

Attachment A – Programme Performance Indicators, Rationale for Changes

Legislative Requirements

Sections 38 and 39 of the *Public Governance, Performance and Accountability Act 2013* (PGPA) require an accountable authority (Secretary or CEO), to measure and assess the performance of the entity in achieving its purpose, and prepare an Annual Performance Statement for inclusion in the entity's annual report. The Act's subordinate legislation, the Rule 2014 requires the Annual Performance Statement to set out the results and analysis of the entity's performance for the year.

Section 40 of PGPA enables the Auditor-General to review Annual Performance Statements upon the request of a responsible Minister and/or the Finance Minister. This specific authority does not override the Auditor-General's broader power as contained in the *Auditor-General Act 1997*, to audit any Commonwealth activity at any time.

The PGPA and the Rule are supported by directions and guidance material.

Department of Finance guidance has adopted the ANAO's better practice criteria for the development of performance measures, being; Relevance (focussed and understandable), Reliable (measureable and free from bias), and Complete (balanced and collective).

Outcome 1: Maintain and enhance the financial wellbeing and self-sufficiency of eligible persons and their dependants through access to income support, compensation, and other support services, including advice and information about entitlements.

An assessment of Outcome 1's performance indicators showed that they were inconsistent, irrelevant in some cases, inaccurate or incomplete. In addition, measurement of performance based on the mean number of days to process a claim is easily misunderstood, unduly influenced by very new or very old cases, and by a mix of cases of uneven weight. Analysis of contemporary measurements being adopted by like entities, including the Department of Human Services, suggested that a move to percentile bands over time would address this. Similarly, the assessment of quality was considered to be too negative and not fully focussed on outcomes for the client. Overall, a review of actual results indicated that the existing indicators were out of date and did not accurately reflect actual outcomes.

Outcome 2: Maintain and enhance the physical wellbeing and quality of life of eligible persons and their dependants through health and other care services that promote early intervention, prevention and treatment, including advice and information about health services entitlements.

Performance indicators for Outcome 2 programmes focussed primarily on the cost of services provided, a unit cost per cardholder measure, and service quality as measured by complaints. The initial assessment showed that the unit cost measure did not indicate how well a programme is performing, that is, an increase in cost could mean better access for eligible persons or it could mean the programme is not providing services appropriately. The programmes were also divided into relevant Acts, making it difficult to assess the performance of the DVA Health Card arrangements. The card now delivers health services across all relevant Acts.

The key measure of performance and success is access to services by eligible clients. That is, ensuring that clients are able to access services as and when required. This proposal simplifies the view of the health business by taking a holistic position of Health Card holders, irrespective of eligibility legislation.

Accordingly, measures of access are proposed, together with maintaining, where appropriate, a measure of service quality.

Overall, the proposed changes to Outcomes 1 and 2 lead to greater specificity and far greater transparency to Government, the Parliament, DVA's clients and to our stakeholder groups including the RSL and Legacy.

By way of example, Outcome 1, Programme 1.1 Veteran's Income Support and Allowances, the timeliness measure for claims processing moves from an average of 32 days, to having 50% of all claims processed within 32 days. The previous average measurement basis was a moving average over time which was confusing to understand. The new percentage basis is far clearer and more easily understood by client and stakeholder groups.