

August 2017

# Performance Measurement Framework

## Final report



Department of State Development



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9 August 2017

Dear Bryony,

***RE: Independent Review of the performance of the Department of State Development***

I am pleased to provide you with our final report regarding the development of performance measures for the Department of State Development, and assessment of the Department's performance against the measures.

We have considered leading practice performance measurement frameworks from several jurisdictions, including reviewing specific measures reported by agencies similar to DSD, to develop a suite of tailored measures that will enable the Department to measure its effectiveness and tell a compelling performance story that will help to engage stakeholders and boost morale and sense of purpose among the Department's staff.

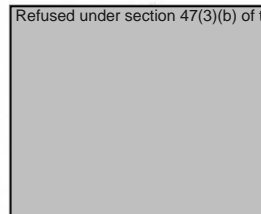
Our work did not constitute an audit or review in accordance with Australian Auditing Standards and consequently no assurance or audit opinion is expressed. Except where otherwise stated, we have not subjected the financial or other information contained in this report to checking or verification procedures. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of the information in this report, except where otherwise stated.

You may not make copies of this report available to other persons except as described in the Letter of Engagement and Terms of Business. Where provision has been made copies are subject to the conditions described therein. We will not accept any duty of care (whether in contract, tort (including negligence) or otherwise) to any person other than you, except under the arrangements described in the Letter of Engagement and Terms of Business.

Please do not hesitate to contact me with any questions about the report or our review.

Yours sincerely,

Refused under section 47(3)(b) of th



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# 1 Background

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# Strategic context

*DSD's activities and expertise seek to support its strategic objectives and contribute to the Government achieving its commitments and priorities*

The Department of State Development leads the delivery of economic development outcomes for Queensland with a strong focus on delivering industry and projects that support enterprise growth and job creation, particularly in regional Queensland.

The Department brings together the functions of the Coordinator-General, economic, industry and regional development, project facilitation and investment, major project delivery, and government property management.

## Vision

*A strong, competitive and diverse Queensland economy, driven by adaptive and sustainable regions, industries and projects.*

## Purpose

*To drive the economic development program for Queensland by creating a diverse and thriving economy, and generating new jobs.*

### Department objectives and strategic priorities

*We contribute to the Government's objectives for economic development in Queensland, with a key role to create a diverse and thriving economy and generating new jobs through:*

1. Creating an attractive investment environment
2. Facilitating a pipeline of strategic projects
3. Advancing regional communities
4. Leading strategic development of priority industries
5. Developing and support agile DSD service delivery

Strategies

Focus initiatives

Performance measures

### Department activities and expertise

Specialist industry policy research and advice

Project development, coordination and delivery

Major state development infrastructure project coordination and delivery

Facilitation and negotiation between industry and government

Regional network of offices and on-the-ground support and advice

### Government priorities

*We will drive the Government's policy agenda through:*

1. Creating jobs and strengthening the economy
2. Delivering quality frontline services
3. Building safe, caring and connected communities
4. Protecting our environment and quality of life for present and future generations
5. Ensuring integrity, accountability and consultation underpin everything we do

# Purpose of this report

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*A compelling performance story for the Department of State Development will aid morale, purpose and engagement in the Department and with diverse stakeholders*

The Department of State Development maintains a focus on strengthening Queensland's economic performance, and has an ambitious vision around economic strength and diversity in a time of transition from traditional industries – resources, agriculture and tourism – to newer, knowledge-based and service industries.

To engage key stakeholders and influence policy, and maintain and improve staff morale, the Department needs to tell a compelling performance story that will inspire confidence that the Department understands its purpose, measures the right things to demonstrate its achievements, and is a responsible steward of public resources.

In public sector agencies in Australia and globally, focus has shifted from activity-based reporting, to outcomes-based reporting that allows agencies to 'tell their performance story'; that is, how effective they are over time. Cascading metrics from the high-level agency-wide purpose enables a thread to be drawn that transcends governments.

This report draws upon leading practice in public sector reporting in Australia and elsewhere, to develop a suite of metrics and outcome statements that are outcomes-based and focus largely on effectiveness.

The goal is to enable the Department to demonstrate how it makes an impact for Queensland, and how it helps to strengthen and diversify the economy. It will also help the Department determine where to focus its resources, and enable continuous improvement initiatives that are evidence based.

The audience for the resulting performance reporting will be:

- The DSD Board and senior management
- Departmental staff
- External stakeholders, such as central agencies.

## 2 Leading practice in performance measurement

# Public sector performance measurement

*Leading practice performance measurement involves development of the right suite of metrics, which are regularly reported and inform continuous improvement in service delivery and investment decisions*

## Leading performance measurement frameworks should tell the performance story

Public sector performance measurement is an essential component of enabling Parliament, the public and other stakeholders to understand how well an agency is achieving its objectives. Done well, performance measurement and monitoring improve public confidence in public services, and supports continuous improvement in service delivery and investment decisions.

In terms of developing appropriate metrics for performance which will meet the requirement for public sector accountability, the Queensland Auditor-General has stated that:

*Performance information should be relevant, reliable, balanced and understandable, so that users can readily determine whether services are being delivered efficiently and effectively.<sup>1</sup>*

Nationally and globally, public sectors are moving towards a focus on measuring and reporting the outcomes (sometimes termed objectives) of service provision; i.e. service effectiveness. All public sector performance frameworks reviewed, including the Queensland Government Performance Management Framework (PMF), emphasised the importance of measuring and reporting a mix of both efficiency and effectiveness measures to fully capture the extent to which outcomes are being achieved. Consistent with this, the Queensland Auditor-General stated that:

*Expressing objectives that are centred on actions steers departments to monitor their progress through activity standards or quantity metrics, instead of standards of efficiency and effectiveness.<sup>2</sup>*

The Commonwealth Government guidance emphasises the importance of monitoring measures that span short-, medium- and long-term time horizons, to be able to tell a meaningful 'performance story' that transcends government terms.<sup>3</sup> Furthermore, in the interests of public sector accountability, the Commonwealth guidance reminds agencies that it is not necessary that the performance measures only encompass outcomes entirely within the control of a single agency. Since government activities are often complex and aim to achieve change over long time horizons, it is important to monitor and report on outcomes that will take time to achieve and/or involve various agencies or agencies and other partners.

1. Auditor-General of Queensland. *Report to parliament 18, 2013-14*, page 1. Available at: <https://www.qao.qld.gov.au/reports-parliament/monitoring-and-reporting-performance>

2. *Ibid*; page 22.

3. Source: Commonwealth of Australia *Resource Management Guide No. 131: Developing good performance information*. Available at: <http://www.finance.gov.au/resource-management/performance/>



*Link all of the performance information in an agency to tell the 'whole story' of its performance over time*



*Be relevant to the agency's strategic context, its specific objectives and the outcomes delivered, with cascading measures for different services provided*



*Present a balanced suite of metrics comprising efficiency and effectiveness measures, lead and lag indicators at strategic, tactical and operational levels*



*Be underpinned by accurate, reliable and timely information/data to enable regular and timely reporting*



*Guide decision-making and enable a culture of performance measurement, usage and improvement within the organisation*



# Case study – Victoria

*Victoria’s Department of Economic Development, Jobs, Transport and Resources demonstrates aspects of leading practice performance management, but has not fully implemented public reporting against their Outcomes Framework*

The Victorian Department of Economic Development, Jobs, Transport and Resources (DEDJTR) has a broader remit than DSD. DEDJTR brings together many of the key functions that drive economic development and job creation across Victoria. Areas of overlap with DSD include transport and ports, investment attraction and facilitation, innovation, regional development and services to key sectors (e.g. Resources).

DEDJTR has developed an agency-wide outcomes framework, consistent with guidance on outcomes measurement from Victoria’s DPC. The Framework cascades down from the Department’s vision, which describes the aspirational goals of the Department. Six domains cover the components of the vision critical to achieving success. Outcomes, indicators and measures link through to domains.

Data is central to the success of the Framework. The implementation of the Framework aims to:

- Focus effort on what matters
- Improve investment decisions
- Allow staff to determine if they are making genuine change for the State.

The Framework consists of five 10-year outcomes, descriptions of ‘what success looks like’ if these outcomes are achieved, and headline indicators against each outcome (summarised opposite). The Department is in the process of operationalising reporting against the headline indicators.

Currently, DEDJTR reports through its Annual Report and also via the *State Budget Paper No. 3 Service Delivery* (BP3). BP3 lists various medium-term measures, grouped under objectives and outputs, rather than outcomes. BP3 reports output measures. Reporting of the higher-level objective measures is via the Department’s annual report. Objective and output measures that are relevant to DSD are summarised in **Appendix A**. A number of the measures reported represent ‘activity measures’ (the quantity of services provided) rather than outcome measures. The following table provides a summary of DEDJTR’s outcomes framework.<sup>1</sup>

10-year outcome	What does success look like?	Headline indicators
Victoria is prosperous and inclusive	<ul style="list-style-type: none"> <li>• Victorians build and share in income and wealth</li> <li>• Victorians participate in and are well connected to jobs and education</li> <li>• Victorians have dignity and respect</li> </ul>	<ul style="list-style-type: none"> <li>• Increased household incomes, including for low income households</li> <li>• Increased participation in employment</li> <li>• Increased participation through business ownership</li> </ul>
Victoria is liveable	<ul style="list-style-type: none"> <li>• Victoria’s places, towns and cities are accessible and well connected, diverse, resilient and safe</li> <li>• Victoria’s society is open and its culture is vibrant and diverse</li> <li>• Victoria’s natural environment is productively and ethically managed and enhanced for future generations</li> </ul>	<ul style="list-style-type: none"> <li>• Improved connectivity and quality of transport in towns and cities</li> <li>• Increased engagement with arts and cultural activities</li> <li>• Improved sustainable use of natural resources</li> </ul>
Victoria is productive	<ul style="list-style-type: none"> <li>• Victoria’s infrastructure and networks are efficient, reliable, well connected and digitally enabled</li> <li>• Victoria’s business environment is competitive</li> </ul>	<ul style="list-style-type: none"> <li>• Increased productivity</li> <li>• Improved public transport and road network reliability</li> <li>• Enhanced confidence in the economy</li> </ul>
Victoria is innovative	<ul style="list-style-type: none"> <li>• Victorians are adaptive, knowledgeable and entrepreneurial</li> <li>• Victorian businesses are inventive, responsive and diverse</li> <li>• Victoria creates and diffuses knowledge through research, collaboration and commercialisation</li> </ul>	<ul style="list-style-type: none"> <li>• Deepened level of knowledge and skills</li> <li>• Enhanced level of business innovation</li> </ul>
Victoria is globally connected	<ul style="list-style-type: none"> <li>• Victoria is a desired source of exports and destination for foreign investment</li> <li>• Victoria is a desired location for visitors and global talent</li> <li>• Victorians learn from and contribute to world’s best thinking</li> </ul>	<ul style="list-style-type: none"> <li>• Increased exports by Victorian businesses</li> <li>• Increased economic activity generated by tourism in Victoria</li> <li>• Increased number of international students choosing to study in Victoria</li> </ul>

1. Adapted from the DEDJTR Outcomes Framework, available from: <http://www.vic.gov.au/publicsectorreform/outcomes/dedjtr-departmental-outcomes-framework.html>

# Case study – New South Wales

*Like Victoria, the New South Wales’ Department of Industry has moved towards outcomes-based performance measurement but appears to be in a transitional phase for reporting*

The Department of Industry leads the NSW government’s contribution to making NSW a prosperous state recognised as a place of opportunity — a place where people want to live, have good jobs and businesses choose to invest and grow.

*Vision: NSW – A place where the skills of its people, management of its natural resources and the quality of its government services make it a globally attractive location to live, learn, work, invest and to produce goods and services.*

*Purpose: Lead the State government’s contribution to making NSW a fertile place for business growth, in order to create jobs and opportunities for citizens.*

The Department of Industry is part of the Industry Cluster which reports together in *Budget paper 3 (BP3) - Industry Cluster*<sup>1</sup>. Relevant measures from BP3 are listed below:

*Sustaining the conditions for economic development*

- Employment growth in New South Wales
- Growth in Gross State Product per capita
- Business confidence (leading Australian state).

*Support for new and expanding businesses to create jobs in NSW*

- Grow foreign direct investment into New South Wales
- Clients assisted through small business advocacy and dispute resolution services per year
- Funds invested by Jobs for NSW
- Number of jobs created through foreign direct investment
- New South Wales businesses participating in export capability building programs.

The table below lists goals, outcomes and measures from the Department of Industry’s *2015-2019 Corporate Plan* that are relevant to DSD’s remit<sup>2</sup>.

The most recent annual report available was for 2015-16; in this report the Department of Industry reported against targets for job creation and business confidence.

Strategic priority	Goal	Outcomes	Measures	Source
Act to enable job creation and opportunities for economic growth	Engage and collaborate, facilitating mutually beneficial relationships	<ul style="list-style-type: none"> <li>• Economic growth through innovation that improves resilience and boosts productivity</li> <li>• Incentives and support provided for new and expanding businesses to create jobs in NSW</li> <li>• Increased industry capabilities to reach new markets and support regional development</li> <li>• Diverse, reliable and sustainable energy sources are secured</li> </ul>	<ul style="list-style-type: none"> <li>Creation of 150,000 new jobs, including 30,000 in regional NSW</li> <li>Increased value of gross state product for key industry sectors</li> </ul>	ABS
Create a positive business environment	Support government decision making for infrastructure, regulation and priorities with information about economic opportunities and challenges	<ul style="list-style-type: none"> <li>• Economic growth by ensuring sustainable use of and access to natural resources</li> <li>• Quality regulatory and operational frameworks including robust compliance and enforcement, delivering greater certainty for business, industry and the community</li> <li>• Risks to community and industry confidence mitigated and managed</li> <li>• Government decision-making that is evidence based, timely and targeted</li> </ul>	<ul style="list-style-type: none"> <li>Increased business confidence</li> </ul>	Composite of NAB Monthly business survey; ANZ - Roy Morgan business index; Sensis Business index
Engage and collaborate, facilitating mutually beneficial relationships	Reach out to industry, the community and other parts of government, to deepen understanding and strengthen collaboration	<ul style="list-style-type: none"> <li>• Productive partnerships with business, industry, research institutions and the community to accelerate opportunities and maximise benefits</li> <li>• Strengthen collaboration across government to build effective partnerships that enhance business and community value</li> <li>• Greater understanding of business, industry and community needs, to facilitate communication and collaboration, delivering improved outcomes</li> <li>• Enhanced customer experience achieved through digital innovation and improved delivery of services</li> </ul>	<ul style="list-style-type: none"> <li>Increased customer satisfaction</li> </ul>	

1. New South Wales Government BP3 Industry Cluster, available at: <https://www.budget.nsw.gov.au/nsw-budget-2017-18-budget-papers>  
 2. <https://www.industry.nsw.gov.au/about/our-business/our-priorities/corporate-plan>

# Case study – Commonwealth

*The Commonwealth Department of Industry, Innovation and Science uses a three-tier performance framework to understand the Department's performance in increasing levels of detail*

The Department's vision is: *to enable growth and productivity for globally competitive industries*. To help realise this vision, the Department has four objectives:

- supporting science and commercialisation
- growing business investment and improving business capability
- streamlining regulation
- building a high performance organisation.

The Department uses a hierarchy of performance criteria to measure and assess its performance, with three levels of performance criteria:

- Level 1 – Ultimate outcome – How well Australia is performing with regard to the Department's outcome
- Level 2 – Intermediate outcome – measure and assess impact of the Department's programs
- Level 3 – Immediate outcome and output – effectiveness of the Department's sub-programs and their outputs.

The first and second levels of performance criteria are used to monitor key trends and conditions within the areas of the Department's policy responsibility. These performance criteria will generate performance information to achieve an improved understanding of "where we are" and "where we need to take action" to achieve the Department's vision.

The third level of performance criteria is used to measure the effectiveness of the Department's activities and components, such as policy advice, initiatives, services, administered programs, and projects. Through this level of performance criteria, the Department's contributions to achieving its vision and purposes, attributable to specific activities and components, will be measured and assessed.

The table below shows Departmental purposes, intended results (outcomes) and performance criteria (measures) that are relevant to DSD's remit.<sup>1</sup> These are level 1 and level 2 measures.

Purpose	Intended result	Performance criterion (measure)
Vision: Enabling Growth and Productivity for Globally Competitive Industries	• Economic growth	• Growth in real gross domestic product
	• Productivity	• Growth in gross value added by industry
1. Supporting Science and Commercialisation	• Export competitiveness	• Growth in labour productivity
	• Growth in the value-added of knowledge intensive industries	• Exports of goods and services
2. Growing Business Investment and Improving Business Capability	• Growth in the value-added of knowledge intensive industries	• Gross value added and employment by knowledge-intensive industries
	• Growth in new private sector investment	• Private gross fixed capital formation
	• Increased foreign direct investment in Australia	• Foreign direct investment as a share of annual GDP
	• Improvement in Australia's ranking in international Performance indices	• Australia's ranking in World Bank ease of doing business index
		• Australia's ranking in Global Innovation Index
		• Australia's ranking in the Global Entrepreneurship Monitor (GEM) indicator of total early-stage entrepreneurship activity

1. Department of Industry, Innovation and Science *Annual Report 2015–16*. Available at: <https://industry.gov.au/AboutUs/CorporatePublications/AnnualReports/AnnualReport201516/Annual-Report-2015-16.pdf>

# Case study – New Zealand

*New Zealand's Ministry of Business, Innovation and Employment used outcomes based measures, which are supported with reporting against longer-term and medium-term intermediate outcomes*

Similarly to Victoria's DEDJTR, New Zealand's Ministry of Business, Innovation and Employment (MBIE) has a broad remit compared to DSD. Relevant areas include:

- Building and construction (includes natural disaster recovery)
- Infrastructure and growth
- Sectors and industries
- Business (includes business attraction and growth)
- Housing and property (includes Crown Land Development Programme and Urban Development Authority).

MBIE's purpose is underpinned by a concrete aim and objectives, all of which support outcomes-based performance reporting:

Purpose: *to grow New Zealand for all*

Aim: *support an increase in real median household income of 40 per cent by 2025 (from \$1300 in 2012 to \$1800 per week).*<sup>1</sup>

Objectives:

1. More competitive businesses – doubling labour productivity growth and increasing the real exports to gross domestic product (GDP) ratio to 40 per cent
2. Job opportunities for all – achieving an ongoing unemployment rate below 4 per cent
3. Affordable housing – a lower ratio of housing cost to income, including social housing – growing and regulating the Community Housing sector.

Accountability against the purpose, aim and objectives is supported by reporting against longer-term outcomes and medium-term intermediate outcomes.

Outcomes, intermediate outcomes and measures that are relevant to DSD are summarised in the table opposite. The full suite can be found in the MBIE Statement of Intent.<sup>1</sup>

1. Source: MBIE *Statement of Intent 2015-2019*, available at: <http://www.mbie.govt.nz/publications-research/publications/mbie-corporate/Statement%20of%20Intent%202015-2019.pdf>

Outcomes	Immediate measure	Measure
More supportive and dynamic environment	Well-regulated and competitive markets	<ul style="list-style-type: none"> <li>• Improve New Zealand's position in the World Economic Forum (WEF) Global Competitiveness Report</li> <li>• Improve New Zealand's position in the WEF Global Competitiveness Index on the burden of government regulation</li> <li>• Improve confidence of New Zealanders in financial markets</li> </ul>
	Increased business and consumer confidence in markets Business find it easier to access and develop markets	<ul style="list-style-type: none"> <li>• More businesses that sought debt finance obtained it on acceptable terms</li> <li>• More businesses that sought equity finance obtained it on acceptable terms</li> <li>• A 25% reduction in the cost of doing business with government relative to other businesses by 2017</li> <li>• Maintain New Zealand's position in the World Bank Ease of Doing Business survey</li> </ul>
	Well-regulated labour markets	<ul style="list-style-type: none"> <li>• Improvement in New Zealand's rank in the WEF Global Competitiveness Labour Market Efficiency Indicator</li> </ul>
An increased number of highly skilled people and innovative firms	Increased international trade and investment	<ul style="list-style-type: none"> <li>• Increasing value of exports to 40% of gross domestic product (GDP) by 2025</li> <li>• An increase in the level of foreign direct investment</li> </ul>
	Improved labour force participation	<ul style="list-style-type: none"> <li>• Increasing labour participation of Pacific peoples</li> <li>• Reducing the proportion of young people not in employment, education, and training (NEET)</li> </ul>
	Increase people's skills in line with business needs Greater investment by businesses in skilled workers and research and development	<ul style="list-style-type: none"> <li>• Increasing the percentage of workers in skilled jobs</li> <li>• Decreasing the percentage of firms that find it harder to get skilled staff</li> <li>• Increasing business expenditure on research and development as a percentage of gross domestic product</li> </ul>
More productive and prosperous sectors, regions and people	Increased knowledge intensive activities and exports	<ul style="list-style-type: none"> <li>• Measure under development</li> </ul>
	More dynamic and better connected regional economies	<ul style="list-style-type: none"> <li>• Positive trends in regional employment</li> <li>• Positive trends in regional gross domestic product (GDP) per capita</li> <li>• Positive trends in regional household incomes</li> </ul>
	Increased and inclusive economic growth of the Auckland region	<ul style="list-style-type: none"> <li>• Increase in productivity in the Auckland region (GDP per hours worked)</li> <li>• Increase in innovation in the Auckland region (patents per million population)</li> </ul>
	Increased and resilient economic growth of the Canterbury region	<ul style="list-style-type: none"> <li>• Increasing Canterbury region GDP</li> <li>• Increasing Canterbury region GDP per capita</li> <li>• Improving performance against the Canterbury Region Manufacturing Index</li> <li>• Improving performance against the Canterbury Region Construction Index</li> <li>• Increasing numbers of skilled jobs in the Canterbury region as a proportion of total employment</li> </ul>
Increased economic growth for Māori, whānau and business	<ul style="list-style-type: none"> <li>• Increasing median weekly income for Māori as a percentage of the national median</li> <li>• Increasing Māori participation in the workforce</li> </ul>	

# Leading practice – the Commonwealth performance framework

*The Commonwealth Department of Finance has developed guidance to support agencies to implement the Enhanced Commonwealth Performance Framework*

## Australian Government Department of Finance

Use of and compliance with the Enhanced Commonwealth Performance Framework is enshrined in the *Public Governance, Performance and Accountability Act 2013*. Guidance regarding proper application of the Framework<sup>1</sup> emphasises the importance of:

- creating a common understanding of an entity's purposes and the activities through which those purposes are fulfilled
- identifying a mix of quantitative and qualitative measures that demonstrate the effectiveness and efficiency with which purposes are fulfilled
- selecting appropriate methods to collect and analyse performance information (e.g. through data mining, benchmarking, surveys, peer reviews and comprehensive evaluations)
- presenting information in a way that tells a clear and accurate performance story to diverse audiences for diverse purposes
- measuring over short-, medium- and long-term horizons
- use of a mix of measurement approaches to tell the performance story and support quantitative metric reporting including benchmarking, surveys, peer reviews and comprehensive expert evaluations
- reporting parameters that are influenced by the agency, as well as those an agency controls, to ensure that the full suite of outcomes that government influences and is responsible for are captured.

1. Source: Commonwealth of Australia *Resource Management Guide No. 131: Developing good performance information*. Available at: <http://www.finance.gov.au/resource-management/performance/> They are moving beyond simply complying with the minimum requirements prescribed in the PGPA Rule and are publishing better quality plans that serve as their primary strategic planning documents.

## Performance reporting across Commonwealth entities and companies

In August 2015, Commonwealth entities and companies published their inaugural corporate plans under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Since that time, the Department of Finance has worked with parliament to put in place new arrangements for the publication of annual reports and Portfolio Budget Statements (PBS), both of which must include information that cross-references corporate plans.

Since 2015, Commonwealth entities and companies have been moving beyond simply *complying* with the minimum requirements prescribed in the PGPA Rule and are publishing better quality plans that serve as their primary strategic planning documents. It is anticipated that through continued guidance, support and communities of practice, entities will be able to tell a more comprehensive performance story by further integrating and combining elements of the Portfolio Budget Statements, Corporate Plans and Annual Performance statements.

Improvements have been evident across the following areas:

- Understanding and meeting publication requirements
- Developing clear and concise purpose statements
- Focusing on improving performance information – a previous over-reliance on quantitative key performance indicators is shifting to monitoring and reporting frameworks that include qualitative information (e.g. case studies and comprehensive evaluations).
- Structure and presentation – a number of entities have adopted different structures and innovative ways of providing information to make their corporate plans more accessible and readily understood.

The Department of Finance has published an annual 'lessons learnt' paper<sup>1</sup> since 2015 which outlines lessons learnt and better practice examples of Corporate Plans which have assisted Commonwealth entities to improve their performance reporting.

1. Australian Government, Department of Finance, 2016-17 Corporate Plans Lessons Learned, January 2017.

# Leading practice – other global jurisdictions

*Internationally, governments are adopting performance reporting frameworks and moving towards outcomes-based performance reporting to increase transparency and influence decision making and continuous improvement*

**Canada**  
**Innovation, Science and Economic Development Canada**

Innovation, Science and Economic Development Canada (ISED) has multiple entities (for example, 17 agencies and organisations) that have distinct mandates, with program activities that are diverse and highly dependent on partnerships. Although ISED's remit is broader than that of DSD, similarities exist between the two Departments with ISED's 'economic development' priorities focused on assisting Canadian businesses to grow, innovate and export so that they can create good quality jobs and wealth for Canadians.

The Management Accountability Framework (MAF)<sup>1</sup> is a framework for management excellence, accompanied by an annual assessment of management practices and performance in most departments and agencies of the Government of Canada. Under this framework, Canadian Departments are moving towards Outcomes based reporting. Using the MAF, ISED is also moving moved to outcomes-based reporting. Outcomes-based measures tracked by ISED<sup>2</sup> which are relevant to DSD include:

- Targets (both qualitative and quantitative) for leveraged industry investment for infrastructure and business support projects
- Economic outcomes from government procurement; e.g. extent to which economic impacts are evaluated when undertaking Defence procurement
- Number of jobs created and maintained due to relevant program spend.
- Benchmarking of industry sectors indicating their capacity to prepare for and respond to risks and opportunities in domestic and global markets.
- Community economic development – e.g. Dollars of investment leveraged per program dollar disbursed; Number of jobs created and maintained in Northern Ontario through FedNor programming investments
- Internal services – ISED are tracking progress in four areas: Innovation 2020; Agile Workforce; Sound Stewardship; and Operating as One.

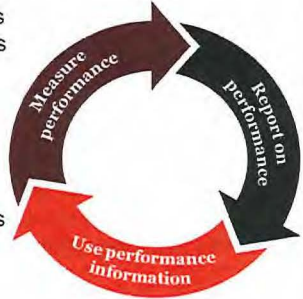
1. Source: <https://www.canada.ca/en/treasury-board-secretariat/services/management-accountability-framework.html>  
2. Source: [https://www.ic.gc.ca/eic/site/017.nsf/eng/h\\_07557.html](https://www.ic.gc.ca/eic/site/017.nsf/eng/h_07557.html)

**United Kingdom**  
**Department of Business, Energy and Industrial Strategy**

The Department of Business, Energy and Industrial Strategy (DBEIS) plays a coordination role, working with 46 agencies and government bodies. It is responsible for delivering some major projects. Despite the Department reporting on financial performance for the major portfolio projects<sup>1</sup>, it does not appear that DBEIS are publicly reporting on outcomes-based performance measures.

The UK National Audit Office's (NAO) good practice guides for measuring performance in public sector agencies states that there are three key aspects required for strong for performance measurement:

1. The performance measurement framework – management tool linking all the performance information in the organisation
2. Reporting on performance information – which requires good quality data
3. Use of performance information – which requires performance and financial information to be linked.



Similarly, the UK NAO's 'FABRIC' model provides a prompt for the elements of a good performance measurement framework:

- Focused on the organisation's aims and objectives; any performance measures used should map clearly onto objectives and priorities
- Appropriate to, and useful for, decision makers within the organisation, and meeting the needs of stakeholders outside the organisation
- Balanced: giving a picture of what the organisation is doing, covering all significant areas of work
- Robust: for example to withstand organisational or personnel changes
- Integrated with the organisation's business planning and management processes
- Cost-effective: balancing the benefits of performance information against costs.

1. Source: <https://www.gov.uk/government/publications/beis-government-major-projects-portfolio-data-2017>

### 3 Short-list of performance measures

# Objectives for the performance measures

*Performance measures should allow the Department to measure its progress and articulate its success, to engage both staff and the Executive/Board, and to inform future strategic and operational decisions*

## DSD objectives for the performance measures

Measuring performance is essential to ensuring that Government achieves value for money for services, regardless of whether they are delivered within or outside the public sector. The key to successful performance measurement is the effective articulation of outcomes and outputs against which progress and costs are measured.

A strong suite of performance measures for the Department should:

- reflect the key priorities of government, your strategic objectives and the operational outcomes sought
- provide the Executive and Board with the 'whole story' of the Department's performance over time
- engage employees and focus their attention on what matters most to the Department's success
- create a shared understanding and common language for communication around performance matters across the Department
- allow measurement of the Department's achievements (success) and not just the work that is performed
- enable continuous improvement and inform strategy, program and policy choices, and resourcing decisions over time.

Further information on effective performance measurement development and refinement can be found at **Appendix B**.

## Existing measures

In devising a revised set of outcomes-based performance measures for the Department, we have considered the existing performance documents provided to us by DSD. These include:

- Existing DSD performance metrics and measures<sup>1</sup>
- The Department's *Strategic Plan 2017-2021*
- The Department's Strategic objectives, focus initiatives and end of year outcome document<sup>2</sup>

We have developed a suite of performance measures using a framework which is outlined on the next page. This framework was developed through examining leading practice across other jurisdictions in Australia and internationally. In developing the measures, we have considered a mix of strategic, operational and tactical measures. We have also considered efficiency and effectiveness measures, and assigned a level influence that DSD has in achieving that measure, whether its controlling, or influencing the outcome, or responding to changes in the economy.

## Performance measures

The long-list of performance measures developed can be found at **Appendix C**. The long-list details the links between objective, strategy, 'what success looks like' and the resultant measures.

A focused list of performance measures for the Department will create a compelling performance story while ensuring that the effort of collating and reporting the data is manageable. To this end, a 'short-list' of performance measures which provides a snapshot of DSD's performance across all five objectives can be found on pages 17 to 23. The Department's performance against each of these metrics has been measured using the most recent data available, and where possible, against a baseline of 2015 performance data. This data, and the associated time series and graphs can be found within the reporting tool which was developed as part of this engagement. It is envisaged that this reporting tool will be actively utilised by DSD to continue to monitor performance against the short list of performance measures.

1. List of performance metrics and indicators provided to PwC at initial project meeting 4 July 2017  
2. Strategic objectives, focus initiatives and end of year outcome document completed by Prominence Consulting and provided to PwC at initial project meeting 4 July 2017



# Achieving balanced performance measures

We have identified a balanced suite of metrics comprising efficiency and effectiveness measures which reflect the organisations performance at strategic, tactical and operational levels

## Strategic, tactical and operational measures

To tell a comprehensive performance story, it is important that agencies consider measures that reflect the hierarchy of goals and initiatives detailed in their strategic plans.

Considering the Department of State Development's strategic context, we have devised measures at the level of the whole-of-Department vision (strategic measures), at the level of the four outward-looking Departmental objectives (tactical measures) and for the inwardly-focused objective relating to Departmental support services (operational measures).

The strategic and tactical measures demonstrate the organisation's impact to the Executive and Staff. Operational level measures for individual outward-facing programs are more appropriately developed by program managers in relation to specific programs and initiatives.



DSD | Performance Measurement Framework

## Efficiency and effectiveness measures

Applying definitions from Australian Auditing Standards:

- Efficiency means the use of resources such that output is optimised for any given set of resource inputs, or input is minimised for any given quantity and quality of output.
- Effectiveness means the achievement of the objectives or other intended effects of activities at a program or entity level.

Considering the Department's aim of engaging stakeholders and building morale and a sense of purpose, the measures in this report focus largely on effectiveness.

The Queensland Auditor-General states that client satisfaction measures represent output-based quality measurement and that '*client satisfaction... is a weak measure of service quality and so an even weaker proxy for outcome effectiveness*'.<sup>1</sup> For this reason, the measures developed do not incorporate a large number of client satisfaction measures. It is recommended that this continues to be monitored through client surveys.

## Control, influence and respond

According to leading practice guidance from the Commonwealth Department of Finance, in order to capture the complexity of public sector service provision it is important that agencies do not avoid measuring parameters that are relevant but not fully within their control.

For this reason we have included measures where the Department influences rather than controls the outcome. This will enable the Department to consider its contribution to broader economic outcomes either in partnership with other agencies, private sector organisations, or both.

Further, some measures capture external changes that the Department should respond to in order to promote economic stability or growth.

1. Queensland Audit Office *Report to Parliament 18, 2013-14, Monitoring and reporting performance*. Available at <https://www.qao.qld.gov.au/reports-parliament/monitoring-and-reporting-performance>

# Vision: Queensland's economy is Australia's strongest and most diverse (1 of 2)



Assessing success in achieving the Department's vision involves the monitoring of high-level, long-term outcomes which the Department influences or responds to, rather than controls

Vision / objective	Measure	Data source	Target <sup>2</sup>	Rationale for inclusion in short list	Reporting frequency	Time horizon <sup>3</sup>	Current period performance
Vision: Queensland's economy is Australia's strongest and most diverse <sup>1</sup>	Growth in household disposable income per capita	ABS Cat. No. 5220	Year on year growth at or above national average (%) <i>This target was selected to provide a benchmark</i>	Indicator of Queensland's competitiveness	Annually	Long-term	<ul style="list-style-type: none"> <li>Below target<sup>4</sup></li> <li>0.5 percentage points below average</li> <li>Qld 1.2% vs 1.7% national</li> </ul>
	Unemployment rate by region	ABS Cat. No. 6291.0.55.001	Year on year reduction in unemployment rate per region (%) <i>This target was selected to provide a benchmark</i>	Given DSD's focus on regional economies this is an important indicator of success or areas to invest for DSD	Monthly	Long-term	<ul style="list-style-type: none"> <li><b>Partially met<sup>5</sup></b></li> <li>5 out of 10 regions where unemployment fell year on year</li> </ul>
	Labour market participation	QGSO Labour Force brief	Participation rate at or above national average (%) <i>This target was selected to provide a benchmark</i>	High participation rates are a good indicator of strength and diversity of an economy	Monthly	Long-term	<ul style="list-style-type: none"> <li><b>On target<sup>6</sup></b></li> <li>Qld and national rates were both 64.9% for June 2017</li> </ul>
	Business confidence	Sensis Business Index	Business confidence at or above national average <i>This target was selected to provide a benchmark</i>	Indicator of the state of the economy, measuring the level of optimism or pessimism that business owners feel about the prospects of their companies	Quarterly	Short-term	<ul style="list-style-type: none"> <li>Below target<sup>7</sup></li> <li>1 percentage point below</li> <li>56% Qld vs 57% National for June 2017</li> </ul>
	Business investment	ABS Cat. No. 5206	Growth in business investment at or above national average <i>This target was selected to provide a benchmark</i>	Changes to business investment tend to lag business confidence, making both parameters important to measure	Quarterly	Medium-term	<ul style="list-style-type: none"> <li><b>On target</b></li> <li>Qld 0.01% between Dec-2016 and Mar-2017 quarters vs flat national.</li> </ul>

1. Source: Department of State Development Service Delivery Statement 2017-18

2. Rationale for each Target is provided in italic text below listed target within table.

3. Time horizon refers to the time span over which significant trends would be expected to emerge. Long term: 5-10 years. Medium-term: 2-4 years. Short-term: within one year.

4. ABS Catalogue No. 5220, *Australian National Accounts: State Accounts, 2015-16*. Current period represents the 2015-16 financial year.

5. ABS Catalogue No. 6291.0.55.001 *Labour Force, Australia, Detailed - Electronic Delivery*. Current period represents the month ending June 2017.

6. Queensland Government Statistician's Office, *Labour Force, June 2017*. Current period represents the month ending June 2017.

7. Sensis Business Index for June Quarter 2017.

# Vision: Queensland's economy is Australia's strongest and most diverse (2 of 2)



*Assessing success in achieving the Department's vision involves the monitoring of high-level, long-term outcomes which the Department influences, rather than controls*

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Vision: Queensland's economy is Australia's strongest and most diverse <sup>1</sup>	Growth in GSP per capita	ABS Cat. No. 5220 and ABS. Cat. No. 6401.	Growth at or above Consumer Price Index (CPI) rate (%)  <i>This target was selected to provide a benchmark</i>	Indicator of economic growth per capita relative to the inflation rate	Annually <sup>2</sup>	Long-term	<ul style="list-style-type: none"> <li>• <b>On target</b><sup>3</sup></li> <li>• GSP per capita growth of 0.7% in 2015-16</li> </ul>
	Contribution of industry value added to growth in real GSP	ABS Cat. No. 5220	Maintain or increase proportion of industry sectors making a positive contribution to GSP  <i>This target was selected to provide a benchmark</i>	A measure of industry diversification; a key component of DSD's vision	Annually	Long-term	<ul style="list-style-type: none"> <li>• <b>On target</b><sup>4</sup></li> <li>• 11 of 19 ANZSIC industries with positive contributions as at June 2016</li> <li>• 11 of 19 ANZSIC industries with positive contributions as at June 2015</li> </ul>
	Total value of Queensland merchandise exports	QGSO Exports of Queensland goods overseas brief	Year on year growth in total value of Queensland merchandise exports (%)  <i>This target was selected to provide a benchmark</i>	Indicator of international market for Queensland products and openness to innovation	Monthly	Medium-term	<ul style="list-style-type: none"> <li>• <b>On target</b></li> <li>• ↑ 32.2% value over year ending May 2017</li> </ul>

1. Source: Department of State Development *Service Delivery Statement 2017-18*

2. CPI collected quarterly, GSP per capita collected annually

3. ABS Catalogue No. 5220, *Australian National Accounts: State Accounts, 2015-16*. Current period represents the 2015-16 financial year. Chain volume measures data series.

4. ABS Catalogue No. 5220, *Australian National Accounts: State Accounts, 2015-16*. Current period represents the 2015-16 financial year.



# Objective 1: Create an attractive investment environment

Tactical outcome measures at the objective level contain a mix of factors that the Department influences or controls

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Objective 1: Create an attractive investment environment	Increased leverage of government funding for new ventures	DSD contracts information	5% year on year growth in industry funding compared to government funding  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	Growth in leverage indicates DSD is successfully promoting Queensland as a place to do business, and effectively targeting industries/businesses able to invest	Quarterly	Medium-term	<ul style="list-style-type: none"> <li>Baseline year for AQIAF<sup>1</sup></li> <li>Ratio of 17.7 to 1 industry to Government funding for AQIAF.</li> </ul>
	Growth in new investment resulting from DSD facilitation services and assistance	DSD contracts information	5% year on year growth in private sector investment resulting from facilitation  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	Measures effectiveness of DSD's facilitation and negotiation services and the extent to which the services meet industry needs	Annually	Medium-term	<ul style="list-style-type: none"> <li><b>On target<sup>2</sup></b></li> <li>Growth of 16.38% year on year from 2015-16 to 2016-17.</li> <li>Decrease of 20.06% year on year from 2014-15 to 2015-16.</li> </ul>

1. AQIAF data provided by DSD. No other data was provided as at close of business Thursday 3 August 2018.

2. Source: Department of State Development *Service Delivery Statement 2017-18*. Measure: Value of private sector capital investment leveraged through industry facilitation.



## Objective 2: Facilitate a pipeline of strategic projects

*The Department's work across sectors and with industry partners means that many outcomes are influenced rather than controlled*

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Objective 2: Facilitate a pipeline of strategic projects	Growth in the major projects pipeline	DSD contracts / finance system data	5% year on year growth in pipeline value (\$)  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	Measure of industry interest in Queensland and effectiveness with which DSD targets funding and manages the pipeline	Quarterly	Short-term	<ul style="list-style-type: none"> <li>Below target<sup>1</sup></li> <li>12% decrease</li> <li>Decrease of \$19.8 million in 2017-18 compared to 2016-17</li> </ul>
	Jobs generated through major and complex projects facilitated and coordinated by DSD	Contract reporting	5% year on year growth in jobs created through large scale/complex projects coordinated, prescribed and approved by DSD  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	Measures flow-on benefits from investment in infrastructure	Quarterly	Short-term	<ul style="list-style-type: none"> <li>Insufficient provided by DSD to enable assessment of performance against this measure<sup>2</sup></li> </ul>

1. Data provided by Major Projects and Property, Department of State Development.
2. Data provided was for anticipated jobs to be created in the future, or in some instances, for estimated jobs currently created. We recommend that DSD commence collecting data on actual jobs generated; for example, by requiring proponents to report on this parameter.



# Objective 3: Advance regional communities

*A focus on effectiveness measures at strategic and tactical levels will tell a compelling performance story*

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Objective 3: Advance regional communities	Growth in employment in Queensland regions resulting from DSD facilitation services and assistance	TBD (internal DSD data) <sup>1</sup>	5% year on year growth in jobs created per region as a result of facilitation services  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	Employment is a key indicator of economic strength; measuring jobs resulting from DSD's service will measure how effectively DSD is boosting regional economies	Annually	Long-term	<ul style="list-style-type: none"> <li>Data not available to enable growth or regional split of jobs to be determined</li> <li>2016-17 statewide baseline: 951 jobs<sup>1</sup></li> </ul>
	Ratio of eligible funding applications to funds available for DSD grants programs	Grants program data	Ratio >1 for each program  <i>Ratio of &gt;1 indicates high level of interest in Program</i>	A measure of effectiveness of targeting of grants programs, as well as of marketing / raising awareness. Likely to include significant expenditure across all grants programs.	Quarterly	Short-term	<ul style="list-style-type: none"> <li><b>On target</b> (2 programs)<sup>2</sup></li> <li>Biofutures Accelerator Program (BAP): Ratio 11.6</li> <li>Building our Regions (BoR): Ratio 1.6.</li> </ul>
	Reduction in percentage of unemployed youth per region	ABS Cat. No. 6202	Year on year reduction in youth unemployment per region  <i>This target was selected to provide a benchmark</i>	NZ equivalent department (MBIE) reports a similar measure	Annually	Long-term	<ul style="list-style-type: none"> <li><b>Partially met</b><sup>3</sup></li> <li>Reduction in SEQ North, SEQ South, Mackay, Far North over year ending June 2017.</li> </ul>
	Percentage of pre-existing businesses that continue / re-commence operations after a natural disaster	Australian Business Register	100% of businesses continue / re-commence operating after a natural disaster  <i>Indicates strong economic recovery</i>	Ineffective disaster recovery can have a flow on effect to regional populations, employment opportunities and therefore long-term economic consequences	Annually	Medium-term	<ul style="list-style-type: none"> <li>To be tracked as need arises. Target adjusted depending on severity of natural disaster.</li> </ul>

- Source: 2017-18 Service Delivery Statement for Department of State Development. The measure ' Estimated number of jobs enabled through industry facilitation was a new measure in the 2017-17 SDS and therefore this is the first year for which an actual value was available at a statewide level in the SDS. The SDS was used to provide aggregate statewide data for jobs enabled through industry facilitation because no data had been provided at a more granular level per region as at close of business Thursday 3 August 2017.
- As at close of business Monday 7 August 2017, BAP and BoR were the only programs with discrete external funding rounds for which data was available. Data was also provided for Advance Queensland Industry Attraction Fund and Jobs and Regional Growth Fund; however as these funds are not administered via external rounds with defined timeframes, they were not suitable for analysis under this measure. Data for Made in Queensland were provided but due to the recent launch of this program it is not yet suitable to be measured.
- Data provided by Economic Policy and Research, Department of State Development.

# Objective 4: Lead strategic development of priority and emerging industries



*Effectiveness measures for this objective focus on measuring how well the Department identifies future economic needs and targets funds accordingly*

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Objective 4: Lead strategic development of priority and emerging industries	Growth in employment in the six priority industries	DSD data collection	5% year on year growth  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	The six industry roadmaps are a key DSD initiative with the important aim of encouraging economic transition; they are therefore a key component of DSD's ability to achieve its vision.	Monthly	Long-term	<ul style="list-style-type: none"> <li>• <b>Partially met</b></li> <li>• Growth in METS and Biomedical &gt;5% YoY</li> </ul>
	Growth in value of GSP for the six priority industries	DSD data collection	>5% year on year growth  <i>5% growth was selected to ensure that growth is in real terms (i.e. above inflation)</i>	NSW's equivalent department tracks a similar measure (GSP for key industry sectors)	Annually	Long-term	<ul style="list-style-type: none"> <li>• <b>Partially met</b></li> <li>• Growth in Aerospace, Defence and Biomedical &gt;5% YoY</li> </ul>
	Queensland performance in manufacturing	ABS Cat. No. 5204.0 and ABS Cat. No. 5220.0	Queensland to be above the national average rate of growth (year on year)  <i>This target was selected to provide a benchmark</i>	Direct effectiveness measures to assess how well targeted transitional strategies are. Manufacturing indices are leading indicators of economic performance.	Annually	Medium-term	<ul style="list-style-type: none"> <li>• Below target<sup>1</sup></li> <li>• Queensland growth rate between 2014-15 and 2015-16: -3.3%</li> <li>• Australian growth rate between 2014-15 and 2015-16: -2.7%</li> </ul>

1. Source: ABS Catalogue No. 5204.0 - Australian System of National Accounts and ABS Catalogue No. 5220.0 - Australian National Accounts: State Accounts, 2015-16.

# Objective 5: Develop and support agile DSD service delivery



*For support services, efficiency is important to ensure that funds going to core service delivery can be maximised*

Vision / objective	Measure	Data source	Target	Rationale for inclusion in short list	Reporting frequency	Time horizon	Current period performance
Objective 5: Develop and support agile DSD service delivery	Job empowerment <sup>1</sup>	Working for Queensland Survey data	Job Empowerment <sup>1</sup> score above Queensland public sector average  <i>This target was selected to provide a benchmark</i>	Key measure of internal morale benchmarked across the public sector	Annually	Medium-term	<ul style="list-style-type: none"> <li>On target</li> <li>2 percentage points above the state average</li> </ul>
	Percentage of risks that progress to become issues	DSD data collection	Zero risks progress to issues	Measures effectiveness of internal governance process that DSD can track over time High performance in this measure would promote high staff confidence in Departmental leadership	Monthly	Short-term	<ul style="list-style-type: none"> <li>Insufficient data available to assess performance against this measure. Recommend that DSD commence data collection</li> </ul>

1. 2016 *Working for Queensland* survey data was released on 18 July 2017. We have used 'job empowerment' as the measure as it is available across all time series. The 'job engagement and satisfaction' score was not available in the 2016 data set therefore a comparison between years was not possible.



## 4 Next Steps

# Key considerations and current highlights

*In addition to commencing reporting and monitoring of the measures contained in the short-list, the Department can implement other changes to align more closely to leading practice in public sector performance measurement, while celebrating current successes*

## Considerations

A diagram showing logical next steps is provided on the following page.

A reporting tool has been developed based on the short-list of performance measures which were agreed by the Department of State Development. This reporting tool has been populated with the most recent performance data available to provide a baseline of the Department's performance and provides a template for future reporting. The tool contains graphical representations of performance against the metrics for which suitable data had been provided by close of business Thursday 3 August 2017.

Moving forward, the Department should nominate a team which is responsible for owning the reporting tool. Similarly, the Department should assign responsibility to teams to own specific metrics; these teams would then be responsible for collecting the data relevant to those metrics. Top-down communications regarding an increased focus on performance reporting will aid in the uptake and ownership of performance data collection amongst Departmental staff.

There were some metrics identified within the short-list where there was insufficient data available to measure performance. These have been identified in the last column in the tables of short-list measures on pages 17 to 23. It is recommended that the Department begin collecting and collating data to be able to measure these metrics in the future.

The reporting tool has been developed with a 'dashboard' which provides a graphical snapshot of the performance metrics, to enable a quick download of performance data as required. It is recommended that the owners of the reporting tool have a good understanding of how to produce the graphical 'dashboard' once the data has been populated. We are happy to provide a handover training session to the team that will be responsible for the reporting tool as part of this engagement.

It is envisaged that the agreed short-list of performance measures and the associated reporting tool will assist the Department to regularly collect and report on performance against the vision and strategic objectives.

## Current highlights

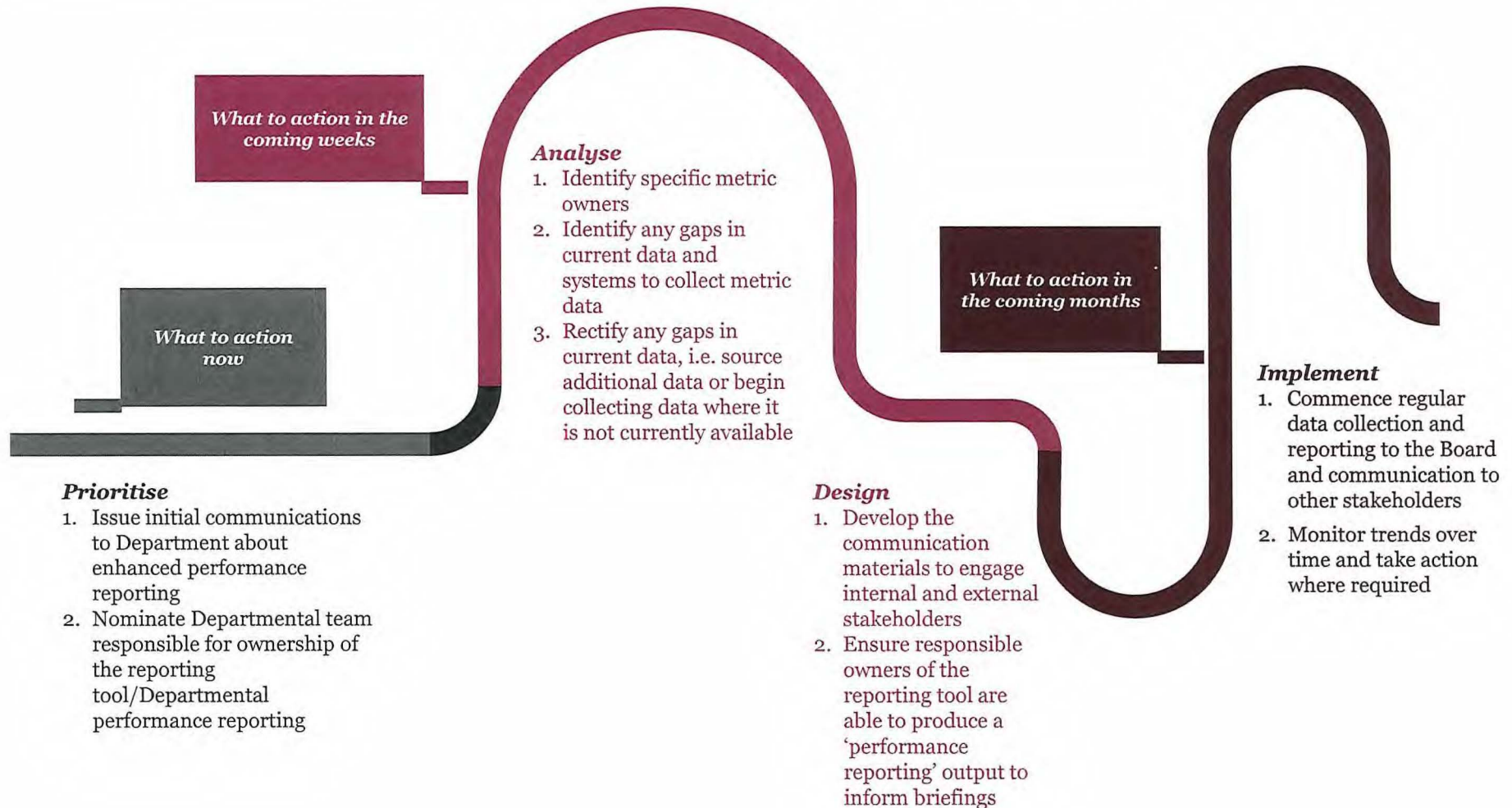
Assessment of DSD performance against the measures showed a number of areas where performance is on target, or progressing well towards the target. Notable examples are:

- Business investment in Queensland is on target as at the March 2017 quarter, growing above the national average rate. The Department contributes to this result through initiatives that aim to attract new investment into Queensland, including attracting businesses to relocate or start up in Queensland.
- The Department's relevant grants programs<sup>1</sup> were above target in terms of eligible applications for funding exceeding the funding available, indicating that grants programs are well-targeted to address business needs, and well-promoted by the Department.
- The Department has scored above the Queensland public sector average for Job Empowerment in the Working for Queensland survey.
- Performance relating to the six priority industries identified by the Department as being key to Queensland's long-term economic performance are progressing towards employment and GSP contribution targets, despite these industries being a relatively recent focus of the Department.
- Data from the Service Delivery Statement indicated that between 2015-16 and 2016-17 there was growth of over 16% in private sector capital investment leveraged through industry facilitation.

1. Programs with public funding rounds for which data were provided were the Biofutures Accelerator Program and Building our Regions.

# Implementation roadmap

We recommend a phased approach to maximise the potential for achieving the most effective outcome.



# Recommendations (1 of 2)

*In addition to commencing reporting and monitoring of the measures contained in the short-list, the Department can implement other changes to align more closely to leading practice in public sector performance measurement*

## Recommendations

Performance measurement and reporting are the final steps in the strategic and operational planning processes. In future years, the Department should consider the following approaches to planning and reporting, in order to improve clarity for all stakeholders, increase buy-in, and ensure transparency and accountability.

### Performance focus areas

We recommend prioritising efforts to lift performance in the following areas:

- Continue to build upon encouraging early performance in employment growth and GSP growth for the six priority industries, aiming to fully meet these targets in the future
- Focus on improving Queensland's manufacturing performance
- Focus on meeting the target for growth in the major projects pipeline
- Focus on measuring performance of facilitation services (refer also to data recommendations on next page).

In addition, we recommend that:

### Strategy

- For future strategic planning cycles, the Department use workshops to ensure all stakeholders fully understand DSD's purpose/objectives and can contribute aligned performance metrics if required
- Organisational purposes / objectives should be worded as clearly as possible, avoiding ambiguity.

### Program and performance management

- DSD investigate setting up a dedicated team to monitor and report performance across the agency. This team may also include a program management office (PMO) function to have oversight of the performance of all programs including monitoring progress against time and budget, but also effectiveness measures and benefits realisation. During the present review, data for program performance was in many cases not able to be provided in a timely manner to enable performance assessment, and there may be no consolidated understanding of what programs are underway and the aggregate performance of DSD in relation to its programs, many of which involve significant funding envelopes.
- Expenditure should be tracked across all programs to form a consolidated view of budget status
- Comprehensive evaluations for high-value programs should be implemented. This approach is aligned to leading practice Commonwealth Government guidance.<sup>1</sup>

1. Source: Commonwealth of Australia *Resource Management Guide No. 131: Developing good performance information*

# Recommendations (2 of 2)

*In addition to commencing reporting and monitoring of the measures contained in the short-list, the Department can implement other changes to align more closely to leading practice in public sector performance measurement*

## Recommendations (continued)

### Measures and data

We recommend that the Department as a priority commence collecting and analysing data for the shortlisted measures where data is not currently readily available, so that baseline performance can be understood. Medium and long-term measures that will outlast government terms should be monitored and reported to ensure a longitudinal view of performance is presented.

- For any shortlisted measures where data are not currently available, DSD should commence data capture and automate where possible. In particular:
  - Regional breakdown of jobs generated through facilitation services; for example by requiring proponents to provide this information on an actuals basis both during construction and also once projects have been completed and commenced operation.
  - Actual job numbers generated through major and complex projects facilitated and coordinated by DSD; for example by requiring proponents to provide this information on an actuals basis both during construction and also once projects have been completed and commenced operation. At present, only estimates are collected.
  - Grants programs: ensure that data are available for all relevant grants programs to enable ratio of eligible applications to available funding to be calculated across the whole portfolio of relevant grant programs.
  - Percentage of enterprise-level risks that progress to issues. The officer from Risk and Contract Management within DSD who was consulted regarding this information advised that this measure is likely to be straightforward to implement and was supportive that it would be valuable to monitor this parameter.
- For ongoing reporting, conduct an assessment of the integrity of all underlying data sets
- Business cases / proposals for projects should include requirement for economic analysis to forecast long-run benefits. Such long-run benefits should be an evaluation criterion for such proposals. These benefits should be monitored and managed, for example through a PMO.

## 5 Appendices

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# Appendix A: Victorian objective and output measures

The following table summarises measures in the 2017-18 State Budget Paper No. 3 Service Delivery that are relevant to DSD's activities.

Objective / output	Measures
<b>Objective 3. Grow Victoria's economy and Victorian jobs by working with the private and public sectors to foster investment, trade and innovation</b>	Gross state product
	Number of Victorians in jobs
	Jobs and investment resulting from government facilitation services and assistance
	Export sales generated from government programs
	Economic projects developed and delivered
	Engagement with growth orientated businesses
<b>Relevant objective 3 outputs:</b>	<b>Relevant measures:</b>
<b>Industry and Enterprise Innovation</b>	Quantity: Number of companies or new entrants supported through the LaunchVic initiative
<b>Jobs and Investment (BP3 p143)</b>	Quantity: Jobs resulting from government investment facilitation services and assistance
	Quantity: New Australian/International regional headquarters of firms and/or research development centres attracted to Victoria
	Quantity: New investment resulting from government facilitation services and assistance
	Quantity: Social enterprises assisted
	Quantity: Victoria's market share of nominated investor and business migrants
	Quality: Client satisfaction with services delivered to support industry transition
	Quality: Client satisfaction with investor, business and skilled migration services provided
<b>Major projects (BP3 p145)</b>	Quantity: Number of economic projects in delivery
	Quality: Economic projects being delivered in accordance with contracted cost (within 5 per cent variation)
	Quality: Economic projects being delivered in accordance with contracted scope
	Timeliness: Economic projects being delivered in accordance with contracted timelines (within 5 per cent variation)
<b>Regional development (BP3 p146)</b>	Quantity: Actual export sales generated for regional businesses as a result of participation in government programs
	Quantity: Economic development and service delivery projects supported
	Quantity: Jobs in regional Victoria resulting from government investment facilitation services and assistance
	Quantity: New investment in regional Victoria resulting from government facilitation services and assistance
<b>Trade (BP3 p147)</b>	Quantity: International delegates participated in the inbound trade mission program
	Quantity: Significant interactions with Victorian agri-food companies and exporters, international customers and trading partners that facilitate export and investment outcomes for Victoria
<b>Objective 4: More productive and liveable places, towns and cities through integrated and user-focused transport services and better infrastructure</b>	improved transport infrastructure
	Safety of the transport system
	User satisfaction of the transport system
	Reliable travel
<b>Relevant objective 4 outputs:</b>	
<b>Road Operations and Network Improvements</b>	Quantity: Major road improvement projects completed: metropolitan
	Quantity: Major road improvement projects completed: regional

# Appendix B: Methodology – effective measure refinement

The FABRIC framework, developed by UK Treasury, outlines quality criteria for performance measures and allows us to test the robustness of all measures.

Criteria	Questions
Relevant	<ul style="list-style-type: none"> <li>Does the measure attempt to capture success around a key objective?</li> <li>What does it tell you about how the organisation is performing?</li> <li>Does it accurately represent what you are trying to assess?</li> </ul>
Avoids perverse incentives	<ul style="list-style-type: none"> <li>Does the measure encourage unwanted behaviour (e.g. not reporting mistakes)?</li> <li>Could you improve the measure without improving performance in real life?</li> <li>Does it allow innovation? Or does it discourage improvements to service delivery?</li> </ul>
Attributable	<ul style="list-style-type: none"> <li>Is the measure influenced by the department's actions?</li> <li>Are you clear where accountability for the measure lies?</li> <li>How strongly do your actions affect the measure?</li> <li>Can a SMART (Specific, Measurable, Achievable, Relevant, Timed) target be set?</li> </ul>
Well-defined	<ul style="list-style-type: none"> <li>Is the measure expressed clearly, so that it is easy to understand?</li> <li>Does it have an unambiguous definition, so it can be collected consistently?</li> <li>Can you gather all the data or evidence you need to produce the measure?</li> </ul>
Timely	<ul style="list-style-type: none"> <li>Does the measure provide information in time for action to be taken?</li> <li>What's the lag between the event and information becoming available?</li> <li>Can it provide information frequently enough to track changes and take actions?</li> </ul>
Reliable	<ul style="list-style-type: none"> <li>Has the measure been checked by appropriate specialists?</li> <li>Is it responsive to change? Will it show significant changes in performance?</li> <li>Will the measure change because of random 'noise' rather than actual performance?</li> </ul>
Comparable	<ul style="list-style-type: none"> <li>Does the measure allow comparison with past performance?</li> <li>Does it allow comparison with other departments delivering a similar service?</li> </ul>
Verifiable	<ul style="list-style-type: none"> <li>Given the documentation, could an objective outsider come up with the same results?</li> <li>Does documentation exist so that the process behind the measure can be validated?</li> </ul>

*“the system is only as good as the information provided”*

Therefore, performance information needs to be:

1. Accurate
2. Valid
3. Complete

Source: UK National Audit Office, *Performance measurement: Good practice criteria and maturity model*



# Appendix C: Long-list of performance measures

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# Vision: Queensland's economy is Australia's strongest and most diverse



*Assessing success in achieving the Department's vision involves the monitoring of high-level, long-term outcomes which the Department influences, rather than controls*

Vision	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics <sup>3</sup>
Queensland's economy is Australia's strongest and most diverse <sup>1</sup>	Queensland has consistent employment growth and low unemployment	<ul style="list-style-type: none"> <li>Respond</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in household disposable income per capita</li> <li>Unemployment rate by region</li> <li>Labour market participation</li> <li>Business confidence</li> <li>Business investment</li> </ul>	<p>A strong economy is underpinned by growth in employment and participation, which both reflect business confidence.</p> <p>Comparable departments in Victoria, NSW, NZ report these measures of economic performance (except business investment).</p>	<ul style="list-style-type: none"> <li>Household income: ABS Cat. No. 5220.0</li> <li>Regional unemployment: ABS Cat. No. 6291.0.55.001</li> <li>Participation: QGSO Labour Force Brief<sup>2</sup> / ABS Cat. No 6202.0</li> <li>Business confidence: Sensis Business index</li> <li>Investment: ABS Cat. No. 5206</li> </ul>	<p>Updated measures – based on existing measures:</p> <ul style="list-style-type: none"> <li>Value of capital investment enabled through all DSD programs and projects</li> <li>Estimated number of jobs enabled by DSD</li> </ul>
	Queensland has high labour productivity	<ul style="list-style-type: none"> <li>Respond</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in gross state product (GSP) per capita</li> </ul>	<p>Growth in labour productivity indicates that Queensland is maintaining competitiveness which is important for attracting investment.</p>	<ul style="list-style-type: none"> <li>ABS Cat. No. 5220 and 6401</li> </ul>	New measure
Queensland's economy is driven by multiple industry sectors	Queensland's economy is driven by multiple industry sectors	<ul style="list-style-type: none"> <li>Respond</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Contribution of industry value added to growth in real GSP</li> </ul>	<p>Industry diversification guards against economic shocks and helps maintain employment; it is therefore an important parameter to monitor regularly.</p>	<ul style="list-style-type: none"> <li>ABS Cat. No. 5220</li> </ul>	New measure
	Queensland has strong trade performance and export expansion	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Total value of Queensland merchandise exports</li> </ul>	<p>Export value is a key economic indicator. Exports allow Queensland businesses to grow beyond the domestic market and encourage the exploration of opportunities for product, process and finance innovation.</p>	<ul style="list-style-type: none"> <li>QGSO Exports of Queensland goods overseas brief.</li> </ul>	New measure

1. Source: Queensland Government *Service Delivery Statements 2017-18*, Department of State Development

2. Source: Queensland Government Statistician's Office Labour Force Brief, available at: <http://www.qgso.qld.gov.au/products/reports/labour-force/index.php>

3. Source: List of performance metrics and indicators provided to PwC at initial project meeting 4 July 2017

# Objective 1: Create an attractive investment environment



*Tactical outcome measures at the objective level contain a mix of factors that the Department influences or controls*

Strategy	Activities/ initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Promote Qld as a place to do business	<ul style="list-style-type: none"> <li>Advance Queensland Industry Attraction Fund (IAF)</li> <li>Economic and industry policy analysis and advocacy</li> </ul>	Queensland is home to a growing suite of new and successful businesses, including entrants from overseas, and local entrepreneurs.	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Proportion of new Australian / international regional headquarters of firms attracted to Queensland</li> <li>Increased leverage of government funding for new ventures</li> </ul>	Growth in new businesses is a lead indicator that measures Queensland's competitiveness vs other states in attracting new, large businesses	<ul style="list-style-type: none"> <li>DSD contracts information</li> </ul>	New measures
Industry engagement, partnership and support	<ul style="list-style-type: none"> <li>Advance Queensland Industry Attraction Fund (IAF)</li> </ul>	New industry players have a clear path through government approval processes, enabling them to commence operations in a timely manner.	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in new investment resulting from DSD facilitation services and assistance</li> <li>Growth in requests from industry for DSD assistance</li> </ul>	Measures effectiveness of DSD's facilitation and negotiation services and the extent to which the services meet industry needs	<ul style="list-style-type: none"> <li>AQIAF and other contract data</li> <li>DSD CRM</li> </ul>	Updated measures – relates to: <ul style="list-style-type: none"> <li>Value of capital investment enabled through industry facilitation</li> <li>Estimated number of jobs enabled through industry facilitation projects developed or delivered</li> </ul>
Identify and develop economic infrastructure to support industrial development	<ul style="list-style-type: none"> <li>North Australia Infrastructure Fund Opportunities</li> <li>Strategic use of SDAs and land access and acquisition</li> </ul>	New and existing industries have reduced time to market through being able to access the economic infrastructure required to commence or expand operations	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in proportion of projects that fail, due to inability to develop all required infrastructure components</li> <li>Ratio of infrastructure identified by DSD as opposed to requested by industry</li> </ul>	Ineffective negotiation with other agencies for approvals of infrastructure requirements could result in project failure and therefore lack of economic benefit.  Measure of DSD's effectiveness of pre-emptive opportunity scanning.	<ul style="list-style-type: none"> <li>TBD</li> <li>DSD CRM</li> </ul>	Updated measures – relates to: <ul style="list-style-type: none"> <li>Value of infrastructure investment being developed or delivered through capital grants programs</li> </ul>

1. Source: Queensland Government Statistician's Office Trade data – overseas exports by port of loading, commodity (3-digit SITC revision 3) and country of destination, Queensland and Australia, 2005–06 to 2015–16 Available at: <http://www.qgso.qld.gov.au/products/tables/trade-data-overseas-exports-port-load-com-sitc/index.php?region=northern>

# Objective 1: Create an attractive investment environment



Strategy	Activities/ initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Support priority port development	<ul style="list-style-type: none"> <li>Undertake priority port master planning</li> </ul>	Ports are able to expand in a sustainable way while minimising negative impacts on the surrounding environment.	<ul style="list-style-type: none"> <li>Respond</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in export volumes from the four priority ports (Gladstone, Abbot Point, Townsville, and Hay Point/Mackay)</li> </ul>	Demonstrating that DSD is enabling increased economic activity	<ul style="list-style-type: none"> <li>QGSO Trade data – overseas exports by port of loading<sup>1</sup></li> </ul>	New measure
Enterprise growth and development	<ul style="list-style-type: none"> <li>Integrated resort developments</li> <li>ECRI Hub (Engineering, Construction and Resources Innovation Hub)</li> </ul>	Current Queensland businesses exhibit strong growth in revenue and size which generates jobs.	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Increasing average size of Queensland businesses</li> <li>Increase average revenue of Queensland businesses</li> <li>Increased participation through business ownership</li> </ul>	Growth in business size and revenue reflects a strong Queensland economy.	<ul style="list-style-type: none"> <li>ABS Cat. No. 8165.0</li> </ul>	New measures



# Objective 2: Facilitate a pipeline of strategic projects

*The Department's work across sectors and with industry partners means that many outcomes are influenced rather than controlled*

Strategy	Activities / initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Feed the strategic/ major projects pipeline	<ul style="list-style-type: none"> <li>Strategic defence and biofutures projects</li> <li>Advancing Our Cities and Regions (AOCR)</li> </ul>	Queensland is the location of choice for key industries that will generate long term employment	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in the major projects pipeline (\$)</li> </ul>	<ul style="list-style-type: none"> <li>Measure of industry interest in Queensland and effectiveness with which DSD targets funding and manages the pipeline</li> </ul>	<ul style="list-style-type: none"> <li>DSD contracts / finance system data</li> </ul>	Updated measures – relates to: <ul style="list-style-type: none"> <li>Value of infrastructure investment being developed or delivered through projects</li> <li>Estimated number of jobs enabled through projects developed or delivered.</li> </ul>
Facilitate and coordinate large scale and complex projects	<ul style="list-style-type: none"> <li>Queen's Wharf Brisbane</li> <li>AOCR</li> <li>Prescribed projects</li> <li>SDA development approvals</li> <li>Coordinated projects and Bilateral Agreements</li> </ul>	Queensland is an attractive destination for large industry investments due to seamless government processes	<ul style="list-style-type: none"> <li>Control</li> <li>Efficiency</li> <li>Service quality</li> </ul>	<ul style="list-style-type: none"> <li>Improvement in project approval timeframes</li> <li>Jobs generated through major and complex projects facilitated and coordinated by DSD</li> <li>Stakeholder satisfaction with DSD facilitation services</li> </ul>	<ul style="list-style-type: none"> <li>Speed to market is an incentive for investment in Queensland versus other states</li> </ul>	<ul style="list-style-type: none"> <li>DSD project management data</li> <li>Contract reporting</li> <li>Surveys of proponents</li> </ul>	Updated measures – relates to: <ul style="list-style-type: none"> <li>Estimated number of jobs enabled through capital grants projects developed or delivered</li> <li>Stakeholder satisfaction/ engagement improvement</li> </ul>



# Objective 2: Facilitate a pipeline of strategic projects

Strategy	Activities / initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Delivery of major public capital works	<ul style="list-style-type: none"> <li>Major sporting infrastructure</li> <li>AOCR</li> </ul>	Queensland has world-class infrastructure that support liveable and productive cities	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Increased attendance at sporting and cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>Victoria has a similar measure for arts and cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>Survey operators of relevant infrastructure</li> </ul>	New measure
Optimise use of government property for economic and social outcomes	<ul style="list-style-type: none"> <li>Community Hubs and Partnerships (CHaPs)</li> </ul>	Government property is well utilised, generating opportunities for grassroots initiatives that support employment and wellbeing	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in under-utilised government properties</li> <li>Increased economic activity generated by repurposing government properties</li> </ul>	<ul style="list-style-type: none"> <li>Maximising utilisation of government buildings ensures value is created, whereas unutilised infrastructure consumes resources without generating value</li> </ul>	<ul style="list-style-type: none"> <li>Government asset register(s)</li> <li>Contract data</li> </ul>	Updated measures – relates to: Direct public capital invested in property assets
Economic analyses to inform project investment decisions	<ul style="list-style-type: none"> <li>Industry policy analysis and advice</li> </ul>	Investment is evidence-based to maximise ROI	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in return on investment for DSD initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Increasing ROI across initiatives measures the effectiveness with which investment is targeted</li> </ul>	<ul style="list-style-type: none"> <li>DSD contracts information</li> </ul>	Updated measure – relates to: <ul style="list-style-type: none"> <li>10 % Return on Investment</li> </ul>



# Objective 3: Advance regional communities

*A focus on effectiveness measures at strategic and tactical levels will tell a compelling performance story*

Strategy	Activities/ initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Support for regionally significant projects	<ul style="list-style-type: none"> <li>Jobs and Regional Growth Fund</li> </ul>	Increasing prosperity of regional economies	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in investment in Queensland regions resulting from DSD facilitation services and assistance</li> <li>Growth in employment in Queensland regions resulting from DSD facilitation services and assistance</li> </ul>	<ul style="list-style-type: none"> <li>Measures effectiveness of DSD's regionally focused initiatives</li> </ul>	<ul style="list-style-type: none"> <li>DSD contracts / surveys of proponents</li> <li>Treasury formula / contract data</li> </ul>	Updated measures - relates to: <ul style="list-style-type: none"> <li>Estimated number of jobs enabled through projects developed or delivered</li> </ul>
Delivery of regional economic infrastructure	<ul style="list-style-type: none"> <li>Building our Regions Infrastructure Program</li> <li>Strong and Sustainable Resource Communities (SSRC) Framework</li> <li>North Stradbroke Island Economic Transition Strategy</li> </ul>	More productive and liveable towns through delivering new and improved infrastructure in Queensland regions	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Population growth or maintenance per region</li> <li>Job creation due to DSD funded infrastructure as a proportion of regional employment</li> <li>Ratio of funding applications to funds available for the DSD Grants Programs</li> </ul>	<ul style="list-style-type: none"> <li>Measure of liveability of regions</li> <li>An indicator of how well targeted funding programs are</li> </ul>	<ul style="list-style-type: none"> <li>Census data</li> <li>Grants Program Data</li> </ul>	New measures
Place based / local collaboration to support regions	<ul style="list-style-type: none"> <li>Rapid response including worker transition</li> <li>Back to Work Program</li> </ul>	Vibrant regional communities with diverse employment opportunities and a population with the skills to match	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Positive trends in regional employment</li> <li>Time to obtain re-employment for people affected by industry changes</li> <li>Reduction in percentage of unemployed youth per region</li> </ul>	<ul style="list-style-type: none"> <li>Employment is an indicator of regional economic strength</li> <li>NZ equivalent department reports a similar measure</li> </ul>	<ul style="list-style-type: none"> <li>Back to Work Program data,</li> <li>ABS Cat. No. 6202</li> </ul>	New measures
Natural disaster / economic recovery support	<ul style="list-style-type: none"> <li>Economic recovery</li> </ul>	Rapid and effective economic recovery for regions impacted by natural disasters	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of pre-existing businesses that continue / re-commence operations after a natural disaster</li> </ul>	<ul style="list-style-type: none"> <li>Untimely disaster recovery can have a flow on effect to regional populations, employment opportunities and therefore long-term economic consequences</li> </ul>	<ul style="list-style-type: none"> <li>ABN register</li> </ul>	New measure
Development of supply chains	<ul style="list-style-type: none"> <li>Supply chain development including local content</li> </ul>	Integrated supply chains support export activity which contributes to regional economies	<ul style="list-style-type: none"> <li>Influence</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Growth in export sales generated for regional businesses as a result of DSD programs</li> <li>Growth in regional employment from involvement in major project supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Victoria's equivalent department has a similar measure</li> </ul>	<ul style="list-style-type: none"> <li>DSD contracts data</li> </ul>	New measures

# Objective 4: Lead strategic development of priority and emerging industries



*Effectiveness measures for this objective focus on measuring how well the Department identifies future economic needs and targets funds accordingly*

Strategy	Activities/ initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Grow priority industries	<p>Biofutures Industry Development Fund</p> <p>Development and implementation of 10 year road maps:</p> <ul style="list-style-type: none"> <li>• Biofutures</li> <li>• Advanced Manufacturing</li> <li>• Mining, equipment, technology and services</li> <li>• Biomedical</li> <li>• Defence</li> <li>• Aerospace</li> </ul>	Queensland has a high proportion of well-paid 'knowledge economy' jobs as a result of attracting high-tech, high-growth industries	<ul style="list-style-type: none"> <li>• Influence</li> <li>• Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in employment in the six priority industries</li> <li>• Growth in value of GSP for the six priority industries</li> </ul>	<ul style="list-style-type: none"> <li>• NSW's equivalent department tracks this measure of GSP for key industry sectors</li> </ul>	<ul style="list-style-type: none"> <li>• DSD data collection</li> </ul>	<ul style="list-style-type: none"> <li>• Existing measure – Growth in six priority industry sectors</li> <li>• New measure</li> </ul>
Support for traditional / transitioning industries	<ul style="list-style-type: none"> <li>• Made in Queensland Program</li> <li>• Economic intelligence to monitor industry demand drivers and implications</li> </ul>	Businesses in traditional industries are skilled and equipped to adapt to disruption	<ul style="list-style-type: none"> <li>• Respond</li> <li>• Effectiveness</li> <li>• Control</li> <li>• Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Queensland performance in manufacturing</li> <li>• Performance of grant recipient businesses compared to non-recipient</li> </ul>	Direct effectiveness measures to assess how well targeted transitional strategies are. Manufacturing indices are leading indicators of economic performance.	<ul style="list-style-type: none"> <li>• ABS Cat. No. 5204.0 and ABS Cat. No. 5220.0</li> </ul>	New measures
Identification of next wave of priority / emerging industries	<ul style="list-style-type: none"> <li>• Industry policy and advice</li> </ul>	Queensland is the first state in Australia to attract and grow emerging sectors	<ul style="list-style-type: none"> <li>• Influence</li> <li>• Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>• Proportion of emerging industries identified by DSD that commence operations in Queensland</li> </ul>	<p>Measures effectiveness of DSD policy areas in targeting emerging industries</p> <p>Cross dependencies with 'promoting Queensland as a place to do business' (Strategic Objective 1)</p>	<ul style="list-style-type: none"> <li>• DSD contracts data</li> </ul>	New measure



# Objective 5: Develop and support agile DSD service delivery



*For support services, efficiency is important to ensure that funds going to core service delivery can be maximised*

Strategy	Activities/ initiatives	What does success look like?	Type of measure	Measure	Rationale	Data source	Alignment with existing metrics
Efficient, effective and agile financial and HR management	<ul style="list-style-type: none"> <li>HR Systems transformation projects</li> </ul>	DSD's internal support functions operate to the highest standard possible to enable the Department to achieve its strategic objectives.	<ul style="list-style-type: none"> <li>Control</li> <li>Efficiency</li> <li>Effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>Average cost per pay run</li> <li>Minimal variance from Budget</li> <li>Job empowerment<sup>1</sup></li> </ul>	<ul style="list-style-type: none"> <li>Measures of efficiency and effectiveness that DSD can track over time</li> </ul>	<ul style="list-style-type: none"> <li>DSD finance/HR systems</li> <li>Working for Queensland Survey</li> </ul>	<ul style="list-style-type: none"> <li>New measure</li> <li>New measure</li> <li>Existing measure – people engagement</li> </ul>
Effective and ethical governance and project management	<ul style="list-style-type: none"> <li>Risk and contract management framework</li> <li>DSD Board and governance committees</li> <li>Project Management Centre of Excellence (PMCOE)</li> </ul>	DSD is transparent and accountable in responsibly managing public funds.	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> <li>Efficiency</li> </ul>	<ul style="list-style-type: none"> <li>Percentage of risks that turn into issues</li> <li>Percentage of DSD Board and governance committee actions completed on time</li> <li>Uptake of project management training offered by the PMCOE</li> </ul>	<ul style="list-style-type: none"> <li>Measures of efficiency and effectiveness that DSD can track over time</li> </ul>	<ul style="list-style-type: none"> <li>DSD risk register</li> <li>DSD Board papers</li> <li>PMCOE training records and payroll data</li> </ul>	<ul style="list-style-type: none"> <li>New measure</li> <li>New measure</li> <li>Updated measure – relates to: Participation in internal L&amp;D opportunities</li> </ul>
Strategy into action enablers (people, process, technology)	<ul style="list-style-type: none"> <li>Workforce Plan including PSC 3 and 10 year human capital roadmap actions</li> <li>IT Roadmap</li> <li>Professional and responsive legal, communications, corporate services, Internal Audit, cabinet processes and organisational performance</li> </ul>	DSD's workforce is inspired to achieve the strategic objectives of the Department and are supported by adequate processes and technology to assist them in doing so.	<ul style="list-style-type: none"> <li>Control</li> <li>Effectiveness</li> <li>Efficiency</li> <li>Quality</li> </ul>	<ul style="list-style-type: none"> <li>Job empowerment<sup>1</sup></li> <li>Proportion of IT projects completed on time and within budget tolerances</li> <li>Internal customer satisfaction with support services</li> </ul>	<ul style="list-style-type: none"> <li>Measures of efficiency and effectiveness that DSD can track over time</li> </ul>	<ul style="list-style-type: none"> <li>Working for Queensland survey</li> <li>Internal surveys</li> <li>IT project reporting</li> <li>Aurion</li> </ul>	<ul style="list-style-type: none"> <li>Existing measure - people engagement</li> <li>Updated measure – Percentage increase in the Department's engagement score in the Working for Queensland Survey</li> <li>New measure</li> <li>New measure</li> <li>Existing measure</li> </ul>

1. 2016 Working for Queensland survey data was released on 18 July 2017. We have used 'job empowerment' as the measure as it is available across all time series. The 'job engagement and satisfaction' score was not available in the 2016 data set therefore a comparison between years was not possible.

# Appendix D: Documents reviewed

*The following documents were reviewed in forming a view of leading practice and current practices in other jurisdictions.*

Jurisdiction	Agency	Document	Available from:
Canada	Treasury	Management Accountability Framework	<a href="https://www.canada.ca/en/treasury-board-secretariat/services/management-accountability-framework.html">https://www.canada.ca/en/treasury-board-secretariat/services/management-accountability-framework.html</a>
Canada	Innovation, Science and Economic Development Canada	2016-17 Estimates – Report on Plans and Priorities	<a href="https://www.ic.gc.ca/eic/site/017.nsf/eng/h_07557.html">https://www.ic.gc.ca/eic/site/017.nsf/eng/h_07557.html</a>
Commonwealth	Department of Finance	Overview of the enhanced Commonwealth performance framework	<a href="http://www.finance.gov.au/sites/default/files/rmg-130-overview-of-the-enhanced-commonwealth-performance-framework_0.pdf">http://www.finance.gov.au/sites/default/files/rmg-130-overview-of-the-enhanced-commonwealth-performance-framework_0.pdf</a>
Commonwealth	Department of Finance	Resource Management Guide No. 131: Developing good performance information. Available at	<a href="http://www.finance.gov.au/resource-management/performance/">http://www.finance.gov.au/resource-management/performance/</a>
New South Wales	Industry Cluster	2017-18 Budget Paper No. 3 - Budget Estimates - 06 Industry Cluster	<a href="https://www.budget.nsw.gov.au/nsw-budget-2017-18-budget-papers">https://www.budget.nsw.gov.au/nsw-budget-2017-18-budget-papers</a>
New Zealand	Ministry of Business, Innovation and Employment	Statement of Intent 2015-2019	<a href="http://www.mbie.govt.nz/about/who-we-are/our-publications/statement-of-intent">http://www.mbie.govt.nz/about/who-we-are/our-publications/statement-of-intent</a>
New Zealand	Treasury	“Managing for Outcomes” in the New Zealand Public Management System	<a href="http://www.treasury.govt.nz/publications/research-policy/wp/2004/04-15">http://www.treasury.govt.nz/publications/research-policy/wp/2004/04-15</a>
Queensland	Department of the Premier and Cabinet	Queensland Government Performance Management Framework – An Overview	<a href="https://www.forgov.qld.gov.au/sites/default/files/performance-management-framework.pdf">https://www.forgov.qld.gov.au/sites/default/files/performance-management-framework.pdf</a>
Queensland	Department of State Development	2015-16 Annual Report	<a href="https://www.statedevelopment.qld.gov.au/resources/publication/annual-report/dsd-annual-report-2015-16.pdf">https://www.statedevelopment.qld.gov.au/resources/publication/annual-report/dsd-annual-report-2015-16.pdf</a>
Queensland	Department of State Development	2017-18 Budget Paper 5 - Service Delivery Statement	<a href="https://s3.budget.qld.gov.au/budget/papers/5/bp5-dsd-2017-18.pdf">https://s3.budget.qld.gov.au/budget/papers/5/bp5-dsd-2017-18.pdf</a>
Queensland	Queensland Audit Office	Report to parliament 18, 2013-14: Monitoring and reporting performance	<a href="https://www.qao.qld.gov.au/reports-parliament/monitoring-and-reporting-performance">https://www.qao.qld.gov.au/reports-parliament/monitoring-and-reporting-performance</a>
United Kingdom	National Audit Office	Choosing the right FABRIC	<a href="https://www.nao.org.uk/report/choosing-the-right-fabric-3/">https://www.nao.org.uk/report/choosing-the-right-fabric-3/</a>
United Kingdom	National Audit Office	Performance measurement by regulators	<a href="https://www.nao.org.uk/report/performance-measurement-by-regulators/">https://www.nao.org.uk/report/performance-measurement-by-regulators/</a>
United Kingdom	Department of Business, Energy and Industrial Strategy	BEIS Government major projects portfolio data 2017	<a href="https://www.gov.uk/government/publications/beis-government-major-projects-portfolio-data-2017">https://www.gov.uk/government/publications/beis-government-major-projects-portfolio-data-2017</a>
Victoria	Department of Economic Development, Jobs, Tourism and Resources	DEDJTR Outcomes Framework	<a href="http://www.vic.gov.au/publicsectorreform/outcomes/dedjtr-departmental-outcomes-framework.html">http://www.vic.gov.au/publicsectorreform/outcomes/dedjtr-departmental-outcomes-framework.html</a>
Victoria	Department of Economic Development, Jobs, Tourism and Resources	2015-16 Annual Report	<a href="http://economicdevelopment.vic.gov.au/__data/assets/pdf_file/0009/1385577/10123-DEDJTR-Annual-Report-2015-16_WEB-R2.pdf">http://economicdevelopment.vic.gov.au/__data/assets/pdf_file/0009/1385577/10123-DEDJTR-Annual-Report-2015-16_WEB-R2.pdf</a>
Victoria	Treasury and Finance	Getting on with the job: Victorian Budget 17/18 Service Delivery Budget Paper No. 3	<a href="https://s3-ap-southeast-2.amazonaws.com/budgetfiles201718.budget.vic.gov.au/BP3_2017-18_ServiceDelivery.pdf">https://s3-ap-southeast-2.amazonaws.com/budgetfiles201718.budget.vic.gov.au/BP3_2017-18_ServiceDelivery.pdf</a>
Victoria	Victorian Auditor-General's Office	Public Sector Performance Measurement and Reporting	<a href="http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2014-15/20141015-ps-performance.aspx">http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2014-15/20141015-ps-performance.aspx</a>
Victoria	Treasury and Finance	Performance Management Framework for Victorian Government Departments	<a href="http://www.dtf.vic.gov.au/Government-Financial-Management/Planning-Budgeting-and-Financial-Reporting-Frameworks/Performance-Management-Framework">http://www.dtf.vic.gov.au/Government-Financial-Management/Planning-Budgeting-and-Financial-Reporting-Frameworks/Performance-Management-Framework</a>



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