

A SHORT GUIDE TO REVIEWING NATIONAL PARTNERSHIPS

This Short Guide provides advice to Commonwealth agencies on the requirements and arrangements for conducting final reviews of National Partnerships under the [Intergovernmental Agreement on Federal Financial Relations](#) (Intergovernmental Agreement).

General guidance on developing National Partnerships is provided in [Federal Finances Circular 2015/01, Developing National Partnerships under the federal financial relations framework](#). Section VII of the Circular deals with review processes for National Partnerships.

WHAT ARE THE REQUIREMENTS FOR REVIEWS?

Clause E23 of the Intergovernmental Agreement states that National Partnerships are generally expected to have limited time horizons and should either lead to termination or a decision as to whether ongoing funding is needed and if so, in what form. Final (as opposed to mid-term) reviews provide a means of assessing whether policy objectives and outcomes and/or outputs of the National Partnership have been achieved and inform decisions regarding the treatment of expiring National Partnerships.

Federal Finances Circular 2015/01 specifies that “to assist consideration of the appropriate treatment of expiring National Partnerships, provision for a review of the National Partnership should be incorporated in the agreement”¹.

National Partnerships generally include a standard review clause that the National Partnership will be reviewed by a specific time prior to the expiry of the agreement with regard to progress made by the parties in achieving the agreed outcomes.

WHEN SHOULD REVIEWS BE SCHEDULED?

Depending on the complexity of National Partnerships and timing of their expiry, final reviews should be scheduled to be completed no later than six to 12 months prior to the expiry of the agreement, with the exact timing depending on the complexity of the National Partnership and when it expires. Where possible future policy and budget consideration is likely to be required, the timing of annual budget processes should be considered in determining the timing of reviews.

Final reviews may be supplemented by mid-term reviews where the National Partnership is of sufficient duration. Mid-term reviews provide a means of identifying whether the agreed outcomes and/or outputs are being delivered within agreed timeframes, and whether any remedial action is required to ensure that agreed

¹ Federal Finances Circular No 2015/01, p. 25.

outcomes and/or outputs are achieved by the time the agreement expires. Provision for, and the scope of, any mid-term reviews should be articulated in the National Partnership, if it is agreed that they are required. Generally, mid-term reviews should not create reporting requirements additional to those agreed through the National Partnership.

Fixed review dates should be avoided as far as possible, to enable the timing of the review to take account of the experience in implementing the agreement, and to provide a means of responding to any emerging challenges which may make a fixed review date impractical. For example, data required for the review may not be available in time to meet the specific deadline in the National Partnership. Instead of scheduling reviews for specific dates, reviews should be considered in terms of timeframes, taking into consideration the implications for National Partnerships of short duration.

As far as practicable, reviews should allow sufficient time for any policy or budget decisions, and further time to allow for the possible need to negotiate an extended or new agreement, prior to the expiry of the agreement. For example, if a National Partnership is due to expire on 30 June 2014, the review should ideally report by no later than the end of October 2013, so that its conclusions and recommendations can inform consideration of any future policy and funding arrangements, including as part of the Commonwealth Budget, for the 2014-15 financial year.

Particular attention should be given to National Partnerships that deal with large, sensitive or complex issues, or involve significant financial risk, to ensure that they are reviewed no later than 12 months prior to expiry. For omnibus National Partnerships² that are comprised of different elements, a review should be undertaken only where appropriate and after all elements are approaching their conclusion, or where individual elements are significant enough in financial and policy terms to warrant separate consideration. Commonwealth portfolio agencies should refer to the Budget Process Operational Rules for further guidance on the requirements for reviews.

Reviews of National Partnerships and their timeframes are separate from any independent assessment of performance under National Agreements and National Partnerships (to the extent to which the National Partnership supports the objectives of a related National Agreement), or assessing whether jurisdictions have achieved pre-determined performance benchmarks and/or milestones before reward payments are made.

² There are only three omnibus National Partnerships: Health Infrastructure, Health Services and Water for the Future.

WHO IS RESPONSIBLE FOR CONDUCTING THE REVIEW?

Portfolio ministers are accountable for the negotiation, policy, implementation and review of National Partnerships³. Commonwealth portfolio ministers are also responsible for initiating and leading the review of agreements at an appropriate time before their expiry,⁴ in accordance with the Commonwealth Budget Process Operational Rules and any review clauses in relevant agreements.

- Reviews of measures that are large, sensitive, complex or involve significant financial risk require separate, formal consideration in the Commonwealth Budget context.
- Other measures are reviewed as part of the portfolio agency's program evaluation framework.
- Where National Partnerships are cross-portfolio (i.e. the joint responsibility of two or more portfolios), the agency with principal responsibility for oversight, coordination, and implementation and monitoring should also have oversight of the review, including liaison with central agencies.
- A collaborative approach between the Commonwealth, the States and Territories (the States) and other relevant stakeholders is necessary to ensure that the review is completed successfully.
 - Review mechanisms should include consultation between Commonwealth portfolio and central agencies, as well as between Commonwealth and State portfolio agencies.
 - Generally, Commonwealth portfolio agencies should consult with their central agencies in early discussions concerning the design of reviews (including the Terms of Reference and review methodology) to ensure consistency with the requirements of the federal financial relations framework.
 - State portfolio agencies are responsible for advising their central agencies of their participation in the review and consulting with their central agencies during the course of the review.

Before a review process commences, a Terms of Reference should be developed and agreed to between the Commonwealth and relevant States to guide the scope and direction of the review and establish appropriate governance arrangements. Commonwealth central agencies should be consulted as part of this process.

³ Short Guide to the Intergovernmental Agreement on Federal Financial Relations and the Federal Financial Relations Framework, Appendix 2.

⁴ See 'When should reviews be scheduled?' for more information.

Reviews should be conducted independently of, or jointly by, the parties to the agreement⁵. As such, the review will generally be either undertaken by an external consultant or jointly by the Commonwealth and the States involved.

Where the review is undertaken by an external consultant, any shared funding arrangements will need to be agreed to between the Commonwealth and the States. Appropriate authority will also need to be sought for the Commonwealth's contribution to funding the review.

Portfolio ministers should consider publishing reviews on departmental websites, consistent with the public accountability and transparency objectives of the Intergovernmental Agreement.

WHAT QUESTIONS SHOULD REVIEWS ADDRESS?

The main focus of reviews should be the effectiveness of the policy or program in achieving the outcomes of the National Partnership, and the extent to which the objectives have been achieved, including through the assessment of performance against project milestones and/or performance benchmarks, and reasons for any underperformance. Reviews may also assess implementation arrangements to inform future implementation strategies.

Mid-term reviews and progress reports should also identify any remedial action that is required to ensure that the objectives will be achieved by the time the National Partnership expires. Remedial action may require the relevant National Partnership and/or Implementation Plan to be amended by the written agreement of the parties.

Figure 1 outlines three basic questions that reviews should address: effectiveness; efficiency; and appropriateness. Commonwealth portfolio agencies should also refer to the Budget Process Operational Rules for further guidance on Expenditure Review Principles. A consultation process involving relevant stakeholders will be essential to obtain the information required to answer these questions.

⁵ Federal Finances Circular No 2015/01, page 25.

Figure 1 - Three basic questions for a review

- **Effectiveness:** Have the stated policy objectives and the agreed outcomes and/or outputs, including where they support the delivery of reform, service delivery improvement or projects, been achieved? Have the requirements (i.e. outcomes and outputs) in the National Partnership been the most appropriate in terms of whether they have assisted or hindered the achievement of the objective of the agreement?
- **Efficiency:** Have outputs been produced commensurate with the financial and non-financial contributions that are outlined in the agreement? Has 'value for money' in delivering the objectives of the agreement been achieved? Have there been barriers to implementation or delays? If so, how has this been managed and how will this affect any future policy design or funding?
- **Appropriateness:** Does the policy or program remain appropriate? Is there still a need or priority for Commonwealth and State Government activity and/or collaboration in this policy area and, if so, should the existing approach be maintained?

Effectiveness

The question of effectiveness is intended to address whether the National Partnership's objectives and the agreed outcomes and/or outputs, including where they support the delivery of reform, service delivery improvement or projects, have been achieved. Sometimes a National Partnership will have specified objectives and outcomes that define general, longer term and higher level goals, such as a 'higher quality healthcare system'. As it is often difficult to measure these objectives and outcomes quantitatively, a review would be better suited to measuring progress against more specific shorter term outcomes and/or outputs that support the longer term objectives. Where the objective of an agreement is the delivery of an output, such as the delivery of a project, it would be worthwhile to gauge not only the effectiveness of delivering the output, but also the adoption, use and benefits of that output. Other questions could include:

- the extent to which the performance monitoring and reporting aspects of the agreement supported the assessment of whether the objective of the agreement had been met;
- the extent to which implementation arrangements, including governance, financial arrangements and performance reporting arrangements of the agreement assisted or hindered the achievement of its objective; and

- findings on how the agreement could have been more effective in contributing to its objectives and outcomes.

In assessing the effectiveness of the National Partnership, stakeholders may express their views on whether the scope of the agreement's objective was appropriate and whether the implementation arrangements were conducive to the delivery of the outcomes and/or outputs.

Efficiency

Measurements of efficiency are best facilitated when performance measures, such as performance benchmarks and/or milestones are specifically provided for in the agreement, allowing for 'value for money' assessments. For example, how many services were delivered or what increase in services was achieved in return for the financial and non-financial contributions outlined in the agreement? In addressing whether outcomes and/or outputs have been maximised for the investment, a review may consider:

- the extent to which the parties to the agreement fulfilled their agreed roles and responsibilities;
- evaluation of tracked progress against performance benchmarks;
- the adequacy of the performance indicators and benchmarks for assessing whether objectives have been met;
- the extent to which the actual benefits of the agreement are commensurate with the funding provided; and
- how outcomes, such as defined beneficial impacts of implementation, have been distinguished from how efficient the delivery of outputs have been, recognising that in some cases, changes in outcomes may not be measurable within the life of the agreement.

Appropriateness

The review should consider whether there is a continued need for Commonwealth Government involvement in the policy area, for example, whether there is a need for the initiative to continue or if there is a need to pursue further reform or service delivery improvement. Commonwealth involvement may be desirable if there is a need for intergovernmental cooperation to deliver further national reform or service delivery improvement or to maintain improved service levels. The review should also consider the principles which guide Commonwealth support for a national reform or service

delivery improvement in areas of State or Territory responsibility⁶, and whether the funding mechanisms in the National Partnership are appropriate for achieving its objectives.

Figure 2 sets out a suggested outline for what a National Partnership review should cover.

⁶ Intergovernmental Agreement, clause E21.

Figure 2: Suggested outline for a National Partnership review

- **Executive Summary**
- **Background**
 - Policy context;
 - General information about the National Partnership;
 - Method of implementation of outcomes and/or outputs;
 - Performance monitoring and reporting arrangements;
 - Governance arrangements; and
 - Other relevant background information.
- **Methodology for the Review**
 - Terms of Reference;
 - Research approach; and
 - Research process and outcomes.
- **Review of performance and feedback from consultation**
 - Quantitative information to support assessment of effectiveness against performance benchmarks and/or milestones;
 - Appropriateness of the National Partnership's scope;
 - Effectiveness of governance and accountability arrangements (including role of ministerial councils, advisory groups and organisations, where applicable);
 - Achievement of outcomes and/or outputs;
 - Analysis of risk outcomes, including what identified and unidentified risks materialised, how they were managed and how they affected the success or otherwise of the National Partnership in meeting its policy objective and outcomes/outputs; and
 - Ongoing need for the National Partnership.
- **Overall findings**
 - Effectiveness, efficiency and appropriateness;
 - Progress by parties in carrying out their roles and responsibilities; and
 - Ongoing appropriateness of the National Partnership (whether Commonwealth activity is still desirable).
- **Future steps**
 - If appropriate, consideration of any further activity and its possible nature and scope, noting the requirement for Commonwealth policy and Budget authority for any future activity.

National Disability Strategy 2010-2020

In 2011, COAG endorsed the *National Disability Strategy 2010-2020*, a ten-year national policy framework to improve the lives of people with disability, promote participation, and create a more inclusive society. As part of the Strategy, COAG committed to use the review points of National Agreements and related National Partnerships to consider the inclusion of strategies and performance indicators to ensure they address the needs of people with disability.

WHAT HAPPENS FOLLOWING THE REVIEW?

Any proposal to provide further funding under a new agreement after the expiry of the original agreement represents a New Policy Proposal (NPP) under the Commonwealth's Budget Process Operational Rules. Commonwealth portfolio ministers are required to bring forward all NPPs in Portfolio Budget Submissions, including with offsetting savings, for consideration in the budget context.

The outcomes of review processes, to which States contribute, inform Commonwealth ministers' Portfolio Budget Submissions. Following completion of the review, any further considerations within the Commonwealth in the Budget context are Budget-in-Confidence and the Commonwealth is not at liberty to consult further with the States on future funding and possible funding mechanisms until decisions on those matters have been made and are released publicly.

The Intergovernmental Agreement gives the Council on Federal Financial Relations (CFFR), which is comprised of the Commonwealth Treasurer and all State treasurers, a role in influencing funding mechanisms should ongoing funding for activities involving payments to the States be approved in the Commonwealth Budget context. Options and criteria for the treatment of expiring agreements have been developed by Heads of Treasuries and endorsed by COAG, to inform consideration of the form of any further funding beyond the expiry of an agreement. As part of this, State treasurers may formally advise the Commonwealth Treasurer of their views regarding expiring agreements. State treasurers may advise whether funding should continue and if so, in what form, for consideration in Commonwealth budget processes. However, like other ministerial councils, the CFFR does not have the authority to make funding decisions: its role is purely advisory.

With regard to reviews, while the CFFR may consider the funding implications for expiring agreements, it does not consider reviews of individual agreements, although it may note the outcomes of particular reviews, or that particular agreements are subject to review and the timing of that review relative to the timing of budget processes.

Once the review has been completed, a copy of the final report from the review should be forwarded to State central agencies. Reviews can inform the development of the State and Territory Treasurers' annual report on expiring agreements, as well as Commonwealth ministers' Portfolio Budget Submissions.

Once Commonwealth Budget decisions are public and decisions have been made on the provision of further funding and the form of the ongoing funding arrangements, work can start on establishing new funding arrangements (if applicable), including the objectives and outcomes of the new agreement, and the related performance measures.

FURTHER INFORMATION

Council on Federal Financial Relations

- The website of the Council on Federal Financial Relations provides useful information on the Intergovernmental Agreement, including the Short Guide to the Intergovernmental Agreement on Federal Financial Relations and the federal financial relations framework. The Short Guide includes an overview of accountabilities under the federal financial relations framework (Appendix 2). <http://www.federalfinancialrelations.gov.au/content/guidelines/Short-Guide-Intergovernmental-Agreement.pdf>
- The Short Guide to payments that fall within the federal financial relations framework provides advice on the types of payments that are within scope of the federal financial relations framework, and the payment classification process undertaken by the Commonwealth Department of Finance. <http://www.federalfinancialrelations.gov.au/content/guidelines/Short-Guide-Payments.pdf>

National Disability Strategy

- The *National Disability Strategy 2010-2020* outlines a ten-year national policy framework to improve the lives of people with disability, promote participation, and create a more inclusive society. The Strategy guides public policy across all levels of government and aims to bring about change in all mainstream and specialist programs and services, as well as community infrastructure, to ensure they are accessible and responsive to the needs of people with disability. <https://www.dss.gov.au/our-responsibilities/disability-and-carers/program-services/government-international/national-disability-strategy>

Budget timetable and Budget Process Operational Rules

- Commonwealth portfolio agencies should refer to the relevant Estimates Memorandum on the Budget timetable and Budget Process Operational Rules. The Estimates Memorandum is issued by the Department of Finance and updated annually.

Australian Public Service Commission (APSC)

- The APSC's learning and development evaluation guide provides comprehensive material to guide practitioners through an evaluation process. <http://www.apsc.gov.au/publications-and-media/archive/publications-archive/evaluating-learning>