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## 2 Recent developments in the Review

### 2.1 Expanded and improved reporting in 2000

This is the sixth *Report on Government Services* produced by the Review. Reporting is an iterative process and each year the Review endeavours to build on developments of previous years. Improvements in 2000 occurred in:

- *the refinement of existing performance indicators* — the quality (accuracy and timeliness) of data has improved in hospitals (with improvements to both efficiency indicators), police services (with revised definitions for the service delivery areas and new traffic accident hospitalisations data), emergency management (with revised definitions for efficiency indicators), and protection and support (with continued improvements to efficiency data);
- *new performance indicators in existing frameworks* — for the first time, the general practice chapter reports on the accreditation of general practitioners as an indicator of quality.
- *the revision and addition of performance indicator frameworks* — new performance indicator frameworks were introduced for maternity services (as part of the hospitals chapter) and some data items were reported this year. Revisions were made to the framework for school education (which included the reporting of nationally comparable learning outcome data for reading for year 3 students for the first time). A number of new performance indicators and revisions to earlier indicators were reported for public housing, community housing and corrective services; and
- *quality of descriptive data and contextual information* — the health preface and the chapters on public hospitals, general practitioners, health management, emergency management and aged care now contain a range of descriptive statistics that provide useful contextual information on the operation of their services.

The effort to improve reporting has benefits for other public policy initiatives. The focus on identifying and monitoring outputs and outcomes, for example, aligns with moves by governments to output based funding. Service charters also routinely identify these types of performance indicators.

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## 2.2 Guiding principles

The Review has been conducted for over seven years. Measuring each dimension of performance and collecting data are not straightforward tasks. The Steering Committee's approach to performance reporting has been iterative, making incremental and manageable improvements over each of the six Reports published.

The aim of the Review is to provide objective government performance information to facilitate informed judgments and sound public policy action. The Steering Committee relies on guiding principles to achieve this aim, including:

- *an outcomes focus* — as outlined in chapter 1, performance indicators should focus on the outcomes of government services, reflecting whether service objectives have been met;
- *comprehensiveness* — as outlined in chapter 1, the performance indicator framework should be as comprehensive as possible, assessing performance against all important objectives;
- *comparability* — that is, data should be comparable across jurisdictions wherever possible. Reporting comparable data across jurisdictions has a higher priority than using a better indicator that allows no comparison. Where data are not yet comparable, time series analysis is particularly important for yardstick comparison. Data for many services have been published in each of the six Reports so time series comparisons have been made where possible to add another dimension to performance comparisons; and
- *progressive data availability* — that is, the ultimate aim is comparable data for all jurisdictions. However, progress differs across jurisdictions, so data are presented for those jurisdictions that can currently report (rather than not reported until available for all jurisdictions).

## 2.3 Progress on key data issues

The Review has identified key data issues that bear on the Report: the comparability of data; full costing of government services; reporting of data for particular target population groups; and accounting for the goods and services tax (GST).

### Comparability of data

To facilitate informed policy making, the Steering Committee adopted the principle that data, where feasible, should be reported on a comparable basis across service areas and jurisdictions. Effectiveness indicators in each service area have generally

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been grouped under the four broad headings: overall outcomes, access and equity, appropriateness and quality (see chapter 1). Some service areas have not explicitly adopted these headings in their frameworks. Emergency management, for example, has grouped indicators under the headings of prevention, preparedness, response and recovery. Similarly, breast cancer management has used the headings of prevention, intervention and overall performance.

Table 2.1 summarises the Review’s progress in reporting comparable performance indicators for efficiency and each of the four headings of effectiveness. (Client views are also reported, where they are collected as proxies for effectiveness indicators). Where services (such as breast cancer management and emergency management) have adopted their own headings, the service’s performance indicators have been allocated to the most suitable broad heading. Response times, for example, are a ‘response’ performance indicator in emergency management, but in table 2.1 they are reported as a ‘quality’ performance indicator.

Table 2.1 does not assess the quality of the indicator (for example, whether it is necessarily the most appropriate indicator). It merely indicates the first year when at least one indicator under each broad heading was reported across all jurisdictions on a comparable basis. To be counted as satisfying the Review’s reporting requirements, data must be sourced from a regularly published report or data collection, not from a one-off collection.

Table 2.1 also illustrates differences in the pace of improvements in reporting across services. Services across the board have experienced the need to report on an accrual basis (except in the NT) to measure outputs and demonstrate the maintenance of quality in purchaser/provider and contracting arrangements. Some service areas, however, are still unable to provide comparable data for a number of performance indicators. The housing chapter, for example, still does not report nationally comparable data on community housing for any performance indicators four years after its inclusion in the Review.

**Table 2.1 First reporting of at least one comparable indicator<sup>a, b</sup>**

Framework service	When at least one nationally comparable indicator was first reported <sup>c</sup>						
	First coverage of service	Overall outcomes	Access and equity	Appropriateness	Quality	Client views	Efficiency
<b>Education</b>							
School education	1995	1995	2001	na	na	na	1995
VET	1995	1995	1995	1995	1995	1995	1997
<b>Health</b>							
Public hospitals	1995	na	1995	1995	1995	na	1995
General practice	1999	1999	1999	2000	2000	na	2000
Breast cancer	1998	2000	2000	na	2000	na	2001
Mental health	1999	1999	na	1999	2000	na	1999
<b>Justice</b>							
Police services	1995	1995	1999	na	1995	1997	1997
Courts administration	1995	na	1995	na	1995	na	1995
Corrective services	1995	1995	1998	na	1995	na	1995
<b>Emergency management</b>							
Fire services	1998	1999	na	na	na	2000	2001
Ambulance services	1998	na	na	na	na	2000	2001
<b>Community services</b>							
Aged care services	1997	na	1999	2000	2000	2000	2000
Services for people with a disability	1997	1997	1997	1997	2000	2000	na
Children's services	1997	na	1997	na	na	na	na
Child protection and out-of-home care	1995	na	na	na	1997	na	na
Supported Accommodation	1995	1998	na	1999	1998	na	na
<b>Housing assistance</b>							
Public housing	1995	1995	1995	1995	1997	1997	1997
Community housing	1997	na	na	na	na	na	na
Commonwealth Rent Assistance	1999	2000	2000	2000	2000	2000	2000

<sup>a</sup> In the *Report on Government Services*. <sup>b</sup> Not all frameworks in this Report necessarily follow the general framework set out in chapter 1. However, all service types should be reporting on indicators that cover these general areas. Where this framework is not followed, an estimate has been made as to whether any indicators have been reported in these areas. <sup>c</sup> Refers to year in which Report was published, not year of data. **na** Not available.

Sources: SCRCSSP (1995, 1997b, 1998b, 1999c and 2000).

## Costing of services

In addition to the Review's objective that costs for the funding or delivery of services be measured and reported on a comparable basis, a further objective is that these costs reflect the full costs to government. The latter principle seeks to improve the comparability of cost estimates across jurisdictions, public and private service providers, and services.

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The Review has identified three priority areas for improving the comparability of unit costs:

- including superannuation on an accrual basis;
- accounting for differences in the treatment of payroll tax; and
- including the full range of capital costs.

Other issues also potentially affect the comparability of cost estimates. Where possible, the Review has sought to apply the same principles to:

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

Recent reforms to treasury and finance department accounting guidelines in most jurisdictions require government agencies to adopt accrual accounting methods in their financial reporting frameworks rather than cash accounting. Accrual accounting is based on the principle that the agency recognises revenue and expenses when they are earned and incurred. Cash accounting, in contrast, recognises revenue and expenses when they are collected and paid. Not all agencies and jurisdictions, however, have adopted or fully implemented accrual accounting. The NT Government decided to remain with cash accounting, while some jurisdictions are in transition.

Accrual accounting has assisted the Review in meeting its full costing principle, but this has reduced the comparability of some time series data. Government finance statistics data published by the Australian Bureau of Statistics (ABS) for 1998-99 are based on accrual methods, but are not consistent with earlier data collected on cash accounting methods. Caution should be exercised when comparing 1998-99 financial data collected for this Report with earlier data.

Table 2.2 provides an overview of the Review's progress in reporting on an accrual basis, meeting the principle of reporting full cost to government and adjusting for differences in payroll tax.

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 its treatment (SCRCSSP 1998c). The Review is helping services to improve the consistency of treatment of superannuation in cost estimates. The extent to which

individual agencies consistently report actuarial estimates of superannuation costs depends on jurisdictions' implementation of accrual accounting systems.

**Table 2.2 Progress of unit cost comparability in the 2001 Report**

Framework/service	What is the accounting regime? <sup>a</sup>	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?
<b>Education</b>					
School education	Transition	✓	✓	✓	✓
VET	Accrual	✓	✓	✓	✓
<b>Health</b>					
Public hospitals	Accrual	✓	✓	✓	✓
General practice <sup>b</sup>	Accrual	..	..	..	..
Breast cancer	Accrual	na	na	na	x
Mental health	Accrual	x	x	x	x
<b>Justice</b>					
Police services	Accrual	✓	✓	✓	✓
Courts administration	Accrual	✓	✓	✓	✓
Corrective services	Accrual	✓	?	✓	✓
<b>Emergency management</b>					
Fire services	Accrual	✓	✓	✓	x
Ambulance services	Accrual	✓	✓	✓	x
<b>Community services</b>					
Aged care <sup>c</sup>	Accrual	..	..	..	..
Services to people with a disability	Accrual	✓	x	✓	✓
Children's services	Transition	x	x	na	na
Child protection and out-of-home care <sup>c</sup>	Na	na	x	na	x
Supported accommodation and assistance <sup>c</sup>	Accrual	..	..	..	..
<b>Housing assistance</b>					
Public housing	Accrual	✓	✓	na	✓
Community housing	Transition	x	x	x	x
Commonwealth Rent Assistance <sup>b</sup>	Accrual	..	..	..	..

✓ 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.

<sup>a</sup> **Accrual:** majority of jurisdictions reported in accrual terms for the data in the 2001 Report. **Cash:** majority of jurisdictions reported in cash terms for the data in the 2001 Report. **Transition:** majority of jurisdictions did not report on either a pure cash or accrual basis. <sup>b</sup> Costs comprise mostly Commonwealth transfer payments to private service providers or households. <sup>c</sup> Costs comprise mostly Commonwealth, State or Territory transfer payments to private service providers or households. na Not available. .. Not applicable.

Sources: Relevant chapters.

*Payroll tax* makes up a small but significant part of the reported cost of many government funded and delivered services. It is particularly significant for services with a high proportion of labour costs, and can be around 5 per cent of total service costs. Consequently differences in the treatment of payroll tax can affect the

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comparability of unit costs across jurisdictions and services. Differences occur in payroll tax exemptions, marginal tax rates and tax-free thresholds, and clawback arrangements. Accounting for the effect of payroll tax on unit costs can be important for improving the comparability of the unit costs of private and public service providers.

A Steering Committee paper (SCRCSSP 1999b) recommended two approaches for improving the comparability of cost data. The first is to include a hypothetical payroll tax amount in cost estimates for exempt services. The hypothetical amount is to be based on the payroll tax liability had the service not been exempt from payroll tax. This approach would be used when the majority of services are taxable, and is most appropriate where private sector providers are also subject to payroll tax. This has the benefit of improving comparability of data with private sector providers. This is the recommended strategy for reporting on vocational education and training, emergency management, and public and community housing services. It is also the strategy adopted for police services and courts administration, to ensure comparability with the corrective services sector.

The second approach involves deducting the payroll tax amount from the costs of those government services that are taxable. This approach would be used where the majority of services are tax exempt, and is most appropriate where private sector providers are either exempt from payroll tax or fall below the payroll tax-free threshold, or where there are no private providers. This is the recommended strategy for reporting on schools, health services, police, courts administration, aged care services, disability services, children's services, and protection and support services. (It is noted in individual chapters whether these two approaches were implemented for this Report.)

*Capital costs* in an accrual sense comprise two distinct cost elements — depreciation and the user cost of capital. The focus is on the capital used in a particular year rather than the cash expenditure incurred in its purchase (for example, the purchase costs of a new building). Depreciation is defined as the annual consumption of non-current physical assets used in providing government services. The user cost of capital is the opportunity cost of funds tied up in the capital used to deliver services (for example, rental properties in public housing).

It is important to incorporate capital costs fully in cost comparisons, wherever possible. Capital can be a significant component of service costs and is costed in full for contracted elements of service delivery. Unit costs estimated on the basis of cash based recurrent expenditures underestimate the underlying costs to governments. Including capital expenditures alone does not guarantee accurate or complete estimates of unit costs.

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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 costs estimates (although the user cost of capital for land is to be reported separately). 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 user cost of capital rate would be based on a weighted average of rates nominated by jurisdictions (currently 8 per cent).

*Other costing issues* include the apportionment of costs that are shared across services (mainly overhead department costs) and the treatment of non-government sourced revenue. Full apportionment of departmental overheads is not necessarily consistent with the concept of marginal cost, but is consistent with the concept of full cost recovery. The practice of apportioning overhead costs varies across the services in the Report. Some services deduct their non-government sourced revenue from their estimates of unit costs where the revenues are relatively small (for example, as with police services). This provides an estimate of net cost to government. However, where revenue from non-government sources is significant (as with public hospitals, and fire and ambulance services), the net cost to government does not provide an adequate measure of cost efficiency. In these instances, it is appropriate to report both the gross cost (cost efficiency) and net costs to government.

## **People with special needs**

For some chapters, the Report contains data on the performance of agencies in addressing the needs of special needs groups. The chapters on breast cancer management, 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 is also beginning to collect data on the performance of services for two groups across all chapters of the Report — Indigenous Australians and people living in communities outside the capital cities (that is, people living in other metropolitan areas, rural and remote communities).

### *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. This request was reinforced by the Council of Australian Governments 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 the progress made in this area.

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Improving reporting of Indigenous peoples' access to mainstream services is a priority for all areas of the Review. This is also an important priority for a number of ministerial councils and their related performance reporting activities. The Ministerial Council for Aboriginal and Torres Strait Islander Affairs will work cooperatively with the Review to encourage better reporting in this area.

More complete and consistent information on the access of Indigenous people to mainstream services can help improve policy by:

- helping progress towards the objective of ensuring that Indigenous Australians receive no less provision of services than other Australians;
- monitoring whether the provision of services is culturally appropriate and contributes to equitable outcomes for Indigenous Australians;
- influencing the development of improvements in programs and the allocation of resources; and
- underpinning a more whole-of-government approach to developing clear and agreed outcomes, methods for joint planning and compatible monitoring processes (AADWA 1999).

The Review collects data on services to Indigenous clients, although the extent of reporting varies across both services and jurisdictions. Table 2.3 provides a stocktake, indicating which services have reported at least one comparable performance indicator or descriptive data for all jurisdictions. It does not signify the quality of that data.

The important task of collecting data is complicated by the administrative nature of many data collections that do not distinguish between Indigenous and non-Indigenous clients. The method and level of identification of Indigenous people appear to vary across jurisdictions; overall, evidence suggests that not all Indigenous people seeking access to government services are recorded.

The ABS has established an ongoing program to develop and improve Indigenous data flowing from Commonwealth, State and Territory administrative systems. The Bureau is working with other agencies to ensure that Indigenous people are identified in relevant systems and that statistics are of adequate quality. Initial priority is being given to the improvement of births and deaths statistics in all States and Territories. Other priorities include hospitals, community services, education, housing, and law and justice statistics. The ABS is also working with other agencies to develop and support national Indigenous information plans, Indigenous performance indicators and Indigenous taskforces on a number of topics.

**Table 2.3 Reporting of at least one comparable data item on Indigenous Australians for the 2001 Report**

<i>Framework/service</i>	<i>Descriptive data</i>	<i>Overall outcomes</i>	<i>Access and equity</i>	<i>Appropriateness</i>	<i>Quality</i>	<i>Client views</i>	<i>Efficiency</i>
<b>Education</b>							
School education	✓	x	✓	x	x	x	x
VET	✓	x	✓	x	x	x	x
<b>Health</b>							
Public hospitals	✓	x	✓	x	x	x	x
General practice	x	x	x	x	x	x	x
Breast cancer	x	x	x	x	x	x	x
Mental health	x	✓	x	x	x	x	x
<b>Justice</b>							
Police services	x	✓	✓	x	x	x	x
Courts administration	x	x	x	x	x	x	x
Corrective services	✓	✓	x	x	x	x	x
<b>Emergency management</b>							
Fire services	x	x	x	x	x	x	x
Ambulance services	x	x	x	x	x	x	x
<b>Community services</b>							
Aged care services	x	x	✓	x	x	x	x
Services for people with a disability	x	x	✓	x	x	x	x
Children's services	✓	x	x	x	x	x	x
Child protection and out-of-home care	x	✓	✓	x	x	x	x
Supported accommodation	x	x	x	x	x	x	x
<b>Housing assistance</b>							
Public housing	x	x	x	x	x	x	x
Community housing	x	x	x	x	x	x	x
Commonwealth Rent Assistance	x	x	x	x	x	x	x

✓ Indicates that at least one nationally comparable data item is available. x Indicates that no nationally comparable data are available (although jurisdictions may report data specific to their jurisdiction).

Sources: Relevant chapters.

The ABS is also working towards improving the quality of Indigenous data from the 2001 Census of Population and Housing. In parallel, it is expanding 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.

### *People living in rural and remote areas*

The Steering Committee has agreed to report data selectively on the performance of governments in delivering services to people in communities outside the capital

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cities. The Review undertook a stocktake of its data and examined existing classifications of ‘remoteness’ that are used in the Report. A number of service sectors report data on services delivered to rural and remote communities. The Rural Remote Metropolitan Areas classification (or a variant) is used in the majority of services in the Report, although some services are considering reporting future data using the Accessibility/Remoteness Index of Australia.

The ABS is currently revising its Australian Geographic Classification System for the 2001 Census of Population and Housing. The new classification system is expected to include measures of remoteness that are partly based on the Accessibility/Remoteness Index of Australia. The Review expects to draw on this initiative in future Reports.

Table 2.4 provides a stocktake, indicating which services and jurisdictions have collected at least one comparable data item for this Report. The table also shows whether the data available are descriptive information or a performance indicator.

## **The New Tax System**

A number of measures contained in The New Tax System will have an impact on government service provision, including the GST that commenced on 1 July 2000.

Under the GST, government agencies are treated in the same manner as other businesses in that government agencies have no GST exemptions on their purchases, and registered government agencies are able to claim input tax credits for the GST paid on inputs.

The 2001 Report will be the last ‘snapshot’ of performance before the introduction of The New Tax System. However, in 1999-2000 agencies may have incurred administrative expenses associated with GST compliance, and these will be reflected in service providers’ performance in 1999-2000 and therefore the performance indicators reported in the 2001 Report. It is anticipated that this effect will be at the margin because administration comprises a small element of costs in most cases. There are no other implications from The New Tax System for the 2001 Report.

The implications for the 2002 Report primarily concern the treatment of the GST for the data collected for the efficiency indicators — specifically, financial information on items such as ‘expenditure’, ‘cost’, ‘funding’ and ‘contributions’ will be affected. The Steering Committee has developed guidelines for data collection and reporting for the 2002 Report to ensure the treatment is consistent across jurisdictions.

**Table 2.4 Reporting of at least one comparable data item on rural and remote communities for the 2001 Report**

<i>Framework/service</i>	<i>Descriptive data</i>	<i>Overall outcomes</i>	<i>Access and equity</i>	<i>Appropriateness</i>	<i>Quality</i>	<i>Client views</i>	<i>Efficiency</i>
<b>Education</b>							
School education	x	x	x	X	x	x	✓
VET	x	✓	✓	x	x	x	x
<b>Health</b>							
Public hospitals	✓	x	x	x	x	x	x
General practice	x	x	✓	x	✓	x	x
Breast cancer	x	x	✓	x	x	x	x
Mental health	x	✓	x	x	x	x	x
<b>Justice</b>							
Police services	x	x	x	x	x	x	x
Courts administration	x	x	✓	x	x	x	x
Corrective services	x	x	x	x	x	x	x
<b>Emergency management</b>							
Fire services	x	x	x	x	x	x	x
Ambulance services	x	x	x	x	x	x	x
<b>Community services</b>							
Aged care services	✓	x	✓	x	x	x	x
Services for people with a disability	x	x	x	x	x	x	x
Children's services	x	x	x	x	x	x	x
Child protection and out-of-home care	x	x	x	x	x	x	x
Supported accommodation	x	x	x	x	x	x	x
<b>Housing assistance</b>							
Public housing	x	x	x	x	x	x	x
Community housing	x	x	x	x	x	x	x
Commonwealth Rent Assistance	x	x	x	x	x	x	x

✓ Indicates that at least one nationally comparable data item is available. x Indicates that no nationally comparable data are available (although jurisdictions may report data specific to their jurisdiction).

Sources: Relevant chapters.

## 2.4 Using the data in this Report

### Data quality

The aim of the Review is to provide ongoing comparisons of the performance of government services. To maximise the benefits to policy decision making, the Review seeks to ensure its data is of high quality — timely and accurate.

Data accuracy is the most important determinant of data comparability. For each service area, the performance indicator framework shows which data are provided

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on a comparable basis and which are not strictly comparable. Qualifications for data that are not strictly comparable are also noted within the text. Data may not be strictly 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); and
- benchmarks differ (for example, literacy standards).

These differences may result in biased estimates, but it is not always clear whether biases will necessarily be material. Even where they are significant, relatively simple adjustments may resolve the differences in many cases. As noted earlier, payroll tax exemption has an influence on the comparability of unit cost indicators, and the payroll tax amount can be readily calculated from payroll data. Differences in the marginal tax rates of payroll tax systems, conversely, are not likely to have a material impact on unit costs. Such differences are likely to be outweighed by other factors affecting comparisons.

Data contained in this Report vary in the extent to which they have been reviewed or validated; at a minimum, all data have been subject to peer review by the working group for each service (box 2.1).

Timeliness of data is an important consideration for policy decision making. There is little sense in basing policy decisions on old data in a world of rapid change. There is, however, a tradeoff between the accuracy of data and its timely availability: data that are provided in a timely fashion have fewer opportunities to undergo rigorous processes of validation.

The Review recognises the importance of both timely and accurate data. As such, the Review's process of iterative data collection is intended to manage these objectives. The Review publishes data that jurisdictions can provide, with necessary qualifications. This provides an opportunity for the Review to improve the data accuracy and comparability over time. This approach has increased scrutiny of the data and led to more timely improvements in data quality.

Improving the timeliness and accuracy of the data — a task that will involve significant time and effort over a number of years in some cases — requires a high level of cooperation among jurisdictions, and between the Review and participating agencies. Much of the work of the Review involves identifying sources of timely data and collecting specific information on which to base useful qualifications about that data.

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### Box 2.1     **Reviewing data quality**

This Report relies on largely administrative data. The performance information based on this data is reviewed in two ways:

- *peer review by service area working groups* — the Review process includes annual revisions to most data collection manuals and several circulations of chapters (including all jurisdictions' results); and
- *external review by data collection agencies* — this approach is used for most data on school education (which are reviewed by the Secretariat to the Ministerial Council on Education, Employment, Training and Youth Affairs and the ABS); most data on vocational education and training (which are reviewed by the National Centre for Vocational Education Research); some data for court administration, police and corrections (which are reviewed by the ABS); and most housing data, most effectiveness data for services for people with a disability, protection and support, and some health data (which are reviewed by the Australian Institute of Health and Welfare).

The Review's processes do not involve formal auditing of data, but some data supplied to the Review are also reported in annual reports, budget papers and annual reporting of joint Commonwealth, State and Territory programs. This information may be audited by the relevant Auditor General.

Some people have raised concerns about the risks of less than fully perfect or incomplete data being misused in decision making. Minimising this risk is a major focus during the preparation of this Report. Feedback from users around the country has yet to reveal specific examples of the misuse of data in policy decision making.

Users of the Report are 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 Report aims to present performance indicators that allow users to assess performance. Many government objectives involve tradeoffs, such as choosing whether to improve the average level of service or better target services to those most in need. The Review cannot know each government's priorities, tradeoffs or targets, which may change over time. Presenting performance indicators as a suite encourages users to assess performance on all indicators collectively, rather than on an individual indicator. Moreover, each user is left to judge the appropriate tradeoffs between objectives.

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Readers must also account for other important issues. The broader environment in which a service operates affects the performance of each service in each jurisdiction. There may be significant differences in clients, available inputs, prices and geography, and any comparison of performance across jurisdictions needs to consider these differences.

To help identify and account for environmental differences, the Report includes a descriptive statistical appendix (appendix A). This appendix provides a range of general descriptive information for each jurisdiction, including age profile, population distribution, income levels, education levels, tenure of dwellings and cultural heritage (such as aboriginality and ethnicity). It has two parts: a description of the main distinguishing characteristics of each jurisdiction and a set of source tables (which will help users to compare jurisdictional performances).

The Review does not adjust results provided by jurisdictions for differences that may affect service delivery. Rather, it leaves this task to users who can better make the necessary judgments, maybe having additional information about their jurisdiction's circumstances or priorities. The Commonwealth Grants Commission adopts a different approach, but this reflects its different role (see SCRCSSP 2000).

When comparing performance information across jurisdictions, users also need to consider the effect of differences in the quality of data collection methods and systems. Definitions of terms may also vary, such as the definitions of notification in child protection. Notes to tables or figures highlight differences in data collection methods or definitions.

The Review aims to provide a more comprehensive set of performance information than has been available in the past; however, given the complex nature of government services and the cost of collecting information, some important but secondary aspects of government services may not be reported. Reforms in government services may impose unmeasured costs on clients of those services (for example, when the closure of schools forces students to travel further to school). This highlights the importance of using performance indicators as part of a broader set of tools when assessing policy choices.

## **2.5 Related Review projects**

The Steering Committee has also undertaken research into other issues relevant to the performance of government services. This year, the Steering Committee published a consultancy report *National Satisfaction Survey of Clients of Disability Services* jointly with the National Disability Administrators (Equal and Donovan Research 2000).

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In previous years the Steering Committee published reports on:

- the use of activity surveys used 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; and
- an examination of payroll tax (SCRCSSP 1999b) and superannuation (SCRCSSP 1998c) in the costing of government services.

Earlier research has 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; and
- 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 disability services; and
- pricing court reporting services in Commonwealth courts.

The Steering Committee has also developed checklists on some 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; and
- charging users (SCRCSSP 1998a).

The Steering Committee will continue to focus on research that is related to performance measurement and thus better linked to efforts to improve reporting for individual services.