entity's performance in the reporting period in achieving its purposes.
3	Analysis	An analysis of the factors that may have contributed to the entity's performance in achieving its purposes in the reporting period, including any changes to: (a) the entity's purposes, activities or organisational capability; or (b) the environment in which the entity operated; that may have had a significant impact on the entity's performance in the reporting period.

109. The results section should report the actual results achieved for each significant activity that contributes to a particular purpose (as described in the corporate plan). This should include results and assessment of each performance measure (e.g. the value for quantitative measures), comparisons against any targets and variations from the previous reporting period (if relevant).

110. The analysis section describes the factors that influenced the entity's delivery of its purposes during the reporting period. It should provide relevant context to the performance results reported, and an analysis of factors that contributed to, or restricted, the delivery of its purposes within the reporting period. The analysis section would include a discussion of the environment in which activities were delivered and the factors (both those within and beyond the control of an entity) that significantly impacted performance (e.g. machinery-of-government changes or significant changes in the economy).
111. The PGPA Act allows for annual performance statements to be audited by the Auditor-General. Such audits may occur at the request of the Minister for Finance or the responsible Minister of an entity.
112. Resource Management Guide No. 134 *Annual performance statements for Commonwealth entities* provides guidance on the preparation of annual performance statements for entities (see <http://www.finance.gov.au/resource-management/performance/>).

Reporting for other purposes

113. The requirements under the PGPA Act align with use of performance information for accountability purposes. As suggested in Part 1 of this guide, performance stories will also be told in other circumstances, to different audiences and in different forms.
- **Strategic performance reporting** – telling a performance story to government and responsible Ministers to inform decisions about the allocation of public resources to Commonwealth entities and companies. Relevant performance information will include the effectiveness with which an entity's purposes are met, the effectiveness of activities contributing to those purposes and any comparisons with similar activities focused on common (or similar) purposes.

Strategic performance reporting is likely to be included in Cabinet submissions, briefs to ministers and new policy proposals.
 - **Tactical performance reporting** – telling a performance story to senior officials to inform decisions about the internal allocation of funding across purposes and activities. Relevant performance information will include the effectiveness with which an entity's purposes are met, the effectiveness of activities contributing to those purposes and the efficiency of those activities.

Tactical performance reporting is likely to be included in briefs to accountable authorities, briefs to senior officials and internal budgeting documents.
 - **Management performance reporting** – information that supports the day-to-day management of activities that contribute to the purposes of a Commonwealth entity. Relevant information will include the effectiveness and efficiency of activities, the outputs they produce and the inputs they consume.

Performance information for managing activities is likely to be included in updates provided to managers (e.g. as dashboards) or be made available in project management systems (e.g. a performance information database).
114. Entities will also have various other requirements for performance information, such as to promote achievements and explain decisions (e.g. through media releases, supplementary budget materials and more detailed information published on their websites). These other requirements will also include reporting obligations under any enabling legislation for an entity.

Leveraging information across publications

115. In addition to their corporate documents (i.e. Portfolio Budget Statements, corporate plans and annual performance statements), most entities produce a series of publications (often easily available on-line) that provide information on their activities and performance. These publications often collectively tell a richer story about an entity than may be expected in its corporate documents, which seek to summarise a lot of this information.
116. Under the new framework, entities can leverage those rich sources of information when developing their corporate plans and annual performance statements. This can range from a simple link to a document on an entity's website, through to summarising the key aspects of the information in those documents. By making use of existing information, entities do not have to reinvent the wheel when it comes to performance reporting, and can tell a far more complete performance story.

Glossary

accountability reporting	In the context of this guide, telling a performance story that allows the parliament and the public to make judgements about the use of public resources by Commonwealth entities to fulfil the purposes described in their corporate plans.
activity	A distinct effort of an entity undertaken to achieve a specific result. A purpose (defined below) may be achieved through a single activity or multiple activities. Alternatively, an activity may make a contribution to multiple purposes.
activity-level logic	Describes the contribution a single activity makes to fulfilling a purpose of an entity by relating inputs to process, and process to the output and outcomes produced by that activity.
annual performance statement	<p>A document prepared by a Commonwealth entity's accountable authority after the end of a financial year that acquits actual performance against the planned performance for that year described in the entity's corporate plan. Annual performance statements are included in an entity's annual report.</p> <p>Copies of an entity's annual performance statements are to be provided to its responsible Minister and the Minister for Finance. Annual performance statements may be audited by the Auditor-General.</p>
baseline	Information collected before or at the start of an activity that provides a basis for monitoring the difference made by that activity.
benchmark	<p>A quantitative or qualitative level of performance that defines best-in-class results. A benchmark is typically applied to a group of activities that are considered similar enough in terms of means and ends to justify direct comparison.</p> <p>Benchmarks are often constructed from statistics for the relevant cohort of activities. They are typically expressed in terms of the value of metrics for organisations representing some top percentile. For example, an activity that sits in the top 5 percentile is a better indicator than 95 percent of all activities in the relevant cohort.</p>
benchmarking	The process of collecting performance information for an activity and comparing it against a relevant benchmark. Benchmarking is often used to assess performance against what is considered to be best (or better) practice for a cohort of like activities.

best practice	<p>Methods, approaches, and tools that have been demonstrated to be effective, useful and replicable. The concept of best practice typically relies on a comparison across like activities through a benchmarking exercise.</p> <p>Also referred to as better practice in the context of using comparisons against like activities to improve effectiveness and efficiency.</p>
comprehensive evaluation	<p>A comprehensive examination of the significant elements that affect performance. Comprehensive evaluations often provide both quantitative and qualitative information to illustrate a narrative of what has been achieved, and may be conducted or supported by evaluation experts.</p>
corporate plan	<p>The primary planning document of an entity that sets out its purposes, capability and intended results over a four-year horizon. The plan also describes how the achievement of results will be assessed against an entity's purpose (i.e. a description of planned performance measures).</p> <p>Commonwealth entities and companies are required to publish an updated corporate plan by the end of August of each year, and provide a copy to their responsible Minister and the Minister for Finance.</p>
data collection methods	<p>Methods to collect information used to form the basis of a performance story. The enhanced Commonwealth performance framework promotes the flexible use of a range of methods that include data mining, benchmarking, surveys, peer reviews and comprehensive evaluations.</p>
data mining	<p>The collection and analysis of numerical performance information that can be calculated using quantitative data. The information is typically represented as whole numbers, percentages, proportions, trends, statistics and ranks.</p> <p>Data mining often involves collecting information from existing databases, such as financial management systems, human resource information management systems, project management systems and customer relationship management systems.</p>
effectiveness	<p>The extent to which a difference is made. At the level of a purpose described in an entity's corporate plan, it is the extent to which the purpose is fulfilled and provides the benefits intended. At the level of an activity, it is the extent to which it makes the intended contribution to meeting a specific purpose.</p>
efficiency	<p>The unit cost (e.g. in terms of dollars spent or human resources committed) of an output (e.g. a service) generated by an activity. An activity is most efficient when the unit cost of delivering an output at a given quality is a minimum.</p>

impact	The ultimate difference made by fulfilling a purpose defined in an entity's corporate plan. Compared to the combined outcome of activities contributing to a purpose, impacts are measured over the longer term and in a broader societal context.
inputs	The public resources (such as money, property and people) used by an entity to fund an activity aimed at fulfilling one or more of its purposes described in its corporate plan.
logic model	<p>A tool that can help in establishing an understanding of how an entity's purpose is achieved through one or more activities. It is typically a visual representation of the causal connection between critical elements such as needs, inputs, processes, outputs and outcomes.</p> <p>In the context of the enhanced Commonwealth performance framework, logic models exist at two levels:</p> <ul style="list-style-type: none"> • <i>purpose-level logic</i> describes the need being met by a purpose, and how this purpose is fulfilled through activities that produced a combined outcome and impact. • <i>activity-level logic</i> describes the contribution a single activity makes to a purpose by relating inputs to process, and process to the output and outcomes produced by that activity.
needs	The reasons why a purpose described by a Commonwealth entity exists, and why the government has asked the entity to intervene by fulfilling that purpose.
outcome	The result of a purpose or activity. In a purpose-level logic model, the activities combine to create a common outcome to fulfil an entity's purpose. Using activity-level logic, an outcome is the result of the outputs of an activity that affect an individual or group (e.g. what receiving a benefit payment allows someone to do).
outputs	The tangible things (e.g. services, benefit payments or grants made) delivered by an activity. For example, the outputs of a trainee programme could be qualified individuals.
peer review	<p>A method for collecting performance information based on assessments of experts or key stakeholders.</p> <p>Experts' assessments are based on the delivery of an activity with reference to the 'state of the art' relevant to that activity (e.g. IT experts may be asked to provide a view of the delivery of a new software system).</p> <p>Key stakeholders' assessments focus on whether activities and purposes met their expectations and had the intended effect.</p>

performance information	Performance information is data sought and generated by entities to determine the efficiency and effectiveness of their activities in the achievement of their purpose(s). Performance information supports stories that describe how public resources are used to deliver on a Commonwealth entity's purposes. Performance information may be quantitative or qualitative.
performance management	The use of performance information to monitor and address the fulfilment of purposes. In this context, performance information is often used to indicate where the effectiveness and efficiency with which activities are undertaken can be improved (e.g. based on a comparison against best or better practice).
Performance measures	Mechanisms used by entities to generate performance information relating to the efficiency and effectiveness of their activities in pursuing their purpose(s). These measures are reported against in annual performance statements.
performance story	<p>A narrative that seeks to answer questions about an entity's performance along the lines of:</p> <ul style="list-style-type: none"> • What did we do and how much? • How well did we do it? • Who was better off and why? <p>Under the enhanced Commonwealth performance framework, a story will be told in terms of fulfilling the purposes of Commonwealth entities, and the performance of activities that contribute to those purposes. Such stories will typically be narratives supported by quantitative and qualitative information drawn from diverse sources.</p>
purposes	In the context of the PGPA Act, the objectives, functions or role of an entity, against which entities undertake activities.
qualitative information	Information that emphasises narrative rather than numbers. Qualitative inquiry involves capturing and interpreting the characteristics of something to reveal its larger meaning. This can involve tapping into experiences of stakeholders through observations, interviews, focus groups and analysis of documents.
quantitative information	Information represented numerically, including as a number (count), grade, rank, score or proportion. Examples are standardised test scores, average age, the number of grants during a period or the number of clients.

sampling bias	Errors that result when information is collected and analysed. Sampling bias may result from overlooking sources of important information, collecting information from an unrepresentative group, when the views of those collecting or analysing information influence results or due to process errors.
survey	<p>The collection of information from a defined population through interviews, questionnaires or similar methods. Surveys are a popular method for collecting information. They involve asking questions and obtaining responses from individuals.</p> <p>Surveys can be used to collect both quantitative and qualitative information.</p>
target	The expected result, effect or impact of fulfilling a purpose (or of delivering an activity that contributes to a purpose). Targets are usually set when there is a clear expectation of the standard to which a purpose is to be fulfilled (or to which an activity is to be undertaken).

Additional resources

General resources on measuring performance

[Research Methods Knowledge Base](#) – A comprehensive web-based textbook that addresses all of the topics in a typical introductory undergraduate or graduate course in social research methods. It covers the entire research process, including formulating research questions; sampling (probability and non-probability); measurement (surveys, scaling, qualitative, unobtrusive); research design (experimental and quasi-experimental); data analysis; and writing a research paper. It also addresses the major theoretical and philosophical underpinnings of research.

[Statistical Society of Australia](#) – A network for professionals working with, researching, teaching and studying statistics.

[BetterEvaluation](#) – An international collaboration to improve evaluation practice and theory by sharing and generating information about options (methods or processes) and approaches. The [Rainbow Framework](#) organizes 300+ evaluation options into seven clusters of tasks.

Wholey, J et al. 2010, *Handbook of practical programme evaluation*, Jossey-Bass, San Francisco, pp. 56–79.

Australian National Audit Office, *Development of key performance indicators to support the outcomes and programs and framework*, Audit Report No. 5, 2011–12.

Logic models

The [define](#) cluster on the BetterEvaluation website is highly relevant to Part 2 of this guide. It contains information on understanding how activities work, including a section on [programme theory and logic models](#).

New South Wales Government 2004, *Outcome Hierarchy and Programme Logic*, Department of Environment and Conservation, pp. 12, 44–45.

New South Wales Government 2006, *What you do and why – An agency guide to defining results and services: programme logic*, Department of the Treasury.

Victorian Government, *Evaluation toolbox: programme logic*, Department of Sustainability and Environment.

W.K. Kellogg Foundation 2006, *Logic model development guide*.

Identifying performance measures

[Determine what ‘success’ looks like](#) in the [frame](#) cluster on the BetterEvaluation website looks at positive outcomes and impacts and considers ‘What is good, better, best?’, ‘Have things improved or got worse?’ and ‘How can they be improved?’

Doran, GT 1981, There's a S.M.A.R.T. way to write management's goals and objectives, *Management Review* (AMA FORUM) 70 (11), pp. 35–36.

General information on data collection methods

The following resources are all on the Better Evaluation website.

The [frame cluster](#) considers the boundaries of the evaluation – its purposes, key evaluation questions and the criteria and standards to be used.

[Describe](#) is concerned with data collection and retrieval for understanding what is happening with the activities, results and implementation context. Information is provided about sampling; data collection from individuals, groups, physical measurement and documents; managing, combining and analysing data; and displaying data visually.

[Understand causes](#) considers what is causing the outcomes and impacts.

[Synthesis](#) looks at how to combine data to form an overall assessment of the programme's successes. It includes processes and approaches for bringing data together. It also looks at how findings can be applied to other contexts or in the future.

The [report and support use](#) cluster is relevant to Part 5 of this guide. It looks at the content, sharing and use of reports during the initial planning of the evaluation.

Benchmarking

<http://www.apqc.org/> – An online benchmarking resource.

<http://www.benchnet.com/> – An online benchmarking resource including a large range of downloadable benchmarking reports.

<http://benchmarkingnetwork.com/> – An online benchmarking resource including a large range of downloadable benchmarking reports.

<http://www.bpir.com/benchmarking-what-is-benchmarking-bpir.com.html> – A membership-based performance improvement online resource including good information on benchmarking.

http://www.dpmc.gov.au/consultation/aga_reform/docs/benchmarking_australian_government_KPMG.pdf – A benchmarking report prepared for the Australian Government.

<http://www.charteredaccountants.com.au/~media/Files/News%20and%20media/Reports%20and%20insights/Benchmarking%20Strategies.ashx> – A benchmarking guide published specifically for the Australian public service.

Dorsch, JJ and Yasin, MM 1998, 'A framework for benchmarking in the public sector: Literature review and directions for future research', *International Journal of Public Sector Management* 11 (2/3), pp. 91–115.

Surveys

<https://whatisasurvey.info/overview.htm> – An easy-to-read guide based on an original document published by the US National Opinion Research Center.

<http://www.cadsr.udel.edu/sqa/> – An archive of surveys used by a large range of organisations and shared as an online resource.

<https://explorable.com/course/the-survey-guide> – An easy-to-follow user's guide to surveys.

Peer reviews

<http://www.oecd.org/site/peerreview/> – The OECD approach including guidance. It focuses on information sharing.

http://www.keepeek.com/Digital-Asset-Management/oecd/economics/peer-review_9789264099210-en-fr#page6 – A review of the OECD approach.

Comprehensive evaluations

[American Evaluation Association](#) – An international professional association of evaluators devoted to the application and exploration of programme evaluation, personnel evaluation, technology, and many other forms of evaluation. The association provides a range of evaluation publications and resources.

[Australasian Evaluation Society](#) – A member-based organisation that aims to improve the theory, practice and use of evaluation in Australasia for people involved in evaluation including evaluation practitioners, managers, teachers and students of evaluation, and other interested individuals.

Australian Productivity Commission report on [Better Indigenous policies: The role of evaluation](#).

[Beginner guides to evaluation](#) – A series of [basic guide handouts](#) designed as an introduction to evaluation for those without technical backgrounds.

[European Evaluation Society](#) – Promotes the theory, practice and utilisation of high-quality evaluation in Europe and beyond. Useful evaluation [resources](#) include [online handbooks and texts](#) and [multilingual glossaries on evaluation](#).

[Broadening the range of designs and methods for impact evaluations](#) – A [Department for International Development \(UK\)](#) study dealing with the difficult methodological and challenges in evaluating the impacts of international development policies.

[Free resources for methods in programme evaluation and social research](#) – Provides links to information about programme evaluation. The focus is on how to do programme evaluation and social research, including surveys, focus groups, sampling, interviews, and other methods.

[IEG](#) – One of the largest independent evaluation groups of its kind, the Independent Evaluation Group within the World Bank plays a leading role in the evaluation community and the development field. Resources include:

- [Evaluation capacity development website](#)
- [Transforming Development Through Evaluation \(ieg blog\)](#)
- [IEG data and ratings](#)
- [Monitoring and evaluation: some tools, methods and approaches](#)
- [Conducting quality evaluations under budget, time and data constraints](#)
- [Writing terms of reference for an evaluation: a how-to guide](#)
- [Designing a results framework for achieving results: A how-to guide](#)

[International Initiative for Impact Evaluation](#) – An international grant-making NGO that promotes evidence-informed development policies by funding impact evaluations and systematic reviews that generate high-quality evidence on what works and why. Resources include newsletters, publications and discussion blogs.

The [OECD Development Assistance Committee](#) framework for evaluating the results and effectiveness of development policies and programmes consists of quality standards, general principles and advice on specific types of evaluation: [Quality standards for development evaluation](#); [Summary of key norms and standards in evaluating development co-operation](#); and [Glossary of key terms in evaluation and results based management](#).

[USAID Learning Lab](#) offers many resources, including a [complexity-aware monitoring discussion note](#), which provides cutting-edge solutions to monitoring complex aspects of strategies and projects.

The [University of Wisconsin](#) Program Development and Evaluation Unit provides training and technical assistance to plan, implement and evaluate high-quality educational programmes. Available materials include a [logic model](#) example and templates.