

**AASB Exposure Draft**

**ED 2XX**  
XX June 2015

# **Reporting Service Performance Information**

Comments to the AASB by



**Australian Government**

**Australian Accounting  
Standards Board**

**ACCOUNTING STANDARD AASB 10XY**  
**REPORTING SERVICE PERFORMANCE**  
**INFORMATION**

**Objective**

- 1 The objective of this [draft] Standard is to establish principles and requirements for an entity to report *service performance information* that is useful for accountability and decision-making purposes.
- 2 The primary objective of a not-for-profit (NFP) entity is to provide goods and/or services for community or social benefit. Therefore, users (e.g. funders – donors and taxpayers) of NFP reporting require information about an entity's ability to achieve its objectives, whether the entity has achieved those objectives and how efficiently and effectively the entity has used its resources to achieve its objectives.
- 3 Because of the primary objective of a NFP entity, the needs of the users extend beyond information traditionally provided in a general purpose financial reports. Accordingly, entities shall also separately report on their *service performance*. Specifically in relation to:
  - (a) the *inputs* used by the entity in delivering outputs;
  - (b) the *outputs* delivered by the entity;
  - (c) the *outcomes* sought to be influenced by that entity;
  - (d) the *efficiency* of an entity in achieving its *service performance objectives*; and
  - (e) the *effectiveness* of the entity in achieving its service performance objectives.
- 4 This [draft] Standard acknowledges that the type of service performance information that is useful for accountability and decision-making will differ between entities. It establishes information requirements in respect of both outputs and outcomes, and provides guidance on the more detailed information that should be provided on service performance objectives and *performance indicators*, depending on an entity's circumstances. This [draft] Standard also provides guidance to assist entities in determining the appropriate balance of information to present.

**Comment [JS1]: Question for the Board**

Staff are concerned that the current definition of a not-for-profit entity in Australian Accounting Standards does not adequately address the nature of such entities. The current AASB definition is: *A not-for-profit entity is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls.*

**Staff recommendation that the definition should be reviewed for potential amendment – Do Board Advisors agree with the staff recommendation?**

## Application

5 This [draft] Standard applies to:

- (a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act 2001* and that is a reporting entity;
- (b) each other not-for-profit reporting entity that prepares general purpose financial statements; and
- (c) each other not-for-profit entity that prepares financial statements that are, or are held out to be, general purpose financial statements;

except in relation to:

- (d) whole-of-government general purpose financial statements; and
- (e) general government sector financial statements.

6 Entities that prepare the financial statements identified in paragraphs 5(d) and 5(e) are only required to identify where the service performance information for their controlled entities is located.

7 This [draft] Standard applies to annual reporting periods beginning on or after 1 XXX 20XX.

8 This [draft] Standard may be applied to annual reporting periods beginning before 1 XXX 20XX. When an entity applies this [draft] Standard to such an annual reporting period, it shall disclose that fact

## Commencement of the Legislative Instrument

9 For legal purposes, this legislative instrument commences on XX XXX 20XX.

## Scope

10 An entity shall apply this [draft] Standard when reporting service performance information.

### Comment [JS2]: Question for the Board:

It was decided by the Board Advisors to scope out WoG and GGS because the information should already have been provided at an agency/department level. Do Board members agree with this application scope out?

### Comment [JS3]: Note to the Board

The Board Advisors also considered whether or not reporting against consolidated financial statement in the private NFP sector would provide useful information. Staff consider that in some circumstances it would be useful and therefore have not specifically excluded reporting against CFS but will include cautionary guidance in the application guidance suggesting that the mere aggregation of information may not be useful.

### Comment [JS4]: Note to the Board

Staff consider that this Standard will need a generous application date and that 2017 is the earliest that it could be applicable for the private NFP sector. Note that Federal Government departments will be required to produce Annual Performance Statements in their 2015/16 Annual Reports. However, Board Advisors agreed that the application date should be a question for the full Board and the ED.

**Staff Recommendation:** Whilst staff consider that 2017 is the earliest date possible for application staff recommend posing a question on application date in the ED.

Do Board Members wish to propose an application date in the ED? If so do Board Members agree with 1 July 2017?

## Reporting Service Performance Information

### Reporting Entity

- 11 **The reporting entity for which service performance information is reported shall be the same as that used for the entity's general purpose financial statements.**
- 12 If the reporting entity is an economic entity comprising a controlling entity and controlled entities, then the service performance information is reporting in respect of that economic entity. If the reporting entity is a single entity then the service performance information is reported in respect of that single entity.
- 13 When an entity contracts with another entity to deliver services on its behalf or produces services in conjunction with another entity, the entity needs to identify its own service performance objectives and the activities and results that it should report on.

### Reporting Period

- 14 **Service performance information shall be reported at least annually.**
- 15 Service performance information should cover the same reporting period as that covered by the financial statements. However, there may be situations in which the reported service performance information is for a reporting period that is different from the reporting period covered by the financial statements. Decisions about using a different reporting period should be based on a consideration of users' needs and an assessment of costs and benefits.
- 16 Service performance objectives may span a number of reporting periods. When an entity has multi-year service performance objectives it shall report on progress made towards the achievement of those objectives during the period. It may provide additional information on progress made towards the achievement of those objectives in other periods to provide context for the current period's performance.

#### **Comment [JS5]: Question for the Board**

Board Advisors considered that on some occasions a program may be run on a reporting period to that of the financial statements therefore it will be necessary to allow service performance information to be reported on a different reporting period. **Do Board Members agree that sometimes it may be necessary for an entity to report its service performance information on a different reporting period to the financial statements?**

### Location of Service Performance Information

- 17 An entity may present service performance information either;
  - (a) in the same report as the financial statements;
  - (b) in a separately issued report; or

- (c) in a variety of different reports.
- 18 If all the information required by this [draft] Standard is not presented in a single report, an entity shall identify where the information required by this [draft] Standard is located (for example, by way of cross-references).
  - 19 An entity should consider the following factors when deciding where and how to present service performance information:
    - (a) legislative or other requirements which may specify the location or format of service performance information; and
    - (b) whether the needs of users are better met if service performance information is provided in the same report as the financial statements.
  - 20 Where service performance information includes information that is also in the financial statements, cross-references to the financial statements should be presented so that users can assess the service performance information with the context of the financial statements.

## **Principles for Reporting Service Performance Information**

- 21 **An entity should present service performance information that is useful for accountability and decision-making purposes. Presentation of service performance information should enable users to assess the efficiency and effectiveness of the entity's service performance. Information reported should be appropriate to the entity's service performance objectives and make the relationship between the entity's service performance objectives and its achievement of those service performance objectives clear.**
- 22 Meeting these principles requires the exercise of judgement in the selection of information to be reported and will depend on an entity's particular facts and circumstances, such as:
  - (a) the nature of the entity;
  - (b) the services that the entity provides; and
  - (c) the regulatory environment in which the entity operates.
- 23 To be useful for accountability and decision-making purposes, service performance information will include:

- (a) the entity's service performance objectives;
  - (b) the entity's key outputs, including the inputs used to produce those outputs;
  - (c) the outcomes that the entity is seeking to influence and
  - (d) the entity's efficiency and effectiveness in achieving its service performance objectives.
- 24 Information reported shall also include both positive and negative aspects of the entity's service performance activities.

### Qualitative Characteristics

- 25 **For service performance information to be useful for accountability and decision-making purposes it shall meet the fundamental qualitative characteristics in the *Framework for the Preparation and Presentation of Financial Statements (Framework)* of relevance and faithful representation.**
- 26 Service performance information is relevant if it is capable of making a difference in the decisions made by users. Materiality is one aspect of relevance which is particularly important when reporting service performance information. Information is material if its omission or misstatement could influence the decisions of users. However, so as not to overwhelm users, only information that is necessary to a user's understanding of an entity's service performance objectives and achievements should be reported.
- 27 Service performance information shall also be a faithful representation of the entity's service performance activities and achievements.
- 28 The enhancing qualitative characteristics of understandability, timeliness, comparability and verifiability should also be met when reporting service performance information.
- 29 The cost-benefit pervasive constraint on information and a balance between the qualitative characteristics should also be applied to reporting service performance information.

#### Comment [JS6]: Question for the Board

It is intended to have an expansion on the QCs in the Application Guidance. One of the aspects of 'faithful representation' is that information should be 'complete'. Board Advisors expressed concern about how this would be interpreted and it could result in an information overload. Do Board Members have similar concerns?

## **Elements of Service Performance Information**

### **Service Performance Objectives**

- 30 **An entity's service performance objective is a description of what it plans to achieve through its service performance. An entity may have one or more service performance objectives.**
- 31 Service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes, efficiency and effectiveness or through a combination of one or more of these performance indicators. A service performance objective may also be expressed using a narrative description of a desired future state resulting from provision of services.
- 32 A single service may contribute to the achievement of one or more service performance objectives. In addition, several services may contribute to the same service performance objective.

### **Performance Indicators**

- 33 **Performance indicators are the measures or descriptions used by an entity to communicate its achievement of service performance objectives to users.**
- 34 Inputs, outputs, outcomes, efficiency and effectiveness are types of performance indicators
- 35 Performance indicators may be expressed as:
- (a) quantitative measures: for example, the quantity of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome;
  - (b) qualitative measures: for example, descriptors such as poor/good/excellent or satisfactory/unsatisfactory; or
  - (c) qualitative descriptions: for example, a description of the nature of service performance achievement particularly when there is a high level of complexity and judgement involved.

### **Inputs**

- 36 Inputs are the resources used to produce outputs and include (but are not limited to):

- (a) human resources or labour (both paid and voluntary);
- (b) capital assets such as land, buildings and vehicles;
- (c) cash and other financial assets; and
- (d) intangible assets such as intellectual property.

37 Inputs are also reported in terms of costs incurred.

### **Outputs**

38 Outputs are services provided by an entity to external recipients and include (but are not limited to):

- (a) services provided directly to individuals and/or institutions, for example, health or education services or the provision of goods such as food or books;
- (b) services provided indirectly to individuals and/or institutions, for example, services which aim to develop, promote, protect or defend a community, institution, country, or community values and rights;
- (c) transfers to individuals and/or institutions, for example, cash transfers and the provision of economic incentives such as tax incentives;
- (d) provision of policies, regulations or legislation to achieve public policy goals, which includes, for example, revenue related legislation and the enforcement of such legislation; and
- (e) collection of taxes and other revenues.

39 The receipt of services by recipients external to the entity is a critical factor in deciding whether services are outputs, rather than services consumed internally as part of an entity's production of outputs.

### **Outcomes**

40 **For the purposes of this Standard, an entity is accountable for the achievement of outcomes if:**

- (a) **legislation, contractual or other agreements establish accountability for outcomes; or**

**(b) it asserts that it is accountable for the achievement of outcomes.**

- 41 An entity's outcomes could be impacts affecting society as a whole or impacts on particular groups or institutions within society. Outcomes could be relatively direct impacts on recipients of the entity's services. They could also be impacts on others that are not recipients of the entity's services but who benefit indirectly from those services.
- 42 Outcomes may include, for example, changes to educational achievements within society, changes to poverty and crime levels, or changes to the health of different groups within society.
- 43 Although outcomes usually result from an entity's outputs, an entity's operations may also contribute to achievement of its outcomes.
- 44 There may be a strong, direct causal link between an entity's actions and its outcomes, but this will not always be the case. Factors beyond the entity's control may intervene to either hinder or facilitate the entity's achievement of outcomes.

**Efficiency**

- 45 An efficiency indicator can be used to show when a service is being provided more (or less) efficiently compared to:
  - (a) an entity's service performance objectives;
  - (b) comparable service providers; or
  - (c) previous reporting periods.
- 46 Other things being equal, if outputs can be produced at less cost than before then production efficiency has improved and an efficiency indicator designed to report that type of efficiency gain will show an improvement. Similarly, if the quality of a service improves so that the outcomes achieved are better than those previously attained, with other variables such as service quantity (outputs) and cost holding constant, then this represents an increase in efficiency, and an efficiency indicator designed to capture that type of efficiency gain will show an improvement. The converse – quality decreases so that outcomes are worse, with other variables such as service quantity (outputs) and cost holding constant – would indicate less efficient service provision.

### **Effectiveness**

- 47 Effectiveness describes the relationship between an entity's outputs and/or outcomes and its service performance objectives, where the results and the related service performance objectives are consistently expressed. When reporting on its effectiveness the entity reports the extent to which one or more of its service performance objectives has been achieved. The more effectively an entity operates as a service provider, the better will be its outputs and/or outcomes when measured against its planned results.
- 48 Effectiveness is assessed at the end of the reporting period, once the actual results are available. Precise measurements of effectiveness are usually ratios of the actual results achieved to the planned results established in the service performance objective. An impression of effectiveness can be gained by comparing – without calculation – actual service performance against the relevant service performance objective.

### **Selection of Service Performance Objectives and Performance Indicators**

#### **Service Performance Objectives**

- 49 An entity may have multiple service performance objectives and judgment will need to be exercised when selecting which service performance objectives to be reported on.
- 50 So as not to overwhelm users, an entity will need to consider which service performance objective(s) will provide users with the most useful information for accountability and decision-making purposes.
- 51 To determine service performance objective, entities should consider how the organisation is managed; i.e. is it on a program basis; to help determine the most useful service performance objectives to report on.

#### **Performance Indicators**

- 52 In selecting the performance indicators to be reported, an entity applies the principle that service performance information needs to be useful for accountability and decision-making purposes. This includes consideration of the qualitative characteristics and constraints on information. Judgement is needed to determine the most relevant performance indicators to be reported. They should measure aspects of performance that are of particular value or importance for the purposes of accountability and decision-making.

- 53 An entity is likely to use more performance indicators for internal management purposes than would be appropriate for reporting service performance information. Therefore, service performance reporting performance indicators should have an external focus. Outputs are provided by an entity to recipients external to the entity. Therefore, performance indicators should not focus on internal activities or internal processes, plans or policies.
- 54 To ensure that the information is understandable and to avoid overwhelming users, entities generally will need to identify only those few key performance indicators that will best meet users' needs.
- 55 Performance indicators should link directly to one or more of the entity's service performance objectives.
- 56 Performance indicators related to outputs should be controllable by the entity or the entity should have a reasonable level of influence over achieving the performance specified.
- 57 The selection of performance indicators will be dependent on the focus of the service performance information reported. The balance of information reported will vary from entity to entity. For example, in reporting service performance information some entities will be focused more on outputs than outcomes, whilst others will be focused more on outcomes than outputs. The balance of information reported and the performance indicators selected will reflect this.
- 58 In order to be meaningful in the context of an entity's service performance information, performance indicators related to outcomes should relate to the entity's purported impact on outcomes.

## **Service Performance Information to be Reported**

- 59 An entity shall report information to enable users of its financial statements to evaluate the efficiency and effectiveness of the delivery of its service performance objectives.
- 60 Judgement is need to decide what information should be reported so that users:
  - (a) understand the basis of the service performance information; and
  - (b) receive a concise overview of the entity's service performance, which highlights the main issues relevant to their assessment of that service performance.

## **Information to be Reported by All Entities**

- 61 An entity's service performance information shall describe:
- (a) an entity's service performance objective(s);
  - (b) an entity's performance indicators relating to:
    - (i) inputs;
    - (ii) outputs;
    - (iii) the outcomes that an entity is seeking to influence;
    - (iv) the link between inputs and outputs and/or (efficiency); and
    - (v) the link between outputs and outcomes (effectiveness); and
  - (c) the assumptions that underlie the service performance information and the methodologies adopted in compiling the service performance information.
- 62 In addition to the information required at paragraph 61, an entity that is accountable for the achievement of outcomes shall report additional service performance information on the outcomes it seeks to influence including:
- (a) descriptions of the population or target group for outcomes including the current status of the population or target groups;
  - (b) an explanation of how the entity has influenced outcomes, together with performance indicators to support that explanation;
  - (c) the rationale for the selection of performance indicators; and
  - (d) other factors that have affected the entity's ability to influence outcomes.
- 63 The costs of outputs reported will depend on an entity's accounting policies and its cost allocation policies. An entity looks to its internal financial reporting system as the starting point for identifying those items that can be directly attributed, or reasonably attributed, to the outputs described. Unattributed or unallocated expenses are reported as an unallocated amount in reconciling the output cost information to the total expenses in the statement of financial performance. [Name of

Non-exchange revenue standard name and number] permits but does not require, that an entity recognise services in-kind as revenue. If services in-kind provided to an entity have not been recognised as revenue, then the use of those resources in producing outputs will not have been recognised as expenses. If an entity has not recognised serviced in-kind as revenue and expenses it may nonetheless choose to provide information on those resources.

- 64 Entities should also consider using narrative discussion and analysis to accompany the reporting service performance information.
- 65 Narrative discussion and analysis complements the reporting service performance information by enabling users to gain insight from the entity on:
  - (a) aspects of service performance that the entity considers should be highlighted; and
  - (b) factors that affected service performance achievements during the reporting period.
- 66 Narrative discussion and analysis should provide a concise overview of the entity's service performance that:
  - (a) discusses the degree to which service performance objectives have been met;
  - (b) provides balance explanations of the information displayed, which cover both positive and negative aspects of the entity's service performance; and
  - (c) facilitates users' assessments of the efficiency and effectiveness of the entity's service performance.

**Disclosures when the service performance reporting period is different to the financial statements**

- 67 When the service performance information covers a reporting period that is different from that for the entity's financial statements, the following information shall be disclosed:
  - (a) the fact that the reporting period is not the same as that for the financial statements;
  - (b) why there is a difference; and

- (c) the reporting period of the financial statements from which the information has been derived, along with information to facilitate access to those financial statements.

### **Disclosures when service performance information is reported separately from the financial statements**

- 68 When service performance information is reported separately from the financial statements, the following information should be presented:
- (a) the name of the reporting entity;
  - (b) where the entity is a controlling entity, a description of the group of entities controlled by the reporting entity;
  - (c) where the entity is a controlled entity, the identity of the controlling entity;
  - (d) the reporting date and the reporting period covered by the service performance information; and
  - (e) the financial statements to which the service performance information relates and sufficient information necessary for users to locate the financial statements.

### **Reporting against Planned Service Performance**

- 69 **Where an entity has published information about its planned service performance the entity shall report its actual service performance against its planned service performance and explain any major variances.**
- 70 The focus of service performance information is on an entity's actual service performance during the period. The meaningfulness of information about actual service performance is enhanced when it includes information on planned service performance for that period. Where planned service performance information is presented, planned and actual service performance information should be reported consistently so that comparisons are facilitated. An entity shall consider whether original levels of planned activity or revised plans provide the most relevant and useful information. Information about revisions to plans during the period may help explain variances between original plans and actual results.

- 71 An entity may report actual service performance against previous period's service performance if it provides relevant and useful information.

## **Transition**

- 72 In respect of paragraph 71, if an entity provides comparative information against prior periods, an entity need not present such comparative information in the first year of applying this [draft] Standard.

## APPENDIX A

### DEFINED TERMS

*This appendix is an integral part of AASB 10XY.*

<b>accountability</b>	The responsibility to provide information to enable users to make informed judgements about the performance, financial position, financing and investing, and compliance of the reporting entity.
<b>effectiveness</b>	The relationship between: <ul style="list-style-type: none"> <li>(a) outputs and service performance objectives and/or</li> <li>(b) outcomes and service performance objectives.</li> </ul>
<b>efficiency</b>	The relationship between: <ul style="list-style-type: none"> <li>(a) inputs and outputs; and/or</li> <li>(b) inputs and outcomes.</li> </ul>
<b>service performance information</b>	Service performance information prepared to meet the needs of external users who are unable to require the preparation of reports to meet their specific information needs.
<b>inputs</b>	Resources used by an entity to provide outputs.
<b>outcomes</b>	The impacts on society or segments of society which occur as a result of, or are reasonably attributable to the entity's outputs.
<b>outputs</b>	The services provided by an entity to recipients external to the entity. The term services, as used in this [draft] Standard, encompasses both goods and services.
<b>performance indicators</b>	Quantitative measures, qualitative measures, and/or qualitative descriptions of the nature and extent to which an entity is using resources, providing services and achieving its service performance objectives.
<b>service performance</b>	The delivery of goods and services with the

#### **Comment [JS7]: Question for the Board**

Staff asked Board Advisors whether a definition of 'accountability' was required because it isn't currently defined in the suite of Australian Accounting Standards. The definition originally proposed was the definition that was in SAC 2. Board advisors asked staff to review other definitions of accountability which was done, however, after reviewing AASs staff noted that accountability was used in several other AASs and therefore did not consider it necessary to provide a definition.

**Staff recommendation – do not define accountability.**

**service performance  
objective**

intention of having a positive impact on society or segments of society.

A description of the planned results(s) that an entity is aiming to achieve through its service performance.

## APPENDIX B

### APPLICATION GUIDANCE

*This appendix is an integral part of AASB 10XY*

[place holder]

**Comment [JS8]: Question for the Board**

Staff intend to develop Application Guidance to explain some of the concepts and principles in the [draft] Standard.

**Do Board Members agree with including Application Guidance?**

## APPENDIX C

### ILLUSTRATIVE EXAMPLES

NOTE: THESE ILLUSTRATIVE EXAMPLES ARE TAKEN FROM THE IPSASB's RECOMMENDED PRACTICE GUIDELINE RPG 3 REPORTING SERVICE PERFORMANCE INFORMATION WHICH WAS ISSUED ON 31 MARCH 2015.

*These illustrative examples accompany, but are not part of AASB 10XY*

- IE1. The examples in this appendix portray hypothetical situations. Although some aspects of the examples may be present in actual situations, all facts and circumstances of a particular situation would need to be evaluated when applying [draft] Standard AASB 10XY. Where a cost is identified the amount is expressed in "currency units" (CU).
- IE2. The first part of this appendix lists examples of terms defined in the [draft] Standard. It is not intended to be an exhaustive list of examples for all defined terms. The examples illustrate the meaning of different terms usually through reference to an entity that provides health services. The examples focus on one service – the provision of vaccinations to infants in order to prevent measles. The entity uses a range of inputs to produce its outputs (measles vaccinations). Those outputs are then expected to cause (directly or indirectly) the desired outcome(s).

#### **Part 1: Examples of Defined Terms**

- **Service Performance Objectives (SPO):**

This [draft] Standard states that service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes efficiency, or effectiveness or through a combination of one or more of these performance indicators. The following are examples of service performance objectives that have these different forms of expression. The first example is of a service performance objective that has a focus on inputs, the second has a focus on outputs, the third has a focus on outcomes, the fourth example has a focus on efficiency and the fifth has a focus on effectiveness.

**Comment [JS9]: Question for the Board**

These Illustrative Examples are taken from IPSASB RPG 3 *Reporting Service Performance Information* and staff have adapted them where considered necessary. **Does the Board consider that these Illustrative Examples are appropriate to be used in this [draft] ED?**

- To apply 1,200 full-time equivalent days of medical staff time to vaccination services.
- To provide 20,000 vaccinations to infants.
- To reduce the percentage of infants who contract measles annually from 65% to 2% within five years i.e. by the end 20XX.
- To reduce the total cost per vaccination from CU5 to CU4.
- To achieve 100% of the planned vaccinations to infants.
- **Input:** The number of full-time equivalent staff days used to provide vaccinations against measles.
- **Outputs:** The number of infants vaccinated against measles.
- **Outcome:** A reduction in the number of infants that contract measles. (The reduction could be expressed in absolute terms (5,000 fewer incidents of measles) or as a percentage reduction (a 35% reduction in infants contracting measles)).

This [draft] Standard states that outcomes could be impacts affecting society as a whole or impacts on particular groups or institutions within society. Outcomes could be relatively direct impacts on recipients of the entity's services. They could also be impacts on others that are not recipients of the entity's services but who benefit indirectly from those services. This [draft] Standard also states that factors beyond the entity's control may intervene to either hinder or facilitate the entity's achievement of outcomes. The first example below illustrates an outcome that affects a particular group within society. The second and third examples illustrate a direct impact on service recipients and an indirect impact on non-recipients. The fourth example illustrates a situation where factors beyond the entity's control intervenes to facilitate the entity's achievement of an outcome.

- A 35% reduction in the incidence of measles for infants within the lowest socio-economic decile.
- A reduction in the number of incidents of measles experienced by recipients of measles vaccinations provided by the entity is an example of a direct impact on the recipients of the entity's services.
- Children going to the same schools as those that vaccinated children attend but who have not received a vaccination will also

be impacted indirectly by the entity's vaccination services, because their risk of contracting measles is reduced.

- An outbreak of measles in a nearby region leads to extensive media coverage of measles related health risks and an increased vaccination rate in that nearby region covered by another health services provider. These factors facilitate achievement of the entity's outcome to reduce the incidence of measles in its own region. The factors evident in the other region (measles outbreak, media coverage and increased vaccination rate) are outside of the control of the entity.

- **Efficiency:**

This [draft] Standard states that efficiency is the relationship between (a) inputs and outputs, or (b) inputs and outcomes. The two examples in the first bullet point below illustrate efficiency expressed as the relationship between inputs and outputs. The example in the second bullet point illustrates efficiency expressed in terms of inputs and outcomes.

- "Cost per infant vaccinated" is an example of an efficiency indicator that relates outputs (vaccinations) to an input (cost). Efficiency may also be expressed in terms of other inputs such as, for example, number of staff or staff time. For example, 1,000 vaccinations annually per qualified medical staff member.
- "Cost per reduction in number of infants contracting measles" is an example of an efficiency indicator that relates an outcome (reduction in number of infants contracting measles) to an input (cost).

- **Effectiveness:**

This [draft] Standard states that effectiveness is the relationship between actual results and service performance objectives. Therefore an assessment of effectiveness depends on the type of service performance objectives that the entity has presented. The three examples below illustrate effectiveness for different service performance objectives. The first example illustrates effectiveness where the service performance objective was expressed in terms of inputs, the second in terms of outputs, and the third in terms of an outcome.

- The service performance objective was to provide 100,000 measles vaccinations to infants during the year ended 31 March

20XX. The actual result achieved was 99,000 vaccinations. Therefore the entity's effectiveness in this area was 99%.

- o The service performance objective was to reduce the number of infants that contract measles by 3,000 compared to the previous year. The actual result achieved was a 3,000 reduction in infants contracting measles. Therefore the entity's effectiveness in this area was 100%.

- **Performance indicator—Qualitative Description:**

This[draft] Standard states that performance indicators are quantitative measures, qualitative measures, and/or qualitative descriptions of the nature and extent to which an entity is using resources, providing services, and achieving its service performance objectives. The example below illustrates a performance indicator expressed as a qualitative description:

*A government department (the Ministry) responsible for supporting the government's relationships with other nations, including trade relationships, uses the following qualitative description as one of its performance indicators:*

Engagement with Latin America during this year is expected to include several successful ministerial-led business missions to national governments and ministerial engagement in two regional forums. The Ministry will provide host and other support for ministerial level visits from several countries in the region, and undertake bilateral foreign policy consultations. Consultations will include advocacy of free trade agreements. The diplomatic network in several Latin American countries will be expanded through additional consulates and honorary consuls.