

RPG™ GUIDELINE

RPG 3, *REPORTING SERVICE PERFORMANCE INFORMATION*

RPG™

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History of RPG Guideline

This version includes amendments resulting from IPSAS Accounting Standards and RPG Guidelines issued up to January 31, 2026.

RPG 3, *Reporting Service Performance Information* was issued in March 2015.

Since then, RPG 3 has been amended by the following IPSAS Accounting Standards and RPG Guidelines:

- *Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative Guidance* (issued May 2023)
- *The Applicability of IPSAS* (issued April 2016)

Table of Amended Paragraphs in RPG 3

Paragraph Affected	How Affected	Affected By
3	Deleted	<i>The Applicability of IPSAS</i> April 2016
IG1	Added	<i>Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative Guidance</i> May 2023
IG2	Added	<i>Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative Guidance</i> May 2023
IG3	Added	<i>Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative Guidance</i> May 2023
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IE8	Added	<i>Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative Guidance</i> May 2023

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Objective

1. This Recommended Practice Guideline (RPG) provides guidance on reporting service performance information in General Purpose Financial Reports (GPFRs). Service performance information is information on the services that the entity provides, an entity's service performance objectives and the extent of its achievement of those objectives. Service performance information assists users of GPFRs (hereafter termed "users") to assess the entity's service efficiency and effectiveness.

Status and Scope

2. The reporting of information in accordance with this RPG represents good practice. An entity reporting service performance information should aim to achieve the principles set out in this RPG. Compliance with this RPG is not required in order for an entity to assert that its financial statements comply with International Public Sector Accounting Standards (IPSAS).
3. Although this RPG does not apply directly to commercial public sector entities, the services provided by a commercial public sector entity controlled by the reporting entity are within the scope of this RPG.
4. Service performance information should not be described as complying with this RPG unless it complies with all the principles in this RPG.
5. This RPG outlines information to be presented. An entity may present additional information if such information is useful in meeting the objectives of financial reporting and meets the qualitative characteristics of financial reporting.
6. In some jurisdictions the presentation of service performance information is a legislative or regulatory requirement. Entities are encouraged to disclose information about the impact of such requirements on compliance with this RPG.
7. A jurisdiction may have established service performance reporting requirements that extend beyond the guidelines in this RPG. These could include, for example, greater specification of required information organization, requirements for a larger set of information to display or disclose, and/or specific performance indicators or specific types of performance that are required to be presented. In that case the entity is encouraged to ensure that information identified through application of both this guideline and jurisdictional requirements is presented.

Definitions

8. The following terms are used in this RPG with the meanings specified:

Effectiveness is the relationship between actual results and service performance objectives.

Efficiency is the relationship between (a) inputs and outputs, or (b) inputs and outcomes.

Inputs are the resources used by an entity to provide outputs.

Outputs are the services provided by an entity to recipients external to the entity.

Outcomes are the impacts on society, which occur as a result of, or are reasonably attributable to, the entity's outputs.

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.

A service performance objective is a description of the planned result(s) that an entity is aiming to achieve expressed in terms of inputs, outputs, outcomes or efficiency.

9. The Implementation Examples that accompany RPG 3 illustrate the terms defined above.

Effectiveness

10. 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 actual results when measured against its planned results.

Efficiency

11. An efficiency indicator can be used to show when a service is being provided more (or less) efficiently compared to a reference such as:
- (a) Previous reporting periods;
 - (b) Expectations;
 - (c) Comparable service providers; or,
 - (d) Benchmarks.
12. If the same quantity and quality of 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.

Inputs

13. Resources used to produce outputs may include:
- (a) Human resources or labor;
 - (b) Capital assets such as land, buildings and vehicles;
 - (c) Cash and other financial assets; and,
 - (d) Intangible assets such as intellectual property.
14. Inputs can be reported in terms of costs incurred or quantities used to produce outputs.

Outputs

15. Services provided by an entity to external recipients include:
- (a) Services provided directly to individuals and institutions—for example, health or education services or the provision of goods such as food or books;
 - (b) Services provided indirectly to individuals and 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 institutions—for example, cash transfers and the provision of economic incentives such as tax incentives;
 - (d) 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.

16. 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

17. 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.
18. 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.
19. 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.

Performance Indicators

20. Inputs, outputs, outcomes, efficiency and effectiveness are types of performance indicators.
21. Performance indicators may be quantitative measures—for example, the number of outputs produced, the cost of services, the time taken to provide a service, or a numerical target for an outcome. Performance indicators may be qualitative measures—for example descriptors such as poor/good/excellent or satisfactory/unsatisfactory, which could include service quality ratings by service recipients, citizens or experts. Use of quantitative and qualitative measures may help users with:
 - (a) Their assessment of whether service performance objectives have been achieved; and,
 - (b) Inter-period and inter-entity comparisons of service performance.
22. A performance indicator could also be in the form of a qualitative description. A qualitative description may be necessary to provide users with relevant and understandable information on service performance where there is a high level of complexity and judgment involved in a particular service.

Service Performance Objective

23. Service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes or efficiency, or through a combination of one or more of these four performance indicators. A service performance objective may also be expressed using a narrative description of a desired future state resulting from provision of services.
24. Service performance objectives will generally be specific, measurable, achievable, realistic and time-bound.
25. An entity's service performance objectives may all be expressed in the same type of performance indicator; for example, all expressed in outcomes. They may also be expressed in different types of performance indicators; for example, some of the service performance objectives may be expressed in outcomes, while others are expressed in outputs and/or inputs.
26. A single service may contribute to achievement of one or more service performance objectives. Several services may contribute to the same service performance objective.

Reporting Boundary

27. For reporting service performance information the reporting boundary of the entity should be the same as that used for the financial statements.
28. The performance indicators presented will be relevant to the controlling entity's own service performance objectives. Unlike consolidated financial statements, which combine the finances of controlled entities, service

performance information reported by a controlling entity is not usually a combination of the services reported by its controlled entities.

Annual Reporting and Reporting Period

29. Service performance information should be reported at least annually.
30. Service performance information should cover the same reporting period as that covered by the financial statements. However, a consideration of users' needs and an assessment of costs and benefits may indicate that the reporting period should be different from that covered by the entity's financial statements. This may be the case, for example, when service performance information presented by a controlling entity is based on service performance information reported by controlled entities that have a different reporting period.
31. Service performance objectives may require periods longer than one year to achieve. Users will need information on progress towards such multi-year service performance objectives. Paragraph 53 addresses the type of service performance information that can be presented to show annual progress towards multi-year service performance objectives.

Principles for Presentation of Service Performance Information

32. An entity should present service performance information that is useful to users for accountability and decision making purposes. Presentation should enable users to assess the extent, efficiency and effectiveness of the entity's service performance. It should be appropriate to the entity's service performance objectives and make the relationship between the entity's service performance objectives and its service performance achievements clear.
33. When used in combination with the information in an entity's financial statements, service performance information should enable users to assess the entity's finances in the context of its achievement of service performance objectives and vice versa.
34. The service performance information presented should take account of the entity's specific circumstances, such as:
 - (a) The services that the entity provides;
 - (b) The nature of the entity; and,
 - (c) The regulatory environment in which the entity operates.
35. The presentation of service performance information should achieve the qualitative characteristics of financial reporting, while applying the pervasive constraints on information in GPFs. (The *Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities* (the Conceptual Framework) describes the qualitative characteristics and pervasive constraints.)
36. Aggregation or disaggregation of service performance information should be at a level that conveys a meaningful understanding of the entity's service performance achievements. The level of aggregation should not be so high as to conceal or obscure performance, while the level of disaggregation should not be so low as to result in detailed listings that also obscure performance and reduce understandability. Information reported should be sufficiently specific for users to hold the entity accountable for its service performance, particularly its performance with respect to its service performance objectives.
37. Comparability to other entities can be difficult to achieve in the context of service performance information since diverse services are provided. Even where two entities provide exactly the same service they may have different service performance objectives with the result that they need to report different, non-comparable performance indicators. Inter-entity comparability may need to be traded off against relevance, so that service performance objectives and their related performance indicators are chosen to be relevant to the service performance situation

of the entity. Alternatively the needs of users may indicate that performance indicators that are comparable with those of other entities delivering the same services are relevant to the entity, and the two qualitative characteristics—comparability and relevance—are aligned.

Selection of Service Performance Information

Information for Display

38. The following information should be displayed:
 - (a) Service performance objectives;
 - (b) Performance indicators; and,
 - (c) Total costs of the services.
39. With respect to performance indicators and the total costs of the services, the entity should display:
 - (a) Planned and actual information for the reporting period; and
 - (b) Actual information for the previous reporting period.
40. 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 information within the context of the financial information reported in the financial statements.
41. Information found in an entity's legislation and planning documents (budget statement, mission statement, strategic plan, funding agreements, corporate plan, etc.) will usually help to identify the service performance objectives and performance indicators that are relevant to the entity.

Service Performance Objectives

42. Where the entity's service performance objectives change, the information presented should reflect the change. For example, an entity may initially have service performance objectives related to increasing either the inputs or outputs related to its services, and then later re-focus its performance towards improving either the services' efficiency or effectiveness. That change should be reflected in the service performance information that the entity presents.

Performance Indicators

43. Judgment is needed to determine the most suitable set of performance indicators to be reported. The overriding principle is that indicators should be selected on the basis of their importance to users and their usefulness in assessing the entity's achievements in terms of its service performance objectives. For performance indicators to be relevant they should link directly to one or more of the entity's service performance objectives. Alignment between the different indicators presented—for example between input, output and/or outcome performance indicators—and the service performance objectives helps users to assess the relationship between resources and results, and how resource availability may have influenced achievement of service performance objectives.
44. The performance indicators presented should allow users to assess how efficiently and effectively the entity has used its resources to deliver services and achieve its service performance objectives.
45. Where an entity has publicly reported planned performance indicators the actual performance indicators presented will usually be consistent with those previously made public. Those entities that publish their budget information and apply IPSAS 24, *Presentation of Budget Information in Financial Statements*, should consider the relationship between that information and the service performance information that they report.
46. An entity is encouraged to display information about its intended outcomes and its achievements with respect to those outcomes.

47. There may be a large number of performance indicators that can be presented for an entity's service performance objectives. 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 the needs of users for information that meets the objectives of financial reporting.
48. Performance indicators that involve quantification should be able to be measured reliably. Where performance indicators can be generated by a transaction processing system the use of such a system will support the verifiability and timeliness of reported information.
49. When selecting performance indicators entities should ensure that the indicators presented will provide a representationally faithful description of the achievement of service performance objectives. There may be trade-offs between different aspects of service performance, such that one aspect improves while another aspect deteriorates. Information presented should be neutral. Entities should avoid any tendency to present performance indicators that are biased towards reporting positive results. This helps to ensure that the qualitative characteristics are met and users can be confident that the performance indicators faithfully represent the entity's service performance.
50. Ease of measurement is likely to be a consideration when selecting performance indicators, but it should be secondary to the needs of users. The performance indicators presented should not over-emphasize easily measured dimensions.
51. In some situations a qualitative description (also called narrative information) should be presented as a performance indicator. This could be the case where service performance achievements cannot be reduced to a small set of quantitative or qualitative measures because the service:
 - (a) Is complex;
 - (b) Involves interrelated factors; and
 - (c) Involves a large number of different possible indicators of success or progress, all of which involve judgment as to their relative importance.
52. Information reported on any particular service may include one or more different types of performance indicators; quantitative measures, qualitative measures and/or qualitative descriptions.

Multi-year Service Performance Objectives and Performance Indicators

53. The extended timeframe of multi-year service performance objectives should not be a deterrent to reporting multi-year objectives and disclosing progress towards their achievement, although ways to report on progress in a cost-effective way may need to be developed. Alternative or proxy measures that indicate progress towards achievement of the service performance objective may be able to be presented in the short-term, until information on achievement of the multi-year service performance objective is available. For example, where an entity establishes both annual outputs and longer term, multi-year outcomes for one or more service area there may be scope to treat annual reporting against outputs as indicative of progress towards achievement of the outcomes, with actual outcomes reported less frequently.

Total Costs of Services and Disaggregated Cost Information

54. In addition to display of the total costs of services, an entity may also choose to present disaggregated cost information. Disaggregated cost information could, for example, be costs related to individual service performance objectives, outcomes, service areas, individual services, the costs of outputs, or costs related to particular inputs. Users' assessment of efficiency may be supported through provision of costs related to either outputs or outcomes.

Planned and Actual Service Performance

55. Planned and actual service performance information should be reported consistently so that users' assessments of effectiveness are facilitated. Wherever possible, entities should report on the same performance indicators, with the same methodology and parameters for their computation, as that established before the start of the reporting period. This enables users to compare actual performance with planned performance at the end of the reporting period.
56. Consistency of performance indicators over several years facilitates long-term trend analysis. But such consistency should not be pursued at the expense of:
- (a) Improving the quality of performance indicators; or,
 - (b) Aligning indicators with changed expectations from stakeholders.
57. An entity may need to address the issue of how to report on changes to planned service performance that occurred during the reporting period. This situation may arise, for example, when stakeholders revise their service performance expectations during the reporting period, resulting in an amendment to service performance objectives. Service performance objectives may also change as a result of a public sector combination, where accountability for services is transferred from one entity to another or reporting needs to be on services previously provided by two different entities and now provided by a single, merged entity. In these situations it may be possible for the entity to report against both the original and the revised service performance objectives. The reason for, and the impact of, these changes could be outlined in narrative discussion and analysis, so that users have the information they need to understand reasons for variances between service performance objectives at the beginning of the reporting period and actual achievements, while also understanding the degree of actual achievement against the more up-to-date, revised service performance objectives.

Information for Disclosure

58. Judgment is needed to decide what information should be disclosed so that users:
- (a) Understand the basis of the displayed 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.

Basis of Displayed Service Performance Information

59. An entity should disclose sufficient information on the basis of displayed service performance information to enable users to evaluate whether the information on service performance objectives, performance indicators and total costs achieves the qualitative characteristics of financial reporting.
60. An entity should disclose information on the sources of displayed service performance information.
61. The following information should be disclosed:
- (a) An explanation of the displayed service performance objectives, which describes how they have been established, the need for them to be achieved, and the relationship(s) between the service performance objectives and:
 - (i) The displayed performance indicators, and
 - (ii) The entity's overall objectives.
 - (b) An explanation of the relationship(s) between related performance indicators. (For example, information on the extent of alignment between input, output and/or outcome indicators, where the inputs and outputs contribute to achievement of a particular outcome.)

- (c) An explanation of the basis for information aggregation (or disaggregation), which addresses the level of detail reported.

Disaggregated Information on Costs

- 62. If an entity chooses to present disaggregated information on costs then the basis for cost determination should be disclosed.
- 63. Cost determination information includes information such as:
 - (a) Cost allocation policies;
 - (b) The treatment of direct and indirect service related expenses; and/or
 - (c) A reconciliation or a comparison between the costs of services presented and total expenses.

Controlling Entity Disclosures

- 64. Where a controlling entity reports on services provided by its controlled entities the controlling entity should disclose information that explains the respective roles and responsibilities for service performance within the economic entity.

Disclosures when Reporting Period is Different

- 65. When the service performance information covers a reporting period different from that for the entity's financial statements, the following information should 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) If financial information is included in the service performance report, either
 - (i) The reporting period of the financial statements from which the information has been derived, along with information to facilitate access to those financial statements; or
 - (ii) The source of the financial information reported, if the information has not been derived from the entity's financial statements, along with information to facilitate access to that source.
- 66. When the reporting period for information on some services is different from the reporting period of the entity's service performance report the following information should be considered for disclosure:
 - (a) The services affected,
 - (b) The applicable reporting period(s), and
 - (c) An explanation for the difference(s).

Disclosures when Separate from the Financial Statements

- 67. Paragraphs 72–75 below address the location of service performance information in a GPFR. Where service performance information is presented separately from the GPFR that includes the financial statements, the following information should be presented:
 - (a) The name of the 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;

- (e) The financial statements to which the service performance information relates and sufficient information necessary for users to locate the financial statements;
- (f) The presentation currency, as defined in IPSAS 4, *The Effects of Changes in Foreign Exchange Rates*; and,
- (g) The level of rounding used.

68. Where service performance information is presented in the GPFR that includes the financial statements, the applicable IPSAS(s) establishes that this information should be presented.

Narrative Discussion and Analysis

69. The entity should disclose narrative discussion and analysis on its service performance information. Narrative discussion and analysis complements the displayed 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.
70. 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 balanced 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.
71. The Implementation Examples that accompany RPG 3 illustrate types of information that could be included in narrative discussion and analysis.

Location of Service Performance Information

72. An entity may present service performance information either:
- (a) As part of a GPFR that includes the financial statements; or,
 - (b) In a separately issued GPFR.
73. The following factors should be considered when making this decision:
- (a) The extent to which the service performance information needs to be reviewed within the context of information in the financial statements, including information on budget-actual comparisons;
 - (b) Whether the needs of users and the qualitative characteristics are enhanced if the service performance information is included in the same GPFR as the financial statements or in a separate GPFR;
 - (c) Application of the pervasive constraints on information, including whether the benefits of including the information in the same GPFR as the financial statements justify the additional costs (if any) involved; and,
 - (d) Jurisdiction-specific requirements which could specify either that service performance information should be located in the same GPFR as the financial statements or in a separate GPFR.
74. With respect to point (a) in paragraph 73 above, an important factor in this decision is likely to be whether the primary objective of providing the service performance information is:
- (a) To inform assessments on resource allocation decisions for the provision of services, in which case there is likely to be value in associating the reporting of service performance information with the financial statements that are compared to budget allocations; or

- (b) To inform assessments on policy or strategy decisions, in which case there is likely to be value in associating the reporting of service performance information with information on policies or strategy.

75. Where an entity chooses to present its service performance information in a separate GPFR from the financial statements the separate GPFR should be issued on a timely basis, which will usually be demonstrated through issuance at the same time as the financial statements or, if not at the same time, then very close to issuance of the financial statements.

Organization of Service Performance Information

76. The organization of service performance information within a GPFR should enable users to:
- (a) Understand an entity's service performance, including its achievement of service performance objectives;
 - (b) Assess the entity's service efficiency and effectiveness; and
 - (c) Use the service performance information for the purposes of accountability and decision making.
77. The service performance information should be organized so that connections are clear between displayed information and:
- (a) Disclosures on the basis of the displayed information, and
 - (b) Narrative discussion and analysis.
78. One way to organize service performance information is in a "statement of service performance", which involves organizing information into a tabular or statement form. A statement of service performance can support understandability and comparability when the performance indicators presented are quantitative measures or qualitative measures reported on multiple services.
79. Where service performance information is presented through narrative or case studies a tabular approach is unlikely to be appropriate. In some cases a mixture of case studies and one or more tables or statements will be appropriate.
80. Entities may use several levels of reporting in order to achieve a balance between being:
- (a) Concise enough to be understandable; and,
 - (b) Providing sufficient detail with respect to multiple aspects related to each service performance objective.
81. The use of several levels of reporting allows the display of concise reporting at higher levels, and display or disclosure of more detailed coverage at lower levels, where service areas, for example, could be disaggregated into two or more individual services.
82. IPSAS 18, *Segment Reporting*, applies to entities' identification of segments. It describes service segments and identifies factors that should be considered when grouping services into segments for financial reporting purposes.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, RPG 3.

Background

Project Initiation, Consultation Paper and Decision to Develop Guidance

BC1. The IPSASB's project on reporting service performance information began with a review of national standards, guidance, and regulatory requirements for service performance reporting (or its equivalent) from selected national jurisdictions, the United Nations, and the Organization for Economic Co-operation and Development. No two jurisdictions have identical service performance reporting frameworks, but there are similarities in the service performance information that is reported. Consideration of these similarities and of commonly used terms provided the basis for the Consultation Paper (CP), Reporting Service Performance Information, issued in 2011. The CP proposed a principles based framework for reporting service performance information and a standard terminology.

Development of a Recommended Practice Guideline

BC2. In 2013 the IPSASB decided that information additional to that included in the financial statements should presently be addressed through development of a Recommended Practice Guideline (RPG). Therefore a draft RPG, ED 54, Reporting Service Performance Information, was developed for reporting service performance information. This RPG is based on the service performance reporting framework developed for the CP, revised for the IPSASB's decisions during its review of responses to the CP and its subsequent review of responses to ED 54. This RPG is underpinned by the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities (the Conceptual Framework).

Overall Approach of RPG—Guidance on Decisions and Minimum Characteristics

- BC3. During development of this RPG, the IPSASB considered whether its overall approach should aim to:
- (a) Establish minimum characteristics of service performance information, consistent with an RPG's role as providing guidelines on good practice and requirements; or
 - (b) Provide a framework that identifies decisions that preparers need to make and guidance on those decisions, consistent with the framework approach in the CP and an RPG's function as guidance.
- BC4. Given the diversity of services and reporting contexts, the IPSASB decided that the RPG should not attempt to standardize service performance reporting, but focus on achievement of principles. At the same time, the core type of service performance information that should be presented. This approach was decided on the basis that guidelines are needed on what type of information should be presented and it is possible to identify broad categories of information—for example, information on service performance objectives—that are applicable to all entities that report service performance information.
- BC5. In developing an RPG for reporting service performance information the IPSASB acknowledged the challenge in developing guidance that would be useful when applied to diverse services, diverse service performance objectives, and diverse accountability and decision-making contexts world-wide. Arguably service performance reporting quality depends in part on the extent to which it meets the particular information needs arising from the services provided and the context for their provision. For example, a report that tells the story of factors influencing progress toward critical targets may look quite different to a report that provides an account of services delivered for the resources provided. The IPSASB considered these matters and was of the view that it would be most helpful to develop an RPG that identifies the decisions that preparers will need to make, then provides guidance on how such decisions should be made, rather than an RPG that establishes minimum standards.

- BC6. The IPSASB's view is that principles applicable to reporting service performance information provide useful guidance, without attempting to establish global requirements that may not be appropriate for the variety of different services and different service delivery contexts that exist globally. Service performance information is a developing area, which means that the RPG should not be overly prescriptive.
- BC7. Some respondents to the ED were concerned about an apparent contradiction between RPG as pronouncements that do not establish requirements and paragraph 5 of the ED, which stated that compliance with the RPG involves compliance with all of its requirements. The IPSASB decided that the phrase "compliance with requirements" in this paragraph should be replaced with "compliance with principles". The basis for this is twofold. First, the RPG establishes principles which entities then use to guide their decisions on what service performance information they report. Second, while the paragraph still uses the idea of "compliance", the IPSASB considers that this is consistent with the RPG's role as a recommended guideline. The nature of an RPG as a guideline is established by the allowance for entities to not follow a particular RPG—in its entirety—without impacting negatively on the entity's IPSAS compliance. Preparers (or jurisdictions) may also choose to apply part of the RPG and, for example, progressively move towards full compliance, at which point compliance can be asserted. Nonetheless the specific content of an RPG involves a set of principles that establish good practice. An RPG may also, depending on the topic addressed, involve more flexibility of application than is the case for an IPSAS. This is the case for this RPG which includes options as to presentation and uses principles to guide preparers' decisions on what information to present.

Scope

- BC8. When this RPG was issued, the IPSASB considered whether the RPG should apply to [Government Business Enterprises (GBEs)] (the term in square brackets is no longer used following the issue of *The Applicability of IPSAS* in April 2016). While acknowledging that GBEs provide services and may report service performance information on those services the IPSASB decided that this RPG should apply to all public sector entities other than GBEs. When this RPG was issued, this was consistent with the Preface to International Public Sector Accounting Standards, which stated that the IPSASB developed accounting standards and other publications for use by public sector entities, other than GBEs. This exclusion from the scope should not be read as implying that the guidance could not be applied by GBEs or that there is any barrier to GBEs applying this guidance.
- BC9. In reaching this conclusion the IPSASB noted that where a controlling entity reports service performance information according to the recommendations in this RPG it may provide information on services provided by one or more controlled GBEs. Although the GBEs' own reporting was not within the scope of this RPG, the IPSASB decided that the information reported by the controlling entity—about the GBEs' services—needed to follow the RPG's requirements, if the controlling entity was to assert compliance with the RPG.
- BC10. The IPSASB considered whether this RPG should apply to entities in national jurisdictions which already have extensive service performance information reporting requirements for their public sector entities—requirements that may extend beyond the principles approach to information which is set out in the RPG. The IPSASB's view is that, in such circumstances, the entity will need to ensure that jurisdictional requirements are met. While the RPG does not set out detailed comprehensive and specific requirements, this does not represent an encouragement to report less than is already reported under national or other requirements, nor is this viewed as in conflict with more extensive reporting. Paragraphs 6–7 of the RPG addresses the relationship between the RPG and jurisdictional requirements for service performance information, explaining that the RPG does not preclude the presentation of additional information and more extensive jurisdictional requirements would apply in addition to the guidelines in the RPG. The IPSASB concluded that the RPG adequately addresses this issue and the RPG should be able to be applied to entities in jurisdictions where extensive service performance information reporting requirements already exist.

Definitions of Terms

- BC11. In reaching its view on the need for standardized service performance terminology the IPSASB noted that although entities use some terminology consistently, many of those entities have not defined some or all of the terms they use. Moreover, the same terms sometimes have different meanings in different jurisdictions. On this basis, the IPSASB concluded that a standardized service performance terminology was necessary to support the understandability and comparability of service performance information reported by entities in GPFRs.
- BC12. The IPSASB developed the defined terms in the RPG, by basing them, as far as possible, on terms already used in jurisdictions with a well thought through and explicit approach to, and extensive experience in, service performance reporting.
- BC13. During the review of responses on the CP and the ED, and then during subsequent development of the RPG the IPSASB revised the definition of an effectiveness indicator. The CP definition was: “Effectiveness indicators are measures of the relationship between outputs and outcomes.” This implies that the relationship between outputs and outcomes is relatively simple to measure. After further consideration the IPSASB considered that the relationship between outputs and outcomes is likely, in many situations, to be more complex than the simple relationship underpinning the original definition. Furthermore, the IPSASB considered that effectiveness is better understood to be the degree to which an entity is successful in achieving its service performance objectives. On this basis the IPSASB decided that effectiveness indicators show the extent to which an entity has achieved its services performance objectives
- BC14. During development of the CP and ED 54, and the subsequent review of responses to ED 54, the IPSASB considered whether to include “economy indicators” in the RPG’s set of defined terms. IPSASB members decided to exclude economy indicators because the term is both confusing and unnecessary given other terms defined in the RPG. “Economy indicators” do not represent something additional to the ideas conveyed by either inputs or efficiency, for which the RPG establishes clear definitions. The IPSASB noted that the RPG’s approach to selection of service performance information allows jurisdictions to assess “economy”, whatever the meaning that a particular national jurisdiction gives that word. For example, the RPG supports the presentation of information on costs, on other inputs, and on efficiency.
- BC15. Economy is a commonly used term in the context of service performance reporting. However different jurisdictions have different meanings for economy. For some jurisdictions economy means lower costs for service delivery without reference to impact on quantity and/or quality of services delivered. Other jurisdictions consider that this first view is not really economy and that using “economy” to describe situations where costs are reduced but service quantity and/or quality is negatively impacted could be misleading to users of GPFRs. A second view of economy is that it is only achieved if service delivery is maintained or enhanced, when costs or other inputs are reduced. This second view of economy fits the definition of “efficiency” in the RPG. Indeed, there is a third group of national jurisdictions that does not use the term “economy” on the basis that the term can be confusing and it overlaps with efficiency. Therefore the RPG does not define “economy indicators” and does not use the term “economy”.

Reporting Entity

- BC16. Service performance information should support the users of the GPFRs as they hold the entity accountable for its service provision and use of resources and make decisions affecting that entity. On that basis a majority of the IPSASB considered that service performance information should be prepared for the same reporting entity as for the financial statements. To be consistent with coverage in RPG 1 and 2 (see paragraph 14 of RPG 1 and paragraph 4 of RPG 2) the wording in RPG 3 focuses on “reporting boundary” rather than reporting entity. In reaching this conclusion the IPSASB also noted that the RPG’s accountability and decision making focus is not designed to apply to supply chains, networks or other combinations of individual entities that may be able to influence each other but do not have the ability to control.

- BC17. Several respondents to the ED suggested that the RPG should also provide guidance for reporting on programs or policies that involve a group of entities that are not under common control, that is, “cross-boundary” reporting. The IPSASB acknowledged that there is a trade-off between service performance reporting that applies the same reporting entity boundary as for the financial statements and flexible boundaries that provide scope for cross-boundary reporting. A focus on the same reporting entity as for the financial statements has the benefit of following lines of control and supporting organization-focused accountability, while also facilitating both collection of service performance information and the integration of such information with financial information in the entity’s financial statements. However there are cases where no single entity is accountable for a program or policy and requiring cross-boundary reporting, aligned with the program or policy, would provide information that better explains service performance related to that program or policy. The IPSASB considered expanding the RPG’s scope to also include guidance for cross-boundary reporting on “programs” or “sets of activities that contribute to the same outcome(s)”. The IPSASB decided that the RPG should remain focused on reporting by the same entity as that for the financial statements. This does not prevent national jurisdictions from adapting the RPG’s principles and guidance for application to cross-boundary reporting.
- BC18. The IPSASB considered concerns expressed by respondents to the CP and the ED over controlling entities being required to report all services provided by their controlled entities. That could have the result that information becomes too detailed and lengthy to meet the qualitative characteristics and support users’ assessments for accountability and decision making. The IPSASB decided to include further explanation in the RPG to address this concern. On this basis the RPG states that controlling entities should report against their own service performance objectives rather than attempt to aggregate all those services provided by controlled entities.

Annual Reporting and Reporting Period

- BC19. The IPSASB considered whether service performance information should be reported annually, when service performance objectives, whether expressed in outcomes, outputs or inputs, may require periods longer than one year to achieve. The majority of IPSASB members considered that service performance information should be reported annually because this is important to ensure that users’ have the information they need for the purposes of accountability and decision-making. To address the existence of multi-year service performance objectives the IPSASB decided that the RPG could encourage entities to disclose information on their progress towards multi-year service performance objectives. The IPSASB noted that responses to the ED indicated generally strong support for annual reporting. The IPSASB confirmed that service performance information should be presented annually and use the same reporting period as that for the financial statements, unless users’ needs require a different period.

Scope to Report More Frequently

- BC20. Some respondents to the ED were concerned that it did not allow entities to report more frequently than annually. The IPSASB agreed with respondents who argued in favor of scope for more frequent reporting, noting that this is likely to increase transparency and accountability. As one respondent stated, more frequent reporting also can encourage “management dialogue between all those involved in the evaluated public policy mission and improves the management process by increasing the accountability of the public manager.” The IPSASB decided to use the phrase “should be reported at least annually”, which allows for more frequent reporting and is the same phrase as that used in IPSAS 1, Presentation of Financial Statements, to address reporting frequency.

Reporting Against Multi-Year Performance Objectives

- BC21. The IPSASB considered concerns raised by some respondent to the ED that annual reporting could have negative consequences for outcome reporting, including the possibility that annual reporting could have the unintended effect of reducing the extent to which entities report outcomes. The IPSASB noted that for some outcomes annual measurement is very expensive and measurable change showing progress towards outcome achievement will not emerge for two or more years. One respondent noted that annual reporting in such cases

may even be misleading. This problem is not restricted to service performance objectives focused on outcomes, but can also occur for outputs and input reporting. To address this concern the RPG includes explicit coverage on use of proxy measures and provides scope for entities to report outputs or inputs as indicative of progress towards achievement of outcomes or other types of multi-year service performance objectives.

Service Performance Information Issued at Same Time as the Financial Statements

- BC22. The IPSASB considered whether the RPG should state that service performance information should be issued at the same time as the financial statements. The IPSASB noted that issuance at the same time as the financial statement supports timeliness, but may be very difficult for some entities to achieve. The IPSASB decided that, while acknowledging that it is desirable for service performance to be reported at the same time as the financial statements, the RPG should not state that this is necessary.

Controlling Entity and Controlled Entities with a Different Reporting Period

- BC23. The IPSASB considered situations in which a controlling entity includes information on services that are provided by controlled entities with a different reporting period from that of the controlling entity. Ideally all the service performance information reported should cover the same reporting period. However there are situations where the benefits of aligning the information with the controlling entity's reporting period do not outweigh the costs involved. For example, some public sector entities provide service performance reports to donors who require a different reporting period from that for the entities' financial statements. The additional costs of preparing service performance reports for each reporting period (donors and financial statements) may not justify the benefits. On this basis the IPSASB decided that the RPG should acknowledge the possibility that some of the service performance information reported may be for a different reporting period and address this through additional disclosures.

Two Approaches for Reporting Service Performance Information

- BC24. In developing this RPG the IPSASB acknowledged that there are differing approaches to reporting service performance information, including approaches that are more output-focused and approaches that are more outcome-focused. A more outputs-focused approach reports information about the services provided. This type of information is oriented towards resource providers and aims primarily to report on the services received for resources provided and whether resources have been used efficiently, although there is scope to widen the focus to include information about outcomes. A more outcome-focused approach tells a performance story, which generally reports on the achievement of outcomes, although there is scope to relate this performance story back to the costs of services. The information reported explains how well the entity is doing in terms of achieving its objectives, where those objectives are described in terms of outcomes.
- BC25. The IPSASB considered whether the RPG should include guidance specifically tailored for each approach, but decided against this on the basis that the RPG's focus on achievement of objectives can be applied to either approach. Allowing entities to tailor their reporting to their objectives means that entities or jurisdictions do not need to fit their individual approach into either an output-focused approach or an outcome-focused approach in order to apply the RPG. This means that the RPG's content will be useful to a variety of entities applying different approaches. Entities' service performance objectives may even relate to inputs, when their reporting of service performance information is at an early stage. However, the ideal to which entities should, over time, aspire is the reporting of service performance information that reports comprehensively on both outcomes and outputs, along with information that allows users to assess the efficiency and effectiveness of both. This is consistent with the IPSASB's view, discussed below, that the performance indicators presented should form a holistic system such that they communicate a coherent, integrated view of the entity's service performance.

Principles for Presentation of Service Performance Information

- BC26. The RPG sets out principles applicable to the presentation of service performance information, which includes principles applicable to decisions on information selection, location and organization. The RPG identifies factors that should be considered when making presentation decisions and generally proposes information that should be considered for presentation, in light of those principles, rather than prescribing an extensive list of information requirements. This principles-based approach is consistent with the IPSASB's decisions on the RPG's overall approach, developed during the consultation phase and further considered during both development of the ED and the IPSASB's review of responses to the ED. Although the RPG identifies the type of information that all entities should present, it does not prescribe an extensive set of information. The IPSASB has maintained the principles based approach proposed in the CP and then exposed in the ED on the basis that the principles-based approach:
- (a) Allows entities the flexibility they need to report service performance information that is relevant and appropriate to their service performance objectives and will meet the needs of users of the information;
 - (b) Reduces the risk of "disclosure overload", which undermines the extent to which a report on service performance meets the needs of users and does not achieve either the qualitative characteristics or provide benefits in excess of the costs; and
 - (c) Requires entities to apply principles that will result in the presentation of the service performance information that users need for the purpose of accountability and decision-making.
- BC27. The IPSASB determined that the key principles for reporting service performance information should be based on the users' needs that such information should meet, as established through consultation and with reference to the experience of different jurisdictions. The principles are consistent with the Conceptual Framework and have involved application of the Conceptual Framework to the reporting of service performance information.

Presentation of Service Performance Information

Consultation Paper's Dimensions and Components of Service Performance Information

- BC28. The CP explained that there are four dimensions of service performance on which information should be presented. The four dimensions—why, what, how and when—relate to an entity's:
- (a) Service performance objectives;
 - (b) Performance indicators;
 - (c) Comparison between planned and actual performance; and
 - (d) Time series that allow users to assess either changes in service provision over time or progress towards a multi-year goal.
- BC29. The RPG's coverage of information selection addresses these four dimensions when it establishes that an entity should report:
- (a) Information on an entity's service performance objectives, including the need or demand for these objectives to be achieved (the "why" dimension);
 - (b) Performance indicators to show achievements with respect to service performance objectives (the "what" dimension);
 - (c) Comparisons of actual performance to planned (or targeted) results, including information on the factors that influence results (the "how" dimension); and
 - (d) Annually on service performance information presenting actual information for the current and the previous reporting period (the "when" dimension).

- BC30. The CP also established components of service performance information, which relate to these four dimensions. The RPG's coverage of information selection addresses the CP's components, which are:
- (a) Narrative discussion of the achievement of objectives;
 - (b) Information on the "parameters" of the service performance information reported (termed "basis" in the RPG); and
 - (c) Information on the entity's service performance objectives, and its achievement of those service performance objectives.

Principles Rather than Specific Requirements

- BC31. The IPSASB acknowledged that entities' presentation of service performance information will vary, depending on:
- (a) The services that the entity provides;
 - (b) The nature of the entity; and
 - (c) The regulatory environment or other context within which the entity operates.
- BC32. Because services provided, service performance objectives, and applicable service performance indicators depend on these different factors, the IPSASB decided that the RPG should not identify specific performance indicators that must be presented. Instead, it should identify broad types of information that should be reported and provide guidance on achievement of the qualitative characteristics when selecting service performance information.
- BC33. The RPG identifies different types of performance indicators that could be presented, but does not require that particular performance indicators be presented. While efficiency and effectiveness indicators directly address those aspects of performance, the RPG's objective of providing information for users to assess efficiency and effectiveness does not mean that those two types of performance indicators must be presented. For example, efficiency can be calculated using information about outputs and their cost. Effectiveness can be assessed using information on service performance objectives and results achieved against those service performance objectives.

Information that Conveys a Coherent, Integrated View of the Entity's Service Performance

- BC34. The IPSASB considered that the principles focused approach was appropriate because it allows entities at an early stage of developing service performance reporting to meet the RPG's guidelines and report service performance information consistent with their existing reporting capabilities. Nonetheless, the IPSASB's view is that good quality service performance information needs to be reported so that users can assess an entity's service performance, including both its achievement of objectives and the extent to which it has used resources efficiently and effectively to deliver outputs and achieve outcomes. Ideally the set of performance indicators presented should form a holistic system such that they communicate a coherent, integrated view of the entity's service performance.

Selection of Performance Indicators

- BC35. The IPSASB considered whether the RPG should require entities to report all five types of performance indicators—inputs, outputs, outcomes, efficiency and effectiveness—for the services that they provide. This would result in comprehensive coverage of an entity's service performance, but it might not reflect an entity's actual service performance focus. In practice it is likely that an entity's service performance objectives will change over time. For example, service performance objectives may initially focus on inputs, then outputs and efficiency, and then outcomes. If an entity is able to adjust its reporting of performance indicators to align them with its service performance objectives, then the information presented is more likely to be useful to users and meet the

qualitative characteristics, while supporting achievement of the financial reporting objectives. On that basis the IPSASB decided that the RPG should not require reporting of all five types of indicators but should instead provide guidance on how an entity should choose the types of performance indicators that it reports.

- BC36. The IPSASB also considered whether the RPG should require entities to report outcome indicators. Outcome information is important to users, because it focuses on the ultimate reason for service provision, which is the impact that services have on the community. However outcome information can be very difficult for entities to provide, particularly when they are at an early stage in developing their services performance reporting or in situations where the reporting entity is one of many entities contributing to the same outcome(s). On that basis the IPSASB decided that the RPG should encourage but not require entities to present information on outcomes.

Total Costs of Services

- BC37. The IPSASB considered providing guidelines on what costs should be included in the total costs of services. Costing of services involves management accounting considerations. The meaning of total costs of services may be jurisdiction specific and/or entity specific. Entities may report total costs of services that are equivalent to the total expense they present in their financial statements. Alternatively entities may exclude some costs, for example overhead, or some expense types, for example borrowing costs, with the result that the total costs of services differs from the total expenses presented in the financial statements. On this basis the IPSASB decided not to stipulate what is meant by the total costs of services.

Location of Service Performance Information

- BC38. The IPSASB considered whether service performance information should be located in the same report as the financial statements or in a separate GPFR. It noted that while many national jurisdictions treat service performance information as different in nature and therefore preferably kept separate from information provided with the financial statements, there are also jurisdictions that integrate service performance information into the same report as the financial statements, treating the two sets of information as complimentary. There are benefits to both approaches. In order to allow for jurisdictional differences the IPSASB decided that the RPG should allow entities to report service performance information either in the same report as the financial statements or in a separate report.

Organization of Service Performance Information

- BC39. The IPSASB considered whether the RPG should:
- (a) Propose one way that service performance information should be organized, with the main method considered being a tabular form, described as a “statement of service performance”; or
 - (b) Provide principles that should be applied to guide jurisdictions and/or preparers when they choose between different possible information organization approaches.
- BC40. The IPSASB noted that in some jurisdictions there are requirements that service performance information be reported in a “statement of service performance”. In other jurisdictions preparers apply principles to identify how best to organize information, with reference to the particular types of services, desired outcomes, or planned achievements on which information needs to be reported. Organizing information into a tabular or statement form can support understandability and comparability when numerical or “summary descriptive” performance indicators (e.g. “satisfactory or unsatisfactory”) are reported on multiple services. But service achievements could be misrepresented or poorly described if a statement format is the only form of presentation permitted.
- BC41. The IPSASB decided that the RPG should focus on principles applicable to this decision. By focusing on principles rather than stipulating a standard reporting structure, the RPG allows the choice of information organization to be tailored to:
- (a) The nature of the services on which performance information is presented;

- (b) The needs of users, so that it supports achievement of the objectives and qualitative characteristics of financial reporting; and
- (c) The regulatory context, including the regulatory environment in which the entity operates.

BC42. Although this could result in less standardization, and reduced comparability between entities, service performance information differs from financial statements information due to the diversity of services reported. Unless the performance indicators themselves are comparable, a single presentation format will not provide the benefits of inter-entity comparability, but will sacrifice the benefits to be gained from allowing the organization of information to be tailored to an entity's service performance objectives and services provided so that it meets the needs of users.

Revision of RPG 3 as a result of the IPSASB's *The Applicability of IPSAS*, issued in April 2016

BC43. The IPSASB issued *The Applicability of IPSAS* in April 2016. This pronouncement amends references in all IPSAS as follows:

- (a) Removes the standard paragraphs about the applicability of IPSAS to "public sector entities other than GBEs" from the scope section of each Standard;
- (b) Replaces the term "GBE" with the term "commercial public sector entities", where appropriate; and
- (c) Amends paragraph 10 of the *Preface to International Public Sector Accounting Standards* by providing a positive description of public sector entities for which IPSAS are designed.

The reasons for these changes are set out in the Basis for Conclusions to IPSAS 1.

Additional Guidance for RPG 3 as a result of *Reporting Sustainability Program Information—Amendments to RPG 1 and 3: Additional Non-Authoritative*

BC44. In March 2022, the IPSASB decided to address an urgent stakeholder concern by adding the limited scope project, *Reporting Sustainability Program Information*. The project responds to the need to provide public sector entities with guidance emphasizing the applicability of the Recommended Practice Guidelines (RPG) to reporting sustainability program information in general purpose financial reports.

BC45. To clearly communicate the applicability of RPG 3, the IPSASB decided to add non-authoritative guidance to RPG 3 to demonstrate how the authoritative guidance should be applied when reporting on sustainability program information. The IPSASB decided to highlight that the principles and guidance in RPG 3 are relevant for an entity to report on the impact of sustainability programs, to enable transparency and accountability of the program's impact against its objectives.

BC46. The IPSASB decided to add IG1.- IG4. to communicate:

- (a) That RPG 3 applies to reporting information related to sustainability programs; and
- (b) How RPG 3 can be applied to individual sustainability programs.

BC47. The IPSASB decided to add IE4.-IE8. to illustrate how the guidance in RPG 3 applies to sustainability programs, including:

- (a) A program financed by a green bond;
- (b) A program financed by a carbon tax;
- (c) An investment in infrastructure to mitigate the impacts of climate change; and
- (d) A tax expenditure for sustainability investments.

- BC48. The IPSASB agreed that IPSAS should be applied to capture the impact of an entity's sustainability-related transactions in general purpose financial statements. RPG 3 provides guidance on disclosures in general purpose financial reports, including the impact of individual programs in achieving its objectives.
- BC49. The IPSASB noted that normally illustrative examples developed by the IPSASB show the application of different concepts. However, IE4. - IE8. illustrate similar RPG 3 concepts applied to four different sustainability programs to help communicate how the guidance can be applied to various types of programs.
- BC50. ED 83, *Reporting Sustainability Program Information* received strong support from constituents on its proposed implementation guidance and additional illustrative examples. A few constituents suggested editorial changes to the illustrative examples. Some constituents proposed changes beyond the limited scope of ED 83, such as developing a definition of 'sustainability' or 'sustainability program information'. This project introduced amendments to highlight the applicability of existing concepts and principles in RPG 3 that reporting entities can apply when reporting on sustainability program information. The IPSASB decided that recommendations on the broader scope of sustainability reporting in the public sector were beyond the scope of this project.

Implementation Guidance

This guidance accompanies, but is not part of, RPG 3, Reporting Service Performance Information.

Does RPG 3 apply to reporting information related to sustainability programs?

- IG1. Yes, RPG 3 provides principles to apply when reporting on an entity's service performance by considering its objectives, and measuring performance against relevant indicators (inputs, outputs, outcomes, efficiency, or effectiveness).
- IG2. The RPG 3 principles are applicable for entities that establish service performance objectives related to sustainability programs and can measure performance against relevant overall indicators set by the entity or specific program metrics.

How does RPG 3 apply to an individual sustainability program?

- IG3. Decision makers may want to evaluate the governance, strategy, risks and performance associated with sustainability programs as part of delivering the entity's service performance objectives. RPG 3 reporting supports transparency in these key areas which are important both for ensuring accountability and for providing useful information for decision-making purposes.
- IG4. The illustrative examples (IE4.–IE8.) in RPG 3 demonstrate the application of the principles to four different types of sustainability programs. This includes how an entity identifies service performance objectives of its respective programs, and how they can be expressed using performance indicators related to inputs, outputs, outcomes, efficiency, or effectiveness, or through a combination of two or more such indicators.

Illustrative Examples

These examples accompany, but are not part of, RPG 3.

- 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 RPG 3. 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 RPG. 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).
- IE3. The second part of this appendix provides an illustrative list of information that could be included in an entity’s service performance narrative analysis and discussion.

Part 1: Examples of Defined Terms

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

RPG 3 states that service performance objectives may be expressed using performance indicators of inputs, outputs, outcomes or efficiency, or through a combination of one or more of these four 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, and then the last example has a focus on efficiency.

- 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.

- **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% percentage reduction in infants contracting measles).

RPG 3 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. RPG 3 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:**

RPG 3 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:**

RPG 3 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 dedicate 20,000 hours of medical staff time to provision of measles vaccinations during the year ended 31 March 20XX. The actual result achieved was 18,000 hours of medical staff time. Therefore the entity effectiveness in this area was 90%.
- 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%.
- 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:**

RPG 3 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 America countries will be expanded through additional consulates and honorary consuls.

Part 2: Narrative Discussion and Analysis—Types of Information

The following list provides examples of the different types of information that could be included in narrative discussion and analysis to help users' assessment of an entity's service performance:

- (a) Particular service performance achievements, deficiencies and issues.
- (b) Identification and discussion of the factors that may have influenced achievement (or non-achievement) of service performance objectives.
- (c) Effectiveness indicators.
- (d) Discussions of differences between planned and actual achievements.
- (e) Comparisons of indicators:
 - (i) Over time;
 - (ii) To milestones; and/or,
 - (iii) Between actual and planned results.
- (f) Reasons for change(s), if the service performance objectives or performance indicators presented have changed compared to those presented for the previous year.
- (g) Where an entity has multi-year service performance objectives, narrative about progress towards their achievement.
- (h) Where outcomes are reported, information on the extent to which outcomes can be attributed to the entity's activities.
- (i) Significant lessons learned during the reporting period with respect to the entity's service performance including, where relevant, plans on ways to address issues affecting service performance and areas that require further evaluation.
- (j) Identification and discussion of the risks associated with the delivery of services and, if risk assessments for services have been carried out, information on how such risk trade-off decisions are informed and managed.
- (k) Identification and discussion of the consequences—intended and unintended, direct and indirect—of the services provided.

If an entity provides a discussion of differences between planned and actual achievements this discussion could include, for example:

- (a) Identification of the size of the variances; and
- (b) Factors contributing to the variances. (For example, external factors, efficiencies or inefficiencies in internal processes, resource availability, or government service delivery decisions.)

The achievement of outcomes is often influenced by factors outside of the entity's control. If an entity provides narrative discussion and analysis on outcomes the disclosures should be sufficient to ensure that users do not overestimate the entity's role with respect to either improving or worsening outcomes. Where outcome information is displayed, information on the following may be useful for users:

- (a) The extent to which the outcomes can be attributed to the entity's activities, and

- (b) Other factors that may have influenced the outcomes.

The delivery of public services often follows a risk assessment, involving clear parameters around tolerance of different types of risks, including the risk of false positives and false negatives with respect to intervention decisions. Information on how an entity assesses risks as part of service delivery can support users' understanding of an entity's service performance.

Examples Related to Reporting Sustainability Program Information

IE4. A general overview of how to apply the RPG 3 principles when reporting service performance information is provided in IE1.– IE3. Specific examples of how to report service performance information related to sustainability programs are provided in IE5.– IE8. These examples are not exhaustive and are meant to provide entities with a simplified fact pattern for illustrative purposes on how to report on service performance objectives of sustainability programs. An entity needs to evaluate all relevant facts and circumstances of its specific programs when applying the RPG 3 guidance.

Example 1—Program Financed by a Green Bond

IE5. Green bonds may be used by entities to raise funds for investment in sustainability programs, for example, environmental or climate change mitigation programs. Issuers of such green bonds may identify specific metrics or targets to provide investors with information on the performance of the program in achieving those targets. Below is an example of a program financed by a green bond. The example shows how to apply RPG 3 for reporting on the program.

Green Bond Details and Objectives:

- On January 1, 20x0 Entity A issued a green bond to fund a reforestation program with the goal of planting 100 million trees by the end of the year at a cost of CU4 per tree.
- The reforestation program's target outcome is the absorption of 997,900 tons of CO₂ per year ((100 million trees x 22 pounds of CO₂ absorbed per tree) divided by 2,204.63 pounds in tons) for the first 20 years.
- At the end of 20x0, forestry staff had planted 85 million trees and determined that the CO₂ absorbed by the reforestation program in year 1 was 578,328 tons of CO₂ ((85 million trees x 15 pounds of CO₂ absorbed per tree) divided by 2,204.63 pounds in tons).
- The actual cost to plant each tree in the reforestation program was CU4.1 (CU348.5 million/85 million trees).

Performance Indicators:

- Inputs: The cost to plant each tree.
- Outputs: The number of trees planted.
- Outcome: Total CO₂ absorbed.
- Efficiency:
 - o The cost per tree planted was CU4.1, i.e., higher than the expected cost of CU4. The total number of trees planted fell short by 15 million trees (100 million less 85 million). The cost per ton of CO₂ absorbed was CU 603 (CU348.5 million/578,328 CO₂ tons), while the planned cost per ton of CO₂ was CU 401 (CU 400 million/997,900 CO₂ tons). The higher cost of CO₂ tons per CU spent shows a lower absorption of CO₂, which could be attributed to a number of factors, including the gradual process of planting trees, a lower number of trees planted by the program than planned, and a lower survival rate of planted trees.
- Effectiveness:

- o Input: 102.5% (the actual cost to plant a tree over the target cost to plant a tree – CU4.1/CU4) because the actual cost to plant the trees (CU348.5 million) was less than the planned cost (CU400 million) and the actual number of trees planted (85 million) fell short of the target number of trees to be planted (100 million).
- o Output: 85% (the actual number of trees planted over the target number of trees to be planted – 85 million/100 million) because fewer trees were planted than planned.
- o Outcome: 58% (the absorption of CO₂ at the end of year 1 over the target absorption of CO₂ in year 1 – 578,328 tons of CO₂/997,900 tons of CO₂) because less carbon was absorbed than planned.

Example 2—Program Financed by a Carbon Tax

IE6. Carbon taxes may be used by entities to generate revenue to fund investment in sustainability programs, including those to fund investment in climate change mitigation. Carbon tax programs often have specific metrics or targets. This information can be used by the entity to report on the performance against the program objectives. Below is an example of a program financed by a carbon tax. The example shows how to apply RPG 3 for reporting on the program.

Carbon Tax Details and Objectives:

- On January 1, 20x1 Jurisdiction B implements a carbon tax to generate revenue to fund the installation of 10,000 electrical vehicle (EV) charging stations over the next 15 years along their highways.
- The objective of Jurisdiction B's program is to incentivize the development of the zero-emission vehicles (ZEV) market so that ZEVs make up 100% of the 460,000 new light-duty vehicles sold per year, within 15 years.
- The program's target for year 1, which starts in 20x2, is to install 600 EV charging stations (expected to cost CU28,500 to install each charging station) and for ZEV sales to comprise 26% of new light-duty sales in Jurisdiction B (119,600).
- At the end of 20x2, Jurisdiction B invested CU13.11 million to install 460 EV charging stations and 18% (85,000/460,000) of all new light-duty vehicle sales were ZEV.

Performance Indicators:

- Input: The cost to install each EV charging station.
- Output: The number of EV charging stations installed.
- Outcome: ZEV market share of the new light-duty vehicles market.
- Efficiency:
 - o The cost per EV charging station installed was CU28,500 (CU13.11 million/460 EV charging stations), achieving the 20x2 target cost per station. However, the program only resulted in 460 EV charging station installations falling short by 140 (the plan was to complete 600 EV charging stations). The cost incurred by Jurisdiction B to incentivize the purchase of new light-duty ZEV in 20x2 was CU154 per ZEV (CU13.11 million/85,000 new light-duty ZEV). The program's planned cost was CU143 per additional new light-duty ZEV sold, however, this expectation was based on capturing 26% of the market, instead of 18% captured in 20x2.
- Effectiveness:
 - o Input: 100% (the actual cost to install an EV charging station over the target cost to install an EV charging station – CU28,500/CU28,500) because the cost planned was achieved.

- o Output: 77% (the actual number of EV charging stations installed over the target number of planned EV charging station installations – 460/600) because fewer EV charging stations were installed than planned.
- o Outcome: 71% (the actual number of new light-duty ZEV sold over the target (85,000/119,600) because the market share achieved of 18% was lower than the 26% targeted.

Example 3—Investment in Infrastructure to Mitigate the Impacts of Climate Change

IE7. Investments in infrastructure can be used by entities to help restore the natural environment and mitigate the impact of climate change. Such investments often identify specific metrics or targets the investments are intended to achieve, including those related to service delivery. This information can be used by the entity to report on the performance of the program in achieving the program objectives. Below is an example of an investment in green infrastructure (i.e., rain garden) financed by environmental penalties collected to mitigate the impacts of climate change. The example shows how to apply RPG 3 when reporting on the program.

Investment in Infrastructure Details and Objectives:

- Community C utilizes funds collected from environmental penalties to provide funding for programs helping restore the environment, through 'green infrastructure' programs, such as installing rain gardens to reduce the risk of flooding and help communities adapt to climate change.
- In 20x1, Community C made CU250,000 available for the installation of rain gardens in residential homes and small businesses, with an average cost of CU5,556 each (CU250,000/45 rain gardens).
- A water management consultant report states that the plan to install 45 rain gardens is estimated to reduce instances of flooding by 60% (30 fewer flooding instances).
- Rain levels between 20x0 and 20x1 were consistent, 50 flooding instances were noted in 20x0, and after issuing funding of CU150,000 for 25 rain gardens in 20x1 there were 17 fewer flooding instances (34% reduction).

Performance Indicators:

- Input: Funding collected from environmental penalties and available for rain gardens.
- Output: The number of rain gardens funded by Community C.
- Outcome: Reduction of residential and small business flooding instances.
- Efficiency:
 - o The cost per rain garden was CU6,000 (CU150,000/25 rain gardens), CU444 over the target cost. There were only 17 fewer flooding instances than the estimated 30, which can be attributed to the lower number of rain gardens funded by the program (45 rain gardens were estimated to be funded, but only 25 were funded and completed in 20x1). The cost per reduction in flooding instances was CU490 higher per flooding instance, as the planned cost was CU8,333 (CU250,000/30 reductions of flooding instances) and the actual cost was CU8,823 (CU150,000/17 reductions of flooding instances).
- Effectiveness:
 - o Input: 60% (the actual funding provided for rain gardens over the target funding available – CU150,000/CU250,000) because less funding was provided than was available.
 - o Output: 56% (the actual number of rain gardens funded over the target number of rain gardens planned – 25/45) because fewer rain gardens were funded than planned.

- o Outcome: 57% (the actual reduction of flooding instances over the target reduction of flooding instances – 17/30) because fewer flooding instances were prevented than planned.

Example 4—Tax Expenditures for Sustainability Investments

IE8. Tax expenditures¹ can be used to incentivize private investment to improve energy efficiency and reduce energy consumption. Such programs encourage investments and often identify specific metrics or targets the investments are intended to achieve. This information can be used by the entity to report on the program performance in achieving its objectives. Below is an example of a tax expenditure program to encourage energy efficiency improvements through conservation that sets out how to apply RPG 3 when reporting on the program.

Tax Expenditure Details and Objectives:

- In 20x6, Country A introduced a tax credit to incentivize energy-efficient renovations of CU525 million (approximately 80,000 renovations) to decrease energy consumption, specifically natural gas, by 15% in 20x7.
- In 20x7, an income tax credit of CU300 million was given by Country A on housing energy efficiency expenditures.
- The tax credit for energy transition triggered about 60,000 additional eligible energy-efficient renovations and accounted for a reduction of 7% (94,007,117 MMcf²) in the natural gas consumption in residential properties in 20x7 (the 20x7 total natural gas consumption was 1,342,958,820 MMcf).

Performance Indicators:

- Input: The total amount of tax credits provided
- Output: The number of eligible energy-efficient renovations completed.
- Outcome: Reduction in energy consumption.
- Efficiency:
 - o The average tax expenditure provided for each energy-efficient renovation was CU5,000, resulting in a lower tax expenditure than planned of CU6,563 per renovation (CU525 million/80,000 renovations). The actual cost per unit of energy conservation was CU3.191 per MMcf (CU300 million/94,007,117 MMcf), which was higher than planned at 2.606 per MMcf (CU525 million/201,443,823 MMcf). This could be attributed to fewer actual renovations (60,000) than planned (80,000) and less energy savings per renovation – 1,566.78 MMcf per renovation (94,007,117.40 MMcf/60,000 renovations) instead of 2,518.05 MMcf per renovation (201,443,823 MMcf/80,000 renovations).
- Effectiveness:
 - o Input: 57% (the actual tax credit issued for eligible energy-efficient renovations over the target announced – CU300 million/CU525 million) because the tax expenditures issued were below the target.
 - o Output: 75% (the actual number of eligible energy-efficient renovations over the target – 60,000/80,000) because there were fewer energy-efficient renovations than planned.
 - o Outcome: 47% (the actual natural gas consumption reduction over the target – 7%/15%) because the reduction in natural gas consumption achieved was lower than planned.

¹ This term is defined in the Glossary of Defined Terms.

² One million cubic feet of natural gas.