



Discussion paper

Central
government:
Case studies
in reporting
forecast
performance
information

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Central government: Case studies in reporting forecast performance information

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Auditor-General's overview

Often, public entities ask my auditors and me to point out good examples of service performance reporting. They ask because they want to improve how they forecast and then report on their performance.

In response to these requests, we published in June 2009 excerpts of reporting practices that stood out from others, selected from the 2008-11 statements of intent and 2008/09 forecast statements of service performance of government departments and Crown entities.

This discussion paper expands on our 2009 publication by providing case studies of three public entities. We chose these three from among the public entities that received a "good" grade from their auditors for their service performance information and associated systems and controls.

Because there are so many readers and uses of information about how well a public entity is performing, an individual reader will always be able to identify information that could have been included in, or questions that are not answered by, a report. In my view, just as financial information sets out to meet the common needs of readers, a general-purpose report about an entity's performance should provide a basis for discussion and debate. We should not expect every question to be answered.

Importantly, the three public entities featured in this discussion paper have all communicated the complexity of their business challenges and their day-to-day operations in reports that are understandable for a range of readers. We have commented on the elements we liked as well as aspects that the entity could improve. Our suggested improvements are based on comparing the forecast performance information against our expectations of a "good performance story".

We hope that public entities will find these three case studies helpful in preparing their own forecast performance information.



Lyn Provost
Controller and Auditor-General

8 February 2011

Part 1

Introduction

- 1.1 The purpose of this discussion paper is to help public entities improve the information they use to forecast what their performance will be in providing services to the public – and how they report that forecast to Parliament and to the public.
- 1.2 This discussion paper is aimed at government departments and Crown entities that produce an annual forecast statement of service performance (SSP), and report against their forecast in an annual report, under the Public Finance Act 1989 or the Crown Entities Act 2004.
- 1.3 This discussion paper features three public entities that we selected from the 40 graded by their auditors as “good” in 2009/10 for their service performance information and associated systems and controls.¹ Appendix 1 sets out a list of the 40 public entities that received a “good” grade from their auditors. Appendix 2 sets out information about what the auditors considered when grading service performance information and associated systems and controls.
- 1.4 Our report in 2009² showed that there are many examples of good ideas, and useful forecasting and reporting practices, in the information prepared by government departments and Crown entities.
- 1.5 This year, we chose three public entities that we consider reported their forecast performance in their 2010-13 statement of intent (SOI) or their 2010/11 forecast SSP better overall than others. The three public entities we selected were:
 - Career Services: Rapuara (Career Services);
 - Ministry of Economic Development: Manatū Ōhanga (the Ministry); and
 - New Zealand Customs Service: Te Mana Arai o Aotearoa (Customs).
- 1.6 Copies of the relevant reports produced by these public entities can be found on their websites (www.careers.govt.nz, www.med.govt.nz, and www.customs.govt.nz).

Scope of this discussion paper

- 1.7 This discussion paper provides case studies of practices used to report how three public entities forecast their performance. It is not a good practice guide, does not provide comprehensive advice, and is more descriptive than prescriptive.
- 1.8 There are several other publications available that provide in-depth commentary on performance reporting matters and provide good practice advice. They include guidelines issued by the Treasury and the State Services Commission for people

1 One public entity received a grade of “very good” (which means no cost-beneficial improvements were recommended).

2 Office of the Auditor-General (June 2009), *Statements of intent: Examples of reporting practice*, Wellington.

who prepare accountability reports, as well as other publications that we have produced.³

- 1.9 This discussion paper focuses on the presentation and content of forecast performance information in three public entities' SOIs and in the *Information Supporting the Estimates of Appropriation for the year ending 30 June 2011* (the Information Supporting the Estimates) about Customs and the Ministry.⁴ We have not tried to cover every issue or describe every facet of their performance reporting.
- 1.10 There are other elements of performance reporting (for example, inputs, resources, processes, and other objectives) and specific legislative reporting requirements (such as organisational health and capability, and risk management approaches) that we do not discuss.
- 1.11 For context, we have included some commentary about the three public entities and reproduced excerpts from their forecast information to illustrate the matters that we discuss. For a fuller understanding, readers should refer to the three public entities' SOIs and, where applicable, the Information Supporting the Estimates.

Structure of this discussion paper

- 1.12 In Part 2, we discuss the importance of good quality reporting about performance, provide an overview of why we consider the three public entities' forecast performance reporting to be useful examples, and discuss how service performance reports can be used.
- 1.13 In Part 3, we discuss the six elements of a useful story of a public entity's performance – a good performance story – and explain what our expectations are for those elements.
- 1.14 Parts 4 to 6 set out the three case studies, discussing the forecast performance reporting of each public entity and the features that make their reporting useful.

3 See our website. Our publications include "Part 5: Our intentions for improving service performance information and reporting" in *Central government: Results of the 2008/09 audits* (2010), *Statements of intent: Examples of reporting practice* (2009), and *The Auditor-General's observations on the quality of performance reporting* (2008).

4 The *Information Supporting the Estimates of Appropriation for the year ending 30 June 2011* is available on the Treasury's website at www.treasury.govt.nz/budget/2010/ise.

Part 2

Why good quality reporting of performance information is important

- 2.1 Public entities are required to report their plans and their performance against those plans to demonstrate that they deliver services effectively and efficiently. This supports their accountability to Parliament and to the public for responsibly using the public resources and regulatory powers entrusted to them.
- 2.2 Forecast performance reports need to tell the story about the services the public entity delivers, why it delivers them, and what difference it intends to make for the community where its services are delivered and/or to society. Good quality reporting, of both non-financial and financial information, allows informed consideration in Parliament, in the public sector, and in communities about what is happening and what could be done better.
- 2.3 In the public sector, readers of performance reports include customers (the recipients of public goods or services), funders and financial supporters (including taxpayers, ratepayers, and providers of grants and donations), elected or appointed representatives (for example, members of Parliament and select committees), and interested members of the public (for example, media commentators, academics and other analysts, and members of relevant professional or community groups).

Setting the scene for the forecast performance

- 2.4 The information that a public entity reports about its forecast performance needs to allow the reader to make an informed assessment – it needs to be relevant, reliable, understandable, and comparable.
- 2.5 A useful forecast is concise and balanced, and emphasises matters according to their significance. The reported information should articulate the public entity's performance story without referring to other documents.
- 2.6 The reported information should clearly set out the public entity's reasons for why it does what it does, focusing on outcomes, impacts, and outputs. This involves clearly articulating a strategy, linking that strategy to operational and other business plans, monitoring the delivery of those operational and business plans, and evaluating the strategy's effects and results.
- 2.7 The reported information should reflect what an organisation considers is most important for it to do and focus on, and what difference it will make. Effectively, this means that external performance reports should present information that is used to guide the internal management of the public entity.
- 2.8 Governors and managers of public entities that do not have appropriate systems for monitoring and aggregating the range of information needed for internal day-to-day management cannot be confident that they are fulfilling their

responsibilities. Information assembled from internal management information is also more cost-effective to assemble and prepare than information collected solely for external reporting purposes.

2.9 Governors and senior managers also need to be mindful that most readers of their reported information:

- do not have access to detailed internal management information; and
- are unable to see the relationship between internal and other sources of information.⁵

2.10 This means that public entities need to understand the needs and interests of the different readers of their reported performance information, so that they can communicate in ways that meet those various readers' needs and interests.

Overview of the three featured public entities

2.11 Importantly, the three featured public entities have all – in our view – communicated the complexity of their business challenges and their day-to-day operations in reports that are understandable to a range of readers.

2.12 The three public entities show that better forecast performance reporting often does not require a greater volume of either information or specific performance measures. It requires a clear focus on identifying and aggregating the information needed to communicate the story of a public entity's performance.

2.13 The forecast performance information included in the SOI or Information Supporting the Estimates for each of the three featured public entities is generally simple and well presented, and clearly articulates the public entity's business. Collectively, this information has the following characteristics:

- The outcomes and impacts that the public entity is aiming to contribute to or influence are easily identifiable, with direct links to government outcomes, priorities, and strategic themes.
- There are clear links and relationships between outputs (goods and services) and impacts and outcomes.
- The output descriptions and output classes are understandable in the context of the services and their relationship to impacts and outcomes.
- Most of the main measures and the output measures are appropriate – relevant, reliable, understandable, and comparable.

⁵ Although governors (for example, Ministers and local authority councillors), central agencies, other monitoring agencies, and entities' management are also readers of external reports, they have access to, or are able to request, additional financial and non-financial performance information in carrying out their governance, monitoring, or management responsibilities.

- The output measures cover a range of dimensions of performance that are important to the public entity (such as, but not limited to, quality, quantity, and timeliness), so that a balanced and rounded picture of service performance can be obtained.
 - Targets are reasonable best estimates based on the priorities of the public entity, and its resources, choices, and historical performance.
 - There is contextual and comparative information that allows the reader to understand the public entity, its choices, and its planned performance.
 - There is accompanying financial information that explains the assumptions and financial implications of the forecast service delivery.
- 2.14 We consider that, where these characteristics are met, the forecast information should provide a basis for making an informed assessment of service performance and related questions such as cost-effectiveness.
- 2.15 In our view, the strengths identified and the questions raised in our case studies remain of value to other public entities as they look to improve their own service performance information.
- 2.16 As well as highlighting those aspects of the featured public entities' documents that we consider are strengths, we have also identified where further improvement can be made. By doing this, we hope to help other public entities identify the types of questions that they may find helpful when considering their own service performance information.
- 2.17 In common with most forecast SSPs that we have reviewed, there is still scope for the featured public entities to improve the way in which they have specified the service performance measures that they will report against in their annual reports.
- 2.18 In particular, there is a need to:
- be clear about the good or service (output) that is being delivered;
 - describe measures in a way that is understandable to the reader;
 - provide information about demand-driven work over which the entity has no control but that affects the cost, quality, or timeliness of its services;
 - increase the use of measures that reflect the quality of the service, as well as easier to measure dimensions such as quantity.
- 2.19 For any measures used, it is important to include current performance/baselines so that the reader understands whether the targets set are appropriate to what the public entity is trying to achieve and what the current state of achievement is.

The three featured public entities' main measures were not always accompanied by either:

- directional or specific targets; or
- information setting out trends in results and performance for past years or, where relevant, comparable information about other entities that use similar processes or carry out similar activities.

2.20 Finally, we encourage the use of plain English, taking care with the appropriate use and consistency of language and headings, and attention to how information is presented. Reported performance information needs a simple and clear structure, based on consistent use of a well chosen set of outcomes, impacts, and outputs to which relevant measures and contextual information are attached.

2.21 Additional layers of complexity often increase the burden of preparation and reporting, without improving the usefulness of the information. Inconsistencies in labelling, jargon, and the use of acronyms and abbreviations can also make the performance information harder to understand.

Using service performance reports

2.22 Throughout the public sector, there has been inconsistent analysis of actual results and what the results tell us about the performance of each public entity, its future challenges, and its requirements. Little work has been done to understand what the performance reports produced by public entities over a number of years can tell the reader.

2.23 Therefore, we intend to look at public entities' performance management arrangements and the reporting of actual results. This is the point where results can be assessed and evaluative questions asked about emerging trends, capability, impacts, and cost-effectiveness.

2.24 During 2011, we expect to publish another discussion paper, looking at the reporting practices of selected public entities over time, to explore the analysis that can be carried out and trends that can be identified.

2.25 The case studies in this discussion paper are based on the forecast information produced in 2010. Although we consider that information is generally improving, the comments made and issues raised remain relevant for many. We expect that, when looking at their own information, many public entities will be able to recognise the strengths and areas for improvement that we have identified here.

Part 3

Elements of the performance story

- 3.1 In this Part, we describe the six aspects of the performance story that we focus on during our audits, why we consider these aspects important, and what our expectations are.
- 3.2 When assessing public entities' forecast performance information, we focus on those aspects of the performance story that we consider are central to providing the reader with a clear understanding of the public entity's purpose, the goods and services it delivers, and whether it is successful.
- 3.3 The six aspects that we pay particular attention to reflect the guidance that we have issued to public entities. The six aspects are:
- strategic context;
 - specifying and presenting the outcomes framework;
 - main measures and targets for impacts and outcomes;
 - linking impacts and outcomes to outputs;
 - specifying outputs and output classes; and
 - performance measures and targets for outputs.

Strategic context

- 3.4 To help the reader understand the forecast performance information reported by a public entity, it is important that it sets out a clear overview of the strategic context within which it operates. This should include:
- the nature and scope of the public entity's functions; and
 - its operating environment, the challenges this presents, and its immediate priorities.
- 3.5 The nature and scope of a public entity's functions should explain the reason for the public entity's existence, what it exists to achieve, and the duties, powers, and functions that it can use. This information will remain relatively fixed over time, because it is fundamental to the public entity's strategic positioning and reflects its governing legislation and statutory requirements.
- 3.6 Information that describes the dynamic context in which a public entity is operating is needed to complement the more stable information on the nature and scope of its functions. This should include information about changes to the operating environment, such as the economic outlook, immediate priorities (including those set by the Government), and any other major challenges or risks. It is important that the public entity describes clearly for the reader how it expects these issues to affect it and how it is planning to respond.

- 3.7 Presenting information on the public entity's strategic context should allow the reader to understand why the public entity is seeking to contribute to the impacts and outcomes it has identified, and its priorities.

Specifying and presenting the outcomes framework

- 3.8 An SOI must clearly identify the impacts, outcomes, or objectives that the public entity aims to contribute to or influence. The strategic context should have already made it clear to the reader why the reported impacts and outcomes are relevant to the public entity. Outputs explain how the public entity intends to intervene to help bring about the outcomes.
- 3.9 Outcome statements must describe the main desired effects that the public entity is seeking to achieve. An outcome statement should refer to the state or condition of society, the community, economy, or environment. It should also include the desired change in that state or condition.⁶
- 3.10 Every public entity is part of wider public sector efforts. It can be helpful for public entities to refer to the work of other contributing public entities in achieving outcomes. This is a useful way for the reader to see how a particular public entity's work relates to the work done by other parts of the public sector.
- 3.11 In presenting their outcomes frameworks, public entities need to be clear about the point at which they can reasonably aim to have an influence on whether an outcome is achieved. It is at this point that we consider that main measures should be identified. Including higher-level or sector-wide outcomes can add useful context for the reader. However, trying to demonstrate the contribution made to more remote outcomes is difficult, can increase the cost of data collection, and is of questionable value to the reader.
- 3.12 The number of layers in a public entity's performance story will vary depending on the nature of its business, the outputs it delivers, and the outcomes it has identified. It is important that there are enough layers for the reader to understand how providing a particular good or service ultimately contributes to achieving a specified outcome. Too many layers can mean that measurable outcomes should be set at a level closer to the activities of the public entity. A gap in the explanation can indicate that an intermediate step is needed.

Main measures and targets for impacts and outcomes

- 3.13 Main measures and targets for impacts and/or outcomes are essential for the reader to know whether a public entity is making progress. There should be few of these measures, enabling readers to see the "big picture" of the public entity's strategic intent without being overwhelmed by detail. Main measures should be

⁶ As defined in section 2 of the Public Finance Act 1989. Outcomes are not defined in the Crown Entities Act 2004.

relevant to the impact or outcome being assessed and not just focus on matters that are easy to measure.

- 3.14 Impact and outcome targets must cover at least the full period of the SOI (a minimum of three years). Where a change in outcomes occurs only after a long period, it may be more appropriate to identify main measures closer to the point of service delivery, where change will be easier to see during the period of the SOI. Longer-term changes in outcomes can then be provided as contextual information.
- 3.15 Impacts and outcomes are about what a public entity is trying to influence rather than what it can control. Therefore, it may be appropriate to express targets as a general direction of change, such as an increase against a baseline, rather than in precise terms or levels. However, when a public entity does this, it needs to clearly indicate the relative change desired against a baseline or trend.
- 3.16 Public entities need to include comparative information to help the reader understand the targets the public entity has set for its main measures and allow the reader to judge their appropriateness. Comparative information can be:
- past and future targets;
 - past results;
 - comparisons with other organisations, countries, regions, or national averages; or
 - other forms of benchmarking.

Linking impacts and outcomes to outputs

- 3.17 The relationship between outputs and impacts or outcomes should be credible and clearly explained in both the SOI and the Information Supporting the Estimates. This helps the reader to understand how the public entity considers that the goods and services it delivers will result in improved impacts and outcomes. It also allows readers to understand the alignment between the public entity's medium-term goals and its annual performance plan.
- 3.18 Presenting outputs in the context of outcomes is more difficult for government departments, now that the forecast SSP is no longer reported in the SOI. Instead, the forecast SSP information is reported in the Information Supporting the Estimates. However, we consider that all public entities can do more to use their accountability documents to demonstrate the links between outputs, impacts, and outcomes. The SOI, in particular, allows more freedom and flexibility for public entities to best present the important links between these key components of the performance story.

Specifying outputs and output classes

- 3.19 The Public Finance Act 1989 and Crown Entities Act 2004 define outputs as the goods or services that are supplied by a public entity or Crown entity.
- 3.20 The forecast SSP should include the outputs for which the public entity is accountable. These are the goods and services provided to third parties, whether delivered directly by the public entity or by third parties. All significant goods and services should be identified and reported on, to ensure that readers get a comprehensive, balanced, and proportionate picture of the public entity's services.
- 3.21 The definitions do not include goods and services that are produced for purchase or consumption solely within a group of public entities or Crown entities.⁷ Therefore, the outputs identified by a public entity should exclude other elements (including inputs, activities, processes, impacts, or outcomes), except where these are useful or necessary to provide context. If an entity refers to other elements of performance within the forecast SSP, the other elements should be identified as such and not reported as if they were outputs.
- 3.22 Using output classes allows the public entity to group similar services. This enables the reader to make sense of the public entity's outputs without being overwhelmed with detail. The underlying rationale for the output classes should be clear and justifiable.
- 3.23 Public entities should use consistent output classes, and output titles and descriptions, throughout their forecast information, including in their financial information. This links services and performance levels with their associated costs, so that readers are better able to assess the public entity's cost-effectiveness.
- 3.24 Output information should be supported by contextual information telling the reader why the services are delivered. The reader should be able to understand the relevance of the output performance measures in the context of the effect that successful service delivery should have on achieving the desired outcomes.

Performance measures and targets for outputs

- 3.25 Performance measures for outputs need to be meaningful. They need to measure the aspects of service that represent good performance, are within the control of the reporting public entity, and reflect the challenges, priorities, or other focus of management for that service. In other words, performance measures need to be relevant, controllable, valid, verifiable, unbiased, complete and balanced, understandable, and comparable.

⁷ Section 2 of the Public Finance Act has a definition of outputs that means the goods or services supplied by a department, Crown entity, Office of Parliament, or other person or body. The definition includes goods and services that a department, Crown entity, Office of Parliament, or other person or body has agreed or contracted to supply on a contingent basis, but that have not been supplied.

- 3.26 To provide a balanced and rounded view of service performance, performance measures for outputs usually need to cover several dimensions – for example, quality, quantity, and timeliness.
- 3.27 Although outside the scope of this discussion paper, all performance measures should be supported by detailed definitions and appropriate systems to collect the relevant data. Internal controls should include documenting of these systems and provide scope to reduce the volume of technical information presented in the forecast.
- 3.28 Performance measures for outputs need to have well-specified targets with comparative information. This lets the reader gauge the public entity’s intended level of performance for the period, and later on to compare actual performance against those plans. Targets should be reasonable and reflect the priorities of the public entity, and its resources, decisions, and past performance.
- 3.29 SOIs (including the forecast SSPs for Crown entities) provide scope for reporting longer-term historical trend information that gives readers context for the targets set. At a minimum, targets must be included for the forthcoming year. Longer-term targets help readers understand the direction of intended performance. Comparative information from other public entities, regions, or countries can provide useful benchmarks.
- 3.30 Generally, data that records demand-driven events relates to matters outside the reporting public entity’s control. Demand-driven data can provide context, and be useful when it relates to real measures of performance – for example, to understand the effect on the quality or cost of services from a change in the volumes being handled.
- 3.31 Demand-driven data – for example, the number of applications received, number of prisoners, or number of students enrolled in compulsory education programmes – is not a substitute for “true” service performance measures and targets, or results. Demand-driven data is not often a true measure of output performance, because it does not tell the user about how well the service is being provided.

Part 4

Career Services

Background

- 4.1 Career Services is a Crown entity. It was established under the Education Act 1989 to maintain and make available information and advice about occupations and post-compulsory education and training. It receives revenue of more than \$16 million each year. More than 90% of this funding comes from Vote Education as a Non-Departmental Output Expense.
- 4.2 Its 2010/11 SOI was a compact document that used an inviting layout and provided several useful diagrams.

“The SOI explained the importance of good decision-making about education, training, and career choices

Strategic context

- 4.3 The SOI explained the importance of good decision-making about education, training, and career choices, noting that the recession had made good information and advice to support such choices more important than ever. Figure 1 reproduces Career Services' description of its strategic context.

Figure 1
Strategic context for Career Services

Raising New Zealanders' awareness of where to get career decision-making support is an important step in giving everyone the opportunity to maximise their potential. Our ongoing challenge is to continue to extend our reach by making the best use of our low-cost web-based and phone-based services, while ensuring that personal assistance is available to the groups and individuals who need it most.

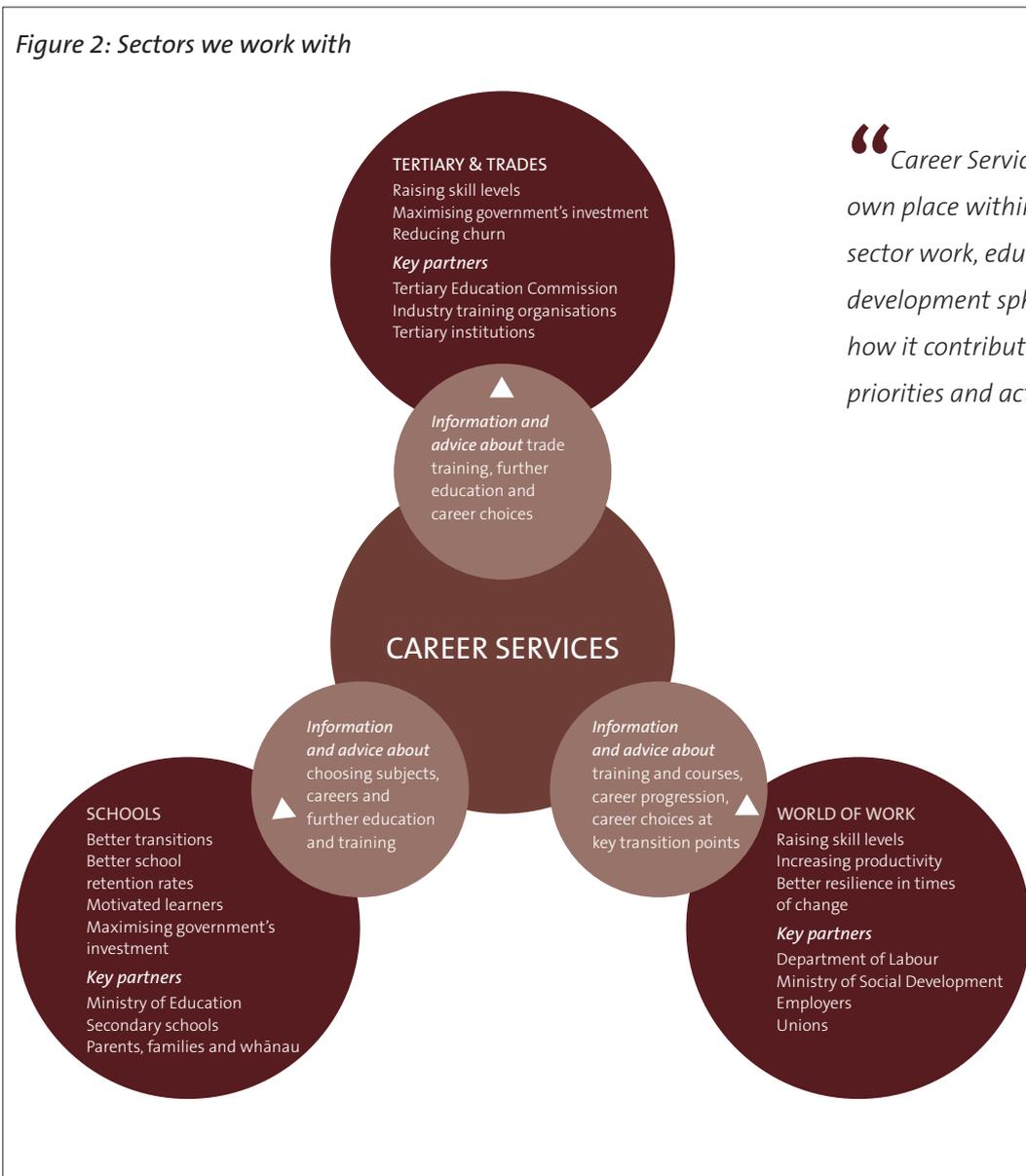
Young people in particular need support to navigate through the range of learning and career options open to them. Career Services is committed to supporting government initiatives such as the Youth Guarantee, to ensure young people are making well-informed decisions about their futures. We make the most of the latest technologies to deliver services with particular appeal to young people (such as personalised online My Career Spaces and our texting services). We also focus on building the career skills of parents and teachers so they can support young people as they map out their career futures.

As the country emerges from the recession, it becomes even more important to have a highly skilled workforce, to help lift productivity and contribute to economic growth. It is vital, too, that those affected most by current unemployment levels – such as young people, Māori communities and Pasifika families – are not left behind.

The first step in raising skill levels in the workforce of today and tomorrow lies in the ability to make good decisions about work and learning. New Zealanders need to know how to find independent and accurate information about jobs, education and training. As importantly, they need to make well-informed decisions that take their circumstances, skills and interests into account. They need to develop the job resilience that will help them avoid long periods of unemployment.

4.4 Career Services set out its own place within the wider public sector work, education, and skills development spheres, showing how it contributes to Government priorities and actions (see Figure 2).

Figure 2
How Career Services contributes to Government priorities and actions



“Career Services set out its own place within the wider public sector work, education, and skills development spheres, showing how it contributes to Government priorities and actions

Source: Career Services (2010), *Statement of Intent 2010 to 2013*, Wellington, page 6.

4.5 Career Services presented a brief environmental scan to set out the significant issues and challenges affecting the services it provides and its responses to those challenges.

Figure 3
Career Services' environmental scan

<i>TABLE 1: HOW OUR PRIORITIES AND SERVICES RESPOND TO THE ENVIRONMENTAL ISSUES</i>			
Government Priorities			
Issue	Response	Our Strategic Priorities	Our Services
<i>Lifting public sector performance</i>	Continuing to generate more innovative and cost-effective ways of delivering services	Integrated self-help for all Evidence	channelling users primarily to web-based self-help and 0800 advice line services – the most cost-effective ways of reaching the greatest number of users delivering more group guidance exploring new services such as online guidance, virtual networking and wikis ; seeking innovative ways to harness emerging technologies.
<i>Ensuring New Zealand has the skills it needs</i>	Ensuring people are aware of our services Working with young people and their influencers, as well as schools, tertiary providers and ITOs	Awareness Young people and their influencers Partnerships	providing freely available online tools to help people match their skills and interests to jobs or school subject choices enabling web users to click through to job vacancies and watch video clips about particular occupations building others' capability (such as parents and teachers) to support young people to make learning and career decisions.
<i>Youth Guarantee</i>	Helping young people identify career pathways; building the capability of schools, parents and whānau to support young people	Young people and their influencers	providing group training sessions to build the skills of parents and whānau, teachers, career professionals and others to help guide young people through learning and career decisions providing advice and support to schools to help build effective career education programmes for students.
<i>Māori success</i>	Further developing our whānau-based approach, based on what we have learnt from the Whānau Decision-making Project	Young people and their influencers Evidence	using the results of the Whānau Decision-making Project to improve our support for young Māori making career decisions providing group guidance sessions for Māori secondary school students to help them develop their career decision-making skills and awareness of education and work opportunities.

Demographics			
Issue	Response	Our Strategic Priorities	Our Services
<i>Growing, ageing population</i>	Web-based and phone-based services for people of all ages	Integrated self-help for all	all age service , personalised and differentiated to meet people's individual needs .
<i>Increasing ethnic diversity</i>	Tailoring resources and services to meet the needs of different groups	Integrated self-help for all Partnerships	providing targeted sections of the website to meet the needs of particular groups, such as Māori, Pasifika, migrants and refugees. providing group guidance sessions (and smaller peer support sessions) for migrants and refugees to inform them about New Zealand workplaces and employers' expectations.
<i>More young people</i>	Reaching more young people through group work, capability-building and tailored web resources	Young people and their influencers	providing texting, webchat and online tools (such as CV 4 Me) aimed at helping young people with learning and career decisions; personalised online My Career Spaces exploring virtual networking and wikis that appeal to young people working with the secondary school, tertiary and industry training sectors to ensure students can access the information and advice they need to make a successful transition.

Economy			
Issue	Response	Our Strategic Priorities	Our Services
<i>Economic Growth</i>	Helping people maximise their potential	Integrated self-help for all	up-to-date web-based database of occupations that reflects changes to job descriptions, salaries and labour market trends working closely with government agencies , both at the national and regional level to support relevant actions in the labour and education sectors, such as the Re-Start package.
<i>Emerging from a recession; addressing national debt</i>	Tailoring services to people impacted by unemployment Finding ways to work smarter	Integrated self-help for all Evidence	tailoring sections of our website to workers facing job uncertainty and redundancy providing services to workers made redundant, through our 0800 advice line with additional guidance available from career consultants for those needing extra support working with businesses (for example, to support those facing closure or redundancies) supporting local employers and staff at the local level.
<i>Increasing unemployment</i>	Tailoring services for people facing unemployment	Integrated self-help for all Partnerships	working with the Ministry of Social Development to support initiatives to assist businesses and workers facing closure or downsizing working closely with the Department of Labour to ensure our information about occupations and local labour markets is as up-to-date as possible.

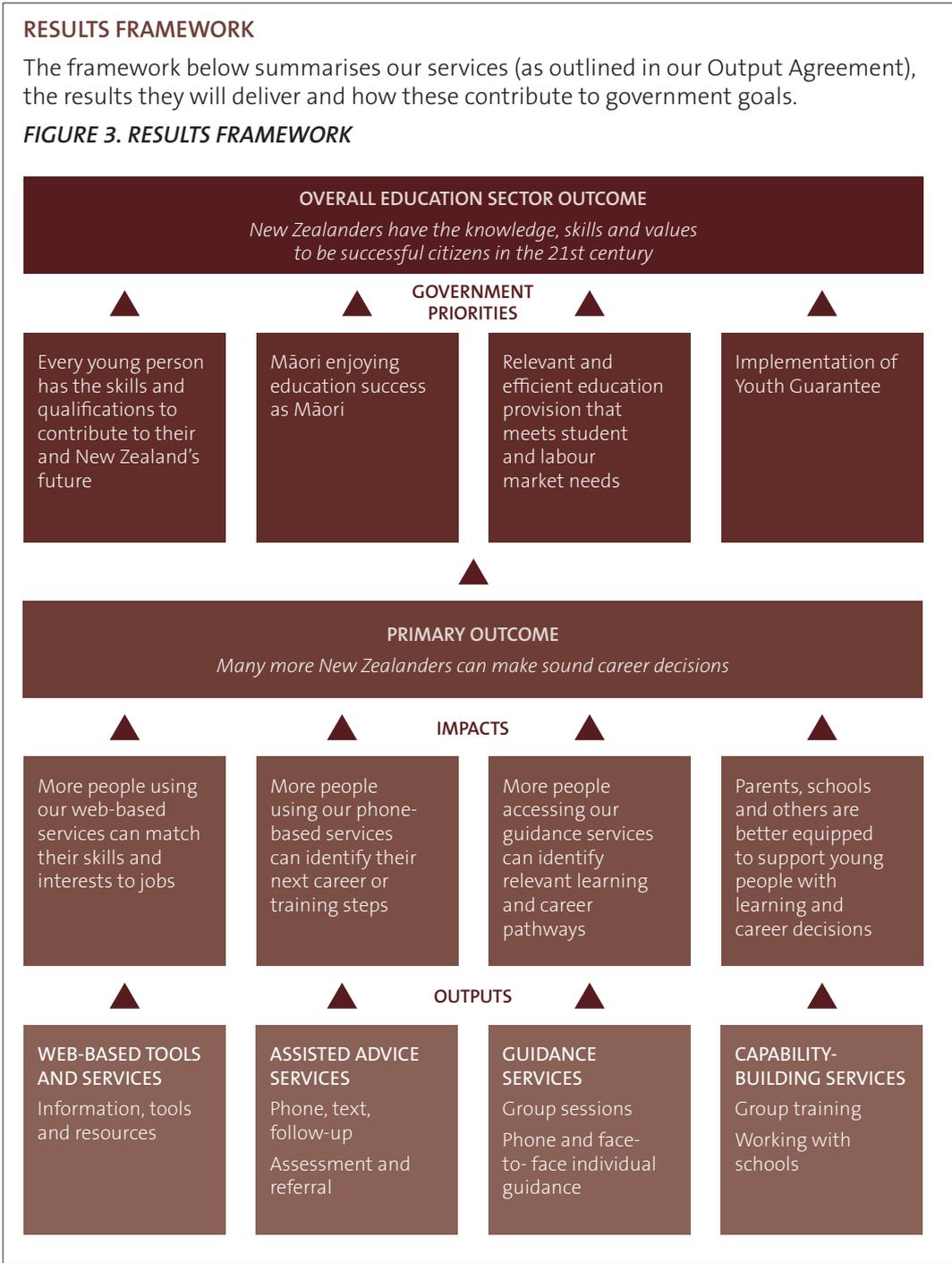
Source: Career Services (2010), *Statement of Intent 2010 to 2013*, Wellington, page 12-14.

Specifying and presenting the outcomes framework

- 4.6 Career Services' narrative discussion made its overall purpose and direction clear. A Results Framework diagram (see Figure 4) identified elements, including Career Services' contribution to the overall education sector outcome and government priorities, and set out its primary outcome – “Many more New Zealanders can make sound career decisions”.
- 4.7 The Results Framework diagram also set out Career Services' four outcome statements (for example, “More people using our web-based service can match their skills and interests to jobs”) that were the immediate and direct outcomes (or the impacts) of Career Services' outputs.

“The previous year's result for each outcome measure was usefully set out as comparative information

Figure 4
Career Services’ results framework diagram



Source: Career Services (2010), *Statement of Intent 2010 to 2013*, Wellington, page 16.

Main measures and targets for outcomes and impacts

- 4.8 The SSP contained 12 outcome measures for the four outcome statements. These sat alongside the service performance measures for each output. The previous year's result for each outcome measure was usefully set out as comparative information (see Figure 5). The measurement method for all the measures is an independent annual evaluation.

Figure 5

Main measures and targets for outcomes and impacts and their relationship to outputs

Web-based services			
We provide web-based information and tools (such as quizzes and wizards) to help people understand their skills and ambitions, find out more about the labour market, explore training and job opportunities and develop career plans and CVs.			
Results/Measures	Target 2010/11	Target 2012/13	How it will be measured
Outcome			
% of people using web-based self-help resources who can identify a good match between personal skills and interests and career/job choice	88% [achieved 87% in 2008/09]	90%	Through an independent annual evaluation
% who have made a career-related decision aided by our services	70% [new measure]	80%	
Quantity measures			
Number of visits from New Zealand-based people accessing web-based career information	2,500,000 [2,150,488 in 2008/09]	2,750,000	Google Analytics: website visits from NZ-based computers
Number of My Career Space registrations	20,000 new registrations [new measure]	50,000	My Career Space
Quality measures			
% of people accessing online information who find it useful and meaningful	80% [79% said it was useful in 2008/09]	85%	Through an independent annual evaluation
% of people who say website is easy to use and up-to-date	75% [72% said it was easy to find their way around in 2008/09]	80%	Through an independent annual evaluation

Notes on Measures

Outcome: We would expect some small improvements over time.

Quantity: By way of comparison, the Retirement Commissioner's financial planning website, www.sorted.org.nz, received 1.2 million visits during the whole of 2008. Individuals may visit our website more than once and unfortunately it is not currently possible to determine the number of unique visitors. We would expect the number of visits to continue to increase over the next two to three years, but for numbers to eventually reach a maximum level that would be sustained over time.

The number of My Career Space users is a new measure to gauge the use of this recently developed resource for people to save their career information online. Over time we will use the My Career Space information to learn more about our users and improve our services.

Quality: The words "Up-to-date" have been added for 2010/11.

Source: Career Services (2010), *Statement of Intent 2010 to 2013*, Wellington, page 30.

- 4.9 The main measures are close in focus to the delivery of the output and also focus on the perceptions of Career Services' clients. For example, the measure "% of people using web-based self-help resources who can identify a good match between personal skills and interests and career/job choice" focuses on the clients of Career Services.

“In our view, the focus on impacts as a layer that is close to the delivery of the output is useful and appropriate for Career Services

- 4.10 In our view, the focus on impacts as a layer that is close to the delivery of the output is useful and appropriate for Career Services, given its role within the wider public sector work, education, and skills development spheres, its organisational resources, and its overall size and scale.
- 4.11 The SOI also describes a three-year evaluation programme that includes an evaluation of key assumptions, such as how web-based services help people to identify a good match between personal skills and interests, and career/job choices (see Figure 6). Immediately after the three-year evaluation programme, Career Services reported some initial evaluation results that are useful for understanding the impact that its activities have had to date.

Figure 6
Information about Career Services' evaluation strategy

Key Indicators

We have developed an outcomes framework and indicator matrix that help us monitor the results we are achieving. The diagram below shows some key indicators in each of the four Results-based accountability categories.

Further work on measures is being undertaken jointly with other agencies.

Three Year Programme

Our three year external evaluation programme is aimed at ensuring our services are meeting users' needs.

The programme is based on:

- continuing to build on a core of information about the effectiveness of our services, whether it meets people's needs and how we can improve services
- examining users' total experience with our integrated services: web, phone, face-to-face
- each year, having more in-depth investigations into results for a particular client group (e.g. young Māori) or a particular product (eg. texting services).

Each year, we will evaluate:

Web-based services

- how well the web-based services help people to identify a good match between personal skills and interests and career/job choice
- whether people accessing web-based services find them useful and meaningful and easy to use.

Assisted advice

- whether people accessing our 0800 Advice Line know which steps to take next and find that the advice meets their needs.

Guidance services

- how well group sessions enable students to gain a greater understanding of how to make effective learning and career decisions
- how well group sessions enable migrants and refugees to understand how to make effective career decisions in a New Zealand context
- how well one-to-one guidance helps people identify relevant learning and career pathways.

Capability-building services

- how well the skills building sessions prepare people to help others with career decisions
- whether assistance to schools meets their needs.

At the end of each year, we re-examine evaluation priorities in light of survey results and new service developments. For 2009/10, we focused particularly on the whānau decision-making project.

For 2010/11, we will focus on secondary school students. We will:

- follow up with a group of young Māori and Pasifika students who attended group guidance sessions to find out what progress they have made with respect to their career plans, six months after the guidance session
- repeat the Career Decision-making Abilities evaluation that was conducted in 2008, tracking secondary students as they exit school, across a range of factors related to their career-related decisions.

Potential improvements

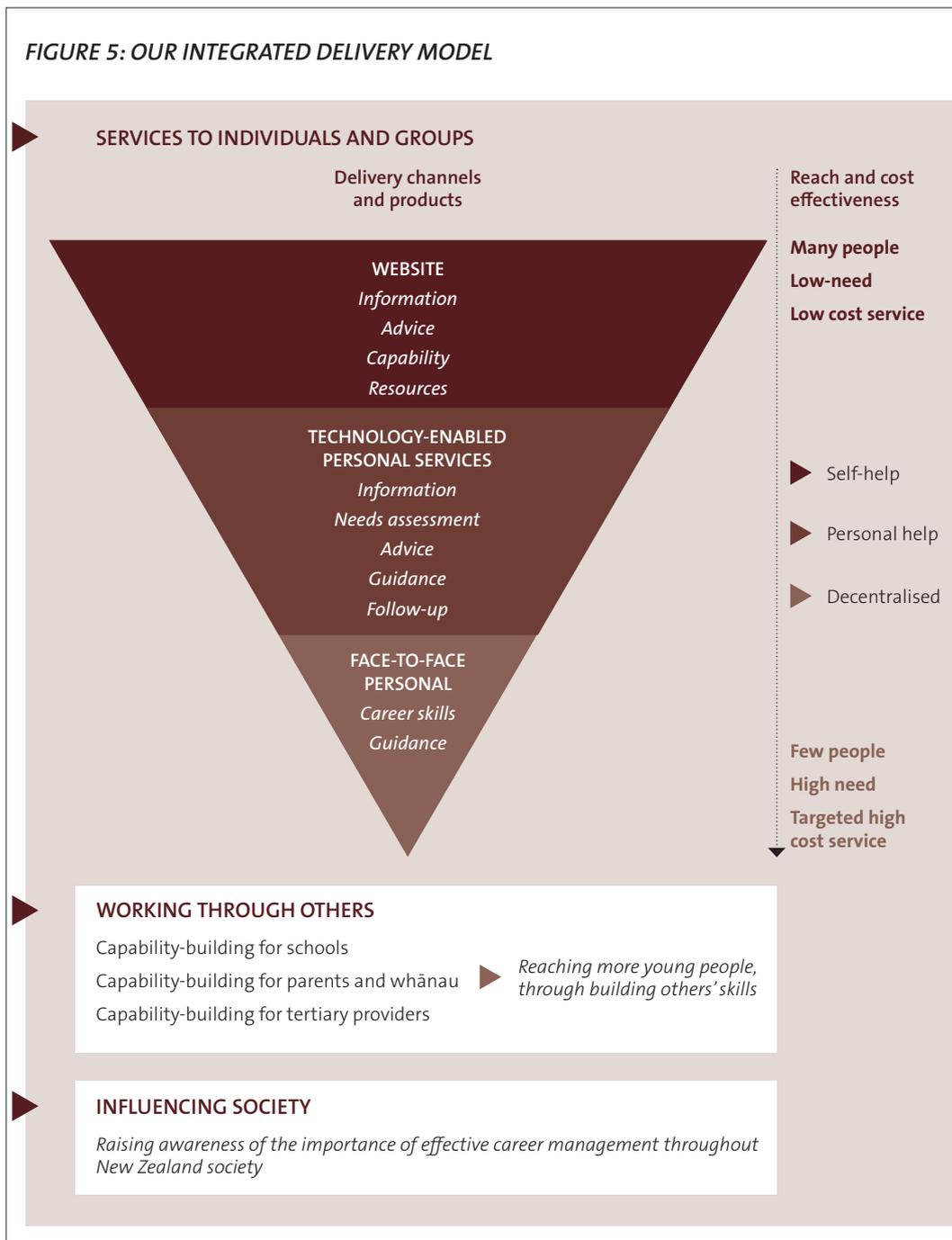
- 4.12 Career Services also states its intention to measure its contribution to government priorities for the use of Career Services by target groups (such as young people, and young Māori and their whānau). Comparative or baseline information on these matters could usefully be included in the SOI.⁸

Linking outcomes to impacts to outputs

- 4.13 The Results Framework diagram also sets out the relationships between Career Services' outputs and impacts, and the target groups and drivers that shape its output delivery.
- 4.14 After Career Services' brief environmental scan of the significant issues and challenges affecting its services, the SOI sets out Career Services' intended response. These intended responses link to Career Services' model for delivering services to individuals and groups, and its improvement intentions for output service effectiveness and efficiency.
- 4.15 The SOI (see Figure 7) notes that Career Services ensures value for money for New Zealanders by, for example:
- channelling people, as far as appropriate, to the lower-cost web-based and telephone-based services; and
 - gathering evidence about what people want and which aspects of its services work best.

8 "Every young person has the skills and qualifications to contribute to their and New Zealand's future" and "Māori enjoying success as Māori".

Figure 7
Career Services' integrated delivery model for services to individuals and groups



Source: Career Services (2010), *Statement of Intent 2010 to 2013*, Wellington, page 19.

Specifying outputs and output classes

- 4.16 Career Services has one output class – Provision of Information and Advisory Services. It identifies four outputs within the output class, and provides indicative costs for each output. Figure 8 describes the services delivered within each output.

Figure 8

Description of the services delivered within each of Career Services' outputs

Web-based services

Our self-help web-based resources provide people with:

- up-to-date, comprehensive and independent job, course and training, and labour market information
- good practice career education resources for teachers and careers advisers
- online career tools such as 'CV 4 Me' (a CV Wizard), skill matching quizzes and 'My Career Space' (where people can save their CVs and other career-related information)

We also offer live webchat, so anyone in New Zealand can get instant online answers to their questions about courses and occupations.

Assisted advice

Our advisory services include:

- our 0800 advice line, which provides general career information; advice about careers, jobs and training courses; needs assessment; and referral to in-depth guidance if callers' needs can't be met in other ways
- a texting service for requesting career information (external evaluation results showed that two-thirds of participants surveyed would not have contacted Career Services if the texting service didn't exist.
- follow-up calls to check whether people need further information or help, an opt-in appointment reminder service and a tips of the day service.
- CV feedback for young people who have used our online CV 4 Me tool.

Guidance services

We offer:

- customised career planning in a group setting to secondary school Māori and Pasifika students, prospective tertiary students, migrants and refugees and other groups.
- individual face-to-face career planning assistance to targeted people, including young Māori and Pasifika people, workers who have been made redundant and recent migrants
- telephone guidance, so people can access in-depth personal career guidance without having to visit one of our offices. This makes our services more accessible to people who live in remote locations, have care-giving responsibilities and/or have a disability (this service is also available outside normal office hours)
- online access to a career consultant.

Capability building services

We work with a range of organisations and groups to build their ability to support others – especially young people – with learning and career decisions.

In particular, we provide:

- customised advice and professional development assistance to schools.
- customised advice to parents, whānau and others who support young people to make career decisions.

- 4.17 The grouping of these outputs into one class seems appropriate to us because all outputs relate to providing information, guidance, and advice. All the outputs are externally focused and cover the significant goods and services that Career Services provides.

Performance measures and targets for outputs

- 4.18 Career Services identifies output measures as either quantity or quality measures. All the measures include specific criteria or means for measuring performance. Although quantity measures have a demand dimension to them (such as the number of website visits), this information is relevant to Career Services' effectiveness and efficiency improvement intentions.
- 4.19 The important feature of Career Services' output performance information is that the focus and weight of the measures is on relevant dimensions of the quality of services (in particular, whether services meet people's needs).

“The important feature of Career Services' output performance information is that the focus and weight of the measures is on relevant dimensions of the quality of services

Part 5

Ministry of Economic Development

Background

- 5.1 The Ministry provides advice to the Government on issues that affect the business environment as a whole and what the Government can do to develop the economy of New Zealand. The Ministry is also responsible for providing a range of services directly to businesses, including managing company registrations, managing the radio spectrum, and ensuring the safe supply and use of electricity and gas.
- 5.2 Its work supports Ministers in eight portfolio areas: Economic Development, Communications and Information Technology, Commerce, Energy and Resources, Tourism, Consumer Affairs, Small Business, and the Rugby World Cup. It also contributes to work for the Ministers for Infrastructure, Regulatory Reform, and Climate Change.
- 5.3 Overall, we consider that the Ministry's SOI demonstrates that a clear, coherent, and concise performance story can be presented even when a public entity has a complex and wide range of sector-wide responsibilities covering several Parliamentary Votes.

“The Ministry’s SOI demonstrates that a clear, coherent, and concise performance story can be presented even when a public entity has a complex and wide range of sector-wide responsibilities covering several Parliamentary Votes

Strategic context

- 5.4 The Ministry's SOI provides a short summary of the challenging economic times that New Zealand and the rest of the world are currently facing. This provides useful context for the immediate priorities set by the Government, along with its long-term goal of “growing the economy to deliver greater prosperity, security and opportunities for all New Zealanders” (see Figure 9).

Figure 9
How the Ministry of Economic Development sets out its strategic context

Key opportunities and challenges

Although there is a risk of only a slow recovery in some major economies, the situation is looking much less gloomy than it was a year ago. In New Zealand, the economic situation remains patchy, and the recovery over the next year is likely to be modest. Looking further out, there should be significant opportunities for New Zealand to lift its long term economic performance and improve its prosperity – although vulnerability to further shocks remains.

Exploitation of these opportunities will depend on creating the conditions for more balanced growth that supports the efforts of exporters and producers of tradeable goods and services – ensuring a more business-friendly environment and helping New Zealand businesses to raise their productivity.

Against this background, the Government’s goal is to lift the long-term performance of the economy, to make New Zealand a more prosperous country capable of providing well-paid jobs and a better standard of living, and to provide the world-class public services needed to give opportunity and security to New Zealanders.

To achieve this goal, the Government has set out six main policy drivers that lie at the heart of its economic plan.

These are:

- support for science, innovation, and trade
- better regulation
- better public services
- investment in infrastructure
- improved education and skills
- a growth-enhancing tax system.

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 7.

Specifying and presenting the outcomes framework

- 5.5 The Ministry clearly identifies its six long-term outcomes in the section “How we will work to support the Government’s priorities”. These outcomes (see Figure 10) are then used throughout the document to help the reader navigate through the performance story.

“The Ministry’s SOI provides a short summary of the challenging economic times that New Zealand and the rest of the world are currently facing. This provides useful context for the immediate priorities set by the Government

Figure 10
The Ministry of Economic Development’s six long-term outcomes

How we will support the Government’s priorities

We will contribute in particular to the first four of these drivers by delivering high-quality business services; supporting the development of business capability; assisting innovative and productive firms to thrive; helping to create a growth-friendly environment with low regulatory and business costs; and promoting investment in infrastructure.

These contributions to the Government’s policy drivers are captured in our six long-term outcomes:

Enterprising and innovative businesses – improving the drivers for success and productivity improvement in firms.

International linkages – improving the linkages that allow New Zealand firms to benefit from trade and the flows of investment, skills, and technology.

Auckland – more productive and competitive for the region and New Zealand.

Dynamic and trusted markets – improving the competitiveness, integrity, and effectiveness of New Zealand’s markets.

Ease of doing business – improving the way public agencies interact with, and the regulatory framework for, business.

Efficient, reliable, and responsive infrastructure services – improving the quality and reliability of key infrastructure services that support growth.

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 7-8.

- 5.6 The “Work Programme and Intended Results” section of the SOI takes the reader through each of the outcomes and results (impacts), and provides a clear picture of what the Ministry is planning to do, why, and how its activities will help achieve the desired result (impact). This is helped by the good use of subheadings and “pull quotes” (see Figure 11) to highlight main messages.

“*The Ministry clearly identifies its six long-term outcomes in the section “How we will work to support the Government’s priorities”. These outcomes are then used throughout the document to help the reader navigate through the performance story*”

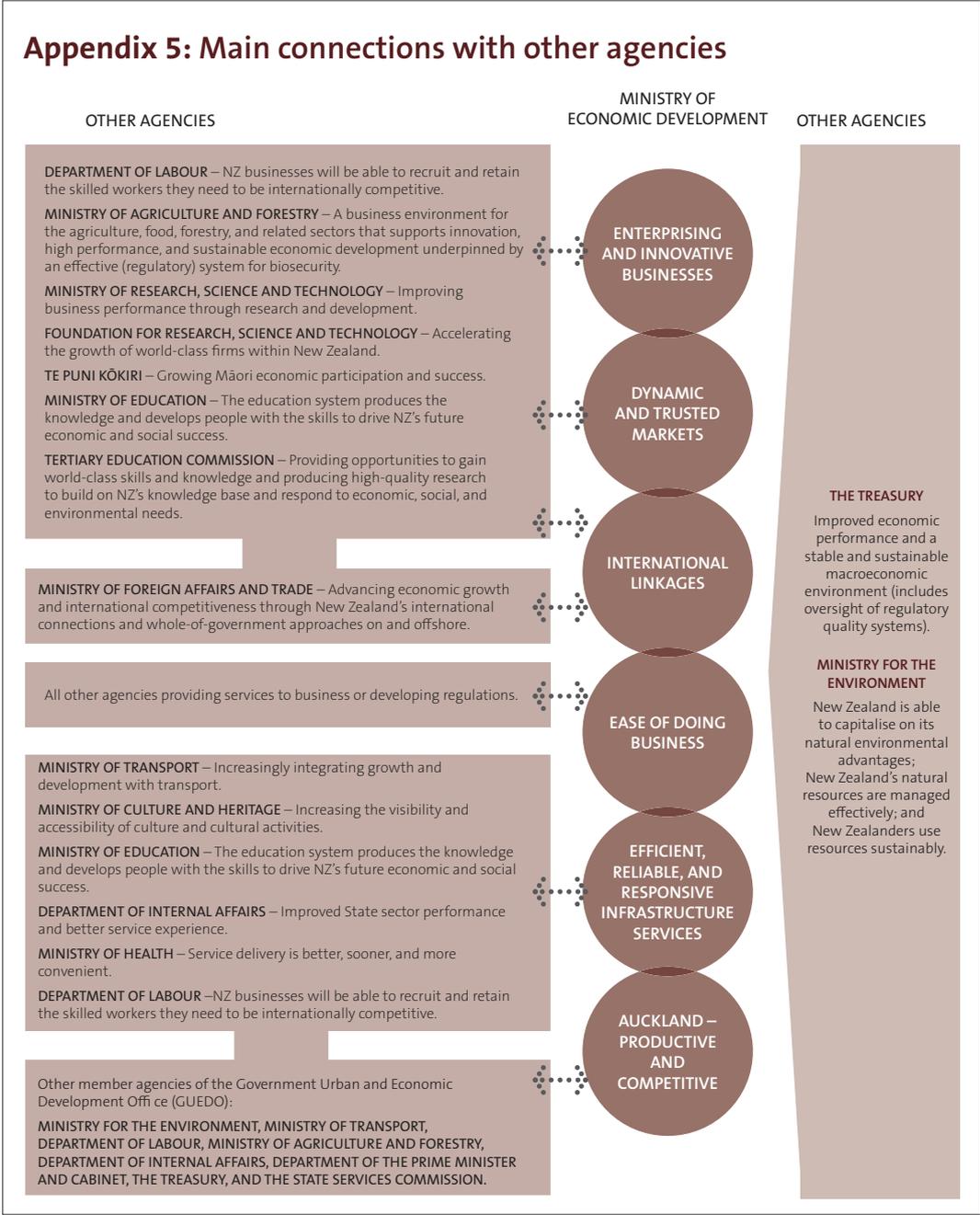
Figure 11
Example of a “pull-quote” used to highlight main messages



Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 12.

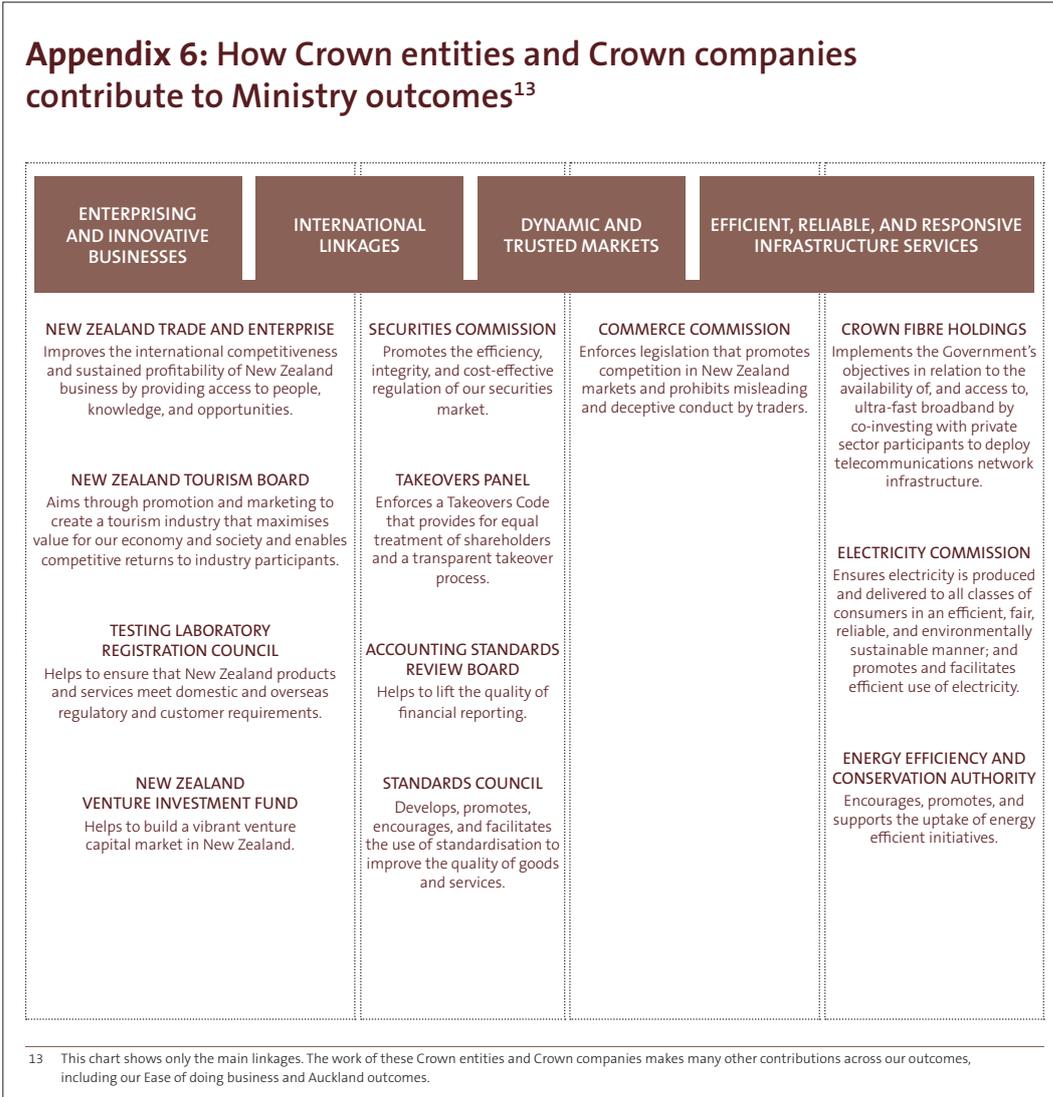
- 5.7 The SOI also provides the reader with a clear sense of:
- how the Ministry works with other government departments; and
 - the contribution made by the Crown entities for which the Ministry has an advisory and monitoring role. These contributions are clearly linked to the Ministry's outcomes and focus on what these entities do (see Figures 12 and 13).

Figure 12
The Ministry of Economic Development’s relationship with other agencies



Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 35.

Figure 13
How Crown entities contribute to the Ministry of Economic Development’s outcomes



Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 36.

Main measures and targets for outcomes and impacts

5.8 Early in its SOI, the Ministry set out how it would measure progress overall. It recognised the problems associated with measuring the contribution to outcomes made by its actions (see Figure 14).

Figure 14
How the Ministry of Economic Development would demonstrate success against its “Enterprising and innovative business” outcome

“This clearly sets out the measures that it will use at both the outcome and the result (impact) level

How we will demonstrate success

We will know there have been improvements in our international linkages if, over the long term, New Zealand’s exports and outward investment grow as a percentage of GDP, along with New Zealand’s share of world trade.

We will know we are achieving our more specific results if:

- trade and investment flows increase within the Single Economic Market with Australia, and with other countries where we have reduced trade and investment barriers
- New Zealand improves its ranking on international tourism competitiveness measures, including the World Economic Forum’s Travel and Tourism competitiveness report
- 2011 Rugby World Cup post-project review indicates that the Rugby World Cup will have a lasting economic benefit to New Zealand.

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 12.

- 5.9 Within the “Work Programme and Intended Results” sections of the SOI, the Ministry includes a section for each outcome entitled “How we will demonstrate success” (see Figure 15). This clearly sets out the measures that it will use at both the outcome and the result (impact) level.

Figure 15
How the Ministry of Economic Development intends to demonstrate success

How we will demonstrate success

We will know that New Zealand businesses are becoming more enterprising and innovative if there is a lift in New Zealand’s productivity relative to other countries.

More specifically, we will know we are achieving our intended results if:

- biennial surveys show an increase in expenditure on business research and development relative to GDP
- gross fixed capital formation in the private sector increases as a percentage of GDP
- annual Business Operations Surveys show an improvement in businesses’ strategic and management capabilities
- evaluations show that firms accessing business support achieve higher levels of business growth, productivity, and value added than would otherwise have been the case
- merchandise export and tourism data show export growth in key sectors – such as our core primary and resource-based sectors and newer, knowledge intensive ones like high-tech niche manufacturing.

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 10.

- 5.10 The current status for each of these measures was set out in an appendix (see Figure 16).

Figure 16
How the Ministry of Economic Development set out the current status for each of its measures

Appendix 3: Performance measures	
<i>Measures</i>	<i>States and trends</i>
ENTERPRISING AND INNOVATIVE BUSINESSES	
<i>Outcome measures</i>	
A lift in New Zealand's productivity relative to other countries.	OECD estimates of labour productivity, based on GDP per hour worked, in current prices (available periodically): US\$28.3 putting us 22nd in the OECD out of 30 countries (2006); US\$30.5, putting us at the same 22nd position (2008).
<i>Impact measures</i>	
An increase in expenditure on business research and development, relative to GDP.	Business expenditure on research and development as a percentage of GDP (available every 2 years): 0.48% (2006); 0.51% (2008) which is very low by OECD standards.
Gross fixed capital formation in the private sector increases as a percentage of GDP.	Private sector gross fixed capital formation as a percentage of GDP: 18.2% (average between years to March 2004 and March 2008); 16.9% (year to March 2009).
Businesses' strategic and management capabilities are improved, as evidenced by Business Operations Survey data.	53% of businesses provided management/supervisory training in 2005–2006 and 21% planned more than two years ahead in 2005. Further data on this will be provided by the 2009 Business Operations Survey.
Firms accessing relevant business support achieve higher levels of business growth, productivity, and value added than would otherwise have been the case.	The evaluation of the Growth Services Range (GSR) (now consolidated into the new International Growth Fund) demonstrated that these interventions generate positive benefits for the firms involved and the wider economy. The evaluation found that the total additional value added of GSR compared with the cost of the programme is about 130–200%. Firms receiving GSR assistance have on average \$102,000 higher sales per year compared with similar high performing firms not receiving GSR support in the evaluation control group.
Merchandise export and tourism data show export growth in key sectors – such as our core primary and resource-based sectors and newer, knowledge-intensive ones like high-tech niche manufacturing.	The top six merchandise exports, which currently account for about half of New Zealand's merchandise exports, are as follows: Dairy – \$9.2 billion (21.5% of merchandise exports) in 2008; \$8.0 billion (20.2%) in 2009. Meat – \$5.1 billion (12%) in 2008; \$5.1 billion (13%) in 2009. Crude oil – \$2.8 billion (6.5%) in 2008; \$1.7 billion (4.4%) in 2009. Wood – \$2.2 billion (5.1%) in 2008; \$2.3 billion (5.8%) in 2009. Mechanical machinery & equipment – \$1.9 billion (4.4%) in 2008; \$1.7 billion (4.2%) in 2009. Fruit – \$1.4 billion (3.4%) in 2008; \$1.6 billion (4.0%) in 2009. International tourism expenditure: \$9.3 billion, contributing 16.4% to New Zealand's total exports of goods and services in the year ended March 2009.

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 30.

Linking outputs to impacts and outcomes

- 5.11 There are inherent difficulties in presenting the links between outputs and outcomes when the performance measures for outputs are included in the Information Supporting the Estimates rather than in the SOI.
- 5.12 The Ministry dealt with this by including a helpful diagram in its SOI (see Figure 17) that showed which departmental appropriations (output classes) contributed to achieving which outcomes. This information was consistent with the Information Supporting the Estimates.

Specifying outputs and output classes

- 5.13 The Ministry is responsible for 20 output classes funded through six Parliamentary Votes (see Figure 17). Given the complexity of the functions that the Ministry is responsible for, it is important to provide appropriate contextual information for the reader to understand how particular output classes contribute to particular impacts and outcomes.

“The Ministry ... included a helpful diagram in its SOI that showed which departmental appropriations (output classes) contributed to achieving which outcomes

Figure 17
Links between outcomes and departmental appropriations

Appendix 2: Links between Government policy drivers, Ministry outcomes, intended results, and departmental appropriations					
POLICY DRIVERS	OUTCOME	MINISTRY'S INTENDED RESULTS	APPROPRIATION	VOTE	
Support for science, innovation, and trade Improved education and skills	<i>Enterprising and innovative businesses</i>	Increased business investment in innovation	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice – Small Business Registration and Granting of Intellectual Property Rights	Economic Development Commerce	
		Increased investment in businesses' productive capability	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice – Small Business	Economic Development	
		Improved business management and strategic capability	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice – Small Business	Economic Development	
		Increased opportunities for key economic sectors to grow and compete internationally	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice – Tourism Management Support of the National Cycleway	Economic Development Tourism	
	<i>International linkages</i>	Reduced barriers and improved ability for NZ firms to access opportunities in overseas markets	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice and Investigative Services – Regulatory Environment MCOA*	Economic Development Commerce	
		NZ's maintained or increased competitiveness as an international tourism destination	Policy Advice – Tourism Management Support of the National Cycleway	Tourism	
		Creation of lasting benefits for New Zealand from major events	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development	Economic Development	
	Support for science, innovation, and trade Investment in infrastructure	<i>Auckland – productive and competitive</i>	More effective economic development activity in the Auckland region	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development	Economic Development
			An Auckland infrastructure and urban form that creates greater opportunities for economic development	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development	Economic Development
	Support for science, innovation, and trade Better regulation	<i>Dynamic and trusted markets</i>	Increased confidence and participation in NZ's financial markets	Policy Advice and Investigative Services – Regulatory Environment MCOA Administration of Insolvencies Registration and Provision of Statutory Information	Commerce
Improved business access to capital			Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice and Investigative Services – Regulatory Environment MCOA	Economic Development Commerce	
Well-informed and adequately protected consumers			Policy Advice, Information and Compliance MCOA	Consumer Affairs	
More effective competition and incentives that encourage business investment			Policy Advice and Investigative Services – Regulatory Environment MCOA Administration of Part II Tariff Concessions	Commerce	

* Multi-Class Output Appropriation

“The Ministry identified performance measures that broadly covered the diverse and complex activities that it was responsible for

POLICY DRIVERS	OUTCOME	MINISTRY'S INTENDED RESULTS	APPROPRIATION	VOTE
Better regulation Better public services	<i>Ease of doing business</i>	A more efficient regulatory environment that does not unnecessarily impose burdens on business	Policy Advice – Small Business Policy Advice and Investigative Services – Regulatory Environment MCOA Administration of Insolvencies Administration of Part II Tariff Concessions Registration and Granting of Intellectual Property Rights Registration and Provision of Statutory Information	Economic Development Commerce
		More streamlined business–government interactions that allow businesses to transact with government more quickly, cheaply, and effectively	Policy Advice – Small Business Administration of Insolvencies Registration and Granting of Intellectual Property Rights Registration and Provision of Statutory Information Measurement and Enforcement of Radiocommunications Act 1989	Economic Development Commerce Communications
		More efficient and effective government procurement	Policy Advice and Sector Leadership – Firm Capability, Sectoral and Regional Development Policy Advice – Small Business	Economic Development
		A regulatory and business environment that enables New Zealand's mineral and petroleum resources to make an increased contribution to economic development	Policy Advice on Energy and Resource Issues Management of Crown Mineral Estate	Energy
Investment in infrastructure Improved education and skills	<i>Efficient, reliable, and responsive infrastructure services</i>	A more competitive communications market that provides efficient prices and investment to support the uptake and use of new technologies	Policy Advice – Communications Management and Enforcement of Radiocommunications Act 1989	Communications
		An energy sector that provides more competitive and secure energy supplies	Policy Advice on Energy and Resource Issues Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts Energy and Resource Information Services	Energy
		Increased energy efficiency, energy conservation, and use of renewable energy resources to improve security of supply, productivity, and health	Policy Advice on Energy and Resource Issues Administration of Gas, Electricity and Energy Efficiency Regulations and Related Acts Provision of Climate Change Unit Register and Information Emissions Trading Implementation	Energy

Source: Ministry of Economic Development (2010), *Statement of Intent 2010-2013*, Wellington, page 28-29.

Performance measures and targets for outputs

- 5.14 The Ministry identified performance measures that broadly covered the diverse and complex activities that it was responsible for. One of the main outputs that the Ministry provides is policy advice, and it used a consistent set of performance measures for each of its six Parliamentary Votes.

Potential improvement

- 5.15 The Ministry could help the reader understand how its policy advice activity contributes to the Ministry's outcomes by including information about the key elements of:
- the policy work programme; and
 - the evaluation and review programme and its results.

Part 6

New Zealand Customs Service

Background

- 6.1 The responsibilities of Customs involve protecting the country from major threats and risk. It aims to achieve this while facilitating the legitimate movement of people, goods, and craft across the border with minimal disruption. Customs is also responsible for collecting and protecting more than 15% of the Crown’s revenue base in the form of import duty, excise duty, and goods and services tax collected at the border.

“The first three sections of Customs’ SOI provided a comprehensive and understandable summary of its purpose, the context within which it operates, the challenges that it faces, the outcomes that it was seeking to achieve, and its priorities

Strategic context

- 6.2 The first three sections of Customs’ SOI provided a comprehensive and understandable summary of its purpose, the context within which it operates, the challenges that it faces, the outcomes that it was seeking to achieve, and its priorities (see Figure 18).

Figure 18
The nature and scope of the New Zealand Customs Service’s functions

Our services

We provide:

- policy advice and international services, obligations and assistance, and ministerial support
- clearance and enforcement services relating to people, goods, and craft crossing the border. These services have both facilitation and protection elements, where we:
 - clear people and their possessions through direct interaction or self-clearance technology for clients, and collect information
 - clear goods, and provide trade and supply chain security services
 - clear craft arriving in and departing from New Zealand
 - apply a range of interventions, investigations, and enforcement activities to manage border and revenue risks
- revenue collection services where we receipt and process customs revenues owed to the Crown and other agencies, provide revenue assurance, and credit and debt management
- information, and intelligence and risk assessment services to external clients, to protect New Zealand’s security. These include infrastructure and services of the National Maritime Coordination Centre (NMCC), such as tasking of government’s maritime assets for civilian surveillance and response, and information and advice to improve maritime domain awareness.

Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, page 6.

The strategic direction section of the SOI clearly highlighted that Customs needed to work with several other partners to achieve success (see Figure 19).

“The priorities for Customs for the period of the SOI were also clearly set out within the context of the Government’s overall priorities

Figure 19
The New Zealand Customs Service’s need to work with other agencies

Other agencies

Customs works with other agencies on a variety of objectives, which includes support for New Zealand’s expanding programme of trade agreements and capacity building support for some Pacific countries, with the Ministry of Foreign Affairs and Trade (MFAT).

Our work with the defence forces seeks to maintain vigilance and respond to increasing security risks to New Zealand.

We also prepare to respond to threats from pandemics with the Ministry of Health. We work with the New Zealand Police to contribute to the whole-of-government response to illicit drugs; and the Department of Conservation and Ministry of Agriculture and Forestry to disrupt smuggling of endangered species.

Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, page 9.

- 6.3 The priorities for Customs for the period of the SOI were also clearly set out within the context of the Government’s overall priorities.
- 6.4 The SOI highlighted that Customs would specifically contribute to the Government’s goals to “grow the economy; step up infrastructure; pursue trade liberalisation and trade agreements; reduce regulatory and compliance demands; make communities safe; clamp down on criminal gangs and the ‘P’ trade; and reduce violent crime” through its focus on a number of priorities (see Figure 20).

Figure 20
How the New Zealand Customs Service intended to contribute to the Government's goals

Customs' priorities

From 2010/11, Customs will contribute to the Government's goals through a focus on our outcomes, and three priorities, as agreed with the Prime Minister and Minister of Customs:

- improve competitiveness, security, and productivity at the border, by modernising New Zealand's border management system (JBMS–TSW)⁵
- increase disruption of supply chains for illicit drugs entering New Zealand, particularly methamphetamine and its precursors, through targeted operational activity
- enhance border agency coordination to reduce duplication and improve the experience for traders and travellers.

These priorities also reflect the key impacts or benefits we seek for traders and travellers, and the Government on behalf of New Zealand. The third priority relates to Customs' role as chair of the border sector, detailed on page 24.

Over the next three years, Customs will continue to advance other key aspects of its work programme to:

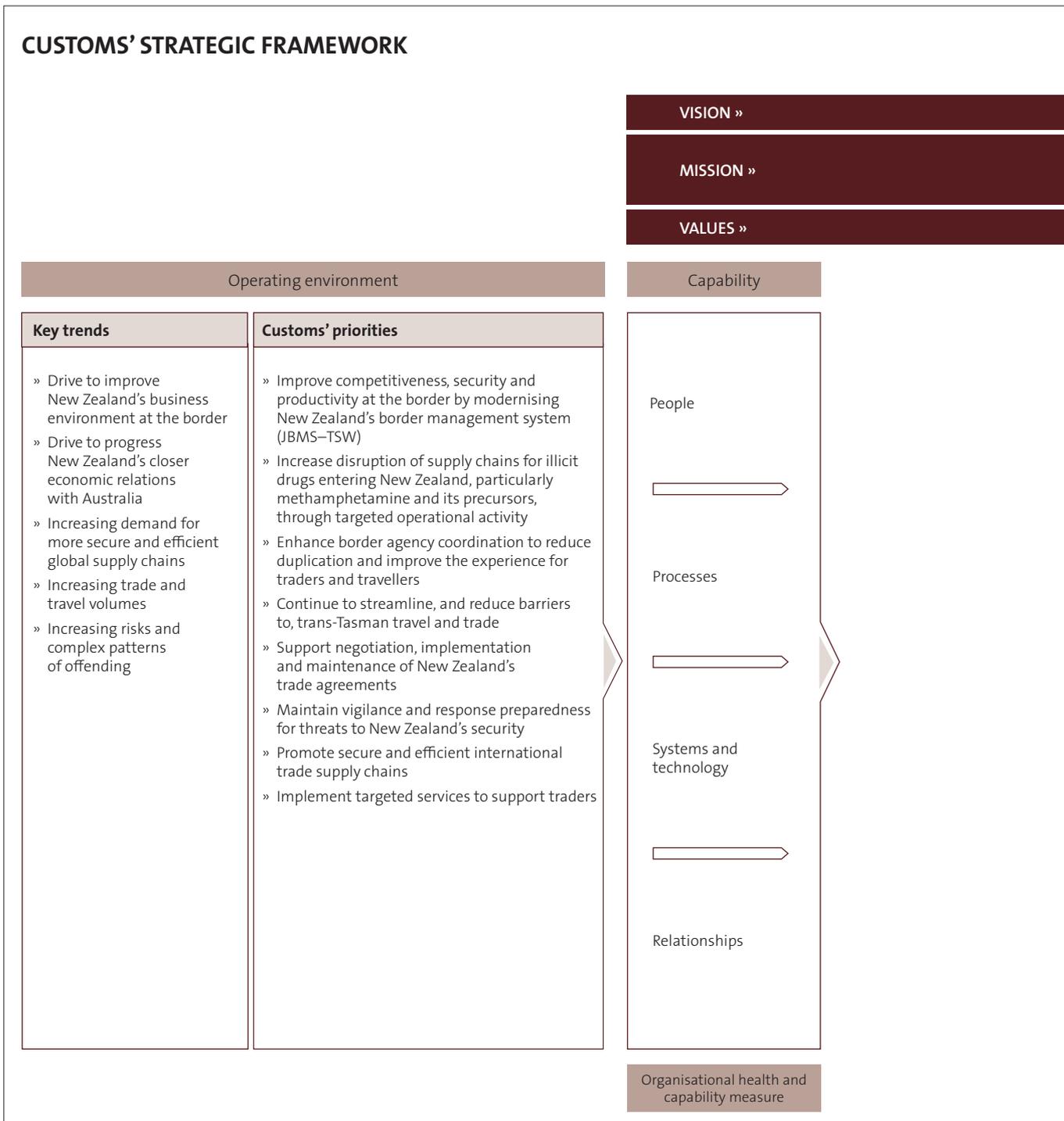
- streamline, and reduce barriers to trans-Tasman travel and trade
- support negotiation, implementation, and maintenance of New Zealand's trade agreements
- maintain vigilance and response preparedness for threats to New Zealand's security
- promote secure and efficient international trade supply chains
- implement targeted services to support traders.

Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, pages 7-8.

6.5 The section of the SOI on the operating environment clearly highlighted the key trends and priorities that Customs needs to respond to. These were then usefully linked to key risks and the mitigating actions that Customs could take. Customs presented all this information together in its strategic framework (see Figure 21).

“The section of the SOI on the operating environment clearly highlighted the key trends and priorities that Customs needs to respond to. These were then usefully linked to key risks and the mitigating actions that Customs could take

Figure 21
Strategic framework for the New Zealand Customs Service



Leadership and excellence in border management that enhances the security and prosperity of New Zealand

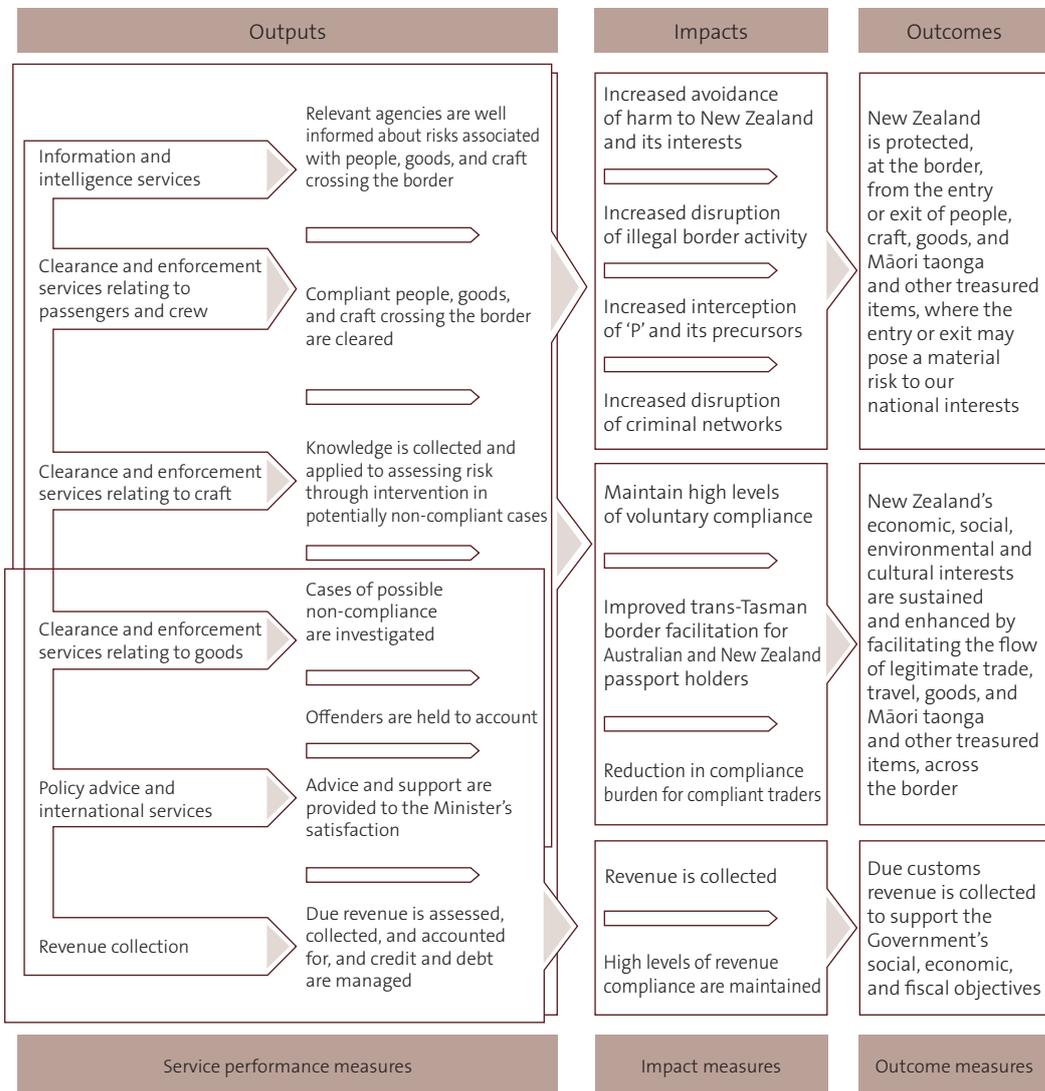
Protecting New Zealand's border and revenue in order that New Zealanders may live in safety while actively participating in the global community

INTEGRITY

RESPECT

COMMITMENT

AGILITY



Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, pages 10-11.

Specifying and presenting the outcomes framework

- 6.6 The three outcomes that Customs contributes to were clearly set out on page seven of the SOI. The SOI referred to the Border Sector joint outcomes of “Protection and Facilitation” before it mentioned the outcomes specific to Customs (see Figure 22).

“The strategic framework provided a clear overview of Custom’s intervention logic, linking output (classes) to impacts and ultimately outcomes

Figure 22
Three outcomes that the New Zealand Customs Service contributes to

Customs’ outcomes

Customs contributes to three overarching outcomes:

Protection: New Zealand is protected, at the border, from the entry, or exit, of people, goods, craft, and Māori taonga and other treasured items, where the entry or exit may pose a material risk to our national interests

Facilitation: New Zealand’s economic, social, environmental, and cultural interests are sustained and enhanced by facilitating the flow of legitimate trade, travel, goods, and Māori taonga and other treasured items, across the border

Revenue: Due customs revenue is collected to support the Government’s social, economic, and fiscal objectives.

Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, page 7.

- 6.7 The strategic framework provided a clear overview of Custom’s intervention logic, linking output (classes) to impacts and ultimately outcomes. Including information on the operating environment and dimensions of capability in the strategic framework also helped the reader to understand the business as a whole.

- 6.8 Sections on each of the outcomes clearly explained to the reader:
- what Customs was seeking to achieve;
 - why the outcome was important;
 - what Customs would do to achieve the outcome, including reference to the priorities referred to earlier in the document; and
 - how Customs would demonstrate success.

“information on the operating environment and dimensions of capability in the strategic framework also helped the reader to understand the business as a whole

Main measures and targets for outcomes and impacts

- 6.9 For each of its three outcomes, Customs clearly identified the indicators and measures that it would use to show progress at the impact level (see Figure 23).

Figure 23
How the New Zealand Customs Service has identified impacts, indicators, and measures for its facilitation outcome

Facilitation outcome measures			
These indicators demonstrate how well New Zealand's trade and travel facilitation is regarded based on perceptions of trade compliance costs and facilitation services at the border.			
Indicators and targets	Measures	Baseline	
Customs' relative ranking in domestic and international comparisons is maintained	Percentage of respondents in the Business New Zealand and KPMG Compliance Cost Survey that cite border-related requirements as a compliance cost priority	5.2% in 2008	
	New Zealand ranking for costs to import and export goods as reported in the World Bank's annual Doing Business Survey	Ranked 46 th of 181 countries in <i>costs to import</i> and 33 rd of 181 countries in <i>costs to export</i> in 2009	
	New Zealand ranking on the Customs subscale in the World Bank's Logistics Performance Index	18 th of 146 countries in 2007	
	New Zealand ranking for border facilitation on the World Economic Forum Enabling Trade Index Border Administration Subscale	3 rd overall of 190 countries in 2008	
Impacts for the Facilitation outcome			
Impacts	Indicators	Measures and targets	Baseline
Maintain high levels of voluntary compliance ²⁴	Customs helps businesses to comply	Customs is rated as good or better for helpfulness in the Business NZ and KPMG Compliance Cost Survey	3.633 (2 nd of 17 government departments and agencies) in 2008
	Commercial stakeholders' trust in Customs	The percentage of stakeholders who trust Customs is at least as high as that measured by the 2008 Customs' stakeholder survey	88% of commercial clients trust Customs (2008) 85% of the travelling public trust Customs (2008)
	Level of compliance	Compliance levels as measured in a random sample of import and excise transactions	Baseline to be established in 2010/11
Improve trans-Tasman border facilitation	Levels of uptake of SmartGate among eligible travellers	At least 40% of eligible trans-Tasman passengers use SmartGate	N/A
Reduction in compliance burden for compliant traders	Costs to traders of government documentation required for imports and exports	Reduction in the number of documents and cost of preparing documents required for imports and exports under JBMS	Baseline to be established in 2010/11
<p>24 Helpfulness is an indicator of whether businesses believe Customs assists them in meeting their documentation requirements and legal obligations. This enables their compliance through having adequate knowledge. Voluntary compliance with enforcement agencies is strongly influenced by norms around compliance, and these are strongly influenced by peoples' beliefs that agencies act in trustworthy, fair, and transparent ways.</p>			

Source: New Zealand Customs Service (2010), *Statement of Intent 2010-2013*, Wellington, page 21.

“useful contextual information about the demand for Customs’ services

Linking outcomes to impacts to outputs

- 6.10 Customs’ SOI referred to it being funded through Vote Customs. It included its six output classes in its strategic framework diagram, as well as mentioning that it delivers its services relevant to each outcome through a number of output classes.

Specifying outputs and output classes

- 6.11 Customs has six output classes (compared to 10 output classes in the 2009-12 SOI) that match to its appropriations in Vote Customs. These are: information and intelligence services; clearance and enforcement services relating to passengers and crew; clearance and enforcement services relating to craft; clearance and enforcement services relating to goods, policy advice and international services; and revenue collection.
- 6.12 The rationale for the new output class structure was that it would:
- improve Customs’ ability to respond to changes in workload; and
 - provide a more meaningful aggregation of outputs that better reflects Customs’ performance story.
- 6.13 The change in output classes between years was articulated in the Information Supporting the Estimates, which made clear that there are no material changes to the outputs delivered.

Performance measures and targets for outputs

- 6.14 Overall, the relevant outputs with associated measures were identified in the 2010/11 Information Supporting the Estimates. Targets were included, along with useful contextual information about the demand for Customs’ services – for example, - the volume of passengers, mail, and vessels expected in the year (see Figure 24).

Figure 24
Performance measures from the “Clearance of international passengers, crew and craft” output class/appropriation

<i>Output Performance Measures and Standards</i>			
Performance Measures	2009/10		2010/11
	Budgeted Standard	Estimated Actual Standard	Budget Standard
Percentage of arriving international air passengers (estimated 4.6-5.1 million passengers) who exit Customs Primary processing points within 45 minutes of arrival (see Note 1)	≥90%	97%	≥90%
Percentage of arriving international air passengers and crew who are deemed compliant based on risk assessment and facilitated without further intervention	≥98%	98.5%	≥98%
Average percentage of international travellers satisfied that Customs processes passengers quickly and conveniently (as measured biennially by Customs' stakeholder survey)	N/A	70%	≥70%
Percentage of eligible arriving Trans-Tasman passengers who use SmartGate	N/A	40%	≥40%
Average percentage of international travellers satisfied that Customs provides a friendly welcome to New Zealand (as measured biennially by Customs' stakeholder survey)	N/A	65%	≥65%
Percentage of arriving international air passengers and crew who are selected for further risk assessment at Customs' secondary areas (see Note 2)	1.1%-1.5%	1.5%	1.1%-1.5%
Percentage of arriving international air passengers and crew who were selected for further risk assessment who were subsequently subject to a full or partial baggage examination (see Note 3)	30%-40%	29%	25%-35%

Note 1 - All passengers are provided with an information pamphlet to assist them with completing their Customs declaration. All passengers and crew are assessed for risk, including screening against advance passenger information. Information is collected from all passengers and crew as part of the facilitation process. All passengers and crew are subject to dog and x-ray screening, and may also be referred from Ministry of Agriculture and Forestry screening.

Note 2 - 1.1 to 1.5 percent of passengers and crew are selected for further risk assessment, and directed to secondary areas for further intervention. From this point on, passengers and crew are no longer being facilitated, and Customs is carrying out an enforcement role.

Note 3 - All passengers who are searched produce either intelligence information, or discovery of prohibited, restricted, or dutiable items, or both. A measure is in development to identify the interventions that result in finding undeclared restricted or prohibited items or dutiable goods.

Source: Vote Customs, Information Supporting the Estimates, 2010/11, page 20.

Appendix 1

Public entities that received a good grade for their service performance information

We report our grading conclusions to Ministers and select committees in the context of our work in forming an opinion on the financial and service performance statements. We do this to highlight aspects of the underlying environment, systems, and controls that could be improved.

The grades are not an assessment of overall management performance or of the public entity's effectiveness in achieving its financial and service performance objectives.

The auditor assesses:

- the quality of the service performance measures selected for reporting against;
- the reliability of the reported performance information; and
- the systems and controls used for service performance reporting.

The goal is that the service performance information is relevant, reliable, understandable, and comparable.

The following entities received a "good" (for one entity, "very good") grade from the auditor for their service performance information and associated systems and controls in 2009/10.

Accident Compensation Corporation	Alcohol Advisory Council of New Zealand
Archives New Zealand	Arts Council of New Zealand Toi Aotearoa
Career Services	Commerce Commission
Crown Health Financing Agency*	Department of Building and Housing
Department of the Prime Minister and Cabinet	Education Review Office
Energy Efficiency and Conservation Authority	Families Commission
Government Superannuation Fund Authority	Guardians of New Zealand Superannuation
Health Research Council of New Zealand	Human Rights Commission
Inland Revenue Department	Law Commission
Legal Services Agency	Ministry of Economic Development
Ministry of Social Development	Ministry of Women's Affairs
New Zealand Antarctic Institute	New Zealand Artificial Limb Board

New Zealand Blood Service	New Zealand Customs Service
New Zealand Fire Service Commission	New Zealand Food Safety Authority
New Zealand Historic Places Trust	New Zealand On Air
New Zealand Qualifications Authority	New Zealand Trade and Enterprise
Office of the Health and Disability Commissioner	Parliamentary Counsel Office
Public Trust	Radio New Zealand Limited
Standards Council of New Zealand	Television New Zealand Limited
Tertiary Education Commission	Testing Laboratory Registration Council

The Crown Health Financing Agency was the first, and so far the only, public entity to receive a “very good” grade for its service performance information. “Very good” means the auditor did not recommend any cost-beneficial improvements to be made.

Appendix 2

What auditors considered when grading service performance information

We produced the following guidance for public entities to help them understand the approach the auditor would take to reviewing forecast non-financial performance information reports. This review work helps the auditor form a view about the appropriateness of the forecast SSP as a basis for reporting.

Although this guidance aims to describe the aspects that we expect to see reflected in the accountability documents, we recognise that public entities and their auditors may identify other aspects that need further consideration.

Matters to consider	Why important?
1. Performance framework/story	
a) The document should provide the reader with a clear picture of what the public entity is trying to achieve and how it considers it contributes to this.	For the document to be used to hold a public entity to account, it is important that the reader can understand what the public entity is trying to achieve and how its activities contribute to this.
b) Outcomes should be identified at an appropriate level. Where high-level outcomes are identified, these should be supported by lower-level outcomes and impacts as appropriate.	Outcomes need to be specified at a level that the public entity can reasonably aim to contribute to or influence.
c) The document should provide the reader with a clear picture of the outputs (services) that the public entity is accountable for.	The outputs of the public entity help the reader to understand what the public entity actually delivers through the application of its resources.
d) The relationship between the outputs of the public entity, the impact it is intended to have, and the outcomes that it is seeking to contribute to or influence should be clearly explained to the reader. This may require a number of layers in the intervention logic to be stated.	Clearly explaining the intervention logic helps the reader to understand how the public entity considers that the goods and services it is accountable for will ultimately result in improved outcomes.
e) The SOI and the forecast SSP/Information Supporting the Estimates should reflect the public entity's performance management arrangements.	To fairly reflect the public entity's service performance for the year, the SSP must be consistent with the internal performance management arrangements. Given that the SSP also needs to be consistent with the forecast SSP, it follows that the Forecast SSP and SOI should also reflect a public entity's performance management arrangements.
2. Outcomes	
a) Outcomes, which should relate to a state or condition of society, the economy, or the environment, and including a change in that state or condition, should be identified in the document.	The SOI is required to identify the outcomes that the public entity is aiming to contribute to or influence.

Matters to consider	Why important?
b) Outcomes should not include objectives for organisational improvement.	It is clearly important for public entities to look to improve their organisational capacity and capability and to specify objectives for these. However, “outcomes” should relate to the public entity’s purpose and strategy – that is, the end to which any organisational improvement is to be used.
c) Outcomes should be immediately clear to the reader.	The outcomes should not be “lost” in the document among priorities, goals, strategic aims, objectives, and other material.
d) Outcomes should be phrased appropriately.	Outcomes should relate to a state or condition of society, the economy, or the environment; and include a change in that state or condition.
e) Outcomes should be supported by measures.	Without measures, it will be difficult for the public entity and reader to know that progress is being made toward the outcomes.
f) Targets for outcome measures (covering the full period of the SOI) should be included in the document.	Clear targets for outcomes, which must cover the full period to which the SOI relates, will allow the public entity and reader to understand what the public entity is seeking to achieve and reach a view about whether enough progress is being made.
g) The inclusion of current/historical performance for outcome (main) measures provides helpful context to the reader about outcomes.	Current/historical performance information provides useful context, which can be used to help understand targets and future performance.
h) The inclusion of comparative data from other organisations and/or countries provides helpful context to the reader about outcomes.	Comparative information from other organisations or countries helps the reader to understand the level of outcomes which the public entity is seeking to influence.
3. Output classes	
a) The output classes used for financial and non-financial information should be consistent, or a reconciliation of the two sets of information should be provided.	For the reader to reach a view about a public entity’s planned performance, it needs to be possible to reconcile the non-financial performance forecasts with the financial forecasts.
b) The output classes referred to in the medium-term component of the document should be consistent with those used in the forecast SSP to group outputs.	Consistent use of output classes allows the public entity to more easily set out its performance framework and to demonstrate the links between outputs, impacts, and outcomes.

Matters to consider	Why important?
c) Output classes, and the number of them, should be appropriate to the public entity.	The use of output classes allows the public entity to aggregate its services in such a way that the reader is provided with enough information about the activities of the whole public entity without being burdened with too much detail.
4. Outputs	
a) Outputs, which should relate to the goods and services provided to third parties that the public entity is accountable for, should be included in the document.	The forecast SSP is required to include the outputs that the public entity is accountable for delivering.
b) The outputs included in the document should cover all “significant” services of the public entity and a significant proportion of the public entity’s budget.	The SOI should provide the reader with a comprehensive picture of a public entity’s activities. To do this, it is important that all of the major goods and services provided are covered by outputs in the forecast SSP. This can be demonstrated by ensuring that the outputs represented in the forecast SSP cover a significant proportion of the public entity’s budget.
c) Output performance measures should not relate to internal processes, events, milestones, and other deliverables.	Internal processes, events, milestones, and other deliverables represent important information that may need to be communicated to the reader. However, they are not outputs.
d) The outputs included in the document should include those goods and services that are contracted out by the public entity. These should relate to the end service provided and not to the contract management process.	Outputs and the associated measures of output performance should cover those end services for which the public entity is accountable, even if does not deliver them directly.
e) Performance measures should cover enough dimensions of performance.	Measures for each output should cover an appropriate range of dimensions (such as quality, quantity, and timeliness) of an output so that a balanced picture of performance can be obtained.
f) As a minimum, targets for output measures should be included for the applicable financial year.	Without clear targets being set and included in the forecast SSP, it is difficult for the reader to form a view about planned performance, and for actual performance to be compared to forecast. The inclusion of targets for more than one year helps the reader to understand planned changes in the services provided over time.
g) Targets included in the document should be reasonable and represent best estimates.	Targets should reflect the priorities of the public entity, its resources, choices, and historical performance.

Matters to consider	Why important?
h) Where the documents contain demand-driven measures, these need to be clearly identified as such and the reason for their inclusion needs to be explained.	Demand-driven measures provide useful information and context in relation to a public entity's performance. However, they are not under the control of the public entity. They need to be clearly identified as such and supported by "true" outputs.
i) Management commentary should help to explain how and why targets have been set at a particular level.	Without appropriate explanation, it is difficult for the reader to understand why particular targets have been set at particular levels. This is especially true when targets are set at the same or a lower level than in previous years, although increased targets may also require explanation.
j) Performance measures and targets should be supported by current/historical levels of performance, where this is available, or by an explanation of when it will be available.	Current/historical performance information provides the context for future performance targets.
k) The inclusion of comparative data from other organisations or countries provides helpful context to the reader about outputs.	Comparative information helps the reader to understand the level of output performance that the public entity is seeking to achieve.
l) It should be clear to the reader which output performance measures will be reported against in the annual report/SSP.	The annual report/SSP should reflect the content of the SOI/forecast SSP.
5. Other document considerations	
a) The document should be easy to read, concise, and include diagrams where this will aid the reader's understanding.	It is important that, as a key accountability document to Parliament and the public, the SOI is clearly written and accessible.
b) The document should contain information about how the public entity will ensure that it has enough capacity and resources to deliver its outputs and achieve the outcomes sought.	It is important that the reader can see that the public entity's plans in terms of its non-financial performance are supported by the resources, capacity, and capability it has available.
c) The document should provide enough information for the reader to assess cost-effectiveness. Enough information could include cost-effectiveness measures for major outputs or logical demonstration of linkages between expenditures, outputs, intermediate outcomes, and end outcomes, with an emphasis on the attribution of outcomes to spending.	The SOI is required to provide information on the cost-effectiveness of its interventions.

Matters to consider	Why important?
<p>d) There should be consistency between the SOI and the Information Supporting the Estimates (this applies only to government departments).</p>	<p>The use of different terminology and the inclusion of different outcomes/impacts in the SOI and the Information Supporting the Estimates can make it extremely difficult for the reader to understand the relationship between financial appropriations, the delivery of outputs, and the achievement of outcomes.</p>
<p>f) The SOI and the forecast SSP/Information Supporting the Estimates should be “stand alone” documents.</p>	<p>The SOI should provide a concise overview of a public entity’s planned activities, how these will contribute to outcomes, and the measures and targets that will be used to demonstrate progress, without the need to refer to other documents.</p>
<p>g) The SOI and the forecast SSP/Information Supporting the Estimates should contain information about all significant aspects of the public entity, including recent/planned developments.</p>	<p>The accountability documents should provide the reader with a high-level overview of the public entity and its activities.</p>
<p>6. Supporting Systems and Controls</p>	
<p>a) The forecast performance information in the SOI and Forecast SSP/Information Supporting the Estimates should be supported by robust systems and controls that are integrated into the public entity’s overall performance management arrangements.</p>	<p>The absence of robust systems and controls that can be relied on to produce forecast and historical performance information is likely to:</p> <ul style="list-style-type: none"> reduce the ability of the public entity to produce it (and therefore monitor performance) regularly; and reduce the reliability of the information produced.

Appendix 3

Glossary

Cost-effectiveness is the relationship between the level of resources used (costs) and progress toward a predetermined outcome (effect). The terms “cost-effectiveness” and “interventions” are not formally defined in legislation or specifically required, except by the Public Finance Act 1989, so a broad interpretation should be taken consistent with the expectation that the major activities the entities carry out add real value at a reasonable cost. Assessing cost-effectiveness, and identifying cost-effectiveness intentions, involves entities tracking performance over time to allow readers to understand whether the costs of services are justified by the impact and outcome results produced.

Dimensions of performance are the aspects or properties of performance that a particular performance measure can address. They include, but are not limited to, quantity, quality, timeliness, location, and cost.

Demand-driven means a result or reaction as the need arises and in response to factors external to the entity (for example, demand from customers). Demand-driven matters can be planned for but they cannot be controlled by the entity. They are useful for understanding the context that resulted in the performance achieved rather than for assessing whether the entity has successfully achieved performance intentions.

Elements of non-financial performance reporting include inputs, outputs, impacts, and outcomes, which can be measured for the purpose of reporting and assessing the entity’s performance.

Impacts are the contributions made to an outcome by a specified set of outputs. Often referred to as “intermediate outcomes”, they represent the relatively immediate or direct effect on stakeholders of the entity’s outputs.

Main measures are the medium-term (at least three-year) measures the entity uses to assess and report on its impacts, outcomes, or objectives, and the cost-effectiveness of its interventions. Main measures can cover the entity’s organisational health and capability to perform its functions and conduct its operations effectively, and any other matters necessary to understand its operating intentions and direction specified (for government departments) by the Minister.

Objectives are not defined in the Public Finance Act 1989 so has the ordinary meaning of “goals” or “aims”. The inclusion of “objectives” in the Crown Entities Act 2004 alongside “impacts” and “outcomes” recognises that not all outputs and

activities are intended to achieve “outcomes” as that term is defined below. Some outputs and activities do not target a direct societal, economic, or environmental effect, and their effectiveness should not be judged on that basis. Nevertheless, they can be important in the context of an entity’s performance, and objectives will feature in the shaping of some entities’ results-focused planning.

Outcomes refer to changes in the state, condition, effects on, or consequences for the community, society, economy, or environment resulting from the operations of the reporting entity.

Output classes are groups of outputs of a similar nature.

Outputs are the goods and services produced by the reporting entity. The term refers only to the goods and services produced for third parties. It excludes goods and services consumed within the reporting entity (such as services provided by legal, research, human resource, or information technology functions to other functional areas within the same entity, which are often referred to as “internal outputs”).

Performance means how well an entity performs against its objectives. It is a comprehensive concept because performance can relate to a wide range of elements, such as outcomes (including impacts or other intermediate-level outcomes), outputs, inputs, and capability. Performance may also be expressed in relational terms, such as efficiency (that is, relationship of inputs to outputs) or effectiveness (that is, relationship of outputs to outcomes).

Performance measures are the specific criteria or means used to measure performance (most commonly of output production and achievement of impacts and outcomes). They may be expressed as (but are not limited to) absolute numbers, percentages, ratios, point estimates, or ranges. They might also be qualitative in nature.

Performance standards or **targets** are the specific levels of performance (usually relating to outputs produced and outcomes achieved) that the entity aims to meet.

Readers are people who rely on the published (that is, external) general purpose reports as their major source of financial and non-financial information about the entity. For this purpose, readers are assumed to have a reasonable knowledge and willingness to diligently study the reported information.

Service performance reports are reports to readers that provide primarily non-financial information that records the output delivery performance of an entity against specified measures and targets. This information is usually shown in

statements of service performance (or equivalent reports) and is compared with information contained in forecast non-financial performance reports. Service performance is concerned not only with how well services are delivered (output delivery performance) but also with how effective the services are at achieving the entity's objectives (achievement of impacts and outcomes). Therefore, service performance reports should provide some link to impact and outcome information. For the purpose of published, statutory accountability reports, service performance reports typically comprise:

- a medium-term component that incorporates an outcome-oriented statement of intended or actual achievements, which should include information on the entity's objectives, outcomes, impacts, and operating intentions, together with related performance measures and targets and other information required by legislation and generally accepted accounting practice (GAAP); and
- an annual component that incorporates a service performance report (often referred to as a "statement of service performance" or "SSP"), which is an output-oriented statement of forecast or historical service (that is, output) delivery, together with related performance measures and targets and other information required by legislation and GAAP.

Statement of Intent is a medium-term forecast intended to promote the public accountability of a Crown entity to the Crown and Parliament, and provide a base against which the Crown entity's actual performance can later be assessed.

Statement of Service Performance reports on the extent to which intended levels of service and service performance were met during the period. It must:

- be prepared in accordance with GAAP;
- describe each class of outputs supplied by the entity during the financial year; and
- include, for each class of outputs:
 - the standards of delivery performance achieved by the entity, compared with the forecast standards included in the statement of forecast service performance at the start of the financial year; and
 - the actual revenue earned and output expenses incurred, compared with the expected revenue and proposed output expenses included in the entity's statement of forecast service performance at the start of the financial year.

Publications by the Auditor-General

Other publications issued by the Auditor-General recently have been:

- Matters arising from Auckland Council's planning document
- Central government: Results of the 2009/10 audits (Volume 1)
- How the Department of Internal Affairs manages spending that could give personal benefit to Ministers
- Department of Internal Affairs: Administration of two grant schemes
- Inquiry into payments to chief executives of dissolving local authorities in Auckland
- Guidance for members of local authorities about the Local Authorities (Members' Interests) Act 1968
- Annual Report 2009/10
- Effectiveness of the Get Checked diabetes programme
- Spending on supplies and services by district health boards: Learning from examples
- New Zealand Transport Agency: Information and planning for maintaining and renewing the state highway network
- District health boards: Availability and accessibility of after-hours services
- Matters arising from the 2009-19 long-term council community plans
- Inquiry into the Plumbers, Gasfitters, and Drainlayers Board
- Inland Revenue Department: Managing child support debt
- Inquiry into New Zealand Defence Force payments to officers seconded to the United Nations
- The Civil Aviation Authority's progress with improving certification and surveillance
- Annual Plan 2010/11

Website

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