



Service Performance Reporting Standard (PBE FRS 48)

Guidance for 2022/23 Estimates and statements
of performance expectations

December 2021

© Crown Copyright



This work is licensed under the Creative Commons Attribution 4.0 International licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Crown and abide by the other licence terms.

To view a copy of this licence, visit <https://creativecommons.org/licenses/by/4.0/>. Please note that no departmental or governmental emblem, logo or Coat of Arms may be used in any way which infringes any provision of the [Flags, Emblems, and Names Protection Act 1981](#). Attribution to the Crown should be in written form and not by reproduction of any such emblem, logo or Coat of Arms.

The Treasury URL at December 2021 for this document is
<https://www.treasury.govt.nz/publications/guide/service-performance-reporting-standard-pbe-frs-48>

Contents

Background	2
Purpose.....	2
About the standard.....	2
Implications of the standard for Estimates and SPEs.....	3
The standard applies to annual reports with implications for Estimates and SPEs	3
Four focus areas of the standard agencies need to consider.....	3
Suggested approach to apply the standard.....	5
Focus area: Identifying and selecting appropriate and meaningful performance information	6
Overview	6
What this means for the Estimates and SPEs.....	6
What the standard requires.....	7
Focus area: Disclosing judgements in the selection of performance information.....	12
Overview	12
What this means for the Estimates and SPEs.....	12
What the standard requires.....	14
Focus area: Requiring comparative information	15
Overview	15
What this means for the Estimates and SPE	15
What the standard requires.....	15
Focus area: Requiring consistency of reporting	16
Overview	16
What this means for the Estimates and SPEs.....	16
What the standard requires.....	16
Appendix One – Frequently Asked Questions.....	17
Appendix Two – Material to help consider service performance information against the qualitative characteristics	19
Appendix Three – Examples of approaches to disclosure of judgements	23

Background

Purpose

This document supports departments and Crown entities (agencies) to comply with the new standard for service performance reporting by outlining the implications of the standard on agencies' 2022/23 Estimates and/or Statement of Performance Expectations (SPE).

This guidance will be updated for future years' reporting so please email us on performanceinfo@treasury.govt.nz with any suggestions or examples to include.

About the standard

The External Reporting Board (XRB) issued *PBE FRS 48 Service Performance Reporting* ('the standard') in 2017. The standard applies to annual reports covering periods beginning on or after 1 January 2022 and is part of generally accepted accounting practice (GAAP).

The standard provides principles-based requirements to selecting and presenting service performance information so that it is appropriate and meaningful to users. It requires agencies to present information useful for accountability and decision-making purposes.

The standard's requirements are set out in general terms as it is intended for a wide range of entities and a range of legislative requirements. The legislative requirements of departments and Crown entities mean much of their year-end information would be in accordance with the standard.

The standard is available here: <https://www.xrb.govt.nz/accounting-standards/public-sector/pbe-frs-48/>

Implications of the standard for Estimates and SPEs

The standard applies to annual reports with implications for Estimates and SPEs

The standard's effective date means it must be applied to relevant information in departmental and most Crown entity¹ **2022/23 annual reports**. Information on which it **must** be applied is the end of year performance information on appropriations and, for Crown entities, the statement of performance. This reporting must comply with GAAP under Section 19C (3) of the Public Finance Act (PFA)² and section 153 of the Crown Entities Act (CEA)³.

Because the 2022/23 Estimates and SPEs set out this information for reporting in the 2022/23 annual report, agencies need to consider the implications of the standard in developing their Estimates/SPE documents. These implications mean agencies will need to ensure they take a rigorous approach to developing their service performance information for their 2022/23 Estimates or SPE.

Four focus areas of the standard agencies need to consider

The Treasury expects that for many agencies, their existing end of year performance reporting will comply with many of the requirements set out in the standard. However, there are some clear differences in the standard, and so this guidance is structured around these four focus areas:

- **identifying and selecting** appropriate and meaningful performance information.
- **disclosing judgements** made in the selection and/or reporting of performance information.
- requiring **comparative** performance information.
- requiring **consistency** of reporting.

¹ It will apply to Crown entities that are Tier 1 and Tier 2 (see definitions [Accounting Standards Framework » XRB](#)) and are required by legislation to provide information in respect of service performance in accordance with generally accepted accounting practice (refer to paragraph 3 of the standard).

² Section 19C(3) of the Public Finance Act (*Requirements for end-of-year performance information*) <http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM6184290.html>

³ Section 153 of the Crown Entities Act (*Form and content of statement of performance*) <http://www.legislation.govt.nz/act/public/2004/0115/latest/DLM330555.html>

Overview diagram of the standard

The diagram below illustrates the key elements of the standard that relate to developing agencies 2022/23 Estimates and SPE.

1) Overarching objective - present information that is useful for accountability and decision-making purposes

2) Provide users with sufficient contextual information to understand

- why the entity exists
- what the entity intends to achieve in broad terms over the medium to long term and
- how the entity goes about this

Refer to the standard para 15(a)

3) Provide users with information about what the entity has done during the reporting period in working towards its broader aims and objectives

Refer to the standard para 15(b)

Identifying and selecting information to report in your Estimates and SPE – consider these elements

4) Consider the nature of information to provide e.g. what accountable for, what looking to achieve

→ Refer to this guide page 8; and the standard para 19

6) Apply the qualitative characteristics and pervasive constraints, including making balances and trade-offs

→ Refer to this guide pages 9-11, 19-22; and the standard paras 8-10

7) Ensure you can meet requirements for **disclosing key judgements**

→ Refer to this guide pages 12-14; and the standard paras 44-47

5) Consider the types of information: quantitative, qualitative, descriptive

→ Refer to this guide page 9; and the standard para 20

8) Ensure you meet requirements for **consistency and comparability**

→ Refer to this guide pages 15-16; and the standard paras 36-43

Suggested approach to apply the standard

Use the process prompts in this guidance in your Estimates and/or SPE processes

This guidance goes through the four areas of difference we see in the standard using a series of prompts. Agencies should consider these prompts as they work through the process of reviewing and updating their performance information.

Read the standard along with this guide

This document reflects the Treasury's best endeavours on the implications of the new standard for service performance reporting (PBE FRS 48) for some of the reporting requirements in the **Public Finance Act 1989** (PFA) and **Crown Entities Act 2004** (CEA).

Staff with responsibility for developing their agencies Estimates and SPEs need to become familiar with all the requirements in the standard, available at the link here:

<https://www.xrb.govt.nz/accounting-standards/public-sector/pbe-frs-48/>

Refer to the XRB explanatory guide

The XRBs *Explanatory Guide AG10 Service Performance Reporting⁴ (explanatory guide)* highlights key aspects of PBE FRS 48 using a clear and practice-based approach. Links to the relevant page numbers are included in this guide.

The explanatory guide is aimed at helping smaller Tier 2 not-for-profit entities, many of which will be reporting service performance information for the first time. It therefore does not reflect the years of experience that many public sector entities have in reporting service performance in accordance with their legislative requirements and uses not-for-profit examples. Nevertheless, it is likely to be useful to all entities for understanding the standard.

Engage with your auditor on the approach

Agencies should talk to their auditors about the approach they are taking to applying the standard, including how they are considering the implications to their 2022/23 Estimates and SPE. This should include their approach to disclosures, an indication of the type and scope of changes they are looking at and the timeframes involved.

Engage other key stakeholders, such as monitoring departments and the Treasury

Key stakeholders with an interest in your Estimates or SPE should be engaged on the approach. Monitoring departments have a strong interest in the performance information in the SPEs of the Crown entities they monitor, and the Treasury has a strong interest in the content of the Estimates.

⁴ <https://www.xrb.govt.nz/accounting-standards/public-sector/explanatory-guide-eg-a10/>

Focus area: Identifying and selecting appropriate and meaningful performance information

Overview

Summary of what is required

Agencies need to factor in the requirements of the standard as they review and update their performance information for the Estimates and SPE. As well as considering the standards requirements in selecting information they will need to ensure that they record enough information to be able to disclose the most significant judgements.

What this means for the Estimates and SPEs

What agencies currently do to meet the reporting requirements in the PFA and CEA should cover many of the requirements in the standard, however, there are differences and agencies will need to review their performance information against the standard. The Treasury believes that the standard will mean agencies will need a **robust and deliberate approach** to the processes for providing performance information in their Estimates and SPEs, starting with that provided for 2022/23.

Achieving a balanced set of performance information

The Treasury has assumed these two tasks are likely to be the focus of agencies' efforts:

- reviewing last years' performance information (2021/22) and updating where required
- identifying performance information for new appropriations or output classes, and for newly funded activities within existing appropriations or output classes.

Agencies should develop their service performance information as a coordinated set, so that the links are clear between the contextual information on what they are trying to achieve with the detail of the services they provide, and reporting on the performance of those services.

Agencies should look at the total set of service performance information at the start and the end of the process of selecting performance information. Doing this overview analysis at the start can help to indicate where most effort is needed, for example where performance information is lacking or provides too much information. Doing it at the end can help to say, in the changes we are making, "have we got the balance right".

Implications for your 2022/23 Estimates and SPE

Selecting performance information that will be reported in the annual report is what the Estimates and SPEs are about – setting out ex-ante how performance will be assessed and how it will be reported.

For Crown entities, each reportable class of output must have a concise explanation of: “how the performance of the class of outputs will be assessed.” Refer to the Crown Entities Act s149(2)(c). Generally, this information is reported on in a Crown entity’s Annual Report. Agencies will need to consider the standard in providing this information in their 22/23 SPE as it will be reported on in their 22/23 annual report.

What the standard requires

References to the standard and explanatory guide

XRB document	Description of key content	Paragraphs
Standard	Describes the purposes and principles of service performance reporting	6, 7, 8 and 15
	Describes the qualitative characteristics and pervasive constraints that must be applied in selecting service performance information	9 and 10
	Describes the factors to consider in what information to report	19
	Describes the requirement to report measures and/or descriptions and the various types of performance information	20 - 28
Explanatory guide	Covers content as per the rows above	35 - 62

Keep in mind the overarching objective of accountability and decision-making

The Standard requires that an entity provide users with service performance reporting that is useful for **accountability and decision-making purposes**. Agencies always need to keep this in mind as a guiding factor ie, how much will this information help achieve the overall objective. One important concept is to take an external readers perspective, to ‘stand in the shoes of users’ when selecting performance information.

Although an entity must make decisions about what service performance information to report it does not do so in isolation. It needs to be done in terms of paragraph 15a – why it exists and what intends to achieve. This table provides further considerations.

Standard	PFA/CEA context	Prompts for Estimates/SPEs
Paragraph 15(a) An entity’s service performance information shall provide users with sufficient contextual information to understand why the entity exists, what it intends to achieve in broad terms over the medium to long term, and how it goes about this.	The PFA and CEA require entities to set out this type of information in their strategic intentions, or statement of intent.	How well does the performance information link to the broader contextual information on why we exist and what intend to achieve? Does the structure of appropriations and output classes enable links to the wider goals and objectives?

Review the current set of performance information

As a first step the agency should review their current performance information. In its review it should consider the comments of key stakeholders, such as auditors, monitoring departments, the Treasury, and the public to identify areas where they should focus effort. Other areas of focus would be where there is new or additional funding, and/or new or increased activities.

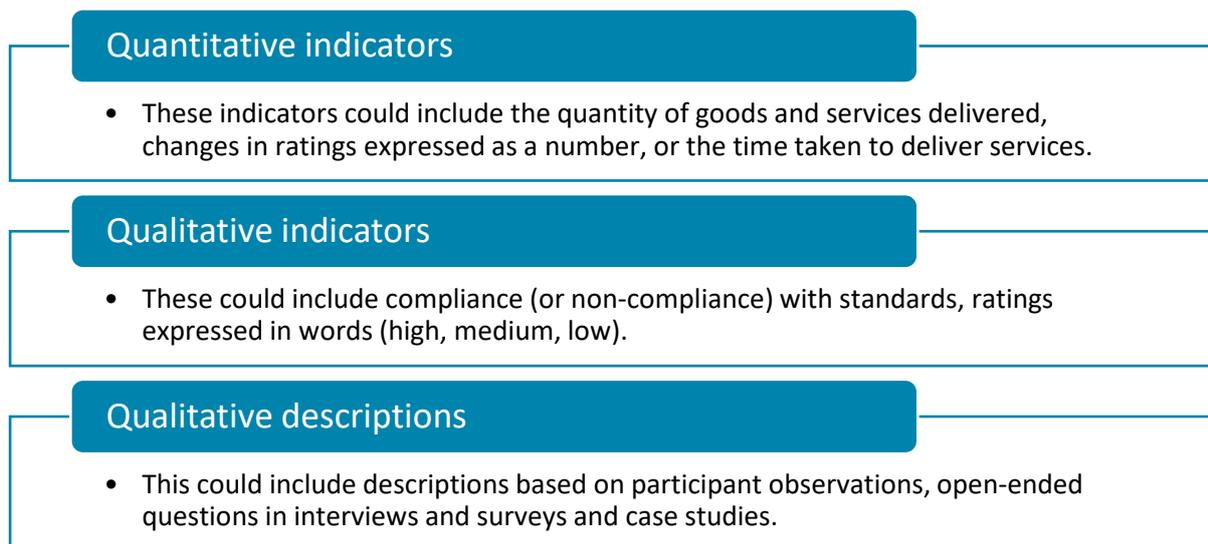
Consider the nature of the information to provide

Paragraph 19 requires that an entity consider several factors in deciding what information it should report. The factors in paragraph 19 are shown in the table below.

What PBE FRS 48 requires	Prompts for Estimates/SPEs
<p>The nature of this information provided will depend on the circumstance of the entity. An entity is required to consider the following factors in deciding what to report. These factors guide an entity's decisions about what service performance information to include in its annual report.</p>	
<p>a) What it is accountable/responsible for.</p>	<p>What services they are responsible for delivering? What outcomes are they seeking to achieve? (note that Estimates information will sometimes be provided by other agencies for non-departmental appropriations).</p>
<p>(b) What it intended to achieve during the reporting period.</p>	<p>This will draw on other documents such as SOI/SI, other strategies and plans and appropriation intention statements.</p>
<p>(c) How it went about achieving its service performance objectives.</p>	<p>Need to consider the services delivered by the entity, those it funds others to deliver, those it collaborates with others to deliver. These all affect what is meaningful and appropriate information. Appropriation and output class structure is also a factor. See paragraph 19c of the standard for details.</p>
<p>(d) Other factors relevant to an understanding of an entity's service performance during the period.</p>	<p>What information do (or would) service recipients regard as important?</p>

Consider what type of performance information is most relevant

The standard describes a range of performance information that may be used (quantitative measures, qualitative measures and qualitative descriptions). Paragraph 20 of the standard states that reporting shall provide users with “*an appropriate and meaningful mix of performance measures and/or descriptions for the reporting period*”, and paragraph 28 also provides information on these different types of information. These are reflected in the following diagram.



The Productivity Commission has taken a qualitative approach to the performance information in their SPE that recognises the type of work they do. The Treasury guidance *Improving External Performance Reporting*⁵ describes how qualitative information and evaluation might be used in performance reporting.

Balance the qualitative characteristics and pervasive constraints

The qualitative characteristics of information are the attributes that make that performance information useful to users and support the achievement of the objectives of external reporting. The qualitative characteristics of information are:

- Relevance
- Faithful representation
- Understandability
- Timeliness
- Comparability
- Verifiability.

⁵ See <https://www.treasury.govt.nz/sites/default/files/2020-12/improving-external-performance-reporting.pdf>

These characteristics are an important part of all financial reporting standards⁶ and have been in place for many years, however they are more prominent in the new standard.

Paragraph 9 of the standard explains in detail how these characteristics relate to service performance information. Relevance and faithful representation are particularly important. For service performance information to be faithfully representative it must be complete, neutral and free from material error.

In practice, all qualitative characteristics may not be fully achieved, and a balance or trade-off between them may be necessary. Your agency should consider the needs of users and the objectives of financial reporting in the application of the qualitative characteristics to service performance information.

In selecting performance information, relevance (which goes along with understandability) is critical to achieving the aims of service performance reporting. There is likely to be a weighting in importance on relevance.

The table below describes how the qualitative characteristics can be considered (based on the explanatory guide).

Considering the qualitative characteristics of performance information (see paragraph 8)

All the qualitative characteristics must be considered when selecting and presenting service performance information.

In practice, some items or sets of service performance information may have more of one characteristic than another. It may be necessary to consider the overall balance of characteristics and make trade-offs between attributes.

The concept of materiality can help in making these and other judgments. An item is material if excluding it or misstating it would affect the decisions and assessments that users make concerning the service performance of an entity.

Appendix Two sets out a tool that might be useful in assessing the characteristics, although we would expect agencies to modify and adapt this to reflect their own situation and purposes.

Consider the pervasive constraints

Striking a balance between the qualitative characteristics is important and one size does not fit all. Materiality is integral in deciding what to report. Not every measurement or output should be reported. Paragraph 8 of the standard describes the approach for considering pervasive constraints.

The pervasive constraints on information are materiality, cost benefit and balance between the qualitative characteristics. All of these constraints are important for selecting information in service performance reporting and the level of detail that is provided.

⁶ See Chapter three of the PBE Conceptual Framework.

Balance ongoing improvement with comparability and consistency

Performance reporting is an evolving field and discipline. There are generally always opportunities for improvement. One key mechanism for this improvement is agencies reviewing and updating their performance information. However, this process of continuous improvement needs to balance with the requirements in the standard for comparative information and consistency, to enable meaningful reporting over time. Further information on the requirements for comparability and consistency are set out later in this guidance.

Consider the revised set of performance information

After reviewing, and identifying possible changes to performance information, the agency should review the revised set against the criteria for selecting performance information ie, the qualitative characteristics. They should also review against the principles in the next three focus areas of disclosures, comparability and consistently.

Focus area: Disclosing judgements in the selection of performance information

Overview

Summary of what is required

The standard states that entities shall disclose those judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance reporting.

What this means for the Estimates and SPEs

In deciding “how the performance of the class of outputs will be assessed” agencies will need to have identified and selected performance information and made decisions about what is going to be reported on. In doing so they will need to consider several elements of the standard and be able to justify the key decisions made (those that have the most significant effect).

Agencies will need to develop and retain documentation for audit on how the service performance information and performance measures and/or descriptions were reviewed and updated and/or developed.

The key considerations for agencies as they consider their 2022/23 SPE or Estimates are:

- Ensuring a robust process is used in selecting performance information.
- Capturing and recording information to enable you to support key judgements, so they can be reported and verified if necessary.
- Identifying the types of judgements you will be seeking to disclose, including considering materiality and the needs of the users of the annual report.

The key judgements that agencies are likely to need to disclose relate to the selection of new indicators, changes to existing indicators (continuous improvement) and overall review of the performance framework.

Therefore, disclosures are likely to cover the process that the agency has in place for adding new and changing existing indicators, and for reviewing the overall framework on a regular basis.

There is a balance between how much information is disclosed, and options on where the information is disclosed (see Appendix Three for how some organisations approach disclosing judgements).

For the Estimates and SPEs agencies should record the processes they used to select the performance information, including who has been engaged with, what decisions were made, what was considered but not included and why. Having this resource will enable disclosure of the key judgements later and support any assurance processes around those key judgements.

Estimates 2022/23

The Treasury has identified opportunities to support agencies meet the standards disclosure requirements through minor amendments to the 2022/23 Estimates. In relation to disclosure of judgements the Treasury will amend the template and/or supporting guidance to ensure that whenever performance information is altered from the previous years, a note explaining the changes and why they were made is included. If there are several changes for an appropriation, agencies might want to consider a paragraph rather than multiple notes.

This might be particularly useful for providing information on a Multi-Category Appropriation.

Table showing how some disclosures may be included in the Estimates

Type of changes	What expect to see in Estimates	Mock-up examples
New performance indicator	Clearly identified as a new indicator for 2022/23 A concise explanation as to why it has been added	“New Performance indicators” Note 1: This is a new performance indicator for 2022/23 and was selected as it better represents our activities in relation to this appropriation
Deleted performance indicator	A short note that identified the measure removed and why it was removed. If it was replaced what measure replaced it and why (see above)	“Deleted performance indicators” Note 1: One performance indicator was removed in relation to xxx. [It was removed and replaced with x as this is a more relevant indicator of performance]; [it was deleted as we no longer undertake this activity]
Change to the ‘budget standard’	If a budget standard is provided and changed would expect to see a note providing reasons why it was changed	The budget standard was changed for 2022/23 from x to y to reflect a more realistic and relevant rate of activity
Changing the way an indicator is calculated	Agencies should always document calculation methods, including any changes so they can be shared with auditors (eg, in an audit file)	

What this could mean for your 2022/23 SPEs

Crown entities have more discretion on how they present information in their SPEs, so can undertake a variety of approaches to disclosing the judgements in their SPE.

Examples of approaches to disclosing judgements

Some universities and councils have early adopted the standard and information on their approach to disclosures is provided in Appendix Three. Note that most of these are disclosures in annual reports, not in forward looking documents.

What the standard requires

References

XRB document	Description	Paragraphs
Standard	Disclosure of Judgements section	44 to 47
Explanatory guide	Disclosure of Judgements section	75 to 85

Considering what the standard requires

Users need to know why, in reporting on its service performance, an entity has chosen to do something one way rather than another. These judgements are presented as part of the service performance information. A summary of the requirements to disclose judgments used is provided below, together with some things to think about.

What PBE FRS 48 requires – paragraph 44	Consider
<p>“An entity shall disclose those judgements that have <i>the most significant effect</i> on the:</p> <ul style="list-style-type: none"> • selection • measurement • aggregation, and • presentation <p>of service performance information reported <i>that are relevant to an understanding</i> of the entity’s service performance information.</p>	<p>Not all judgements have to be disclosed. There are two parts to this requirement:</p> <ul style="list-style-type: none"> • Identify the judgements that have the most significant effect on the service performance information reported. • Decide which judgements are relevant to a user’s understanding.

Focus area: Requiring comparative information

Overview

Paragraph 37 of the standard is about comparative information and states:

“An entity shall report comparative information in respect of the preceding period. An entity shall report comparative information for all amounts reported in the current period, and, where relevant, for the narrative and descriptive information reported in the current period.”

What this means for the Estimates and SPE

2022/23 Estimates and SPEs

The impact of the principle of comparative information will be most significant when selecting new quantitative performance information for 2022/23 Estimates or SPEs. This is because agencies will need to be able to provide information for the previous year – that is, when they go to report the 2022/23 result in their 2022/23 annual report, they must also report the 2021/22 year.

For many agencies and measures this may be simple to meet, however for some agencies the information may not exist earlier than the current reporting period.

The requirement to have comparative information does not mean that performance information should not evolve, or that new information not be included for material new funding or new activities. Comparative information could simply be the baseline information that the agency has established as part of the case for a new activity or increased funding. Disclosure of the circumstances in the previous period would be relevant, and the approaches taken for financial reporting may be useful.

What the standard requires

References

XR document	Description	Paragraphs
Standard	Consistency and comparability section	36 to 39
Explanatory guide	Comparative information and consistency of reporting	86 to 89

This section of the standard requires performance information for the previous period.

The implication of this for new measures means being able to provide information for the previous period. The standard says this must be reported and does not mention different approaches to new activities or when performance information was not available previously.

For qualitative information agencies will need to determine if comparative information is relevant to understanding the current period’s performance. It requires judgement to decide when to provide comparative narrative and descriptive information.

Focus area: Requiring consistency of reporting

Overview

Paragraph 40 of the standard highlights the importance of providing consistent performance information, and explaining the changes made and their impact. It states:

“An entity shall report service performance information consistently. If an entity changes what it reports or how it reports its service performance information, it shall explain the nature of those changes and their effect on the current period’s service performance information.”

What this means for the Estimates and SPEs

Estimates 2022/23

The Treasury sees the requirement for consistency meaning that agencies should have robust processes in place when looking at changes to their performance information. This could include identifying the factors used to identify where changes are needed and being able to explain why changes have been made. There is a balance between having consistency in reporting, and recognising that operations change, and performance information evolves. The standard recognises the important balance between changes to improve reporting and the benefits of comparability and consistency to reporting over time.

Within the Estimates we will be looking for agencies to use notes to explain why information has been changed. Refer to the material in the disclosures section for more information.

What this could mean for your 2022/23 SPE

The Treasury sees the consistency of reporting meaning that agencies will need to explain why changes have been made and to have robust processes when looking at where and when to make changes. There is a balance between having consistency in reporting, and recognising that operations change, and performance information evolves.

What the standard requires

References from the standard and explanatory guide

XR document	Description	Paragraphs
Standard	Consistency of reporting section	40 to 43
Explanatory guide	Comparative information and consistency of reporting section	77 to 85

Appendix One – Frequently Asked Questions

The FAQs below are based on discussions with agency practitioners and other stakeholders.

Disclosures

Question One: Where should disclosures be made? Is it in our Estimates/SPE or is in the Annual Report?

As the standard first applies to 2022/23 annual reports, there is a requirement for disclosures in that document.

However, the standard does allow agencies to cross reference other information outside of the annual report to meet the disclosure requirements. For example, an agency could cross reference to the Estimates for information on disclosures relating to the selection of performance information. Given the Estimates/SPE set out the information to be reported, it seems useful to include this information in these documents. Note there are requirements around cross referencing that should be considered (refer to paragraphs 32-35 of the standard).

Otago University has used a somewhat similar approach (refer to Appendix Three) where they have developed a document containing the key disclosures, and then provided a link to that document in their annual report.

Question Two: What are the judgements I need to disclose?

There is a balance between disclosing too much and too little information. Paragraphs 44-47 of the standard provide information on a meaningful approach to disclosures. Appendix Three provides examples of disclosures for other public sector agencies which may also be helpful.

Question Three: Do I need to disclose judgements for all my performance measures, many of which are several years old and the people and reasons for selection are no longer available?

The standard does not require an entity to disclose everything, just those aspects that have the most significant effect and relevance to a user's understanding (refer to standard paragraph 44). The Treasury expects disclosing information on the reasons for every indicator would be too much information to report (though collecting this information may be useful for other purposes, such as for audit).

The standard also establishes requirements for reporting comparatives and reporting consistently so that users can compare an entity's service performance over time. These aspects support an approach where agencies keep the bulk of their performance information from year to year, with changes being deliberately made as required in certain areas. These could be areas with additional new funding or new activities, greater public interest, or where the existing performance information is no longer being relevant or understandable. These could be aspects that are worthwhile to disclose.

Process

Question four: When should I introduce my agency to the standard?

As soon as possible, to allow your colleagues the time and opportunity to process the requirements. Early introduction will also enable them to prepare for changes in their way of working and their method of data collection and performance reporting to genuinely reflect their compliance with the requirements. The Treasury factsheet ([A new standard for service performance reporting \(treasury.govt.nz\)](#)) aims to provide a useful overview for agency staff on the new standard.

Selecting information

Question five: Is there a formula for considering the qualitative characteristics?

No one size fits all to the selection of service performance information and judgement will need to be made. It is expected that service performance information will not be strong on all the qualitative characteristics, with strengths in some areas and weaknesses in others.

All agencies will have existing processes for reviewing and selecting performance information for their Estimates and SPEs, and these may just need to be slightly modified to incorporate the characteristics. Appendix Two provides further information on the characteristics and possible approaches to their application.

Further information

Question six: Where can I and my agency get more help regarding adopting the standard?

This guidance, the standard, and the explanatory guide should be the first go-to source. You can also contact the Treasury on performanceinfo@treasury.govt.nz.

Appendix Two – Material to help consider service performance information against the qualitative characteristics

Purpose: The overall purpose of applying the qualitative characteristics and pervasive constraints is to provide meaningful and appropriate service performance reporting.

What is provided: There are two sections in this Appendix. The first section describes the characteristics using the wording of the standard and some broad prompts of what you might consider in the Estimates/SPE. The second section is a draft assessment matrix for performance indicators (either as a set, or individually). This is not a polished product but something that agencies could adapt and build into their own processes.

Notes: This template/process should not replace agencies' existing processes and timeframes for their Estimates/SPEs. We are keen to understand and share useful practices that agencies are currently using to select performance information for their Estimates/SPEs.

Approach: Agencies should develop their service performance information as a coordinated set, so that the links are clear between the contextual information on what they are trying to achieve to the detail of the services they provide, and reporting on the performance of those services.

The tool below tries to emphasise these connections, but by breaking down information for analysis purposes this aggregate view of the complete package can be obscured. To help overcome this narrow view, agencies should look at the total package of service performance information at the start and at the end of the process. Doing this overview analysis at the start can help to indicate where most effort is needed, for example where performance information is lacking or provides too much information. Doing it at the end can help to say, in the changes we are making, "have we got the balance right".

Analysis of the qualitative characteristics and some areas to consider in Estimates/SPE

Characteristic	Description - summary of the text in paragraph 9 of the standard	How consider in Estimates/SPE
Relevance	<p>Particularly important in selecting and aggregating service performance information.</p> <p>Strongly linked with judgements about the materiality of information and the appropriate level of aggregation of information.</p> <p>Apply in considering what, and how much, to report on service performance.</p> <p>Consider relevance and understandability together because both the amount of information and the level of detail presented can affect understandability.</p>	<p>This is most critical characteristic for identifying information for SPE/Estimates.</p> <p>The standard looks for agencies to engage with users in identifying information that is most relevant. As a first step, agencies should try to take the users perspective in selecting performance information.</p>
Understandability	<p>Service performance information should be communicated to users simply and clearly. The amount of information presented affects understandability.</p>	<p>This is considered along with relevance.</p> <p>Is there too much information, and swamping the reader? Or too little so can't understand the activities?</p> <p>Is the information easy enough to understand or highly technical (although that may be necessary)?</p>
Faithful Representation	<p>Service performance information must be a faithful representation of the entity's service performance. Faithful representation is attained when the service performance information is complete, neutral, and free from material error.</p> <p>Completeness implies that the service performance information presents an overall impression of the entity's service performance with appropriate links to financial information.</p> <p>Neutrality is the absence of bias. For service performance information to be neutral it needs to report on both favourable and unfavourable aspects of the entity's service performance in an unbiased manner.</p> <p>Free from material error means that there are no errors or omissions that are individually or collectively material in the service performance information.</p>	<p>Does the information sufficiently reflect the key roles of the agency? Has significant new funding or new activities been reflected in performance information?</p> <p>Does the performance information continue to be used, even when the agency is not meeting the expected standard or target?</p> <p>Have we fixed any errors or issues with the performance information in the last annual report?</p>
Timeliness	<p>Service performance information should be reported to users before it loses its capacity to be useful for accountability and decision-making purposes.</p>	<p>Should useful information be considered even though it is only available on a longer than annual cycle? This could be considered in terms of a target that an agency is seeking to achieve over multiple years.</p>

Characteristic	Description - summary of the text in paragraph 9 of the standard	How consider in Estimates/SPE
Comparability	Should provide users with a basis and context to compare an entity's service performance over time, and where appropriate, against planned performance or the performance of other entities.	Can performance information be provided for the previous year for a new indicator? This could be using baseline data (i.e. data held but not yet externally reported).
Verifiability	This is the quality of information that helps assure users that service performance information faithfully represents the entity's service performance. To be verifiable, service performance information needs to be capable of measurement or description in a consistent manner, be capable of independent verification and exclude unsubstantiated claims. The verifiability of service performance information is enhanced when the assumptions underlying the information are explicit, the methods adopted in compiling that information and the factors and circumstances that support any opinions expressed or disclosures made are transparent. This enables users to form judgements about the appropriateness of those assumptions and the method of compilation, measurement, representation and interpretation of the information.	This helps ensure the performance result is valid. It could be useful to trial indicators for the year prior before including them in the Estimates/SPE.

Part Two – Possible tool for considering qualitative characteristics of information

The qualitative characteristics could be reviewed/assessed at a range of levels:

- For each appropriation and/or output class – to consider the characteristics against your current performance information and could also link to intention statement (ie, what is intended to achieve).
- For your performance information as a whole – to help identify areas require more work and consideration
- For individual performance indicators – to help in developing indicators for new funding, or in updating to new performance information.

Context to the service performance information	Level	Either for an appropriation/reportable output; Estimates or SPE as a whole; or indicator or set of indicators	
	Context	Prompt: What trying to achieve, what work done eg, intention statement for appropriation, description for reportable output	
Characteristic		How consider in Estimates/SPEs process	Your assessment and comments
	Relevance		
	Understandability		
	Faithful representation		
	Timeliness		
	Comparability		
	Verifiability		
SUMMARY		<i>Trade-offs made, strengths/weaknesses</i>	

Appendix Three – Examples of approaches to disclosure of judgements

This section provides examples of one council and three universities who early adopted the standard and how they have approached disclosure of judgements.

Auckland Council – Long Term Plan

Auckland Council's latest 10-year plan includes two pages on the judgements and assumptions in their service performance information. This is an example of disclosures in a forecast performance report consistent to the standard. See pages 148-9 of volume 2 of Auckland Council's Long-Term Plan, [which is in page 78 in this link](#).

University of Otago

The University of Otago early adopted the standard in 2019. For the 2020 annual report they cross-referenced to a separate document, available on their website, describing their service performance reporting methodology and how it meets the different elements of the standard. This is allowed for in the standard (see paragraph 33).

[otago828400.pdf](#) – annual report

[Official documents, University of Otago, New Zealand](#) - links to strategy/reporting documents

[otago734893.pdf](#) - Nine-page document on how they have applied the standard.

Te Herenga Waka – Victoria University of Wellington

Victoria University of Wellington early adopted the standard in 2019. Their 2020 annual report provides information on the standard, including a section about the adoption of the standard, a section on disclosures of judgements and a section on the link between financial and non-financial information (refer to pages 10-12 of the link below).

[annual-report-2020.pdf \(wgtn.ac.nz\)](#)

University of Canterbury

The University of Canterbury early adopted the standard for the first time in their 2019 annual report. The approach taken in 2020 annual report was to provide a similar section in their annual report. This is more concise, but narrower scope, than the other examples provided here. "The University early adopted PBE FRS 48 Service performance reporting for 31 December 2019, the standard being effective for periods beginning on or after 1 January 2021. This standard has been applied to the Statement of Service Performance."