

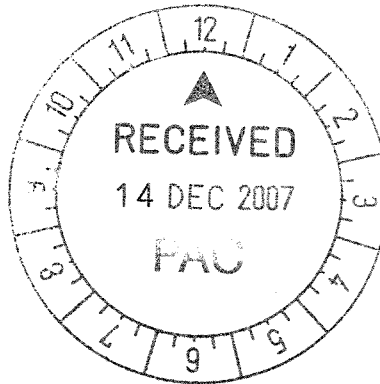
INQUIRY INTO STATE PLAN REPORTING

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Mr Paul McLeay MP
Chair
NSW Public Accounts Committee
Parliament House
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Dear Mr McLeay,

CPA Australia submission regarding State Plan reporting

CPA Australia welcomes the NSW Public Accounts Committee inquiry into State Plan reporting.

We have prepared a submission examining the NSW Government's State Plan reporting using the NSW Public Accounts Committees terms of reference for the review.

CPA Australia has over 112,000 members world wide and more than 30,000 in NSW. Around 8 percent of members in NSW work in the public sector.

The NSW Government's State Plan has been an important step forward in making government department's accountable and advancing toward important targets set out in the plan.

CPA Australia notes that the introduction of the performance management budgeting system in 2008 will have an impact on State Plan reporting. It is also important to point out that non-financial reporting has become as important as financial reporting and mechanisms to measure this need to be in place.

Overall, CPA Australia recommends that performance measures put in place are comprehensive and cover all areas of agency operation to ensure full and transparent reporting.

If you have any questions regarding the contents of the submission please contact CPA Australia's Communications Executive Rebecca Kington on (02) 9375 6223 or me on (02) 9375 6290.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ron Switzer'.

Ron Switzer FCPA
Director
NSW Division

INTRODUCTION

CPA Australia welcomes the NSW Public Accounts Committee inquiry into State Plan reporting. In this short report CPA Australia examines the NSW Public Accounts Committee's terms of reference for the review.

CPA Australia has over 112,000 members world wide and more than 30,000 in NSW. Around 8 percent of members in NSW work in the public sector.

The NSW Government's State Plan has been an important step forward in making government department's accountable and advancing toward important targets set out in the plan. With the NSW State Plan being introduced in November 2006 there has been time to digest the goals and aims the NSW Government is striving toward.

CPA Australia notes that the introduction of the performance management budgeting system in 2008 will have an impact on State Plan reporting. It is also important to point out that non-financial reporting has become as important as financial reporting and mechanisms to measure this need to be in place.

Overall, CPA Australia recommends that performance measures put in place are comprehensive and cover all areas of agency operation to ensure full and transparent reporting.

Adequacy and appropriateness of performance measures for progress in achieving the Plan objectives.

At this time, it would be premature to assess the effectiveness of the measures which have been in place for less than a year. CPA Australia recommends that time should be spent by the appropriate department or group (eg Treasury) to undertake a comprehensive review with each agency to identify suitable performance measures.

There needs to be a balance between the measure and the context to ensure the right outcomes are met. There is a risk that any one measure could negatively effect delivery by focusing much of an agencies energy in one area and failing to deliver in another. It is noted that Results and Service plans already in place identify risks to delivery. The NSW Government agencies are varied and, while consistency is important, operational and program differences need to be taken into consideration.

When deciding on performance measures, it would be appropriate to note how they compare with other countries and other states to determine their suitability. Although NSW differs from other states and territories there is a need to have benchmarks that are recognisable.

Consistency from year to year and across like agencies should be a consideration for the NSW Public Accounts Committee in its review process. In addition the committee may also consider the benefits of NSW agencies being directly compared with like agencies in other jurisdictions.

CPA Australia also notes the importance of making measures and reporting of results easily understandable and transparent. They will be examined by members of the public, employees within agencies and contractors among others. Having clear and concise reporting will improve department's ability to achieve clear goals and allow the public to understand the objectives and achievements of the NSW Government.

The adequacy and appropriateness of audit requirements for performance measures.

CPA Australia notes that this is an evolving process and will expand over time. At present the Auditor General has a limited mandate primarily to look at accuracy.

There will be a need, in the future, for a broader review and for the examination to be more sophisticated. Criteria needs be established to assess the performance of any/all departments. There needs to be a clear set of standards in place for organisations work by.

It may be appropriate for the non-financial key performance areas be subject to a form of independent review to ensure they are successful. This would could an independent attestation by the Auditor- General as to the appropriateness, as well as the accuracy, of the performance measure/s. This is currently included in the legislative role of the Auditor General in Western Australia and the Auditor General in the ACT.

To ensure appropriate levels of accountability to the parliament and the electorate agencies annual reports should reflect performance measures and targets as set out in the NSW State Plan.

Mechanisms for review and updating of the Plan.

A systematic review process would be appropriate. CPA Australia recommends that broad reviews be undertaken (incorporating surveys etc.) that would encompass feedback at both agency and consumer level.

Under the new Performance Management Budgeting System, it will be essential that the measurements across agencies be consistent to determine how they compare.

CPA Australia notes that when an assessment of a departments progress is complete, there will be a need to review of state plan targets to ensure they are attainable and appropriate. There is also a need for the results, both negative and positive, to be made available to stakeholders (including public). For the NSW State Plan to remain valid and effective it needs to be transparent.

Experience in other jurisdictions, particularly Victoria, Tasmania and South Australia regarding effective reporting and review mechanisms.

South Australia's Strategic Plan (SASP) was launched in 2004 and has been evolving plan to meet changing circumstances in the state with a renewed plan released this year.

There are certainly elements of state plans that have been established in Australia that should be examined and considered for adoption in NSW. The SASP includes a commitment to a public, two-yearly assessment of progress towards the plan's targets. The first report was released in 2006 and included recommendations to improve the plan and many have been included in the update this year.

The NSW State Plan should also have a commitment to reviewing targets and measures. NSW has ever changing circumstances and the Plan should reflect this. At this time it is most important to set 'baseline' targets that progress can be measured against.

Any other related matters.

CPA Australia recommends that all agencies be responsible setting appropriate measures to meet the State Plan objectives. Departments can then develop the necessary Key Performance Indicators to drive performance.

Where performance targets need to be met by several government agencies it will also be necessary for them to work together. To achieve the best outcome agencies will need to work together to understand how their roles correlate.

Further enquiries contact:

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