

Fair Presentation of Service Delivery Performance 2024

November 2024

Independent assurance report to Parliament
2024–25: 6

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ISBN 978-1-921060-94-6

Fair Presentation of Service Delivery Performance 2024

Independent assurance report to Parliament
Published by order, or under the authority,
of the Parliament of Victoria
November 2024

The Hon Shaun Leane MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Maree Edwards MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Fair Presentation of Service Delivery Performance 2024*.

Yours faithfully



Andrew Greaves
Auditor-General
27 November 2024

The Victorian Auditor-General's Office (VAGO) acknowledges the Traditional Custodians of the lands and waters throughout Victoria. We pay our respects to Aboriginal and Torres Strait Islander communities, their continuing culture, and to Elders past and present.

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Review snapshot

Do Victorian Government departments fairly present their service delivery in their department's performance statement?

Why we did this review

All government departments publish a performance statement each year. This is the main source of information for the Parliament and the community to understand how well the government provides publicly funded services. It is important that departments fairly present information in performance statements so the Parliament and the community can easily understand their responsibilities and performance.

We started doing annual reviews in 2022 to assess if departments fairly present changes to their performance statements. Each year we choose a focus department to examine in detail. This year we assessed if the Department of Treasury and Finance's (DTF) performance statement helps users understand its service delivery responsibilities and performance.

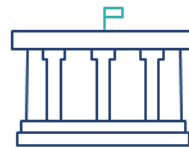
Our 2022 and 2023 reviews found that departments:

- did not fairly present their service delivery performance
- did not adequately explain all changes to their department's performance statement, such as changes to their objectives and performance measures.

Key background information



The *Resource Management Framework* (RMF) outlines the requirements for developing the Department Performance Statement



All Victorian Government departments must comply with RMF requirements



Our previous reviews found that departments did not meet their reporting responsibilities as required by the RMF

This year we used our fair presentation framework to assess:

43

DTF measures

81

new measures

Source: VAGO.

What we concluded

There are systemic issues with the *Resource Management Framework's* (RMF) requirements and how departments apply them. This means that the Parliament and the community cannot properly assess performance and cannot fully hold government to account for its performance.

In each of the last 3 years we have found that much of the output information reported by departments is not relevant or reliable, so it is less useful than it otherwise could or should be. Significant effort goes into reviewing, updating, reporting and monitoring measures. Given our consistent findings it is now time to consider what needs to change to ensure the intent of output-based service performance reporting is being achieved.

1.

Our key findings

What we examined

Our review followed 3 lines of inquiry:

1. Do changes to performance information help users assess departments' service delivery performance?
2. Does DTF's performance statement help users understand its service delivery responsibilities and performance?
3. Are the processes for developing and reviewing information in the department performance statements clear?

To answer these questions, we examined all departments' 2024–25 performance statements, with DTF as our agency in focus.

Background information about performance reporting

Department Performance Statement

As part of the annual state Budget, DTF prepares information for the Treasurer to table in Parliament about the goods and services (outputs) the government will deliver that year.

Each department outlines this information in its performance statement. This information is presented for all departments in the Department Performance Statement, published by DTF (previously reported in Budget Paper Number 3, or BP3).

Through its performance statement, each department specifies the outputs they are funded to provide to the community for that financial year. Departments set out their expected performance through a set of measures and targets.

The Treasurer uses this information, with advice from DTF, to release funding at the end of each financial year (known as appropriation revenue) to departments based on their success in delivering their outputs and meeting their targets.

The information in the Department Performance Statement is presented so that readers can understand how outputs support the objectives that departments aim to achieve. Departments can publish non-output performance information elsewhere – for example, in annual reports.

Parliament and the community use information in departments' performance statements to understand what services the government delivers and how well departments deliver these services. Parliament and the community can only hold the government accountable for its performance if the information in departments' performance statements is presented in a way that is easy to understand and provides accurate information on how departments are performing.

Resource Management Framework

The *Resource Management Framework* (RMF) is a guideline issued by the Deputy Secretary, Budget and Finance Division at DTF under the terms of the *Financial Management Act 1994*.

The RMF outlines departments' requirements for developing and reporting information in their performance statements. The RMF also articulates the standard that we can assess departments' performance reporting against.

This includes:

- mandatory requirements (which require attestation by the Accountable Officer)
- supplementary requirements (which do not require attestation)
- guidance (which is non-mandatory).

DTF manages and implements the RMF. An important part of DTF's oversight role is ensuring departments comply with any mandatory requirements of the RMF.

Our fair presentation framework, which is based on the RMF's performance reporting requirements, intends to promote accountability about how the public sector spends public resources.

What is fair presentation?

Service delivery performance information is fairly presented when it:

- represents what it says it represents
- can be measured
- is accurate, reliable and auditable.

What we found

This section focuses on our key findings, which fall into 3 areas:

1. All departments made changes to their performance statements that do not allow the Parliament and the community to properly assess their performance.
2. DTF's performance statement helps users understand its service delivery responsibilities but not its performance over time or compared with other jurisdictions.
3. Departments' processes for reviewing their performance statements do not support them to fully comply with the RMF's reporting requirements.

The full list of our recommendations, including agency responses, is at the end of this section.

Consultation with agencies

When reaching our conclusions we consulted with the reviewed agencies and considered their views.

You can read their full responses in Appendix A.

Key finding 1: All departments made changes to their performance statements that do not allow the Parliament and the community to properly assess their performance

Updates to performance information

The RMF requires departments to update their performance information in a way that enables the Parliament and the community to hold the government accountable for spending public money on services for Victorian citizens. This includes:

- introducing performance measures that clearly reflect services delivered by the department and that can help users compare the department's performance
- correctly reporting changes to objectives and performance measures.

If departments do not update their performance information in line with these requirements, it makes it difficult for users to properly assess the government's service delivery performance.

New measures

Departments introduced a total of 81 new performance measures in 2024–25. All departments introduced measures that do not meet some of the RMF's requirements. For example, only:

- 59 per cent of the new measures measure service delivery
- 62 per cent of the new measures are useful for informing government resourcing decisions
- 60 per cent of the new measures help users compare the department's performance over time.

These measures do not present the Parliament or the community meaningful and complete information about departments' service delivery performance.

Changes to objectives and measures

All departments made changes to their objectives or performance measures in 2024–25.

Only one department correctly reported changes in line with the RMF's requirements. We found:

- 6 departments did not adequately provide a reason for changing their objectives
- 8 departments incorrectly described changes to their performance measures.

If departments incorrectly describe changes to information from year to year it makes it difficult to track changes to performance results over time. This means that the Parliament and the community cannot properly assess a department's performance and cannot fully hold government to account for its performance.

Key issue: We have identified similar issues in previous reviews

Over the last 3 years our reviews have consistently identified:

- new performance measures that do not meet some of the RMF's reporting requirements
- departments not transparently explaining changes to their objectives or measures.

The way in which this new information is presented does not enable the Parliament or the community to properly assess service delivery performance.

Key finding 2: DTF’s performance statement helps users understand its service delivery responsibilities but not its performance over time or compared with other jurisdictions

A department’s performance measures must allow the Parliament and the community to:

- understand what services the department provides
- meaningfully assess the department’s performance in providing these services
- accurately and reliably assess performance results.

DTF’s services

DTF’s performance statement informs the Parliament and the community about the services it provides to the government and other stakeholders.

In line with RMF requirements, DTF’s performance information:

- demonstrates a clear link between its outputs and objectives
- has quality, quantity and timeliness measures that provide insights on its performance across a broad range of indicators.

However, the department could improve its performance statement by reducing the number of measures that do not measure outputs or do not inform government decision making. A department’s performance statement should describe the services it is funded to deliver. Departments’ funding for delivering these services is dependent on its results against its performance measures. Accordingly, measures of non-outputs, for example internal departmental processes, should not be published in a department’s performance statement.

Comparing DTF’s performance

Many of DTF’s performance measures do not provide complete information about its performance over time or against comparable agencies in other jurisdictions.

Only ...	of DTF’s measures allow users to compare its performance ...
67 per cent	over time.
56 per cent	with similar agencies in other jurisdictions.

DTF’s performance statement also includes measures that may not be able to provide meaningful information about its performance over time. Seven of DTF’s performance measures have targets and results consistently reported at 100 per cent. Three of these measures also assess if DTF fulfils its basic legislative requirements. The RMF states that departments should avoid using these types of performance measures where possible because they may not be sufficiently challenging and may not be able to demonstrate continuous improvement.

Key issue: More than half of DTF’s targets for its measures have not been updated since the measure was introduced

The RMF provides that departments should reassess and amend their performance targets where there is constant over or underperformance against the current target or there is a change to funding allocation. Departments can do this as part of the annual performance statement review.

Results for 16 of DTF’s measures have consistently met or exceeded their target since 2019–20. This indicates that DTF may not be reviewing its performance targets with full consideration of past performance.

Accuracy of DTF’s results

DTF gave us documentation to show how it has calculated its published performance results since 2019–20.

Based on this documentation, we could only reproduce its results for 39 per cent of its performance measures.

We also identified issues in this documentation for 76 per cent of DTF's performance measures. For example, for some of these measures, we could not clearly understand the business rules or methodology used to calculate the result.

This means that the Parliament and the community cannot have full confidence that all of the performance results DTF published between 2019–20 and 2024–25 are accurate.

Key issue: We could not verify the accuracy of DTF's results for 61 per cent of its measures

This was because:

- we identified calculation or reporting errors
- the data definitions were unclear or not provided.

Additionally, data quality issues impacted our ability to reproduce results for some measures.

Addressing this finding

To address this finding we made 2 recommendations to DTF about:

- reviewing its performance measures to ensure they meet the RMF's requirements
- ensuring it keeps performance reporting records that allow independent verification.

Key finding 3: Departments' processes for reviewing their performance statements do not support them to fully comply with the RMF's reporting requirements

The RMF requires departments to review their outputs and output performance measures annually to ensure they remain relevant. Throughout this process:

- departments review their performance statements in consultation with DTF
- DTF sets out timeframes and processes for these reviews in its annual information request
- departments are required to comply with the reporting requirements of the RMF.

Reviewing performance information

All departments review their performance information annually to ensure that it remains relevant. Departments dedicate resources and time to this review, and all departments have a central coordinating team that is responsible for reviewing, developing and approving information in their performance statements.

These teams provide guidance and support on RMF requirements to business areas and executives during the annual review process.

Review timeframes

Each year, DTF outlines the timeframes for departments to review and submit their updated performance information. DTF also provides advice to the Assistant Treasurer on departments' proposals to update their performance information.

Seven departments told us that the timeframes DTF specifies in its information requests are not long enough. These departments told us that the timeframes provided by DTF:

- do not allow them to comprehensively review the feedback on their proposed updates provided by DTF and the Assistant Treasurer
- are not provided well enough in advance of the date this information is to be provided to DTF.

DTF told us that the reporting timelines it sets for departments depend on the timing of the annual state Budget, which the government determines.

Implementing RMF requirements

The RMF requires departments to have a meaningful mix of quality, quantity, timeliness and cost measures, but it does not define 'meaningful'. Four departments told us they find it difficult to identify suitable timeliness measures to satisfy this RMF requirement.

There are other requirements of the RMF that departments must comply with that are not defined. For example, the requirement that departments ensure their mix of measures reflect 'service efficiency and effectiveness' and 'major activities' of the output, and also reflect the impact of 'major policy decisions'.

Central coordinating teams within 6 departments told us that they do not require business areas to consult the RMF when developing and reviewing performance information.

Role of DTF

As the department responsible for the RMF, DTF has a role to play in supporting departments to comply with its requirements.

Five departments told us they want more guidance and engagement from DTF to help them develop their performance statement.

Three departments told us DTF provided less support in 2024–25 than in previous years.

Working well: Central coordinating teams encourage better practice within departments

Most department staff we spoke to were from central coordination teams. They told us they oversee performance reporting and encourage better practice through:

- checking if performance measures can be easily understood
- producing templates and guidance materials based on the RMF
- meeting regularly with business areas.

Key issue: Departments find DTF's processes and timeframes for departments' submission of information challenging

Departments told us that DTF's communication of timeframes and the process for reviewing their performance information makes it difficult for them to adequately plan for their review of performance information and fully incorporate feedback from DTF and the Assistant Treasurer.

Key issue: The current system does not support departments to accurately and consistently report on their performance

Our previous fair presentation reviews found that departments have introduced or changed performance information in ways that are not compliant with the RMF. Through our interviews with departments, we identified some factors that inhibit their ability to fully comply with the requirements of the RMF. This includes the timeframes and process for reviewing and updating their information, and the guidance provided in the RMF itself.

Addressing this finding

To address this finding we made one recommendation to DTF about identifying why departments are consistently not applying the RMF as intended. This includes reviewing if there are issues with the information and processes in the RMF that relate to developing and reporting information in the performance statements.

See the next page for the complete list of our recommendations, including agency responses.

2.

Our recommendations

We made 3 recommendations to address our findings. The Department of Treasury and Finance has accepted these recommendations.

			Agency response(s)
Finding: The Department of Treasury and Finance's performance statement helps users understand its service delivery responsibilities but not its performance over time or compared with other jurisdictions			
Department of Treasury and Finance	1	Review its performance measures to ensure they: <ul style="list-style-type: none">• meet the <i>Resource Management Framework's</i> requirements• fairly present its performance. (See Section 5).	Accepted in full
	2	Ensure it keeps performance reporting records in a manner that allows for independent verification. (See Section 5).	Accepted in full
Finding: Departments' processes for reviewing their performance statements do not support them to fully comply with the <i>Resource Management Framework's</i> reporting requirements			
Department of Treasury and Finance	3	Investigate why departments are not consistently applying the <i>Resource Management Framework's</i> performance reporting requirements as intended, including identifying any systemic issues in the performance reporting framework and supporting guidance. Develop a plan to address the identified issues. (See Section 6).	Accepted in full

3.

Assessing service delivery performance

Departments must present their performance information clearly and accurately so the Parliament and the community can properly assess their performance.

This section explains how we assess if departments are fairly presenting their performance information. Our previous fair presentation of service delivery performance reviews have found that departments are not presenting performance information in a way that allows users to meaningfully compare their service delivery performance.

Covered in this section:

- Our framework for assessing how departments present performance information
- Our previous fair presentation reviews

Our framework for assessing how departments present performance information

Our fair presentation framework

We use our fair presentation framework to help us assess if departments fairly present information in their performance statements.

Our framework is based on the RMF's reporting requirements and guidance. Appendix D explains each assessment step in our framework.

Key terms

The government funds public service departments to deliver goods and services ('outputs') to the Victorian community in clear alignment with departmental 'objectives' (what they aim to achieve). Performance measures and targets show how departments are delivering these outputs to agreed expectations.

To determine if performance information ...	we assess if...
represents what it says it represents	<ul style="list-style-type: none"> the department's measures reflect the goods or services (outputs) it delivers the department is responsible for its performance or delivering the goods and services (attributable) the department's measures are useful to inform the Parliament and the community's decisions or understand its service delivery performance (useful) the measures have a logical relationship to the department's outputs and objectives (relevant) it is clear what the department intends to achieve (clarity).
can be measured	the department's measures can demonstrate its performance over time or between jurisdictions (comparable).
is accurate, reliable and auditable	the department has controls to assure its data is accurate and reliable.

Our previous fair presentation reviews

Our previous reviews

Since 2022 we have annually assessed if departments fairly present their service delivery performance in their performance statements. This is our third review.

Our 2022 and 2023 reviews found that departments did not fully meet the RMF's requirements.

Our review in ...	found that ...
2022	departments reported measures in their performance statements that did not relate to service delivery.
2023	departments continued to report measures that did not meet RMF requirements and did not consistently report changes to their objectives, outputs and measures.

Continued issues with performance reporting

Our 2024 review has found that all departments did not follow some requirements of the RMF when making changes to their performance objectives or measures in 2024–25 (see Section 4).

We found that DTF's performance statement includes measures that do not enable the Parliament or the community to compare its performance over time or with other jurisdictions. It also did not provide information to assure the accuracy of published results for 61 per cent of its performance measures (see Section 5).

These findings are consistent with our past reviews.

Our reviews indicate that the RMF is not providing an effective reporting framework that enables the Parliament or the community to properly assess the performance of government departments. This suggests there are systemic issues in the performance reporting framework and requirements of the RMF.

For our 2024 review, we interviewed department officers to gain greater insights into their reporting processes (see Section 6).

4.

Changes to performance information in 2024–25

All departments introduced new performance measures in 2024–25 that do not comply with some of the RMF’s reporting requirements. Nine departments amended their objectives or performance measures and either did not explain the changes or explained them incorrectly.

As a result, some information published in the 2024–25 Department Performance Statement does not allow users to properly understand and assess departments’ service delivery performance.

Covered in this section:

- All departments introduced measures that do not meet some reporting requirements
- Nine departments did not transparently report changes to their objectives or measures
- We identified similar issues in our previous reviews

What we examined

Each year we review changes to departments’ performance statements since the previous year. This year we examined:

- new performance measures introduced in 2024–25
 - changes to objectives and outputs from 2023–24
 - other changes to performance measures, including renamed, replaced and discontinued measures.
-

All departments introduced measures that do not meet reporting requirements

New measures in 2024–25

Departments introduced a total of 81 new performance measures in 2024–25.

We assessed these measures against the criteria of our fair presentation framework. We also assessed each new performance measure to determine if it is a measure of service efficiency or service effectiveness. These criteria are not part of our fair presentation framework. However, it is a mandatory requirement of the RMF that departments have measures of this type.

Service efficiency and effectiveness

Service efficiency and effectiveness

The RMF requires that departments have a mix of measures for each output that can help assess service efficiency and effectiveness. The RMF does not however define service efficiency and service effectiveness.

For the purposes of this review, we have defined these terms as follows:

Service efficiency: a measure of cost efficiency, expressed as a ratio of cost to services delivered (unit cost).

Service effectiveness: a measure of the department's service delivery that contributes to the achievement of the departmental objective.

Fair presentation of new measures

The RMF has requirements for departments to follow when specifying outputs and performance measures.

For new measures to fairly present a department's performance, they must meet the following RMF requirements:

- the department's measures reflect the goods or services it delivers
- the department's measures can demonstrate its performance over time or between jurisdictions
- the measures have a logical relationship to the department's outputs and objectives
- the department is responsible for its performance or delivering the goods and services
- the department's measures are useful to inform the Parliament and the community's decisions or understand its service delivery performance
- it is clear what the department intends to achieve.

Measures that do not meet these requirements should not be reported in a department's performance statements and may be more suitable to be reported elsewhere.

We found that all departments introduced at least one new measure that does not meet some of these requirements. These measures may not provide meaningful information to the Parliament and the community about how well the government delivers services.

The results for all our assessments are provided below.

We assessed ...	of departments' measures as ...	which means that ...
59 per cent	outputs	they measure a department's performance in producing or delivering a good or service to the community or another public sector agency.
60 per cent	comparable over time	they can show a department's performance over time.
80 per cent	relevant	they are aligned to a department's objectives.
93 per cent	attributable	performance results are directly or partly attributable to the department.
62 per cent	useful	they can inform the government's strategic decision-making about priorities and resourcing or provide an understanding of the department's performance.
89 per cent	clear	they are written clearly and clearly explain what they measure.
56 per cent	effective	they reflect how the outputs provided by the department help achieve the department's objective.
0 per cent	efficient	they are expressed as a ratio of cost to services delivered.

Mix of measures The RMF requires departments to have a 'meaningful mix' of measures across 4 attributes: quality, quantity, timeliness and cost.

Departments introduced more quantity measures in 2024–25 than any other attribute. Of the 81 new measures in 2024–25:

- 36 are quantity measures (44 per cent)
- 31 are quality measures (38 per cent)
- 13 are timeliness measures (16 per cent)
- one measure (2 per cent) is a cost measure, introduced by the Department of Government Services (DGS).

This is similar to the distribution of all measures. Of the 1,315 measures departments reported in 2024–25:

- 49 per cent are quantity measures
- 25 per cent are quality measures
- 16 per cent are timeliness measures
- 9 per cent are cost measures.*

The RMF states that the interaction between different types of measures can provide insights into service performance. For example, the interaction between 2 different measures could provide an indication of a potential trade-off between the quantity and quality of the service.

If departments do not have a balance of measures across all their outputs, the Parliament and the community cannot properly assess the quality, quantity, timeliness and cost of their services.

*Percentages have been rounded.

Mix of measures across outputs Performance measures provide information on the quality, quantity, timeliness and cost of departments' service delivery. A balanced mix of these measures can provide a complete picture of what a department is trying to achieve and how it is performing.

In 2024–25 departments will report their performance across 121 outputs. Of these 121 outputs, 70 per cent have measures that cover all 4 measure attributes. However, only 2 departments have measures that assess their performance for these 4 attributes for all their outputs. The Department of Education (DE) does not have measures of all 4 attributes for any of its outputs.

Figure 1 shows that 5 departments will report outputs in 2024–25 with only 2 measure types (cost and one other).

Figure 1: Departments and outputs that include measures covering only 2 dimensions (cost and one other) for some outputs (2024–25)

Department	Output/s
Department of Energy, Environment and Climate Action (DEECA)	'Sustainably Manage Forest Resources' (sub-output)
Department of Families, Fairness and Housing (DFFH)	'LGBTIQA+ equality policy and programs' and 'Office for Disability'
Department of Health (DH)	'Home and Community Care Program for Younger People' and 'Mental Health Community Support Services'
Department of Jobs, Skills, Industry and Regions (DJSIR)	'Medical Research' (sub-output), 'Sport and Recreation' and 'Investment Attraction' (sub-output)*
Department of Transport and Planning (DTP)	'Suburbs'

Note: *In the 2024–25 Department Performance Statement, the 'Investment Attraction' sub-output reported by DJSIR is shown as only having a cost measure. This is a mistake. DJSIR told us that the Investment Attraction sub-output performance measures were incorrectly listed in the Trade and Global Engagement sub-output due to an error in DTF's final presentation of the Budget papers. Source: VAGO, based on the 2024–25 Department Performance Statement.

Difficulty in determining a meaningful mix

We asked departments how they determine if their outputs have a meaningful mix of measures.

Departments told us that the mix of quality, quantity, timeliness and cost measures depends on a few factors, including the:

- 'range of services they deliver through the output'
- 'availability of data'.

Four departments told us they find it difficult to identify suitable timeliness measures.

One department told us that it 'notes the requirement for a meaningful spread of measures, but the nature of services [in this portfolio] means measurement leans towards long-term outcomes. This means that creating measures for a dimension such as timeliness may be arbitrary, as there are no broad community expectations around timeliness in [this portfolio] (to the extent there are in other portfolios such as health or transport)'.

Nine departments did not transparently report changes to their objectives or measures

Changes to objectives

The RMF requires that departmental objectives support government objectives and priorities. Objectives should show progress over time so departments should not change them each year.

Six departments changed one or more of their objectives between 2023–24 and 2024–25. If a department changes its objectives, the RMF requires it to explain the reason for each objective change in its performance statement. It does not, however, provide guidance as to how to explain the change.

None of the 6 departments specifically explained changes to their objectives. For example, 3 departments explained the change, but they included it in explanations for an accompanying output change.

Appendix F shows the changes departments made to their objectives in 2024–25.

Changes to outputs

The RMF requires that departments make changes to their outputs only as part of the annual budget process. There is no accompanying guidance about how a department should report a change to an output.

Eight departments made changes to their outputs in 2024–25 and all clearly explained the changes in their performance statement. They did this in either:

- their individual performance statement
- the introductory table at the beginning of the document.

Appendix G lists the changes departments made to their outputs in 2024–25.

New measures

When departments introduce a new performance measure, the RMF requires them to provide an explanatory footnote.

Departments included a footnote for all new measures in 2024–25 except one, which was a total output cost measure that DGS introduced for a new output. It is unclear from the RMF guidance if DGS needed to explain this new measure because each output requires a total output cost measure.

We assessed 3 of the 80 explanations provided by departments for new measures as unclear. These measures replaced measures from 2023–24. However, departments did not explain this.

Changes to measures

All departments renamed, replaced or proposed to discontinue a performance measure in their 2024–25 performance statements.

The RMF requires departments to provide an explanatory footnote when they change a performance measure.

Figure 2 shows the number of measures that departments renamed, introduced as replacement measures or proposed to discontinue in 2024–25. It also shows the number of measures where the explanation for the change was unclear, reported across 8 departments.

Figure 2: Renamed, replacement and discontinued measures in 2024–25

Type of change	Measures in 2024–25	Measures with unclear explanations for the change
Renamed measures	111	18
Replacement measures*	35	17
Discontinued measures*	110	0

Note: *According to the RMF, departments should report replacement measures as discontinued measures. Source: VAGO, based on the 2024–25 Department Performance Statement.

Some of the measures that were changed in 2024–25 were only introduced in the previous year. This includes:

- 16 measures that were renamed
 - 6 measures that were replaced
 - 13 measures that were proposed to be discontinued.
-

Why departments discontinue measures

Departments proposed to discontinue 110 performance measures in 2024–25. All departments proposed to discontinue at least one measure.

Of these 110 measures, 13 were new in 2023–24. In 2023–24 departments introduced 120 new performance measures. This means that departments now consider 11 per cent of the new measures they introduced in 2023–24 as no longer relevant.

The RMF provides guidance on when a department should discontinue a measure. It states that performance measures may be discontinued because:

- they are no longer relevant due to a change in government policy or priorities and/or departmental objectives
- projects or programs have been completed, substantially changed, or discontinued
- milestones have been met
- funding is not provided in the current budget for the continuation of the initiative
- improved measures have been identified for replacement.

We asked departments what leads them to discontinue performance measures. Most departments reported that they discontinued a measure if it could be replaced with a more appropriate measure (10 departments) or where the funding for the service had lapsed (8 departments).

Five departments reported they would discontinue a measure if they no longer considered it useful.

Three departments also told us they discontinued a measure in response to feedback from VAGO, Parliament’s Public Accounts and Estimates Committee (PAEC), DTF and ministers.

PAEC reviews performance information

PAEC reviews the changes that departments make to their output performance measures and targets. This includes proposals to discontinue any measures. The Committee may also make observations about new measures that departments have introduced.

PAEC highlights any issues it finds with a department’s proposed changes. It can also make recommendations for a department to add new measures related to certain investments or initiatives. PAEC publishes the results of its review on its website, which can include recommendations for amendments to departments’ performance measures.

Parliament also publishes the government’s response to PAEC’s recommendations.

We identified similar issues in our previous reviews

Our previous reviews

This is our third fair presentation review. We continue to find similar issues with departments reporting information in their performance statements in ways that do not meet the RMF’s requirements. This continued non-compliance with the RMF indicates that this is a systemic issue.

In ...	we found that...
2022	departments do not fully follow the requirements of the RMF, and their performance statements include too much information that is not relevant to output budgeting.
2023	departments continue to introduce new measures that do not meet the requirements of the RMF and are not consistently reporting changes to their objectives, outputs and measures.

5.

DTF's performance statement

DTF's performance statement helps users understand its role of providing financial, economic and commercial advice to the government. And its performance measures provide insights into the quality, quantity and timeliness of its performance.

However, we identified that only 67 per cent of performance measures give users the information they need to meaningfully assess DTF's performance over time. We also could not reproduce DTF's results for 61 per cent of its published performance measures, which means we cannot assure the accuracy of these results.

Both factors limit the value of DTF's performance statements in informing the Parliament and the community about how well it is fulfilling its role.

Covered in this section:

- DTF's performance statement helps users understand its role in providing advice to the government
- DTF's performance measures do not always provide information on its performance over time or compared to other jurisdictions
- DTF did not provide sufficient information to assure the accuracy of its published performance results

What we examined

We take a closer look at a different department's performance information each year. This year we focused on how DTF reports its performance under the following outputs:

- Budget and Financial Advice
- Economic and Policy Advice
- Commercial and Infrastructure Advice.

Our findings in this section relate to these 3 outputs.

DTF's performance statement helps users understand its role in providing advice to the government

DTF's services

In its 2024–25 performance statement DTF says its mission statement is 'to provide economic, commercial, financial and resource management advice to help the Victorian Government deliver its policies'.

DTF expects to spend \$184.9 million on providing budget and financial advice, economic and policy advice and commercial and infrastructure advice in 2024–25. This is 38.7 per cent of its total expected output budget for 2024–25.

Figure 3: The cost and number of measures for the DTF outputs we assessed

Output	Number of performance measures	Cost
Budget and Financial Advice	11	\$39.0m
Economic and Policy Advice	15	\$60.3m
Commercial and Infrastructure Advice	17	\$85.6m
Total	43	\$184.9m

Source: VAGO, based on DTF's 2024–25 department performance statement.

Link between outputs and objectives

The RMF requires that departmental objectives must have a clear and direct link with outputs. We were able to find that the key activities of each output had a link to the achievement of its objective. This means DTF's performance statement helps users understand how its services help it achieve its objectives.

For the following output ...	these key activities ...	support the objective ...
Budget and Financial Advice	<ul style="list-style-type: none"> advice to the government and public sector agencies financial reports 	optimise Victoria's fiscal resources.
Economic and Policy Advice	<ul style="list-style-type: none"> advice to the government, public sector agencies, business and community economic forecasts 	strengthen Victoria's economic performance.
Commercial and Infrastructure Advice	<ul style="list-style-type: none"> advice to the government and public sector agencies commercial management of government business enterprises 	improve how the government manages its balance sheet, commercial activities and public sector infrastructure.

Mix of measures

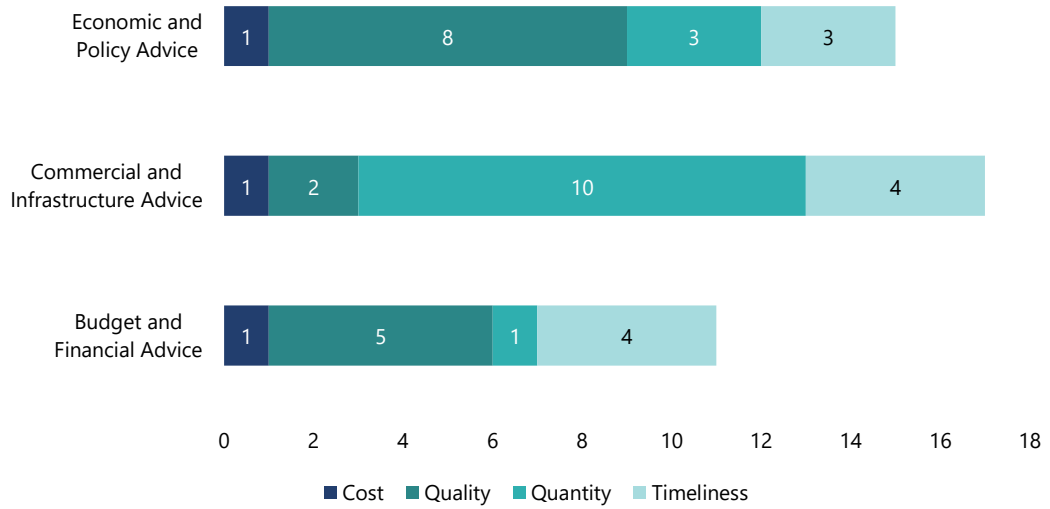
DTF has quality, quantity, timeliness and cost measures for each of the 3 outputs we looked at.

DTF is one of only 2 departments that have measures that cover all 4 attributes for all outputs.

However, as Figure 4 shows, each of DTF's 3 outputs have more measures for one attribute over others. For example, the 'Commercial and Infrastructure Advice' output has significantly more quantity measures.

These measures can provide useful insights into the volume of services DTF provides through this output. However the mix of measures cannot provide the same level of information on the quality and timeliness of DTF's service provision, given the fewer number of these measures.

Figure 4: Number of cost, quality, quantity and timeliness measures for selected DTF outputs (2024–25)



Source: VAGO, based on DTF’s 2024–25 department performance statement.

Our assessment of DTF’s measures

We assessed DTF’s 43 performance measures for the selected 3 outputs against our fair presentation framework.

We also assessed if each performance measure evaluates the efficiency or effectiveness of DTF’s services.

Ninety-three per cent of DTF’s performance measures reflect services attributable to the department, and around three-quarters are clearly written, reflect output delivery, and support the departmental objective.

We assessed ...	of DTF’s measures as ...	which means that ...
65 per cent	outputs	they measure DTF’s performance in producing or delivering a good or service to the community or another public sector agency.
60 per cent	useful	they can inform the government’s strategic decision-making about priorities and resourcing or provide an understanding of the DTF’s performance.
93 per cent	attributable	performance results are directly or partly attributable to DTF.
81 per cent	relevant	they are aligned to DTF’s objectives.
72 per cent	clear	they are written clearly and clearly explain what they measure.
60 per cent	effectiveness measures	they reflect how the outputs provided by DTF help achieve its objective.
0 per cent	efficiency measures	they are expressed as a ratio of cost to services delivered.

Areas to improve performance measures

Our analysis shows that DTF could improve some aspects of its performance measures.

We assessed 65 per cent of DTF's measures as output measures, which means that 35 per cent of its measures reflect something other than outputs. This includes 19 per cent of measures that reflect internal departmental processes DTF uses to provide or develop its services.

DTF should report these measures elsewhere because they do not give the Parliament and the community meaningful information on its service delivery performance.

We also assessed 60 per cent of DTF's measures as useful for informing government decisions about allocating resources. The remaining 40 per cent of measures should not be reported in its performance statement and are more suitable for its internal reporting and monitoring.

DTF also do not report any measures of service efficiency.

DTF's performance measures do not always provide information on its performance over time or compared to other jurisdictions

Comparability of performance measures The RMF requires that performance measures enable meaningful comparison and benchmarking over time (where possible, across departments and against other jurisdictions).

Of the 43 measures we looked at, only:

- 67 per cent allow users to compare DTF's performance over time (and 33 per cent do not)
- 33 per cent allow users to directly compare DTF's performance with agencies in other jurisdictions (we acknowledge that measures are developed within the specific context of each jurisdiction, meaning that some may not be directly comparable).

We assessed 23 per cent of DTF's measures as having indirect or weak alignment with reporting across other jurisdictions and 44 per cent as not being able to support comparisons.

To assess if DTF's measures ...	we ...	and assessed...
enable users to compare its performance over time	looked at the measure and unit of measure	67 per cent of measures as supporting comparison of results over time.
enable comparison with other jurisdictions	reviewed budget portfolio statements from other Australian jurisdictions	<ul style="list-style-type: none">• 33 per cent of measures as having strong alignment with reporting across other jurisdictions• 23 per cent of measures as having indirect or weak alignment with reporting across other jurisdictions• 44 per cent of measures as not comparable against other jurisdictions.

Analysing changes to performance targets

The RMF states that departments need to change their performance measures and targets to reflect the impact of any major policy decisions. This may include funding for a new initiative or a change in service levels.

However, performance measures should remain consistent where possible so users can assess a department's performance over time.

Departments should also reassess targets of performance measures when performance results have been consistently over or under target.

The RMF provides the following guidance to departments when setting performance targets:

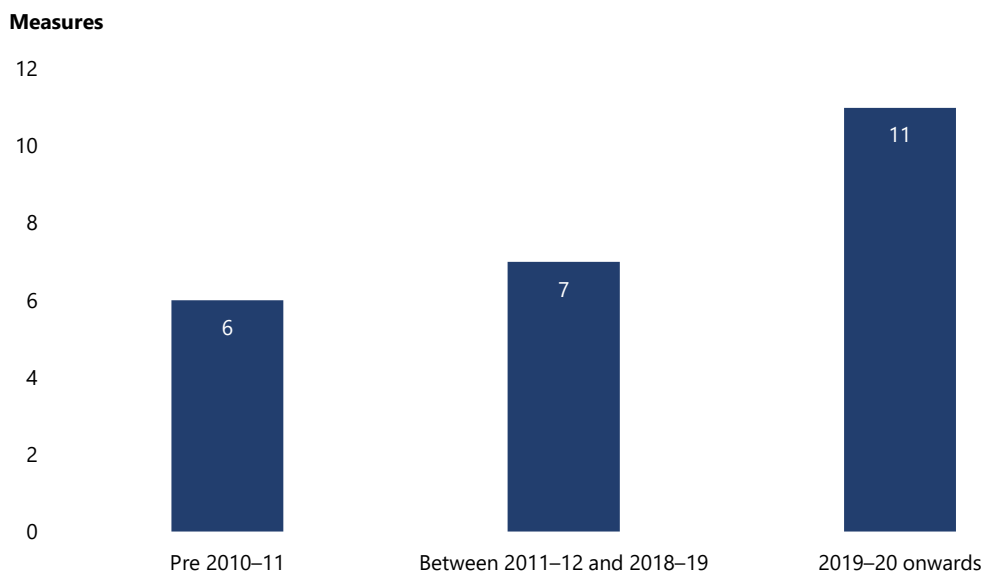
- targets should be challenging but achievable
- targets of 100 per cent should not be used in most cases because they cannot demonstrate continuous improvement and may not be sufficiently challenging
- measures that relate to a department’s basic legislative requirements may not be challenging enough.

Reflecting past performance

More than half of DTF’s performance measures (24 of 41 measures) for 2024–25 have the same target as when DTF first introduced them.

DTF introduced 6 of these measures prior to 2010–11. This means DTF has included these measures in its performance statement for over 15 years without revising the target.

Figure 5: DTF’s 2024–25 performance measures with targets that have not changed since it introduced the measure



Note: We excluded 2 of DTF’s 43 performance measures from this analysis because DTF reclassified the type of measure (quality, quantity or timeliness). However, DTF still reports historical data against the new measure despite this being a significant change. Source: VAGO, based on DTF’s department performance statements from 2019–20 to 2024–25.

Measures not sufficiently challenging

DTF has some measures in its performance statement that the RMF recommends departments not use.

DTF has ...	According to the RMF, these measures ...
3 measures for legislative requirements.	may not be sufficiently challenging because they represent a basic minimum standard rather than the quality of a service.
7 measures with a target of 100 per cent (which it has consistently achieved).	have no capacity to demonstrate continuous improvement from year to year and may not be sufficiently challenging.

DTF did not provide sufficient information to assure the accuracy of its published performance results

Reproducing DTF's results

We asked DTF for the data, documentation and methodology it has used to calculate its performance results for 38 measures since 2019–20. This excludes 3 total output cost measures and 2 measures that were only introduced in 2024–25.

We used this information to try to reproduce DTF's results.

For this percentage of measures ...	we could...
61	not reproduce published results using the data provided.
39	reproduce published results using the data provided.

DTF's data quality

We assessed the quality of the data and documentation that DTF used to calculate its performance results. We found data quality issues with the data underpinning 76 per cent of DTF's measures.

For this percentage of measures ...	we could...
39	<ul style="list-style-type: none"> not establish good data quality. not clearly understand, or we could identify inaccuracies or concerns with, the business rules and/or methodology.
37	<ul style="list-style-type: none"> not be assured that the data provided was source data (for example, it appeared to have been processed in some way). interpret the data in multiple ways because the business rules and/or methodology are ambiguous or unclear.
24	<ul style="list-style-type: none"> see no evidence of data quality issues. clearly understand the business rules and/or methodology.

6.

Processes to help departments comply with reporting requirements

Departments annually review their performance information and have processes to check if they comply with the RMF's requirements.

However, our analysis of updates to the 2024–25 performance statements shows that these processes do not support departments to consistently meet the RMF's requirements.

Some departments told us they find it difficult to meet some of the RMF's requirements and review their performance information within required timeframes.

Covered in this section:

- Departments dedicate time and resources to review their performance information
- Seven departments reported difficulties in reviewing their performance information within set timeframes
- Four departments told us they have had difficulty applying the RMF's requirements
- Five departments want DTF to have a more proactive role

What we examined

We interviewed each department to understand how they develop, use and review their performance information.

We then had a follow-up discussion with the 3 departments (DE, DEECA and DTF) that have been focus agencies for our fair presentation reviews.

Departments dedicate time and resources to review their performance information

Departments' review processes

We asked all departments how often they review their performance information.

All departments told us they review their performance information at least annually, following the process that DTF outlines in the information request that it sends to departments each year. Figure 6 lists the steps in this process.

Some departments said they internally review their performance information more frequently. But this frequency differed between departments and there was not a consistent approach across all departments.

Figure 6: Process for reviewing performance information outlined in DTF’s information requests

Stage	Description
First review	The department submits the initial review of its performance statement to DTF. DTF then provides advice to the Assistant Treasurer on changes proposed by the department.
Second review	The department reflects any feedback from the Assistant Treasurer it has accepted in its revised performance statement and submits this to DTF.
Third review	The department submits its updated performance statement to DTF, incorporating impacts of any budget decisions.
Publication	The department receives approval of the final performance statement by the relevant minister, and the department submits the performance statement to DTF for publication.

Source: VAGO, based on DTF’s 2024 information requests and information we gathered during our interviews with departments.

Responsibilities for performance reporting Departments told us that multiple areas of the department have a part in developing, reviewing and reporting performance information.

Departments’ ...	are responsible for ...
central coordinating teams	<ul style="list-style-type: none"> providing guidance to business areas about how to interpret and apply the RMF’s requirements supporting business areas to develop and review their performance information coordinating internal reporting and executive approvals coordinating performance information to submit to DTF.
business areas	<ul style="list-style-type: none"> monitoring performance of services delivered through their business area preparing performance information in their business area.
accountable officers	ensuring the department’s performance statement complies with the RMF’s mandatory requirements.

Role of central coordinating teams

All departments told us they have a central coordinating team that:

- supports business areas to prepare their performance information
- is responsible for coordinating the department’s information submission to DTF.

The central coordinating teams at 6 departments told us they do not require business areas to consult the RMF to review or update their performance information. Instead, these teams embed relevant guidance from the RMF into other materials, such as templates or data dictionaries, to help business areas comply with the RMF.

This enables the central team to take on a guidance role and encourage better practice across the department. However, this can leave staff in business areas less familiar with the RMF’s requirements.

One department’s central coordinating team told us ‘the level of understanding between the people [in business areas] is variable. There is a gap in training’. They also told us that they do not have the capacity or technical knowledge to monitor compliance with the RMF for every aspect of every measure.

Seven departments reported difficulties in reviewing their performance information within set timeframes

Timeframes for processes Seven departments told us that DTF's information requests do not give them enough time to prepare and review their performance information.

DTF told us that it sets these timeframes in line with the timeframes the government sets each year for the Budget process.

Five departments told us that DTF sends the information request too late in the process for them to properly review their performance information.

One department told us that DTF has previously given it one week to incorporate the Assistant Treasurer's feedback into its performance statement, which was not enough time.

Two departments told us that DTF did not give them the templates for the review process until a few weeks before the submission date. They told us this meant they could not adequately plan for the performance statement review process and had to internally estimate dates.

Four departments told us they want DTF to provide templates and due dates earlier in the review process. Three departments said they want more timely feedback from DTF to give them enough time to incorporate it into their performance statement.

Some departments reported regular contact with DTF and were satisfied with the level of support it provided. For example, one department reported having fortnightly catchups with its DTF portfolio area. Two other departments said they proactively engage with DTF before the formal performance statement review process begins to get feedback and advice.

Four departments told us they have had difficulty applying the RMF's requirements

Applying the RMF's requirements All departments told us they do not provide specific training on the RMF to staff in business areas. Five departments told us this is because the RMF is long and detailed, or because it would not be practical for each business area to engage with it in detail.

For example, one department told us 'for our [staff in business areas], this is a very small portion of their day job, so it is unreasonable to expect them to go and research the RMF'.

Another department told us the RMF was 'difficult to understand' for staff in program areas.

One department told us in a follow-up interview that staff find it challenging to create performance measures that both capture the department's practical work and comply with the RMF's requirements.

This department said: 'If the RMF had more detailed guidance and examples that might help. [DTF] could provide more practical examples of [what information should be included or excluded] and why and build on that understanding. We have to balance competing needs – wanting to be transparent and informative, and also satisfying the RMF.'

Unclear definitions

The RMF does not define or provide guidance on key terms it uses in its performance reporting requirements. For example, there are no definitions for the following terms, which all relate to departments' mandatory requirements:

- 'meaningful' mix of measures
- major activities
- major policy decisions
- service effectiveness
- service efficiency.

This creates ambiguity and can make it challenging for departments' staff to interpret and consistently apply the RMF's requirements.

Challenges meeting RMF requirements

Case study 1: Challenges meeting RMF requirements

Four departments told us they had difficulty identifying suitable timeliness measures

We asked departments how they determine a meaningful mix of quality, quantity and timeliness measures for each output.

Six departments told us that the mix of measures is dependent on the types of services their department provides, and 2 departments said it can depend on data availability. This can make it challenging for some departments to introduce certain types of measures.

For example, one department told us:

'types of services vary in terms of quality, quantity and timeliness. There are very few timeliness measures for [some portfolios]. Timeliness measures of statutory requirements are not good BP3 measures. We don't want to add timeliness measures just to round it out'.

Another department told us 'if we don't have a certain type of measure, we are pretty much obliged to make one'.

Source: VAGO, based on quotes from a follow-up interview with a previous focus department.



Developing service efficiency measures

In our 2021 report *Measuring and Reporting on Service Delivery* we made a recommendation for all departments to develop output performance measures that use unit costing to measure service efficiency (recommendation 3).

DTF accepted this recommendation, stating that it: 'supports the introduction of efficiency measures and improving the balance of QQTC [quality, quantity, timeliness and cost] measures to enhance the ability to assess efficiency. DTF will include advice on unit costings and efficiency measures in the RMF'.

DTF initially provided a completion date of June 2023 for this action.

In its response to *Responses to Performance Engagement Recommendations: Annual Status Update 2024*, DTF has updated the completion date for this action to June 2025. DTF stated it is: 'preparing future updates to the *Resource Management Framework*. Due to the complexity and size of the proposed reforms, this process requires significant consultation and testing. DTF will consider this recommendation [recommendation 3] as part of the broader performance reforms and continue to improve the RMF'.

In their updates on this recommendation as part of the *Responses to Performance Engagement Recommendations: Annual Status Update 2024*, DEECA, DFFH and DTF indicated that they are waiting for updated advice from DTF to help them develop efficiency measures.

Introducing new measures

We asked departments why they develop new performance measures.

All departments identified the performance statement review process and significant policy or funding changes as the main reasons for developing new measures. This is consistent with the RMF’s requirement for departments to update their measures to reflect major policy decisions. For example, to fund a new initiative or change the level of service they provide.

Six departments also identified VAGO or PAEC recommendations as key triggers for developing new measures.

Challenges in developing new measures

Our findings from this review and our previous fair presentation reviews show that departments continue to introduce new measures that do not meet the RMF’s requirements.

We asked DE, DEECA and DTF (as the 3 focus agencies) about their challenges in meeting these requirements.

One department told us that DTF requires it to develop performance measures to submit as part of its funding bids. However, if an initiative is partially funded, the department must revise the proposed measure within a short timeframe. This may mean that it introduces a performance measure that does not fully comply with the RMF’s requirements.

One department told us that the RMF does not clearly outline financial thresholds for developing measures for programs with smaller funding levels. This department wants the RMF to have rules around the expected size (in terms of funding allocation) or number of measures departments should have. For example, a funding threshold trigger to create a new measure when \$20 million or more of funding is allocated.

One department told us that PAEC had previously recommended for it to introduce measures that the department considered inconsistent with the RMF’s requirements. The department gave us an example where PAEC recommended for it to introduce outcome measures into its performance statement for a specific service area, when performance statements should only include output measures.

Three departments also told us that portfolio ministers, who are accountable for their department’s performance statement, may influence the process for setting performance targets.

Five departments want DTF to have a more proactive role

DTF’s role

The RMF outlines DTF’s specific responsibilities as the department responsible for managing and implementing the framework.

DTF ...	it is responsible for ...
supports the Assistant Treasurer to agree and publish departments’ performance statements in the Budget papers	<ul style="list-style-type: none"> reviewing if departments’ output measures, objectives and objective indicators are relevant providing advice to the Assistant Treasurer on the quality of departments’ objectives, objective indicators, outputs and output measures.
supports the Assistant Treasurer to manage the RMF	consulting with key stakeholders.

Departments support their secretary and portfolio ministers to achieve government's objectives through performance management activities, such as delivering outputs to the agreed performance standards.

DTF does not determine the final content of departments' performance statements. The relevant portfolio ministers do this with the Assistant Treasurer.

**DTF's
engagement
and support**

Three departments told us that DTF's level of engagement and support to help departments comply with the RMF has reduced in recent years.

For example, one department told us that DTF used to provide training sessions on how to apply the RMF's requirements but no longer does.

Another department told us there is 'room for improvement around the level of engagement' it receives from DTF and the current level of support has 'dropped compared to how it used to be'.

Five departments told us they want more guidance and engagement from DTF to help them prepare their performance statements and comply with the RMF's requirements. Two of these departments said they wanted a more collaborative approach from DTF that involves:

- earlier engagement in the performance statement review process
 - more frequent meetings
 - more opportunities to ask questions.
-

7.

Appendices

There are 7 appendices covering responses from reviewed agencies, information about how we perform our work, our fair presentation framework and changes to objectives and outputs in 2024–25.

Appendix A: Submissions and comments

Appendix B: Abbreviations, acronyms and glossary

Appendix C: Review scope and method

Appendix D: How VAGO assesses departments' performance measures

Appendix E: Fair presentation framework assessment criteria

Appendix F: Changes to objectives

Appendix G: Changes to outputs

Appendix A:

Submissions and comments

We have consulted with all departments and considered their views when reaching our review conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those agencies and asked for their submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the relevant agency head.

Responses received

Agency	Page
Department of Education	A-2
Department of Energy, Environment and Climate Action	A-3
Department of Jobs, Skills, Industry and Regions	A-4
Department of Treasury and Finance	A-5
Department of Transport and Planning	A-8

Response provided by the Secretary, Department of Education



Department of Education

Secretary

2 Treasury Place
East Melbourne Victoria 3002
Telephone +61 3 9637 2000

COR24149067

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
[REDACTED]

Dear Mr Greaves

Proposed report on Fair presentation of service delivery performance 2024

Thank you for your letter of 22 October 2024 and the opportunity to comment on the proposed report for this review.

The Department of Education is committed to accountable and transparent performance reporting.

The department has reviewed the proposed report and has no feedback. Should you wish to discuss the department's response, please contact Shamiso Mtenje, Executive Director, Assurance, Knowledge and Executive Services Division on [REDACTED] or by email: [REDACTED].

Yours sincerely



Jenny Atta
Secretary
07 / 11 / 2024

Your details will be dealt with in accordance with the *Public Records Act 1973* and the *Privacy and Data Protection Act 2014*. Should you have any queries or wish to gain access to your personal information held by this department please contact our Privacy Officer at the above address





Department of Energy, Environment
and Climate Action

PO Box 500, East Melbourne,
Victoria 8002 Australia

SEC-241000521

Andrew Greaves
Auditor-General
Level 31 / 35 Collins Street
MELBOURNE VIC 3000

Dear Auditor-General

Thank you for your letter of 22 October 2024 in relation to the Victorian Auditor-General's Office's (VAGO) proposed draft report for the performance engagement - *Fair Presentation of Service Delivery Performance 2024*.

The Department of Energy, Environment and Climate Action (DEECA) recognises the need to present fairly the service delivery information in Departmental Performance Statements, to allow Parliament and the community to understand how well the government provides publicly funded services.

DEECA acknowledges the findings and recommendations detailed in the proposed report and the importance of identifying issues with the application of the Resource Management Framework (RMF). DEECA is committed to complying with the RMF and welcomes any additional guidance from the Department of Treasury and Finance appropriate to assist in improving compliance with the RMF.

The proposed report considers that information from departments is not relevant or reliable, and so it is not useful (refer: '*The significant annual effort that goes into reviewing, updating and reporting measures clearly, in many instances, is misguided or wasted*'). While DEECA supports opportunities for improvement, there is significant value in performance measure reporting, despite some measures not meeting all RMF criteria. DEECA will continue to work with DTF to ensure that updates to its measures provide meaningful and valuable information.

As noted in the proposed report, the RMF criteria can be open to interpretation, leading to differing views on the usefulness and relevance of performance measures. Even where a performance measure does not fully meet one or more RMF criteria, they may still comply in other respects and remain valuable and pertinent to both Parliament and the community. DEECA continues to enhance its reporting in an integrated way, including through the RMF and additional targeted communication and reporting to the sectors and communities it serves.

DEECA would like to thank the VAGO staff for their engagement during this process and we look forward to considering the Final Report.

Yours sincerely

John Bradley
Secretary

5/11/2024



Official

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Department of Jobs, Skills, Industry and Regions

GPO Box 4509
Melbourne, Victoria 3001 Australia
Telephone: +61 3 9651 9999

Ref: CSEC-2-24-25429

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VICTORIA 3000

Dear Mr Greaves

FAIR PRESENTATION OF SERVICE DELIVERY PERFORMANCE 2024 PROPOSED REPORT

Thank you for your letter dated 22 October 2024 about the Proposed report - Fair presentation of service delivery performance 2024 limited assurance review.

DJSIR acknowledges the proposed report and supports its findings. The department is committed to continually improving performance reporting processes and incorporating relevant recommendations from VAGO.

The department regularly reviews its processes and works closely with the Department of Treasury and Finance to ensure the Departmental Performance Statement and reports best reflect the requirements of the RMF.

The department has some feedback on the report that will be provided to your team.

If you require further information, your team can contact Karan Gill, Chief Audit Officer on [REDACTED] or [REDACTED].

Yours sincerely

Tim Ada
Secretary

5/11/2024





Department of Treasury and Finance

1 Treasury Place
Melbourne Victoria 3002 Australia
Telephone: +61 3 9651 5111
dtf.vic.gov.au

D24/251598

Mr Andrew Greaves
Auditor General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000



Dear Mr Greaves

PROPOSED REPORT: FAIR PRESENTATION OF SERVICE DELIVERY PERFORMANCE 2024

Thank you for the opportunity to respond to the proposed report on the Fair presentation of service delivery performance 2024.

DTF's response to your recommendations is attached including the action plan outlining how the department will seek to implement the recommendations.

DTF accepts the recommendations in relation to its performance statement to ensure it meets the requirements of the Resource Management Framework. We will also look to improve the supporting documentation for performance measure reporting to ensure the accuracy of results and to allow for independent verification.

As part of the *2024-25 Budget*, Government announced work had commenced on Financial Management Reforms and DTF will investigate opportunities to improve the performance framework as part of these reforms.

Yours sincerely



Chris Barrett
Secretary

6 / 11 / 2024



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Department of Treasury and Finance action plan to address recommendations from Fair presentation of service delivery performance 2024

No.	VAGO recommendation (DTF)	Acceptance	Agreed management actions	Target completion date
1	<p>Review its performance measures to ensure they:</p> <ul style="list-style-type: none"> • meet the Resource Management Framework's requirements • fairly present its performance. 	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DTF will review its performance measures as part of the annual departmental performance statement review process, to ensure it meets the Resource Management Framework's requirements and to ensure it fairly presents its performance.</p>	<p>May 2025, and ongoing.</p>
2	<p>Ensure it keeps performance reporting records in a manner that allows for independent verification.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle	<p>DTF will ensure its performance reporting records allow for independent verification. This will include reviewing the methodology documentation on how measure results are calculated.</p>	<p>July 2025, and ongoing.</p>

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OFFICIAL: Sensitive

3	<p>Investigate why departments are not consistently applying the <i>Resource Management Framework's</i> performance reporting requirements as intended, including identifying any systemic issues in the performance reporting framework and supporting guidance. Develop a plan to address the identified issues.</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> In part <input type="checkbox"/> In principle</p>	<p>As part of the Victorian Government's commitment to financial management reform as referenced in the 2024-25 <i>Budget Paper No. 2</i>, and DTF's ongoing performance improvement process, DTF intends to engage with departments to identify any common issues and key opportunities for improvement across the performance reporting framework.</p> <p>DTF acknowledges the importance of correctly applying the Resource Management Framework (RMF) as intended, and notes that responsibility for compliance rests with the accountable officer of each entity in relation to their own performance measures. DTF regularly reviews the content and application of the RMF and will continue to make improvements in line with broader performance reform.</p>	<p>End 2025 for first round of financial management reforms as referenced in the 2024-25 <i>Budget Paper No.2</i>. Work on further improvements to continue after that.</p>
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Response provided by the Secretary, Department of Transport and Planning



Department of Transport and Planning

GPO Box 2392
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-24-4790

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Greaves

Victorian Auditor-General's Office - Limited Assurance Review - Fair presentation of service delivery performance 2024 - Proposed Report

Thank you for your letter of 22 October 2024 enclosing the proposed report *Fair presentation of service delivery performance 2024* (the Report).

The Department of Transport and Planning (the Department) acknowledges the conclusion of the Report, noting that this is the third year of the review and that the Report reflects findings of earlier reviews.

The Department will continue to work with the Department of Treasury and Finance (DTF) to report on its performance in compliance with DTF's *Resource Management Framework*.

Thank you for the opportunity to comment on the Report.

Yours sincerely



Paul Younis
Secretary

Date: 08 November 2024



Appendix B:

Abbreviations, acronyms and glossary

Acronyms

We use the following acronyms in this report:

Acronym	Full spelling
BP3	Budget Paper 3
DE	Department of Education
DEECA	Department of Energy, Environment and Climate Action
DFFH	Department of Families, Fairness and Housing
DGS	Department of Government Services
DH	Department of Health
DJSIR	Department of Jobs, Skills, Industry and Regions
DPC	Department of Premier and Cabinet
DTP	Department of Transport and Planning
DTF	Department of Treasury and Finance
PAEC	Public Accounts and Estimates Committee
RMF	<i>Resource Management Framework</i>
VAGO	Victorian Auditor-General's Office

Glossary

The following terms are included in or relevant to this report

Term	Explanation
Level of assurance	<p>This is a measure of the confidence we have in our conclusions. The quality and quantity of evidence we obtain affects our level of assurance.</p> <p>We design our work programs with the information needs of our report users in mind. We consider if we need to provide them with reasonable assurance or if a lower level of assurance may be appropriate.</p>
Limited assurance	<p>We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, 'nothing has come to our attention to indicate there is a problem.'</p> <p>See our assurance services fact sheet for more information.</p>
Reasonable assurance	<p>We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to draw a conclusion against an objective with a high level of assurance. We call these performance audits.</p> <p>See our assurance services fact sheet for more information.</p>

Appendix C:

Review scope and method

Scope of this review

Who we examined

We examined the following agencies:

Agency	Their key responsibilities
DTF	Supporting departments to comply with the relevant requirements of the RMF
All departments	Reporting information in their performance statements in line with the RMF's requirements

Our review objective

Do Victorian government departments fairly present their service delivery in their department's performance statement?

What we examined

We examined:

- departments' changes and explanations for changes to objectives, outputs and performance measures for 2024–25
- DTF's 2024–25 performance statement for the following outputs:
 - Budget and Financial Advice
 - Economic and Policy Advice
 - Commercial and Infrastructure Advice outputs
- departments' processes to develop, use and review their performance information.

Why we conducted this review

Our previous reviews of the government's service delivery performance have found that departments are not fully meeting the RMF's requirements for reporting responsibilities.

Our annual fair presentation reviews of department performance statements add another level of scrutiny to increase the transparency of public reporting and accountability of government for spending public money.

Aspects of performance examined

Our mandate for performance audits and reviews includes the assessment of economy, effectiveness, efficiency and compliance (often referred to as the '3Es + C').

In this review we focused on the following aspects:

Economy	Effectiveness	Efficiency	Compliance
○	●	○	●

Key:

- primary focus
- secondary focus
- not assessed

Conducting this review

Assessing performance To form a conclusion against our objective we used the following lines of inquiry and associated evaluation criteria.

Line of inquiry	Criteria
1. Do changes to performance information help users assess departments' service delivery performance?	1.1 Departments' new performance measures assess output delivery and enable comparison of performance over time.
	1.2 Departments' new performance measures clearly articulate outputs delivered by the department.
	1.3 Departments' new performance measures align with their objectives and can inform service delivery decisions.
	1.4 Departments have a balanced mix of all performance measures across all outputs.
	1.5 Departments clearly explain changes to service delivery information in their performance statements and the reasons for those changes.
2. Does DTF's performance statement help users understand its service delivery responsibilities and performance?	2.1 DTF's performance measures reflect the department's output delivery, and measures and outputs align with departmental objectives.
	2.2 DTF's performance measures can be used to assess and compare its performance over time and can help inform service delivery decisions.
	2.3 DTF's performance information is accurate, clear and complete.
3. Are the processes for developing and reviewing information in the department performance statements clear?	3.1 Roles, responsibilities and accountabilities for developing and reviewing performance information are clearly delineated.
	3.2 Departments understand the requirements for developing new performance information as outlined in the <i>Resource Management Framework</i> .
	3.3 Departments review their performance information each year to assess if it remains relevant.

Our methods As part of this review we:

- analysed changes that departments made to their objectives, outputs and performance measures in 2024–25 and assessed if they complied with RMF requirements
- analysed DTF's 2024–25 performance statement to assess if reported information complied with RMF requirements
- conducted a semi-structured interview with all departments to gather information on performance reporting processes.

Level of assurance

In an assurance review, we primarily rely on the agency's representations and internally generated information to form our conclusions. By contrast, in a performance audit, we typically gather evidence from an array of internal and external sources, which we analyse and substantiate using various methods. Therefore, an assurance review obtains a lower level of assurance than a performance audit (meaning we have slightly less confidence in the accuracy of our conclusion).

Compliance

We conducted our review in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain limited assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

Cost and time

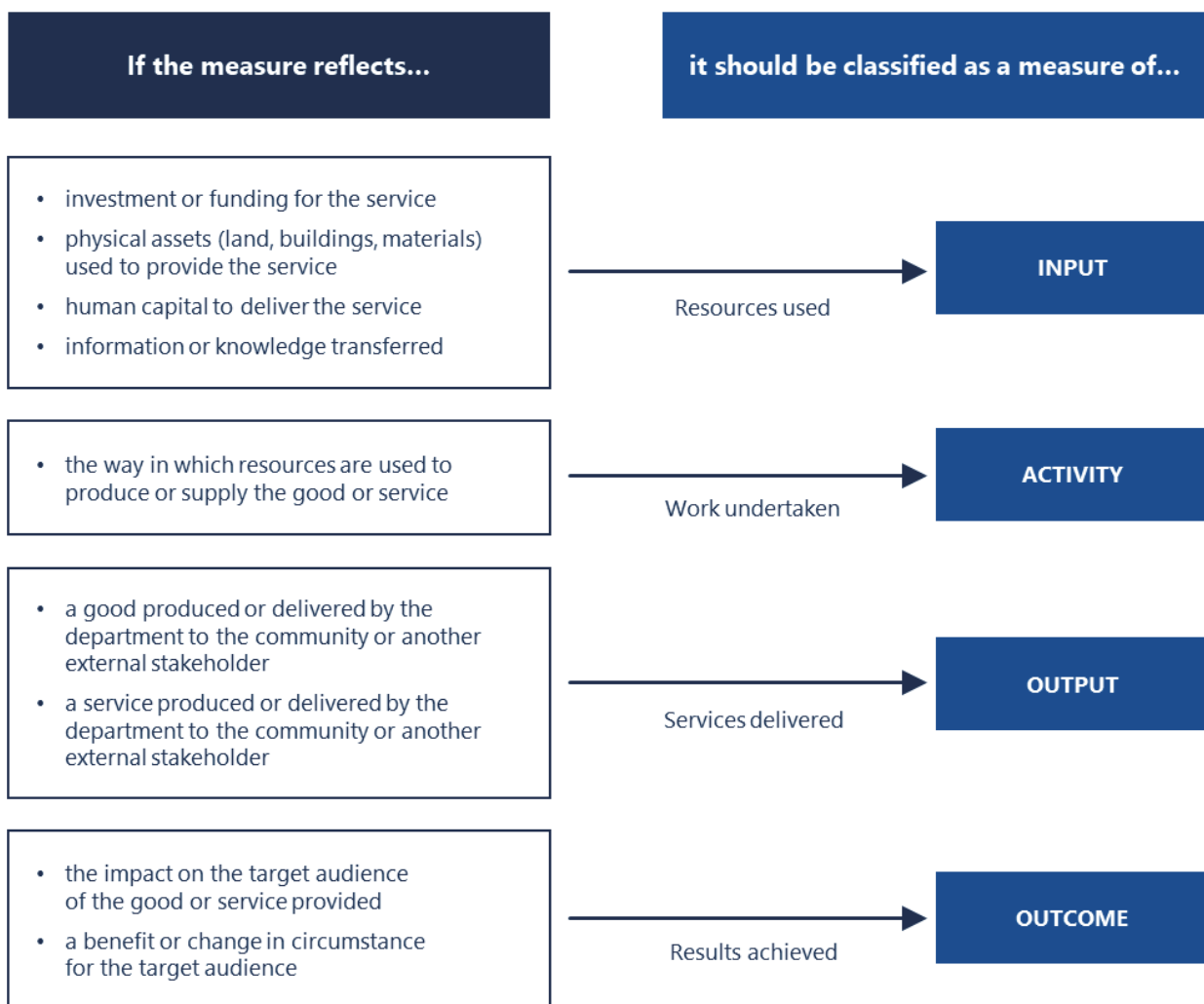
The full cost of the review and preparation of this report was \$423,000.

The duration of the review was 5 months from initiation to tabling.

Appendix D: How VAGO assesses departments' performance measures

We used the decision tree in Figure D1 to identify which measures reflect outputs, inputs, activities/processes or outcomes.

Figure D1: Measure classification decision tree



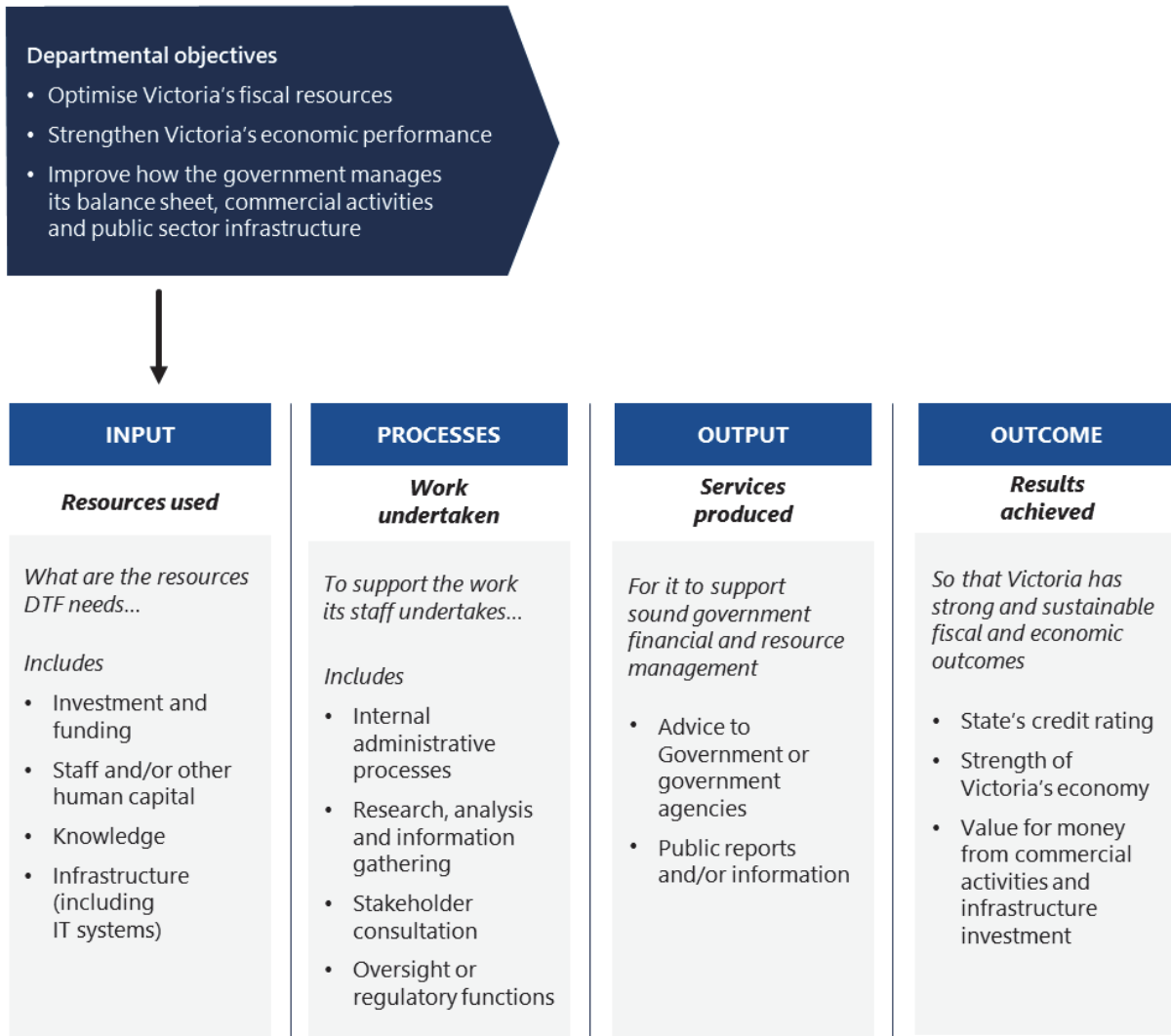
Source: VAGO.

We classified a measure as 'unclassified' if we could not determine how the measure relates to government provision of goods and/or services.

We developed a service performance framework to classify DTF’s performance measures.

This framework (shown below) identifies DTF’s services mapping its inputs through to its outcomes (or the objectives that DTF aims to achieve). It provides the foundation for our classification of DTF’s performance measures.

Figure D2: DTF service performance framework (Budget and Financial Advice, Economic and Policy Advice, Commercial and Infrastructure Advice outputs)



Source: VAGO.

Appendix E:

Fair presentation framework assessment criteria

Figure E1 shows our assessment guide and assessment rationale for each criterion. This includes the assessments for jurisdictional comparability and service efficiency and effectiveness, new in this year's review.

Figure E1: Our assessment criteria and rationale

Assessment criterion	Assessment	Assessment rationale
Usefulness Measures should provide information that is useful to inform strategic decision-making about resource allocation in the context of government policy outcomes. Measures should also assist stakeholders in assessing an agency's performance.	Measure is useful	The measure can be used to inform government decision-making in the context of BP3 reporting.
	Measure is not useful (may be better suited for internal performance reporting)	The measure cannot inform strategic government decision-making about priorities and resourcing or the measure does not provide stakeholders with an understanding of the department's service delivery performance or data is not available for the measure in time to meet reporting requirements.
Attribution The provision of goods and services should either be attributable to the performance of the agency or be within the responsibility of the agency.	Measure is attributable	Performance is directly attributable to the actions of the agency or performance is within the responsibility of the agency.
	Measure is partly attributable	Results may be materially influenced by external forces such as demand for services or user behaviour.
	Measure is not attributable	Performance cannot be attributed to the actions of the agency.
Relevance Measures should align with their relevant output, and both measures and outputs should support the achievement of departmental objectives. There needs to be clear alignment between all 3 levels of information.	Measure is relevant	Outputs and measures align with the relevant departmental objective, and it is clear how achieving the measure target will assist in achieving the departmental objective.
	Measure is not relevant	It is not clear how achieving the measure target assists in achieving the departmental objectives.
Clarity There should be no ambiguity in the measure, and it should be written in clear language. It should be clear what the measure is intended to show.	Measure is clear	The measure is written clearly and clearly demonstrates what is being measured.
	Measure is not clear	The measure cannot be easily understood as it is currently written or the measure has technical language or jargon, and/or words that aren't clear in this context or it is not clear what is being measured or how the results are being measured.

Assessment criterion	Assessment	Assessment rationale
Comparability over time High-quality output performance measures should allow an organisation to demonstrate how its service delivery compares to past performance.	Measure allows for comparison of performance over time	The measure and/or unit of measure allows for comparison of performance over time.
	Measure does not allow for comparison of performance over time	It is not clear what is being measured or how results are being measured or the measure can compare services or goods delivered over time but does not allow comparison of performance in relation to changes in population or demand.
Comparability across jurisdictions	Measure supports performance comparisons across jurisdictions	There is strong alignment with reporting across other jurisdictions.
	Measure partly supports performance comparisons across jurisdictions	There is indirect or weak alignment with reporting across other jurisdictions.
	Measure does not support performance comparisons across jurisdictions	There is no equivalent measure across other jurisdictions.
Service efficiency	Measure can indicate service efficiency	The measure is expressed as a ratio of cost to services delivered.
	Measure cannot indicate service efficiency	The measure is not expressed as a ratio of cost to services delivered.
Service effectiveness	Measure can indicate service effectiveness	The measure reflects outputs delivered by the departments that are relevant to the departmental objective.
	Measure cannot indicate service effectiveness	The measure does not reflect outputs delivered by the departments that are relevant to the departmental objective.

Source: VAGO, based on the RMF.

Appendix F:

Changes to objectives

Figure F1: Changes to departments' objectives in 2024–25

Department	2023–24 objective	2024–25 objective	Explanation in the performance statement
DE	Raise learning, development, engagement and wellbeing outcomes for all Victorian students	Raise standards of learning, development, engagement and wellbeing for all Victorian students	No explanation provided. However, DE have told us that this was an editing error during the printing process for the 2024–25 performance statement for the objective.
DEECA	Reduced impact of major bushfires and other emergencies on people, property and the environment	Reduced impact of major bushfires and other emergencies	No explanation provided.
DEECA	Safe and sustainable water resources	Safe, sustainable and productive water resources	No explanation provided.
DEECA	N/A	Sustainable development of Victoria's earth resources	No explanation provided for adding this new objective. However, DEECA does refer to the change in its changes to output structure table.
DGS	Corporate services that enable better service delivery and drive productivity over time	Deliver corporate services that enable efficiency, productivity and high-quality service delivery	No explanation provided. However, DGS told us that it considers the amendment to be rewording to provide further clarity and detail rather than a change to the meaning of objective.
DH		All objectives	Text included in DH's performance statement states that the department updated all its objectives in 2024–25 'to provide consistency with its published medium-term plan'. However, DH did not explain changes to individual objectives.
DJSIR	Build prosperous and liveable suburbs and regions, and manage and promote outdoor recreation	Build prosperous and liveable regions, and manage and promote outdoor recreation	No explanation provided. However, DJSIR does refer to the relevant machinery-of-government change in its changes to output structure table.
DTF	N/A	Strengthen Victoria's economic performance through fair, equitable and productive workplaces	No explanation provided for adding this new objective. However, DTF refers to the relevant machinery-of-government change in its output summary table.

Source: VAGO, based on departments' 2023–24 and 2024–25 performance statements.

Appendix G:

Changes to outputs

Figure G1: Changes to departments' outputs in 2024–25

Department	2023–24 output	2024–25 output	Explanation in the performance statement
DEECA	Resources	Resources	'The Resources output has been transferred to a new Objective called 'Sustainable development of Victoria's earth resources'. It has been transferred from the Objective 'Productive and sustainably used natural resources' in line with the DEECA Corporate Plan'.
DFFH	Multicultural affairs policy and programs	Not reported by DFFH in 2024-25	'The 2023–24 output Multicultural affairs policy and programs has been transferred to the Department of Premier and Cabinet following machinery of government changes'.
	LGBTIQ+ equality policy and programs	LGBTIQ+ equality policy and programs	'The Victorian Government uses the acronym LGBTIQ+ (Lesbian, Gay, Bisexual, Trans and gender diverse, Intersex, Queer, and Asexual) in line with best practice LGBTIQ+ Inclusive Language guidelines'.
DH	Medical Research (sub-output)	Medical Research	'Transferred to Department of Jobs, Skills, Industry and Regions'.
	Residential Aged Care	Aged and Home Care	'Outputs have been aggregated to allow meaningful comparison of output costs across years'.
	Aged Care Assessment		
	Aged Support Services		
	Ambulance Emergency Services	Ambulance Services	'Outputs have been aggregated to allow meaningful comparison of output costs across years'.
	Ambulance Non-Emergency Services		
	Drug Prevention and Control	Drug Services	'Outputs have been aggregated to allow meaningful comparison of output costs across years'.
	Drug Treatment and Rehabilitation		
	Health Protection Health Advancement	Public Health	'Outputs have been aggregated to allow meaningful comparison of output costs across years'.
Emergency Management			
Small Rural Services – Acute Health	Small Rural Services	'Outputs have been aggregated to allow meaningful comparison of output costs across years'.	
Small Rural Services – Aged Care			

Department	2023–24 output	2024–25 output	Explanation in the performance statement
	Small Rural Services – Home and Community Care		
	Small Rural Services – Primary Health		
DGS		Customer services to the Community	'A new output has created to better reflect the objective of the department to provide services to the community'.
DJSIR	Industry, Innovation and Small Business	Industry, Small Business and Medical Research	'The Medical Research portion of the output was transferred from the Department of Health as the result of a machinery of government change'.
	Suburban Development	Not reported by DJSIR in 2024–25	'The Suburban Development portion of the output was transferred to the Department of Transport and Planning as the result of a machinery of government change'.
DPC	Economic policy advice and land coordination	Economic policy advice and support	'This output has been renamed due to the transfer of the Precincts and Land Coordinator General functions to the Department of Transport and Planning on 1 November 2023'.
DTF	Industrial Relations	Industrial Relations	'This output has been transferred from the Department of Premier and Cabinet due to machinery of government changes'.
	Public sector administration advice and support	Economic and Policy Advice	'The Victorian Independent Remuneration Tribunal component of this output has been transferred from the Department of Premier and Cabinet and aggregated into the Economic and Policy Advice output due to machinery of government changes'.
DTP	Suburban Development	Suburbs	'This output has been transferred from Department of Jobs, Skills, Industry and Regions and renamed due to machinery of government changes'.

Source: VAGO, based on departments' 2023–24 and 2024–25 performance statements.

Auditor-General's reports tabled in 2024–25

Report title	Tabled
<i>Results of 2023 Audits: Technical and Further Education Institutes</i> (2024–25: 1)	July 2024
<i>Building a Capable and High-performing Public Service Workforce</i> (2024–25: 2)	August 2024
<i>Protecting the Biosecurity of Agricultural Plant Species</i> (2024–25: 3)	October 2024
<i>Responses to Performance Engagement Recommendations: Annual Status Update 2024</i> (2024–25: 4)	October 2024
<i>Auditor-General's Report on the Annual Financial Report of the State of Victoria 2023–24</i> (2024–25: 5)	November 2024
<i>Fair Presentation of Service Delivery Performance 2024</i> (2024–25: 6)	November 2024

All reports are available for download in PDF and HTML format on our website at <https://www.audit.vic.gov.au>

Our role and contact details

The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet [About VAGO](#).

Our assurance services

Our online fact sheet [Our assurance services](#) details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

Contact details

Victorian Auditor-General's Office
Level 31, 35 Collins Street
Melbourne Vic 3000
AUSTRALIA
Phone +61 3 8601 7000
Email enquiries@audit.vic.gov.au
