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Suggestions:

The Steering Committee welcomes suggestions on the performance indicators contained in this Report. Please direct your suggestions to the Productivity Commission Secretariat at the above address.

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Foreword

This is the tenth edition of the Report on Government Services. The first was published in 1995, following an historic agreement by Heads of Government in July 1993. Much has been achieved in the intervening years.

The first Report effectively set the baseline for subsequent reporting. It contained data on the efficiency and effectiveness of government services in the areas of public housing, school education, vocational education and training, police, courts administration, corrective services, and child protection and support.

The breadth and depth of reporting have developed considerably since then. For example, in the area of health, the Review now also reports on primary and community health, and the management of breast cancer and mental health; in the community services area, it reports on aged care, services for people with a disability and children's services. The housing chapter now includes reporting on community housing and State-owned and managed Indigenous housing.

Following advice from the Prime Minister in 1997, the Review has increased its reporting on Indigenous Australians across all service areas. Since 2003 a separate Compendium of data on services to Indigenous people has been published. In an important new initiative, the Council of Australian Governments has also commissioned the Review to produce a regular report on indicators of Indigenous disadvantage, to provide a consistent basis for assessing outcomes and progress over time. The first of these, *Overcoming Indigenous Disadvantage: key indicators* was produced in November 2003; the next report will be released in May 2005.

The past ten years have not just seen the Report grow greatly in size. The Review's Steering Committee has also striven to make it a better and more useful resource for governments. In particular, to discharge the Review's function of facilitating assessments of performance over time and across jurisdictions, the accuracy, consistency and comparability of data in the Report have been targeted for continual refinement.

In a recent feedback survey of users, 92 per cent of central agency respondents considered the Report 'important' for evaluating and formulating government policy; and 91 per cent considered it so for briefing ministers and departmental executives.

From a broader perspective, the Report has helped provide impetus for governments to work towards national approaches in data collection. In turn, this has contributed to convergence in approaches to service delivery in some areas with consequent gains in efficiency and effectiveness. It has also assisted agencies in identifying and benchmarking their services against best practice. I believe that this will be of even greater value as we strengthen the Report's focus on outcomes.

As in past volumes, the 2005 Report contains a number of improvements. These include reporting new indicators for children's services, services for people with a disability and corrective services. Reporting on Indigenous Australians has improved for aspects of education and public hospital services.

Not all areas of reporting have progressed as well as they should, however. In particular, given its social and economic importance, and the potential to collect useful data, reporting on school education continues to fall short. For example, improvements in the scope and timeliness of data relating to literacy and numeracy foreshadowed in the 2004 Report have not eventuated. Also, expected new reporting on student performance in primary science was not available this year. There is clearly scope to do better.

As always, the production of this Report has depended on the active cooperation and support of many people from a range of government departments and agencies. Special thanks are due to the members of the many workings groups who provide the 'engine room' for the Review. Statistical bodies — in particular, the Australian Bureau of Statistics and the Australian Institute of Health and Welfare — provided invaluable advice and assistance. And the Review's Secretariat in the Productivity Commission has continued to do a sterling job.

I would like to thank everyone involved for their contribution to this important joint undertaking over the past decade and I look forward to further advances in coming years.

Gary Banks
Chairman

January 2005

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This Report is in two volumes: *Volume 1* contains Part A (Introduction), Part B (Education), Part C (Justice), Part D (Emergency Management) and the CD-ROM attachment; *Volume 2* contains Part E (Health), Part F (Community Services), Part G (Housing) and Appendix A (the descriptive statistics appendix).

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This Report was produced under the direction of the Steering Committee for the Review of Government Service Provision (SCRGSP). The Steering Committee comprises the following current members:

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Mr Michael Willcock	Aust. Govt.	Department of the Treasury
Ms Joanna Davidson	Aust. Govt.	Department of Prime Minister and Cabinet
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Mr Glenn Poole	Qld	Department of Treasury
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Mr Phillip Mussared	Tas	Department of Treasury and Finance
Ms Nicola Best	NT	Department of the Chief Minister
Mr Andrew Rice	ACT	Chief Minister's Department

Acronyms and abbreviations

ABS	Australian Bureau of Statistics
ACAP	Aged Care Assessment Program
ACAT	Aged Care Assessment Team
ACCHS	Aboriginal Community Controlled Health Service
ACHS	Australian Council on Healthcare Standards
ACIR	Australian Childhood Immunisation Register
ACPR	Australian Centre for Policing Research
ACSAA	Aged Care Standards and Accreditation Agency
ACSQHC	Australian Council for Safety and Quality in Health Care
ACT	Australian Capital Territory
ADR	Alternative Dispute Resolution
AFAC	Australasian Fire Authorities Council
AFP	Australian Federal Police
AGCCCS	Australian Government Census of Child Care Services
AGPAL	Australian General Practice Accreditation Limited
AHCA	Australian Health Care Agreements
AIC	Australian Institute of Criminology
AIHW	Australian Institute of Health and Welfare
ANTA MINCO	Australian National Training Authority Ministerial Council
ANTA	Australian National Training Authority
AQF	Australian Qualifications Framework
AR-DRG	Australian refined diagnosis related group
ARHP	Aboriginal Rental Housing Program
ARIA	Accessibility and Remoteness Index for Australia
ASGC	Australian Standard Geographical Classification
ATSIC	Aboriginal and Torres Strait Islander Commission

ATSI	Aboriginal and Torres Strait Islander Services
Aust	Australia
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
BEACH	Bettering the Evaluation and Care of Health
CAA	Convention of Ambulance Authorities
CACP	Community Aged Care Package (program)
CAD	computer aided dispatch
CD ARIA Plus	Census District Accessibility and Remoteness Index for Australia (upgraded version)
CD-ROM	Compact Disc Read Only Memory
CHINS	Community Housing and Infrastructure Needs Survey
CI	confidence interval
COAG	Council of Australian Governments
CRA	Commonwealth Rent Assistance
CRS	Commonwealth Rehabilitation Services
CSDA	Commonwealth/State Disability Agreement
CSDMAC	Community Services and Disabilities Ministers' Advisory Council
CSHA	Commonwealth State Housing Agreement
CSTDA	Commonwealth State/Territory Disability Agreement
Cwlth	Commonwealth
DCIS	Ductal carcinoma in situ
DEA	data envelopment analysis
DEST	Department of Education, Science and Training
DFaCS	Department of Family and Community Services
DHA	Department of Health and Ageing
DOTARS	Department of Transport and Regional Services
DSE	Department of Sustainability and Environment
DVA	Department of Veterans' Affairs
EACH	Extended Aged Care at Home (program)

EBA	Enterprise Bargaining Agreement
EMA	Emergency Management Australia
EPC	Enhanced Primary Care
ERP	estimated resident populations
ESL	Emergency Services Levy
ESO	emergency service organisation
FDCQA	Family Day Care Quality Assurance
FESA	Fire and Emergency Services Authority of WA
FRS	Fire and Rescue Service
FTE	full time equivalent
FWE	full time workload equivalent
GDP	gross domestic product
GP	general practitioner
GST	goods and services tax
HACC	Home and Community Care (program)
HbA1c	glycated haemoglobin
HMAC	Housing Ministers' Advisory Committee
HRSCEET	House of Representatives Standing Committee on Employment, Education and Training
ICD-10-AM	Australian modification of the International Standard Classification of Diseases and Related Health Problems, version 10.
IHANT	Indigenous Housing Authority of the NT
IMP	Information Management Plan (SAAP)
ITAB	Industry Training Advisory Bodies
JJNMDS	Juvenile Justice National Minimum Data Set
K10	Kessler – 10 scale
KiDS	Key Information Directory System (NSW)
LBOTE	Language background other than English
LMO	local medical officer
LSI	Likert Summation Index

MAB	Management Advisory Board
MBS	Medicare Benefits Schedule
MCEETYA	Ministerial Council on Education, Employment, Training and Youth Affairs
MDS	minimum data set
NCAC	National Childcare Accreditation Council
NCAG	National Corrections Advisory Group
NCPASS	National Child Protection and Support Services
NCVER	National Centre for Vocational Education Research
NDCA	National Data Collection Agency
NESB	non-English speaking background
NFD	not further defined
NHCDC	National Hospital Cost Data Collection
NIDP	National Information Development Plan
NMDS	national minimum data set
NMHS	National Mental Health Strategy
NOOSR	National Office of Overseas Skills Recognition
NRCP	National Respite for Carers Program
NSCSP	National Survey of Community Satisfaction with Policing
NSMHS	National Survey of Mental Health Services
NSW	New South Wales
NT	Northern Territory
OMP	other medical practitioner
OSHCQA	Outside School Hours Care Quality Assurance
PBS	Pharmaceutical Benefits Scheme
PIP	Practice Incentives Program
PISA	Program for International Student Assessment
QFRS	Queensland Fire and Rescue Service
QIAS	Quality Improvement and Accreditation System
Qld	Queensland

QPA	Quality Practice Accreditation
RACGP	Royal Australian College of General Practitioners
RCS	Resident Classification Scale
RRMA	Rural, Remote and Metropolitan Areas
RSE	relative standard error
RTO	Registered Training Organisation
SA	South Australia
SAAP	Supported Accommodation Assistance Program
SAAS	SA Ambulance Service
SAR	service activity reporting
SCRCSSP	Steering Committee for the Review of Commonwealth/State Service Provision
SCRGSP	Steering Committee for the Review of Government Service Provision
SDA	service delivery area
SE	standard error
SES/TES	State Emergency Service/Territory Emergency Service
SLA	statistical local area
SMART	SAAP Management and Reporting Tool
TAFE	technical and further education
Tas	Tasmania
UCC	user cost of capital
ULN	upper limit of normal
VET	vocational education and training
VHC	Veterans' Home Care
Vic	Victoria
WA	Western Australia
WHO	World Health Organisation

Glossary

Definitions of indicators and other terms can also be found at the end of each chapter.

Access	A reflection of how easily the community can obtain a delivered service (output).
Appropriateness	Measures how well services meet client needs and also seek to identify the extent of any underservicing or overservicing.
Capability	In the context of the health performance framework, the capacity of an organisation, program or individual to provide health care services based on appropriate skills and knowledge (see the 'Health preface').
Constant prices	See 'real dollars'.
Continuity	In the context of the health performance framework, the provision of uninterrupted, timely, coordinated healthcare, interventions and actions across programs, practitioners and organisations (see the 'Health preface').
Cost effectiveness	A measure of how well inputs (such as employees, cars and computers) are converted into outcomes for individual clients or the community. Cost effectiveness is expressed as a ratio of inputs to outcomes. For example, cost per life year saved is a cost effectiveness indicator reflecting the ratio of expenditure on breast cancer detection and management services (including mammographic screening services, primary care, chemotherapy, surgery and other forms of care) to the number of women's lives that are saved.
Current prices	See 'nominal dollars'.

Descriptors	Descriptive statistics included in the Report that relate to the size of the service system, funding arrangements, client mix and the environment within which government services are delivered. These data are provided to highlight and make more transparent the differences among jurisdictions.
Effectiveness	A reflection of how well the outputs of a service achieve the stated objectives of that service (also see program effectiveness).
Efficiency	A reflection of how resources are used to produce outputs and outcomes, expressed as a ratio of inputs to outputs (technical efficiency), or inputs to outcomes (cost effectiveness). (Also see ‘cost effectiveness’ and ‘technical efficiency’.)
Equity	Equity indicators reflect the gap between service delivery outputs or outcomes for special needs groups and the general population. Equity of access relates to all Australians having <i>adequate</i> access to services, where the term <i>adequate</i> may mean different rates of access for different groups in the community (see chapter 1, box 1.5 for more detail).
Inputs	The resources (including land, labour and capital) used by a service area in providing the service.
Nominal dollars	Refers to financial data expressed ‘in the price of the day’ and which is not adjusted to remove the effects of inflation. Nominal dollars do not allow for inter-year comparisons because reported changes may reflect changes to financial levels (prices and/or expenditure) and adjustments to maintain purchasing power due to inflation.
Output	The service provided by a service area — for example, a completed episode of care is an output of a public hospital.

Outcome	The impact of the service on the status of individuals or a group. A service provider can influence an outcome but external factors can also apply. A desirable outcome for a school, for example, would be to add to the ability of the students to participate in, and interact with, society throughout their lives. Similarly, a desirable outcome for a hospital would be to improve the health status of an individual receiving a hospital service.
Process	The way in which a service is produced or delivered.
Program effectiveness	Reflects how well the outcomes of a service achieve the stated objectives of that service (also see effectiveness).
Quality	Reflects the extent to which a service is suited to its purpose and conforms to specifications.
Real dollars	Refers to financial data measured in prices from a constant base year to adjust for the effects of inflation. Real dollars allow the inter-year comparison of financial levels (prices and/or expenditure) by holding the purchasing power constant.
Responsiveness	In the context of the health performance framework, the provision of services that are client oriented and respectful of clients' dignity, autonomy, confidentiality, amenity, choices, and social and cultural needs (see the 'Health preface').
Safety	In the context of the health performance framework, the avoidance, or reduction to acceptable levels, of actual or potential harm from health care services, management or environments, and the prevention or minimisation of adverse events associated with health care delivery (see the 'Health preface').
Sustainability	In the context of the health performance framework, the capacity to provide infrastructure (such as workforce, facilities and equipment), be innovative and respond to emerging needs (see the 'Health preface').

Technical efficiency

A measure of how well inputs (such as employees, cars and computers) are converted into service outputs (such as hospital separations, education classes or residential aged care places). Technical efficiency reflects the ratio of outputs to inputs. It is affected by the size of operations and by managerial practices. There is scope to improve technical efficiency if there is potential to increase the quantity of outputs produced from given quantities of inputs, or if there is potential to reduce the quantities of inputs used in producing a certain quantity of outputs.

Unit costs

Average cost — an indicator of efficiency, as used throughout this Report.

Terms of reference

The Review, to be conducted by a joint Commonwealth/State and Territory Government working party, is to undertake the following:

- establish the collection and publication of data that will enable ongoing comparisons of the efficiency and effectiveness of Commonwealth and State Government services, including intra-government services. This will involve:
 - establishing performance indicators for different services which would assist comparisons of efficiency and effectiveness. The measures should, to the maximum extent possible, focus on the cost effectiveness of service delivery, as distinct from policy considerations that determine the quality and level of services; and
 - collecting and publishing data that are consistent with these measures. The Review should also address the procedures for the ongoing collection and publication of benchmark data; and
- compile and assess service provision reforms that have been implemented or are under consideration by Commonwealth and State Governments.

The Review will cover all major types of reform, including those involving the separation of policy development from service provision. Case studies of particular reforms could be provided where appropriate.

The Review will need to keep abreast of developments in other relevant reviews and working parties, including the Commonwealth/State Government working party (initiated by the Council of Australian Governments) investigating Commonwealth/State Government roles and responsibilities.

1 The approach to performance measurement

1.1 Aims of the Review

Heads of government established the Review of Government Service Provision (the Review) to provide information on the effectiveness and efficiency of government services in Australia (see terms of reference, p. xxii). A Steering Committee, comprising senior representatives from the central agencies of all governments, manages the Review with the assistance of a Secretariat provided by the Productivity Commission. The Review was established under the auspices of the Council of Australian Governments (COAG) in 1993 to:

- provide ongoing comparisons of the performance of government services
- report on service provision reforms that governments have implemented or that are under consideration.

The Report on Government Services, now in its tenth edition, is a tool for government. It has been used for strategic budget and policy planning, and for policy evaluation. Information in the Report has been used to assess the resource needs and resource performance of departments. It has also been used to identify jurisdictions with whom to share information on services.

The data in this Report can also provide an incentive to improve the performance of government services, by:

- enhancing measurement approaches and techniques in relation to aspects of performance, such as unit costs and service quality
- helping jurisdictions identify where there is scope for improvement
- promoting greater transparency and informed debate about comparative performance.

In May 2004, a survey of users and producers of the Report was undertaken (previous surveys were conducted in 1998 and 2001). The response rate for the survey was relatively low but the survey findings provide meaningful feedback on how the Report is performing. Some key findings are outlined in box 1.1.

Box 1.1 Key results of the 2004 feedback survey on the Report on Government Services

In May 2004, a survey of users of, and contributors to, the Report on Government Services was undertaken to obtain feedback on how the Report is being used and the extent to which the Report meets the objectives of the Review. Central and line agency respondents used the Report for evaluating and formulating government policy, evaluating and demonstrating resource needs, and briefing ministers, members of Parliament and departmental executives. Central agency respondents were more likely than line agency respondents to consider the Report important for these purposes. In particular, 100 per cent of respondents from central agencies considered the Report important for evaluating and demonstrating the performance of line agencies in the delivery of services, compared with 73 per cent of line agency respondents.

Over 95 per cent of the respondents rated the Report as 'adequate' or 'better' on a range of criteria — usefulness, credibility, relevance and objectivity. The responses on timeliness (85 per cent) and comparability (80 per cent) were lower.

The Steering Committee will use the survey results to look at ways of improving the Report.

In 2002, COAG asked the Steering Committee to prepare a regular report on key indicators of Indigenous disadvantage as part of the COAG reconciliation commitment. The first edition of this report, *Overcoming Indigenous Disadvantage: Key Indicators 2003* (the Indigenous Disadvantage Report) (SCRGSP 2003), was released in November 2003. In contrast to the Report on Government Services with its focus on efficiency and effectiveness, the Indigenous Disadvantage Report focuses on outcomes for Indigenous people. It does not report on individual government services. The reporting framework has two tiers: 'headline' indicators for the longer term outcomes sought; and a second tier of 'strategic areas for action' indicators that are potentially responsive to government policies and programs. The 2003 Indigenous Disadvantage Report is included on the CD-ROM that accompanies the Report on Government Services, and can be found on the Review web page (www.pc.gov.au/gsp).

1.2 The role of government in delivering services

All services included in the Report on Government Services affect the community in significant ways. Some services form an important part of the nation's social welfare system (for example, public housing), some are provided to people with specific needs (for example, aged care and disability services), while others are typically used by each person in the community at some stage during their life (for example, school education, police services and emergency services).

More generally, the services that governments deliver are largely concerned with:

- providing ‘public goods’,¹ including:
 - creating a legal framework that determines the rules for ownership of property and the operation of markets (for example, enforcing property rights, checking abuses of power and upholding the rule of law) — a framework that encompasses the work of the courts, police and corrective services agencies in maintaining law and order
 - managing adverse events, including the work of emergency services (such as fire and flood control) and some aspects of the health system
- enabling higher or more equitable availability and consumption of those services that governments consider to have particular merits or to generate beneficial spillover effects² for the community. Examples include education, health services, ambulance services, community services and housing.

How governments deliver services

Governments use a mix of methods to deliver services to the community, including:

- providing the services themselves (a ‘provider’ role)
- managing and funding external providers through grants or the purchase of services (a ‘purchaser’ role)
- subsidising users (through vouchers or cash payments) who then purchase services from external providers
- creating community service obligations on public and private providers
- reducing tax obligations in particular circumstances (known as ‘tax expenditures’).

1.3 Reasons for measuring comparative performance

Government services, including the services covered in this Report, are vital to the community’s wellbeing. Improving them can result in major social and economic

¹ Public goods are those where one person’s consumption does not reduce consumption by others, and where it is not possible to exclude individuals from access (for example, national defence). These goods tend not to be produced in private markets because people can consume the good without paying for them.

² In private markets, the production of services that result in spillover effects tends to be lower than is desirable for society as a whole because individuals cannot appropriate the wider benefits to society.

benefits. Governments are continually re-evaluating whether the community is receiving the appropriate service mix and whether the services are reaching those most in need. Moreover, governments need to know whether their policies are effective, being implemented efficiently and reaching those people for whom they are intended.

Traditionally, much of the effort to improve the effectiveness of government services has focused on increasing the level of resources devoted to them. This approach overlooks another important means of enhancing services — that is, finding better and more cost-effective ways in which to use existing resources. Productivity growth has had an important influence on living standards in Australia. During the 1990s, for example, productivity growth more than doubled, underpinning historically strong growth in average incomes (Parham 2002). Innovation (the introduction of new products or processes) can be important to productivity growth in all sectors, including government services.

Performance measurement provides one means of shifting the focus from resources (or inputs) to the use of resources to deliver desired outcomes of government services. Performance measurement can:

- provide governments with indicators of their performance over time
- make performance more transparent, allowing assessment of whether program objectives are being met
- help clarify government objectives and responsibilities
- inform the wider community about government service performance
- encourage ongoing performance improvement
- promote analysis of the relationships between agencies and between programs, allowing governments to coordinate policy within and across agencies.

The three main reasons for reporting *comparative* performance information across jurisdictions are:

- to allow agencies to identify peer agencies that are delivering better or more cost effective services from which they can learn
- to generate additional incentives for agencies to address substandard performance
- implicitly, to verify good performance and indicate whether agencies are getting it right.

Comparative data are particularly important for government services, given that limited information is available to those deciding what services to supply and to

whom. Each jurisdiction has, for example, only one police service and one protection and support service. As a result, choices are always constrained for consumers of these services, and those responsible for delivering the services do not have access to the same level of information that is available to providers in markets with more providers.

Reporting comparative performance measures facilitates interjurisdictional learning, particularly where governments have adopted different policy approaches. While no analysis of cost-effectiveness is carried out in the Report, the information contained in the Report contributes to the ability of governments to assess the cost-effectiveness of their service delivery.

Governments have considered a range of general policy approaches when deciding how to deliver services. These approaches include:

- moving from historical or input based funding to output based funding (for example, casemix funding in public hospitals in Victoria)
- separating the purchaser and provider roles for government organisations (for example, the separation of functions and corporatisation)
- outsourcing the provider roles (for example, competitive tendering for correctional services in Queensland)
- devolving and decentralising decision making on how to deliver services by government service providers (for example, devolving decision making in Victorian government schools to local school communities)
- examining alternative delivery mechanisms (for example, deinstitutionalising community services and offering direct consumer funding and choice in disability services in WA)
- examining interactions among services
- implementing user charging (for example, pricing court reporting services for Australian courts).³

Comparisons that draw on reliable performance information can help governments better understand the strengths and weaknesses of each approach, and the circumstances in which each may work best. Overall, governments now place a greater emphasis on achieving outcomes, which has been reflected in the Report's changes to its performance indicator frameworks in recent times.

³ The implementation issues associated with these types of reform are examined in SCRCSSP (1997 and 1998).

1.4 Scope

This tenth Report on Government Services contains performance information on 14 service areas (box 1.2). These government services have two important features:

- their key objectives are common or similar across jurisdictions
- they make an important contribution to the community and/or economy.

Box 1.2 Services covered in the 2004 Report

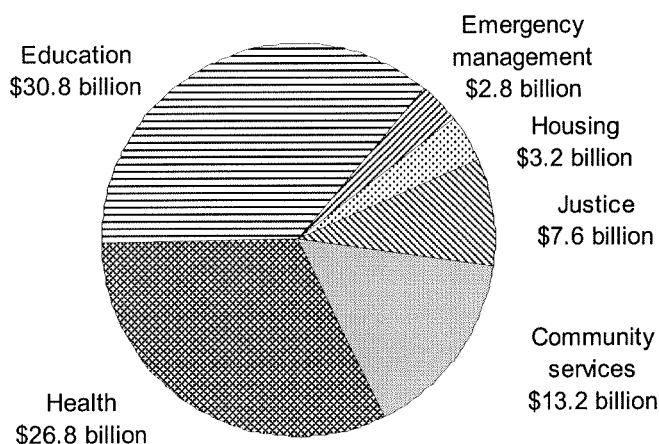
Education	—	School education (chapter 3)
	—	Vocational education and training (chapter 4)
Justice	—	Police (chapter 5)
	—	Court administration (chapter 6)
	—	Corrective services (chapter 7)
Emergency management	—	Fire and ambulance services (chapter 8)
Health	—	Public hospitals (chapter 9)
	—	Primary and community health (chapter 10)
	—	Breast cancer detection and management, and specialised mental health services (chapter 11)
Community services	—	Aged care services (chapter 12)
	—	Services for people with a disability (chapter 13)
	—	Children's services (chapter 14)
	—	Protection and support services (chapter 15)
Housing	—	Public and community housing, State and Territory owned and managed Indigenous housing and Commonwealth Rent Assistance (chapter 16)

The services in the Report absorb a significant level of government expenditure. While not all data here relate to the same time period, the services in this 2005 Report accounted for approximately \$84.4 billion in 2003-04 (figure 1.1), representing around 57.5 per cent of government recurrent expenditure in that year. (This is equivalent to about 10.4 per cent of gross domestic product.)

Funding from government may not meet the full cost of delivering a service to the community, and not-for-profit organisations or users may also contribute funding

and other resources. The scope of the Report, however, is confined to the cost to government, for reasons explained in box 1.3.

Figure 1.1 **Estimated government recurrent expenditure on services covered by the 2005 Report^{a, b, c}**



^a Data for 2003-04 were not available for all services. See table 2.1 in Chapter 2. ^b Community services expenditure excludes juvenile justice. ^c The estimate for health expenditure relates to only the health services discussed in the health chapters of the Report: public hospitals, primary and community health services, breast cancer screening and specialised mental health services.

Source: relevant chapters.

Box 1.3 **Cost to government and non-government organisations**

The Report provides information about the cost of services to government. Governments aim to maximise the benefit to the community from the use of government funds. Some argue that the Report should also account for the costs where non-government groups such as charities, not-for-profit organisations, private providers and users contribute resources for the services covered by the Report. Although the contributions of these other groups are not negligible, the purpose of the Report is to provide information to assist government decision making. The information required depends on the type of assessment needed to support a decision. When government provides the service directly, it may wish to assess the internal management of the service. On other occasions, it may wish to assess whether to provide the service directly or to purchase, part fund or subsidise the service. Alternatively, it may wish to assess from which organisation to purchase the service.

(Continued on next page)

Box 1.3 (Continued)

If a government provides services directly, then it is accountable for all resources used. The Report thus aims to include the full costs of providing the service. When focusing on government decision making in the role of direct service provider, the Report aims to compare the full cost to government of service delivery, including the cost of capital (where possible) in each State and Territory. This approach allows governments to compare the internal management of their services with that of their counterparts in other jurisdictions.

The Report also includes information on the cost to government of services delivered in other ways, including through funding to government and non-government service providers. This information can assist governments in assessing their purchase decisions. This Report has not sought to facilitate comparisons between the internal management of government providers and that of non-government providers, and there would be difficulties in collecting data to make such comparisons. As a result, there is no attempt to compare the full cost of delivery by non-government organisations with the full cost of delivery by government service providers. Consequently, for services delivered by non-government agencies, this Report emphasises the costs to government, along with outputs, outcomes and service quality.

Sometimes, a private organisation will offer to deliver a service at a lower price to government than that offered by an equivalent government provider, even though it may use at least as many resources as the government provider. This situation can typically arise for not-for-profit organisations such as charities, which may be able to charge less because they operate the service as an adjunct to another activity or because they have access to resources that are not costed at market rates (such as donations, church buildings and volunteers).

This Report examines the performance of the service elements for which government is responsible and accountable. The focus is on reporting performance information on the effectiveness and efficiency of government expenditure, linked to the purchase or supply of specific services rather than to general government income support. The Report thus covers aged care but not the aged pension, disability services but not disability pensions, and children's services but not family payments (although descriptive information on income support is provided in some cases). Commonwealth Rent Assistance is reported on the basis that it is a targeted payment to assist in the purchase of housing services, and is not general income support (chapter 16).

1.5 Approach

The Report includes performance comparisons, based on a common method, across jurisdictions for a range of services. This approach has the following benefits:

- The use of a common method across services leads to a data set that is a convenient and useful resource for people interested in more than one service area.
- There are opportunities to share insights into approaches to performance assessment across services.
- Progress in performance reporting in any one service area is demonstrated to reinforce what is possible and to encourage improved reporting by other services.
- There is the capacity to efficiently address issues that arise across all service areas (for example, how to measure timeliness, how to assess other aspects of quality, and how to cost superannuation).
- There is an opportunity to assess the full breadth of consequences to service areas of issues that have an impact on (or are affected by) multiple service areas. An example is recidivism and the various elements of justice services: a reduction in recidivism may be achieved by an increased allocation of resources in one service area — say, corrective services — but with a potentially greater saving achieved in other service areas — say, police and the courts.

A number of the services covered by the Report are also subject to other comparative performance measurement across jurisdictions. Advantages of the approach taken in the Report are:

- a focus on non-technical information, making it accessible to non-specialists
- the regular publication of the Report, allowing monitoring of performance over time
- the compilation of performance reporting across a number of service areas in the one document, facilitating the sharing of insights across service areas.

Guiding principles

The aim of the Report is to provide objective government performance information to facilitate informed policy judgments and sound outcomes. The following guiding principles apply.

-
- *A focus on outcomes* — performance indicators should focus on outcomes from the provision of government services, reflecting whether service objectives have been met.
 - *Comprehensiveness* — the performance indicator framework should be as comprehensive as possible, assessing performance against all important objectives.
 - *Comparability* — data should be comparable across jurisdictions wherever possible. Reporting comparable information is a high priority of the Review and is related to progressive data availability. Where data are not yet comparable across jurisdictions, time series analysis is particularly important. Time series comparisons have been made where possible to add another dimension to performance reporting.
 - *Progressive data availability* — while the ultimate aim is comparable data for all jurisdictions, progress may differ across jurisdictions, so data are generally presented for those jurisdictions that can currently report (rather than waiting until the data are available for all jurisdictions).
 - *Timeliness* — data published in the Report need to be as recent as possible to retain relevance for decision makers. In some cases, there may be a tradeoff between the accuracy and timely availability of data, because recent data might have had fewer opportunities to undergo validation.

Where possible, the approach taken in the Report is to use acceptable (albeit imperfect) indicators that are already in use or available in Australia or internationally. Adopting these indicators can lower the costs of, and reduce delays in, reporting performance. Although the Steering Committee values time series data as a means of evaluating developments in service delivery, performance indicators may change from one Report to the next when better or more appropriate performance indicators are developed.

While the Report does not establish best practice benchmarks, the information in the Report could be used to help jurisdictions identify appropriate benchmarks (box 1.4).

The new performance indicator framework

The Steering Committee developed a new general framework for performance indicators in 2002 and this framework has now been implemented in all chapters. The new approach reflects governments' adoption of accrual accounting and depicts the Review's focus on outcomes, consistent with demand by governments for

outcome oriented performance information. The new framework also accentuates the importance of equity and draws out the distinction between equity and access.

Box 1.4 Benchmarking

Benchmarking service delivery is a systematic process of searching for and encouraging the introduction of best practice in the use of scarce resources, so as to deliver more efficient and effective services. The three main forms of benchmarking are: (1) results benchmarking (comparing performance within and between organisations using performance indicators of effectiveness and efficiency), (2) process benchmarking (analysing systems, activities and tasks that turn resource inputs and outputs into outcomes) and (3) setting best practice standards (establishing goals and standards to which organisations can aspire).

Benchmarking typically involves a number of steps. Whatever the chosen approach or focus, the steps usually include:

- deciding why, when, and what to benchmark
- analysing plans and performance (reviewing objectives and identifying performance indicators and own performance)
- establishing benchmarking partners
- obtaining the data and analysing differences
- identifying best practices and the most useful improvements
- implementing improvements in practice
- assessing improvements and re-benchmarking (MAB/MIAC 1996).

The performance information in the Report can contribute to many of the above steps in a results benchmarking cycle, including by identifying better approaches adopted by agencies' peers and thus helping governments to implement best practice.

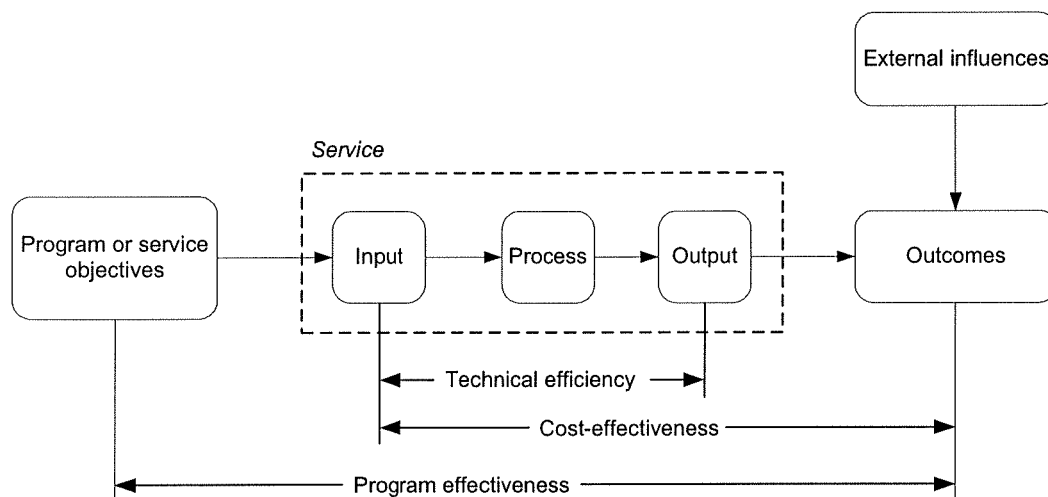
The service process

When reviewing the framework, the relationships among objectives, inputs, outputs and outcomes were examined. Figure 1.2 portrays the influence of factors external to a service, and distinguishes between program efficiency and program effectiveness.

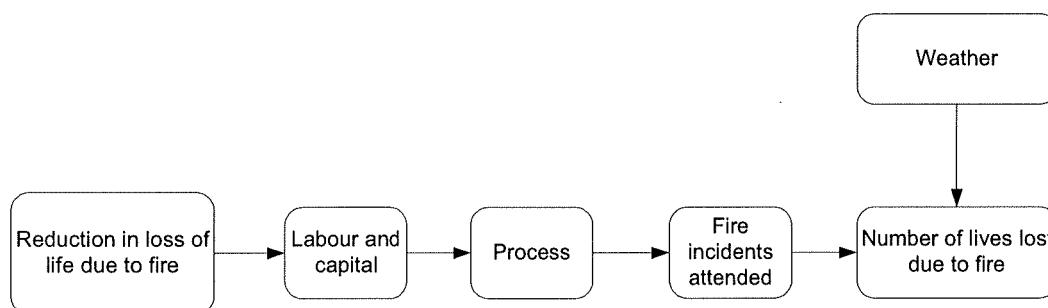
For each service, governments have a number of objectives that relate to desired outcomes for the community. To achieve these objectives, governments fund service providers and/or provide services. To do this, service providers transform funds/resources (inputs) into services (outputs). The rate at which resources are used to make this transformation is known as 'technical efficiency'. The impacts of these outputs on individuals, groups and the community are the outcomes of the

service. The rate at which resources are used to generate outcomes is referred to as ‘cost-effectiveness’ in this Report. Often, outcomes are also influenced by factors external to the service. Outputs too may be affected by external factors, but to a lesser extent. The glossary to the Report provides further definitions.

Figure 1.2 Service process



Example: fire services



Objectives

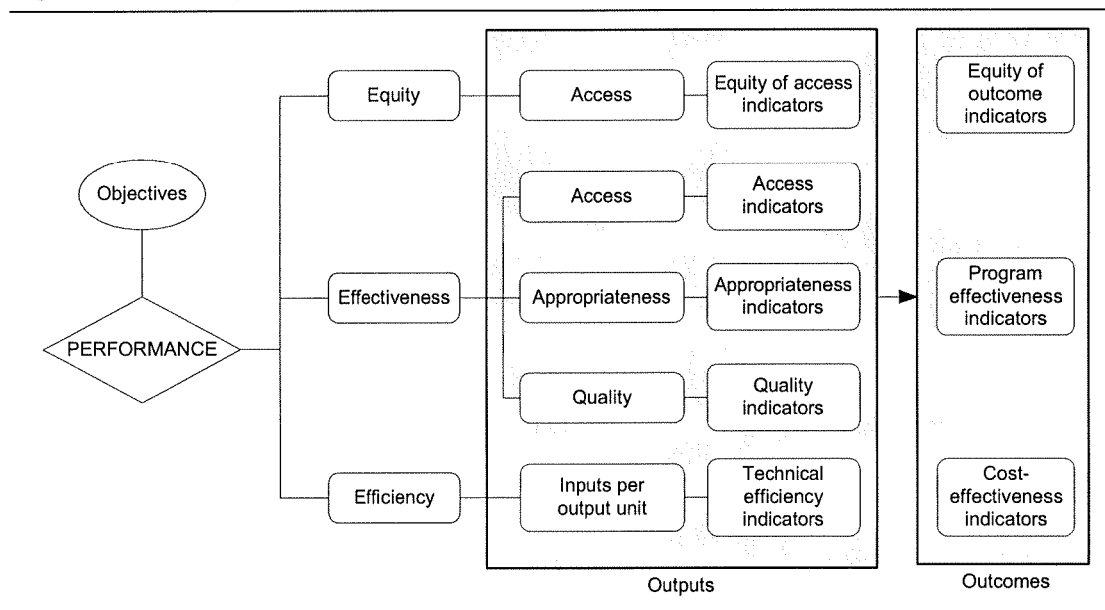
A number of the objectives (or desired outcomes) for each government funded service are similar across jurisdictions, although the priority that each jurisdiction gives to each objective may differ. The Steering Committee’s approach to performance reporting is to focus on the extent to which each *shared* objective for a service has been met. Objectives for each service are outlined, and performance indicators consistent with those objectives are reported.

Separating outputs and outcomes

Outcome indicators provide information on the impact of a service on the status of an individual or a group, and on the success of the service area in achieving its objectives, although other factors may affect outcomes for an individual or group. The outcomes of a service should align with the objectives of the service. Outputs, on the other hand, are the services delivered.

While the aim of the Review is to focus on outcomes, they are often difficult to measure. The Report thus includes measures of outputs with an understanding that there is a correlation between some outputs and outcomes, and that measures of outputs can be proxies for measures of outcomes. For this reason, budget statements may specify that a service will aim to produce outputs with certain characteristics such as quality, timeliness and responsiveness. The new performance framework is set out in figure 1.3.

Figure 1.3 A general framework and examples of performance indicators



Outcomes may be short term (intermediate) or longer term (final). Short term outcomes are usually more closely linked to the operations of the service provider, whereas longer term outcomes are more affected by capital investment and external factors. A police random breath testing program (set up relatively quickly via a re-allocation of resources), for example, may achieve the intermediate outcome of fewer drunk drivers and lead to a short term reduction in road deaths, but the final outcome of a permanent long term reduction in road deaths will reflect external factors such as the design quality of cars and capital investment in improved roads or additional random breath testing units.

The approach in this Report is to:

- use both short term (or intermediate) and long term (or final) outcome indicators as appropriate where possible
- make clear that the service is only one contributing factor and, where possible, point to data on other factors. (Appendix A contains detailed statistics and short profiles on each State and Territory, which may assist in interpreting the performance indicators presented in this Report.)

Output indicators can be grouped according to the desired characteristics of a service — for example, accessibility, appropriateness or quality. These desired characteristics may differ across services. By contrast, outcomes depend on the performance of a service in a number of characteristics, and are subject to external factors; as such, they are not grouped in the same way.

Equity, effectiveness and efficiency

Since its inception, the Review has taken a comprehensive view of performance monitoring, acknowledging the tradeoffs inherent in allocating resources and the dangers of analysing only some aspects of the service. A unit of service may have a high cost but be more effective than a lower cost service in meeting each client's specific needs and, therefore, be more cost-effective. Performance assessment should thus incorporate indicators across all relevant dimensions.

In the past, the Review framework gave equal prominence to effectiveness and efficiency as the two overarching dimensions of performance. Equity was treated as a subdimension of effectiveness. Performance literature, on the other hand, often refers to equity as a third element of performance, separate from effectiveness and efficiency. The principal reason for the separation is that effectiveness indicators are generally absolute measures of performance, whereas equity indicators relate to the gap between service delivery outputs and outcomes for special needs groups and the general population. The Review's new framework reflects this approach.

Moreover, accentuating equity highlights the potential for tradeoffs across all three performance dimensions — equity, effectiveness and efficiency. Improving outcomes for a group with special needs, for example, may necessitate a decrease in measured efficiency. Assessing performance across all three dimensions remains important.

Equity

The term 'equity' has a number of interpretations, which are discussed in box 1.5. Equity in the context of this Report reflects equity of access, whereby all Australians are expected to have adequate access to services. Equity indicators measure how well a service is meeting the needs of certain groups in society.

Box 1.5 Equity

Equity is an important concept in economic literature, with two elements:

- horizontal equity — the equal treatment of equals
- vertical equity — the unequal but equitable treatment of unequals.

In the context of performance measurement for service delivery, horizontal equity is exhibited when services are available to everyone in the community, and there are no restrictions on access — that is, everyone is allowed to access the service. Service delivery exhibits vertical equity when it accounts for the special needs of certain groups in the community and adjusts aspects of service delivery to suit these needs. This approach may be needed where geographic, cultural or other reasons mean some members of the community have difficulty accessing the service.

Facilitating access to key services for people with special needs is an important reason for governments to fund services (for example, housing services for those having difficulties accessing housing in the private sector). A number of criteria can be used to classify those groups who may have special difficulties in accessing government services. These include:

- language or literacy proficiency
- gender
- age
- physical or mental capacity
- race or ethnicity
- geographic location.

In May 1997, the Prime Minister (with the support of the Premiers and Chief Ministers) requested that the Review give particular attention to the performance of mainstream services in relation to Indigenous Australians. Improvements to reporting for this group are discussed in chapter 2. The Indigenous Disadvantage Report (mentioned earlier) focuses on outcomes for Indigenous Australians in a range of 'strategic' areas, and complements the Report on Government Services,

which will continue to include indicators on the delivery of services to Indigenous Australians.

Identifying service recipients as belonging to groups with special access difficulties poses challenges, particularly when relying on client self-identification. If members of such groups are required to identify themselves, then the accuracy of the data will partly depend on how a group perceives the advantages (or disadvantages) of identification and also whether such perceptions change over time. Varying definitions of these groups in data collections over time and across jurisdictions and service areas may also create comparability problems.

The Report often uses the proportion of each target group in the broader community as a point of comparison when examining service delivery to special needs groups. This approach is sensible for some services (for example, schools), but must be treated with caution for other services (for example, aged care). Another option is to collect a more accurate profile of need (for example, the Supported Accommodation Assistance Program's collection of data on the characteristics of those seeking assistance).

Where geographic location is used to identify groups with special needs, data are usually disaggregated according to either the metropolitan, rural and remote area classification system or the Australian Bureau of Statistics' (ABS) Australian Standard Geographical Classification of remoteness areas. These classifications are generally based on population density and/or the distance that residents need to travel to access services. The geographic classification system used in each chapter is outlined in chapter 2.

Such classifications are imperfect indicators of the time and cost of reaching a service. Further, they do not consider the client's capacity to bear the cost of receiving the service (Griffith 1998). To improve the model, service centre locations would need to be reclassified according to the services they provide and the client's cost of receiving the service. Moreover, for some services, classification systems based on distance or population are not useful indicators of access to services — for example, ambulances can sometimes respond more quickly in rural areas than in metropolitan areas because there is less traffic.

Effectiveness

Effectiveness indicators reflect how well the outputs of a service achieve the stated objectives of that service. Indicators of the effectiveness of outputs in the new framework can be grouped according to desired characteristics that are considered

important to the service. For most chapters, these desired characteristics include access, appropriateness and/or quality.

Access

Access indicators reflect how easily the community can obtain a delivered service (output) (for example, access to school education and police services). In this Report, access has two main dimensions, undue delay (timeliness) and undue cost (affordability). Timeliness indicators used to measure access in this Report include waiting times (for example, in public hospitals and for aged care services). Affordability indicators relate to the proportion of income spent on particular services (for example, out-of-pocket expenses in children's services).

Appropriateness

Appropriateness indicators measure how well services meet client needs. An appropriateness indicator for the Supported Accommodation and Assistance Program, for example, is the proportion of clients receiving the services that they are judged to need. Appropriateness indicators also seek to identify the extent of any underservicing or overservicing (Renwick and Sadkowsky 1991).

Some services have developed measurable standards of service need against which the current levels of service can be assessed. The 'overcrowding' measure in housing, for example, measures the appropriateness of the size of the dwelling relative to the size of the tenant household. Other services have few measurable standards of service need; for example, the appropriate number of medical treatments available for particular populations is not known. Data on differences in service levels, however can indicate where further work could identify possible underservicing or overservicing.

Quality

Quality indicators reflect the extent to which a service is suited to its purpose and conforms to specifications. The Review includes indicators of service quality because they are important to performance assessment and policy formulation. Information about quality is particularly important for performance assessment when there is a strong emphasis on increasing efficiency (as indicated by lower unit costs). Moreover, there is usually more than one way in which to deliver a service, and each alternative has different implications for cost and quality. Information about service quality is needed to ensure governments consider all useful delivery alternatives.

The Steering Committee's approach is to identify and report on *aspects* of quality, particularly actual or implied competence. Actual competence can be measured by the frequency of positive (or negative) events resulting from the actions of the service (for example, deaths resulting from health system errors such as an incorrect dose of drugs). Implied competence can be measured by the extent to which aspects of the service delivery process (such as inputs, processes and outputs) conform to specifications — for example, through accreditation.

Data generated by services for quality control purposes can often be a useful source of information for quality indicators. To the extent that aspects of service delivery (such as inputs, processes and outputs) conform to specifications, they are proxies for quality outputs — for example, the level of accreditation of public hospitals and facilities for aged care.

The framework of indicators for this Report treats quality as one aspect of effectiveness and distinguishes it from access and appropriateness (figure 1.3). This distinction is somewhat artificial because these other aspects of service provision also contribute to a meaningful picture of quality. No perfect indicator of service quality exists; each indicator has its own strengths and weaknesses.

Efficiency

Efficiency indicators reflect how well services use their resources to produce outputs and achieve outcomes. Government funding per unit of service is typically used as an indicator of technical efficiency — for example, recurrent funding per annual curriculum hour for vocational education and training. Such an indicator is unlikely, however, to encompass a service's full cost to society.

Where possible, full unit costs are used as the indicator of efficiency. Comparisons of unit cost of a service are a more meaningful input to public policy when they use the full cost to government, accounting for all resources consumed in providing the service. Problems can occur when some costs of providing services are overlooked or treated inconsistently (for example, superannuation, overheads or the user cost of capital). The Steering Committee believes, where full cost information is not available in the short term, that data should at least be calculated consistently across jurisdictions. Further, data treatment should be fully transparent.

Where there are shortcomings in the data, other indicators of efficiency are used (including partial productivity ratios such as staff level per student in government schools, staff per prisoner in corrective services and administrative costs as a proportion of total expenditure in services for people with a disability).

1.6 Using the data in this Report

Data comparability

For each service, the performance indicator framework shows which data are provided on a comparable basis and which are not directly comparable. Where data are not directly comparable, appropriate qualifying commentary is provided in the text or footnotes. Data may not be directly comparable if:

- definitions or counting rules differ or are so broad that they result in different interpretations (for example, depreciation rules)
- the scope of measurement varies (for example, the waiting time for elective surgery)
- benchmarks differ (for example, literacy standards)
- the sample size is too small for statistical reliability.

These differences may result in biased estimates, but it is not always clear whether biases are necessarily material. Even where the differences are significant, relatively simple adjustments may resolve them in many cases — for example, payroll tax exemption has a material influence on the comparability of unit cost indicators, and cost data are adjusted in most chapters to account for payroll tax (SCRCSSP 1999). Differences in the marginal tax rates of payroll tax systems, conversely, are unlikely to have a material impact on unit costs.

Validation

Data contained in this Report vary in the extent to which they have been reviewed or validated. At a minimum, all data have been signed off by the contributor and subjected to peer review by the working group for each service. Some data are verified and supplied by data collection agencies such as the ABS and the Australian Institute of Health and Welfare.

Timeliness and accuracy

Timeliness of data is an important consideration for policy decision making. Sometimes, however, there is a tradeoff between the accuracy of data and its timely availability; in particular, data that are provided in a timely fashion might have had fewer opportunities to undergo rigorous validation.

The Review's process of iterative data collection is intended to manage this tradeoff between timeliness and accuracy. The Review publishes data that jurisdictions have provided on an annual basis, with appropriate qualifications. The ongoing nature of the Report provides an opportunity for the Review to improve the data, particularly its comparability, over time. This approach has increased scrutiny of the data and led to timely improvements in data quality.

Improving the timeliness and accuracy of the data requires a high level of cooperation between the Steering Committee and participating agencies from all jurisdictions. Users of the Report are also an important source of feedback on issues relating to the improvement of performance reporting. The Steering Committee welcomes feedback, which can be forwarded to the Secretariat (see the contact details inside the front cover of the Report).

Effects of factors beyond the control of agencies

The differing environments in which service agencies operate affect both the outcomes achievable and those achieved by the agencies. There may be significant differences in clients, available inputs, prices and geography, and any comparison of performance across jurisdictions needs to consider these differences. Relatively high unit costs, for example, may result from geographic dispersal, a high proportion of special needs clients, inefficient performance or a combination of these and other factors. Similarly, a poor result for an effectiveness indicator may have more to do with client characteristics than service performance. The provision of information that allows effective interpretation can thus be more important than the result.

The Report does not attempt to adjust results provided by jurisdictions for differences that may affect service delivery but it does provide information on environmental differences to assist readers to interpret performance indicator results. Users of the Report will often be better placed to make the necessary judgments, perhaps with the benefit of additional information about their jurisdiction's circumstances or priorities. The Commonwealth Grants Commission adopts a different approach reflecting its different role (SCRCSSP 2000).

The Report provides information on environmental differences to assist readers to interpret performance indicator results. This information takes the form of profiles of each service area, footnotes to tables and figures, and a statistical appendix (appendix A). The statistical appendix provides a range of general descriptive information for each jurisdiction, including the age profile, spatial distribution, income levels and education levels of the population, the tenure of dwellings and cultural heritage (such as Indigenous and ethnic status). The information for each

jurisdiction has two parts: (1) a description of the main distinguishing characteristics and (2) a set of source tables.

1.7 Other approaches and exercises

Techniques for measuring efficiency

The approach to developing the efficiency indicators used in the Report is primarily that of unit cost (although some chapters contain other measures of efficiency). Data envelopment analysis (DEA) is another measurement technique that appears to be suited to assessing efficiency in the delivery of government services. Typically using linear programming, DEA calculates the efficiency of an organisation within a group relative to observed best practice (not actual best practice) within that group. The approach operates by identifying best performers in terms of input use and output production. Other service providers are allocated a single efficiency score based on their performance relative to that of the best performers.

'Measures of Australia's Progress'

In April 2004, the ABS published the second issue of *Measures of Australia's Progress* (ABS 2004). The publication presents indicators across three domains of progress — economic, social and environmental. Each indicator signals recent progress, typically denoting developments over the past 10 years to help Australians address the question, 'Has life in our country got better, especially during the past decade?'. The framework includes both headline and supplementary indicators, and focuses on outcomes rather than inputs or processes. The publication includes special articles that relate to, rather than measure, progress — for example, material about multiple disadvantage, and levels of progress in Australia and other Organisation for Economic Cooperation and Development countries.

Performance monitoring in other countries

Performance reporting exercises are undertaken in other countries using various approaches (see previous reports). In 2002, the United Kingdom introduced regular web-based reporting against public service agreements, and all key performance data on public service delivery is now available on a single website. Web-based reporting provides accountability and transparency, and allows the public to assess how the United Kingdom Government is delivering across all areas of government. Public service agreements measure agency performance by setting out the aim of the department or program, the supporting objectives and the key outcome-based targets that are to be achieved during a specified period (HM Treasury 2004).

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2 Recent developments in the Report

2.1 Developments in reporting

This is the tenth Report on Government Services produced by the Review. Reporting is an iterative process, and the Review endeavours each year to build on developments of previous years. Since the Review published its first Report in 1995 (SCRCSSP 1995), there has been a general improvement in the data collected. A notable improvement for the 2005 Report is the implementation of performance indicator interpretation boxes. These boxes aim to provide a succinct commentary on the rationale for an indicator's inclusion, explanation of how the indicator is defined and how it should be interpreted, and an overview of conceptual caveats.

Other enhancements fall into two categories:

- improvements to the data reported against performance indicators, including:
 - improved comparability, timeliness and/or quality of data
 - expanded reporting for special needs groups (such as Indigenous Australians)
 - improved reporting of full costs to government
- the inclusion of new indicators, refinements to those already reported, or reporting against performance indicators for the first time.

Improvements in reporting for the 2005 Report

Education

The scope of reporting in the 'Education preface' has been improved through the inclusion of additional educational attainment data:

- Indigenous and non-Indigenous people, by broad age categories (15–19 year olds and 20–24 year olds), sex and highest level of school completed, by State and Territory

-
- the proportion of 20–24 year olds who completed year 12 or equivalent, or gained a qualification at Australian Qualifications Framework (AQF) level 2 or above
 - the proportion of 25–29 year olds who gained a post-secondary qualification at AQF level 3 or above.

In chapter 3 ('School education'), the scope of reporting has been improved by:

- including a greater disaggregation of capital-related data items and data for full time equivalent school enrolments, by gender
- improving the comparability of the indicator 'recurrent expenditure per student' by reporting a three year time series using comparable, accrual-based data.

In chapter 4 ('Vocational education and training' [VET]) the scope of student participation data has been refined to maintain consistency with the Australian National Training Authority National Report on VET (ANTA 2004). The ANTA National Report no longer publishes all performance indicators for the VET sector for individual states and territories.

Justice

The new Review performance indicator framework has been implemented in chapter 5 ('Police services'). All chapters have now implemented the new outcomes focused framework, although not all chapters have populated all dimensions of the framework.

In chapter 7 ('Corrective services'), the indicator 'prisoner/offender programs — education' has been reported on a comparable basis for the first time.

Emergency management

Chapter 8 ('Emergency management') has been restructured. Under the new structure, performance reporting is based on different types of emergency events (fire events, ambulance events and road rescue events), rather than on different types of emergency service organisation (fire service organisations, ambulance service organisations and road rescue organisations) as reported in the 2004 Report. The purpose of the new structure is to allow for a more complete assessment of the performance of government resources committed to the management of emergency events.

Health

In chapter 9 ('Public hospitals'):

- three indicators ('public hospital separation rates', 'separation rates by target group', and 'labour cost per casemix-adjusted separation') have been removed from the performance framework because they had limited usefulness as indicators of the performance of hospitals. The data have been moved to the descriptive section of the chapter
- perinatal, neonatal and fetal death rates are reported by Indigenous status for the first time.

In chapter 11 ('Health management issues'), Indigenous suicide data are averaged over three year periods to smooth volatility in year-on-year movements, particularly for smaller jurisdictions, which tend to have fewer cases but relatively large variations in rates from year to year.

Community services

In chapter 12 ('Aged care services') the indicator 'unmet need' is reported using data from the Australian Bureau of Statistics (ABS) 2003 Survey of Disability, Aging and Carers, which is conducted every five years. New data are reported on Indigenous access to Commonwealth Carelink Centres, and payroll tax is separately identified in residential expenditure data.

In chapter 14 ('Children's services'):

- the access indicator of service affordability, 'service costs', has been reported for the first time
- data from the ABS 2002 Survey of Child Care are reported for the first time to provide information on the outcome indicator, 'demand for (additional) childcare'.

In chapter 15 ('Protection and support services') the Supported Accommodation Assistance Program (SAAP) effectiveness indicator 'client satisfaction' is reported on a comparable basis for the first time.

2.2 Progress with indicator development

A new Review framework was implemented for most chapters in the 2004 Report. The implementation of the new framework in chapter 5 ('Police services') for this Report, means that the framework has now been applied in all chapters. The

implementation of the framework has led to the development of new indicators in particular areas, and to a reassessment of indicators reported. Refinement of performance information is continuing as new research and data become available. To assess progress against two of the Review's key aims — (1) the provision of information about outcomes achieved and (2) the facilitation of assessment of performance in a comprehensive fashion against all important objectives (through reporting against all dimensions of the framework) — the indicators reported in each service area this year have been assessed against each category of the new framework. This assessment reveals the following:

- There is a paucity of information about cost-effectiveness, made apparent by the separate depiction of outputs and outcomes in the new framework diagram. The lack of cost-effectiveness data partly reflects the difficulty of collecting this type of information. No cost-effectiveness indicators are reported, and only one notional indicator of cost-effectiveness has been developed (for breast cancer detection and management).
- Few outcome indicators relate to equity, although this can be attributed to the rearrangement of indicators according to the new framework, which accentuates the importance of equity and draws out the distinction between equity and access.
- There are relatively few indicators of output quality compared with those for other output categories.
- There are relatively few output indicators of equity or access, again partly because these two performance areas were previously combined but the new framework treats them separately.

An analysis of gaps in reporting needs to be viewed in conjunction with the scope for improving currently reported indicators; it does not reveal the quality of the indicators that are reported (for example, whether they are necessarily the most appropriate).

2.3 Progress with key data issues

The Review has identified the following key data issues that affect the quality of information in the Report: timeliness of data; comparability of data; changes to the administrative data collections; full costing of government services; and reporting of data for special needs groups.

Timeliness

As noted in chapter 1, recent data are more useful for policy decision making, but there can be a tradeoff between the accuracy of the data and their timeliness. The Review's approach is to publish imperfect data with caveats. This approach allows increased scrutiny of the data and reveals the gaps in critical information, providing the foundation for developing better data over time. Table 2.1 summarises the time periods for data reported this year. The following is of particular note:

- There is a marked delay in the provision of learning outcomes data.
- Data for services for people with a disability have been affected by the introduction of a new data collection. While current data were available in previous years, data are now lagged. (Changes to administrative data sets are discussed below.)
- There are no data for the current period for specialised mental health services.
- There is significant scope for improving the timeliness of some maternity services data.
- Data on the 'interval cancer rate' in the breast cancer detection and management section of chapter 11 rely on data matching and follow-up between screening periods and between screening services and medical services. Such processes take a number of years, hence the marked lag in reporting.
- The most recent data for health expenditure on Indigenous people are from 1998-99.

Table 2.1 Time period of reported performance results, 2005 Report

<i>Service area/indicator framework</i>	2000-01 or 2000	2001-02 or 2001	Previous year (2002-03 or 2002)	Current year (2003-04 or 2003)
<i>Education</i>				
School education		Learning outcomes✓	Efficiency✓	Participation and retention✓
VET				✓
<i>Justice</i>				
Police services			Higher courts, lower courts, hospitalisations and reporting rates✓	✓
Court administration				✓
Corrective services				✓
<i>Emergency management</i>				
Fire events			Hospitalisations and deaths✓	✓
Ambulance events				✓
Road rescue events				✓
<i>Health</i>				
Public hospitals			Hospitalisations✓	Quality✓
Maternity services		Quality✓	Hospitalisations, deaths and efficiency ✓	Quality and outcomes✓
Primary and community health			Hospitalisations✓	General practice✓
Breast cancer ^a	Interval cancer✓		Efficiency✓	✓
Mental health			✓	
<i>Community services</i>				
Aged care services			ACAT✓	✓
Services for people with a disability			Services✓ Efficiency ^b	Efficiency ^c ✓
Children's services				✓
Child protection and out- of-home care			Substantiation/ re- substantiation✓	✓
SAAP				✓
<i>Housing assistance</i>				
Public housing				✓
Community housing				✓
State owned and managed Indigenous housing				✓
Commonwealth Rent Assistance				✓

ACAT = aged care assessment teams. SAAP = Supported Accommodation Assistance Program. ^a Data for the 'interval cancer rate' rely on data matching and follow-up between cancer screening periods and between screening services and medical services. Such processes take a number of years, hence the marked lag in reporting. ^b Cost per user of government provided services and the government contribution per user of non-government provided services. ^c Administrative expenditure as a proportion of total expenditure.

Comparability of data

The term 'comparable' is explained in chapter 1. The performance indicator framework diagrams in each chapter are shaded to reflect which indicators are reported on a comparable basis. The proportion of performance indicators reported in each service area with comparable data is outlined in table 2.2. Emergency management, maternity services, children's services, and child protection and out-of-home care have the smallest proportion of indicators reported on a comparable basis.

Table 2.2 Indicators reported on a comparable basis, 2005 Report

<i>Service area/indicator framework</i>	<i>Indicators with data reported</i>	<i>Indicators with data reported on a comparable basis</i>	<i>Proportion comparable</i>	<i>Change since last year in indicators reported on a comparable basis</i>
	no.	no.	%	no.
<i>Education</i>				
School education	10	8	80	–
VET	19	14	74	–
<i>Justice</i>				
Police services	29	15	50	–
Court administration	6	3	50	–
Corrective services	12	10	83	1
Emergency management	16	2	13	–
<i>Health</i>				
Public hospitals ^a	11	5	45	-2
Maternity services	10	3	30	–
Primary and community health	20	20	100	–
Breast cancer	11	7	64	–
Mental health	8	4	50	–
<i>Community services</i>				
Aged care services	13	11	85	–
Services for people with a disability	13	8	62	2
Children's services	14	4	29	2
Child protection and out-of-home care	14	4	29	–
SAAP	11	5	45	1
<i>Housing</i>				
Public housing	12	12	100	–
Community housing	10	–	–	–
State owned and managed				
Indigenous housing	9	9	100	–
Commonwealth Rent Assistance	11	11	100	–

SAAP = Supported Accommodation Assistance Program. ^a Three indicators ('public hospital separation rates', 'separation rates by target group', and 'labour cost per casemix-adjusted separation') have been removed from the performance framework because they had limited usefulness as indicators of the performance of hospitals. The data have been moved to the descriptive section of the chapter. – Nil or rounded to zero.

Changes to administrative data collections

The discontinuation of data sets and the commencement of reporting from new data sets have implications for performance reporting by the Review. Time series comparisons, scope, comparability and accuracy of data can be affected, as can the ability to develop performance indicators.

Review requirements are not necessarily a priority in the development or refinement of national minimum data sets (NMDSs) or other types of information infrastructure. There can be, for example, a significant delay between the first data collection period and when data from a new data set become publicly available. This delay is partly due to implementation problems that can affect data quality for several years. In other cases, collection of data is staged, so comprehensive data sets are not immediately available. For the purposes of the Review, this can mean that reporting scope and data quality are diminished for some time until the new data sets are fully operational. The Steering Committee has taken steps to minimise the occurrence and impact of data time lags on the Report.

Specialised mental health services

Mental health care NMDSs have been developed, covering public community mental health services and specialised psychiatric care for patients admitted to public and private hospitals. These data will be collated by the Australian Institute of Health and Welfare (AIHW) and will eventually replace the National Survey of Mental Health Services (the current source of national performance-related data). The aim is to mainstream data for mental health services, and there is a long term plan to restructure and combine mental health and broader health data sets with this aim in mind. Limited data from the admitted patient mental health care NMDS are available (for separations and patient days) and are reported in the descriptive section of the chapter 11 ('Health management issues').

Juvenile justice

The AIHW is developing an NMDS for juvenile justice, which is in the pilot test stage. A performance indicator framework is also being developed. The 2005 Report continues to include descriptive information on juvenile justice until performance-related data are available for future reports.

Services for people with a disability

In recognition of changing information needs in the services for people with disability, a new Commonwealth State/Territory Disability Agreement (CSTDA) NMDS collection — developed jointly by the National Disability Administrators and the AIHW — has been implemented. The CSTDA NMDS collection replaces the Commonwealth/State Disability Agreement Minimum Data Set snapshot day census collection. Data from these collections are not comparable.

The 2005 Report includes six months of data from the CSTDA NMDS for 2002-03 (from 1 January 2003 to 30 June 2003). Subsequent reports will include CSTDA NMDS data for a full year.

Costing of services

In addition to the Review objective that funding of, or costs for, service delivery be measured and reported on a comparable basis, a further objective of the Review is that efficiency estimates reflect the full costs to government. The Review has identified three priority areas for improving the comparability of unit costs, and developed appropriate guidelines in each case:

- including superannuation on an accrual basis (SCRCSSP 1998b)
- accounting for differences in the treatment of payroll tax (SCRCSSP 1999b)
- including the full range of capital costs (for asset measurement only, see SCRCSSP 2001).

Other issues influence the comparability of cost estimates. Where possible, the Review has sought to ensure consistency in:

- reporting accrued benefits to employees (such as recreation and long service leave)
- apportioning relevant departmental overhead costs
- reporting non-government sourced revenue.

Reforms to treasury and finance department accounting guidelines in most jurisdictions require government agencies to adopt accrual accounting, rather than cash accounting, in their financial reporting frameworks. Accrual accounting is based on the principle that the agency recognises revenue and expenses when they are earned and incurred respectively. Cash accounting, in contrast, recognises revenue and expenses when they are collected and paid respectively. The majority of agencies and jurisdictions have adopted or already fully implemented accrual accounting.

Accrual accounting has assisted the Review in meeting its full costing principle, but has produced a break in the time series for financial data. Government finance statistics data published by the ABS since 1998-99 are based on accrual methods, but are not consistent with earlier data collected on the basis of cash accounting methods. As a general rule, care needs to be taken when comparing financial data in cases where some agencies adopted accrual accounting later than others.

Table 2.3 provides an overview of the Review's progress in reporting on an accrual basis, meeting the principle of reporting full cost to government (incorporating depreciation and the user cost of capital) and adjusting for differences in superannuation and payroll tax. A brief discussion of each of the issues follows.

Superannuation

The treatment of superannuation is a significant issue when measuring the unit cost for many services because it often makes up a major component of overall costs and can be treated differently across services and jurisdictions. The Review researched the current treatment of superannuation costs and developed approaches to improve the consistency of treatment of superannuation in cost estimates (SCRCSSP 1998b). The extent to which individual agencies consistently report actuarial estimates of superannuation costs depends on the respective jurisdictions' implementation of accrual accounting systems.

Table 2.3 Progress of unit cost comparability, 2005 Report

Service area/indicator framework	What is the accounting regime? ^a	Full cost to government			
		Is depreciation included?	Is the user cost of capital included?	Is superannuation included on an accrual basis?	Is payroll tax treated in a consistent manner?
Education					
School education	Accrual	✓	✓	✓	✓
VET	Accrual	✓	✓	✓	✓
Justice					
Police services	Accrual	✓	✓	✓	✓
Court administration	Accrual	✓	x	✓	✓
Corrective services	Accrual	✓	✓	✓	✓
Emergency management					
Fire events	Accrual	✓	✓	✓	✓
Ambulance events	Accrual	✓	✓	✓	✓
Health					
Public hospitals	Accrual	✓	✓	✓	✓
Maternity services	Accrual	✓	✓	✓	✓
Primary and community health ^b	Accrual	..	..	..	..
Breast cancer	Accrual	na	na	na	na
Mental health	Accrual	x	x	✓	na
Community services					
Aged care services ^c	Accrual	..	..	..	na
Services for people with a disability	Accrual	x	x	✓	✓
Children's services	Accrual	✓	x	✓	x
Child protection and out-of-home care ^c	Accrual	✓	x	✓	✓
SAAP ^c	Accrual	..	..	..	..
Housing assistance					
Public housing	Accrual	✓	✓	na	✓
Community housing	Transition	x	x	x	x
State owned and managed Indigenous housing	Accrual	x	x	na	✓
Commonwealth Rent Assistance ^d	Accrual	..	..	..	..

SAAP = Supported Accommodation Assistance Program. ✓ Majority of jurisdictions have included this item or reported it separately, or have included it on an accrual basis. x Majority of jurisdictions have not included or reported this item, or not included it on an accrual basis. ^a Accrual: the majority of jurisdictions have reported in accrual terms for the data in the 2005 Report. Transition: the majority of jurisdictions have not reported on either a pure cash or accrual basis. ^b Costs comprise mostly Australian Government transfer payments to private service providers or households. ^c Costs comprise mostly Australian, State or Territory government transfer payments to private service providers or households. ^d Costs comprise mostly Australian, State or Territory government transfer payments to households. na Not available. .. Not applicable.

Payroll tax

Payroll tax makes up a small but significant part of the cost of many government funded and delivered services. It is particularly significant for services with a high proportion of labour costs. Differences in the treatment of payroll tax, therefore can affect the comparability of unit costs across jurisdictions and services. These differences include payroll tax exemptions, marginal tax rates, tax-free thresholds and clawback arrangements. Accounting for the effect of payroll tax can be particularly important for improving the comparability of the unit costs of private and public service providers where the tax treatment of the two types of organisation may differ.

The Steering Committee (SCRCSSP 1999b) recommended two approaches for managing the comparability of cost data affected by payroll tax issues:

- When the majority of services are taxable, include a hypothetical payroll tax amount in cost estimates for exempt services, based on the payroll tax liability had the service not been exempt from payroll tax.
- When the majority of services are tax exempt, deduct the payroll tax amount from the costs of those government services that are taxable.

The Steering Committee subsequently expressed a preference for removing payroll tax from reported cost figures, where feasible, so cost differences between jurisdictions are not caused by differences in jurisdictions' payroll tax policies. In some chapters, however, it has not been possible to separately identify payroll tax, so a hypothetical amount is still included where relevant.

The chapters on VET, school education and the section on State owned and managed Indigenous housing add a hypothetical payroll tax amount for exempt jurisdictions. The chapters on police services, court administration, corrective services, emergency management and public hospitals, corrective services, and the section on public housing deduct the amount from those services that are taxable. The chapter on services for people with a disability presents the data adjusted in both ways. In the chapter on protection and support services, payroll tax is included for jurisdictions that are liable, but data difficulties mean no adjustment is made for those jurisdictions that are not liable. Payroll tax for residential aged care services will be separately reported for the first time this year. The Review is still examining this issue for some service areas — for example, breast cancer detection and management, and mental health management.

The goods and services tax

There were major changes to the Australian tax system from 1 July 2000 with the introduction of The New Tax System. A major component of The New Tax System is the goods and services tax (GST), under which government agencies are treated in the same manner as other businesses — that is, government agencies are not exempt from GST on their purchases, and can claim input tax credits for the GST paid on inputs. Data reported in this Report are net of GST paid and input tax credits received unless otherwise specified. The GST appears to have little quantifiable impact on the performance indicators in this Report.

Capital costs

Under accrual accounting, the focus is on the capital used (or consumed) in a particular year, rather than on the cash expenditure incurred in its purchase (for example, the purchase costs of a new building). Capital costs comprise two distinct elements:

- depreciation — defined as the annual consumption of non-current physical assets used in delivering government services
- the user cost of capital — the opportunity cost of funds tied up in the capital used to deliver services (that is, the return that could be generated if the funds were employed in their next best use).

It is important to incorporate the full impact of capital costs in cost comparisons. Capital can be a significant component of service delivery costs. Given that it is costed in full for contracted elements of service delivery, any comparison with non-contractual government services requires the inclusion of an appropriate capital component in the cost of non-contractual services. Unit costs calculated on the basis of recurrent expenditure underestimate the underlying costs to governments. The inclusion of capital expenditure in unit cost calculation, however, does not guarantee accurate or complete estimates of these costs in a given year.

To improve the comparability of unit costs, the Steering Committee decided that both depreciation and the user cost of capital should be included in unit cost calculations (with the user cost of capital for land to be reported separately). The Steering Committee also agreed that the user cost of capital rate should be applied to all non-current physical assets, less any capital charges and interest on borrowings already reported by the agency (to avoid double counting). The rate used for the user cost of capital is based on a weighted average of rates nominated by jurisdictions (currently 8 per cent).

Depreciation and the user cost of capital are derived from the value assigned to non-current physical assets. Differences in the techniques for measuring the quantity, rate of consumption and value of non-current physical assets may reduce the comparability of cost estimates across jurisdictions. In response to concerns regarding data comparability, the Steering Committee initiated a study — *Asset Measurement in the Costing of Government Services* (SCRCSSP 2001) — to examine the extent to which differences in asset measurement techniques applied by participating agencies affect the comparability of reported unit costs. The study considered the likely materiality of differences in asset measurement techniques for corrective services, housing, police services and public hospitals.

The study found that differences in asset measurement techniques can have a major impact on reported capital costs, and have the potential to affect the cost rankings among jurisdictions. Its results suggested that the differences created by these asset measurement effects are generally relatively small in the context of total unit costs because capital costs represent a relatively small proportion of total cost (except for housing). In housing, where the potential for asset measurement techniques to influence total unit costs is greater, the adoption under the Commonwealth State Housing Agreement of a uniform accounting framework has largely prevented this from occurring. The adoption of national uniform accounting standards across all service areas would be a desirable outcome from the perspective of the Review.

Other costing issues

Other costing issues include the reporting of accrued benefits to employees, the apportionment of costs shared across services (mainly overhead departmental costs) and the treatment of non-government sourced revenue. The issue of accrued benefits to employees is addressed primarily through the adoption of accrual accounting and the incorporation of explicit references within the definition of costs. Full apportionment of departmental overheads is consistent with the concept of full cost recovery. The practice of apportioning overhead costs varies across the services in the Report. For non-government sourced revenue, some services deduct such revenue from their estimates of unit costs where it is relatively small (for example, in police services and court administration). The costs reported are therefore an estimate of net cost to government. However, where revenue from non-government sources is significant (such as with public hospitals, fire services and ambulance services), the net cost to government does not enable an adequate assessment of efficiency. In these instances, it is necessary to report both the gross cost and the net cost to government to obtain an adequate understanding of efficiency.

Reporting for special needs groups

For some chapters, the Report contains data on the performance of agencies in catering to special needs groups. The chapters on aged care services, services to people with a disability, and children's services examine the performance of government services in addressing the needs of particular groups in society. The Review also collects data, where available, on the performance of agencies delivering services for three groups across all chapters of the Report: Indigenous people, people from a non-English speaking background, and people living in communities outside the capital cities (that is, people living in other metropolitan areas, or rural and remote communities). There is a paucity of data on outcomes for these groups (tables 2.4, 2.5 and 2.6).

Indigenous Australians

In May 1997, the Prime Minister asked the Review to give particular attention to the performance of mainstream services in meeting the needs of Indigenous Australians. The Council of Australian Governments (COAG) reinforced this request at its 3 November 2000 meeting, where heads of government agreed that ministerial councils will develop action plans, performance reporting strategies and benchmarks to facilitate review of progress in this area. Table 2.4 provides a stocktake of data on Indigenous Australians in the Report. It does not signify the quality of the data.

COAG report on Indigenous disadvantage

In April 2002, COAG commissioned the Steering Committee to produce a regular report on key indicators of Indigenous disadvantage. The Review released the first edition of this Report, *Overcoming Indigenous Disadvantage: Key Indicators 2003* (SCRGSP 2003), in November 2003.

Indigenous compendium

Since 2003, the Steering Committee has compiled all of the data included in the Report on Government Services on services for Indigenous people into a separate Indigenous compendium. The most recent compendium was released in May 2004 (SCRGSP 2004).

Data collection issues

The task of collecting data on Indigenous Australians is complicated by the fact that many administrative data collections do not distinguish between Indigenous and non-Indigenous clients. The method and level of identification of Indigenous people appear to vary across jurisdictions. Further, surveys do not necessarily include an Indigenous identifier; when they do, it may not provide for sufficient sampling to provide reliable results.

The ABS has an important role in this area. Work being undertaken by the ABS includes:

- an ongoing program to develop and improve Indigenous data flowing from Australian, State and Territory administrative systems
- work with other agencies to ensure Indigenous people are identified in relevant systems and that statistics are of adequate quality. Priority is initially being given to the improvement of births and deaths statistics in all states and territories. Other priorities include hospital, community services, education, housing, and law and justice statistics
- work with other agencies to develop and support national Indigenous information plans, Indigenous performance indicators and Indigenous taskforces on a number of topics
- an expansion of its Household Survey Program to collect more regular Indigenous statistics, including regular Indigenous general social surveys, Indigenous sample supplementation in regular health surveys, and annual Indigenous labour force estimates.

The Review will draw on these initiatives in future reports.

Table 2.4 Reporting of at least one data item on Indigenous Australians, 2005 Report

Service area/indicator framework	Descriptive	Outcomes	Outputs		
			Equity	Effectiveness	Efficiency
Education					
Education preface	✓	x	x	x	x
School education	✓	✓	✓	✓	x
VET	x	x	✓	x	x
Justice					
Justice preface	x	x	x	x	x
Police services	✓	✓	x	x	x
Court administration	x	x	x	x	x
Corrective services	✓	x	x	✓	✓
Emergency management					
Fire events	x	x	x	x	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
Health					
Health preface	✓	✓	x	x	x
Public hospitals	✓	x	x	x	x
Maternity services	x	✓	x	x	x
Primary and community health	✓	✓	x	x	x
Breast cancer	x	✓	x	x	x
Mental health	✓	✓	x	x	x
Community services					
Community services preface	✓	x	x	x	x
Aged care services	✓	x	✓	x	x
Services for people with a disability	x	x	✓	✓	x
Children's services	x	x	✓	x	x
Child protection	✓	x	x	✓	x
Out of home care	✓	x	x	✓	x
SAAP	x	✓	✓	✓	x
Housing					
Public housing	✓	x	x	x	x
Community housing	✓	x	x	x	x
State owned and managed Indigenous housing	✓	✓	✓	✓	✓
Commonwealth Rent Assistance	x	✓	✓	x	x

SAAP = Supported Accommodation Assistance Program. ✓ At least one data item is reported. x No data are reported.

People living in rural and remote areas

The Steering Committee selectively reports on the performance of governments in delivering services to people in communities outside the capital cities. Table 2.5 indicates which service sectors are reporting at least one data item on services delivered to people in regional and remote areas.

Reporting data on rural and remote communities is complicated by the number of classification systems that exist. The chapters on emergency management, public hospitals, aged care services, disability services, children's services and housing now use the ABS Australian Standard Geographical Classification of remoteness areas. Whereas a number of other services (VET, primary and community health, and health management issues) still use the rural, remote and metropolitan areas classification (or a variant). The chapter on school education uses its own system developed for education ministers.

People from a non-English speaking background

A number of chapters in the Review report data on the performance of governments in providing services to people from a non-English speaking background. Table 2.6 indicates which services have reported at least one performance indicator for all jurisdictions.

Reporting data on people from a non-English speaking background is complicated by the number of classification systems that exist. People speaking a language other than English at home (reported for VET, breast cancer detection and management, and children's services), people with a language background other than English (reported for school education and corrective services) and people born in a non-English speaking country (reported for aged care services, protection and support services, and services for people with a disability) are the classifications currently adopted in the Report. Some services are considering reporting future data using the cultural and language diversity classification.

Table 2.5 Reporting of at least one data item on rural and remote communities, 2005 Report

Service area/indicator framework	Descriptive	Outcomes	Outputs		
			Equity	Effectiveness	Efficiency
Education					
Education preface	x	x	x	x	x
School education	✓	✓	✓	✓	x
VET	x	x	✓	x	x
Justice					
Justice preface	x	x	x	x	x
Police services	x	x	x	x	x
Court administration	x	x	x	x	x
Corrective services	x	x	x	x	x
Emergency management					
Fire events	x	x	x	✓	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
Health					
Health preface	x	x	x	x	x
Public hospitals	✓	x	x	x	x
Maternity services	x	x	x	x	x
Primary and community health	x	x	✓	✓	x
Breast cancer	x	✓	x	x	x
Mental health	x	✓	x	x	x
Community services					
Community services preface	x	x	x	x	x
Aged care services	x	x	✓	✓	x
Services for people with a disability	x	x	✓	✓	x
Children's services	x	x	✓	x	x
Child protection	x	x	x	x	x
Out-of-home care	x	x	x	x	x
SAAP	x	x	x	x	x
Housing					
Public housing	✓	x	x	x	x
Community housing	✓	x	x	x	x
State owned and managed Indigenous housing	✓	x	x	x	x
Commonwealth Rent Assistance	✓	✓	✓	x	x

SAAP = Supported Accommodation Assistance Program. ✓ At least one data item is reported. x No data are reported.

Table 2.6 Reporting of at least one data item on people from a non-English speaking background, 2005 Report

Service area/indicator framework	Descriptive	Outcomes	Outputs		
			Equity	Effectiveness	Efficiency
Education					
Education preface	x	x	x	x	x
School education	✓	✓	x	x	x
VET	x	x	✓	x	x
Justice					
Justice preface	x	x	x	x	x
Police services	x	x	x	x	x
Court administration	x	x	x	x	x
Corrective services	x	x	x	x	x
Emergency management					
Fire events	x	x	x	x	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
Health					
Health preface	x	x	x	x	x
Public hospitals	x	x	x	x	x
Maternity services	x	x	x	x	x
Primary and community health	x	x	x	x	x
Breast cancer	x	✓	x	x	x
Mental health	x	x	x	x	x
Community services					
Community services preface	x	x	x	x	x
Aged care services	x	x	✓	x	x
Services for people with a disability	x	x	✓	✓	x
Children's services	x	x	✓	x	x
Child protection	x	x	x	x	x
Out-of-home care	x	x	x	x	x
SAAP	x	x	✓	✓	x
Housing					
Public housing	x	x	x	x	x
Community housing	x	x	x	x	x
State owned and managed Indigenous housing	x	x	x	x	x
Commonwealth Rent Assistance	x	x	x	x	x

SAAP = Supported Accommodation Assistance Program. ✓ At least one data item is reported. x No data are reported.

2.4 'Cross-cutting' issues

There is growing emphasis on the management of policy issues that cover more than one service area or ministerial portfolio — for example, government policies

aimed at specific client constituencies or community groups such as older people, women, children, Indigenous Australians, people in rural and remote areas, and people from non-English speaking backgrounds. Improving the management of these issues can contribute to more effective and efficient service provision. Greater efficiency can come from more clearly defined priorities, and from the elimination of duplicated or contradictory programs. Improved outcomes can result from a more holistic and client centred approach to service delivery.

The Review has not fully explored this issue, but is increasingly making it a focus. The frameworks in chapter 11 ('Health management issues') are one means of reporting outcomes for a range of different services working in concert. The ultimate aim of that chapter is to report on the performance of primary, secondary and tertiary health services in improving outcomes for people with breast cancer or mental illness. The frameworks and the scope of services reported are evolving over time. The mental health management section, for example, currently reports only on the performance of specialised mental health services, but people with a mental illness also access primary and community health services (such as general practitioners, and drug and alcohol services) (see chapter 10), as well as aged care services (see chapter 12), services for people with a disability (see chapter 13) and public housing (see chapter 16). People with a mental illness sometimes also enter corrective services (see chapter 7).

Other references in this Report relating to cross-cutting issues include:

- mortality rates and life expectancy (see the 'Health preface'), with mortality rates being influenced by education, public health, housing, primary and community health, and hospital services (as well as external factors)
- younger people with a disability residing in residential aged care facilities (chapter 13)
- long term aged care in public acute hospitals (see chapter 12)
- potentially preventable hospitalisations (see chapter 10) — for example, effective primary and community health services making it less likely that people with asthma or diabetes will require hospitalisation due to these conditions
- the proportion of general practitioners with links to specialist mental health services (see chapter 11), given that general practitioners often refer people to specialist health and health-related services, and that the quality of their links with these services and of their referral practices can influence the appropriateness of services received by clients
- recidivism rates (reported in the 'Justice preface').

Counter-terrorism

A number of service areas included in this Report are contributing to government initiatives to improve security throughout Australia in response to the terrorist attacks on the United States on 11 September 2001. In particular, emergency services, police and public hospitals are key services involved in governments' responsibilities under the National Counter Terrorism Plan.¹ The performance indicator results included in the Report for these services are likely to reflect governments' actions to fulfil their responsibilities under the Plan, including restructuring, coordinating across services, employing extra staff, purchasing extra equipment, training staff, and/or extending working hours. The police, for example, have developed operational procedures for dealing with a broad range of chemical and biological hazards, and have improved their cooperation with emergency services and health professionals to ensure police officers can appropriately analyse risks and implement effective responses.

While performance data do not explicitly include the details of these government activities, such activities need to be kept in mind when interpreting performance results — for example:

- Counter-terrorism activities might have led to an increase in government expenditure, but the outputs or outcomes (for example, increased security patrols, emergency planning or improved security) do not show up in the data in the chapters. In this case, performance results for efficiency indicators may suggest a fall in value for money.
- Counter-terrorism requirements might have been accommodated by an increase in productivity rather than an increase in expenditure, but if the additional outputs or outcomes are not recorded in the chapters, then performance results will not reflect the improvement in productivity.

The agencies with the primary responsibilities for counter-terrorism (such as the defence forces, the Australian Security Intelligence Organisation and the relevant coordinating bodies) are not within scope for this Report, so comprehensive and detailed reporting of counter-terrorism is not possible.

¹ A National Counter Terrorism Committee with officials from the Australian, State and Territory governments was established and has developed a National Counter Terrorism Plan. All governments have responsibilities under the Plan to prevent acts of terrorism or, if such acts occur, to manage their consequences within Australia.

2.5 Related Review projects

The Steering Committee has also undertaken research into other issues relevant to the performance of government services. The information in *Overcoming Indigenous Disadvantage: Key Indicators 2003* (discussed earlier) complements the Indigenous data and performance indicators presented in this Report. The former describes overall ‘state-of-the-nation’ outcomes for Indigenous people, with a view to all government departments and agencies together being responsible, so there is no reporting on an individual government agency basis. The Report on Government Services, on the other hand, provides information on the performance of specified government agencies and programs in delivering services to Indigenous people.

In previous years, the Steering Committee published reports on:

- efficiency measures for child protection and support pathways (SCRCSSP 2003). The study developed and tested a method to allow States and Territories to calculate more meaningful, comparable and robust efficiency measures for the protection and support services they deliver
- the extent to which differences in asset measurement techniques applied by participating agencies affect the comparability of reported unit costs (SCRCSSP 2001)
- a survey of the satisfaction of clients of services for people with a disability (Equal and Donovan Research 2000)
- the use of activity surveys by police services in Australia and New Zealand (SCRCSSP 1999a) as a means of drawing lessons for other areas of government that are considering activity measurement in output costing and internal management
- an examination of payroll tax (SCRCSSP 1999b) and superannuation (SCRCSSP 1998b) in the costing of government services
- data envelopment analysis as a technique for measuring the efficiency of government services delivery (SCRCSSP 1997b).

Earlier research involved case studies of issues and options in the implementation of government service reforms. The Steering Committee has published a case study report (SCRCSSP 1997a) that covers:

- purchasing community services in SA
- using output-based funding of public acute hospital care in Victoria
- implementing competitive tendering and contracting for Queensland prisons

and one (SCRCSSP 1998a) that covers:

- devolving decision making in Victorian Government schools
- using competitive tendering for NSW public hospital services
- offering consumer funding and choice in WA services for people with a disability
- pricing court reporting services in Australian courts.

The Steering Committee has also developed checklists on common issues in implementing these reforms, such as:

- timing program implementation
- decentralising decision making
- measuring and assessing performance
- measuring quality
- directly linking funding to performance
- charging users (SCRCSSP 1998a).

The Steering Committee will continue to focus on research that is related to performance measurement, which is likely to help improve reporting for individual services.

2.6 References

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