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| FRD 27C |  |  | Presentation and reporting of performance information (May 2014) |
|  |  |  |  |
| Purpose |  | 1.1 | To require entities scheduled in Appendix 1 to present and report performance information required by the responsible portfolio Minister in an audited statement of performance in the report of operations section of the entity’s annual report. |
| Application |  | 2.1 | Applies to all entities scheduled in Appendix 1 which meet the definition of either a public body or department under section 3 of the *Financial Management Act* 1994. |
| Operative date |  | 3.1 | * **Reporting periods commencing 1 July 2013.** * **FRD 27B ‘Presentation and reporting of performance information’ is withdrawn and superseded effective 1 July 2013.** |
| Requirements |  | 4.1 | * **An applicable entity must include in its report of operations an audited statement of performance.** * **The statement must contain the details as required by the responsible portfolio Minister.** * **The statement of performance must include:**   **the relevant performance targets and indicators as determined by the responsible portfolio Minister;**  **the actual results achieved for that reporting period against the corresponding period’s pre-determined performance targets and indicators; and**  **an explanation of any significant variance between the actual results and the corresponding period’s performance targets and indicators.** |
| Definitions |  | 5.1 | **Responsible Portfolio Minister**: the Minister responsible for the entity. |
|  |  | 5.2 | **Targets**: are those performance targets which are set in the entity’s business plans as applicable for the same reporting period in accordance with the entity’s Corporate Plan requirements. |
| Guidance |  | 6.1 | Appendix 2 contains a general example statement of performance.  The Responsible Portfolio Minister will determine the applicable performance targets and indicators for each entity. |
| Background |  | 7.1 | Under section 8(3) of the Audit Act 1994, the Victorian Auditor-General is empowered to audit any performance indicators in the report of operations of an authority under section 45 of the Financial Management Act 1994, which includes public bodies and departments.  With a view to improve the efficiency and consistency in the reporting of performance information across public sector entities, this FRD requires the disclosure of such information in a concise statement of performance as part an entity’s report of operations. Relevant targets and indicators to be included in the statement of performance are determined by the responsible portfolio Minister to ensure that consistent and comparable information is reported across similar entities.  The audited statement of performance forms part of an entity’s report of operations and does not form part of the financial report.  This FRD was updated for reporting periods commencing 1 July 2010 to reflect changes to the entities listed in Appendix 1 resulting from:  changes to names of authorities, and  encouragement of metropolitan water retailers to report under this direction.  This FRD has been further updated for reporting periods commencing 1 July 2013 to reflect:  the inclusion of the three metropolitan water retailers following their transition from State-owned Corporations to public bodies under the Minister for Water’s portfolio, and  addition of definitions for ‘Responsible Portfolio Minister’ and ‘Targets’ to provide further clarity. |

# Appendix 1

Applicable entities for reporting periods commencing on or after 1 July 2013:

* Barwon Region Water Corporation
* Central Gippsland Region Water Corporation
* Central Highlands Region Water Corporation
* City West Water Corporation
* Coliban Region Water Corporation
* East Gippsland Region Water Corporation
* Gippsland and Southern Rural Water Corporation
* Goulburn Murray Rural Water Corporation
* Goulburn Valley Region Water Corporation
* Grampians Wimmera Mallee Water Corporation
* Lower Murray Urban and Rural Water Corporation
* Melbourne Water Corporation
* North East Region Water Corporation
* South East Water Corporation
* South Gippsland Region Water Corporation
* Western Region Water Corporation
* Westernport Region Water Corporation
* Wannon Region Water Corporation
* Yarra Valley Water Corporation

# Appendix 2 – Example Statement of Performance

Statement of performance for the 20xx-xx financial year

|  |  |  |  |
| --- | --- | --- | --- |
| Performance indicators# | 20xx-xx target | 20xx-xx actual | Variance |
| **Financial indicators** |  |  |  |
| Annual financial performance – operating surplus | 5% variance from projection | 5% variance from projection | Nil |
| Total annual debt level as a percentage of total revenue | Less than 60% | 64% | 4%1 |
| Achieve financial plan targets | Achieve all targets | 5 out of 6 targets achieved | 1 target 2 |
| Standard and Poors rating | Maintain AAA rating | AAA rating reaffirmed | n/a |
| **Social Indicators** |  |  |  |
| Overall customer satisfaction | 80% | 95% | 15%3 |
| **Environmental indicators** |  |  |  |
| Reduction of greenhouse gas emissions from operations | 5% | 6% | 1% |
| Reduction in total energy consumption | 2% | 2% | Nil |
| Percentage increase in the use of GreenPower | 2.5% | 10% | 7.5%4 |

# Please note: the example performance targets and indicators are for illustrative purposes only. The relevant portfolio Minister will determine applicable performance targets and indicators for each entity.

**Explanation of significant variances:**

1. The total annual debt level as a percentage of total revenue did not achieve the target due to the borrowings undertaken for implementing the entity’s Customers’ Satisfaction Program over the next 5 years.

2. The entity achieved 5 of the 6 its financial plan targets in the 20XX-XX financial year. The target of reducing the debt/equity ratio to 15 per cent was not achieved as a result of the entity’s borrowings for the Customers’ Satisfaction Program.

3. The entity is committed to achieving high customer satisfaction in its service delivery. This has been achieved by the implementation of the entity’s Customers’ Satisfaction Program.

4. The entity purchased a fleet of hybrid vehicles in implementing its Environmental Action Plan to increase the use of GreenPower.

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## Auditor-General’s Report to follow directly

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