

IPSASB Exposure Draft 54 *Reporting Service Performance Information*

AASB Staff Issues Paper

Introduction

- 1 The International Public Sector Accounting Standards Board (IPSASB) issued Exposure Draft (ED) 54 *Reporting Service Performance Information*: Proposed Recommended Practice Guideline (RPG) in December 2013 and requested comments by 31 May 2014. This issues paper has been prepared by AASB staff with the intention of identifying the main issues and comments that could be made in an AASB submission to the IPSASB in respect of ED 54.
- 2 ED 54 was developed from comments made to an IPSASB Consultation Paper that was issued in 2011, on which the AASB submitted a response. Where appropriate, the comments made by the AASB in that response have been taken into consideration in the comments to the Specific Matters for Comment (SMC) below.
- 3 The stated objective of the proposed RPG is to provide guidance on reporting service performance information. The ED states (paragraph 1):

Service performance information is information for users on an entity's service performance objectives, its achievement of those objectives, and the services that the entity provides. Service performance information can also assist users to assess the entity's service efficiency and effectiveness.
- 4 The RPG is not intended to be mandatory but rather to represent good practice – with some aspirational encouragements. It would be applicable to public sector entities other than Government Business Enterprises.
- 5 The ED proposes good practice for reporting service performance information. It proposes:
 - (a) guidance on presentation decisions with respect to service performance information that will meet users' needs; and
 - (b) recommended minimum characteristics for reporting service performance information.
- 6 Guidance on stating service performance objectives and selecting performance indicators is proposed. The ED also proposes definitions for five types of performance indicators: inputs, outputs, outcomes, efficiency and effectiveness.
- 7 Furthermore, principles on how service performance information should be presented are proposed.
- 8 AASB staff have prepared comments below in response to the IPSASB's nine SMCs. These comments have been formulated taking into consideration the IPSASB's Conceptual Framework (CF), which differs from the IASB's (and therefore the AASB's) Conceptual Framework. For example, the IPSASB CF states that the

purpose of general purpose financial reports (GPFRs) is to provide information to users for *accountability* and decision making purposes.

Matters for Comment

Note: AASB staff have identified the key issues that we think should be the focus of the AASB's discussion at this meeting – identified by an asterisk (*) at the start of particular paragraphs (in particular paragraphs 12, 13, 14, 18, 31, 38 and 57) in the following. If time permits, the other issues raised in this paper could also be discussed. Board members might also have identified yet other issues that can be raised for discussion.

IPSASB Specific Matter for Comment 1

Do you generally agree with the proposals in the ED? If not, please provide reasons.
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AASB Staff Analysis

- 9 AASB staff consider that the proposals in ED 54 are a significant improvement on the preliminary views presented in the preceding CP and, in general, we agree with many of the proposals. However, in addition to some specific concerns noted in response to later SMCs, we have the following concerns.
- 10 AASB staff consider that service performance information is potentially broader than what is contemplated in the ED. However, we agree that for the purpose of the RPG, and therefore GPFRs, it should be constrained in the same way it is expressed in paragraph 1 of the ED (see paragraph 3 above). Accordingly, for clarity, we think paragraph 1 of the ED should be amended to include the words “for the purpose of this RPG”.
- 11 Paragraphs 21-22 of the ED appear to put undue emphasis on service performance information that can be measured, and does not appear to acknowledge sufficiently (despite paragraphs 58-59 of the ED) that qualitative discussion can be a valuable source of information. We consider that some service performance information is better communicated via qualitative discussion rather than quantitative or qualitative measures. Further, ED 54 also seems to imply that service performance information should only be presented in either a quantitative or qualitative way and it does not consider that a combination of such information might be appropriate.
- 12 ***Obtaining resources:** AASB staff note that the ED does not address information about an entity's performance in obtaining resources (although paragraph 38 of the ED alludes to it by referring to “service performance objectives related to increasing ...inputs...”). We consider that ‘obtaining resources’ is a fundamental aspect of service performance reporting and should be included. It may be argued that this information is provided in IPSASB RPG 1 *Reporting on the Long-Term Sustainability of an Entity's Finances*, but given that RPG 1 is not mandatory, there is no guarantee that this information would be provided. Furthermore, RPG 1's references to obtaining resources tend to focus on resources from, for example, recognised revenue. However, in a service performance reporting context, information about, for example, volunteer services is also pertinent.
- 13 ***Outcomes:** The ED, at paragraph 55, merely encourages the display of information about an entity's intended outcomes and its achievements with respect to those

outcomes (see our comment at paragraph 64 below). We consider that information about an entity's performance against its intended outcomes is an essential component of service performance reporting and we are not convinced by the arguments put forward in paragraph BC38 accompanying the ED that suggests it may be too difficult for entities to provide outcome information. Although this information may be difficult to obtain, it is likely to be at least as useful to users as is information about outputs, as it provides, for example, information on the impacts on society, and therefore will give an indication as to whether the services provided by the entity are of value to the community. We are particularly of the view that if an entity has made its intended outcomes public, the entity should report its achievements with respect to those outcomes.

- 14 ***Disaggregated cost information:** Paragraphs 65 and 80(g) of ED 54 should do more than merely encourage the reporting of disaggregated cost information. Even if the encouragement remains, the RPG should explicitly encourage a distinction between direct and indirect costs – and a functional classification of indirect costs, distinguishing between, for example, administration and fundraising costs. This information is useful to users in a service performance reporting context because resource providers may be particularly interested in what percentage of obtained resources are consumed by administration or by obtaining resources, and therefore are not available to be used directly to provide services.

Questions to the Board

- Q1 Do Board members agree with the staff comments above?**
- Q2 Are there any other proposals in ED 54 (not raised above or in relation to later SMCs) with which Board members disagree?**

IPSASB Specific Matter for Comment 2

Do you agree with the definitions in paragraph 8? If not, please provide reasons.

AASB Staff Analysis

- 15 The ED provides definitions for seven terms (see page 7 of Agenda paper 14.4):
- (a) **effectiveness** is the relationship between actual results and service performance objectives in terms of outputs or outcomes;
 - (b) **efficiency** is the relationship between (a) inputs and outputs, or (b) inputs and outcomes;
 - (c) **inputs** are the resources used by an entity to provide outputs;
 - (d) **outcomes** are the impacts on society, which occur as a result of the entity's outputs, its existence and operations;
 - (e) **outputs** are the services provided by an entity to recipients external to the entity;

- (f) **performance indicators** are quantitative measures, qualitative measures, and/or qualitative discussions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives; and
 - (g) a **service performance objective** is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes, efficiency or effectiveness.
- 16 Definitions for comparable terms were included in the CP and the AASB made comment on some of those definitions in its response. The following paragraphs (17-21) compare the CP definitions with the current definitions and also take into consideration any AASB comments made on the CP.
- 17 **Inputs:** The CP definition of inputs was “inputs are the resources of a reporting entity used to produce outputs in delivering its objectives”. The AASB response raised concern that the definition did not include resources that are available to an entity that might become inputs. We agree that this is an important service performance reporting issue but, on reflection, do not think that it is necessary for it to be part of the definition of ‘inputs’ (see our comment in paragraph 12 above re ‘obtaining resources’). The AASB also questioned the use of the term ‘produce’, as it had connotations of production, and suggested that the term ‘provide’ be used instead. This suggestion has been incorporated into the current proposed definition of an input. Staff consider that the proposed definition of an input is now appropriate.
- 18 ***Outcomes:** The CP definition of outcomes was “outcomes are the impacts of outputs in delivering the reporting entity’s objectives”. In the AASB’s response to the CP, no explicit comment was made on that definition. However, this definition has now changed to specifically state that ‘outcomes’ are the impacts on society. Staff have some reservations about limiting the definition to impacts on society, as we are not convinced that a reference to society gives due regard to the impacts on stakeholders (e.g. service recipients), which we think is also relevant information for users.
- 19 **Outputs:** The CP definition of outputs was “outputs are the goods and services, including transfers to others, provided by a reporting entity in delivering its objectives”. The AASB response commented that the meaning of the phrase “including transfers to others” was not clear and suggested either deleting it or clarifying its meaning outside the definition. That phrase has been deleted from the ED and the proposed definition now refers to recipients external to an entity, which staff consider to be appropriate. Staff now consider that the current proposed definition of an output is clear and explanatory and therefore appropriate (we note that paragraph 18(a) of ED 54 appropriately makes it clear that provision of goods is one way of providing services).
- 20 **Performance indicators:** The CP definition of performance indicators was “performance indicators are quantitative or qualitative measures that describe the extent to which a service is achieving its objectives and using resources”. The AASB response queried the use of the term ‘measures’, suggesting that there was not always a quantifiable relationship between inputs to outputs and outputs to outcomes. The AASB suggested that an alternative to ‘measures’ could be the use of the term ‘attributes’. Staff note that this suggestion has not been incorporated into the current proposed definition of ‘performance indicators’, but the definition now refers not only

to measures but also to ‘qualitative discussions’, and therefore we consider the proposed definition is now appropriate.

- 21 **Service Performance Objective:** The CP definition for objective was “an objective is a statement of the result a reporting entity is aiming to achieve”. The AASB response queried the use of the word ‘result’, stating that it was not clear what was meant by ‘result’ or ‘results’ and suggested that the terms ‘target(s)/goals or actual output/outcomes’ could be used. However, although the proposed definition in the ED still refers to ‘result(s)’, staff can accept the revised proposed definition because it links the term ‘results’ to inputs, outputs, outcomes, efficiency or effectiveness.
- 22 Given the analysis above, staff agree, except in relation to our reservations with the definition of ‘outcomes’, with the definitions proposed in paragraph 8 of ED 54.

Question to the Board

Q3 Do Board members agree with the staff comments in regards to SMC 2?

IPSASB Specific Matter for Comment 3

Do you agree that the ED adequately addresses reporting of service performance information by entities at different levels within government, including situations where a controlling entity reports service performance information that encompasses that provided by controlled entities? If not, how would you modify the ED’s coverage of this?

AASB Staff Analysis

- 23 Various paragraphs throughout ED 54 provide guidance on how service performance information should be reported in a group situation.
- 24 The scope of the proposed RPG does not apply directly to GBEs. However, paragraph 4 proposes that services related to a controlled GBE are within the scope. Paragraph BC12 provides a rationale for this, stating that when a controlling entity reports service performance information on services provided by one or more controlled GBEs, it is important that that information is reported in a manner consistent with the RPG principles.
- 25 Paragraph 28 of the ED proposes that, when service performance information is reported by different reporting entities within an economic entity, the extent of aggregation and the services reported is likely to vary depending on an entity’s level within government.
- 26 Paragraph 29 of the ED discusses the situation when the service performance information presented by a controlling entity may be based on service performance information reported by a controlled entity that has a different reporting period.
- 27 When service performance reporting information is presented in a different report from the financial statements, paragraph 43 of the ED proposes details of the controlling entity or controlled entity or entities be disclosed.
- 28 Paragraph 48 of the ED proposes that there may be scope for a controlling entity to refer to the service performance information of its controlled entities rather than

duplicate that information. It also proposes that the controlling entity could present a high-level summary of service performance information on the suite of services provided by its controlled entities. The entity may also present service performance information on any services that are provided directly, additional to services provided by its controlled entities. This proposal is followed through in paragraph 63 regarding performance indicators and ED 54 comments that more detailed performance indicators might be included at lower levels of reporting. And we agree with the rationale for this provided in paragraph BC 20.

- 29 AASB staff consider that the issue of reporting at different levels within government has been dealt with sufficiently and do not suggest any modifications to the ED's proposals relating to controlled/controlling entities requirements.

Question to the Board

Q4 Do Board members agree with the staff comments in regards to SMC 3?

IPSASB Specific Matter for Comment 4

Do you agree that service performance information should:

- (a) Be reported annually; and,
- (b) Use the same reporting period as that for the financial statements?

AASB Staff Analysis

SMC 4(a)

- 30 Staff agree that service performance information should be reported annually. Although some service performance objectives may take longer than one year to achieve, staff consider that any service performance information on progress towards these objectives should be presented annually because it will assist users in their decision-making.
- 31 ***Long-term objectives:** However, instead of just encouraging entities to provide information about progress toward achieving their objectives (paragraphs 60 and 72), we suggest the wording in the RPG be more definitive and state that when an entity's service performance objectives are likely to span more than one year they 'should' provide information regarding any progress toward achieving those objectives, consistent with the drafting style for other 'requirements' in the RPG.

SMC 4(b)

- 32 We agree that where the benefits outweigh the cost, service performance information should be presented using the same period as that for financial statements. We note that paragraph BC23 suggests that where that is not the case, this situation could be addressed through additional disclosures. However, it does not appear that this suggestion has been included in the RPG proper; therefore, we suggest that the RPG state that when the reporting periods for service performance information and financial statements do not align, additional disclosures should be made.

Questions to the Board

- Q5** Do Board members agree with the staff recommendation that the RPG should state that entities should provide progressive information for service performance objective that span more than one year?
- Q6** Do Board members agree with the staff recommendation that when the service performance information and financial statement periods do not align, then additional disclosures should be made?

IPSASB Specific Matter for Comment 5

Do you agree with the ED's proposed principles for presentation of service performance information (see paragraphs 31 to 39)? If not how would you modify them?

AASB Staff Analysis

- 33 Paragraphs 31-39 of ED 54 provide principles for reporting service performance information. In summary, the ED states that, for information to be useful to users, it should enable those users to assess the entity's:
- (a) service delivery activities and achievements;
 - (b) financial results in the context of its achievement of service delivery objectives; and
 - (c) efficiency and effectiveness of the entity's service delivery.
- 34 Further, the service performance objectives and other information presented should take account of the entity's specific circumstances, such as:
- (a) the services that the entity provides;
 - (b) the entity's nature; and
 - (c) the regulatory environment in which the entity operates.
- 35 The ED also suggests that the information presented should meet the qualitative characteristics of financial reporting. In addition, the constraints on information – materiality and cost benefit (see paragraph 37 of the ED) – should also be applied to service performance information.
- 36 The ED goes on to say that changes in service performance objectives should be reflected in the information presented, and the ED also addresses circumstances where jurisdictional requirements extend beyond the RPG (see paragraph 39 of the ED).
- 37 In general, staff agree with these principles, but have concerns regarding paragraphs 37 and 39 of the ED as noted below.

- 38 ***Compliance with the RPG:** Re paragraph 37, staff are concerned that despite paragraph 5¹ of the ED, paragraph 37 could be read as giving an entity relief from applying aspects of the RPG, due to the entity’s own cost/benefit assessment, and still be able to claim compliance with the RPG. We note that in paragraph BC3.33 of the Conceptual Framework, the IPSASB expresses a view that an entity should not be able to use the cost/benefit constraint to justify not applying an IPSAS and still claim compliance with IPSAS – we believe that the same principle should apply here.
- 39 **Jurisdictional requirements:** Re paragraph 39, staff find it odd that the ED appears to only encourage the presentation of jurisdictional requirements that are beyond the scope of the RPG, and suggest that the IPSASB considers how to re-express that paragraph to convey a more appropriate view of the relationship between the RPG and jurisdictional requirements. One suggestion would be to adopt an approach similar that in (albeit now superseded) AAS 27 *Local Governments* paragraph 15, which stated:

Local governments may be subject to detailed financial reporting requirements set out in legislation. In addition, some users of local government financial reports, such as councillors and regulators, may impose requirements for reporting of information about particular transactions or Funds of the local government, or for reporting of detailed information demonstrating the compliance of the local government with particular legislation. To the extent that these requirements differ from the requirements of this Standard, the foregoing requirements would apply in addition to, and not in lieu of, the requirements of this Standard.

Question to the Board

Q7 Do Board members agree with the staff comments in regards to SMC 5?

IPSASB Specific Matter for Comment 6

Do you agree with:

- (a) The factors identified for consideration when deciding whether to present service performance information as part of a report that includes the financial statements or in a separately issued report (see paragraphs 41 to 42); and
- (b) The additional information to present when reporting service performance information in a separately issued report (see paragraph 43)?

If not how would you modify them?

1 Paragraph 5 states: “Service performance information should not be described as complying with this RPG unless it complies with all the requirements of this RPG.”

SMC 6(a)

- 40 The ED suggests that service performance information can be provided either as part of a report that contains the financial statements or in a separately issued report. It also provides factors for consideration when making a decision about in which report service performance information should be presented. These include:
- (a) the extent to which the service performance information needs to be reviewed within the context of information in the financial statements;
 - (b) whether user needs and the qualitative characteristics are enhanced by having the information provided in a certain way;
 - (c) the application of the cost benefit constraint, including whether the benefits of including the information in the same report as the financial statements justify the costs involved; and
 - (d) whether there are any specific jurisdictional requirements regarding how to present service performance information.
- 41 When making a decision regarding point (a) above, the ED states that an important factor to consider is whether the objective of providing service performance information is to:
- (a) inform assessments on resource allocation decisions on the provision of services; or
 - (b) inform assessments on policy or strategy decisions.
- 42 Given the IPSASB's CF contemplates GPFRs comprising multiple reports, each responding more directly to certain aspects of financial reporting and matters included within the scope of financial reporting (see paragraph 1.6 of the IPSASB CF), staff generally agree with the factors identified.
- 43 However, staff query the apparent assumption made in point (c) of paragraph 40 above that when service performance information is provided in the same report as the financial statements, it might cost more than if the information were provided in a separate report.
- 44 Further, the source of the reference to 'policy or strategy decisions' in point (b) of paragraph 41 above should be made clear. For example, if it is related to the IPSASB CF paragraph 3.9 reference to "helps users to confirm the outcome of resource management strategies" then this should be made clear.

SMC 6(b)

- 45 The ED suggests that when the service performance information is presented in a separate report the following should also be presented:
- (a) entity name;

- (b) if a controlling entity, a description of the group;
- (c) if a controlled entity, the identity of the controlling entity;
- (d) reporting date and period covered by the service performance information;
- (e) the financial statements which relate to the service performance information;
- (f) the presentation currency; and
- (g) the rounding level used.

46 Staff agree with this additional information (and note that it broadly aligns with paragraph 63 of IPSAS 1 *Presentation of Financial Statements*) and are unaware of anything else that should be presented if the service performance information and financial statements are presented separately. However, we suggest that the RPG provide an explanation in the Basis for Conclusions as to why there are differences from the corresponding requirements in paragraph 63 of IPSAS 1.

Questions to the Board

Q8 Do Board members agree with staff comments in regards to SMC 6(a)?

Q9 Do Board members agree with staff comments in regards to SMC 6(b)?

IPSASB Specific Matter for Comment 7

Do you agree with the ED's proposed approach to presentation of service performance information within a report, which:

- (a) Provides scope for entities or jurisdictions to decide how to present the information, applying the presentation principles in the ED and further considerations applicable to this decision, and
- (b) Does not specify one particular style of presentation such as, for example, a statement of service performance?

If not how would you modify this approach?

AASB Staff Analysis

SMC 7(a) & (b)

- 47 The RPG suggests that service performance information can be presented as a 'statement of service performance' with information in either a tabular or a statement format. Alternatively, service performance information can be presented as a narrative or in a case study format.
- 48 The RPG further discusses that an entity should identify its 'important' services, 'relevant performance indicators' and other information relevant to those services. Discussion on aggregation of information and presenting information from controlled entities is also provided. The RPG also suggests that IPSAS 18 *Segment Reporting* is

likely to be useful for entities when they consider how to present their service performance information.

- 49 Staff generally agree with this discussion, but query the use of the term ‘important services’ (see paragraph 46 of the ED) as no context or definition of ‘important’ is provided. If an entity is to identify its ‘important services’ then there needs to be some guidance on how it is to determine which of its services are important and which are not.
- 50 Staff also agree that the RPG should not specify one particular style of presentation as it is likely to be the type of service provided that will determine how best to present the service performance information relating to that service.

Question 9 to the Board

Do Board members agree with the staff comments in regards to SMCs 7(a) & (b)?

IPSASB Specific Matter for Comment 8

Do you agree with the ED’s identification of service performance information that:

- (a) Should be “displayed”, where information selected for display should communicate the key messages in a general purpose financial report, (see paragraphs 50 to 51);
- (b) Should be disclosed as part of narrative discussion and analysis (see paragraphs 70 to 77); and
- (c) Should be considered for disclosure as part of the basis of the service performance information reported (see paragraph 80).

If not, how would you modify the ED’s identification of information for display and for disclosure?

AASB Staff Analysis

SMC 8(a)

- 51 ED 54 paragraph 50 proposes the following information should be **displayed** for each service reported:
- (a) service performance objectives;
 - (b) performance indicators ; and
 - (c) information on cost of services.
- 52 Paragraph 51 of the ED goes on to say that, in respect of performance indicators and information on cost of services, the planned and actual information for the reporting period and the actual information for the previous reporting period should be displayed.

- 53 Staff agree with the information that should be displayed as proposed in ED 54 paragraphs 50-52.

SMC8(b)

- 54 Paragraphs 70-77 of ED 54 provide a discussion of service performance information that should be **disclosed** as part of a narrative discussion and analysis. The ED proposes information that should be provided includes:
- (a) an overview of service performance results (both positive and negative, intended and unintended, direct and indirect);
 - (b) the degree to which the service performance objectives have been met (if a service performance objective spans more than one year, entities are encouraged to disclose their progress towards the achievement of that objective);
 - (c) comparisons of indicators, over time, to milestones and between actual and planned results – including a trend analysis;
 - (d) explanations of variances between planned and actual results;
 - (e) if information on outcomes is provided (see our comment at paragraph 64 below), then information on the extent to which the outcomes can be attributed to the entity's activities, or other factors that may have influenced the outcomes should be disclosed; and
 - (f) risk trade-off decisions.
- 55 Subject to our comment about outcomes, and disaggregation of costs between direct and indirect (see our comments at paragraphs 13-14 above), AASB staff agree with the service performance information that should be disclosed as part of a narrative analysis and discussion, but suggest that the final RPG clarify that this list is not exhaustive and there may be other information that could be included to help provide an overview of service performance results.

SMC 8(c)

- 56 In relation to service performance information reported, paragraph 80 of ED 54 provides a list of information that should be considered for disclosure. This includes:
- (a) an explanation of the displayed service performance objectives;
 - (b) information about the services on which information has been displayed, including an explanation for the choice to disclose information on those services;
 - (c) the services affected, including the applicable reporting period(s);
 - (d) an explanation of the relationship between different performance indicators;
 - (e) an explanation on the basis for information aggregation;

- (f) information to help users assess the quality of the displayed information, including its verifiability; and
- (g) the basis for cost determination.

57 ***Information that should be disclosed:** AASB staff consider that the information listed in paragraph 56 above should be disclosed, not just considered for disclosure, with preparers being conscious not to provide so much detail that it clutters the service performance information being provided.

Question to the Board

Q10 Do Board members agree with the staff comments in regards to SMC 8(a)-(c)?

IPSASB Specific Matter for Comment 9

Do you agree with:

- (a) The ED's approach of providing principles and guidance on the identification of the type of performance indicators that entities present, rather than requiring entities to report on particular types of performance indicators, for example outcomes or outputs; and
- (b) The guidance and principles that the ED provides with respect to choice of performance indicators?

If not, how would you modify the description of performance indicators that should be presented and/or the guidance on selection of performance indicators?

AASB Staff Analysis

SMC 9(a)

- 58 Rather than providing specific performance indicators, paragraphs 20-22 of ED 54 proposes some principles for selecting the types of performance indicators that could be presented.
- 59 It notes that the types of performance indicators used to report service performance information relate to inputs, outputs, outcomes, efficiency and effectiveness and that they may be in the form of quantitative or qualitative measures or qualitative discussions.
- 60 Providing principles instead of specific types of performance indicators is consistent with the AASB's response to the CP. Therefore, AASB staff agree with the approach taken in ED 54. However, the last sentence of paragraph 22 of ED 54 implies that a qualitative discussion should only be provided where service performance cannot meaningfully be represented through quantitative or qualitative measures. We think qualitative discussions could usefully complement quantitative or qualitative measures.
- 61 In addition, we note ED 54 is expressed in terms that output performance indicators should be reported, but outcome performance indicators are only encouraged. We

disagree, as noted in our comments in paragraphs 13 above and 64 below, that outcome performance indicators should be accorded a lower emphasis than output performance indicators.

SMC 9(b)

- 62 Paragraphs 53-63 of the ED propose guidance for preparers in identifying performance indicators. The ED proposes that the overriding principle is that performance indicators should be selected based on their importance to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives – AASB staff agree with this principle, although the meaning of 'importance' needs to be clarified (see our comments in paragraph 49 above).
- 63 The ED proposes the following guidance:
- (a) indicators should be related in such a way that users can ascertain how efficiently and effectively the entity has used its resources to deliver services to achieve its service performance objectives;
 - (b) an entity is encouraged to display information about intended outcomes and its achievements with respect to those outcomes;
 - (c) so as to not overwhelm users, if there is a large number of performance indicators for a single program, entities should identify only those key performance indicators that best meet the needs of users – this will help ensure the information is understandable;
 - (d) indicators that involve quantification should be measured reliably and information presented without bias;
 - (e) ease of measurement is likely to be a consideration when selecting a performance indicator but this should be secondary to the needs of users;
 - (f) an alignment between inputs, outputs, and outcomes performance indicators (where presented) and the service performance objectives will help users to assess the relationship between resources and results;
 - (g) if an entity provides several levels of reporting, a balance needs to be achieved between being concise enough to be understandable and providing sufficient detail with respect to multiple aspects related to each service performance objective; and
 - (h) depending on the level of government, the number and type of performance indicators may vary.
- 64 As noted in paragraph 13 above, AASB staff disagree with paragraph 55 of the ED whereby entities are only 'encouraged' to display information about its intended outcomes and its achievement with respect to those outcomes. We consider that outcomes are an essential component of service performance information, and although we understand that outcomes can be difficult to quantify, we believe that the RPG should accord information about outcomes at least at the same level of importance as information about outputs. Therefore, where an entity makes its

intended outcomes public, it should display information about its achievements with respect to those outcomes.

- 65 Aside from this comment, AASB staff broadly agree with the proposals regarding the guidance and principles for the choice of performance indicators. However, staff do have reservations that paragraphs 58-59 appear to diminish the usefulness of qualitative discussion in favour of either quantitative or qualitative measures. For example, paragraph 59 states that where a quantitative or qualitative measure is not possible (or relevant), a qualitative discussion should be presented. Staff consider that the RPG should comment that sometimes qualitative discussion may be more suitable than quantitative or qualitative measures.

Question to the Board

Q11 Do Board members agree with the staff comments in regards to SMC 9(a)-(b)?
