

# Annual Progress Report

Report to the Council of Australian Governments

30 June 2010

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## Chapter 1. Introduction

The COAG Reform Council has been established by the Council of Australian Governments (COAG) to report to COAG on the performance of governments under National Partnerships, National Agreements and other intergovernmental agreements.

This document is the COAG Reform Council's Annual Progress Report.

The Annual Progress Report forms part of the council's governance framework and should be read in conjunction with the council's foundational Charter and the council's annual Business Plan.

Under its Charter, the COAG Reform Council has committed to submit an Annual Progress Report to COAG by 30 June each year. The council has also proposed to present an updated Charter and an annual Business Plan to COAG by 30 June each year.

This Annual Progress Report includes:

- a summary review of the council's work over the past 12 months, including information on the council's budget and the council's performance against its KPIs (section 2)
- an outline of the council's work program for 2010-11 (section 3)

## Chapter 2. Progress to date

The purpose of this chapter is to provide a report to COAG on the council's progress to date.

The council reports on its progress in three ways:

- Under its Charter, the council has identified four high-level objectives and a series of supporting strategies. The council has provided a progress report against these objectives and strategies (see section 2.1).
- The council has also developed a set of key performance indicators (KPIs) as another way of assessing its own performance. These KPIs are set out in the council's Business Plan. This performance reporting relies on some self-reporting as well as an annual survey of COAG senior officials (see section 2.2).
- As set out in the council's Charter, formal reporting on the council's financial statements will occur through the Department of the Prime Minister and Cabinet's statutory annual report. This chapter includes some summary information about the council's budget (see section 2.3).

### 2.1 Progress against objectives and strategies

This section provides a report on the council's progress during 2009–10 using the council's four high-level objectives—and three supporting strategies in each case—as an organising framework.

**Objective 1: To strengthen accountability through objective and credible monitoring, assessment and reporting of the performance of governments in areas referred by COAG**

**Strategy: Assess the performance of governments through robust approaches, which are tailored to the areas of reform and sensitive to the contextual differences among jurisdictions.**

The new framework for federal financial relations commenced on 1 January 2009. In the initial part of 2009, the council developed performance assessment and reporting frameworks for its various streams of work. These frameworks were developed in consultation with jurisdiction and key partner organisations.

In relation to reporting on National Agreements the council also developed, in consultation with jurisdictions, a framework for the task of highlighting contextual differences between jurisdictions which are relevant to interpreting the data.

The council's approaches to its various threads of work are summarised in the Business Plan 2010–11.

Strategy: Source data and information for monitoring and assessment through research, collaboration with partner organisations, and active engagement with the jurisdictions.

Data and information for performance monitoring and assessment are obtained from a range of sources depending on the stream of work.

The council's work to date on National Agreements has involved sourcing data from the Steering Committee for the Review of Government Service Provision; and additional data directly from agencies such as the Australian Bureau of Statistics, the Australian Institute of Health and Welfare, the National Housing Supply Council, the Australian Council for Educational Research and the National Centre for Vocational Education Research.

In the case of the report to COAG on the *National Partnership Agreement to Deliver a Seamless National Economy*, progress information was provided directly by governments, using the council's reporting template.

In the case of the report to COAG on the *National Partnership on the Elective Surgery Waiting List Reduction Plan* the data was provided directly from the Commonwealth Department of Health and Ageing.

Further information becomes available to the council through feedback from jurisdictions during consultation stages.

The council's assessment and report preparation work has involved extensive collaboration with partner organisations. This has included the COAG senior officials, the COAG unit, the secretariat to the Ministerial Council for Federal Financial Relations, other ministerial councils, the Steering Committee for the Review of Government Service Provision, the Productivity Commission, and the various data agencies.

Consultation with jurisdictions has occurred in various ways. COAG has prescribed that in the case of National Agreements and National Partnerships the council must formally consult with jurisdictions for a period of one month before it makes its assessment. The council has met this requirement for all reports to COAG to date and has extended this practice to all aspects of our work, wherever possible. In the case of the report on the aggregate pace of reform activity, this consultation was undertaken in two steps for the first report as part of the initial development of this work.

The council has complemented this formal consultation with ongoing informal liaison and dialogue with jurisdictions to ensure that the council is fully aware of jurisdictional issues as its assessment and report preparation work is undertaken. The Chairman and Executive Councillor have met regularly with first ministers and treasurers and their senior officials. Secretariat staff have also conducted numerous multilateral and bilateral meetings with jurisdictions around specific streams of work.

The council has also invited all jurisdictions to participate in teleconferences held following each COAG Reform Council meeting. This has provided an opportunity to debrief on any

decisions or matters considered by the council and for jurisdictions to raise any issues with the secretariat.

**Strategy: Report to COAG on the performance of governments, focused on outcomes achieved and performance against objectives, targets, milestones and benchmarks.**

Reporting to COAG on the performance of governments is the council's core business. During 2009–10, the council has completed eight reports to COAG:

#### **September 2009**

- National Education Agreement: Baseline performance report for 2008
- National Agreement for Skills and Workforce Development: Baseline performance report for 2008

#### **December 2009**

- National Partnership Agreement to Deliver a Seamless National Economy: Report on Performance 2008–09

#### **April 2010**

- National Healthcare Agreement: Baseline performance report for 2008–09
- National Disability Agreement: Baseline performance report for 2008–09
- National Affordable Housing Agreement: Baseline performance report for 2008–09
- National Indigenous Reform Agreement: Baseline performance report for 2008–09

#### **June 2010**

- National Partnership Agreement on Elective Surgery Waiting List Reduction Plan: Assessment report

For the three reports that have been considered by COAG (submitted in September and December 2009), COAG has noted the council's findings and accepted all of the council's recommendations.

The extent to which governments have found the council's processes and reports useful is addressed through progress against the council's KPIs set out in section 2.2.

## Objective 2: To improve the public's ability to evaluate and drive performance in the COAG reform agenda

**Strategy:** Raise awareness of the role of the COAG Reform Council, and encourage understanding and discussion of the COAG reform agenda and the performance of governments.

The council believes that it has been effective in beginning to raise awareness about its role, the COAG reform agenda and the performance of governments, although more remains to be done over the coming years.

The council has developed and commenced implementation of a public communications and stakeholder relations strategy.

The strategy identifies three broad stakeholder categories: government and partner organisations; interest groups; and the community. It sets out three strategies—to raise awareness, build strong relationships and publicise reports—and various communication tools and channels.

These and further strategies will continue to be developed during 2010–11.

**Strategy:** Deliver easy-to-read and informative reports on the performance of governments under the COAG reform agenda.

The council strives to produce reports that are clear, well structured and accessible.

The scope and complexity of some of the performance reporting frameworks poses some challenges to the council in delivering readable and accessible reports. The council has developed several strategies to address this challenge. Ensuring that the executive summary in each report can be read as a standalone document is one strategy the council has adopted to improve accessibility.

The council has also made recommendations to COAG on ways to improve the performance reporting framework which will lead to better and more accessible performance reports.

**Strategy:** Publish reports and associated materials on the COAG Reform Council website, and build public interest in the findings through interaction with stakeholders and the media.

The council's website is the primary channel for the publication of its reports, although hard copies are also published for key stakeholders. The website also sets out information about the council, its role and consultation and reporting timeframes. The council has progressively developed its website over the course of 2009–10, and significant improvements are underway

to ensure visitors can more easily access and download the council's reports and associated information.

Throughout 2009–10 the council has expanded its communications activities. The council has conducted media briefings and public launches of its reports to increase media and stakeholder interest. All reports released up to June 2010 have received coverage in the national press and some level of public comment from interest groups.

The council has also sought to raise awareness and publicise the findings and recommendations of its reports through speaking engagements and presentations. Some of the key speeches delivered by members of the council and secretariat are available on the council's website. The council has also increased its communication with website subscribers, distributing newsletters more frequently.

### Objective 3: To proactively improve COAG's capacity to deliver and develop its reform agenda

Strategy: Make recommendations on ways to improve the performance reporting framework to facilitate better informed decision making by COAG.

Clause C30 of the *Intergovernmental Agreement on Federal Financial Relations* tasks the COAG Reform Council with providing advice on where changes may be made to the performance reporting framework.

The council has taken the opportunity to make recommendations on ways to improve the performance reporting framework in all of its sector-specific reports provided to COAG to date. Some aggregate views on these matters are also set out in the council's *COAG reform agenda: Report on progress 2010*.

The council will monitor COAG's response to these recommendations and, where they are supported, the council will also report back to COAG on the implementation of the recommendations in the next relevant annual report.

Strategy: Make recommendations on ways to improve the performance reporting framework to facilitate better informed decision making by COAG.

The *Intergovernmental Agreement on Federal Financial Relations* tasks the council with highlighting examples of good practice and performance as part of its comparative analysis of performance information under each National Agreement. The aim is that, over time, innovative reforms or methods of service delivery may be adopted by other jurisdictions. The council has committed to reporting on this task in second and subsequent year reports, starting with the second-year education and skills reports due to COAG in September 2010. The council has developed a framework for its approach to this task in consultation with jurisdictions.

**Strategy:** Monitor and report on the aggregate pace of activity in progressing COAG’s reform agenda. This will be an annual stocktake of progress on COAG reform activity and progress towards the high-level COAG reform agenda goals.

The council has submitted its first report to COAG on the aggregate pace of activity in progressing COAG’s reform agenda concurrently with this report.

**Objective 4: To be a centre of excellence and creativity on cross-jurisdictional performance monitoring, assessment and reporting**

**Strategy:** Become experts in the field of monitoring, assessment and reporting on the performance of governments, through our on-going work, research and collaboration.

The council has stated that one of its objectives is to become a centre of excellence and creativity on cross-jurisdictional performance monitoring, assessment and reporting. To this end, the council intends to develop a centre of excellence strategy to guide efforts towards this objective.

The council has started by seeking to build expertise in monitoring, assessment and reporting on the performance of governments through the development of its methodologies in close collaboration with governments and partner organisations. The council has also sought outside assistance from expert consultancies to support some of this initial developmental work.

**Strategy:** Engage with and learn from comparable organisations and experts, both domestic and international.

The COAG Reform Council recognises that it has much to learn from its partner organisations and from comparable organisations in Australia and overseas.

The council has engaged actively with the data agencies and with the Productivity Commission in the development of its methodologies.

The council has also looked to comparable international organisations such as the OECD in the development of its work, particularly in completing the first report to COAG on the aggregate pace of reform activity.

The Chairman and Deputy Chairman visited the OECD, and the Chairman and Head of Secretariat visited comparable organisations in the United Kingdom, such as the Prime Minister’s Delivery Unit and the Audit Commission.

Strategy: Continuously improve our work by measuring and reporting to COAG on our own performance.

This Annual Progress Report fulfils the council's commitment to report on its own performance.

## 2.2 Progress against KPIs

This section provides a report on the council's progress during 2009–10 against the council's key performance indicators (KPIs).

Tables reproducing the council KPIs from the Business Plan and presenting the first set of results against these KPIs are presented in Appendix B.

Several of the KPIs rely on the results of a survey of COAG Senior Officials conducted in June 2010. All nine jurisdictions responded to the survey. This survey asked questions about the performance of the council framed around the KPIs. Answers were sought using a six-point Likert Scale as follows:

1. Strongly disagree
2. Moderately disagree
3. Tend to disagree
4. Tend to agree
5. Moderately agree
6. Strongly agree

The results of the survey are summarised in Table 2.1.

**Table 2.1 Feedback from COAG Senior Officials**

No.	Aspirational statement	Average for 2009–10 (out of 6)	Target for 2010–11
1	The council's reports help drive the COAG reform agenda, contributing to long-term change.	4.7	–
2	Governments' use of evidence-based outcomes reporting is improved through working with the council.	5.0	–
3	The council's recommendations and findings are useful to jurisdictions.	5.1	5.5
4	The council's recommendations on the performance reporting frameworks are useful to jurisdictions.	5.2	5.5
5	COAG Senior Officials are satisfied with the council's methodologies (assessment and reporting frameworks).	5.0	5.5
6	COAG Senior Officials are satisfied with the council's consultation processes.	5.3	5.5
7	The council's reports are of high quality (readability, clarity, rigour).	5.1	5.5

*Notes:*

1. The target for KPIs 1 and 2 to be calibrated based on results from first two years.

Noting that this has been the first year of operation for the council in its expanded role under the COAG reform agenda, the council was pleased that jurisdictions provided generally positive feedback on the council's processes and the usefulness of the council's work, but also noted that a number of concerns were expressed and suggestions provided.

There was a range of perspectives. One jurisdiction stated that the council's work 'has been rigorous and carefully considered. Its processes are thorough and transparent (both in terms of assessment methodologies and stakeholder consultation).' However, other jurisdictions stated that it is too early to assess usefulness of the council's findings and recommendations, and some suggested further improvements to the council's methodologies.

Across all of the aspirational statements, the *average* response from jurisdictions was 'moderately agree', or a score of 5 out of 6 on the Likert Scale.

*Assessment and reporting frameworks*

In relation to the statement 5—that jurisdictions are satisfied with the council's assessment and reporting frameworks—there was an even spread of responses from 'inclined to agree' to 'strongly agree'.

### *Consultation*

The strongest result was in relation to the council’s consultation processes. Most jurisdictions were either moderately or strongly satisfied with the council’s consultation processes.

### *Quality of reports*

Most jurisdictions indicated that they ‘moderately agreed’ with statement 7: that the council’s reports are of high quality. The council seeks to be recognised for the rigour and quality of its reports and will therefore strive to further improve the readability, clarity, rigour and usefulness of its reports to COAG over the next cycle.

### *Findings and recommendations*

In relation to the statement 5—that the council’s recommendations and findings are useful to jurisdictions—there was an even spread of responses from ‘inclined to agree’ to ‘strongly agree’.

Most jurisdictions either moderately or strongly agreed with the more specific issue covered by statement 4: that the council’s recommendations on performance reporting frameworks are useful to jurisdictions.

### *Assisting COAG*

The first two aspirational statements (1 and 2) are of a more strategic, long-term nature, dealing with whether the council’s reports help COAG to drive the reform agenda and whether governments’ use of evidence-based outcomes reporting is aided by the council’s work.

Jurisdictions offered an even spread of responses to these two statements, from ‘inclined to agree’ to ‘strongly agree’, with one jurisdiction ‘inclined to disagree’ with statement 1.

The council hopes that the work it will do in second-year reports on National Agreements, such as highlighting better practice, and first reports on many National Partnerships, combined with the recommendations it has made to COAG on ways to improve the performance reporting framework, will result in performance reporting of increasing usefulness to COAG, governments, the media and interest groups.

One jurisdiction suggested that the council’s work will better help COAG ‘once the new performance assessment framework has settled down, and ... we have moved beyond baseline reporting.’

### *Next steps*

The council appreciates and is encouraged by this feedback and will strive for continuous improvement in all aspects of its work. The council will take steps to engage with jurisdictions to better understand any concerns in relation to the council’s work and processes and will address these concerns where possible, for example, by consulting further on methodological issues.

## 2.3 Budget and financial management

Information about the council's budget and financial management is provided in the council's Charter and Business Plan 2010–11.

The COAG Reform Council budget for the 2009–10 financial year is \$5.7 million. This includes the Commonwealth Government's additional funding of \$0.4 million to independently review the consistency of capital city strategic planning systems with the new national criteria.

Expenditure for the 2009–10 financial year as at 31 March 2010 was \$3.6 million. It is expected that the COAG Reform Council will be within budget at the end of the 2009–10 financial year.

## Chapter 3. The year ahead

### 3.1 Business Plan 2010–11

The COAG Reform Council's core business reporting and supporting activities to be undertaken in 2010–11 are set out in detail in the council's Business Plan 2010–11.

The Business Plan foreshadows that the council is scheduled to deliver 16 reports to COAG during 2010–11.

### 3.2 New referrals

There are two paths for a referral by COAG to the council.

First, COAG may agree to refer a new matter directly to the council. A significant number of matters have already been referred directly to the COAG Reform Council by COAG. With the commencement of the Intergovernmental Agreement on Federal Financial Relations, various National Agreements, National Partnerships and Water Management Partnerships were referred to the council. Since that time, additional National Partnerships, capital city strategic planning systems and the National Health and Hospitals Network Agreement have been added to the council's performance reporting role. The extent of the council's role is set out in its Business Plan 2010–11.

Second, the council's Charter states that the annual progress report may be used to make recommendations to COAG seeking new referrals to the COAG Reform Council, particularly where this might support the council's objective to proactively improve COAG's capacity to deliver and develop its reform agenda. Principles—previously been endorsed by COAG—to guide any such recommendation are set out in Appendix A to the Charter.

The council has considered the principles and has come to the view that there are no additional areas of the COAG reform agenda that should be referred to the council at this time.

### 3.3 Consultation and reporting process

In a letter to the Commonwealth (copied to the States and Territories) dated 29 September 2009 dealing with the proposal to delay the deadline for National Agreement reports from 31 March to 30 April, the Chairman advised that the council will consult with jurisdictions and bring forward proposals on consultation and reporting timeframes in its Annual Progress Report. This issue was also foreshadowed in the council's first report to COAG on the *National Partnership Agreement to Deliver a Seamless National Economy* (page 334).

For most of the council's work, a standard timeframe is in place whereby the council must report to COAG within three months of the inputs (data or progress reports) becoming available to the council. Jurisdictions must be consulted for a period of one month before the COAG Reform Council's reports are submitted to COAG.

In general, the council does not propose any major changes to the consultation and reporting timeframes that have been established. However, the council does wish to raise one emerging issue of concern; and confirm two matters of practice that have been established during the first year of reporting.

### 3.3.1 Input deadlines

One emerging issue of concern relates to deadlines for the various inputs to the council's work.

A principle embedded in the *Intergovernmental Agreement on Federal Financial Relations* is 'timely provision of publicly available performance information.' The council is subject to very tight timeframes whereby the council must report to COAG generally within three months after receipt of inputs, including the one month of consultation. To manage its workload, the council must plan council meetings tied closely to consultation and draft and final report stages at least six to twelve months in advance. Even relatively short delays in receipt of necessary inputs can create significant difficulties for the council in meeting COAG's deadlines.

For the council's work completed to date on the first reports on the six National Agreements and the Seamless National Economy, the Steering Committee and jurisdictions generally provided progress information and data on time.

However, recent experience has involved some significant delays with receipt of inputs. For example, the Basin States progress reports for the commencement of the council's work on Water Management Partnerships were received up to one month late. There is also concern that the Steering Committee is experiencing slippage in receipt of data from their source providers. There have similarly been delays in the receipt of comments from jurisdictions on the council's draft reports, in a situation where the council's secretariat usually has only a few working days to prepare a final draft report for the council's consideration.

If inputs are received significantly late, the council may need to review consultation timeframes in order to deliver reports on time.

### 3.3.2 Excluding January

The council proposes to continue the practice, established in 2010, that January will not be counted for the purposes of the council's reporting timeframes. In 2010, this meant that the deadline for National Agreement reports was shifted from 31 March to 30 April. The council intends to continue this practice in 2011 and beyond. It is also proposed that this practice would be extended to any National Partnership reporting timeframes.

### 3.3.3 National Agreement data timeframes

The *Intergovernmental Agreement on Federal Financial Relations* requires the Steering Committee for the Review of Government Service Provision to collate and provide performance data relating to the National Agreements 'desirably within three months and no later than six months after the reporting period to which it relates'. Data availability dictates that the full six months is generally required. For the purposes of planning the council's meetings and consultation and reporting deadlines, the council will assume that the full six months will

continue to be required. If there was scope for the data to become available to the council in a period shorter than six months, the council would require at least six months notice to be able to plan changes to consultation and reporting deadlines.

## Appendix A. The COAG Reform Council

### The council

The basis for the establishment of the COAG Reform Council is set out in its Charter.

In summary, the COAG Reform Council comprises six members: a Chairman appointed by the Commonwealth, a Deputy Chairman appointed by the States and Territories, and four members to be agreed by COAG, with at least one member having the appropriate skill sets with regional and remote experience. In addition, the council's Head of Secretariat, Ms Mary Ann O'Loughlin, is Executive Councillor.

The current members of the council and their terms are set out in Table A.1.

**Table A.1 COAG Reform Council members**

Position	Member	Term
Chairman	Mr Paul McClintock AO	13 April 2013
Deputy Chairman	Professor Geoff Gallop AC	31 December 2011
Member (regional and remote experience)	Peter Corish AM	27 June 2011
Member	Patricia Faulkner AO	27 June 2011
Member	John Langoulant AO	13 April 2013
Member	Doug McTaggart	31 December 2011
Executive Councillor	Mary Ann O'Loughlin	Ongoing

### The secretariat

The COAG Reform Council's secretariat is led by three senior executives:

- Ms Mary Ann O'Loughlin is the Head of Secretariat
- Mr Paul Elton is the Deputy Head of Secretariat
- Mr Michael Frost is acting Executive Director, Cities Strategic Planning.

The period to 30 June 2010 has represented a significant establishment phase for the COAG Reform Council secretariat. At 30 May 2009, the secretariat comprised five employees. Since that time, the secretariat has grown commensurate with the council's expanding responsibilities to comprise a staff of 24 employees. The council is funded for 30 staff from 1 July 2010, with funding for an additional six staff for work on capital cities strategic planning systems until 30 December 2011.

## Appendix B. Performance against KPIs

Tables B.1 and B.2 reproduce the council's KPIs from the Business Plan and present the first set of results against these KPIs (excluding those KPIs for which reporting will commence next year).

The KPI framework relies on three data collection methods. Some of the results presented in the tables rely on self reporting: the results are for the period from 1 April 2009 to 31 March 2010.

Other results rely on a survey of COAG senior officials conducted in June 2010.

The survey of senior officials asked questions about the performance of the council framed around the KPIs in the following two tables. Answers were sought using a six-point Likert Scale as follows:

1. Strongly disagree
2. Moderately disagree
3. Tend to disagree
4. Tend to agree
5. Moderately agree
6. Strongly agree

The results do not yet include any direct feedback from first ministers as contemplated in the KPI framework.

**Table B3.1 Report against outcome-level KPIs**

No.	Key Performance Indicator	Data collection method	Survey Result for 2009–10 (survey responses on a 6-point scale)						Result for 2009–10 (survey response – average out of 6)	Target for 2010–11
			Strongly Agree	Moderately Agree	Inclined to Agree	Inclined to Disagree	Moderately Disagree	Strongly Disagree		
1	The council's reports help drive the COAG reform agenda, contributing to long-term change.	Survey of COAG Senior Officials	2	3	3	1	0	0	4.7	To be calibrated based on results from the first two years
2	Governments' use of evidence-based outcomes reporting is improved through working with the council.	Survey of COAG Senior Officials	2	5	2	0	0	0	5.0	To be calibrated based on results from the first two years
4	The council's recommendations and findings are useful to jurisdictions.	Survey of COAG Senior Officials	4	2	3	0	0	0	5.1	5.5
5	The council's recommendations on the performance reporting frameworks are useful to jurisdictions.	Survey of COAG Senior Officials	3	5	1	0	0	0	5.2	5.5
7	The council's recommendations are accepted by COAG.	Self report	–						100%	100%

**Table B.2 Report against process-level KPIs**

No.	Key Performance Indicator	Data collection method	Survey Result for 2009–10 (survey responses on a 6-point scale)						Result for 2009–10 (survey response – average out of 6)	Target for 2010–11
			Strongly Agree	Moderately Agree	Inclined to Agree	Inclined to Disagree	Moderately Disagree	Strongly Disagree		
9	COAG Senior Officials are satisfied with the council’s methodologies (assessment and reporting frameworks).	Survey of COAG Senior Officials	3	3	3	0	0	0	5.0	5.5
10	The council meets all consultation timeframes as specified by COAG.	Self report	–						100%	100%
11	COAG Senior Officials are satisfied with the council’s consultation processes.	Survey of COAG Senior Officials	4	4	1	0	0	0	5.3	5.5
12	Council reports are submitted to COAG on time.	Self report	–						100%	100%
13	The council’s reports are of high quality (readability, clarity, rigour).	Survey of COAG Senior Officials	2	6	1	0	0	0	5.1	5.5
14	Number of citations of council reports.	Self report	–						2	Year-on-year improvement

15	Number of media references to the council, its reports, and its role.	Self report	–	29	Year-on-year improvement
16	Number of speaking/presentation invitations received for council to speak at conferences/forums.	Self report	–	38	Year-on-year improvement

