

Finance Secretary Speech

“Strengthening Performance Measurement – International Perspectives on Evaluation”

Friday, 11 September 2015

I'd like to welcome everyone to this event, which aims to support the implementation of the enhanced performance framework by building performance measurement capability across the Commonwealth.

The new performance framework is ultimately designed to strengthen external accountability to the Parliament and the public, by improving the quality and usefulness of performance reporting.

The scale of today's event, and the involvement of both national and international evaluation experts, reflects three things:

1. Government performance matters – we need to ensure that our programs and services are well targeted and deliver value for money to the Australian community, but this is true of representative governments everywhere;
2. Implementing the government's performance reforms helps accountability – accurately measuring and reporting to the parliament and the public on the impact government activities are having and the public value we are creating, keeps government accountable for how it designs public programs and spends public funds; and
3. To make genuine and lasting improvements to the quality and focus of performance information across the Commonwealth, we need to work across organisational and jurisdictional boundaries. Like governments everywhere, Australia needs to think about how it delivers public programs by joining up with others, and this opens up particular challenges for performance measurement around issues like dependencies and attribution.

It is encouraging to see so many of you here today, straight off the back of publishing the first corporate plans under the new framework. I think those plans showed that many of us are still struggling with what combination of performance measures tell a complete performance story.

All governments wrestle with the same problem: it's easy to measure where all the dollars go, but how do you provide a full and accurate picture of the public value they create?

The PGPA Act has put a new performance framework in place, which aims to improve the quality of information provided to the parliament and the public. Indeed this is one of the key objectives of the PGPA Act.

We have tried to establish a performance framework that encourages people to think intelligently about what they do, how and why they do it, and how they account for their activities. There are some requirements, but this is not a "follow the rules" framework.

We have a long journey ahead. We need to pull together, work closely with client groups, our delivery partners, and performance experts from other fields, in order to develop more mature approaches to measuring and reporting on government performance.

I thought I'd open today's event by doing two things:

1. Offering some insights into how I think performance measurement can be improved across the Commonwealth; and
2. Providing some personal reflections on how my department is approaching this journey.

How can performance measurement be improved?

So, how can we improve performance measurement in order to strengthen our accountability to the Parliament and the public?

A high-performing public sector is accountable, but we need to be accountable for the right things.

If we are going to improve the quality of performance information in the Commonwealth, then we need to ensure that what we measure lines up with what we are seeking to achieve.

We need to be accountable for the outcomes we are pursuing, and the impact that government activities and services are having on the ground, just as we need to be accountable for taking action when performance information tells us that we are off the mark.

Key Performance Indicators are insightful sources for output information, but are less useful when it comes to assessing outcomes and impacts. We need to utilise more diverse performance measurement methodologies, including evaluation, benchmarking, and peer reviews in addition to well-designed key performance indicators (KPIs).

We need to move away from our focus on quantitative KPIs, of which there were 3,500 under the previous performance reporting arrangements.

With that number of KPIs, and with the Parliament still unhappy about the quality of performance information being produced by the Commonwealth, you have to wonder whether we were spinning our wheels.

There is a quote from the painter Edgar Degas, "Painting is easy when you don't know how, but very difficult when you do".

Our difficulty is that we know that we need to start measuring outcomes and impacts, but it is much harder to do than simply measuring outputs and processes.

Insightful performance information will only come through using a combination of both quantitative and qualitative data. For example, quantitative data that describes the "what" (such as inputs and outputs), and qualitative data that provides context, including "how" and "why" outcomes were achieved come together to provide a complete performance narrative.

This is what we mean in various Finance publications when we talk about telling a complete performance story.

There are examples of mature performance measurement practices in a number of Commonwealth entities. There are also examples of good performance monitoring and reporting. But across the system as a whole, there are inconsistencies that impede the overall performance of the Commonwealth public sector.

To improve performance measurement across the Commonwealth, we need to draw on different methodologies, leverage expertise from a broad range of disciplines (including evaluation and performance specialists), identify examples of better practice from across the globe, and share lessons learned as we go.

Embedding best practice across the whole of the Commonwealth will take many years, but the commitment to do better is apparent, even if it is at times tempered by concerns around risk and blame where things aren't going according to plan.

We need to work on this, and on building a more mature dialogue with the Parliament about how the system responds to insightful performance information.

It has been encouraging to see so many entities working together with Finance to implement the new performance framework, particularly by sharing the lessons that they have learned and issues that arise through communities of practice and related working groups. I'd like to thank all of you involved over the last year in building the new framework.

Finance's approach to improving performance measurement

I thought it might be useful to share some personal reflections about how my department is approaching some of these issues.

To be frank, producing the first corporate plan under the new PGPA performance framework has been a challenging and insightful experience for us.

The planning process itself has shown us how important it is to have clarity of purpose and to have a good understanding of the environment in which you operate.

We wanted to produce a corporate plan that is of a high standard, but to do so we needed to establish some clarity around our purpose and think hard about our operating environment. This led to some truly valuable conversations in our leadership team.

We also worked hard on clearly articulating our strategic purposes in a way that allowed us to develop meaningful performance measures.

I think we get a reasonable pass mark, with one of those "could do better" comments that I used to dread on my school report card.

Like many portfolio departments, we are working to put in place a mature performance framework and a more robust set of performance measures, but this will take a number of years to get right.

There are a number of Commonwealth entities and companies who have a strong history of planning and producing corporate plans. For Finance to compete with them in quality on our first attempt will be like a rookie team competing with one of last year's grand finalists in the Premier League. That said, over time, we are definitely aiming to be in the finals.

Conclusion

So we are all learning. Today gives us an opportunity to listen to some distinguished practitioners and thinkers on performance and evaluation and to hear about how these issues have been tackled by other governments.

The focus on evaluation is particularly useful for us, because this is an area that was underplayed in our previous performance framework, and where we have an opportunity to improve our current practice.

I hope you enjoy what the afternoon brings and I would like to thank our distinguished speakers for sharing their insights and their time with us as we seek to drive performance improvements and strengthen accountability across the Commonwealth.

It is only through working smarter and working together that we will make a difference.