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## 2 Recent developments in the Report

### 2.1 Developments in reporting in 2001

This is the seventh *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. Since the Review published its first Report in 1995, there has been a general improvement in the data collected for the Report. Improvements in the 2002 Report can be categorised into three broad areas:

- improvements to the data used in performance indicators:
  - comparability, timeliness and quality of data;
  - increased reporting for special needs groups (in particular, Indigenous Australians and people living in rural and remote areas); and
  - reporting full costs to government;
- improvements to performance indicator frameworks to include new indicators and to report against others for the first time; and
- improvements to the quality of descriptive data and contextual information.

### Improvements in reporting for the 2002 Report

#### *Health*

Improvements in reporting of existing performance indicators for health services include:

- reporting of standardised Indigenous hospitalisation ratios based on new definitions endorsed by the Australian Health Ministers' Advisory Council;
- reporting of public hospital efficiency by peer group to facilitate comparisons across hospitals providing similar services;
- refining the reporting of participation rates for special needs groups in breast cancer screening;

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- improved reporting of quality of mental health care to reflect review against National Standards for Mental Health Services; and
  - presentation of unit cost data for community based mental health care.

Refinements to both the maternity services and the general practice performance indicator frameworks have been made:

- the maternity services framework has been expanded to include four new performance indicators and each has been reported in this Report; and
- the addition of two new appropriateness indicators for general practice that illustrate the performance of general practitioners (GPs) in appropriate prescribing practices and in managing chronic illness, and the discontinuation of reporting of two indicators that were not closely and transparently related to the activities of GPs.

### *Justice*

Improvements in reporting of existing performance indicators for justice services include:

- work on improving comparability of indicators in the following areas: juvenile diversions, costs awarded against police, outcomes of court cases, and recurrent expenditure by key service delivery area;
- the inclusion of a preliminary case study on the impact of rural/remoteness on the cost of delivering police services in NSW;
- separate reporting of children's and electronic court results from those of magistrates' courts, which has increased the meaningfulness of the data reported in the court administration chapter;
- the inclusion of the Federal Magistrates Service in the court administration chapter; and
- reporting for the first time fully comparable data for the completion of community orders indicator in the corrective services chapter.

To assist in improving the comparability of data in the court administration chapter, a Courts Practitioner Group has been established.

### *Emergency management*

Improvements in reporting of existing performance indicators for emergency management services include refining:

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- the way ambulance services are referred to in the Report to accommodate future expansion of event type services reporting;
  - revenue data items (for both fire and ambulance services) to clarify reporting of revenue received directly and indirectly by agencies; and
  - a number of definitions to improve data comparability.

In addition, the descriptive data and contextual information has been improved by:

- including text boxes detailing specific programs focused on Indigenous communities;
- providing information on the activities of the various agencies involved in the sector to improve understanding of the scope of emergency management;
- presenting information on the scope and type of State and Territory emergency services activities; and
- providing data on revenue sources for event type services.

### *Community services*

Improvements in reporting of existing performance indicators for disability services include reporting:

- geographic indicators of access;
- Indigenous indicators of day activity services;
- cost per place for employment services by jurisdiction; and
- social participation indicators (community, cultural and leisure participation; use of public and private transport; educational attainment; and level of schooling).

Efficiency reporting for child protection and out-of-home care in protection and support services has been improved with the introduction of new efficiency indicators. For child protection, total expenditure on child protection is compared with notifications, investigations and substantiations across jurisdictions. For out-of-home care, the actual expenditure on residential care is related to the number of children in residential care at 30 June, and the actual expenditure on non-residential care is related to the number of children in non-residential care at 30 June.

For the first time, the quality indicator — compliance with service standards for residential care — has been reported against in aged care services. This indicator provides information on the number of services that have been accredited under the new Commonwealth regulatory framework for aged care services. Data on the four standards considered for each accreditation decision are also presented.

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The performance indicator framework for children's services has been revised. Two additional quality indicators — staff qualifications and licensing, and accreditation and registration — have been added. No data for these indicators were available for this Report.

Improvements in descriptive data and contextual information include:

- reporting of descriptive data relating to juvenile justice in the community services preface for the first time in this Report; and
- the inclusion of descriptive data on veterans' home care in aged care services.

### *Housing*

Improvements in reporting of existing performance indicators for housing services include:

- performance reporting of the Aboriginal Rental Housing Program (ARHP) for the first time;
- simplifying some community housing indicators to promote better response rates from community providers;
- reporting for the first time information on access and on the extent to which affordability outcomes are improved by Commonwealth Rent Assistance for Indigenous Australians and those in rural and remote areas; and
- improving financial reporting for public housing with deduction of interest payments from capital costs to avoid double counting.

In addition, the contextual information has been improved with the reporting of descriptive data on the location of public housing, community housing and the ARHP.

## **2.2 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). There are also some issues associated with changes to administrative data collections on which the Review relies to publish the Report.

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## **Changes to administrative data collections**

There are some instances where reporting has stalled in the past year because data sets used by the Review have been discontinued. One example is the 2001 Commonwealth Census of Child Care Services, which was substantially scaled back during the year. This significantly limited the comparable data available for reporting in the 2002 Report. Review requirements are sometimes not a priority in the development or refinement of national minimum data sets or other types of information infrastructure. There is, for example, sometimes significant delay between the first data collection period and the availability of data from a new data set. This is due in part to implementation problems that can affect data quality for several years. In other cases, collection of data is staged so that comprehensive data sets are not available immediately. For the purposes of the Review, these delays 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 effect of data time lags on the Report.

## **Comparability of data**

To facilitate informed policy making, the Steering Committee has adopted the basic principle that, where feasible, data should be reported on a comparable basis across service areas and jurisdictions. Table 2.1 summarises the Review's progress in reporting comparable performance indicators for efficiency and for each of the four categories of effectiveness — overall outcomes, access and equity, appropriateness and quality. Client views are also reported where they are collected as proxies for effectiveness indicators. Data are considered to be comparable when they are collected using the same definition across jurisdictions.

Some service areas have not explicitly adopted the above categories in their frameworks. Where services have adopted their own headings (for example, breast cancer management and emergency management), 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.

Inclusion of indicators in table 2.1 does not infer an assessment of the quality of the indicator (for example, whether they are necessarily the most appropriate indicators). Rather, it indicates the first year when at least one indicator under each broad heading was reported across all jurisdictions on a comparable basis and sourced from a regularly published report or data collection and not from a one-off collection.

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The pace of improvements in reporting across services is also illustrated in table 2.1. All services report on an accrual basis (except in the NT) to measure outputs and to 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 six years after its inclusion in the Review.

## **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 they reflect the full costs to government. 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 rather than cash accounting methods 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. 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 is in transition to accrual accounting.

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

Framework service	First coverage of service	When at least one nationally comparable indicator was first reported <sup>c</sup>					
		Overall outcomes	Access and equity	Appropriateness	Quality	Client views	Efficiency
<i>Education</i>							
School education	1995	1995	2001	na	na	na	1995
VET	1995	1995	1995	1995	1995	1995	1997
<i>Health</i>							
Public hospitals	1995	na	1995	1995	1995	na	1995
Maternity services	2001	2001	na	na	na	na	na
General practice	1999	1999	1999	2000	2000	na	2000
Breast cancer	1998	2000	na	na	2000	na	na
Mental health	1999	1999	na	1999	2000	na	1999
<i>Justice</i>							
Police services	1995	1995	1999	na	1995	1997	1997
Court administration	1995	na	1995	na	1995	na	1995
Corrective services	1995	1995	1998	na	1995	na	1995
<i>Emergency management</i>							
Fire services	1998	1999	na	na	na	2000	2001
Ambulance services	1998	na	na	na	na	2000	2001
<i>Community services</i>							
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
<i>Housing assistance</i>							
Public housing	1995	1995	1995	1995	1997	1997	1997
Community housing	1997	na	na	na	na	na	na
Aboriginal Rental Housing Program	2002	2002	2002	2002	na	na	2002
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 services report indicators that cover these general areas. Where this framework is not followed, the service's performance indicators have been allocated to the most suitable broad heading. <sup>c</sup> Refers to year in which Report was published, not year of data. **na** Nationally comparable data are not available.

Sources: SCRCSSP (1995, 1997b, 1998b, 1999c, 2000 and 2001a).

Accrual accounting has assisted the Review in meeting its full costing principle, but has reduced the comparability of some data over time. 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. Care needs to be taken 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 superannuation and payroll tax.

**Table 2.2 Progress of unit cost comparability in the 2002 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 super-annuation included on an accrual basis?	Is payroll tax treated in a consistent manner?
<i>Education</i>					
School education	Accrual	✓	✓	✓	✓
VET	Accrual	✓	✓	✓	✓
<i>Health</i>					
Public hospitals	Accrual	✓	✓	✓	✓
Maternity	Accrual	✓	x	✓	✓
General practice <sup>b</sup>	Accrual	..	..	..	..
Breast cancer	Accrual	✓	x	✓	✓
Mental health	Accrual	x	x	x	x
<i>Justice</i>					
Police services	Accrual	✓	✓	✓	✓
Court administration	Accrual	✓	✓	✓	✓
Corrective services	Accrual	✓	?	✓	✓
<i>Emergency management</i>					
Fire services	Accrual	✓	✓	✓	x
Ambulance services	Accrual	✓	✓	✓	x
<i>Community services</i>					
Aged care <sup>c</sup>	Accrual	..	..	..	..
Services to people with a disability	Accrual	✓	x	✓	✓
Children's services	Accrual	✓	x	✓	✓
Child protection and out-of-home care <sup>c</sup>	Accrual	✓	x	✓	✓
Supported accommodation and assistance <sup>c</sup>	Accrual	..	..	..	..
<i>Housing assistance</i>					
Public housing	Accrual	✓	✓	na	✓
Community housing	Transition	x	x	x	x
Aboriginal Rental Housing Program	Accrual	x	x	na	✓
Commonwealth Rent Assistance <sup>b</sup>	Accrual	..	..	..	..

<sup>a</sup> **Accrual** = majority of jurisdictions reported in accrual terms for the data in the 2002 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. ✓ 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. na Not available. .. Not applicable.

Source: 2002 Report.



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### *Superannuation*

The treatment of superannuation is a significant issue when measuring the unit cost of 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). This helps service providers 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.

### *Payroll tax*

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 comparability of unit costs across jurisdictions and services. Differences occur in payroll tax exemptions, marginal tax rates, 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, and 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 court 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.

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(It is noted in individual chapters whether these two approaches were implemented for this Report.)

### *Capital costs*

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 fully incorporate capital costs 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.

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 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 is based on a weighted average of rates nominated by jurisdictions (currently 8 per cent).

### *Other costing issues*

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, 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

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appropriate to report both the gross cost (cost efficiency) and net costs to government.

Costs associated with non-current physical assets (such as depreciation and the user cost of capital) are potentially important components of the total costs of many services delivered by government agencies. Differences in the techniques for measuring non-current physical assets (such as valuation methods) 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 2001b). The aim of the study was 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 in the areas of corrective services, housing, police services and public hospitals. These service areas were selected for their differing degrees of capital intensity. The importance of capital costs as a proportion of total costs for the particular service areas suggest that housing can be considered highly capital intensive, while police tends to be highly labour intensive. Public hospitals and corrective services fall between these in terms of capital intensity.

While the study collected data for a range of assets, property assets were the major focus of the study because they account for the greater part of the total value of non-current assets in each area studied. Ostensibly, comparable property assets were selected for analysis (the largest correctional facilities, average value dwellings, police complexes in larger urban areas, and principal referral hospitals).

The study found differences in asset measurement techniques can have a major impact on reported capital costs, with their influence on total unit cost dependent on the importance of capital costs as a proportion of total costs for the particular service area being studied. Results of the study suggest that the differences created by these asset measurement effects were generally relatively small in the context of total unit costs as, except for housing, capital costs represent a relatively small proportion of total cost. 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 occurring. The adoption of national uniform accounting standards across all service areas would be a desirable outcome from the perspective of the Review.

The results of the study suggested that for those service areas covered, the potential impact of asset measurement factors on reported total unit costs averaged around

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5 per cent of total unit costs. Therefore, if using reported total unit costs for comparison purposes, the potential for asset measurement factors to have an impact of this magnitude should be taken into account. These differences may affect cost rankings between jurisdictions. As a result of the difficulties in fully isolating accounting factors from other factors affecting asset valuations (such as size, location and age of assets), the analysis, if anything, overstated the impact on unit costs of differences in asset valuation methods.

## **People with special needs**

For some chapters, the Report contains data on the performance of agencies in catering to 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. Data is presented on the performance of services for two groups — Indigenous Australians and people living in communities outside the capital cities (that is, people living in other metropolitan areas, rural and remote communities) for all services areas, where available.

### *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 was reinforced by the Council of Australian Governments (COAG) at its 3 November 2000 meeting where heads of government agreed that ministerial councils will develop action plans, performance reporting strategies and benchmarks to review progress in this area.

The Review will be assisted by work being undertaken by the Ministerial Council of Aboriginal and Torres Strait Islander Affairs (MCATSIA), which, as part of its action plan, sets out the foundations for pursuing sustainable improvements in the lives of Indigenous people into the future. The Plan includes agreed benchmarks and performance reporting strategies to assist in assessing progress towards meeting the objectives of the COAG Reconciliation Commitment. One of the principles underpinning MCATSIA's work is accountability — that is, recognising the importance of a national, whole-of-government framework for measuring and publicly reporting performance. The Council has also agreed on a strategy of monitoring the overall performance of governments and ministerial councils in achieving outcomes under the COAG Reconciliation Commitment.

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To measure performance in advancing the COAG Reconciliation Commitment, MCATSIA will use whole-of-government lead indicators, Aboriginal and Torres Strait Islander portfolio-specific indicators, and indicators of the extent to which actions under MCATSIA's action plan have been completed. Of relevance to the Review are a number of whole-of-government lead indicators of social and economic disadvantage with a focus on those issues requiring successful interventions spanning more than one ministerial council. These include indicators of:

- family violence (care and protection orders per 1000 population, and hospital separations for homicide and interpersonal violence);
- law and justice (recidivism by adult, juvenile and gender; imprisonment rates; and deaths in custody);
- health, housing and community wellbeing (life expectancy at birth; overcrowding; and substance abuse); and
- education (attendance; literacy and numeracy attainment; and year 10 and 12 retention).

The Review collects data on services to Indigenous clients, although the extent and quality of reporting varies significantly 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, it seems clear that not all Indigenous people seeking access to government services are recorded.

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

- an ongoing program to develop and improve Indigenous data flowing from Commonwealth, State and Territory administrative systems;
- work with other agencies to ensure that 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 hospitals, community services, education, housing, and law and justice statistics; and

- work 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 2002 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>
<i>Education</i>							
School education	✓	x	✓	x	x	x	x
VET	✓	x	✓	x	x	x	x
<i>Health</i>							
Public hospitals	✓	x	x	x	x	x	x
Maternity services							
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
<i>Justice</i>							
Police services	x	✓	✓	x	x	x	x
Court administration	x	x	x	x	x	x	x
Corrective services	✓	✓	x	x	x	x	x
<i>Emergency management</i>							
Fire services	x	x	x	x	x	x	x
Ambulance services	✓	x	x	x	x	x	x
<i>Community services</i>							
Juvenile justice	✓	x	x	x	x	x	x
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
<i>Housing assistance</i>							
Public housing	x	x	x	x	x	x	x
Community housing	x	x	x	x	x	x	x
Aboriginal Rental Housing Program	✓	✓	✓	✓	x	x	✓
Commonwealth Rent Assistance	✓	x	✓	x	x	x	x

✓ At least one nationally comparable data item is available. x No nationally comparable data are available (although jurisdictions may report data specific to their jurisdiction).

Source: 2002 Report.

The ABS is also working towards improving the quality of Indigenous data from the 2001 Census of Population and Housing. At the same time, 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 selectively report data on the performance of governments in delivering services to people in communities outside the capital cities. The Review undertook a stocktake of its data and examined existing classifications of ‘remoteness’ used in the Report. A number of service sectors report data on services delivered to rural and remote communities.

**Table 2.4 Reporting of at least one comparable data item on rural and remote communities for the 2002 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>
<i>Education</i>							
School education	x	x	x	X	x	x	✓
VET	x	✓	✓	x	x	x	x
<i>Health</i>							
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
<i>Justice</i>							
Police services	x	x	x	x	x	x	x
Court administration	x	x	✓	x	x	x	x
Corrective services	x	x	x	x	x	x	x
<i>Emergency management</i>							
Fire services	x	x	x	x	x	x	x
Ambulance services	x	x	x	x	x	x	x
<i>Community services</i>							
Aged care services	✓	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	x
Child protection and out-of-home care	x	x	x	x	x	x	x
Supported accommodation	x	x	x	x	x	x	x
<i>Housing assistance</i>							
Public housing	✓	x	x	x	x	x	x
Community housing	✓	x	x	x	x	x	x
Aboriginal Rental Housing Program	✓	x	x	x	x	x	x
Commonwealth Rent Assistance	✓	x	x	x	x	x	x

✓ At least one nationally comparable data item is available. x No nationally comparable data are available (although jurisdictions may report data specific to their jurisdiction).

Source: 2002 Report.

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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 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 are descriptive information or a performance indicator.

### **Cross-cutting issues**

The management of issues that cover more than one service area ('cross-cutting issues') is an area of increasing interest for governments. These are issues that can not solely be addressed within any particular service area or ministerial portfolio. They include policies aimed at specific client constituencies or social groups (such as the elderly, women, children, Indigenous Australians, people in rural and remote areas and people from backgrounds other than English) whose needs are seen to merit comprehensive, integrated services and programs.

Improving the management of these issues can contribute to more cost effective (that is, more efficient, higher quality, and client focused) service provision. Greater efficiency is expected to come from more clearly defined priorities, and the elimination of duplicated or contradictory programs. Improved quality and user friendliness is expected to come from a greater and more holistic client focus.

While data limitations to date have meant that the Review is yet to develop a performance indicator framework that cuts across more than one service area, work is progressing that may lead to improved data in this area. The National Community Services Data Committee is undertaking work to match relevant data elements in existing national data sets to common classifications and to promote consistency of definitions. It is anticipated that this will lead to better identification of the extent to which target groups use services and may provide greater nationally comparable data in the future. The Australian Institute of Health and Welfare is also developing a performance indicator framework for juvenile justice, which draws on aspects of education, justice, community services and numerous other factors. The 2002 Report includes descriptive information on juvenile justice for the first time in the Community services preface.



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## Impact of the GST

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 GST. The GST replaced wholesale sales tax, the temporary arrangements for the taxation of liquor, petrol and tobacco under the safety net arrangements, and a number of State and Territory taxes. Several measures contained in The New Tax System 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. That is, government agencies are not exempt from paying the GST on their purchases, and they are able to 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.

It appears that the GST has had little quantifiable impact on the performance indicators in this Report. The most significant impact of the GST on the Report is on the deflator used throughout the Report to derive real expenditure and cost data.

The deflator used is the ABS gross domestic product (GDP) implicit price deflator. The level of indirect taxes is a component of GDP at current prices, and because the GST collects more revenue than the taxes it has replaced, the current price estimate of GDP increased after the introduction of the GST on 1 July 2000.

Household consumption expenditure is another component of GDP at current prices that increased with the introduction of the GST. The approach of recording the GST as payable by purchasers, rather than by sellers, means that the GST is recorded as being paid on final uses — mainly household consumption. While other components of GDP at current prices may be affected by the GST, the two components identified appear to have had the largest impact. The increase in the current price estimate of GDP can be seen in the change in the GDP price deflator between 1999-2000 and 2000-01 (4.7 per cent) compared to changes between 2.2 per cent and 0.3 per cent since 1991-92. For a more detail description of the impact of the GST on GDP refer to the *Australian National Accounts: Concepts, Sources and Methods. Appendix 5 — Australian National Accounts and the GST* (ABS 2000).

## 2.3 Related Review projects

The Steering Committee has undertaken research into other issues relevant to the performance of government services. As noted, this year the Steering Committee

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published a paper that examined the extent to which differences in asset measurement techniques applied by participating agencies affect the comparability of reported unit costs (SCRCSSP 2001b).

In previous years, the Steering Committee published reports on:

- a survey of satisfaction of clients of disability services jointly with the National Disability Administrators (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 considering activity measurement in output costing and internal management;
- an examination of payroll tax (SCRCSSP 1999b) and superannuation (SCRCSSP 1998c) in the costing of government services; and
- a report on a technique for measuring the efficiency of government services delivery (SCRCSSP 1997c).

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.

Another case study report (SCRCSSP 1998a) 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 for 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).

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

