

Auditor-General of Queensland



Performance Management Systems audit

Report to Parliament No. 6 for 2011

Systems to coordinate delivery of the
Toward Q2: Tomorrow's Queensland target

Halve the proportion of Queensland children living in
a household without a working parent

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QUEENSLAND

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Auditor-General Act 2009

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Auditor-General of Queensland

July 2011

The Honourable R J Mickel MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Mr Speaker

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled 'Systems to coordinate delivery of the *Toward Q2: Tomorrow's Queensland* target – Halve the proportion of Queensland children living in a household without a working parent'. It is number six in the series of Auditor-General Reports to Parliament for 2011.

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely



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Auditor-General



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Executive summary

Audit overview

On 8 September 2008, the Queensland Government released its strategic vision for the future, *Toward Q2: Tomorrow's Queensland*. One of the Government's targets for a fair Queensland is – **Halve the proportion of Queensland children living in a household without a working parent**. Achieving the Toward Q2 vision requires Queensland Government agencies to:

- Drive new policy and coordinated action to achieve the targets.
- Monitor and report on progress against the targets.
- Engage external stakeholders to contribute to the targets.¹

When the Government released Toward Q2 it recognised the targets were ambitious and would be challenging to achieve but they would drive the Government's program of action.² The Toward Q2 targets outline what the State Government wants achieved not just in the current budget cycle but in the long term. It allows government departments and community organisations to work together and commit to long term strategies.

The Department of the Premier and Cabinet developed a framework to deliver the Toward Q2 targets. This framework requires the development of Target Delivery Plans and specific progress and performance reports to complement existing government planning and reporting processes. The guidance from the Department of the Premier and Cabinet provided agencies with advice but also with flexibility to address issues in ways that suited them and the individual target(s). The Target Delivery Plans themselves were intended initially to identify existing activities that could be re-aligned to the target and then encourage policy agility, flexibility and innovation in finding new ways to address difficult long term social problems.

The actions being taken to achieve this Toward Q2 target – Halve the proportion of Queensland children living in a household without a working parent – are directed by a Governance Group and a Senior Officers Group. They are responsible for planning, monitoring and reporting on the activities to contribute to the target. Membership of these groups includes representatives from the relevant State Government departments and in some cases community groups and Commonwealth Government departments. These groups work on long term and in some cases innovative solutions to the difficult problems that the Queensland Government has identified.

This Performance Management Systems (PMS) audit examined the first two years of a twelve year State program. The objective of the audit was to determine whether the departments have systems in place to effectively coordinate the planning, monitoring and reporting on activities identified as contributing to the achievement of the selected target. The departments audited were:

- Department of Employment, Economic Development and Innovation (DEEDI) as the lead agency for the target.
- Department of the Premier and Cabinet as the central agency responsible for the Toward Q2 framework.

¹ Department of the Premier and Cabinet, *Guidelines for Target Delivery Plans*, 2009.

² Queensland Parliament, *Record of Proceedings, First Session of the Fifty-Second Parliament*, 9 September 2008, p 2495.

The performance measures for the activities in the Target Delivery Plans being delivered by the Department of Education and Training and the Department of Communities were also assessed but not the systems to plan, monitor and report on them.

Audit conclusion

I recognise that trying to implement a policy response to complex and long term social problems requires innovative and experimental approaches. I found that the departments audited are working together to deliver a range of activities to contribute to achieving this Toward Q2 target. A program of research and analysis has been undertaken to build the evidence base to further develop appropriate actions. The 2009-10 Target Delivery Plan included a broad identification of all potential State Government services and programs that may contribute to this Toward Q2 target. In comparison, the 2010-11 Target Delivery Plan saw activities focused on four key actions. Further refining of activities is intended for the 2011-12 Target Delivery Plan.

At this stage however, for jobless households, the departments can not specifically answer key accountability questions, such as:

- Is what we are doing helping?
- How much of what we are spending is contributing to the achievement of the target compared to the achievement of other possibly unrelated goals?
- Are our clients satisfied with the services we are delivering?

The Target Delivery Plans for 2009-10 and 2010-11 included existing activities with existing performance measures that were developed for the original purposes of the activities prior to the inclusion of these activities in the plans for this Toward Q2 target. My assessment is that the performance measures currently available are not relevant and appropriate for this Toward Q2 target. The performance data available for the activities in the Target Delivery Plan relates to actions being undertaken but can not show the impact of those activities on any change in the number of jobless households. Reports focusing on how busy departments are do not show whether they are effective or efficient in achieving their objectives.

At this stage the departments do not have a plan which shows how and when relevant data collections will be established to allow the impacts of the activities on this Toward Q2 target to be reported. Good quality performance data is a critical part of good public administration, particularly where innovative and experimental approaches are being used to identify solutions to complex issues.

DEEDI is developing some relevant measures for some of the activities which the department says will be available to report in 2012. However, I consider that a more rigorous approach needs to be adopted in reporting on the effectiveness and efficiency of the activities in the Target Delivery Plan for this target.

Given the long term nature of the target it may be appropriate for DEEDI to develop mid-point targets. This would allow them to judge the impact of the activities for shorter term sub-objectives over which they have more immediate control.

The time and effort needed to assess government programs is sometimes significant, however the risk of departments not undertaking this work is that:

- A policy or program initiative which is ineffective might continue.
- Overall adverse or costly impacts may be generated, now or in the future.

- Opportunities to improve the initiative, save money or re-invest in other more worthwhile projects might be missed.
- Policy makers cannot justifiably claim that any positive outcomes they might observe were actually caused by the policy rather than by chance or were attributable to an alternative policy.
- As a result, policy makers may not be able to claim that their intervention delivered value for money, or had been demonstrated by sound analysis to be effective.³

I found the guidance provided by the Department of the Premier and Cabinet promotes many of the areas of better practice needed to deliver on the Toward Q2 targets. However, specific advice on how to overcome the barriers common to strategies that require coordination and cooperation by multiple agencies will also be helpful. Specifically, how to:

- Assess the suitability and appropriateness of proposed activities for the Target Delivery Plans.
- Monitor and report on the effectiveness and efficiency of the activities.
- Ensure the performance measures for the activities are in line with better practice.

I noted that the revised (*DRAFT*) *Guidelines for Target Delivery Plans 2012-13* developed by the Department of the Premier and Cabinet have included more advice on these areas.

In conclusion, the departments are at a critical stage in the twelve year program, moving from experimental policy to programmed service delivery. This audit identified that the systems currently in place do not allow the department to effectively coordinate the planning, monitoring and reporting on activities contributing to the achievement of this target. I consider that the current governance and performance reporting processes require further development and focus to ensure the objectives of this Toward Q2 target are met. The departments need therefore to work together to implement the recommendations contained in this report.

Key findings

The key findings for this audit are about the:

- Advice provided to lead and contributing agencies by the Department of the Premier and Cabinet on how to work together to achieve the Toward Q2 vision.
- Governance processes DEEDI used to develop the Target Delivery Plans.
- The planning, monitoring and reporting processes put in place for the Target Delivery Plans.
- The processes and systems DEEDI used to implement the activities for which it was responsible.

Advice to lead and contributing agencies

The *Guidelines for Target Delivery Plans* provided by the Department of the Premier and Cabinet cover most of the principles of best practice in implementing policies and initiatives. Coordinating and implementing programs and policies across multiple agencies creates specific challenges that agencies need to understand and consider. In particular, additional advice on the governance and administration principles that the lead agency and Governance Group need to consider in

³ Government of the United Kingdom, HM Treasury, *The Magenta Book – Guidance for evaluation*, April 2011.

managing the coordination of the development and implementation of the Target Delivery Plan would significantly assist the lead agency for each target. The guidelines could be improved by providing specific advice about how to:

- Assess the suitability and appropriateness of proposed activities for the Target Delivery Plan.
- Ensure performance measures in the Target Delivery Plan are in line with the better practice characteristics in *A Guide to the Queensland Government Performance Management Framework*.
- Monitor and report on the performance of the activities in the Target Delivery Plan.

Governance for the target – Halve the proportion of Queensland children living in a household without a working parent

Governance arrangements for the Target Delivery Plans should clearly specify the roles and responsibilities of key groups charged with planning, implementing, monitoring and reviewing the activities that will contribute to the achievement of the Government's objectives.

The Governance Group for this Toward Q2 target used an informal communication process and was not supported by a sound reporting regime or a formalised process for communicating up and down the chain of accountability. An analysis of the papers provided to the Governance Group and the Senior Officers Group for the target, found no formal process for monitoring, reporting and reviewing the individual activities in the Target Delivery Plan.

By adopting informal oversight processes there may be some risks to good governance, accountability and transparency for DEEDI. The use of informal processes meant that DEEDI and the Governance Group did not have access to the information needed to monitor and review the impact of the actions in the Target Delivery Plan.

Supporting plans for the Target Delivery Plan

From the Target Delivery Plan it is difficult to accurately calculate the government expenditure on actions which contribute to achieving the target. The funding figures provided in the 2009-10 Target Delivery Plan refer to policy programs which have numerous policy outcomes, one of which may be a contribution to the Q2 jobless households target. The 2010-11 Target Delivery Plan contained no funding information for the activities in the plan. The department advised that expenditure in excess of \$350m was allocated to these activities, but that the activities contributed to a range of policy outcomes in addition to the impact on the Toward Q2 target.

I acknowledge that the 2009-10 Target Delivery Plan was prepared through a process of identifying all possible programs and activities which may have an impact on achieving the target. In 2010-11 the range of activities was revised in the light of further research as to the activities with a more direct relationship to the target.

It is surprising that the department was unable to provide greater clarity for audit on the cost associated with activities being undertaken for one of the 10 priority targets to achieve the government's five ambitions for the community.

Audit expected that DEEDI as lead agency and the Governance Group would have had access to more detailed plans to support the inclusion of the activities in the Target Delivery Plan. Audit found however, the Governance Group had not requested such information from DEEDI itself or the contributing agencies. Without access to detailed implementation plans there is a risk that activities will fail to deliver the intended outcomes. This could lead to delays in achieving the government objectives and/or misdirected or inefficient use of scarce resources.

More detailed plans or hypotheses are required that demonstrate the linkages between the 'logic' of the activity and how the results are expected to contribute (directly or indirectly) to the objective. This would allow DEEDI and the Governance Group to ensure that relevant and appropriate performance measures are developed to allow monitoring and review.

Determining the activities to include in the Target Delivery Plan

Audit expected that the activities selected for inclusion in the Target Delivery Plan would have performance measures that could show how the activities were supporting jobless households to overcome the barriers to workforce participation, or were preventing other households from becoming part of this group.

Audit acknowledges that the activities in the 2009-10 Target Delivery Plan were included as part of a broad identification of all potential State Government services and programs that may contribute to this Toward Q2 target. The activities were existing departmental programs that had existing performance measures linked to the original objectives of the activities. This meant that DEEDI and the Governance Group were not able to use the data to inform judgements about the effectiveness or efficiency of the activities in supporting jobless families or those at risk of becoming a jobless household.

In 2010-11, DEEDI and the Governance Group refined the activities in the Target Delivery Plan based on their research. However, the performance measures for the activities were still linked to the original objectives and not realigned to specifically report on how the activities have reduced the barriers to work for jobless families.

Audit was advised at interview that there was service data for jobless families available on some of the DEEDI activities but it had not been fully considered in developing the Target Delivery Plan. While audit acknowledges that in some cases new collections were needed and that this takes time, DEEDI should explore ways to make better use of its existing service data.

It is important to include preventative strategies in the Target Delivery Plan where the target is complex and long term in nature. However, relevant performance measures are needed so that the accountable agencies can demonstrate the impact of the activities being undertaken for the target group of jobless households. Otherwise the effective and helpful activities for jobless households risk being treated the same as those activities that may make little or no difference.

Monitoring and reporting on the Target Delivery Plan

An annual report is collated by DEEDI and provided to the Department of the Premier and Cabinet on the activities in the Target Delivery Plan. An assessment of the 2009-10 report identified that of the 35 performance measures:

- Six were not reported against including two for actions for which implementation was delayed.
- Two were for projects that had not yet commenced.
- Three measures were inadequately reported against.
- 24 were reported against.

Audit found that the submission of reporting information from contributing agencies was inconsistent. DEEDI is reliant on the contributing agencies to report on progress towards the outputs and outcomes. Under the current governance framework DEEDI had no direct ability to require contributing agencies to generate performance improvements. While it is appropriate that the contributing agencies determine how they measure the performance of their initiatives, DEEDI, as the lead agency has overall responsibility for ensuring relevant and appropriate performance measures are available to measure progress toward the target.

The Governance Group chaired by DEEDI could not establish formal agreements to support the timely provision of relevant and appropriate performance information from the contributing agencies. This meant the Governance Group had to rely on mostly pre-existing data from pre-existing programs that had been realigned to this Toward Q2 target. As processes to collect and analyse performance information on all the activities in the Target Delivery Plan had not yet been developed, national and international research on joblessness was used to inform the development of the 2010-11 Target Delivery Plan.

A lack of formal agreements could make it difficult for DEEDI as the lead agency and the Governance Group to monitor and report on the implementation of the Target Delivery Plan. Formal agreements on the content, frequency and quality of performance information needed to monitor the activities in the Target Delivery Plan would improve governance of the target.

Relevance, appropriateness and ability to fairly represent performance

The Target Delivery Plans for 2009-10 and 2010-11 were reviewed and assessed to determine whether the performance measures were relevant or appropriate and would enable DEEDI and the Governance Group to fairly represent performance with regard to achieving the Toward Q2 target. Audit found that some of the plan's objectives and the performance measures do not yet provide a logical and consistent relationship to the target. This reduces the ability of the Accountable Officer of the lead agency and the Governance Group to ensure accountability and transparency for achievement of the Toward Q2 target.

Information systems on service providers at DEEDI

DEEDI has well documented data quality standards and expectations for performance information which are clearly communicated across the agency. Controls are established over data collection and processing to ensure the accuracy, completeness and reliability of performance information including input, validation and monitoring. The department maintains effective control of the delivery of quality services through contractual agreement, regional management and monthly performance monitoring.

Planning processes at DEEDI

The department's planning frameworks and guidelines were drafted at the time of audit fieldwork and provided minimal guidance on the expectations for planning for the delivery of DEEDI objectives and services. The plans provided were inconsistent, incomplete and in some cases not approved. Audit acknowledges that since fieldwork was completed a planning framework for the 2011-12 financial year was developed and approved by the DEEDI Service Delivery and Performance Committee on 17 March 2011. Audit is unable to provide an assurance of the effectiveness of the framework at this time.

Recommendations

It is recommended that the Department of Employment, Economic Development and Innovation as the lead agency:

- **Revise existing governance mechanisms to ensure adequate support for the implementation of whole of government initiatives, including agreed rules for resolving conflict, apportioning responsibility and follow-through, authorising, approving and recording decisions, and managing risk and issues.**
- **Consider the data quality and consistency risks for the activities in the Target Delivery Plan and where appropriate develop formal information sharing agreements with contributing departments to ensure the data provided is reliable and timely.**
- **Ensure that complete and current plans are in place for all activities in the Target Delivery Plan.**
- **Ensure that performance measures for the Toward Q2 target – Halve the proportion of Queensland children living in a household without a working parent reflect the better practice characteristics for performance measures outlined in the document *A Guide to the Queensland Government Performance Management Framework*.**
- **Develop additional complementary indicators for the target, that link to the strategic areas for action in the Target Delivery Plan, and provide timely evidence of progress on this Toward Q2 target.**
- **Support planning, monitoring and reporting processes with performance information on the activities in the Target Delivery Plan that is capable of informing current or future evaluation approaches.**

Departmental response

Department of Employment, Economic Development and Innovation

The Director-General of the Department of Employment, Economic Development and Innovation provided the following response on 28 June 2011:

The proportion of children in jobless households has fallen in Queensland, as the Australian Bureau of Statistics demonstrates.

DEEDI has welcomed the opportunity that this audit has presented. As we have agreed, DEEDI is on a journey in relation to this target, both in achievement against the target measure and a journey of implementation. It will continue to be challenging as we move forward.

It is pleasing to note that the report acknowledges progress against the target measure and that the target itself has required a fundamental shift in the government's approach to disadvantage. This audit has examined the first two years of a twelve year policy cycle. What is evident to me from the audit is that significant progress has been made — that DEEDI has worked hard to build the evidence base; that significant work has been done on refining the Target Delivery Plans (TDPs); and that collaboration and innovation have been significantly enhanced and strengthened.

This work was critical to accurately define the target; to understand the variables and our ability to influence these variables; to recognise the obstacles faced; identify current government activity and the level to which jobless households are being targeted; and to mark the pathway forward. This has been successful and we are now ready to enter the next phase of implementation.

We are now at a turning point in this journey. So it has been good timing for an examination of the systems and processes utilised to support this government priority.

The department supports all of the recommendations outlined in the report. We know that issues of governance and administration have taken less of our time to date than the hard yards of research, analysis and policy development. We think that was right. Equally, we know that it is now time to look at the issues you have raised.

Work has started on each of these recommendations, and progress is being made. We have been developing revised governance mechanisms. We have also commenced work on revised monitoring and measurement processes. This will provide the Governance Group with additional information to enable informed recommendations on the future direction for this target. This work will continue in collaboration with the Governance Group, particularly with our collaborating agencies and the Department of the Premier and Cabinet.

Work on the 2011/12 TDP has been heavily influenced by the audit, in particular around the development of performance indicators to effectively measure the impact of our activity. This is a work in progress as action is subject to: consideration of the often significant costs associated with new data collection processes; the ability to modify data sets subject to national reporting standards; as well as the sensitivities and practical issues involved in the collection of data from disadvantaged and potentially vulnerable students and families. Your final report acknowledges the time and effort this will take but the costs also need to be considered as jobless households were not previously built into measurement of any government activities captured in the TDP.

As we said in the course of the review, DEEDI commenced capturing the impact of its Skilling Queenslanders for Work initiative on jobless households as early as July 2010. While not acknowledged, DEEDI also underwent a significant reprioritisation process in which jobless households were clearly identified as one of three of the highest priority groups for this initiative – which helps over 24,000 disadvantaged jobseekers each year.

The development of complementary indicators commenced in 2009 with the quarterly monitoring and reporting of a range of labour force data which support the target measure. Your recommendation to develop additional indicators linked to our strategic actions is one we support and which echoes recommendations made by the Smart State Council in its recent review of Toward Q2. It will be implemented.

As the Council said in their recent report on Q2, this is “a complex target often involving entrenched intergenerational disadvantage”. While we know we need to do more in the areas of reporting and planning, we have come a long way since the announcement of Toward Q2 in 2008. We have come a long way in achievement against the target, and a long way in achieving innovative and collaborative policy development.

You comment on the fact that DEEDI chose a relatively informal approach to collaboration through the Governance Group in the first two years. DEEDI and the Governance Group have indeed operated as a “policy group”, as outlined in the report, and have been incredibly successful in undertaking a program of research and analysis, building the evidence base and working together to refine policy approaches to the target. We don’t apologise for this.

It is unfortunate that the comment that “reports focusing on how busy departments are do not show whether they are effective or efficient” lacks an appropriate context. You have told me of your concerns around the 2009/10 data. Well, we had to start with what we had. A comparison of the 2009/10 TDP and the 2010/11 TDP reveals the great strides taken in that year in understanding the barriers as well as understanding the breadth of possibility in Queensland Government activity. From an admitted “stock take of activity” in 2009/10, the 2010/11 TDP saw activities focused on four key actions that we knew the Queensland Government could effect. The 2011/12 TDP takes the next evolutionary step — further refining activity, and moving towards innovative responses that pilot new approaches, a fact that I believe has been verbally acknowledged by QAO officers.

The recommendations of the QAO audit will help us to ensure that progress of these activities will be monitored and the learnings documented to provide practical experience to support the theoretical knowledge already gained.

You point out a difficulty in attributing funding to activities in the target delivery plans. It is not difficult to identify funding associated with activities. In fact we have identified with contributing agencies that around \$217 million in state funding and \$140 million in funding from the Australian Government, administered by the Queensland Government, is attributed to the activities in 2010-11 target delivery plan. The difficulty lies in separating out from that funding the components which are directed to jobless households.

The representation of funding in your report should be from a State and federal funding split. This is important as the State has more direct control over its own funding. While federal funding may be attributed to jobless households in some measure, it is meeting other priorities of national importance. We must accept that programs and initiatives identified in the plans have, and will continue to have, priorities beyond just jobless households. Many are tied to priorities such as reducing homelessness or ‘closing the gap’ set under Toward Q2, COAG and other State and national agendas, and Government must continue to meet multiple priorities.

In the absence of a mechanism to centralise funding for specific programs across agencies to devote to jobless households we will continue to “join up” our forces, to focus our attention, leverage complementary programs and now build appropriate monitoring points.

I still hold that the concentration on DEEDI activity within the audit has resulted in a missed opportunity to fully consider and appreciate the depth of policy considerations and an understanding by the reader about what it is the State Government can and cannot control in terms of the barriers leading to jobless households. The suggestions put forward in the audit report to map existing data and gaps in performance data against these complex barriers are a little simplistic.

That said, I applaud the report for acknowledging that many preventative strategies warrant inclusion in the target delivery plan, but as you and I have agreed in conversation, cause and effect may not be demonstrated in the very early years of a long-term policy initiative. As recognised under a program logic approach, performance reporting during the initial years of an initiative will tend to reflect short-term outcomes which are a necessary precursor to longer-term change.

Further, where actions are preventive in nature, it may never be possible to draw a direct and tangible link to the jobless households target measure. While agencies should seek to continually improve performance measurement, monitoring and evaluation around these preventative actions, the absence of a direct and visible link to the jobless households target measure is no reason to manufacture some measure simply to justify inclusion of the action in the target delivery plan. You say and I agree that policy responses to complex and long-term social issues require new approaches and a rigorous approach to evaluation. Such rigour is not to be confused with or confined to simple quantitative performance measurement. As these plans have only been in operation for less than two years, considerable concept design and development continues.

All of that said, DEEDI accepts the recommendations and is working to further improve systems and processes to meet better practice standards.

Department of the Premier and Cabinet

The Acting Director-General of the Department of the Premier and Cabinet provided the following response on 28 June 2011:

The Department of the Premier and Cabinet (DPC) is committed to continuous improvement, and the report presents useful advice. Toward Q2 (Q2) provides a way of driving new focus and cooperation on critical policy and service delivery issues, and your findings will help all departments as they work collaboratively to deliver on this long-term agenda.

The government’s Q2 vision is framed around five ambitions and 10 targets for a strong, green, smart, healthy and fair Queensland by 2020. The ambitions describe the outcomes the government envisages for Queensland by 2020, while the targets are measurable indicators of progress toward the ambitions. Q2 sets ambitious targets that require action by governments at the state, Commonwealth and local levels, and the community.

The Q2 jobless households target is a measurable indicator of progress toward the Q2 fair ambition, and a way of driving new government focus and cooperation on critical policy and service delivery issues. The intent is not to simply meet the target but to ameliorate what we know to be the negative effects of joblessness, particularly on children — in short, to help break the cycle of intergenerational disadvantage. This requires concerted and coordinated effort across government, as well as industry and the community, and is expected to be difficult and to take a long time to achieve. This holds true for many of the Q2 targets.

I thank you for your positive comments about the guidance provided by DPC to the lead and contributing departments regarding planning, monitoring and reporting on initiatives and programs contributing to the achievement of the jobless households target. I also acknowledge the finding that Q2 governance, performance measurement, monitoring and evaluation can be stronger. As the report notes, DPC has already moved to address this by strengthening the advice it provides on these areas in the Guidelines for Target Delivery Plans (the TDP guidelines) for 2012–13.

Response to recommendations

I accept the report's recommendations, and DPC will work with departments to operationalise these as we move into the fourth year of this 12-year program. Although it was the jobless households target that was audited, the report's findings and recommendations will have relevance to other targets and other lead and contributing departments involved in delivering on the government's Q2 vision.

I agree that governance arrangements in place for each target need to be adequate to allow governance groups to fulfil their responsibility for advising CEOs and ministers on the development, implementation and performance of TDPs. To this end the TDP guidelines for 2012–13 provide more explicit guidance to the lead and contributing departments and governance groups on the matters they should consider in establishing governance arrangements.

Any governance arrangements will need to remain efficient and practical, and not create an unnecessary new layer of red tape such that the process for developing the TDP becomes the focus, rather than a mechanism to promote coordinated and integrated action to achieve the target. Therefore flexibility in governance arrangements remains important and departments should use existing arrangements, where they are working effectively, to consider Q2 matters.

The amended TDP guidelines advise that appropriate governance groups should be in place for all targets, and their Terms of Reference should be revised with regard to the areas you note in your recommendations, including procedures for recordkeeping, information sharing, performance reporting and conflict resolution. Departments should also ensure all TDP actions have appropriate implementation or project planning and performance reporting. For example, actions which are part of Council of Australian Governments Agreements are already subject to a comprehensive governance, accountability, monitoring and performance management regime.

DPC has commenced the process of revising governance arrangements by holding discussions with DEEDI on implementing better practice arrangements as it moves forward with implementation of the 2011–12 TDP and development of the 2012–13 TDP.

I also acknowledge the importance of strong performance measurement, monitoring and evaluation. In accordance with the amended TDP guidelines, departments should select performance measures that reflect as much as possible the better practice characteristics outlined in A Guide to the Queensland Government Performance Measurement Framework. Though it will not always be possible to directly reflect progress toward the target measure in the performance measures for all programs and initiatives in the TDP, departments should ensure they have adequate performance monitoring and evaluation frameworks in place. Departments should also draw consequences from that evaluation in terms of expanding or ceasing parts of their policy program. It will naturally take time for new processes to be introduced and embedded, and for new data to become available.

There is existing work by departments to present mid-point estimates of progress toward the target, as shown in each target's trajectory published in the Q2 annual report and on the Q2 website. Some of these involve sophisticated modelling, while others present a pathway to reaching the target. More specific annual targets have now been developed for departmental Service Delivery Statements.

I agree that to provide a fuller picture of progress toward the target, departments should also consider reporting against additional complementary indicators that align with the strategies for achieving the target articulated in the TDP. DPC will work with departments to implement this approach, which will enable departments to measure the progress of policy approaches which evidence suggests will address the intent of the target, and have the greatest impact on achieving the target.

In this context it is important to note that where the goals are complex and initiatives are geared for the long term, where actions are preventive in nature, where the reasons for success are multi-factor or where many policy levers lie outside the state government's control, it may not always be possible, especially in the early years, for the performance measures for each action to demonstrate a direct and causal link to the target measure. A program may contribute to the long-term achievement of the target, in this case, halving the proportion of children living in jobless households, by first tackling other goals, for example by providing universal access to a quality early childhood education.

In summary, I accept your recommendations as evidenced by DPC's amendments to the TDP guidelines for 2012–13.

As Q2 delivery continues to be refined across government, DPC and all lead and contributing departments will be mindful of this audit's findings. DPC will address them as part of its efforts to support lead and contributing departments, governance groups and CEOs as they drive progress toward the Q2 ambitions and targets.

Department of Education and Training

The Director-General of the Department of Education and Training provided the following response on 28 June 2011:

The Q2 jobless households target has been selected by Government as a key measure of progress in addressing issues of long-term unemployment and inter-generational disadvantage. National research based on the Household Income and Labour Dynamics (HILDA) Survey confirms the magnitude and persistence of the issue of children in jobless households in Australia, and indicates the inter-generational risks. That research indicates that the three-year persistent joblessness rates among children in single parent households was around 30 per cent; about 12 times higher than the rate in all other households combined (2.3 per cent). There is a substantive body of research indicating that the actions and activities nominated in the Target Delivery Plan (TDP) represent an effective strategy for addressing these complex and intransigent issues.

Participation in high quality early childhood education can place children on a positive pathway for life and learning, particularly when delivered in co-ordination with other mainstream services. Longitudinal studies have shown that long term benefits of quality early childhood education and care are the most significant for disadvantaged children, including children from jobless and low income households.

Research also confirms the importance of early childhood education and care in supporting parental workforce participation, particularly in relation to sole parent families. The adoption of a family centred approach in the provision of early childhood education and care provides the opportunity for parents in low socio-economic areas to increase their overall sense of connection to the broader community and to develop enhanced personal competencies as a precursor to employment.

Young people with low levels of literacy and numeracy, or who do not complete school or a vocational equivalent, have a demonstrably higher risk of experiencing multiple periods of time outside of the workforce, and are less likely to engage in further education and training. This lack of engagement in further learning heightens ongoing risks of unemployment and social marginalisation.

Actions to support skill acquisition and successful transitions from education to work are essential for long-term progress against the jobless households target. Research clearly shows that a good start on leaving school, through engagement in full-time work, training or university study, increases the likelihood of successful employment outcomes in future years.

The draft report raises concern that existing performance measures for nominated departmental activities do not specifically refer to changes in the incidence of jobless households. As you have acknowledged, the Q2 agenda is intended to support a holistic, multi-agency approach to achieving long-term social and economic change. Consistent with research findings that demonstrate the effectiveness of early intervention, this will often involve a significant focus on preventative activities. As a consequence, it will not always be possible to directly attribute changes in the incidence of jobless households to a specific departmental activity or initiative.

The draft report recommends the application of a program logic model to support planning for complex and interrelated activities. As recognised under this approach, performance reporting during the initial years of an initiative will tend to reflect short or medium term outcomes which are a necessary precursor to longer term change. For example, intermediate measures of the population at risk are salient. This is reflected in the performance measures adopted for the initial years of the TDP process, such as participation in quality early childhood education and improved retention in education and training programs.

Consistent with the findings of the report, the Department will continue to liaise with the Department of Employment, Economic Development and Innovation (DEEDI) and the Department of the Premier and Cabinet (DPC) to develop and refine TDP performance measures. This will be subject to consideration of the often significant costs associated with new data collection processes, as well as sensitivities and practical issues involved in the collection of data from disadvantaged and potentially vulnerable students and families.

In this regard, departmental officers are currently exploring options for the ongoing inclusion of questions regarding the employment status of parents and guardians as part of the Next Step Longitudinal Study and the Early School Leavers Longitudinal Study. Both the Next Step Longitudinal Study (2011) and the Early Leavers Longitudinal Study (2011) have included questions on the employment status of each parent/guardian living in the relevant young person's household.

Department of Communities

The Director-General of the Department of Communities provided the following response on 28 June 2011:

At the outset, it is important to recognise that the Department of Communities is a contributing agency to the Towards Q2 Target 9 Delivery Plan (Jobless Households) because many of our programs and services assist vulnerable and disadvantaged people to participate in employment. Given this indirect support to the Target's objectives, performance measures for Communities' activities do not directly relate to the Target.

For example, the department's initiative to improve the integration of housing assistance with training and employment services contributes to the Target's objective. However, its direct function is to remove housing related disincentives to workforce or training participation and reduce ongoing dependence on social housing. Its performance measures, then, relate to the extent to which these disincentives are removed, rather than workforce participation achieved per se.

Similarly, as you note, expenditure on my department's activities contributes to a range of policy outcomes, in addition to the outcomes of this Towards Q2 Target. Again, the indirect relationship between these activities and the Target means that it is not possible to estimate how much of, for example, the \$43.5M committed under the Remote Indigenous Housing National Partnership Agreement results in a reduction in jobless households.

In addition to the department's contribution to the Plan being indirect, it is now relatively small. Nonetheless, the Department of Communities is continuously seeking improvement to the planning, implementing, monitoring and reporting of identified activities. For this reason, the opportunities for improvement suggested by the report are being given close consideration by my department.

In consultation with lead agencies, we are reviewing how we contribute to all target delivery plans in order to achieve best results for the community. For example, my department is reviewing the actions to be included in 2011/12 Target Delivery Plans, to ensure that they are significant and tailored specifically for the Q2 targets.

I agree with the draft report's finding that policy responses to complex and long-term social issues require new approaches and a rigorous approach to evaluation. Such rigour is not always served by simplistic quantitative performance measurement. As these plans have only been in operation for less than two years, considerable concept design and development continues.

For example, during 2009-2010 and 2010-2011, research has been undertaken to support social housing activities within the Jobless households plan. Together with policy work and stakeholder engagement, this research aims to determine how best to fund, implement, and measure the performance of our activities. During the development of direct performance data, it would be incorrect to discontinue these activities, or to suggest that they will not contribute to meeting the Q2 target by 2020.

Likewise, our work to support jobless families in Indigenous communities, through actions such as those associated with the Cape York Welfare Reform will continue to involve action research, running pilots, and trials, in order to develop a robust evidence base. In the mid to longer-term, our success will be measurable in terms of improved behaviours in communities, higher employment levels, higher school attendances and academic achievement, and higher levels of home ownership. However, this will take time to achieve, with success subject to many factors. Our response in this instance is long-term and aims to overcome complex and entrenched issues. The process of developing and refining these actions will not only address the Q2 Jobless Households target, but also support whole-of-government efforts to break the cycle of intergenerational disadvantage amongst Aboriginal and Torres Strait Islanders.

It should also be noted that several activities listed in the Target Delivery Plan are also subject to existing state and national governance and performance management arrangements. This includes performance reporting to the Council of Australian Governments and under national partnership arrangements. My department will also work with the Department of Employment, Economic Development and Innovation and the Commonwealth to support vulnerable people to participate in the new Federal workforce initiatives, including the place based initiatives for teen parents and jobless families and the income management trials in Logan and Rockhampton. There will be an evaluation of these initiatives developed by the Federal Government, to which the Queensland Government will contribute.

As you have previously reported, since its establishment, my department has progressed activities to improve our systems and performance information. I was pleased to note that your Report to Parliament No. 5 for 2010 Performance Reviews - Using performance information to improve service delivery endorsed our approach to robust performance management through biannual Service Performance and Regional Service Delivery Operational Performance reviews.

1 | Audit outline

1.1 Background

Jobless households

One of the Queensland Government's Toward Q2 targets for a fair Queensland is to halve the proportion of Queensland children living in a household without a working parent. Achieving the Toward Q2 vision will require Queensland Government departments to: drive new policy and coordinated action to achieve the targets; monitor and report on progress against the targets; and engage external stakeholders to contribute to the targets.⁴

In developing the Target Delivery Plan for this target the lead and contributing departments found that the risk of becoming a jobless household increases if the:

- Family is headed by a lone mother, particularly mothers who had their first child as a teenager.
- Parent/s have lower than average educational attainment.
- Parent/s were in a jobless household when young.
- Parent/s are near retirement age, have a disability or are Aboriginal or Torres Strait Islanders.
- Parent/s lack a work history.
- Family lives in low socio-economic areas and non urban regional areas.⁵

*"Families influence young people's attitude towards work and welfare. Children in jobless households are more likely to become jobless adults, perpetuating intergenerational disadvantage."*⁶

The research also identified that the Australian Government has significant controls over areas such as welfare, taxation and industrial relations that may act as disincentives to work and provide safety nets for jobless families and low income workers.⁷

The lead and two contributing agencies for the target have contributed to the development of Target Delivery Plans that identify the pre-existing and new Government activities that may contribute to the achievement of the target. The plans also identify ways for the three departments to coordinate their individual activities. Agencies must deliver the activities within existing resource limits or seek approval for resource changes.

⁴ Department of the Premier and Cabinet, Guidelines for Target Delivery Plans, 2009.

⁵ Department of Employment, Economic Development and Innovation, Q2 Target Delivery Plan 2010-11, *Halve the proportion of Queensland children living in households without a working parent*, p.2.

⁶ *ibid*, p.1.

⁷ Department of Employment, Economic Development and Innovation, Q2 Target Delivery Plan 2009-10, *Halve the proportion of Queensland children living in households without a working parent*, p.2.

1.2 Integrated government services

Increasingly, governments within Australia and internationally are working across agencies and jurisdictions to provide integrated services to the public. Working across agencies is an opportunity for government to achieve its objectives in an efficient and effective manner. It provides economy of scale benefits and draws on the diverse knowledge and local experience of public sector officers and external service providers who understand the needs of the communities they serve.

To provide integrated services governments must work 'horizontally' or across agencies rather than the more traditional 'vertically' or in a single agency environment. This means that whole of government objectives may involve multiple departments, National and State Governments through Commonwealth and State agreements (e.g. health, employment, transport, and education) and may also include non-government organisations contracted to provide services at grass roots levels.

This method of service provision across agencies needs to be well planned; sufficiently resourced; well coordinated across participant agencies and external stakeholders; and regularly monitored, reviewed and evaluated.

1.3 Toward Q2: Tomorrow's Queensland

The provision for the Queensland Government's Objectives for the Community are listed in the *Financial Administration Act 2009* (FAA) s.10(1)(2). The announcement of the Government's ambitions was made in September 2008. The five ambitions were detailed and the 10 targets to achieve the ambitions were outlined. These are listed in Figure 1A.

Figure 1A – Government ambitions and targets

Government Ambition	2020 Targets
Strong Creating a diverse economy powered by bright ideas.	Queensland is Australia's strongest economy, with infrastructure that anticipates growth. Increase by 50 per cent the proportion of Queensland businesses undertaking research and development or innovation.
Green Protecting our lifestyle and environment.	Cut by one-third Queenslanders' carbon footprint with reduced car and electricity use. Protect 50 per cent more land for nature conservation and public recreation.
Smart Delivering world-class education and training.	All children will have access to a quality early childhood education so they are ready for school. Three out of four Queenslanders will hold trade, training or tertiary qualifications.
Healthy Making Queenslanders Australia's healthiest people.	Cut by one-third obesity, smoking, heavy drinking and unsafe sun exposure. Queensland will have the shortest public hospital waiting times in Australia.
Fair Supporting safe and caring communities.	Halve the proportion of Queensland children living in a household without a working parent. Increase by 50 per cent the proportion of Queenslanders involved in their communities as volunteers.

Source: Department of the Premier and Cabinet, 2009.

Government's objectives for the community are expressed as five ambitions and 10 long term measurable targets. Agencies use the Government's ambitions and targets to inform the development of their strategic plans and operational plans. *A Guide to the Queensland Government Performance Management Framework* advises that agency objectives must:

- Be consistent with the Government's objectives for the community.
- Link to Government targets.

Agencies develop services and service standards to identify the deliverables that will help to achieve their objectives. Services describe the areas that agencies deliver services to clients. Agency operational plans specify in detail critical information including:

- The services delivered by part or all of the agency.
- The outputs of the services.
- The strategies to deliver the services.
- Budgets for the delivery of the services.
- Risks associated with delivering the plan.⁸

Agencies report externally on their objectives in the Annual Report and on the services in the Service Delivery Statements. The Performance and Delivery Office within the Department of the Premier and Cabinet develops the Q2 Annual Progress Report each year.

Responsibility for these targets is set out for the responsible Chief Executive Officer and departmental Ministers. The Department of Employment, Economic Development and Innovation (DEEDI) was formed as part of a machinery of government change in March 2009. The department is the lead agency for one of the 'Fair' targets.

1.4 Target: Halve the proportion of Queensland children living in a household without a working parent

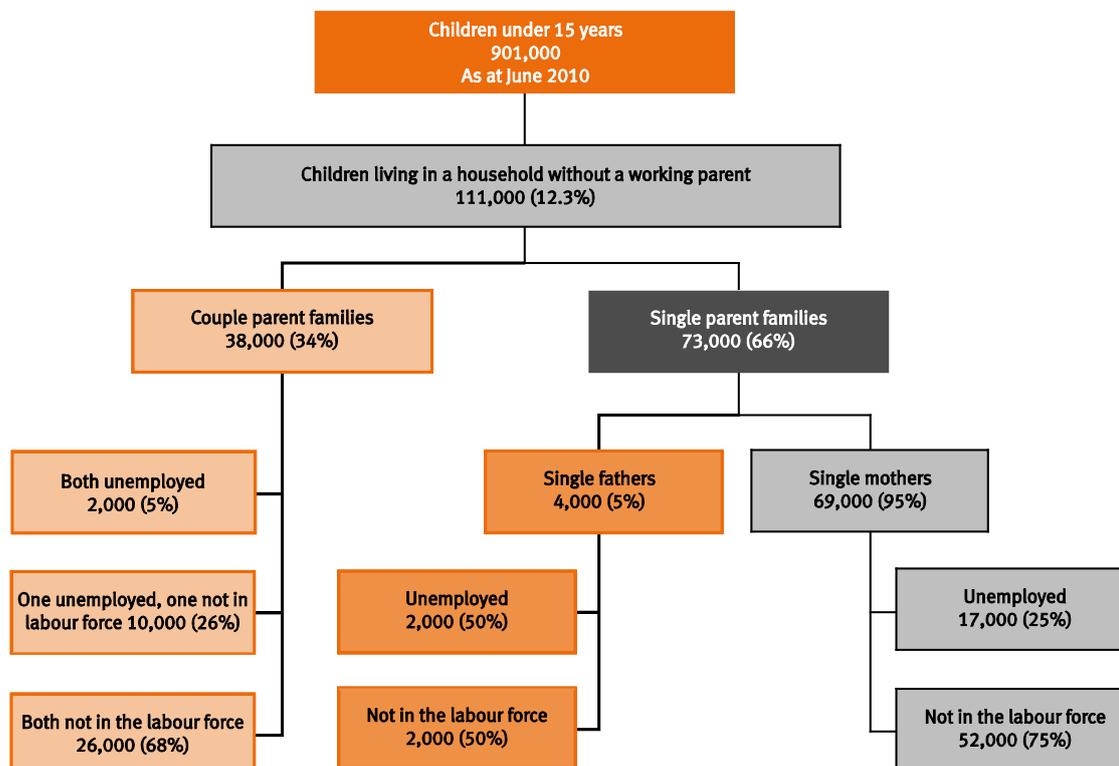
DEEDI has undertaken considerable research on jobless households and the social consequences to the individual and the State. DEEDI identified through research, that social disadvantage is more likely when children live in households with low incomes and that the disadvantage is at risk of continuing to adulthood. This target was based on the proportion of Queensland children under 15 years, living in families where no resident parent is employed, using the Australian Bureau of Statistics (ABS) Survey of Income and Housing (ABS 6541.0). This survey is undertaken every second financial year.

The target measure (ABS Cat. No.6541.0) is conducted every two years and collects detailed information about income and personal and household characteristics. To supplement this measure a complementary measure is used. The 'Labor Force, Australia: Labor Force Status and other Characteristics of Families, (ABS 6224.055.001). The data from this annual survey provides complementary information for this Toward Q2 target.

⁸ Department of the Premier and Cabinet, *Agency Planning Requirements*, 2010.

In June 2010, there were an estimated 901,000 children aged under 15 years in Queensland (Figure 1B). Figure 1C shows the increase in population for Queensland children from 1998 to June 2010. In June 2010, 111,000 children were living in a family without a working parent. This equates to 12.3 per cent of all children in Queensland.⁹

Figure 1B – Proportion of children living in jobless households with reference to the indicators



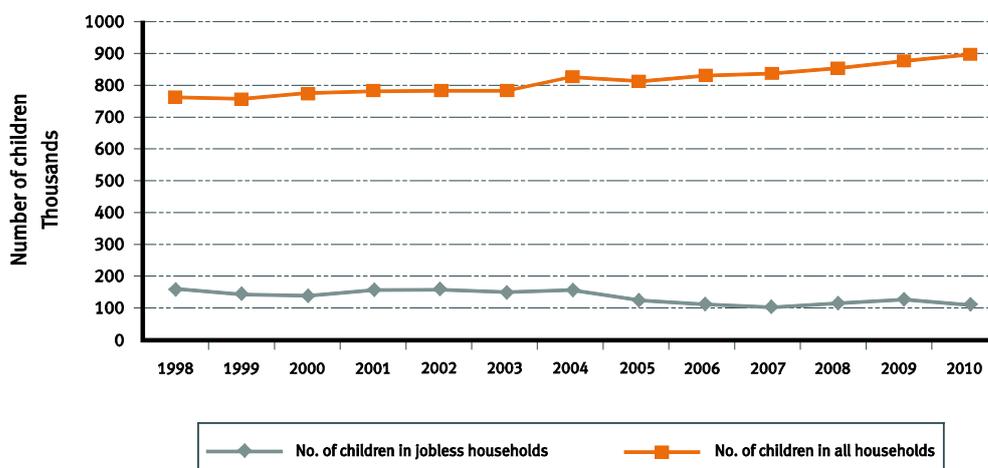
Source: DEEDI based on ABS 6224.0555.001.

Figure 1D shows that the target measure of the proportion of children in jobless households fell significantly from 15.9% in 2006 to 10.9% in 2008. The complementary indicators show that this rate may have increased to 12.3% in 2010.

These are two different surveys, which not only differ in terms of the timeliness of the data, but also when the survey are conducted, the questionnaires used, the sample sizes and the scope of the dwellings surveyed. As the complementary data includes very remote areas of Australia that are excluded in the target measure, the complementary indicator is expected to be higher than the target measure, to account for the wider scope.

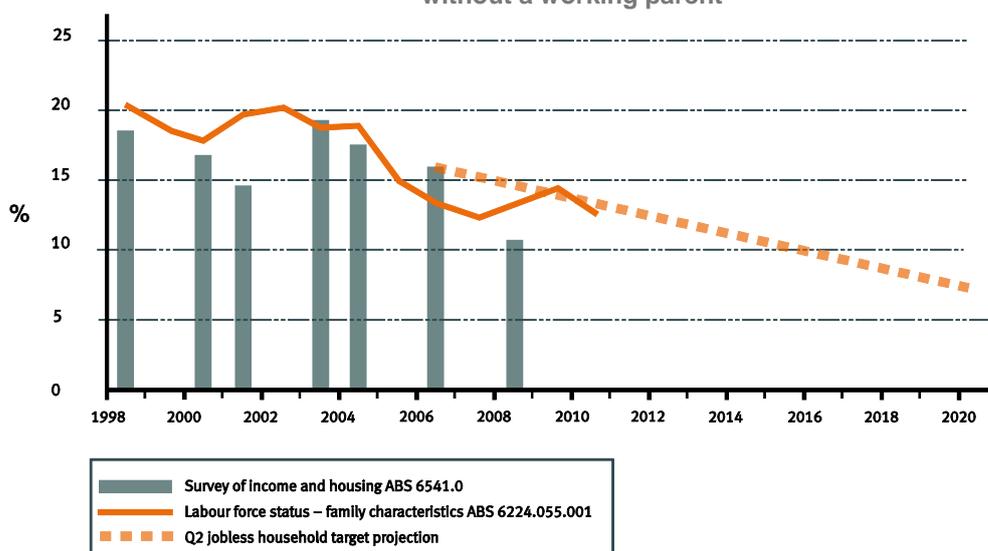
⁹ Department of Employment, Economic Development and Innovation, *Snapshot – EII Target 3 – Jobless Households*, p.1,2.

Figure 1C – Queensland children living in jobless households



Source: DEEDI analysis of Labour Force Status and Other Characteristics of Families, June 2010, ABS 6224.055.001.

Figure 1D – Proportion of children living in a Queensland household without a working parent



Source: DEEDI analysis of Labour Force Survey and Other Characteristics of Families ABS 6224.055.001 and Survey of Income and Housing ABS 6541.0, 2010.

1.5 Audit objective

The objective of this Performance Management Systems (PMS) audit was to determine whether the departments have systems in place to effectively coordinate the planning, monitoring and reporting on activities identified as contributing to the achievement of the selected target.

- Are implementation planning processes in place that meet the requirements of the Department of the Premier and Cabinet and better practice principles?
- Are systems in place to monitor and report on the outputs and outcomes to be achieved?
- Are systems in place to ensure performance information is accurate and complete?

1.6 Audit scope

Agencies subject to the audit were:

- Department of Employment, Economic Development and Innovation.
- Department of the Premier and Cabinet.

The performance measures for the activities in the Target Delivery Plans being delivered by the Department of Education and Training and the Department of Communities were also assessed but not the systems to plan, monitor and report on them.

The DEEDI initiatives and programs from the *Q2 Target Delivery Plan 2009-10 and 2010-2011: Fair, Halve the proportion of Queensland children living in a household without a working parent* were audited against the criteria of planning, monitoring and reporting processes, and accuracy and completeness of reporting data.

Fieldwork for the audit was conducted between December 2010 and March 2011.

1.7 Exclusions from audit scope

The following aspects were not included in the audit scope:

- Systems to develop government objectives.
- Issues of policy development.
- Resource allocation or budget processes.
- The purchasing/tendering processes for contracted out services.
- The full range of initiatives contributing towards the achievement of the target.

2 | Implementing whole of government strategies

Summary

Background

The *Guidelines for Target Delivery Plans*¹⁰ provide specific advice on how to address the challenges of developing whole of government policies to address the Toward Q2 targets. Better practice in implementing policy and service delivery identifies that there are many challenges to maintaining a sustained focus on the pace, efficiency and quality of implementation of government decisions and delivery of public services.¹¹

Key findings

- The *Guidelines for Target Delivery Plans* cover most of the principles of best practice in implementing policies and initiatives.
- Advice on the roles and responsibilities of those involved are clearly defined in Attachment 3 of the guidelines.
- The guidelines could be improved by providing more specific advice about how to:
 - Assess the suitability and appropriateness of proposed activities for the Target Delivery Plan.
 - Ensure performance measures in the Target Delivery Plan are in line with the better practice characteristics in the document *A Guide to the Queensland Government Performance Management Framework*.¹²
 - Monitor and report on the performance of the activities in the Target Delivery Plan.

¹⁰ Department of the Premier and Cabinet, *Guidelines for Target Delivery Plans*, 2009.

¹¹ Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006.

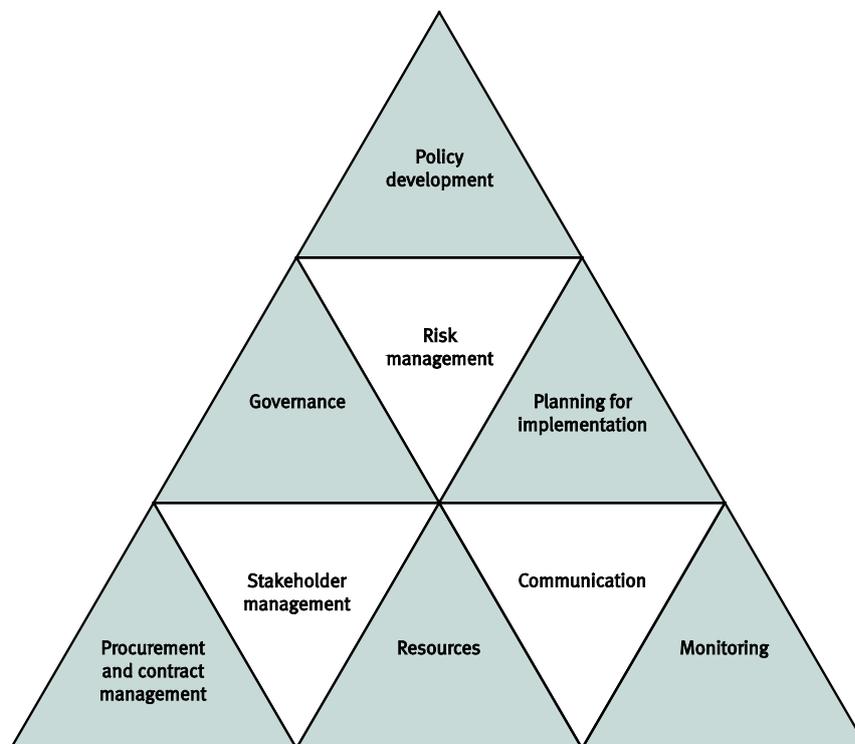
¹² Department of the Premier and Cabinet, *A Guide to the Queensland Government Performance Management Framework*, 2009.

2.1 Implementing whole of government strategies

The Department of the Premier and Cabinet incorporated the Toward Q2 targets into existing Government planning and reporting frameworks and developed a set of guidelines to address the specific challenges of implementing whole of government initiatives. The guidelines outline the responsibilities, process and actions for Queensland Government departments in relation to the Toward Q2 targets.

In 2006, the Australian National Audit Office in conjunction with the Department of the Prime Minister and Cabinet published a better practice guide *Implementation of Programme and Policy Initiatives, Making Implementation Matter*.¹³ The guide identifies nine areas of better practice to be considered when implementing a policy or program initiative, translating policy into reality.

Figure 2A – Areas of better practice in implementing program and policy initiatives



Source: Australian National Audit Office.

¹³ Australian Government, Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006.

2.2 Advice to lead and contributing agencies

Advice on how to develop the Target Delivery Plans has varied over time and has included a mixture of workshops, email and telephone communication, face to face meetings with lead and contributing agencies and a set of annually updated guidelines.

Analysis of the documents provided to audit show that a system is in place to communicate expectations and requirements for the Toward Q2 targets to the Directors-General and contact officers within agencies. Information on key dates and clear expectations about how to develop and report against the Target Delivery Plans is regularly distributed.

Audit's assessment of the *Guidelines for Target Delivery Plans* identified that many areas of better practice are covered. There are however some opportunities to strengthen the guidelines and increase alignment with best practice in implementing program and policy initiatives.

2.2.1 Strengths

The strengths of the *Guidelines for Target Delivery Plans* include:

- Clear links to other government planning and reporting mechanisms.
- Roles and responsibilities are clearly defined in Attachment 3 of the guidelines.
 - the CEO is accountable for the delivery of the Toward Q2 ambitions and targets. This requirement is reflected in CEO performance agreements.
 - the lead agency is responsible for coordinating the development and review of the Target Delivery Plans including ongoing monitoring and reporting.
- The Target Delivery Plan reporting template includes a space for risk information to be included in the annual report to the Performance and Delivery Office of the Department of the Premier and Cabinet.
- The template includes significant actions, responsibilities, services or objectives, timeframes for delivery, reporting commitments, and links to other whole of government plans.
- The guidelines clearly outline the reports to be provided to the Performance and Delivery Office.
- Complementary measures have been required to inform progress toward the target measure.

2.2.2 Opportunities to improve selection process

Audit identified some gaps in the guidelines. Advice to the lead agency and Governance Groups about the issues to consider in assessing the suitability and appropriateness of proposed activities for the Target Delivery Plan should be more explicit. For example:

- Do the plans for the proposed activity clearly show how the activities are going to work together to contribute towards the achievement of the target and has suitable performance information been provided for baseline and regular ongoing monitoring and review?
- Have the implementation risks been assessed and are appropriate mitigation and escalation strategies in place?
- Is the activity being delivered by third parties and are the specific implementation risks (including procurement risks) formally acknowledged and identified?
- How robust and rigorous are the proposed performance measures for the activity and will they support judgements about the contribution to the achievement of the target in terms of effectiveness, efficiency and/or economy?

- Do the plans for the activity clearly identify all the necessary resources including, staffing skills, change management issues, financial resources and system resources?
- Is a formal arrangement through a Memorandum of Understanding, agreement or contract between lead and contributing agencies necessary to ensure the coordination and sharing arrangements are of sufficient breadth and robustness?
- Are there any potential conflicts of interest for the members of the Governance Group and the Senior Officers Group associated with the activity?

2.2.3 Opportunities to improve governance

Another gap identified in the guidelines is an absence of detailed advice on how to set up and maintain effective governance for Target Delivery Plans. Better practice from the ANAO identifies the importance of:

- Ensuring that regular reports include information on the risks and mitigation strategies.
- Having performance measures sufficient for their purpose. (There was no reference to the better practice characteristics for performance measures outlined in the document *A Guide to the Queensland Government Performance Management Framework*).¹⁴
- Identifying which stakeholders were consulted in its development.
- Developing a communication strategy for the target group.

The *Guidelines for Target Delivery Plans* provide specific advice to lead and contributing agencies about how to address the challenges of developing whole of government policies to meet the Toward Q2 targets. However, coordinating and implementing programs and policies across multiple agencies creates specific challenges that agencies should understand and consider. In particular, more advice is necessary about the governance and administration principles that the lead agency and Governance Group need to consider in managing the coordination of the development and implementation of the Target Delivery Plan.

2.3 Review of the Target Delivery Plan process

The Performance and Delivery Office within the Department of the Premier and Cabinet has evaluated its guidelines and sought feedback from lead and contributing agencies throughout the process of developing the guidelines for both the 2009-10 and the 2010-11 cycles.

The Performance and Delivery Office review of the feedback provided by the eight agencies on the 2009-10 cycle showed there were a number of concerns raised. These concerns were:

- Timeframes were too short.
- The template changed during the process.
- Misalignment with budget cycle.
- The need for greater consistency between the Target Delivery Plan and existing government planning and reporting requirements.

¹⁴ Department of the Premier and Cabinet, *A Guide to the Queensland Government Performance Management Framework*, 2009.

The Performance and Delivery Office review of the 2010-11 cycle identified that:

- The Target Delivery Plan could be shorter.
- Reporting requirements to the Performance and Delivery Office could be streamlined.
- In some cases agencies would like more support from the Department of the Premier and Cabinet in helping contributing agencies to prepare policy options.
- In general the 2010-11 processes worked better.

Audit was advised that the Performance and Delivery Office revised the advice and the guidelines in response to the feedback. Audit's examination of the documents showed that the *Guidelines for Target Delivery Plans* was revised and re-released in December 2009. The timeframes, guidelines, templates and the Strategic Management Planner were communicated to agencies by December 2009 for 2010-11 cycle.

The Performance and Delivery Office has undertaken a continuous improvement approach in the communication of the requirements for the development of the Target Delivery Plans to lead and contributing agencies. While the Performance and Delivery Office has reviewed its processes to ensure the timely development of and reporting on the Target Delivery Plans, a review of how well agencies are working together to improve the delivery of public services might identify what further support is required.

3 | Implementing Target Delivery Plans

Summary

Background

Good planning goes hand in hand with good governance and accountability for the use of public resources. Good governance for agency programs requires coordination, monitoring and review of activities. Guidelines provided by central agencies are intended to assist agencies to implement activities to achieve the Government's objectives and provide effective and efficient services to the public. Sound governance is especially important for successfully delivering whole of government strategies, as audits nationally and internationally have shown.

Key findings

- DEEDI chose to use informal processes to develop and review the Target Delivery Plans.
- The Governance Group had broad Terms of Reference. They did not however, sufficiently define its role, nor provide a set of formalised governance rules.
- The Governance Group used an informal process for reporting and communicating up and down the chain of accountability. More developed and formal processes will be required to enable DEEDI to assure:
 - Openness, integrity and accountability.
 - Due care.
 - Public defensibility.¹⁵
- Detailed planning to support the implementation of the activities in the Target Delivery Plan was not accessible and in some cases not completed.
- DEEDI is not yet able to report the extent to which the activities are contributing to the Toward Q2 target.

¹⁵ *Financial and Performance Management Standard 2009, s.7(3)(b)(i),(iii).*

3.1 Implementing the target

Governance is a set of responsibilities and practices, policies and procedures, exercised by an agency's executive, to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability. Sound governance arrangements are critical to the success of programme and policy implementation.¹⁶

Governance arrangements for the Target Delivery Plans should be clear about the roles and responsibilities of key groups charged with planning, implementing, monitoring and reviewing the activities that will contribute to the achievement of the Government's objectives.

Public sector accountability reflects the sum of many parts – elements of convention, legislative and policy requirements, and expectations – which combine to require those charged with responsibility for delivering government programs to account for the program's performance and the utilisation of resources.¹⁷

Figure 3A – Roles and responsibilities of key groups

Key Group	Roles and responsibilities
Lead agency: Department of Employment, Economic Development and Innovation	Lead departments are responsible for driving the delivery of the strategy and actions to achieve the Toward Q2 targets. Lead departments are responsible for coordinating the development and review of Target Delivery Plans, the ongoing monitoring and reporting and stakeholder engagement activities on behalf of the contributing agencies. Lead departments were appointed on the basis that they provide the most significant contribution to the target.
Contributing agencies: Department of Communities Department of Education and Training	Contributing departments are assigned based on their ability, or potential, to play an active role in achieving the targets. Contributing departments are parties to Target Delivery Plans and must contribute to the development and review of Target Delivery Plans, the ongoing monitoring and reporting and stakeholder engagement activities.
Governance Group	Target Governance Groups provide a forum to negotiate the content of Target Delivery Plans, to coordinate the development and review of Target Delivery Plans and their ongoing reporting and monitoring. Target Governance Groups may also provide an approval function for Target Delivery Plans and quarterly reports.
Senior Officers Group	An officer level working group that can progress the day to day activities associated with Target Delivery Plan drafting, (lead and contributing agencies).

Source: Guidelines for Target Delivery Plans December 2009.

¹⁶ Australian Government, Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006. P.13.

¹⁷ Australian National Audit Office, speech by Mr Ian McPhee, Auditor-General for Australia, *Public Sector Accountability, CPA Australia International Public Sector Convention*, 11 March 2011.

3.2 Governance for the target

A Governance Group for this Toward Q2 target was established and met for the first time in October 2009. The group includes representatives from:

- Department of Employment, Economic Development and Innovation
- Department of the Premier and Cabinet
- Queensland Council of Social Service
- Department of Communities
- Department of Education and Training
- Centrelink
- Department of Education, Employment and Workplace Relations
- Local Government Association of Queensland
- Commonwealth Department of Families, Housing, Community Services, and indigenous Affairs

An assessment of the Terms of Reference, meeting minutes and papers for the Governance Group identified that the Governance Group did not operate as a formal governance mechanism to drive the implementation of the activities in the Target Delivery Plan. It was used as a policy group to consider the research and develop new or different ways for the departments to work together to achieve the target.

Audit found that the Terms of Reference broadly defined the Governance Group's role but did not include a set of formalised governance rules to ensure the Governance Group had the capacity and authority to negotiate agreements and resolve conflicts on behalf of their departments, review risks and challenges to implementation and performance as advised by the *Guidelines for Target Delivery Plans*.

The Governance Group was not supported by a formal reporting regime or an agreed process for communicating up and down the chain of accountability. An analysis of the papers provided to the Governance Group and the Senior Officers Group found that there was no formal process for monitoring, reporting and reviewing the individual activities in the Target Delivery Plan. Audit was advised by officers from DEEDI that an informal process was used to monitor and review the activities in the Target Delivery Plan. However, audit noted that as the Governance Group has only met three times since it was established in 2009, and that the Senior Officer Group was formed in December 2010, the monitoring of the activities has been limited.

Audit was advised that DEEDI chose to adopt informal processes to develop and review the Target Delivery Plan. This strategy was used as the *"implantation of long term, complex policy responses to entrenched and difficult social problems cannot be undertaken overnight. The 'forming' stage of a new group and a new program of activities is by nature a very different beast to the following phases. Creating the appropriate authorising environment for the nature of this Q2 challenge has been a priority. To this point, informality has been seen by us as an attribute rather than a deficiency in this process."*¹⁸

¹⁸ DEEDI correspondence to Queensland Audit Office, 23 March 2011, General Manager, Employment and Indigenous Initiatives, Department of Employment, Economic Development and Innovation.

By taking a less formal approach there may be some risks to good governance, accountability and transparency for DEEDI. Although the Department of the Premier and Cabinet guidelines acknowledge that agencies need some flexibility, they provide support to departments on how to apply the directions of Government and meet the statutory requirements of the *Financial Accountability Act 2009*.

The Target Delivery Plans demonstrated that significant research and policy analysis has been undertaken to identify the vision to achieve the target. However the informal process adopted by DEEDI and the Governance Group have contributed to the difficulties encountered in gaining access to the information needed to monitor and review the actions in line with the guidance provided in the *Guidelines for Target Delivery Plans* or the requirements of *A Guide to the Queensland Government Performance Management Framework*.

3.3 Planning

The purpose of good implementation planning is to allow the agency to know whether activities are on target to achieve their intended objective. Plans are the road map used to know how the activities are to be achieved, how their performance will be measured and how they will be monitored and reported.

*“Lessons from the work of the CIU in the PM&C (Prime Minister and Cabinet) and from ANAO audits reflect the value of systematic and structured implementation planning. Experience shows that implementation planning reduces the risk of delay to and dilution of, outcomes.”*¹⁹

Audit expected that DEEDI as lead agency and the Governance Group would have had access to the more detailed plans to inform the development and delivery of the activities in the Target Delivery Plan. Better practice identifies that plans should provide a map of how an initiative will be implemented. The following matters should be included:

- Timeframes, including the different phases for implementation.
- Roles and responsibilities of all those involved in implementation.
- Resources (including funding and human resources).
- Risk management, including how any potential barriers to implementation will be dealt with.
- Monitoring and reporting requirements.²⁰

DEEDI used informal processes in developing the Target Delivery Plan and did not request detailed plans for the activities undertaken by contributing agencies. The plans DEEDI did have were for the activities it was responsible for delivering in the Target Delivery Plan (see section 4.3.1). However, the DEEDI plans did not meet all the requirements above and would not have helped the Governance Group to identify the linkages between the various activities or the gaps in services for jobless households.

Without access to detailed current plans there is an increased risk that activities will fail to deliver the intended outcomes. Pre-existing programs and services could continue to deliver on pre-existing priorities rather than targeting the new target group. This could lead to delays in meeting the Government’s objectives and/or misdirected or inefficient use of scarce resources.

¹⁹ Australian Government, Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006. P.23.

²⁰ Australian Government, Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006.

Access to the detailed plans that demonstrate the linkages between the 'logic' of the activity and how the results are expected to contribute (directly or indirectly) to the objective would allow DEEDI and the Governance Group to ensure that relevant and appropriate performance measures are developed. This would also identify whether existing service data is sufficient or if new data collections are needed.

3.4 Determining the activities to include

Initially, the barriers to workforce participation were identified by DEEDI and explained in the *Employment and Indigenous Initiative Snapshot* (p.4) document. These are significant barriers faced by jobless families and all other disadvantaged people. The barriers identified by DEEDI that are able to be influenced by the State and/or Federal Governments are:

- Welfare and taxation.
- Precarious employment.
- Assistance with re-entry to work.
- Childcare.
- Housing.
- An inflexible welfare system.

Further work was undertaken using internal, national and international research, to inform the 2010-11 Target Delivery Plan (and draft 2011-12) which aims to address four barriers to workforce participation that the State Government could influence directly:

- Prevent the formation of jobless households (barrier: failing to successfully transition from school to work increases the likelihood of heading a jobless household).
- Connect jobless households to the community (barrier: social exclusion is a barrier to workforce participation and engagement with the community is a precursor to workforce participation).
- Skill jobless families (barrier: unskilled and low skilled people are more likely to be jobless).
- Create job opportunities (barrier: lack of recent work experience).

Collecting, analysing and reporting on how the activities are helping jobless households to overcome the barriers to workforce participation is an important part of measuring performance of this Toward Q2 target. Figure 3B provides a useful matrix that would allow DEEDI to identify the existing performance data, gaps in performance data and link them to the barriers to workforce participation. Mapping the data to the identified barriers could give DEEDI useful information to inform the development of future performance indicators. This would better allow them to report on the results of the activities for jobless households.

Figure 3B – Mapping the barriers to workforce participation for jobless households

2010-11 Target Delivery Plan activities	Welfare system	Precarious employment	Assistance with re-entry	Childcare	Housing	Financial Incentive	Social exclusion	School transitions	Skills	Job opportunities
1.1 Young people's positive transitions from school.										
1.2 Independence and self reliance of young people exiting home care.										
1.3 Opportunities for young people to gain skills.										
1.4 Improve labour market prospects of vulnerable workers.										
2.1 Apply learnings from evaluation of place based service delivery reform activities.										
2.2 No wrong door program for client centred, coordinated services.										
2.3 Involve jobless parents in children's education.										
2.4 Offer kindergarten including long day care.										
3.1 Extend the personal responsibility expectation of people in social housing.										
3.2 Partnerships and protocols across levels of government.										
3.3 Access to and investment in skills development and wrap around services.										
4.1 Specific strategies for socially excluded and Indigenous people.										
4.2 Capitalise on additional investment through the National Indigenous Reforms.										
4.3 Improve linkages with industry to improve outcomes for long term unemployed.										

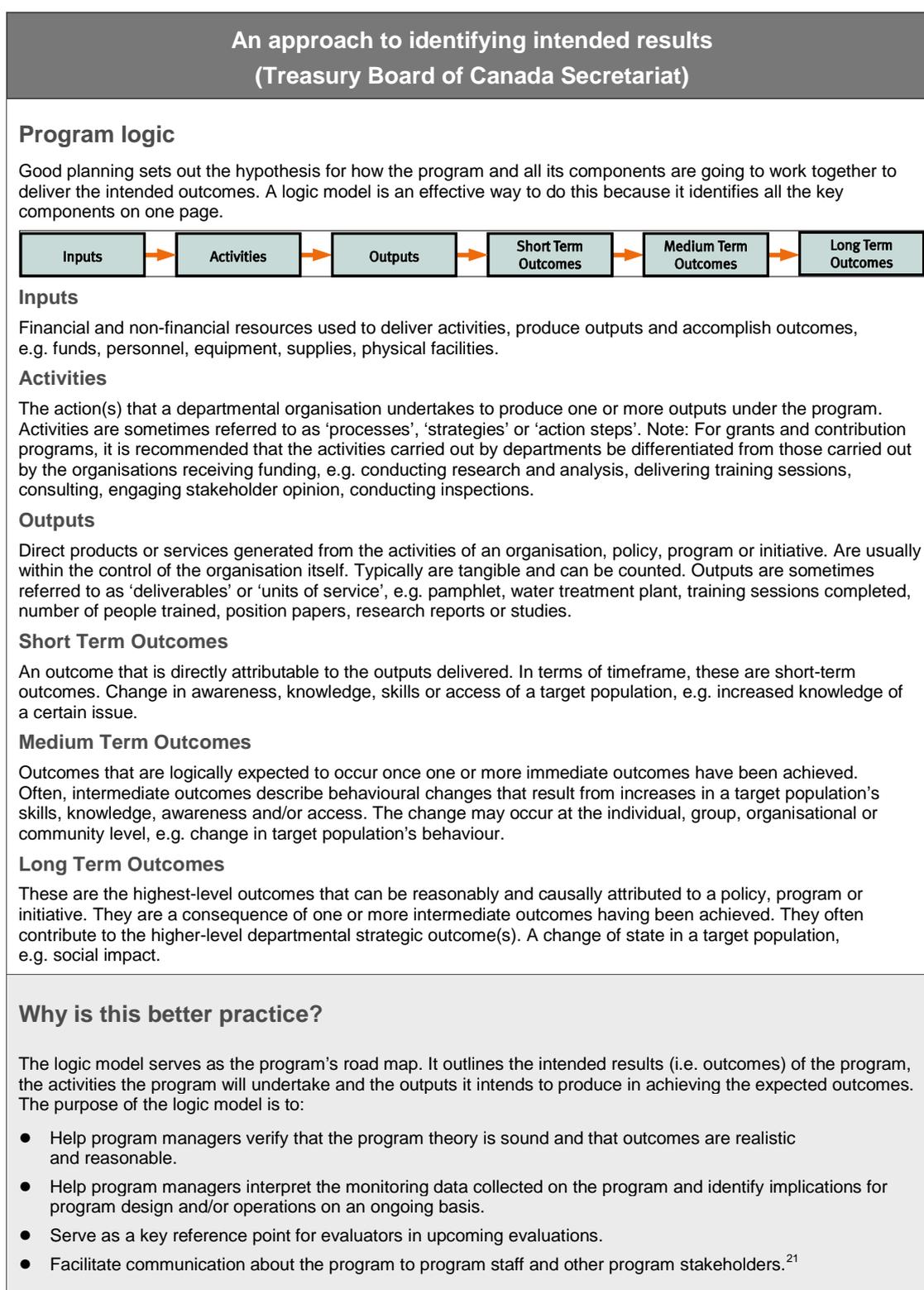
Audit was advised during the audit that there was service data for jobless families available on some of the DEEDI activities but it had not been fully considered in developing the Target Delivery Plan. While audit acknowledges that in some cases new collections were needed and that this takes time, DEEDI should explore opportunities to make better use of its existing service data. While there is undoubtedly merit in including preventative strategies in the Target Delivery Plan, their impact on the target needs to be assessed, monitored and reported.

A more formal approach, such as proposed in this report, would allow for consideration of the information needed to monitor the effectiveness of activities included in the Target Delivery Plan.

3.5 Planning for results

While there are a number of different ways to identify the intended results of a program a commonly used approach is the logic model. Developing a 'map' of the program and all the activities is an effective technique to support planning for complex and interrelated activities. A logic map clearly shows the intended outcomes and supports the development of performance indicators. The logic model allows program managers to identify which performance information is currently available and what else needs to be collected to allow for meaningful monitoring and reporting. See figure 3C for further information.

Figure 3C – Logic Model



²¹ Treasury Board of Canada Secretariat, *Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies*, www.tbs-sct.gc.ca/cee/dpms-esmr/dpms-esmr00-eng.asp

By identifying the intended results, relevant and appropriate performance measures can be developed. See Appendix 5.10 for an example of a logic model. A map of the short, medium and long term results for the activities in the Target Delivery Plan would provide the lead agency and Governance Group with a clear understanding of what needs to be measured. This would allow identification of:

- Existing data that support relevant and appropriate performance measures.
- Existing data collections that could be modified to support relevant and appropriate performance measures.
- Gaps in data collections.
- Data development priorities.
- Data owners and data consistency issues.

Given the long term nature of the Toward Q2 targets, mapping the data requirements is important. It would allow for the appropriate data collections to be prioritised and built into the Target Delivery Plan itself as an action.

Audit found that the Target Delivery Plan supplements the measure of this Toward Q2 target with a number of complementary indicators. They are intended to provide a broader indicator of progress to achieve the Toward Q2 target. This is particularly important given the measure for this Q2 target is available every second year. While audit acknowledges that existing complementary indicators are useful, more are needed. Complementary performance indicators linked to all the strategic areas for action in the Target Delivery Plan would provide evidence of progress and inform decisions about the effectiveness and efficiency of the actions.

An example of mapping the data requirements for a complex social policy program and policy interventions can be found in the *Overcoming Indigenous Disadvantage Report*.²² It draws on extensive evidence to identify the areas where government policies will have the greatest impact for Indigenous communities. Over time, the report intends to measure the effects of those policies and reveals where more effort is required. See Appendix 5.11 for the Strategic Framework that identifies the two layers of interconnected outcomes that have been identified to show progress in achieving the priority outcomes.

3.6 Monitoring

The Australian National Audit Office better practice guide cautions that where implementation is dependent on multiple departments and service delivery arrangements, agreements should be set up and formalised promptly, and a senior responsible officer should be appointed to ensure communication, buy-in and follow-through. The lead agency should have the role of ensuring that *“...a process has been established where information is shared and flows between the agencies involved; performance is monitored; and the commitment by other agencies (as well as their own) is being met.”*²³

²² Productivity Commission, Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009*, 2009.

²³ Australian Government, Department of the Prime Minister and Cabinet, and Australian National Audit Office, *Implementation of Programme and Policy Initiatives, Making Implementation Matter, Better Practice Guide*, October 2006.

Audit found that DEEDI had no formal process to collect performance reports from the contributing agencies on the progress of the activities in the Target Delivery Plan. This is in part due to the fact that the *Guidelines for Target Delivery Plans* do not advise the lead department to consider the performance information it needs and how often it is required to enable it to fulfil its monitoring and reviewing role. The guidelines also state in section 22 that “*lead agencies have no direct authority over contributing agencies to generate performance improvements; however, they will facilitate discussions with contributing agencies about performance and delivery of the target.*”²⁴

Information sharing on the activities in the Target Delivery Plan was informal and information from contributing agencies was inconsistent. An assessment of the annual report on the activities in the Target Delivery Plan 2009-2010 identified that of the 35 performance measures:

- Six were not reported against including two for actions for which implementation was delayed.
- Two were for projects that had not yet commenced.
- Three measures were inadequately reported against.
- 24 were reported against.

In total, eleven of the measures in the 2009-10 Target Delivery Plan did not provide performance data to DEEDI at the end of the cycle to inform the development of the next Target Delivery Plan.

Audit found that DEEDI had no assurance over the quality of the information from the contributing agencies. There is no evidence in the record of Governance Group meetings that agreements had been executed to support the timely provision of performance information from contributing departments.

3.7 Reporting results

The Queensland Government performance management framework states:

*“Increasingly, the Government’s objectives for the community will only be achieved through coordinated service delivery across multiple agencies. An environment where agencies are required to manage their services to achieve relevant Government objectives, will need to be supported by culture, systems and processes that allow for improved alignment of resources and integrated services delivery.”*²⁵

To do this, there is a need to ensure that the performance information submitted by contributing agencies is defined by the same time period and service standards and that reports from contributing departments ‘fairly represent’ the performance of each activity over that time period.

Audit found that information submitted to DEEDI from contributing agencies was inconsistent and incomplete. DEEDI is reliant on the contributing agencies to submit their own reports on progress towards the outputs and outcomes they have set on the initiatives/services they have aligned to the Toward Q2 target ‘Actions/Priorities’. The Governance Group did not have formal agreements in place to support the timely provision of performance information from contributing agencies.

²⁴ Department of the Premier and Cabinet, *Guidelines for Target Delivery Plans*, 2009.

²⁵ Queensland Government, Department of the Premier and Cabinet, *A Guide to the Queensland Government Performance Management Framework*, 2009.

The quarterly and annual reports required by the Performance and Delivery Office are focused on meeting the reporting needs of the Department of the Premier and Cabinet. This means that the lead agency needs to consider the reporting requirements that will allow it to fulfil its role in driving the delivery of the Target Delivery Plan. A lack of formal arrangements about the performance information could make it difficult for the lead agency and the Governance Group to monitor the implementation of the Target Delivery Plan. Formal agreements on the content, frequency and quality of performance information needed to monitor the activities in the Target Delivery Plan would improve the governance of the target.

3.8 Performance measures

DEEDI has responsibility for the development of the Target Delivery Plan to achieve this Toward Q2 target. The Target Delivery Plan lists the strategies, activities and performance measures that the lead and contributing agencies will deliver to achieve the Government objectives.

Section 38 (6,7) of the *Auditor-General Act 2009* makes provision for the Auditor-General to review a public sector agency's performance measures and provide an opinion about whether the measures are relevant, appropriate and fairly represent the agency's performance. The audit criteria used to assess the Target Delivery Plan measures are outlined in Figure 3D.

Figure 3D – Audit criteria

Criteria	Description
Relevance	<p>The measures should have a logical and consistent relationship to statutory and strategic objectives which clearly define what is to be measured and are linked to the Government's desired outcomes.</p> <p>The department is accountable for the achievement of the objective and service delivery for reporting against the measure(s).</p> <p>For services, include a balanced set of service standards that construct the service, namely quantity, quality, timeliness and cost.</p>
Appropriate	<p>The indicators and measures should include sufficient information to assess the extent to which the department has achieved a predetermined objective, target or outcome including reference to:</p> <ul style="list-style-type: none"> • The trend in performance over time. • Performance relative to predetermined targets and benchmarks. • Performance relative to performance of similar agencies. <p>The indicators should be accompanied by adequate notes that allow stakeholders to draw conclusions about the performance of the agency.</p>
Fairly represents	<p>The information provided must include verifiable indicators about achievement of the department's objective(s), be consistent in all public documents reporting the information and clearly explain the context, meaning and any limitations in the indicators reported.</p>

Source: Queensland Audit Office.

The Target Delivery Plans for 2009-10 and 2010-11 were reviewed and assessed by audit to determine whether the performance measures were relevant, appropriate and would enable DEEDI and the Governance Group to fairly represent performance with regard to contributing to the achievement of the Toward Q2 target. It was found that some of the plan's objectives and the performance measures do not provide a logical and consistent relationship to the Toward Q2 target.

There are few instances where the measures provide sufficient information to align with the target. In most cases the measures do not meet the criteria for relevance, appropriateness and fairly represents performance because there are no targets against which to measure current and past performance. Some measures are yet to be developed and do not have quantifying, timeliness and cost measures.

The analysis of the performance measures in the Target Delivery Plan for 2009-10 and 2010-11 also identified that the measures do not meet the better practice characteristics of the *A Guide to the Queensland Government Performance Management Framework*. The framework states that a performance measure should:

- Describe a change that is measurable and verifiable over the period of an agency's strategic plan.
- Be relevant – should reflect what the agency is trying to achieve – not simply what is measurable.
- Be attributable – the objective measured must be capable of being influenced by actions which can be attributable to the agency, and it should be clear where accountability lies.
- Be challenging (stretching), but achievable – agencies should understand the relationship between resources committed and objectives.
- Inform decision-making – to make informed decisions, why an agency objective has been achieved or not must be clear.
- Provide an overview of the performance achieved by reporting ends (performance with respect to objectives), not means (performance with respect to services or activity).²⁶

The performance measures in the Target Delivery Plans are not relevant and appropriate and therefore do not allow the agencies to fairly represent performance. This reduces the ability of the Chief Executive Officer of the lead agency and the Governance Group to ensure accountability and transparency for achievement of the Toward Q2 target.

The risk of including activities in the Target Delivery Plan that are not supported by attributable performance measures linked to the target is that the lead and contributing departments may not be able to demonstrate that resources are being effectively and efficiently allocated to achieve the Government's targets. It is possible that the lack of clarity and consistent linkages of performance measures to the target will impact on the agencies' ability to maintain focus on the objective and limit the ability to report on outcomes and fairly represent their performance.

²⁶ Queensland Government, Department of the Premier and Cabinet, *A Guide to the Queensland Government Performance Management Framework*, 2009.

Recommendations

It is recommended that the Department of Employment, Economic Development and Innovation as the lead agency should:

- **Revise existing governance mechanisms to ensure adequate support for the implementation of whole of government initiatives, including agreed rules for resolving conflict, apportioning responsibility and follow-through, authorising, approving and recording decisions, and managing risk and issues.**
- **Consider the data quality and consistency risks for the activities in the Target Delivery Plan and where appropriate develop formal information sharing agreements with contributing departments to ensure the data provided is reliable and timely.**
- **Ensure that performance measures for the Toward Q2 target – Halve the proportion of Queensland children living in a household without a working parent reflect the better practice characteristics for performance measures outlined in the document *A Guide to the Queensland Government Performance Management Framework*.**
- **Develop additional complementary indicators for the target, that link to the strategic areas for action in the Target Delivery Plan, and provide timely evidence of progress on this Toward Q2 target.**

4 | Department of Employment, Economic Development and Innovation

Summary

Background

The Australian National Audit Office better practice guide to public sector governance identifies two main requirements of public sector governance:

1. Performance: whereby the organisation uses governance arrangements to contribute to its overall performance and the delivery of its goods, services and programs.
2. Conformance: whereby the organisation uses its governance arrangements to ensure it meets the requirements of the law, regulations, published standards and community expectations of probity, accountability and openness.

Key findings

- DEEDI has well documented data quality standards and expectations for performance information which are clearly communicated across the agency.
- DEEDI maintains effective control of the delivery of quality services through contractual agreement, regional management and monthly performance monitoring.
- There was a lack of alignment in the reporting of performance in key internal and external documents.
- The planning frameworks and guidelines were draft at the time of fieldwork therefore provided limited authoritative guidance on the expectations for planning for the delivery of its objectives and services.

4.1 Public sector governance

The Australian National Audit Office better practice guide to public sector governance states that achieving both performance and conformance requirements of public sector governance requires the right 'control environment'. Such an environment is critical not only to the agency's ability to account for its performance, but is also critical to the successful delivery of whole of government initiatives.²⁷

4.2 Performance requirements

Performance and conformance requirements for Queensland Government departments are provided through Queensland's *Integrity and Accountability Legislative Framework*. This framework lays out a set of principles, legislative requirements and independent oversight to ensure departments deliver performance at a standard of transparency and accountability required of the public sector.²⁸ Decisions made by departments must adhere to specific requirements in law to assure its exercise of power and resources can withstand scrutiny.²⁹ Statutory requirements also apply to agency planning and reporting activities.³⁰ Departments must demonstrate conformance through formal, documented processes to produce an accurate and fair representation of performance.³¹

4.2.1 Information management systems

Audit found DEEDI has controls established over data collection and processing to ensure the accuracy, completeness and reliability of performance information including input, validation and monitoring. Audit also found well documented data quality standards and expectations for performance information which are clearly communicated across the agency.

DEEDI has a suite of data dictionaries that define performance measures for all divisions and service areas. The Economic and Employment Development (EED) Data Dictionary includes six measures that have been used to report performance of activities listed in the Target Delivery Plan for which DEEDI is responsible. The majority of these six performance measures accurately describe the outputs of the activities. Two of the six performance measures provide a measure of the effectiveness of these activities. However, none provide information on how many individuals participating in DEEDI activities were parents of children living in jobless households. As a result, none currently provide an attributable measure of how these activities impacted upon the target.

DEEDI advised that reporting on jobless households for its employment programs data is expected to be available from mid 2012.

²⁷ Australian National Audit Office, *Public Sector Governance Volume 1 – Better Practice Guide Framework, Processes and Practices*, 2003.

²⁸ *The Public Sector Ethics Act 1994*.

²⁹ Queensland Integrity Commissioner; 'Building Integrity in the Queensland Public Sector, a Handbook for Queensland Public Officials' April 2004 pp 12-15.

³⁰ Queensland Government, Department of Premier and the Cabinet (DPC), *Agency Planning Requirements* June 2010, and *Annual report requirements for Queensland Government Agencies*, June 2010.

³¹ *Auditor-General Report to Parliament No. 4 for 2007: Are departmental output performance measures relevant, appropriate and a fair representation of performance achievements?*

4.2.2 Service provider performance monitoring

Audit assessed the systems and practices DEEDI had in place to monitor the performance of service providers and reviewed a random sample of service provider contractual agreements. DEEDI has documented systems in place to control the delivery of services through contractual agreement, regional management and monthly performance monitoring. Service standards are maintained through specific service requirements set out for each service or program the service provider has agreed to deliver. These requirements are a part of the contractual agreement for each provider.

In June 2010, a participant measure for 'jobless households' was added to the electronic performance reporting spreadsheet that aligned the activity with the Toward Q2 Target. The new measure will allow DEEDI to measure the effectiveness of some of its activities in reducing the number of jobless households from mid 2012. This delay is due to the time required to bring participants from registration to the 12 month-post participation point. Though delayed, audit recognises the potential of the new measure to provide an attributable measure of some of the activity contributing to the Toward Q2 Target for jobless households.

4.2.3 Processes to monitor and report progress

Audit compared the content and presentation of performance information in the following DEEDI reports:

- Data Dictionaries.
- Performance Analysis Reports.
- Quarterly Reports to the Executive Management Group.
- DEEDI Executive Management Group Scorecards.
- Quarterly Reports to Ministers 'Priority and Commitments Reports'.
- Toward Q2 Target Delivery Plans for 2009-10 and 2010-11.

Audit found there is room to improve the alignment and integration of the performance information in key internal and external documents. For example, DEEDI produces a scorecard that lists the department's priorities and short-term targets needed to achieve the longer-term Toward Q2 ambitions and targets set by the Queensland Government. DEEDI senior leaders use the scorecard to provide focus and support to staff and to demonstrate the difference the department makes to the Queensland economy. The scorecard identifies five strategic targets, one of which is to 'Halve the proportion of Queensland children living in a household without a working parent.' and yet the 'scorecard' contains no specific objective, measure or risk assessment for the Toward Q2 target.

The performance measures in the reports are aligned to the objectives in the DEEDI Service Delivery Statements and Strategic Plan. The measures however are incomplete as they do not report how the activities in the Target Delivery Plan have impacted upon the target. The lack of completeness in reporting makes it difficult to know whether the activities in the Target Delivery Plan are producing results.

4.3 Conformance requirements

4.3.1 Planning

Planning is a statutory requirement for Queensland Government agencies, set out by the *Financial and Performance Management Standard 2009*.³² This requirement applies to all activity funded by public resources and undertaken by Government agencies. The Queensland Government *Agency Planning Requirements* assists agencies not only in meeting statutory planning requirements, but in meeting better practice planning principles.³³

The DEEDI planning frameworks and guidelines were drafted at the time of fieldwork and provided limited authoritative guidance on the expectations for planning for the delivery of its objectives and services. Audit was provided evidence that legacy processes were in use from before the machinery of government change in 2009. The business and operational plans provided to audit were inconsistent, incomplete and in some cases not approved.

Audit acknowledges that since fieldwork was completed, a planning framework for the 2011-12 financial year has been developed and was approved by the Service Delivery and Performance Committee on 17 March 2011. However, audit is unable to provide an assurance of the effectiveness of the framework at this time.

An approved, structured and systematic planning process that meets the guidance of the Department of the Premier and Cabinet and better practice will support DEEDI to manage the delivery of its objectives and services, including the activities contributing to the achievement of the Toward Q2 target. A structured and systematic planning process will also ensure that the department will be able to properly manage its responsibilities of economy and efficiency when allocating funds to activities contributing to the jobless household target. Review and evaluation of these plans could ensure that the department will be able to respond in a timely manner to variations in expected outcomes thus ensuring effectiveness.

4.3.2 Record-keeping and accountability frameworks

The Australian National Audit Office better practice guide describes 'information and decision support, and review and evaluation' among the key generally accepted organisational and process elements of good public sector governance, as these elements have 'impact on the ability of the public sector organisation to achieve desired governance outcomes.'³⁴ Queensland's integrity and accountability legislative framework requires a department "to make and keep full and accurate records of its activities."³⁵

³² *Financial and Performance Management Standard 2009* s9.

³³ Queensland Government, Department of the Premier and Cabinet. *Agency Planning Requirements* (October 2010), s.23 and s.3.6.

³⁴ Australian National Audit Office, *Public Sector Governance Volume 1 – Better Practice Guide Framework Processes and Practices*, 2003.

³⁵ *Public Records Act 2002* s.7(1)(a).

DEEDI advised audit that its adoption of informality was a deliberate strategy to encourage participation of a new program of activities. Had DEEDI supported its approach with appropriate controls, formalised agreements, processes and accountabilities, they would have strengthened governance for its activities. However, the use of informal approaches meant that DEEDI could not account for the Governance Group's selection or rejection of activities for the Target Delivery Plan and decisions in leading the implementation of this Toward Q2 target. This was particularly evident in the lack of:

- Formalised agreements between lead and contributing agencies, to support information sharing and agreed performance measures for activities underpinning this Toward Q2 target.
- Clearly documented processes for planning, monitoring, reporting and reviewing progress on key implementation deliverables.
- Agreed rules for resolving conflict, apportioning responsibility and follow-through, authorising and recording decisions and managing risk.
- Meaningful reports containing information that accurately and fairly represents performance, and which provide support towards transparent and accountable decisions.
- Records that met all the requirements of the *Public Records Act 2002*.

An over-reliance on informal communication could hinder the department's ability to deploy decisions efficiently and reduces the information available to implementers about why particular decisions were made. While the use of an informal approach may have some advantages in encouraging involvement and participation from contributing agencies it also has some risks. Maintaining good records is fundamental to public sector accountability and good governance principles, and is a requirement of departments under the *Public Records Act 2002*.

Recommendations

It is recommended that the Department of Employment, Economic Development and Innovation as the lead agency should:

- **Ensure that complete and current plans are in place for all activities in the Target Delivery Plan.**
- **Support planning, monitoring and reporting processes with performance information on the activities in the Target Delivery Plan that is capable of informing current or future evaluation approaches.**

5 | Appendices

5.1 Audit procedures

The audit was conducted between December 2010 and March 2011 and focused on the systems in place at that time. The audit consisted of interviews with key departmental staff within the Employment and Indigenous Initiatives division, Department of Employment, Economic Development and Innovation and interviews with relevant key staff at the Department of the Premier and Cabinet.

The audit analysed and considered key strategic documents with particular attention to the Target Delivery Plans for the jobless households target.

Key documents relied on include:

- Target Delivery Plans 2009-10 and 2010-11 as the key plan to achieve the jobless households target.
- Legislation as a basis of agency accountability.
- Policy and procedures for implementing the Target Delivery Plans.
- Initiatives and strategy documents of the department.
- Central agency publications and guidelines for reporting performance.
- Central agency guidelines for developing plans.

5.2 Reason for the audit

The provisions for the Queensland Government's objectives for the community are listed in the *Financial Accountability Act 2009* (FAA). The FAA requires the Premier to prepare and table a statement of the Government's broad objectives for the community at unspecified intervals. The statement must include details of arrangements for regular reporting to the community about the outcomes the government has achieved against its objectives for the community.

Government's objectives for the community are expressed as five ambitions and 10 long term measurable targets. Agencies use the Government's ambitions and targets to inform the development of their strategic plans and operational plans. The *Financial and Performance Management Standard 2009* (FPMS) requires all government agencies to have systems in place for obtaining information about the agency's operations to determine if the operations are:

- Achieving the objectives identified in its strategic plan efficiently, effectively and economically (FPMS s.12(1)(a)).
- Delivering the services stated in its operational plan to the standard stated in the plan (FPMS s.12(1)(b)).
- Reporting about performance and evaluating progress towards the achievement of objectives and services (FPMS s.13 and s.14).

5.3 PMS audit approach

A Performance Management Systems (PMS) audit is an independent examination which includes determining whether an entity or part of an entity's activities have performance management systems in place to enable management to assess whether its objectives are being achieved economically, efficiently and effectively.

The legislative basis for this audit is the *Auditor-General Act 2009* (the Act). The Act prescribes that the Auditor-General may conduct an audit in the way the Auditor-General considers appropriate. While the Auditor-General takes note of the entity's perspective, the scope of a public sector audit is at the sole discretion of the Auditor-General.

The Auditor-General applies the standards of the Auditing and Assurance Standards Board to audits in the Queensland public sector to the extent that they are not inconsistent with the requirements of the Act and other legislation that prescribes the Auditor-General's work.

While a PMS audit will not review or comment on government policy, it will have regard to any relevant prescribed requirements. It may also extend to include a focus on the entity's performance measures and whether, in the Auditor-General's opinion, the performance measures are relevant, appropriate and fairly represent the entity's performance.

The intent of a PMS audit is to provide independent assurance to Parliament, and to act as a catalyst for adding value to the quality of public administration by assisting entities in the discharge of their governance obligations. A PMS audit has a focus on ascertaining whether systems and controls used by management to monitor and measure performance, assist the entity in meeting its stewardship responsibilities.

5.4 Audit cost

The cost of the audit, including staff costs and overheads is estimated at \$290,000.

5.5 Audit team

The audit team included:

- S Heidrich (Engagement Leader)
- J Hanwright (Team Leader)
- C Papadopoulos
- L Lindsay.

5.6 Related PMS audits

- *Auditor-General of Queensland Report to Parliament No. 4 for 2007 – Are departmental output performance measures relevant, appropriate and a fair representation of performance achievements?*
- *Auditor-General of Queensland Report to Parliament No. 9 for 2010 – Sustainable management of national parks and protected areas.*

5.7 Acronyms

COAG	Council of Australian Governments
DEEDI	Department of Employment, Economic Development and Innovation
DET	Department of Education and Training
DoCs	Department of Communities
FPMS	<i>Financial and Performance Management Standards 2009</i>
PMS	Performance Management Systems
TDP	Target Delivery Plan
PMF	Performance Management Framework
EII	Employment and Indigenous Initiatives

5.8 Glossary

Effectiveness

The achievement of objectives or other intended effects of activities at a program or entity level.

Efficiency

The use of resources such that output is optimised for any given set of resource inputs, or input is minimised for any given quantity and quality of output.

5.9 References

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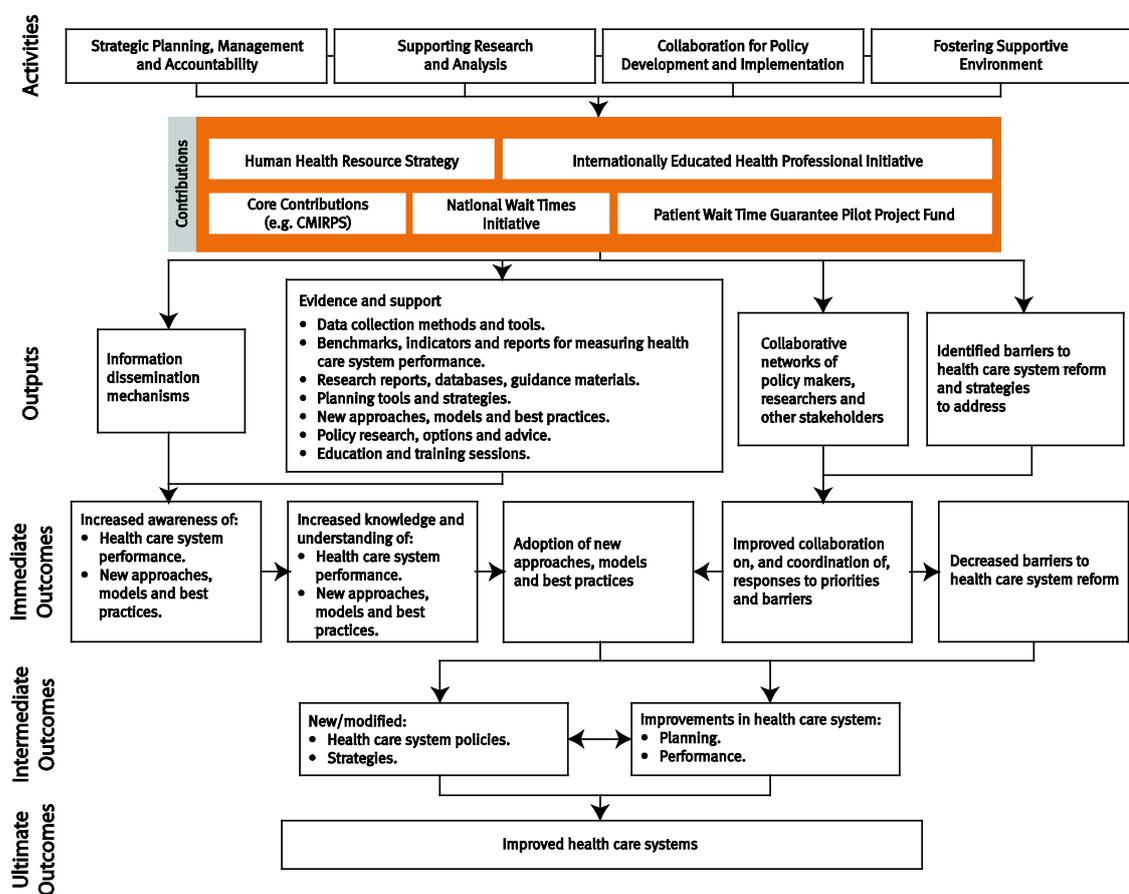
Queensland Parliament, *Record of Proceedings, First Session of the Fifty-Second Parliament*, 9 September 2008.

Treasury Board of Canada Secretariat, *Supporting Effective Evaluations: A Guide to Developing Performance Measurement Strategies*, www.tbs-sct.gc.ca/cee/dpms-esmr/dpms-esmr00-eng.asp

5.10 Sample Logic Model

This example of a logic map for a health care initiative shows how the various outputs are intended to work together to deliver the intended immediate (short term) outcomes and intermediate (medium term) outcomes. By clearly mapping out the more immediate outcomes, performance measures and targets can be developed that provide managers with useful data to monitor and report progress. As the ultimate (long term) outcome is often influenced by external factors outside the control of the agency, information on more immediate outcomes can inform implementation and identify where activities may need to be modified.

Figure 5A – Health care policy contribution program – Logic model

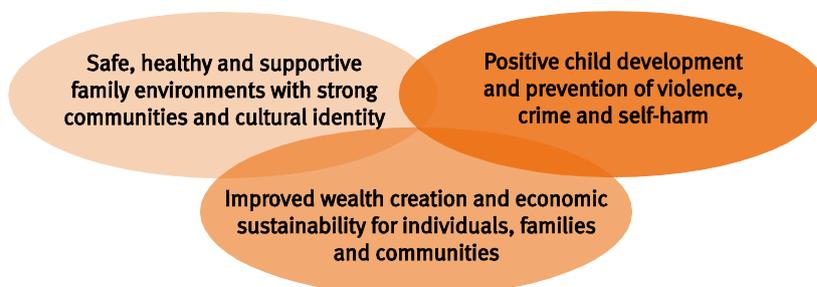


Source: Treasury Board of Canada Secretariat.

5.11 The strategic framework for overcoming Indigenous disadvantage

Figure 5B – The strategic framework

1. Priority outcomes



2. COAG targets and headline indicators

COAG targets	Headline indicators
<ul style="list-style-type: none"> • Life expectancy. • Young child mortality. • Early childhood education. • Reading writing and numeracy. • Year 12 attainment. • Employment. 	<ul style="list-style-type: none"> • Post secondary education – participation and attainment. • Disability and chronic disease. • Household and individual income. • Substantiated child abuse and neglect. • Family and community violence. • Imprisonment and juvenile detention.

3. Strategic areas for action

Early child development	Education and training	Healthy lives	Economic participation	Home environment	Safe and supportive communities	Governance and Leadership
<ul style="list-style-type: none"> • Maternal health. • Teenage birth rate. • Birthweight. • Early childhood hospitalisations. • Injury and preventable disease. • Basic skills for life and learning. • Hearing impediments. 	<ul style="list-style-type: none"> • School enrolment and attendance. • Teacher quality. • Indigenous cultural studies. • Year 9 attainment. • Year 10 attainment. • Transition from school to work. 	<ul style="list-style-type: none"> • Access to primary health. • Potentially preventable hospitalisations. • Avoidable mortality. • Tobacco consumption and harm. • Obesity and nutrition. • Tooth decay. • Mental health. • Suicide and self-harm. 	<ul style="list-style-type: none"> • Labour market participation (full/part time) by sector and occupation. • Indigenous owned or controlled land and business. • Home ownership. • Income support. 	<ul style="list-style-type: none"> • Overcrowding in housing. • Rates of disease associated with poor environmental health. • Access to clean water and functional sewerage and electricity services. 	<ul style="list-style-type: none"> • Participation in organised sport, arts or community group activities. • Access to traditional lands. • Alcohol consumption and harm. • Drug and other substance use and harm. • Juvenile diversions. • Repeat offending. 	<ul style="list-style-type: none"> • Case studies in governance. • Governance capacity and skills. • Engagement with service delivery.

Source: Productivity Commission, Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009, 2009.*

The logic behind this framework is that the strategic change indicators will measure the outcomes of targeted policies in each strategic area for action. Over time, improvements in the strategic change indicators will lead to changes in the COAG targets and headline indicators, demonstrating progress toward the priority outcomes.³⁶

³⁶ Productivity Commission, Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009, 2009.*

6 | Auditor-General Reports to Parliament

6.1 Tabled in 2011

Report No.	Subject	Date tabled in Legislative Assembly
1	<i>Auditor-General Report to Parliament No. 1 for 2011</i> <i>Management of offenders subject to supervision in the community</i> Performance Management Systems audit	February 2011
2	<i>Auditor-General Report to Parliament No. 2 for 2011</i> <i>Results of local government audits</i> Financial and Assurance audit	March 2011
3	<i>Auditor-General Report to Parliament No. 3 for 2011</i> <i>Follow-up of 2008 audit on administration of grants and funding to community organisations by local governments in Queensland</i> Performance Management Systems audit	9 June 2011
4	<i>Auditor-General Report to Parliament No. 4 for 2011</i> <i>Information systems governance and security</i> Financial and Assurance audit	21 June 2011
5	<i>Auditor-General Report to Parliament No. 5 for 2011</i> <i>Results of audits at 31 May 2011</i> Financial and Assurance audit	23 June 2011
6	<i>Auditor-General Report to Parliament No. 6 for 2011</i> <i>Systems to coordinate delivery of the Toward Q2: Tomorrow's Queensland target, Halve the proportion of Queensland children living in a household without a working parent</i> Performance Management Systems audit	July 2011

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