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# 1 Background

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This Compendium of Indigenous data, now in its twelfth edition, is drawn entirely from information contained in the *Report on Government Services 2014* (2014 Report) (Steering Committee 2014). The Report on Government Services (RoGS) is published annually and is a product of the Review of Government Service Provision (the Review).

### **Indigenous reporting in the 2014 Report**

The Indigenous compendium is a compilation of data for Indigenous people from the 2014 Report. Service areas covered by the 2014 Report include:

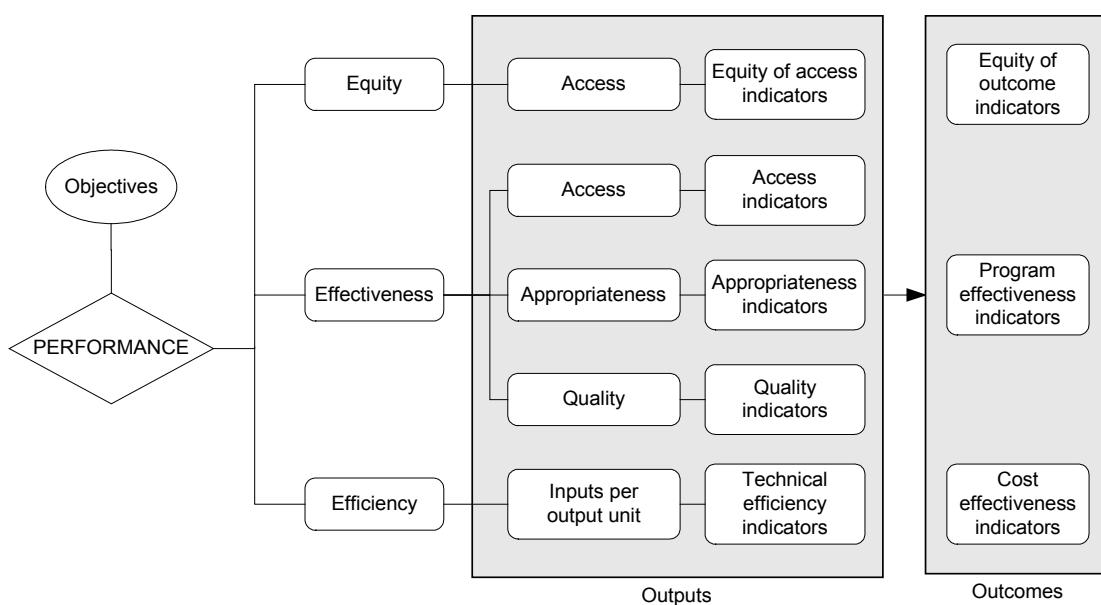
- child care, education and training
- justice
- emergency management

- health
- community services
- housing and homelessness.

## The general performance indicator framework

RoGS' general performance indicator framework is set out in figure 1.1. The framework depicts the Review's focus on outcomes, consistent with demand by governments for outcome oriented performance information. This outcome information is supplemented by information on outputs, grouped under 'equity', 'effectiveness' and 'efficiency' headings.

**Figure 1.1 A general framework and examples of performance indicators**



Source: 2014 Report, figure 1.2, p. 1.14.

### *The service process*

The general framework reflects the service process through which service providers transform inputs into outputs and outcomes in order to achieve desired policy and program objectives.

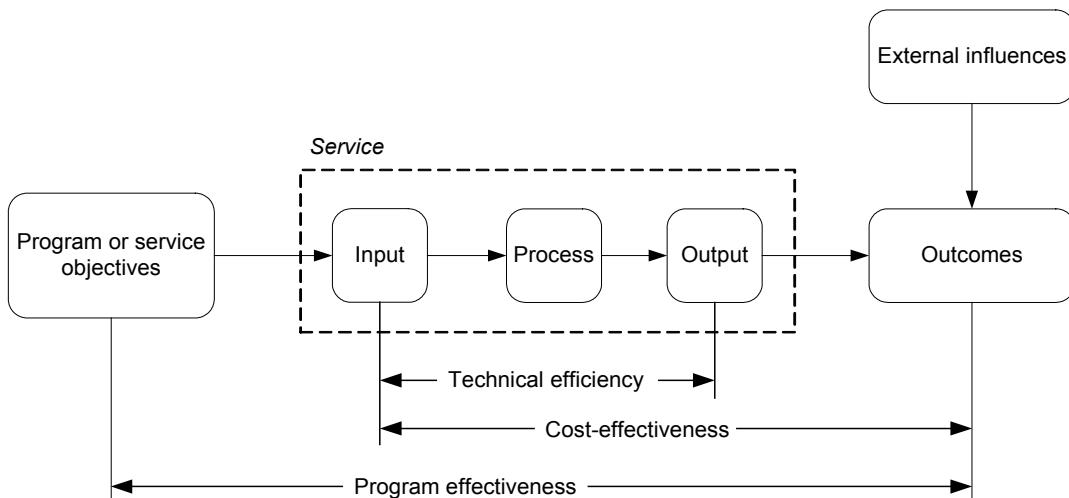
For each service, governments have a number of objectives that relate to desired outcomes for the community. To achieve these objectives, governments provide services and/or fund service providers. Service providers transform resources

(inputs) into services (outputs). The rate at which resources are used to make this transformation is known as ‘technical efficiency’.

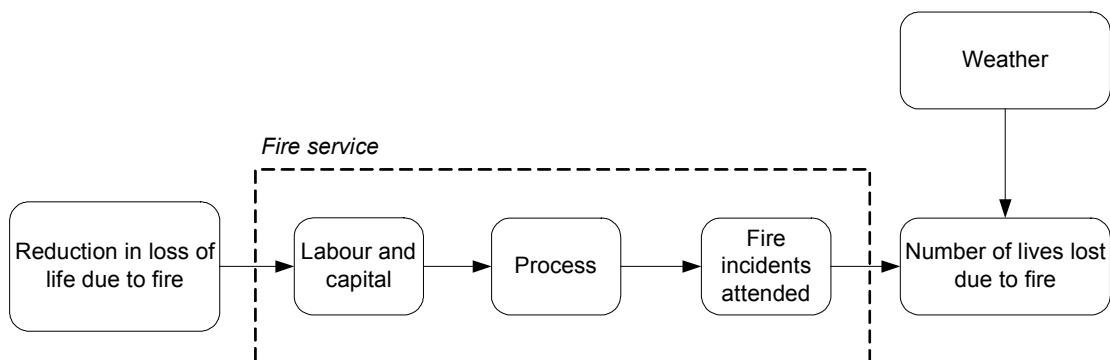
The impact of these outputs on individuals, groups and the community are the outcomes of the service. In RoGS, the rate at which inputs are used to generate outcomes is referred to as ‘cost effectiveness’. Often, outcomes (and to a lesser extent, outputs) are influenced by factors external to the service. Figure 1.2 distinguishes between technical efficiency (the ratio of inputs to outputs) and cost-effectiveness (the ratio of inputs to outcomes), and also recognises that other influences affect overall program effectiveness (the extent to which outcomes achieve the objectives of the service).

**Figure 1.2 Service process**

**Example: general model**



**Example: fire services**



Source: 2014 Report, figure 1.3, p. 1.15.

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## *Objectives*

In each chapter, the objectives for the service are outlined, and performance indicators that measure the achievement of those objectives are reported.

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.

## *Distinguishing outcomes and outputs*

Outcome indicators provide information on the impact of a service on the status of an individual or a group. In contrast, outputs are the services delivered.

Outcomes may be short term (intermediate) or longer term (final). The approach in RoGS is to use both short term (or intermediate) and long term (or final) outcome indicators, as appropriate. In school education, for example, learning outcomes at years 3, 5, 7 and 9 may be considered intermediate outcomes, while completion of year 12 or school leaver destinations may be considered more final outcomes.

It is acknowledged that outcomes may be influenced by factors outside the control of governments or agencies delivering services. The approach in RoGS is to explain that government provided services are often only one contributing factor and, where possible, point to data on other factors, including different geographic and demographic characteristics across jurisdictions. (Chapter 2 contains detailed statistics and short profiles on each State and Territory, which may assist in interpreting the performance indicators presented in RoGS.)

While the aim of the Review is to focus on outcomes, they are often difficult to measure. RoGS therefore includes measures of outputs (which are often easier to measure), with an understanding that there is a relationship between those outputs and desired outcomes, and that the measures of outputs are, in part, proxies for measures of outcomes. Output information is also critical for efficient and effective management of government services, and is often the level of performance information that is of most interest to individuals who access services.

The indicator framework groups output indicators according to the desired characteristics of a service — for example, accessibility, appropriateness or quality (figure 1.1). By contrast, outcome indicators are not grouped according to desired characteristics, as outcomes typically depend on a number of service characteristics and are usually influenced by other service-sectors and extraneous factors.

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### *Equity, effectiveness and efficiency*

The Steering Committee takes a comprehensive view of performance reporting, and RoGS' framework gives equal prominence to equity, effectiveness and efficiency, as the three overarching dimensions of performance. There are inherent trade-offs in allocating resources and dangers in analysing only some aspects of a service. A unit of service may have a high cost but be more effective than a lower cost service, and therefore be more cost effective. Improving outcomes for a group with special needs may lead to an increase in the average cost per unit of providing a service.

### *Equity*

The term ‘equity’ has a number of interpretations, explained in box 1.1. Equity indicators in RoGS measure how well a service is meeting the needs of particular groups that have special needs or difficulties in accessing government services. While effectiveness indicators are generally absolute measures of performance, equity indicators focus on any gap in performance between special needs groups and the general population. Equity indicators may reflect:

- equity of access — all Australians are expected to have appropriate access to services
- equity of outcome — all Australians are expected to achieve appropriate outcomes from service use.

#### **Box 1.1    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 ('fair') treatment of unequals.

In the context of this RoGS:

- *horizontal* equity is exhibited when services are equally accessible to everyone in the community with a similar level of need
- *vertical* equity is exhibited when services account for the special needs of particular groups in the community and may be needed where geographic, cultural or other reasons mean some members of the community have difficulty accessing a standard service.

Criteria are used to classify groups that may have special needs or difficulties in accessing government services. These include:

- language or literacy proficiency

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- sex and age
  - physical or mental capacity, including people with disability
  - race or ethnicity
  - geographic location.

Identifying those service recipients who belong to groups with special needs or 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 depend on how members of a group perceive the advantages (or disadvantages) of identification, and whether such perceptions change over time (see for example, SCRGSP 2011). Comparability problems also arise where different data collections and different jurisdictions do not use common definitions of special needs groups.

RoGS 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 suitable for services that are provided on a virtually universal basis (for example, school education), but must be treated with caution for other services, where service provision is based on the level of need, which may vary between groups (for example, disability services). Another option is to collect a more accurate profile of need (for example, the estimation of the ‘potential population’ of people with the potential to require specialist disability services at some time).

### *Effectiveness*

Effectiveness indicators measure how well the outputs of a service reflect the stated objectives of that service. The reporting framework groups effectiveness indicators according to characteristics that are considered important to the service. For most chapters, these characteristics include access, appropriateness and/or quality.

### *Access*

Access indicators measure how easily the community can obtain a service. In RoGS, access has two main dimensions:

- undue delay (timeliness) — for example, waiting times for patients in public hospitals and for older people receiving aged care services
- undue cost (affordability) — for example, the proportion of income spent on particular services, such as out-of-pocket expenses in children’s services.

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### *Appropriateness*

Appropriateness indicators measure how well services meet client needs. In primary and community care, for example, a series of indicators measure whether patients with particular health conditions are receiving clinically endorsed treatments.

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 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 and composition of the household. Other services have few measurable standards of service need; for example, the desirable number of medical treatments for particular populations is not known. However, data on differences in service levels 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. Information about quality is particularly important when there is a strong emphasis on increasing efficiency (as indicated by lower unit costs). There is usually more than one way in which to deliver a service, and each alternative has different implications for both cost and quality. Information about quality is needed to ensure all relevant aspects of performance are considered.

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 proxy indicators, such as the extent to which aspects of a service (such as inputs, processes and outputs) conform to specifications — for example, the level of accreditation of public hospitals and aged care facilities.

The reporting framework includes quality as one aspect of effectiveness, and distinguishes it from access and appropriateness (figure 1.1). This distinction is somewhat artificial because these other aspects of service provision also contribute to a meaningful picture of quality.

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## *Efficiency*

The Independent Reference Group's review of RoGS' performance indicator framework (Steering Committee 2010) found that the inclusion of efficiency indicators was a distinguishing aspect of RoGS' framework. Very few performance reporting exercises explicitly assess the efficiency of government services, despite the key links between efficiency and the other aspects of performance.

The concept of efficiency has a number of dimensions. Overall economic efficiency requires satisfaction of technical, allocative and dynamic efficiency:

- technical efficiency requires that goods and services be produced at the lowest possible cost
- allocative efficiency requires the production of the set of goods and services that consumers value most, from a given set of resources
- dynamic efficiency means that, over time, consumers are offered new and better products, and existing products at lower cost.

RoGS focuses on technical (or productive) efficiency. Technical efficiency indicators measure how well services use their resources (inputs) to produce outputs for the purpose of achieving desired outcomes. Government funding per unit of output delivered is a typical indicator of technical efficiency — for example, cost per annual curriculum hour for vocational education and training.

Comparisons of the unit cost of a service should reflect the full cost to government. Problems can occur when some costs are not included or are treated inconsistently across jurisdictions (for example, superannuation, overheads or the user cost of capital). The Steering Committee's approach, where full cost information is not available in the short term, is that:

- data should be calculated consistently across jurisdictions
- data treatment should be fully transparent.

Where there are shortcomings in the data, other indicators of efficiency are used (including partial productivity measures such as staff levels per student in government schools, and administrative costs as a proportion of total expenditure in disability services).

Many factors outside the control of governments may affect the cost of providing services. The Commonwealth Grants Commission, when calculating relativities across states and territories to distribute Australian Government general purpose grants, accounts for influences beyond a jurisdiction's control (called 'disabilities') that affect the jurisdiction's cost of providing services and capacity to raise revenue.

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These ‘disabilities’ may include factors such as the size of the jurisdiction, the dispersed nature of the population and the socio-demographic distribution of the population (CGC 2013). RoGS does not make cost adjustments based on any of these factors, but chapter 2 provides a short statistical profile of each State and Territory, which may assist readers to interpret RoGS’ performance indicators.

### ***Cost-effectiveness***

Cost-effectiveness indicators (the relationship of inputs to *outcomes*) measure how efficiently the outcomes of a service were achieved. Although no explicit cost-effectiveness indicators are currently reported in RoGS, a theoretical example would be government funding per life (or ‘quality adjusted life year’) saved through breast cancer screening. Implicit cost effectiveness reporting is achieved in RoGS through combinations of efficiency and effectiveness indicators, and combinations of efficiency and outcomes indicators, as distinct from through separate cost effectiveness indicators.

### **Developments in reporting**

Each year, the Steering Committee endeavours to build on developments of previous years. Major enhancements to RoGS are improvements to the data reported against existing performance indicators and measures, including expanded reporting for special needs groups (such as Indigenous Australians).

### **Reporting for special needs groups**

Some chapters of RoGS focus on the performance of agencies in providing services to specific groups in society — for example, the chapters on aged care services, services to people with disability and children’s services. Across RoGS, the Steering Committee also seeks to report on the performance of agencies providing services for three identified special needs groups: Indigenous Australians; people living in communities outside the capital cities (that is, people living in other metropolitan areas, or rural and remote communities); and people from a non-English speaking background. However, for many services, there is a paucity of data on outcomes for these groups.

#### ***Indigenous Australians***

In this Report, the term ‘Indigenous’ is used to describe Aboriginal and/or Torres Strait Islander people in Australia. While the Steering Committee acknowledges the

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diversity of Australia's Indigenous peoples, most of the available data on Indigenous Australians are for Aboriginal and Torres Strait Islander people combined.

In May 1997, the (then) Prime Minister asked the Review to give particular attention to the performance of mainstream services in meeting the needs of Indigenous Australians. Since 2003, the Steering Committee has compiled all of RoGS' information on Indigenous Australians into a separate Indigenous compendium. The most recent compendium (of data from the 2013 RoGS) was released in April 2013 (SCRGSP 2013). A compendium of Indigenous data from this edition will be released by mid-2014.

#### *Data collection issues relating to Indigenous Australians*

Many administrative data collections do not have accurate or complete identification of the Indigenous status of their clients. In some instances, the method and level of identification of Indigenous Australians appear to vary across jurisdictions. Further, while many surveys now include an Indigenous identifier, many do not include a sufficiently large sample to provide reliable results for the Indigenous population.

National work on improving Indigenous identification is ongoing. Under Schedule F of the *National Indigenous Reform Agreement* (NIRA), the ABS and AIHW are undertaking work on improving Indigenous identification across a range of data collections (COAG 2012). Activities by the ABS and AIHW (both under the NIRA and independently) include:

- an ongoing program to improve the identification of Indigenous status of clients in Australian, State and Territory governments' administrative systems. Priority is being given to the improvement of births and deaths statistics in all states and territories, as well as data for hospital separations, community services, education, housing and crime and justice
- work with other agencies to develop and support national Indigenous information plans, Indigenous performance indicators and Indigenous taskforces on a number of topics
- improving Indigenous enumeration in the five-yearly Census of Population and Housing, including data for small geographic areas
- an established cycle of Indigenous-specific surveys as part of the ABS Household Survey Program to provide Indigenous statistics on a three-yearly basis and an annual series of Indigenous labour force estimates

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- producing publications related to improving methods for Indigenous statistics (for example, AIHW [2012] examines the identification of Aboriginal and Torres Strait Islander clients in a number of community services data collections and makes a number of recommendations for jurisdictions to improve Indigenous data collection).

The (then) Ministerial Council on Aboriginal and Torres Strait Islander Affairs (MCATSIA) commissioned work to identify methodological issues in Indigenous data collections, outline how these are being addressed and identify any remaining gaps. The findings are presented in *Population and Diversity: Policy Implications of Emerging Indigenous Demographic Trends*, released in mid-2006 by the Centre for Aboriginal Economic Policy Research (CAEPR) (Taylor 2006). In mid-2007, MCATSIA commissioned further work on Indigenous population statistics from CAEPR, constructed around four projects:

- detailed regional analysis of change in Indigenous social indicators
- assessment of social and spatial mobility among Indigenous Australians in metropolitan areas
- development of conceptual and methodological approaches to the measurement of short term mobility
- case-study analyses of multiple disadvantage in select city neighbourhoods and regional centres.

Working Papers related to these projects are released as part of the CAEPR Working Paper Series (for example, CAEPR 2011) and the Indigenous Population Project Series: 2011 Census Papers (for example, CAEPR 2012).

In December 2007 and March 2008, COAG agreed to explicit targets for improving the lives of Indigenous people, and in November 2008 established the NIRA, which incorporates the COAG Closing the Gap targets and was last revised in November 2012 (COAG 2012). The NIRA provides an integrated framework for the task of Closing the Gap, setting out the policy principles, objectives and performance indicators underpinning Closing the Gap and the specific steps governments are taking to meet the targets. The Steering Committee is committed to aligning relevant indicators in this RoGS with the Working Group on Indigenous Reform (WGIR) framework.

The Coordinator-General for Remote Indigenous Services (CGRIS) provides a six monthly report to the Minister for Families Community Services and Indigenous Affairs. The first report was noted at COAG on 7 December 2009. COAG decided that the WGIR will provide a progress report to COAG on recommendations in the CGRS report. The first WGIR progress report was noted by COAG at its April 2010

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meeting. COAG also committed to continuing its monitoring of progress of the National Partnership on Remote Service Delivery (COAG 2010). The eighth (and most recent) CGRIS report was released in November 2013 (CGRIS 2013).

## Related Review performance measurement reporting

The Review undertakes three other major exercises for COAG:

- annual reporting of performance information relating to six national agreements between the Australian Government and the states and territories to the COAG Reform Council, including the *National Indigenous Reform Agreement* and three national partnership agreements. National agreements include a mix of outcome measures and indicators of the performance of services
- a regular report on progress in overcoming Indigenous disadvantage. The *Overcoming Indigenous Disadvantage: Key Indicators* focuses on priority outcomes for Indigenous Australians. The reporting framework has two tiers of indicators ‘COAG targets and headline indicators’ for the longer term outcomes sought, and a second tier of ‘strategic areas for change indicators’ that are potentially responsive to government policies and programs in the shorter term. Five editions have been published (SCRGSP 2003, 2005, 2007, 2009 and 2011)
- a biennial report on expenditure related to Indigenous Australians. The *Indigenous Expenditure Report* estimates government expenditure on both Indigenous-specific and mainstream services related to Indigenous people. Two editions have been published (IERSC 2010, SCRGSP 2012). The report is aligned with the Overcoming Indigenous Disadvantage framework, potentially enabling expenditure to be linked to outcomes.

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