

Measuring Performance of Government Departments – International Developments

Report to the UK National Audit Office

Colin Talbot
Lyn Daunton
Colin Morgan



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A report for the National Audit Office.

Colin Talbot, Lyn Daunton and Colin Morgan

(The UK National Audit Office commissioned this report but the contents are the sole responsibility of the authors and Public Futures Ltd.)

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Measuring Performance of Government Departments – International Developments

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Introduction

This report has been prepared for the National Audit Office (UK). It is a preparatory report that will be summarized for inclusion as an appendix for the forthcoming NAO report on the use of performance measurement by UK central government departments. The NAO report will be presented to Parliament, specifically the Committee of Public Accounts.

The report has been compiled by desk research on performance measurement developments in eight countries: Australia; Canada; Denmark; Finland; Netherlands; New Zealand; Sweden; and the USA. These countries were chosen because they had relatively known high levels of activity and experience on performance measurement. It was hoped they would also provide a diversity of experiences.

The report has been mainly restricted to documentation that is available in English, because of time and other resource constraints. Therefore for the non-English speaking countries the information may not be as complete as it could be.

The analysis is restricted to national or federal level, which does not mean this is the only or even the most important place where performance measurement is occurring. Nor is the federal level necessarily driving change – in Australia, for example, it obviously has led the way whereas in the USA local and state-level governments were developing systems independently, and sometimes in advance of, federal government. This level has been selected mainly for ease of comparability, both between jurisdictions and with the UK study.

What is reported in mainly what governments say they are doing on performance measurement, which is not always the same as what has actually been implemented. A particularly useful ‘corrective’ has often been the critical scrutiny of performance systems carried out by supreme audit institutions in each country. These have often highlighted differences between stated policy and implementation.

The questions posed in the research are:

- What is the general context within which performance measurement is operated?
- Who is responsible for performance measurement and reporting?

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- What are the high level objectives of the performance measurement and reporting system?
- What is being measured and what type of measures are being used?
- Are cross-cutting measures used?
- How is assurance provided on the quality of information?
- Who is accountable for performance?
- How is performance reported publicly?
- What are the main current developments?

There are obviously many other questions that could be asked but this provides substantial scope for comparison with UK developments.

1. What is the general context within which performance measurement is operated?

In this section we give a brief introduction to each country examined, trying to locate performance measurement developments in the context of general public management reforms.

As a reminder of the relative weight of the public sector in each country (and the UK) the following Table 1 sets out the economic and employment sizes of the public sector. As can be seen, there are very wide variances with the economic size of the largest (Sweden) being almost twice as large as the smallest (USA). Within these macro-figures it is also important to remember there are large differences in constitutional arrangements, governance, structures and roles of the public services – not to mention of course political cultures.

Table 1 Relative Sizes of the Public Sectors (arranged by economic size)

Country	Current General Government Expenditure as a percentage of GDP	Year	Government employment as a percentage of total employment	Year
New Zealand	(n/a)		22.1	1991
USA	34.3	1995	13.4	1995
Australia	35.6	1995	16.0	1995
UK	42.3	1994	14.1	1995
Canada	45.8	1995	19.6	1995
Netherlands	50.0	1996	11.9	1995
Finland	55.9	1995	25.2	1995
Denmark	59.6	1995	30.7	1995
Sweden	63.8	1995	31.2	1995

Source: adapted from National Accounts, OECD, Paris, 1998.

In the period mainly covered by this report – the 1990s – the economic growth rates amongst our sample also varied considerably (see Table 2). Four – Australia, the USA, Netherlands and Denmark - performed above the OECD average whereas the other four – Canada, Finland, New Zealand and Sweden performed below. The range of economic performances is striking – with the lowest rates at only a quarter of the highest.

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This suggests strongly there was not an obvious common economic factor underlying the impetus towards public management reform in general or the focus on performance in the public sector in particular. Of course, economic growth is not the only socio-economic factor that might lead to pressures for enhanced public sector performance – changing taxation profiles; demographic shifts; increasing service level demands; etc could all contribute. This is also not to say that economic problems (for example in Sweden in the early 1990s) did not figure prominently in the causation of change in particular countries. (See (Pollitt and Bouckaert 2000) for a fuller discussion of some of these issues).

Table 2 Growth rates

Country	Actual growth of GDP per capita 1990-98
Australia	2.3
USA	2.0
Netherlands	2.0
Denmark	1.9
UK	1.7
OECD average	1.2
Canada	1.1
Finland	1.0
New Zealand	0.7
Sweden	0.6

Source: adapted from (Sarpetta, Bassanini et al. 2000).

1.1 Australia

Australia, like New Zealand, was obliged to move away from protectionist economic policies in the 1980s and experienced successive economic difficulties, which in turn produced fiscal pressures on public spending. Public management reform was driven from the federal (commonwealth) level.

Australia has thus been very active in public management reform over the past two decades. The federal (Commonwealth) government has a fairly long history of some form of measurement and reporting of ‘performance’ in the broadest sense. In particular in 1988 they initiated a rolling programme of evaluative reviews of all policy areas and took steps to ensure the results of these reviews were considered in budgetary decision processes (Department of Finance 1992; Department of Finance 1994; Department of Finance 1995).

More recently the introduction of accruals based accounting and budgeting has been linked to performance information about outputs and outcomes for each department or agency. The main aim seems to have been to provide high-level performance information linked to more accurate resources accounting so that broad 'cost-benefit' judgments could be made. This is in the context of a government committed to reducing the size of the public sector and introducing private sector style management techniques (Pollitt and Bouckaert 2000).

1.2 Canada

Canadian public sector reform was originally driven by its unsustainable fiscal situation. In 1994 the federal deficit stood at 6% of GDP with the government facing an increasing burden of public debt, a lack of fiscal credibility and financial market nervousness reflected in high interest rates.

The emphasis of budget reduction was to be based on expenditure reductions rather than tax increases. Since then Canada has made significant progress in restoring its financial situation with 1997/98 seeing the government achieve its first balanced budget in almost 30 years.

Budget reduction and public sector reform was initiated by the 'Programme Review' (1994) - a comprehensive examination of all government programmes to bring about the most effective and cost-efficient way of delivering programmes and services.

Following on from 'Programme Review' the government introduced a number of initiatives the most significant of which was 'Getting Government Right', introduced in 1996 with the objective of modernising federal programmes and services to meet the needs of the population, both as citizens and clients.

'Getting Government Right' confirmed the governments' commitment to change to a results or performance-based management culture as set out by the federal governments performance based strategy in 1995 within the President of the Treasury Board's first annual report to Parliament, 'Strengthening Government Review'. The strategy encouraged departments and agencies to identify result commitments, measure, report and use performance information results. A report 'Strengthening Government Review' is tabled annually in Parliament.

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1.3 Denmark

Denmark (along with Finland and Sweden) has one of the largest public sectors, as a proportion of its domestic economic activity – with public expenditure running at about 55% of GDP in 1999 (OECD). In the 1980s Denmark did suffer from economic and fiscal crises and the focus of reforms was very much on reducing public spending. During the past decade the budget has moved into surplus and in recent years the debt has been reducing, so economy measures per se have not been the main driving force of reform.

It should also be remembered that Denmark has a highly decentralized governance structure with most public expenditure and services being delivered by local rather than central government.

Public management reforms in Denmark have developed along three principle avenues:

- Creating favourable conditions for public sector learning and experimentation
- Enhancing efficiency, service and quality through performance related management tools
- Empowering citizens and users of public services

(www.oecd.org//puma/country/Surveys2000/surv2000dk.htm)

Public management reform has generally been pursued through decentralisation, coupled with central guidance, advice and support in developing tools and concepts. Within this overall context:

“Performance management has been a central element in public sector reforms since the launch of the ‘Modernisation Programme’ in 1983.” (OECD-PUMA 1997).

The main specific reforms have included:

- Promoting performance measurement as part of the budget process
- Creating ‘contract agencies’ with greater autonomy over internal arrangements and performance contracts with their sponsoring Ministers
- Initiatives targeted on service quality.

1.4 Finland

Finland has a large public sector and like Sweden experienced severe economic problems in the early 1990s.

Finland's central government structure is similar to the Swedish central agency model, and, like Denmark, it has a large local government sector with significant responsibilities for service delivery and a great deal of formal autonomy. (Local government delivers about two-thirds of public services). However, unlike Denmark, Finnish central government has had much more control over local government in practice. Similarly, central agencies are much more centrally controlled and directed than is the case in Sweden.

Major public sector reforms were carried out in Finland between 1987 and 1997, introducing substantial changes in financial management and the structure of the state sector.

The most significant parts of the reform programme were:

- the adaptation of the results-oriented budgeting and performance system (from as early as 1987 with full implementation in 1994)
- the devolution of the decision-making authority on personnel management to the agency level
- the reform of the state grant to municipalities
- the corporatisation of a large number of state bodies converting them into state enterprises
- structural reforms such as mergers and the restructuring of state agencies and reorganisation of the provincial level of government.

Since 1995, performance management has been applied to the whole of central government. The idea behind the reform was to emphasise outputs and results instead of inputs and rules and to improve target-setting and follow-up. In the process, performance contracts have played an important role. The contractual model has replaced the old hierarchical, compliance-based guidance and control system. Result negotiations and performance contracts represent decentralised and flexible ways of making government agencies more cost-conscious, responsible and accountable. Performance management has also

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been considered as one of the main instruments for enhancing strategic thinking and prioritisation among the ministries.

1.5 Netherlands

Dutch government consists of several political minorities none of which has any real prospect of becoming a majority. Government, therefore may always be based on coalition and co-operation

In the 1980's government reform focused on the need to improve coherence and integration with emphasis being placed on the search for new methods and structures for government planning and for coordinating of decision-making.

In the 1990's however due to the need for a sound public finance the emphasis transferred to the size of Government and how to reduce it. During the period of 1992 to 1994 an analysis of the governments core tasks was undertaken, aimed at identifying the core business of government departments with a view to tasks being reallocated or reduced.

1.6 New Zealand

The reforms of the New Zealand public sector have widely been seen as the most radical within OECD countries. There have been widespread privatizations, 'corporatisation' of other state owned bodies and radical economic, fiscal and welfare reforms. As with Australia, the main driving force for these changes was the changing economic position of the country with the collapse of the old "commonwealth" protectionist arrangements with the UK, the growth of SE Asian economies, etc. New Zealand experienced low growth and recurrent economic crises in the late 1970s and 1980s and – being a small country with relatively low GDP per capita – these economic shocks were felt strongly in the substantial public sector.

In 1989 NZ adopted a system of 'performance contracts' between Ministers and government Departments (although these are not legally binding documents but more 'performance agreements') (Public Finance Act 1989). These performance contracts focused on specifying the outputs that each department would produce. These outputs are seen as being 'purchased' by the Crown through the Estimates and Vote system. Departments are also required to publish (ex ante) a detailed statement of objectives, as part of their Departmental Forecast Report (DFR), which is scrutinized by Select Committees as part of the Estimates Examination, and the 1989 Act requires departments to publish a Statement of Service Performance

(SSP) annually that show, for each class of outputs, performance achieved compared to performance forecast in their statement of objectives compared to performance forecasting in the DFR. Similar rules apply to Crown Entities.

1.7 Sweden

During the early 1990s Sweden experienced an economic crisis that in turn created a fiscal crisis with major public sector deficits and debt. Widespread budget restrictions were accompanied by other public finance reforms (such as accruals accounting and frame-budgeting) and results-oriented budgeting. While there has been an improvement in public finances it is unclear whether there has been a long-term resolution of the underlying fiscal difficulties (Pollitt & Bouckaert 2000).

In this context Sweden has also been trying to develop better quality and flexibility in the delivery of public services and performance measurement is playing an important part in this process.

The Swedish central government system is strongly based on the 'agency' form with small ministries and large agencies. This is reflected in the way in which performance measurement has unfolded.

1.8 United States of America

Whilst the US economy has fared reasonably well over most of the past couple of decades, with only modest slow-downs in growth, the US's fiscal position weakened considerably in the late 1980s-early 1990s. Large federal budget deficits seemed to be accompanied by crises in a number of public policy areas (crime, health, education) and widespread alienation from the political process (the US has one of the lowest participation rates in the OECD countries). The sources of these difficulties – especially the fiscal problems - are arguable but it is reasonable to suggest that they had more to do with political choices (defence spending; tax reductions; etc) than with underlying economic conditions.

The United States also has very different constitutional arrangements (at the federal level) to those of the UK or most of the other countries in our sample. The separation of powers between the legislature and executive leads to some interesting differences in budgeting and performance issues. The USA's more transparent processes for budgeting and performance target setting (see below) are partly a

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result of the role Congress plays in authorizing budgets proposed by the Executive branch (Office of Management and Budget).

2. Who is responsible for performance measurement and reporting?

This section spells out who is responsible setting policy on, for the production of, and the publishing of performance information. In most cases this is obviously the entity concerned, but this is not necessarily the case. In UK Local Government, for example, the individual authorities do produce performance data according to targets set centrally by the Audit Commission, who also collate and publish the information.

2.1 Australia

Guidance on “Specifying Outcomes and Outputs” (1998) and on “Outcomes and Outputs” (1999) have been issued by the Commonwealth Department of Finance and Administration (DOFA) which lays down the responsibilities for performance reporting. These guides were to be used in a wholesale review of outputs and outcomes as contained in budget documentation, which in turn resulted from the ‘Review of Budget Estimates Production Arrangements’.

Agencies wishing to change outputs, and related performance information, do so through agreement with the relevant minister and these changes do not require clearance from the DOFA Minister, although they might want to consult DOFA as a stakeholder. However, if an agency wishes to change its outcomes, consultation with and approval from the DOFA Minister is required.

These documents make it clear that responsibility for performance management and performance information rests firmly with the agencies, based upon the principles developed by the DOFA. Responsibility for performance information lies firmly with individual public sector departments and agencies who have a statutory duty to produce it under the Financial Management and Accountability Act (FMA) 1997, which devolved responsibility for decision-making to Chief Executive Officers (CEOs). Agency CEO’s are responsible to their respective Minister.

2.2 Canada

The Treasury Board Secretariat (TBS) has the overall responsibility for performance management, and develops and manages reforms initiatives. The Canadian initiatives have been strongly driven from

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the TBS with formal requirements placed on departments and agencies. There have also been some elements of encouragement and facilitation, rather than direction, by the TBS and some 'bottom-up' initiatives from within federal organisations.

Two major initiatives began in 1994:

- Programme Review
- Improved Reporting to Parliament

Departments were encouraged to publish more performance information, specifically through more innovative and accessible means such as websites.

A new 'Expenditure Management System' (EMS) was introduced which required departments to incorporate performance information into policy development and improving programme delivery. They are also to incorporate performance into Program Review and Business Plans.

The system of performance measurement and reporting gradually spread to all departments and agencies and the Reports submitted to Parliament annually by the President of the TBS expanded considerably. Parliament also made significant changes to the budget process to include performance targets and results in the Estimates process and consideration by committees was expanded. Consultations between TBS, Parliament and federal bodies on what performance information to collect and report seem to have been fairly extensive.

The result has been that responsibility is shared between the TBS and federal bodies for reporting performance (departments and agencies mainly reporting 'publicly' whilst the TBS collates and reports specifically to Parliament via the TBS Presidents' Annual Report).

2.3 Denmark

Overall responsibility lies with the Ministry of Finance. Initiatives often come from the top but are implemented by persuasion and incentives rather than by command. Bottom up initiatives are also supported by best practice guidelines and other assistance. The Agency for Financial Management and Administrative Affairs has overall responsibility for reforms and developing initiatives.

2.4 Finland

Basic outline of reform comes from the top along with guidelines and principles with the Ministry of Finance guiding the reforms, developing new methods and principles. The Public Management Institute provides consultancy and training support.

Annual results agreements between the ministries and agencies set performance targets.

2.5 Netherlands

The Ministry of Finance is responsible for performance measurement and reporting. The Ministry of Home Affairs initiates modernisation schemes and promotes performance in local government.

Under the Government Account Act, government organisations are required to provide performance information. In addition to these formal requirements there are projects initiated on an ad hoc basis, many of which come from agencies and local government organisations.

The Dutch Court of Audit has a significant performance audit role.

2.6 New Zealand

Individual departments and Crown Entities are responsible for publishing their performance results – in the case of departments they have to publish a Statement of Service Performance in their Annual Reports.

2.7 Sweden

The Ministry of Finance has overall responsibility for the development of performance measurement systems but because of the strong position of the Swedish agencies they play a major and very autonomous role. This had led to conclusion that “the documentation that the government receives from the agencies as a basis for its reassessment of activities is not yet fully satisfactory” (cited in OECD country survey, 2000 – www.oecd.org/puma/country/surveys2000/surv2000se.htm).

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2.8 United States of America

The division of power in the US federal system means that ‘the President proposes and the Congress disposes’. The actual situation is far more complex. Under Government Performance and Results Act (GPRA) each federal government department and agency (we will use just ‘agencies’ as short-hand) is required to produce strategic plans, annual performance plans and performance reports. Together these elements create a recurring cycle of planning, program execution and reporting. The Office of Management and Budget (OMB) issues an annual guidance document (Circular A-11) which governs the content of these elements. The OMB is required to produce a government-wide performance plan.

Performance plans, along with draft strategic plans and annual reports and performance reports, are submitted to Congressional appropriation committees responsible for individual departmental budgets as well as the appropriate congressional authorisation committees.

Thus responsibility for performance target setting is divided between the agencies themselves (who initially propose their own targets), the OMB (who consult over them) and the Congress (who finally approve them). Even though GPRA was passed in 1993, the implementation process has been deliberately slow (including substantial trials of the methods used) and it is still in the process of unfolding.

As part of the scrutiny process of these draft performance plans the General Accounting Office (GAO - roughly the US equivalent of the NAO) produces an examination of each individual plan together with an overall commentary and analysis on the quality and validity of the plans. This analysis focuses on whether or not the plans for measuring performance successfully reflect the agencies strategic plans, whether they mark an improvement over previous years’ plans and whether there can be confidence in the performance information that will result.

2.9 Summary

Generally the issue of responsibility for performance is a complex one. There are several actors – parliamentary or other authorizing bodies; government itself (including treasury/finance and other

central ministries); departments; agencies; etc. In all cases responsibility for performance is inevitably shared and the real issue is where the specific balance lies in different jurisdictions.

Responsibility for performance measurement can be broken down into a number of aspects:

- **The degree of compulsion placed upon organisations to produce performance information** – which is strong in some countries (e.g. Canada; New Zealand; USA) and weak in others (e.g. Netherlands). Where compulsion is strong, responsibility clearly lies with both the compelling organisation and the compelled.
- **The degree of specification and guidance on the types of performance information** – which again is strong and detailed in some cases (e.g. New Zealand; Australia) and more broad brush in others (e.g. USA; Netherlands).
- **The strength of incentives (and penalties) for actual performance achieved** – where these are strong, often in the form of performance agreements, responsibility for performance management clearly lies more firmly with the department/agency (e.g. New Zealand).

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3. What are the high level objectives?

This section tries to tease out the objectives of the performance measurement system itself. This covers both the purpose of performance measurement (e.g. primarily for accountability or primarily for management, or both) and to some extent the content (e.g. outputs, outcomes, etc.) of performance measurement systems, which are also covered in the following section.

3.1 Australia

Australia has had a long history, at federal government level going back to 1988, of concentrating on issues of evaluation of policies and programmes. The more recent reforms of the late-1990s have concentrated on more economy and efficiency related issues. In particular, the most recent round of reforms have been explicitly targeted to emphasise a results-based government and the development of business-like work practices including privatization, outsourcing, introducing competitive tendering, accruals accounting as well as focusing on outcomes.

The high-level objectives of performance measurement related changes therefore concentrate on measuring outcomes within an accruals accounting framework in order to make allocative decisions (whether to continue, abandon or sell-off activities). However, the Guidance issued by the Department of Finance and Administration (DOFA) stresses the measurement of both outputs (which provide management information) and outcomes (providing accountability information).

Recently the Australian Auditor-General in a speech raised the problem of integrating the issues of conformance (in the sense traditional public sector values of equity, equality, ethics, etc) with performance (in the more managerial sense) (Barrett 2000). However, the DOFA encourages agencies to monitor and report against a range of performance indicators that cover 'conformance' with 'performance'. They are then considered as a whole against the outcome or output of the agency, to give a more accurate picture of its success.

3.2 Canada

Performance management systems have been used as part of an overall strategy to reduce Canada’s budget deficit. However, the strong emphasis since 1994 on reporting to Parliament has provided an important public accountability and governance dimension to performance reporting in Canada.

It is also clear that the emphasis in performance measurement and reporting has evolved over time becoming a much more central component of the whole decision-making processes about resources and policies whilst also becoming much more sophisticated.

By 1999 the TBS Presidents’ Annual Report – Managing for Results 1999 – integrated issues of performance and:

- comptrollership;
- inter-departmental and inter-governmental collaboration;
- more comprehensive reporting, including outcomes (societal indicators); and
- improved accountability and reporting to Parliament.

This means Canada now has a very comprehensive set of high-level objectives for their performance measurement and reporting system. The full cycle is set out in the figure.

Figure 1 Parliamentary Cycle on Performance, estimates and Supply.

Fall	Pre-budget consultations begin	Fall Performance Package presented to Parliament: <ul style="list-style-type: none"> • Managing for Results • Departmental Performance reports • Public Accounts Committees review Departmental Performance Reports and make recommendations
Winter	Budget	Main Estimates (Parts I & II)
Spring	Departmental Reports on Plans and Priorities	Committees <ul style="list-style-type: none"> • report on Estimates • make recommendations on supply
Summer	Full Supply Summer Recess	

(Source: adapted from (President of the Treasury Board (Canada) 1999))

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3.3 Denmark

The objectives of the performance system in Denmark have varied over time, with the early focus being on economy (savings and cost-cutting) whilst more latterly the emphasis has shifted to more 'allocative efficiency' issues. Throughout there has been a concern to increase the management capabilities of agencies and focus on clients and service quality. The relatively weak compulsion and more facilitative approach adopted means that individual variations in approach are fairly wide.

3.4 Finland

The primary focus of performance measurement in Finland has been to introduce organisational and cultural changes and to make the administration more efficient, transparent and service orientated.

This overall strategy was reinforced by the government resolution "Good Governance, High-Quality Services and Responsive Civic Society – Guidelines for the Policy of Governance" (1998) which is also linked to extensive use of service charters and performance or quality frameworks (especially the European Quality Model and the Balanced Scorecard).

3.5 Netherlands

The basic approach to performance measurement and management has been centrally and legislatively driven. The first requirements for performance information to be included in budgetary processes was the Government Accounts Act of 1976, which was amended in 1992 and 1995. Performance measurement was seen overall as contributing towards improving economy, efficiency and effectiveness and contributing to resources allocation and public accountability (OECD-PUMA 1997). Practice did not always match these high-level objectives however.

3.6 New Zealand

As already indicated, the focus of the NZ reforms of 1989 was on the strategic purchasing of outputs by Ministers from their departments (including policy advice outputs). The overall objective was to improve the economy, efficiency and effectiveness (at least as far as outputs are concerned) of public agencies. In the early period of these

changes NZ also had a strong corporatization and privatization agenda, but in recent years the overall boundaries of the public service have stabilized.

Despite the focus on outputs, the 1989 reforms also required that the Estimates (budget) must contain some information about the outcomes to be achieved and the links between the proposed outputs being purchased and their contribution to these outcomes.

In 1994 the government refined the system by adopting “strategic result areas” (SRAs) which covered a 3 year period (1994-97) and SRAs were also promulgated for the period 1997-2000. These SRAs covered whole policy areas, regardless of organisational boundaries and provided a potential coordinating mechanism for departments activities. Departments themselves were encouraged to develop their own “key results areas” (KRAs) that were to be incorporated (and still are) into the performance agreements between Ministers and Chief Executives. Finally, SRAs were superceded by “strategic priorities and overarching goals” (SPOGs) in 1998. To some extent SRA/SPOG statements came to replace the ‘outcome’ statements required under the 1989 Act (Controller and Auditor General 1999).

3.7 Sweden

For Sweden the main objectives of introducing performance measurement have been:

- To improve the quality and flexibility of public services
- To transform existing accountability relationships towards a greater focus on results
- To achieve substantial efficiency savings and reduce the budget deficit

This is the broader context of (a) the fiscal crisis already mentioned and (b) a perceived need for agencies to held more closely accountable for their activities.

3.8 United States of America

In the USA recent developments in performance measurement and reporting have been taking place at all levels of government, from federal agencies and departments down through state to local government. A great deal is being reported on these developments but in this paper we focus only on the federal level changes, which are

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mainly attributable to the Government Performance and Results Act (GPRA) passed by Congress in 1993.

GPRA was very much part of the Clinton/Gore ‘reinventing government’ agenda which focused on ‘entrepreneurial’ government. This meant deregulation within government, clearer focus on achievement (results), better customer responsiveness (including through the use of information technology), and improvements in efficiency. Performance measurement and reporting was seen as both a driver for change and a way of ‘reconnecting’ public agencies with the public. This also took place within the broader context of the ‘balanced budget’ debate about reducing (and indeed eliminating) government deficits and borrowing.

The aim of GPRA was “to shift the focus of government decision-making and accountability away from a preoccupation with the activities undertaken – such as grants dispensed or inspections made – to a focus on the results of those activities, such as real gains in employability, safety, responsiveness, or program quality.” (GAO 2000 – GAO website). This was a clear aim to shift attention from process and outputs towards outcomes.

3.9 Summary

The starting point for the overall objectives of performance measurement systems has varied enormously from a primary focus on economy or internal efficiency (e.g. early developments in the Netherlands) or the outputs/outcomes end of the public sector ‘production’ process (e.g. Australia) and policy/resource allocation decisions (e.g. New Zealand). There are also major differences between a focus on what could broadly be called ‘managerial’ issues (e.g. USA) or on ‘accountability’ issues (e.g. Canada).

There is a noticeable trend however for performance measurement to expand into multi-purpose systems covering a range of managerial and accountability issues. In a few cases (e.g. Finland; Canada) there is also a conscious attempt to move towards “balanced scorecard” type approaches.

4. What is being measured and what types of measures are being used?

This section tries to look in a little more detail at specific measurements that are being undertaken and reported. The framework adopted is similar to that used by the NAO – the inputs; process; outputs; and outcomes categories alongside efficiency; effectiveness and evaluative measures.

4.1 Australia

The focus of performance information in Australian federal departments and agencies is on resources consumed (within an accruals framework), outputs and outcomes.

Agencies are expected to:

- Specify the outputs they will deliver and to what government policy outcomes they contribute
- Specifying outputs includes identifying price, quality, quantity and any other key attributes
- Specifying outcomes includes providing performance information on actual outcomes and the contribution outputs made to them
- Make a clear distinction between outputs produced by agencies which they control and those simply administered on behalf of government

(Barrett 2000)

The Department of Finance and Administration (DOFA) guidelines of performance information stipulate that both output and outcome information must be produced. Outputs are clearly defined and agencies are required to provide data on such items as price per unit of output; quantity; quality; and contribution to outcomes. Outcomes performance information is required to be primarily about effectiveness (Department of Finance & Administration 1998; Department of Finance & Administration 1999).

4.2 Canada

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The Canadian system of performance indicators and measures has evolved considerably since its launch in 1994. By 1999 the coverage of measures was fairly comprehensive both in terms of aspects of performance (inputs, process, outputs, outcomes, service delivery, efficiency, etc) and in coverage of the federal public service. Concerns continue to be raised by both Parliamentary and audit reviews of the system about the scope and utility of the information provided but there are clearly strong efforts being made to address these issues.

Of particular interest are three features: (1) an attempt to integrate issues of results with management – including risk management, ethics and values - through the ‘Modern Comptrollership’ initiative (2) more comprehensive reporting – with a strong focus on Parliamentary and public accessibility (3) attempts to form stronger ‘inter-governmental’ (linking federal, state and local agencies) performance targets and reporting

4.3 Denmark

Performance reforms in Denmark have focused on ‘performance contracting’, which has been regarded as “the most successful public management initiative of the 1990s” (OECD PUMA web site). By 1999 it was reported that around 80 state level agencies and other bodies had performance contracts, with these contracts to a greater or lesser extent cascaded down within the organisation. Because there is no centrally dictated model of performance contracting there is a very wide divergence of interpretations of what ‘performance’ means in this context.

Experience seems to demonstrate that in fact most performance contracts have focused on either process or output measures. More recently, in the later 1990s, ministries have been required to develop more output-focused measures. There have also been initiatives geared towards service quality – the Ministry of Finance began conducting national surveys of satisfaction with various services and these have been used to benchmark and develop the quality of services.

As part of the budget for 2001 the Ministry of Finance has announced a general cut on the budgets for all state agencies based on an assessment that it is possible for state agencies to save on their procurement.

4.4 Finland

The economic and fiscal crises of the early 1990s in Finland resulted in “the perspective of performance management had narrowed to productivity and economy.” (www.oecd.org/puma/focus/compend/fi.htm).

This was despite the formal position that agencies were encouraged to develop a set of general performance measures covering economy, efficiency and effectiveness (OECD-PUMA 1997). In order to correct this imbalance towards economy and efficiency there have been attempts to introduce both the European Foundation for Quality Management’s model or the Balanced Scorecard and there have also initiatives towards customer service and quality.

4.5 Netherlands

Despite the longevity of performance reporting (starting in 1976) a study of the 1993 budget showed that “focused on factors underlying the budget estimates, i.e. input indicators (volume and cost of inputs), with some output indicators but few outcome indicators.” (OECD-PUMA 1997)

The emphasis shifted towards efficiency with the gradual introduction of index indicators in the ministries’ yearly budgets. In 1997 and 1998 emphasis was laid on index indicators that gave insights into the total cost per ‘unit of performance’. The 1999 budgets saw the introduction of effectiveness indicators, which gave information about the extent to which policy aims had been reached.

Later the issue of service quality was also raised and, in response to criticisms of the semi-autonomous ZBOs (roughly equivalent to UK Non Departmental Public Bodies) there was also an increased emphasis on accountability issues.

A further move towards a result-orientated public service was the introduction of contract management which started at local level but is now implemented at national level whenever possible. Government policy is to extend this type of management by more flexibility in payment of public sector managers.

4.6 New Zealand

As already indicated the focus of NZ performance measurement, as defined by the 1989 Act, was on outputs. However in recent years there has been an increasing move towards covering both outputs and

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outcomes (departmental key priorities or Governmental key goals) and customer service.

In practice studies by the Office of the Auditor General (OAG) have shown that customer service and linkages between outputs and outcomes have not always been sufficiently established and the coverage of departmental key priorities by output performance measures has not always been as comprehensive or tightly defined as it could be. The degree of central direction also means that there is tendency to use “one size fits all” frameworks for performance and to fail to distinguish between public accountability and managerial uses of performance data (Neale and Daken 2000).

4.7 Sweden

Each agency has to produce an annual report including performance data which is supposed to cover inputs, outputs, productivity and quality. However, annual audits by the SNAO have shown that reports have tended in practice to focus on workload, activities, quantitative measures of productivity and qualitative and descriptive material. Gradually a shift has been achieved towards greater use of measures covering service quality and outcomes. By 2000 the conclusion was still being drawn that “the documentation that the government receives from the agencies as a basis for its reassessment of activities is not yet fully satisfactory.” (OECD Survey Update 2000 – OECD website).

4.8 United States of America

Analysis by GAO of the fiscal year 2000 performance plans submitted by agencies suggests that whilst there is a general move towards performance measurement reflecting strategic objectives, there are weaknesses (General Accounting Office (USA) 1999). In particular agencies plan’s gave a ‘general’ rather than a ‘clear’ picture of performance, they tended to under-report performance in ‘cross-cutting’ areas and also gave insufficient detail about management plans to deploy resources and manage risks in the pursuit of results.

Of 24 agencies studied, only four received GAO approval for proposing ‘clear’ intended performance, 14 received ‘general’ ratings and 6 remained ‘limited’ (whilst none were deemed ‘unclear’).

GAO and individual agencies’ Inspectors General had identified some 300 specific ‘management challenges and program risks’ and

GAO analysed whether these were addressed in performance plans. They found about 40% were to be measured directly, about 18% indirectly and a further 18% were covered in more general strategy statements. However about 18% were completely uncovered in the performance plans, including a significant number of 'high-level' risks.

This authoritative analysis thus tends to show that agencies' performance plans generally cover both results (outcomes) and methods (process and output) issues but not consistently or thoroughly, although the position is improving year-on-year.

This issue has also been addressed by the National Partnership for Reinventing Government (NPRG) in a report trying to encourage the used of "balanced measures" which "establish a results-oriented set of measures that balance business, customer and employee" performance (National Partnership for Reinventing Government 1999).

4.9 Summary

The major points to make in summary are that:

- In common with the diverse overall objectives of performance systems (Section 3) the detailed performance measures deployed are also quite diverse in their scope but also tending to expand in coverage.
- There is often a disjunction between official policy on what performance should be reported and implementation of the framework within departments and agencies. In some cases despite fairly long histories of implementing performance systems these problems persist.

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5. Are cross-cutting measures used?

One factor which surfaced during our research and which we have included here as a separate category is the issue of ‘joined-up-government’. In this context the issue concerns how performance can (or is) being measured in circumstances where attempts are being made at better coordination. The experiences here are quite diverse.

5.1 Australia

There is little evidence of the issue of cross-cutting measures, or ‘joined-up government’ as yet being a major issue in Australian federal services – although there is some recognition that accountability and performance may be complicated by complexity in public organisations’ remits (see e.g. (Barrett 2000)). However the Public Service Commissioner in his 1999-2000 State of the Service Report (SOSR) commented that agencies are increasingly focusing on an integrated performance management system. “Ongoing good practice suggests that the most effective approaches to planning and managing performance in the APS are those that clearly identify specific performance expectations and bring together people, processes and outcomes”.

The creation of ‘Centrelink’ in 1997 – an agency providing a ‘one-stop-shop’ access to a wide range of government services – is a strong example of dealing with the problem of coordinating delivery of certain ‘over the counter’ types of public services. However this initiative does not seem to be linked to any wider consideration of ‘joining up’ policies, organisations and services. (see OECD PUMA website – Australia 1998 update).

It has become increasingly recognised that a number of agencies may contribute to a particular outcome. The issue of determining performance and accountability between agencies in these situations has yet to be fully addressed.

5.2 Canada

The Programme Review introduced in 1994 provides measures to manage the ‘pooling’ of resources for the pursuit of collective goals in those cases where efficiency gains dictate better collaboration.

The annual TBS Presidents' report, now called *Managing for Results*, provides access to results and performance information where more than one department are working together. The government is also exploring how the 'Fall Package' can be used to better 'join-up' departmental plans during the subsequent consultations and reviews.

Managing for Results 1999 contains many examples of joined-up performance targets at both the inter-departmental and the 'inter-governmental' (across layers of government) levels. For example the Great Lakes 2000 initiative brings together Environment Canada, six other federal departments and four Ontario (state) ministries in establishing 50 performance targets for environmental and health improvements.

5.3 Denmark

Agencies in Denmark are actively encouraged to work together. It is considered that a key prerequisite of the continued success of the Danish performance strategy is the development of tools that support manager's efforts to provide services in a more cost-effective manner, including through more coordinated working.

In late 1999 the Ministry of Finance initiated the "Effective Public Processes" project to provide managers with the tools for process re-engineering and to facilitate the exchange of experiences and efficient practices.

However, we could find no evidence of 'joined-up' performance measurement as such.

5.4 Finland

A Working Group on Evaluation (Ministry of Finance) reported that evaluation within the state administration should be coordinated. They expressed the view that the lack of coordination is considered a problem particularly in the case of inter-administrative programmes within the area of social policy. They commented that "it is important that the principle of comparison development is applied between and within the respective administration areas, both as a strategic method related to performance and focusing on processes".

Again, as with Denmark, we could not however find any evidence of cross-cutting performance measures.

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5.5 Netherlands

It seems there are no specific measures. Some ministries, especially the Ministry of Finance and the Ministry of the Interior look after particular general aspects of public administration such as effectiveness and human resources. However their ability to impose measures on other ministries is limited and reliant on persuasion. It is believed that improved integration will become an important objective in the near future.

some performance measurement programmes, both at central and at local level, have elements of results benchmarking.

5.6 New Zealand

As already noted above, the introduction of Strategic Results Areas (SRAs) in 1994 and then Strategic Priorities and Overarching Goals (SPOGs) in 1998 both provided a mechanism, albeit at a very high level, of stating performance objectives. Specific reporting against “cross-cutting” targets has been experimented with, on the Strengthening the Families initiative (late 1990’s), reporting against SPOGs (this is now on hold), and in 2000 on the “Closing the Gaps” initiative, but most reporting is still restricted to within departmental boundaries and their outputs (Neale and Daken 2000).

5.7 Sweden

There seems to be no evidence that the issue of ‘cross-cutting’ measures has been raised as yet in Sweden. However, the issue of better co-ordination of services and policies has been raised under the umbrella of concentration - restructuring of public services (especially agency reorganizations and amalgamations) - and developing a focus on collaboration (www.oecd.org/puma/focus/compend/se.htm).

5.8 United States of America

According to GAO analysis measurement of cross-cutting issues is improving but a great deal remains to be done. In most cases agencies have addressed, in their GPRA performance plans, the problem of identifying cross-cutting issues and shared responsibilities and begun to adopt strategies to address them.

Social Security Agency (SSA) and the Veterans' Administration (VA) are specifically mentioned for developing strategies on cross-cutting issues and some performance measures which are either shared or shown as linked to coordination improvements. The Department of Health and Human Services is commended for developing linked performance goals – for example related targets on reducing tobacco use for the Centers for Disease Control and Prevention and the Food and drug Administration.

On the other hand the Department of Defence (DoD) is specifically mentioned as failing to identify cross-cutting issues (e.g. on terrorism).

GAO concludes that “few agencies have moved beyond identification of crosscutting efforts and strategies to include in their plans complementary performance goals.”

5.9 Summary

Whilst there is clearly a recognition across all the countries studied that ‘cross-cutting’, coordinating or ‘joining-up’ policies, organisations and services is an issue. The way in which this is being addressed vary considerably. In most cases countries are addressing it initially as an evaluative, managerial or budgetary issue and not yet at the level of cross-cutting performance measurement. Canada, and to a lesser extent the USA, seem to be the exceptions with explicit attempts to create more joined up performance systems (in both cases actively encouraged by their respective supreme audit bodies).

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6. How is assurance provided on the quality of the information?

As the importance of performance information grows within government it is obviously crucial that the information supplied is of sufficient quality, reliability and validity to be acceptable to all concerned. In this section we explore the arrangements for quality assurance of performance data.

6.1 Australia

The Australian National Audit Office (ANAO) carries out performance audits covering the economy, efficiency and effectiveness of public sector bodies by examining resource use, information systems, delivery of outputs and outcomes including performance indicators, monitoring systems and legal and ethical compliance. However, as in the UK, these performance audits are carried out at the discretion of the Auditor General and there is no general requirement for audit and validation of performance information.

The role of audit and the Audit Committee has been the subject of continual improvement in DOFA since 1997. The Audit Committee is focussed on corporate governance assurance including the monitoring of risk management within the Department. It aims to actively drive improvement in both control and performance across the Department.

Agencies also have to have an 'audit committee' responsible for internal audit of performance information. The ANAO carried out an audit of these internal audit arrangements in 1997 to see if agencies could cope with the new financial and performance reporting requirements. They concluded that most agencies could indeed cope but that only a minority were operating fully at or near 'best practice' and there was a potential general problem because of lack of external representation on audit committees (Australian National Audit Office 1997). The survey highlighted that around a quarter of the 137 agencies examined did not have an audit committee and many also did not have an internal audit function.

6.2 Canada

Government departments are meant to adopt quality management principles as part of their overall strategy and to conduct internal audits and evaluations of key policies and programmes according to established standards.

All the performance information presented to Parliament as part of the new budget systems (see above) is subject to audit by the Auditor-General's Office (OAG). The main issues raised by the OAG in successive years have been about the quality of financial data, the lack of focus on outcomes, problems of coverage of performance data and finally the problem of performance information from new forms of service delivery (i.e. delegated bodies; voluntary sector; outsourced services; etc).

6.3 Denmark

The Danish Office of the Auditor General supplies the Danish Public Accounts Committee with regular audits of performance information supplied by departments and agencies (the OAG became a parliamentary body in 1991). The OAG also carries out specific performance audits. Many agencies have mostly avoided introducing internal audit and where they have done it is mainly restricted to financial audit. On the other hand some major agencies are audited by internal audits.

6.4 Finland

Finland is fairly unique in having two national audit bodies – one attached to government – the State Audit Office – and one to parliament – the Office of Parliamentary State Auditors, the auditors being members of parliament. The SAO is by far the largest of the two bodies and carries out both routine audit of performance data supplied by agencies and departments (although as part of its financial audit remit) and episodic performance audits.

Some ministries have commissioned evaluations from independent bodies on their major functions. Programme evaluations are initiated on an ad-hoc basis by a number of organisations, including the Office of the Parliamentary State Auditors.

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The Algemene Rekenkamer (Dutch Court of Audit) comprises three members appointed by the Queen on the recommendation of Parliament and has about 300 staff. The Court has an explicit mandate to audit efficiency and effectiveness, including reviews of performance measurement systems, administrative systems, and reviews of programme effectiveness. Performance data produced as a consequence of the Government Accountability Act is not subject to separate explicit audit by the Court but it may draw attention to inaccuracies where it sees fit.

The Ministry of Finance also has a Central (Internal) Auditing Department (CAD) and each of the ministries has its own internal audit function – however whilst Ministry based internal audit does look at performance data CAD does not.

6.6 New Zealand

The Audit Office is responsible for auditing performance information. Specifically, the audits of annual reports include “fairness of service performance reporting” and “specific additional matters in relation to the organisations’ performance, based on the assessment of the particular risks in the organisation.” (Office of the Auditor General 2000). The Audit Office can also carry out specific audits of performance information.

The Audit Office collates its assessments of departmental performance systems under two categories: service performance information systems (SPIS) and service performance management control environment (SPMCE). For 1998-99 they found that 17% of reports showed ‘excellent’ standards for SPIS and 33% for SPMCE, with respectively 52% and 43% ‘good’ and 31% and 24% ‘satisfactory’. OAG also compared these results with the previous year and concluded that, whilst 75% remained static 20% showed improvements and 5% declined. The Audit Office states this shows a marked improvement compared with the previous years progress (Controller and Auditor General 1999).

6.7 Sweden

Sweden’s National Audit Office (Reksrevisionsverket – RRV) has developed a strong system of performance auditing. RRV is also responsible for auditing whatever performance information agencies’ publish in their annual reports. (Sweden has two audit bodies – RRV,

which is a government body, is the largest and there is also a small Parliamentary audit body.)

Sweden sees its performance audit system as sufficiently advanced to form the basis for a training and guidance programme developed by their supreme audit institution for developing and transitional states (Swedish National Audit Office (RRV) 1999).

6.8 United States of America

The GAO analysis of year 2000 performance plans concluded that there was limited confidence that agencies' performance data would be credible. They scored agencies' plans as having provided:

- 'full confidence' – which no plan achieved;
- 'general confidence' – which only 4 plans rated;
- 'limited confidence' – which applied to 20 plans; and
- 'no confidence' – which applied to no plans.

GAO state that "few agencies provide explicit discussions of how they intend to verify and validate performance data." GAO also points out that this general problem is linked to "persistent limitations in the availability of quality financial data."

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7. Who is accountable for performance?

The question of accountability for performance (as with the responsibility for performance discussed in Section 2) is a complex one. This section discusses the various arrangements in each of our subject countries.

7.1 Australia

Ministers, secretaries of departments and agency CEO's all have some responsibility for performance (with both PS's and CEO's getting performance related pay) although the departments and agencies are clearly responsible for performance management (Department of Finance & Administration 1998; Department of Finance & Administration 1999).

Government departments share with Ministers an element of accountability for the achievement of outcomes. While public servants are not held solely responsible for whether or not outcomes are achieved, they are expected to demonstrate that all of the outputs they deliver have contributed towards the relevant outcome. For example; the DOFA is not accountable for its outcome of Sustainable Government Finances - if governments want to take decisions which impede long term sustainability, or if international economic conditions make achieving sustainable finances more difficult than planned, this is not treated as a Budget Group accountability. However the DOFA is accountable for demonstrating that all of its outputs eg budget advice, budget management etc. help achieve sustainable government finances.

7.2 Canada

As already discussed above, in terms of responsibility for setting performance targets the Canadian system effectively shares responsibility between government (mainly TBS and Finance), Parliament (including the standing committees) and departments or agencies. In terms of performance management responsibility clearly lies with individual departments and agencies. For performance reporting, again responsibility is shared between government (TBS Presidents annual report to Parliament) and departments or agencies.

7.3 Denmark

The structure of the Danish ministerial system is generally such that each ministry consists of a department and one or more subordinate agencies. The minister is formally both legally and politically responsible for the performance of the department and all its subordinate agencies.

7.4 Finland

The Finnish model for performance contracts can be characterised as a less formal *quasi contract* model in which responsibility is to some extent shared between the contractees. The idea was to establish a new steering culture by motivating and encouraging ministries and agencies to find their own way of doing things. Contracts between ministries and agencies are not statutory, and the term ‘contract’ refers more to a mutually negotiated agreement than a contract with a strict legal basis.

7.5 Netherlands

Each minister is responsible for the quality of public management and performance in his or her policy area. Autonomous bodies such as ZBOs and agencies obviously can be held accountable for their individual performance.

7.6 New Zealand

Departments are made accountable for their own performance through the performance contracting and reporting system between Ministers and Chief Executives. Departments and Ministers both are called to account by Parliament through Estimates Examinations (ex ante) and Financial Reviews (ex post) conducted by Select Committees, as well as general Ministerial Accountability through Parliamentary debate in the House.

7.7 Sweden

The Swedish agency system means that the agencies themselves are primarily responsible for performance.

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7.8 United States of America

Under the US federal system agencies formally report to the Executive branch, with ‘oversight’ by Congress. However, generally it is agencies themselves that are seen as being responsible for their own performance. The still relatively new GPRA system implies a type of quasi-contractual arrangement, in so far as it links the allocation of resources by the Executive/Congressional appropriations process clearly to performance targets and agencies are held accountable for their actual performance. Nevertheless, given the historic relative autonomy of most US agencies they are generally seen as being independently responsible for their performance.

7.9 Summary

Accountability, like responsibility (Section 2) is complex. Generally politicians – in the form of Ministers (or in the US case presidential political appointees) – are held accountable for the standards of performance set for departments or agencies whilst the permanent officials charged with running departments or agencies are held accountable for the implementation of performance.

However these divisions are not clear cut – whatever the formal position the real degree of accountability held by politicians or managers is determined by local political customs and culture, sometimes varying even within countries between different policy areas (as indeed is the case in the UK). Also, issues such as whether performance targets for, say, outputs were realistic given the allocated level of resources can become quite complex and contentious issues very quickly.

8. How is performance reported publicly?

The ways in which performance is reported publicly can have a significant impact on the dynamics of the performance system. As has been pointed out, performance reporting for managerial and accountability purposes can have quite different requirements (Neale and Daken 2000). This section examines the various approaches to reporting of performance data.

8.1 Australia

Performance is reported in individual agency Annual Reports made to Parliament. Performance measures and indicators are developed in conjunction with advice from the DOFA, who issue guidelines in the form of Performance Information Principles. Agencies are continuing to refine their performance information to ensure it provides a practical and accurate indication of their work.

In addition, a 'State of the Public Service' report is produced annually by the Public Service and Merit Protection Commission, and DOFA annually produces Consolidate Financial Statements for public scrutiny.

Criticisms have been made by the Auditor-General and the relevant Parliamentary Committees (Joint Committee of Public Accounts and Audit and the Senate Finance and Public Administration Committee) that:

- PBS's are at too great a level of generality to be useful
- Aggregate data for the whole of government performance is not collected together and published
- Trend data on performance is not adequately presented

(Barrett 2000; Joint Committee of Public Accounts and Audit 2000; Senate Finance and Public Administration Legislation Committee 2000)

The critics accepted it will take time to 'bed down' the new arrangements but also suggested some weaknesses were inherent in the new system as currently designed and needed to be addressed (e.g. lumping together of some expenses; single year reporting; possible confusions inherent in accruals accounting; etc).

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8.2 Canada

By 1995 the first Annual Report from the President of TBS was tabled to Parliament on the programme review and performance.

By 1996 30 federal departments and agencies provide key results commitments and these are reported in the TBS Presidents' Report to Parliament, *Getting Government Right: Improving Results Measurement and Accountability*

By 1999 the TBS Presidents' report – Managing for Results 1999 – was split into two volumes, the first covering a range of general issues about the performance reporting systems and their development and the second covering detailed performance reports from departments and agencies.

A central on-line database – the Results and Performance Database – has also been established (www.tbs-sct.gc.ca/rma/database/database.html).

8.3 Denmark

Performance information is generally publicly available, including performance contracts and key results. The (New) Annual Reports are central documents that require a 'Results' section covering key activities and results to be published.

8.4 Finland

Arrangements for publication of performance data in Finland are almost identical to those in Denmark, including both performance data in Annual reports, and in relation to performance contract.

8.5 Netherlands

Performance information is contained in financial statements and annual reports but they are not always made publicly available. Ministries are required to provide annual performance data in their budget estimates in order to inform the budget process, but again this is not necessarily published. Performance contracts have performance information but are not generally publicly available.

The Public Services Quality Monitoring System surveys the quality and efficiency of local government. League tables are published, providing comparisons of performance.

8.6 New Zealand

In New Zealand performance is reported publicly by individual departments against the Estimates and their Departmental Forecast Report (DFR). Performance contracts are purely intra-Executive – Select Committees often call for purchase agreements as part of their examination, but their formal use is between Department and Ministers only.

8.7 Sweden

Swedish agencies are required to publish performance information in their annual reports. However, as already reported, the strong constitutional autonomy of Swedish agencies means that they in practice largely choose themselves what to report (besides standard financial information).

8.8 United States of America

Individual agencies' report their own performance publicly through their performance and annual reporting system. The GAO comments on individual performance reports and plans but only aggregates analysis of performance plans, not reports.

8.9 Summary

In general most countries now publish a great deal of performance data. The exceptions in this survey are Sweden, where there has been some reticence amongst agencies to publish full performance information, and the Netherlands where there is a tradition of not publishing all performance information.

The issue for most countries has moved on to the question of the scope of performance reporting (how much to cover) and the related question of accessibility and comprehensibility of performance data that is published. Canada stands out as pioneering innovative ways of publishing data (on the web).

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9. What are the main current developments?

This section merely reports on, or expands on, any performance related recent or proposed developments that have not already been mentioned or fully covered elsewhere in the survey.

9.1 Australia

Following regulations presented to Parliament in March 1998, the Australian Public Service Commissioner is required to present to Parliament an annual report on the state of the Australian Public Service (APS). The first State of the Service Report was tabled in December 1998 and concentrated on the implementation of the APS Values statement.

The Internal Audit Alliance Contract was entered into by the DOFA and a partner on 2 November 2000 to provide the full range of audit and associated services for the next three years. This replaces the previous arrangement which concluded on 20 October 2000. Since this review (late 1999) a new branch has been established in the DOFA, the Risk Management Co-ordination Branch, to specifically deal with the whole range of risk management issues at a Departmental level.

The Auditor-General has argued strongly for an integration of 'conformance and performance' into performance systems, drawing on traditional public sector values (Barrett 2000).

9.2 Canada

There are a number of developments that have related to performance which have not already been mentioned. These include:

- **Agency Review (1994)** - a review of all federal boards, agencies, commissions and advisory bodies, resulting in decisions to eliminate outdated organisations and streamline others.
- **Getting Government Right (1996)** - modernising federal programmes and services to meet the needs of Canadians both as citizens and clients. The objectives of which are to:
 - clarify federal roles and responsibilities in order to make the federation work better and reduce costly overlap and duplication

- ensure that resources are devoted to the highest priorities so that Canada is well positioned to face the economic and social challenges of the 21st century
 - respond to the public demand for better and more accessible government by involving clients more in decision making and using modern and practical service delivery tools
 - achieve more affordable government by reducing the deficit and dept pressures, and allow the government to effectively address issues that are important to Canadians.
- **Performance Management Programme** - implemented by the federal government on 1st. April 1999, with the objective of encouraging excellent performance by recognising and rewarding the achievement of results that are linked to business plans and/or corporate priorities and the demonstration of Public service leadership competencies, values and ethics. The programme also provides a framework within which a consistent and equitable approach to the performance management of federal executives can be applied.
 - **Canadian Comprehensive Audit Foundation Public Performance Reporting Program** - in close co-operation with the government CCFA launched a multi-year Public Performance Reporting Program of research with the objective of providing governments and other public-sector institutions with shared information on capacity development and how to achieve full value from their accountability investments.

9.3 Denmark

A major new public management reform initiative – **the Service & Welfare project** - is the result of co-operation between the Danish government, the Association of County Councils and the Association of Local Municipalities. The overall purpose of the project is to create a framework for public sector learning and public sector reform, and to promote public debate on the future challenges of the public sector. The project has a further three sub-purposes:

- to facilitate experiments and the sharing of knowledge about management, organisation and citizen relations within the public sector
- to create a framework for public sector reforms
- to promote the public debate on the future of welfare society at large, including issues related to public management

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Obviously results information (both evaluative and performance) could potentially form a significant part of this initiative and could these be expected to expand rapidly in scope and depth.

A number of other initiatives have some 'performance' dimensions, e.g:

- **A forum for senior civil servants** - established by the Ministry of Finance in late 1999 in order to share knowledge, facilitate co-ordination and enhance cross-ministerial dialogue. The forum consists of approx. 150 top civil servants meeting quarterly with agendas set by a steering group.
- **Annual reports (obligatory)**- introduced for ministries and agencies in 1997 and incorporating performance results with the final account.
- **A new IT-system for the management of financial resources: Navision Stat** - in 1999 the Ministry of Finance, the Agency of Financial Management and Administrative Affairs, introduced a new IT-system for financial management in state institutions and agencies.
- **Effective Public Processes project** - initiated by the Ministry of Finance in late 1999, the purpose of which is to provide public managers and professionals with tools for carrying out internal process re-engineering projects and to facilitate the transverse exchange of experiences and efficient practices.
- **The Quality Award for the Public Sector** - established in 1997 this award is given on the basis of an evaluation of the applicants based on the Business Excellence Model. The purpose of the award is to provide public institutions with a well-tried model for promoting quality.
- **Centre for development of Human Resources and Quality Management** - established in 2000 the Centre will promote and facilitate the development of human resources and quality management in central government by co-ordinating existing activities, providing advice to central government institutions and labour unions and serving, among others, the Evaluation Committee of the Public Sector Quality Award.
- **Information to users statement** - since 1995 municipalities have been required, on a biannual basis, to account to the residents of the local area for the contents and extent of the major public services offered or intended to be offered them. The statement is required to include information about the goals which the municipal council has identified for development in the respective areas.

- **Contract management** - performance management through performance contracts has probably been the most successful public management initiative in the 1990's. In 1999 approx. 80 agencies and institutions at state level had entered into performance contracts.
- **User satisfaction** - the Ministry of Finance regularly (usually biannually) conducts nation-wide surveys on user satisfaction and other issues related to government - citizen relations. These surveys are used as a benchmark between areas in the public sector and as a point of reference in local surveys.

9.4 Finland

In April 1998 the Government of Finland issued a **Resolution on Good Governance, High Quality Services and a Responsible Civil Society**. The main areas of reform are: to continue with central government reforms; to improve the quality of public services; information management and information society issues. The elections in 1999 led to the formation of a new government from the same five parties as before and therefore there has been little change in reform orientations. A new constitution came into effect from 1st March 2000.

Specific other initiatives with a performance dimension include:

- **New Act on Openness of Government Activities 1999** - this implements the right of access to information in official documents in the public domain.
- **National Quality Initiative 2000-2001** - this is a two year project launched by the Ministry of Finance with the aim of increasing the use of EFQM Excellence Model and Service Charters among public sector organisations. There are 30 organisations taking part in the initiative from all public sector levels.
- **Balanced Score Card (BSC) forum** - the Ministry of Finance started a project at the end of 1999 by challenging the authorities and public sector organisations to a BSC forum to discuss and learn from each others' BSC-based strategic management systems. The final aim of the project is to improve the strategic management systems in the public sector. Twenty-five organisations applied for the forum, which will meet 4-5 times in 2000.

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9.5 Netherlands

Ministries have or are in the process of developing action plans setting out the development and use of indicators. The provision of information for internal management purposes is thought to be paramount.

A government policy document - “Back to the Future” 1995 – on the provision of information, describing how the provision of information and related technologies can improve the accessibility and transparency of the government for the public. On the basis of this document pilot projects were developed for the creation of integrated government information centres. These pilot projects involved co-operation between local and national government.

9.6 New Zealand

The main developments seem to be in the area of the relationship between the legal requirements for output reporting and the non-legal requirements for outcome (and other) reporting in which there is increasing interest. As in other jurisdictions there are pressures for better specification of performance targets and strategic objectives; for better risk-management reporting; and for cross-cutting reporting.

The State Services Commission has undertaken a wide ranging review of accountability arrangements, including reviewing problems raised about ex ante performance compliance and compliance costs (in the Schick Report).

A new approach is planned for departmental accountability and performance assessment – the ‘Capability, Accountability and Performance’ (CAP) initiative. This involves new strategic planning documents for departments covering closer alignment of resources to strategic goals which both Ministers and chief executives sign. In pilot departments the current ‘departmental performance assessment’ will be replaced by a system which includes retrospective performance analysis and prospective capability assessment. The EFQM model will also be used in some departments. There is also a new role for the State Services Commission in relation to central agencies, acting as an advisor on ‘ownership’ issues.

The State Services Commission has also released new guidance on the accountabilities and responsibilities of chief executives.

9.7 Sweden

The constitutionally based autonomy of Swedish administrative agencies remains a key feature of their central government system with some arguing that they have become even more autonomous in recent years. In particular agencies have been given greater control over staffing, internal organisation, and investments in IT and premises. This increased autonomy has also been enhanced, it is argued, by the creation of fewer, but larger, agencies through a process of amalgamations (Swedish Agency for Administrative Development 1999).

However, at the same time there have been strong moves to tighten some aspects of central control with new financial controls and budget ceilings introduced in the new 'Central Government Administration in the Citizens' Service' Act of 1998.

9.8 United States of America

The implementation of GPRA is subject to a continuous improvement process through the scrutiny of agencies' performance plans and reporting by both Congress and the GAO. Whilst the authoritative GAO analyses have identified important areas for improvement, they also record significant areas of improvement. For the year 2000 plans these included:

- Better articulation of a results orientation
- Progress in identifying and addressing crosscutting issues
- Improvements in highlighting the performance consequences of budget decisions
- Showing how strategies are intended to improve results
- Improving capacity within agencies to gather and use performance data

(General Accounting Office (USA) 1999).

GAO recommended to the OMB that improvements could be made in all these areas and urged its Director to take action to do so. GAO also suggested that Congressional committees continued to improve their own use of performance data in scrutinizing agencies.

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Concluding comments

This report has sought to survey the main issues in performance measurement and reporting in the eight countries studied. As already noted there are some limitations to the data employed (mainly translation issues).

In each section we have tried to pull out the main issues (in the summaries) and we do not intend to repeat them here.

The report will be subject to consultation with responsible authorities in each of the countries covered to ensure accuracy of the reporting.

This report will form the basis for a shorter summary of key themes and issues to be included in the NAO report on performance measurement in UK departments.

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