

OUTCOMES STATEMENT OVERVIEW

Outcome Budgeting

Outcome Budgeting is an approach to decision-making that recognises that allocation of public resources should be based on the outcomes achieved, not just the amount spent.

It seeks to improve the oversight of total expenditure, and ensure there is a sustained focus on:

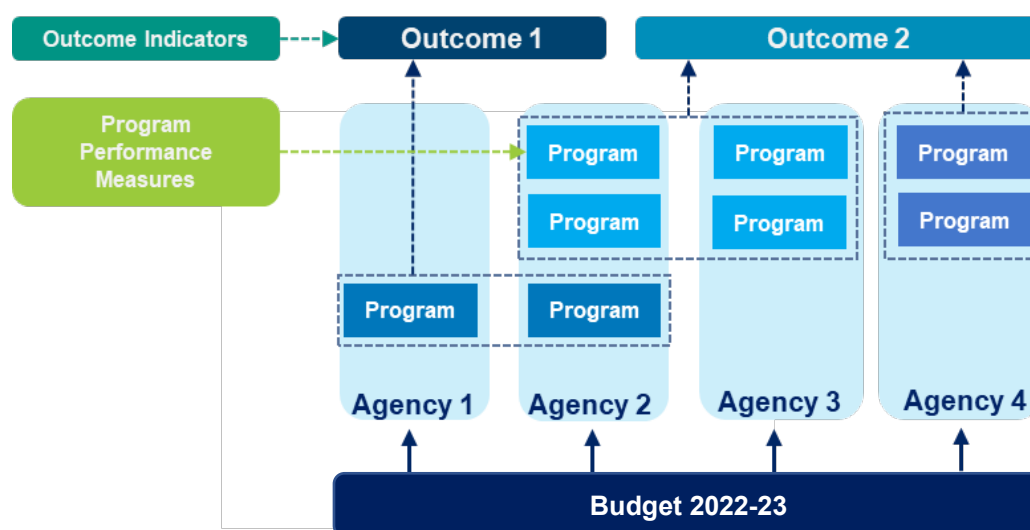
- ✓ Outcomes and service levels to be achieved
- ✓ Evidence of the effectiveness of programs to deliver these outcomes
- ✓ Transparency of performance in achieving the outcomes
- ✓ Continuous improvement in how services are delivered, and outcomes achieved.

Monitoring Performance and Informing Priorities

Outcome Budgeting is a key tool for the Government to monitor the performance of its total budget and examine and inform the prioritisation of expenditure.

The *Outcome and Performance Framework* provides a common approach that links total government expenditure to activities and the outcomes being achieved.

Figure 1: The Outcome and Performance Framework



The key components of the Framework are as follows:

- **State Outcomes** articulate the primary purpose for which public resources are invested. These are the goals and priorities that Government is seeking to achieve across all of its activities
- each State Outcome has agreed **Outcome Indicators** that measure progress in achieving these outcomes, with targets that set the desired level of performance
- delivery of each State Outcome is supported by **Programs** that are a collection of Government activities, tasks, divisions or functions to deliver specific objectives to support the State Outcome
- **Program Performance Measures** which measure performance of each Program and are used to assess efficiency, effectiveness and equity in delivering outcomes.

The delivery of State Outcomes is supported by Cluster Outcome and Business Plans (OBPs). These Plans create a shared vision within the Cluster, from its Secretary to front-line staff, about purpose and performance and are reviewed and updated on a regular basis to inform the Government's ongoing strategic allocation of public resources and budget decision-making processes.

Box 1.1: Outcome Budgeting to improve outcomes for First Nations communities

Outcome Budgeting is an important tool being used to align NSW Government expenditure on First Nations communities to outcomes in the National Agreement on Closing the Gap.

In March 2022, the Treasurer and Minister for Aboriginal Affairs released the *Aboriginal and Torres Strait Islander Outcome Budgeting Landscape Report 2020-21* ('the Report') which analyses alignment between State Outcomes and Closing the Gap. It also provides recommendations on how Clusters can better embed First Nations-specific Outcome Indicators and Program Performance Measures to track, monitor and drive improved outcomes for First Nations communities.

The recommendations of the Report support Clusters to better integrate First Nations outcomes into their Outcomes and Business Planning processes, while also strengthening a whole-of-government approach to First Nations outcomes through:

- establishing a First Nations outcomes community of practice
- developing a framework to assess the impact of policy and budget proposals on First Nations peoples
- exploring opportunities to enhance cross-cluster collaboration on outcomes.

Since the Report was finalised, many Clusters have already begun implementing these recommendations and improved the representation of Closing the Gap related measures in their Outcome and Business Plans (OBPs). Since the 2021-22 Budget:

- Twelve of the 22 Closing the Gap outcomes and priority reform areas are embedded in Cluster OBPs as Outcome Indicators, an increase of nine since last year.
- There are 19 First Nations-specific Outcome Indicators embedded in OBPs, an increase of 10 since last year.
- There are 46 First Nations-specific Program Performance Measures embedded in OBPs, an increase of nine since last year.

Extending Outcome Budgeting to embed environmental and social considerations, supporting a more prosperous and sustainable future for New South Wales

An integrated approach to the State's management of the economy and its natural and social resources is essential if New South Wales is to fully realise its potential economically, socially and environmentally.

Countries, companies, and financial institutions around the world are actively considering a broader suite of factors that determine their prosperity and growth. A stronger focus on environmental, social and governance (together known as ESG) principles is fast becoming an essential part of prudent economic and financial management.

To help position New South Wales at the forefront of reporting, the NSW Treasury is developing an Economic Stewardship Framework (the Framework). The Framework will encompass the State's natural, social, human, and economic assets — elevating consideration of these factors in Treasury's development of policy advice, and supporting future extensions of the Outcome Budgeting Framework.

The Cluster and State Outcomes arrangements

Clusters are groups of NSW Government agencies and entities with shared or related policy goals. The Cluster arrangement aims to improve government services and outcomes for the community by:

- pursuing common objectives across agencies
- better integrating services
- helping to efficiently allocate resources between areas.

A Cluster is not a legal or reporting entity.

Changes to Cluster arrangements and State Outcomes

In April 2022, the NSW Government established a new Cluster, the Enterprise, Investment and Trade Cluster, that brings together the State's key cultural, sports, hospitality, entertainment and tourism agencies alongside leading economic development and investment attraction organisations.

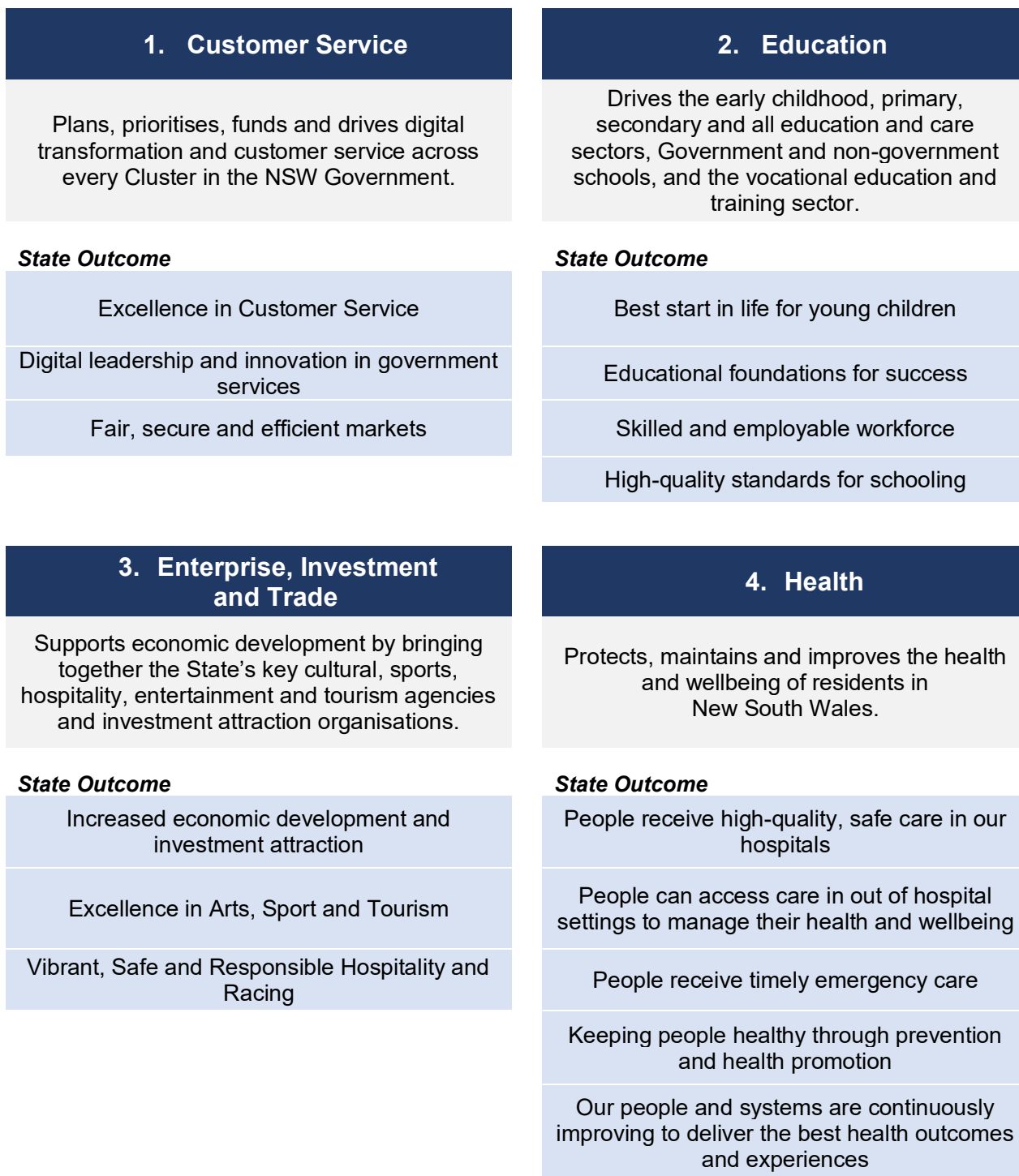
Following the establishment of the new Cluster, the Planning, Industry and Environment Cluster was renamed the Planning and Environment Cluster and Transport was renamed the Transport and Infrastructure Cluster.

There are now 39 agreed State Outcomes across 10 Clusters (see Figure 2 below).

The State Outcomes cover the totality of all Government activity and the Premier's 14 Priorities are also embedded within this framework (each Priority metric is included as an Outcome Indicator under the relevant State Outcome).

Details on machinery of government changes at the agency level, including information on Administrative Arrangements Orders, can be found in Budget Paper 4: *Agency Financial Statements*.

Figure 2: The 10 Clusters and 39 State Outcomes



5. Planning and Environment

Responsible for the stewardship of the NSW Government’s natural and built assets.

State Outcome

- Create a strong and liveable NSW
- Maximise community benefit from Government land and property
- Connecting communities to resilient and sustainable local environments and heritage
- Sustainable, secure and healthy water resources and services

6. Premier and Cabinet

Works for the people of NSW by supporting the Premier and the Cabinet to deliver on the NSW Government’s objectives.

State Outcome

- Effective and coordinated government
- Empowering Aboriginal communities
- Accountable and responsible government

7. Regional NSW

Builds strong, cohesive communities and economies, grows primary industries, creates jobs and employment, and stewards the use of our natural endowments.

State Outcome

- Stronger and cohesive regional communities and economies
- Stronger primary industries
- Mineral and petroleum industries generating prosperity, safely
- Productive and sustainable land use

8. Stronger Communities

Delivers community services that support a safe and just New South Wales.

State Outcome

- Children and families thrive
- Efficient and effective legal system
- Inclusive communities
- People have a safe and affordable place to live
- Prepared for disasters and emergencies
- Reduce reoffending
- Safer communities

9. Transport and Infrastructure

Plans, delivers and operates integrated services and infrastructure across all modes of public, private and active transport.

State Outcome

Connecting our customers' whole lives

Successful places for communities

Transport systems and solutions enabling economic activity

10. Treasury

Supports the Government's achievement of sustainable economic and financial position, and supports the transition to net zero and a clean energy future.

State Outcome

A strong, resilient and diverse economy

A sustainable fiscal environment enabling delivery of outcomes

Stewardship of the public sector performance and financial system

About this budget paper

Purpose and scope

Budget Paper No. 2 *Outcomes Statement* supports transparency and accountability by reporting how resources have been allocated across Clusters and State Outcomes, and how New South Wales is performing against the delivery of these State Outcomes. Further details on the scope and purpose of this Budget paper are outlined in *How to Read the Budget Papers*.

Agency financial statements and agency expense summaries can be found in Budget Paper No. 4 *Agency Financial Statements*.

Capital profiles may differ between Budget Paper No. 2 *Outcomes Statement* and Budget Paper No 3. *Infrastructure Statement* due to differences in time periods described.

Structure

This Budget paper includes an Outcome Statement related to the State Outcomes for each of the 10 Clusters, as well as a separate chapter for the Legislature covering its strategic priorities and objectives.

Cluster Introduction

Section	Description
Introduction	This describes the role, main activities and responsibilities of the Cluster.
2022-23 Investment	This graphic depicts the amount of recurrent expenses and capital expenditure for the Cluster.
State Outcomes to be delivered by the Cluster	A short description of the State Outcomes the Cluster is working towards and the key programs underway to support delivery of these Outcomes.

Overview of Cluster expenses by State Outcome

This section graphically presents the amount and percentage of recurrent expenses and capital expenditure across each of the State Outcomes delivered by the Cluster.

Cluster State Outcome Statements

Section	Description
State Outcome Overview	A description of the State Outcome.
2022-23 Investment	This graphic depicts the amount of recurrent expenses and capital expenditure for the Outcome.
2022-23 State Outcome Budget highlights	Description of the significant new and ongoing initiatives under the Outcome.
Key performance insights	A short description and chart providing analysis and insights on performance of selected Outcome Indicators for the Outcome.
Performance indicators for this Outcome	Information on the performance of Outcome Indicators for the Outcome.

Additional performance information on Clusters and agencies continues to be reported across a range of other sources such as agency websites, annual reports and the Productivity Commission's *Report on Government Services*.