

**STATEMENT OF PERFORMANCE
FOR AGENCIES**

BETTER PRACTICE GUIDELINE

**FOR REPORTING PERIODS
ENDING ON OR AFTER 30 JUNE 2008**

**ACT GOVERNMENT
ISSUED MAY 2008**

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1 INTRODUCTION

1.1 Purpose

The purpose of this “better practice” guideline is to provide assistance to agencies in the preparation of the annual Statement of Performance. This guideline applies to all ACT Government departments and Territory authorities.

The guideline reflects the amendments to the Financial Management (Statement of Performance Scrutiny) Guidelines 2008 which were notified in April 2008. The amendments removed strategic indicators from the Statement of Performance.

2 LEGISLATIVE REQUIREMENTS

2.1 Departments

2.1.1 Financial Management Act 1996

Sections 30A to 30E of the Financial Management Act 1996 (FMA) provide the requirements relating to departmental Statement of Performance.

In summary the requirements are:

1. The statement must compare the department's actual performance in providing each class of outputs within the budget or a revised budget¹ by section 19D of the FMA or a supplementary budget for the year, and state the extent to which the output performance criteria set out in the budget, were met.²
2. A department's Statement of Performance must have endorsed on, or attached to it, a Statement of Responsibility signed by the responsible chief executive. The Statement of Responsibility must state that, in the chief executive's opinion, the Statement of Performance fairly reflects the performance of the department in delivering each class of outputs during the financial year (see page 3 of this guideline)³.
3. A department's chief executive must give the Auditor-General the department's Statement of Performance for the financial year with a signed Statement of Responsibility, as soon as practicable after the statement is prepared. The Auditor-General must provide a report about the Statement of Performance to the chief executive as soon as practicable after the Auditor-General has received it. This report will be a "Report of Factual Findings".⁴
4. An Annual Report of a department must include or have attached to it:
 - the department's Statement of Performance for the year; and
 - the Auditor-General's report regarding the Statement of Performance.⁵

The Financial Management (Statement of Performance Scrutiny) Guidelines 2008 clarifies that the performance criteria to be included in the Statement of Performance are the accountability indicators listed in the budget for the department for the year. Strategic indicators are not to be reported in the Statement of Performance.

Attachment A provides an example model of a department's Statement of Performance.

2.1.2 Audit Scrutiny

Accountability indicators are subject to an annual Report of Factual Findings by the Auditor-General to ensure an appropriate level of accountability.

¹ That is, the last budget estimates approved by the Legislative Assembly and / or under section 19D of the *Financial Management Act 1996* (FMA)

² Section 30A FMA

³ Section 30B FMA

⁴ Section 30C FMA

⁵ Section 30D FMA

2.1.3 Annual Report Directions

The *Chief Minister's Annual Report Directions 2008-2010* require a department to include its Statement of Performance for the year in its annual report. The Statement of Performance must be accompanied by the respective Auditor-General's report of factual findings for the year.

Although an agency does not include its strategic indicators in its Statement of Performance, an agency's performance against its strategic indicators listed in its budget for the year is to be included in an agency's annual report.

2.2 Territory Authorities

2.2.1 Financial Management Act 1996

Territory authorities must prepare a Statement of Performance as soon as practicable after the end of the financial year. Sections 68 to 71 of the FMA provide the requirements relating to a Territory authority's Statement of Performance for financial years ending on or after 30 June 2008.

Territory authorities are required to produce a Statement of Performance that addresses the performance measures included in its Statement of Intent for the year. If an authority happens to include strategic indicators in their Statement of Intent, then the Statement of Performance must also address these performance measures.

Territory authorities that are **prescribed for outputs**⁶, in addition to reporting on their Statement of Intent performance measures, must also report against the accountability indicators presented in the Budget Papers and / or as revised by section 19D of the FMA or a supplementary budget. **The Financial Management (Statement of Performance Scrutiny) Guidelines 2008 clarifies that strategic indicators listed in the budget for the authority for the year, but not in the authority's Statement of Intent, are not to be reported in the Statement of Performance.**

Where an authority has a governing board, the chair of the board must sign the Statement of Responsibility. Alternatively, where an authority does not have a governing board, the chief executive officer must sign the Statement of Responsibility.

2.2.2 Audit Scrutiny

For a Territory authority that is not prescribed, the auditor-general will provide a Report of Factual Findings on the performance of the authority against the performance criteria and other measures included in an authority's Statement of Intent.

For a prescribed Territory authority, the auditor-general will provide a Report of Factual Findings on the performance of an authority against the performance criteria in the authority's Statement of Performance, except for the performance of the authority against strategic indicators included the authority's Statement of Intent.

⁶ Section 8 of the FMA allows appropriations to be made directly to Territory authorities and Territory owned corporations.

2.2.3 Annual Report Directions

The *Chief Minister's Annual Report Directions 2008-2010* require an authority to include its Statement of Performance for the year in its annual report. The Statement of Performance must be accompanied by the respective Auditor-General's report of factual findings for the year.

For a prescribed Territory authority, although an agency does not include its strategic indicators in its Statement of Performance if those strategic indicators do not appear in its Statement of Intent, an authority's performance against these strategic indicators listed in its budget for the year is to be included in an agency's annual report.

3 MODEL STATEMENT OF PERFORMANCE

3.1 Departments and Territory Authorities Prescribed for Outputs⁷

From 2007-08 the Statement of Performance will report against the following output indicator:

- *Accountability Indicators* - performance measures that measure a department's effectiveness and efficiency in delivering outputs.

3.2 Overview of Model

To assist agencies with improving the content and format of the Statement of Performance a model Statement of Performance has been prepared for departments (refer to Attachment A). The information contained in the model Statement of Performance is for illustrative purposes only and is not representative of any Territory agency.

The model covers the essential components of the Statement of Performance and should be tailored to suit the agency's situation. As the analysis is an overview, it needs to be concise and needs to convey the main performance messages without becoming too detailed.

3.2.1 Output Information

The Statement of Performance should include the following information for each output:

- *Description of Output*
Output descriptions are included to provide users with more information in relation to the outputs and services being provided by agencies.
- *Output Cost*
The following information is required:
 - the original cost of the output as provided in the original budget papers;
 - the amended cost of the output, where the cost has been amended by either a Supplementary Appropriation Act (section 13A 'Amendment of Budgets for Supplementary Appropriation') or a section 19D instrument⁸ ('Amendment of Performance Criteria');
 - where a target has been amended, the reason for the amendment should be disclosed by way of note;
 - the actual cost of the output at the end of the financial year;
 - the percentage variance from the amended cost of the output; and
 - an explanation of material variances from the amended cost.
- *Government Payment for Outputs (GPO)*
The following information is required:
 - the original GPO as provided in the original budget papers;

⁷ Note that Territory authorities prescribed for outputs are required to follow the department's model from 2007-08.

⁸ Section 19D enables the cost of an output to be reallocated between outputs within an output class. However, the sum of the cost of outputs within an output class MUST equal the total cost of that output class as provided in the latest budget (that is, the original budget, or where the budget has been amended, the supplementary budget).

- the amended GPO, where GPO has been amended by either a Supplementary Appropriation Act (section 13A ‘Amendment of Budgets for Supplementary Appropriation’) or a section 19D instrument⁹ (‘Amendment of Performance Criteria’);
- where a target has been amended, the reason for the amendment should be disclosed by way of note;
- the actual GPO received for the output at the end of the financial year;
- the percentage variance from the amended GPO; and
- an explanation of material variances from the amended GPO.

3.2.2 Accountability Indicators

Accountability performance indicators measure a department’s effectiveness and efficiency in delivering its outputs, and may be measures of outcomes, outputs or inputs.

Accountability indicators should be presented in a table that is consistent with the format included in the budget papers.

Accountability indicators should report against the original target and the amended target for each output. Where actual performance differs materially from the amended target, an explanation of the reasons for, and nature of, that variance is to be included in the statement.

The Statement of Performance should include the following for each output when reporting against Accountability Indicators:

- *Accountability Measures*
The measures provide users with an indication of a department’s performance in delivering its outputs.
- *Original Target*
The original target is the amount specified in the original budget papers for the year.
- *Amended Target*
A target can be amended by either a Supplementary Appropriation Act (section 13A ‘Amendment of Budgets for Supplementary Appropriation’) or a section 19D instrument (‘Amendment of Performance Criteria’). Where a target is amended, the reason for the amendment should be disclosed by way of note.
- *% Variance from Amended Target;*
The percentage variance is calculated by subtracting the ‘actual result’ from the ‘amended target’ and dividing this difference by the ‘amended target’. For example, where an amended target is 75% and the actual result is 60% the variance would be calculated as follows:

$$(60\% - 75\%) / 75\% = -20\%$$
- *Explanation of Material Variances*
Where there is a material variance agencies must explain the reason for the movement from the amended target to the actual result. A material variance is determined by agencies based on the nature of each measure and the size of the variance. As a general guide, a variance of more than 10% is considered to be a material variance. Where

⁹ Section 19D enables GPO of an output to be reallocated between outputs within an output class. However, the sum of the GPO for outputs within an output class MUST equal the total GPO for that output class as provided in the latest budget (that is, the original budget, or where the budget has been amended, the supplementary budget).

variances are between 5% and 10% an explanation is only required where it is considered significant.

- *Explanation of Measures*

To assist readers in understanding the measures, it is useful to provide an explanation of measures where:

- the terms are difficult to comprehend; and / or
- it is difficult to determine how the measure has been calculated.

3.3 Territory Authorities Not Prescribed for Outputs

3.3.1 Territory Authority Statement of Intent Indicators

From the 2007-08 financial year, and for those Territory authorities that are NOT prescribed for outputs, the Statement of Performance should include the following for each Statement of Intent Indicator:

- *Description of Objectives for the Year*

The description of the agency's objectives¹⁰ are included to provide users with more information in relation to the services being provided by agencies.

- *Statement of Intent Measures*

The measures¹¹ provide users with an indication of an agencies' performance in delivering its services.

- *Original Target*

The original target is the amount specified in the original budget papers for the year.

- *% Variance from Original Target*

The percentage variance is calculated by subtracting the 'actual result' from the 'original target' and dividing this difference by the 'original target'. For example, where an original target is 85% and the actual result is 60% the variance would be calculated as follows:

$$(60\% - 85\%) / 85\% = -29\%$$

- *Explanation of Material Variances*

Where there is a material variance agencies must explain the reason for the movement from the original target to the actual result. A material variance is determined by agencies based on the nature of each measure and the size of the variance. As a general guide, a variance of more than 10% is considered to be a material variance. Where variances are between 5% and 10% an explanation is only required where it is considered significant.

¹⁰ FMA Section 61 (5)(b)

¹¹ FMA Section 61(5)(d)

- *Explanation of Measures*

To assist readers in understanding the measures, it is useful to provide an explanation of measures where:

- the terms are difficult to comprehend; and / or
- it is difficult to determine how the measure has been calculated.

**Model Statement of Performance
For the Year Ended
30 June 2008**

‘Example Department’

Independent Report of Factual Findings

[Insert the Statement from the ACT Auditor-General's Office.]

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Department’s records and fairly reflects the service performance of the Department in providing each class of outputs during the financial year ended 30 June 2008 and also fairly reflects the judgements exercised in preparing them.

Bob Jones
Chief Executive [Officer]
‘Example Agency’
August 2008

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 1 - Management of Land

Output 1.1 - Delivery of Land Planning

Description

‘Example Department’ provides:

- high quality professional services in strategic and land planning;
- development and building regulations with the objective of sustainable residential and rural environments in the ACT; and
- land release.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹²	Explanation of Material Variances
Total Cost Government Payment for Outputs Accountability Indicators a. Number of blocks available for development to meet ‘land release program’ b. Complete feasibility studies into: ‘Example Building’ ‘Example Infrastructure Project’ ‘Example Park’ c. Land Planning Investigations ¹					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

1. New measure.

¹² If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 2 - Municipal Services

Output 2.1 – Roads and Infrastructure

Description

‘Example Agency’ provides infrastructure services including management of Territory and municipal roads, national highways, community paths, drainage, car park facilities, and traffic and street-lights. ‘Example Agency’s’ asset management strategy aims to optimise the useful life of the infrastructure networks without placing the Territory at risk of unmanageable replacement or maintenance burdens in future years. It also seeks to ensure that the infrastructure assets are used as effectively as possible so that the community receives the best value for money.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹³	Explanation of Material Variances
Total Cost					
Government Payment for Outputs					
Accountability Indicators					
a. Percentage of customers satisfied with the management of infrastructure services					
b. Cost per square metre of community paths repaired or renewed					
c. Annual percentage of traffic light faults repaired within 24 hours					
d. Cost of street lighting per capita					
e. Road system annual maintenance cost per lane km					
f. Annual percentage of roads resurfaced					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

¹³ If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 2 - Municipal Services

Output 2.2 - Urban Parks and Places

Description

‘Example Agency’ provides asset, sport and recreational facilities use and management services for urban parks, lakes, sportsgrounds, pools and public urban open space. These services include policy, management planning, setting standards; inventory, creation, acceptance and refurbishment of assets; commissioning of horticultural maintenance, cleaning and pool management services; and approvals and inspections.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹⁴	Explanation of Material Variances
Total Cost					
Government Payment for Outputs					
Accountability Indicators					
a. Percentage of customers satisfied with sporting grounds and ovals					
b. Percentage of customers satisfied with the management of district parks					
c. Percentage of customers satisfied with the management of pool facilities					
d. Cost of pool operations per attendee					
e. Cost of tree maintenance per hectare					
f. Annual park maintenance cost per hectare					
g. Annual sporting ground maintenance cost per hectare					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

¹⁴ If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 2 - Municipal Services

Output 2.3 - Waste and Recycling

Description

‘Example Agency’ provides waste and recycling services including strategic advice and strategy development, household garbage and recycling collection and processing, resources recovery and waste infrastructure management.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹⁵	Explanation of Material Variances
Total Cost					
Government Payment for Outputs					
Accountability Indicators					
a. Annual tonnes of waste to landfill per head of population					
b. Annual tonnes of recyclables collected per head of population					
c. Percentage of recovered material of the total waste stream					
d. Percentage of customers satisfied with waste collection services					
e. Cost of kerb side collection per household					
f. Cost of recyclables processing per tonne					
g. Cost of greenwaste processing per tonne					
h. Operational cost of landfilling waste per tonne					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

¹⁵ If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 3 – Environment and Heritage

Output 3.1 – Nature Conservation and Land Management

Description

‘Example Agency’ provides sustainable management of natural and cultural resources, management of the environment grants program, supports environmental community volunteer programs, and provision of visitor services in nature parks. ‘Example Agency’ also conducts ecological surveys and provides scientific advice for policy development.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹⁶	Explanation of Material Variances
Total Cost Government Payment for Outputs Accountability Indicators a. Complete annual work programs for pest plants and feral animals b. Implement the ‘Bushfire Operations Plan’ c. Implement the ‘Action Plan for Threatened Species’					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

¹⁶ If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Output Class 3 – Environment and Heritage

Output 3.2 – Heritage

Description

‘Example Agency’ provides management of designated heritage resources, administration of heritage legislation and the support and promotion of heritage activities through grants and related programs. This includes liaison with local Aboriginal communities about Aboriginal sites and issues.

	Original Target 2007-08	Amended Target 2007-08	Actual Result 2007-08	% Variance from Original / Amended Target¹⁷	Explanation of Material Variances
Total Cost Government Payment for Outputs Accountability Indicators a. Assessment of development applications b. Heritage registrations within statutory timeframes c. Annual grants advice submitted to the Minister					

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures

¹⁷ If the target has not been amended, the variance should be from the original target. If the target has been amended, the variance should be from the amended target.

**Model Statement of Performance
For the Year Ended
30 June 2008**

‘Example Territory Authority’

Independent Report of Factual Findings

[Insert the Statement from the ACT Auditor-General's Office.]

**‘Example Authority’
Statement of Performance
For the Year Ended 30 June 2008**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with the Authority’s records and fairly reflects the service performance of the Authority for the year ended 30 June 2008 and also fairly reflects the judgements exercised in preparing them.

Bob Jones
Chief Executive Officer [or Chair of governing body]
‘Example Authority’
August 2008

**‘Example Agency’
Statement of Performance
For the Year Ended 30 June 2008**

Description of Objectives

‘Example Authority’s’ major objectives include:

- providing high quality professional services in strategic and land planning;
- developing and building regulations with the objective of sustainable residential and rural environments in the ACT; and
- operating in a sound commercial manner.

	Original Target 2007-08	Actual Result 2007-08	% Variance from Original Target	Explanation of Material Variances
<p>Statement of Intent Measures</p> <p>a. Percentage of customers satisfied with the timeliness of services</p> <p>b. Complete feasibility studies into: ‘Example Building’ ‘Example Infrastructure Project’ ‘Example Park’</p> <p>c. Land Planning Investigations</p>				

The above Statement of Performance should be read in conjunction with the accompanying notes.

Explanation of Measures