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## 2 Recent developments in the Report

### CONTENTS

<b>2.1 Developments in reporting</b>	<b>2.1</b>
<b>2.2 Gaps in reporting</b>	<b>2.7</b>
<b>2.3 Progress with key data issues</b>	<b>2.7</b>
<b>2.4 ‘Cross-cutting’ issues</b>	<b>2.24</b>
<b>2.5 References</b>	<b>2.27</b>

### 2.1 Developments in reporting

This is the fifteenth Report on Government Services produced by the Review. Reporting is an iterative process, and the Review endeavours each year to build on developments of previous years. Since the Review published its first Report in 1995 (SCRCSSP 1995) there has been a general improvement in reporting.

Major enhancements to the Report belong in three categories:

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

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## The review of the Report on Government Services

COAG agreed at its 7 December 2009 meeting to recommendations of the Senior Officials and Heads of Treasuries Working Group review of the Report on Government Services. The review examined the ongoing usefulness of the Report to its government, non-government and community stakeholders. Developments arising from the review will be implemented over the next three editions.

The review noted:

- the central role of the Report in reporting comparative information on government performance
- the Report's original role as a tool for government had been complemented by a public accountability function
- the preponderance of submissions to the review were very supportive of the Report, but noted scope for improvement in the comparability, timeliness, and quality of performance data
- some submissions suggested the Report's scope be expanded to include government services that are not currently reported.

The review recommended that new terms of reference be prepared for the Review of Government Service Provision, and set out a series of activities for the Steering Committee over the next few years:

- by the end of 2010 (in time for the 2012 ROGS), the Steering Committee, with an independent six member reference group drawn from First Ministers and Treasury officials, to review the ROGS performance indicator framework and individual performance indicators, to determine their consistency with the characteristics of performance indicators as defined in the IGA
- during 2011, the Steering Committee to develop a set of formal criteria to determine whether the ROGS should include particular service sectors in its reporting regime
- every three years (commencing at the end of 2011-12), the Steering Committee to review the operation of ROGS to ensure it continues to be a contemporary and strategic performance reporting tool (reporting to COAG within three months of the end of every third financial year).

Other review recommendations aimed to enhance the Report's accessibility. Starting with the 2011 Report, the current format is to be refined and streamlined to improve the design and presentation of data. The presentation of data through web based information portals is to also be investigated.

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## Improvements in reporting for the 2010 Report

### *Early childhood, education and training*

The major improvements to chapter 3 ('Children's services') this year include:

- reporting on the age of children enrolled in preschool
- reporting new data from the Australian Bureau of Statistics (ABS) *Childhood Education and Care Survey 2008* (ABS 2009)
- reporting on the level of qualifications of staff employed by Australian Government approved child care services.

This year, chapter 4 ('School education') has been enhanced by including:

- revised objectives for school education agreed by Australian, State and Territory governments' education ministers (the *Melbourne Declaration on Educational Goals for Young Australians*, released in December 2008) replacing the *Adelaide Declaration* of 1999, to inform the performance indicator framework
- alignment of this Report with National Education Agreement and National Indigenous Reform Agreement indicators:
  - additional measures for the access and equity indicator 'participation', reflecting participation in school education by students aged 6–15 by Indigenous status
  - measures in relation to participation in the National Assessment Program — Literacy and Numeracy (NAPLAN) testing, by Indigenous status
  - additional measure for the outcome indicator 'completion' in relation to completion of year 10 by 17–19 year olds, by Indigenous status
  - inclusion of non-Indigenous data in a range of performance indicators
- inclusion of data for the access and equity indicator 'VET in Schools participation' and the outcome indicator 'VET in Schools attainment', for 2006 and 2007
- reporting the outcomes of 2008 NAPLAN testing against national minimum standards for the outcome indicators 'reading performance', 'writing performance' and 'numeracy performance' — the 2008 tests were the first to be conducted against the national minimum standard and mark the commencement of a new time series for these data
- reporting the outcomes of the 2007 National Years 6 and 10 Civics and Citizenship Assessment, for the outcome indicator 'civics and citizenship performance'.

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This year, chapter 5 (‘Vocational education and training’) (VET) has been enhanced by including:

- expanded reporting of VET participation in general and VET participation in certificate III level and above, to include reporting by Indigenous status
- new reporting of VET participation in diploma level qualifications and above, by target age groups and Indigenous status
- expanded reporting of qualifications completed, to include completions by all students at certificate III level qualifications and above, and at diploma level qualifications and above, by target age groups and Indigenous status.

### *Justice*

Development work continues in chapter 6 (‘Police services’). No significant improvements were introduced in this Report.

Development work continues in chapter 7 (‘Court administration’). No significant improvements were introduced in this Report.

This year, chapter 8 (‘Corrective services’) has been enhanced by:

- relabelling of some financial descriptors and indicators for greater consistency with standard accounting terminology
- changes to the presentation of death and escape rates to better reflect small movements between years for jurisdictions with relatively small prisoner populations.

### *Emergency management*

This year, chapter 9 (‘Emergency management’) has been enhanced by:

- updating the road rescue events section
- including revised ‘fire deaths’ data and including publication of a ten year time series in the attachment tables
- expansion of time series data for ‘ambulance staff attrition’ and ‘ambulance urban centre response times’ indicators.

### *Health*

This year, preface E (‘Health preface’) has been enhanced to include health risk factors data, such as smoker status, alcohol risk level, body mass index, diet and exercise.

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This year, chapter 10 ('Public hospitals') has been enhanced to include improvements to the definition of one of the reported sentinel events with resulting improvements to data comparability.

In chapter 11 ('Primary and community health') improvements this year include:

- revised objectives that better reflect current understanding of primary and community health
- combining three previously separate indicators into a single indicator, 'hospitalisations for selected vaccine preventable, acute and chronic conditions', consistent with other current national reporting conventions.

In chapter 12 ('Health management issues') improvements this year include:

- breast cancer detection rate data reported as annual averages for the first time
- two measures replacing the previously reported measure for the 'average cost of ambulatory care' indicator (cost per treated patient in the community). Work on the new measures is ongoing; however, they are from the agreed set of *National Mental Health Key Performance Indicators* and are more comparable than the previous measure
- data from the *2007 National Survey of Mental Health and Wellbeing* are now reported under the indicator 'prevalence of mental illness', previously these data were in the profile section.

### *Community services*

This year, chapter 13 ('Aged care services') has been enhanced by:

- inclusion of data for the first time on access to aged care residential services for veterans, within the indicator 'use by different groups'
- inclusion of additional data for the first time for Extended Aged Care at Home Dementia (EACH-D) services including:
  - aged care recipients per 1000 people aged 70 years or over plus Indigenous people aged 50–69 years as a proportion of all residents, by locality and recipients from a non-English speaking country
  - Indigenous aged care recipients per 1000 Indigenous people aged 50 years or over and as a proportion of all recipients and by locality
  - EACH-D recipients by age-sex specific usage rates per 1000 people, by jurisdiction and remoteness
- replacing the measure 'average residents per room' with a more comprehensive measure 'percentage of compliant services' for the indicator 'compliance with service standards for residential care'

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- redefining HACC services received per 1000 people to only include people aged 70 years and over plus Indigenous people aged 50 to 69 — in previous years, all people in receipt of HACC services regardless of age were reported
  - inclusion of an additional attachment table to summarise Government expenditure on aged care services and revisions to supporting attachment tables to report more comprehensive data and to better reflect expenditure categories for assessment and information services, residential care, community care and services delivered in mixed delivery settings.

This year, chapter 14 ('Services for people with disability') has been enhanced by:

- further refinement of the potential populations used to derive the 'Service use by special needs groups' measures; these populations are used to account for differences in the need for services across the relevant groups
- the redevelopment of the quality assurance processes section to include information for all jurisdictions on the legislative frameworks that govern service quality, features of their quality assurance systems and the relevant disability service standards that apply
- the inclusion of a 'yet to be developed' indicator on the Younger people in residential aged care (YPIRAC) program and additional descriptive information on the YPIRAC program and admissions of younger people to permanent residential aged care.

This year, chapter 15 ('Protection and support services') has been enhanced by:

- five jurisdictions reporting performance data for the 'safety in out-of-home care' effectiveness indicator, compared with two previously
- seven jurisdictions reporting performance data for the two child protection 'response time' effectiveness indicators, compared with six previously
- all jurisdictions reporting for the efficiency indicator 'out-of-home care expenditure per placement night', compared with seven previously
- for the first time, inclusion of performance data for six juvenile justice performance indicators and inclusion of performance indicator boxes for a further seven indicators.

## *Housing*

This year, chapter 16 ('Housing') has been enhanced by:

- reporting of data for the access indicator 'special needs income units aged 24 years or under, or 75 years or over' in the Commonwealth Rent Assistance (CRA) service area

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- reporting of data for the affordability indicator the ‘proportions of income units spending more than 30 per cent and 50 per cent of their income on rent with and without CRA for income units aged 24 years or under and aged 75 years or over receiving CRA’.

## 2.2 Gaps in reporting

An examination of reporting against the framework across service areas identified the following issues:

- There continues to be a paucity of information about cost-effectiveness (that is, measures of cost per outcome achieved). The lack of cost-effectiveness data partly reflects the difficulty of collecting robust quantitative information on outcomes. No cost-effectiveness indicators are reported, and only one notional indicator of cost-effectiveness has been identified (cost per life year saved in relation to breast cancer detection and management) and the indicator has not been developed.
- There are relatively few indicators of output quality compared with those for other output characteristics (effectiveness, access and appropriateness).

Identification of gaps in reporting should also take into account how well currently reported indicators measure various aspects of service provision. As noted in the ‘Improvements in reporting’ section (above) there remains scope to improve the appropriateness or quality of many currently reported indicators.

## 2.3 Progress with key data issues

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

### Timeliness

As noted in chapter 1, recent data are more useful for policy decision making but there can be a trade-off between the accuracy of data and their timeliness. The Steering Committee’s approach is to publish imperfect data with caveats on an annual basis wherever possible. This approach allows increased scrutiny of the data and reveals the gaps in critical information, providing the foundation for developing

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better data over time. Table 2.1 summarises the time periods for data included in this Report. The following items are of particular note:

- The ABS *Childhood Education and Care Survey* (formerly the *Child Care Survey*) is conducted every three years. The results from the 2008 survey are reported this year.
- The most recent police services data on reporting rates is from 2005. These data are sourced from the ABS *National Crime and Safety Survey* which was conducted every three years. The survey was last conducted in 2009 for release in early-2010, with the expectation that it will be annual subsequently.
- The most recent data on birthweights of babies for Indigenous and all mothers are for 2006.
- There is significant scope for improving the timeliness of maternity services quality data.
- ‘Management of asthma’ data are sourced from the ABS *National Health Survey*, which is conducted approximately every three years. The most recent data available are for 2007-08.
- ‘Interval cancer rate’ data for breast cancer detection and management rely on data matching and follow-up between screening periods and between screening services and medical services. Such processes take a number of years, resulting in a marked lag in reporting. The most recent data available are for 2005.
- All data for specialised mental health services are provided one year in arrears (that is, 2007-08 data for the 2010 Report).
- Data for users of specialist disability services are provided one year in arrears (that is, 2007-08 data for the 2010 Report).
- Data for the Supported Accommodation Assistance Program (SAAP) are provided one year in arrears (that is, 2007-08 data for the 2010 Report).
- For public housing, community housing and State owned and managed Indigenous housing, survey collections for amenity/location and customer satisfaction are biennial, but were not conducted in 2009. The most recent data available are for 2007. For community housing, 2004-05 data are the most recent for average turnaround time and net recurrent cost per dwelling. Total rent collected as a proportion of total rent charged data are collected one year in arrears (2007-08 data for the 2010 Report). Data for Indigenous community housing are also one year in arrears. Proportion of households paying 25 per cent or more of their income on rent affordability indicator data are for 2007.

**Table 2.1 Time period of reported performance results, 2010 Report**

<i>Service area/indicator framework</i>	<i>2006 or 2006-07</i>	<i>Previous year (2007 or 2007-08)</i>	<i>Current year (2008 or 2008-09)</i>	
<b>Early childhood education and training</b>	Early childhood, education and training preface	Participation in education and training by Indigenous and socio-economic status; Literacy and numeracy	Most government expenditure	Selected government expenditure measures; All others
	Children's services	..	Hospital separations	All others
	School education	Science outcomes	School expenditure; Civics and citizenship outcomes; VET in Schools participation and attainment	All others
	VET	..	Number of VET qualifications completed (Skill profile); Employer engagement with VET; Employer satisfaction with VET	All others
	Police services	..	Victims of homicide; Land transport hospitalisations; Outcomes of court cases	All others
	Court administration	..	All	..
	Corrective services	..	..	All
	Fire events	Fire deaths; Fire injuries	All others	..
	Ambulance events	..	All	..
	Road rescue events	..	All	..
<b>Emergency Management</b>	Health preface	Birthweight	All others	..
	Public hospitals	..	All others	Safety; Patient satisfaction
	Maternity services	..	All others	Caesareans and Inductions for selected primiparae; Vaginal delivery after previous primary caesarean; Apgar scores
	Primary and community health <sup>a</sup>	Availability of public dentists; Influenza vaccination coverage for older people.	Management of asthma; Potentially preventable hospitalisations for vaccine preventable, acute and chronic conditions; Hospitalisations for diabetes; Hospitalisations of older people for falls.	All others
	Breast cancer <sup>b</sup>	..	Cost per separation by diagnosis related group; Mortality rate for breast cancer	All others
<b>Health</b>	Mental health	..	All	..

**Table 2.1 (continued)**

<i>Service area/indicator framework</i>	<i>2006 or 2006-07</i>	<i>Previous year (2007 or 2007-08)</i>	<i>Current year (2008 or 2008-09)</i>
<b>Community services</b>			
Aged care services	..	Longer care arrangements; HAC appraisals; Long term aged care in public hospitals; Complaint assessment unit costs	All others
Services for people with disability	Use of public housing	Visits to a GP	Administrative efficiency, one outcome indicator measure <sup>d</sup>
Child protection and out-of-home care	..	..	All
Juvenile justice	..	Average rates of young people under juvenile justice supervision (both in detention and in the community)	All others
Supported Accommodation Assistance Program	..	All others	Limited financial data
Public housing	..	Amenity/location; Customer satisfaction	All others
State owned and managed Indigenous housing	..	Amenity/location; Customer satisfaction	All others
Community housing	..	Net recurrent cost per dwelling; Rent collection rate; Amenity/location; Customer satisfaction	All others
Indigenous community housing	..	All	..
Commonwealth Rent Assistance	..	..	All
<b>Housing</b>			

HACC = Home and Community Care. GP = general practitioner. <sup>a</sup> Asthma management data are from a survey conducted approximately every three years. The most recent available data are from the 2007-08 survey. <sup>b</sup> As data for the 'interval cancer rate' rely on data matching and follow-up between cancer screening periods and between screening services and medical services, the most recent available data are for 2005. ... Not applicable.

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## Comparability of data

Data are generally considered to be directly comparable when definitions, counting rules and the scope of measurement are consistent (and if applicable, the sample size is large enough to be statistically reliable — explained in chapter 1). Performance indicator framework diagrams in each chapter are shaded to reflect indicator comparability. Table 2.2 summarises the proportions of performance indicators in each service area (1) with comparable data and (2) with data reported, both comparable and not directly comparable. Of the 24 service area performance indicator frameworks, 15 have at least 50 per cent of indicators reported on a comparable basis.

The number of indicators with data reported has expanded since the first report in 1995 with a net addition of:

- 38 indicators in early childhood, education and training
- 5 indicators in justice
- 22 indicators in emergency management
- 40 indicators in health
- 34 indicators in community services
- 21 indicators in housing.

Table 2.2 does not capture the details of improvements in performance reporting, for example:

- merging of some indicators, where several measures are streamlined under a single indicator, involving no reduction in reporting
- splitting of some indicators, as indicators and measures develop
- changing the scope of some indicators over time, where original indicators have been replaced by more meaningful indicators.

Further, information in table 2.2 is based only on indicators with data reported, so it does not reflect conceptual developments relating to the identification of indicators, the development of definitions for indicators and their measures, and the associated data collection and counting rule developments. Current examples of these types of developments are described in section 2.1.

**Table 2.2 Comparability of indicators, 2010 Report<sup>a, b</sup>**

<i>Service area indicator framework (year first reported)</i>	<i>Indicators reported on a comparable basis</i>			<i>Change in all indicators (no.)</i>	
	<i>no.</i>	<i>% of all reported</i>	<i>Change since last year no.</i>	<i>Since last year</i>	<i>Between first reported–2010</i>
<i>Early childhood, education and training</i>					
Children's services (1997)	14	66.7	+1	–	+14
School education (1995)	11	64.7	+1	+1	+10
Vocational education and training (1995)	11	78.6	–	–	+4
<i>Justice</i>					
Police services (1995)	16	76.2	–	–	+6
Court administration (1995)	3	50.0	–	–	+3
Corrective services (1995)	10	90.9	–	–	-3
<i>Emergency management</i>					
Fire events (1998)	2	20.0	–	–	+10
Ambulance events (1998)	1	11.1	–	–	+10
Road rescue events (2004)	–	–	–	–	+2
<i>Health</i>					
Public hospitals (1995)	6	40.0	–	–	+1
Maternity services (2001)	3	30.0	–	–	+5
Primary and community health (1999)	23	100.0	-2	-2	+18
Breast cancer detection/management (1998)	7	63.6	–	–	+11
Mental health management (1999)	5	45.5	+1	+1	+6
<i>Community services</i>					
Aged care services (1997)	14	87.5	+1	+1	+8
Services for people with a disability (1997)	7	53.8	–	–	+2
Child protection and out-of-home care (1995)	4	22.2	–	+1	+6
Juvenile justice (2009)	2	33.3	..	+6	+6
Supported Accommodation and Assistance Program (1995)	12	75.0	–	–	+12
<i>Housing</i>					
Public housing (1995)	11	100.0	–	–	-2
State owned and managed Indigenous housing (2002)	11	100.0	–	–	+1
Mainstream community housing (1997)	2	20.0	–	–	+10
Indigenous community housing (2008)	4	57.1	–	–	–
Commonwealth Rent Assistance (1999)	9	90.0	–	–	+10

<sup>a</sup> Changes can reflect merging of some indicators and splitting of others, as indicators and measures develop. Data do not capture changes in indicators over time, or replacement of indicators with more meaningful indicators. <sup>b</sup> Information is based only on indicators with data reported and does not reflect many conceptual developments. .. Not applicable. – Nil or rounded to zero.

Source: SCRCSSP (1995–2002); SCRGSP (2003–2009a, 2010).

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## **Changes to administrative data collections**

The discontinuation of data sets and the establishment of new data sets have implications for performance reporting by the Review. Time series comparisons, scope, comparability and accuracy of data can be affected.

Review requirements are not necessarily a priority in the development of national minimum data sets (NMDS) or other types of information infrastructure. There can be, for example, a significant delay between the first data collection period and the public release of data from a new data set, and implementation problems can affect data quality for several years. For the purposes of the Review, this can mean that reporting scope and data quality are diminished for some time until the new data sets are fully operational.

### *Justice*

The ABS is coordinating a National Information Development Plan (NIDP) for Crime and Justice Statistics (ABS 2005). The plan outlines the nationally agreed needs for data in crime and justice, current key data sources (both ABS and other agencies) and information gaps. The NIDP lists priority areas for improving the quality, coverage and use of crime and justice information across Australia.

### *Juvenile justice*

The Australian Institute of Health and Welfare (AIHW) has developed a NMDS for juvenile justice. The fifth report of the juvenile justice NMDS covers the period 2007-08 and was released in November 2009.

The Australasian Juvenile Justice Administrators, in consultation with the review is developing a performance reporting framework. A performance indicator framework based on this work was included for the first time in the 2009 Report. This year, data are reported for six juvenile justice performance indicators and indicator boxes are included for a further seven indicators, for which data collections are under development.

### *Children's services*

A NMDS for children's services has been developed, which provides a framework for collecting a set of nationally comparable data for child care and preschool services. The NMDS was developed by the AIHW, under the guidance of the Children's Services Data Working Group (CSDWG). The CSDWG was established

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by the National Community Services Information Management Group, a subgroup of the Community and Disability Services Ministers' Advisory Council. The AIHW has published the final report on the development of the NMDS, and a report on the feasibility of its implementation.

From 2008, the Child Care Management System and the Australian Government Child Care Provider Survey replaced the previous Australian Government Census of Child Care Services. This has caused a break in time series for several indicators in this Report.

## **Costing of services**

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

- including superannuation on an accrual basis (SCRCSSP 1998a)
- accounting for differences in the treatment of payroll tax (SCRCSSP 1999a)
- including the full range of capital costs (SCRCSSP 2001).

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

- accounting for the goods and services tax (GST)
- reporting accrued benefits to employees (such as recreation and long service leave)
- apportioning applicable departmental overhead costs
- reporting non-government sourced revenue.

Reforms to treasury and finance department accounting guidelines in most jurisdictions require government agencies to adopt accrual accounting in their financial reporting frameworks. Accrual accounting is based on the principle that the agency recognises revenue and expenses when they are earned and incurred, respectively. Cash accounting, in contrast, recognises revenue and expenses when they are collected and paid, respectively. The majority of agencies and jurisdictions have adopted accrual accounting. Table 2.3 provides an overview of the Review's progress in reporting on an accrual basis, meeting the principle of reporting full cost to government (incorporating depreciation and the user cost of capital) and adjusting for differences in superannuation and payroll tax.

**Table 2.3 Progress of unit cost comparability, 2010 Report**

Service area/indicator framework	Accounting regime <sup>a</sup>	Full cost to government — element included			
		Depreciation	User cost of capital	Superannuation on accrual basis	Payroll tax consistent
<i>Early childhood, education and training</i>					
Children's services	Accrual	✓	x	✓	x
School education	Accrual	✓	✓	✓	✓
VET	Accrual	✓	✓	✓	✓
<i>Justice</i>					
Police services	Accrual	✓	✓	✓	✓
Court administration	Accrual	✓	x	✓	✓
Corrective services	Accrual	✓	✓	✓	✓
<i>Emergency management</i>					
Fire events	Accrual	✓	✓	x	✓
Ambulance events	Accrual	✓	✓	x	✓
<i>Health</i>					
Public hospitals	Accrual	✓	✓	✓	✓
Maternity services	Accrual	✓	x	✓	✓
Primary and community health <sup>b</sup>	Accrual	..	..	..	..
Breast cancer	Accrual	x	x	x	x
Mental health	Accrual	x	x	✓	x
<i>Community services</i>					
Aged care services <sup>b</sup>	Accrual	..	..	..	✓
Services for people with disability	Accrual	✓	x	✓	✓
Child protection and out-of-home care <sup>b</sup>	Accrual	✓	x	✓	x
Juvenile justice services	..	..	..	..	..
Supported Accommodation Assistance Program <sup>b</sup>	Accrual	..	..	..	..
<i>Housing</i>					
Public housing	Accrual	✓	✓	✓	✓
State owned and managed Indigenous housing	Accrual	✓	✓	✓	✓
Community housing	Transition	✓	..	✓	✓
Indigenous community housing	Accrual	✓	✓	✓	✓
Commonwealth Rent Assistance <sup>c</sup>	Cash	..	..	..	..

✓ = 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: the majority of jurisdictions have reported in accrual terms for the data in the 2009 Report. Transition: the majority of jurisdictions have not reported on either a pure cash or accrual basis. <sup>b</sup> Costs comprise mostly Australian Government transfer payments to private service providers or households. <sup>c</sup> Costs comprise mostly Australian Government transfers to individuals as part of their social security or family assistance payments. There is no separate appropriation for the Rent Assistance component of these payments and reported expenditure is based on a cash accounting regime. .. Not applicable.

Source: Chapters 3–16.

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

### *Capital costs*

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

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

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

Differences in asset measurement techniques can have a major impact on reported capital costs (SCRGSP 2001). However, the differences created by these asset measurement effects are generally relatively small in the context of total unit costs because capital costs represent a relatively small proportion of total cost (except for housing). In housing, where the potential for asset measurement techniques to influence total unit costs is greater, the adoption under the Commonwealth State Housing Agreement (replaced by the National Affordable Housing Agreement from 1 January 2009) of a uniform accounting framework has largely prevented this from occurring. The adoption of national uniform accounting standards across all service areas would be a desirable outcome for the Review.

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### *Other costing issues*

Other costing issues include accounting for the GST, the apportionment of costs shared across services (mainly overhead departmental costs) and the treatment of non-government sourced revenue.

- Government agencies are treated in the same manner as other businesses for GST. That is, government agencies are not exempt from GST on their purchases, and can claim input tax credits for the GST paid on inputs. Data reported in this Report are net of GST paid and input tax credits received unless otherwise specified. The GST appears to have little quantifiable impact on the performance indicators in this Report.
- Full apportionment of departmental overheads is consistent with the concept of full cost recovery. The practice of apportioning overhead costs varies across the services in the Report.
- For non-government sourced revenue, some services deduct such revenue from their estimates of unit costs where it is relatively small (for example, in police services and court administration). The costs reported are therefore an estimate of net cost to government. However, where revenue from non-government sources is significant (such as with public hospitals, fire services and ambulance services), it is necessary to report both the gross cost and the net cost to government to obtain an adequate understanding of efficiency.

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

Some chapters of the Report 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 the Report, the Review also seeks to report on the performance of agencies providing services for three identified special needs groups: Indigenous people; 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. There is a paucity of data on outcomes for these groups.

#### *Indigenous Australians*

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. Table 2.4 provides an indication of which service areas report at least one data item on Indigenous Australians.

**Table 2.4 Reporting of at least one data item on Indigenous Australians, 2010 Report**

<i>Service area/indicator framework</i>	<i>Descriptive</i>	<i>Outcomes</i>	<i>Outputs</i>		
			<i>Equity</i>	<i>Effectiveness</i>	<i>Efficiency</i>
<i>Early childhood, education and training</i>					
Early childhood, education and training preface	✓	✓	✓	x	x
Children's services	x	x	✓	x	x
School education	✓	✓	✓	✓	x
VET	x	✓	✓	✓	x
<i>Justice</i>					
Justice preface	x	x	x	x	x
Police services	✓	✓	✓	✓	x
Court administration	x	x	x	x	x
Corrective services	✓	x	x	✓	x
<i>Emergency management</i>					
Fire events	x	x	x	x	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
<i>Health</i>					
Health preface	✓	✓	x	x	x
Public hospitals	✓	x	x	x	x
Maternity services	x	✓	x	x	x
Primary and community health	✓	✓	✓	x	x
Breast cancer	x	x	✓	x	x
Mental health	✓	✓	x	x	x
<i>Community services</i>					
Community services preface	x	x	x	x	x
Aged care services	✓	x	✓	x	x
Services for people with disability	✓	x	✓	✓	x
Child protection and out-of-home care	✓	x	x	✓	x
Juvenile justice services	✓	x	x	✓	x
Supported Accommodation Assistance Program	x	✓	✓	✓	x
<i>Housing</i>					
Public housing	✓	✓	x	x	x
State owned and managed Indigenous housing	✓	✓	✓	x	✓
Community housing	✓	x	x	x	x
Indigenous community housing	✓	✓	x	✓	✓
Commonwealth Rent Assistance	x	✓	✓	x	x

Source: Chapters 3–16.

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Since 2003, the Steering Committee has compiled all of the Report information on Indigenous Australians into a separate Indigenous compendium. The most recent compendium (of data from the 2009 Report) was released in April 2009 (SCRGSP 2009c). A compendium of Indigenous data from this Report will be released by mid-2010.

### *Overcoming Indigenous Disadvantage: Key Indicators report*

In April 2002, the Council of Australian Governments (COAG) commissioned the Steering Committee to produce a regular report on key indicators of Indigenous disadvantage. The terms of reference for this report was updated in March 2009. Four editions of the *Overcoming Indigenous Disadvantage: Key Indicators* report have been published (SCRGSP 2003, 2005, 2007, 2009b). The fifth edition of the *Overcoming Indigenous Disadvantage (OID)* report is anticipated to be released in mid-2011.

### *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 people 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.

The ABS and AIHW undertake important roles in improving data for the Indigenous population, including:

- 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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The 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 the CAEPR constructed around four projects:

- detailed regional analysis of change in Indigenous social indicators
- assessment of social and spatial mobility among Indigenous people 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 co-badged with MCATSIA and released as part of the CAEPR Working Paper Series (CAEPR 2008).

In December 2007, COAG established a Working Group on Indigenous Reform (WGIR) to support the achievement of COAG's Indigenous targets. It is chaired by the Hon Jenny Macklin MP, Australian Government Minister for Families, Housing, Community Services and Indigenous Affairs and comprises senior officials from each jurisdiction. The WGIR has developed a Closing the Gaps framework and the Steering Committee is committed to aligning relevant indicators in this Report with the WGIR framework.

The Review will further draw on these initiatives in future reports.

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

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

**Table 2.5 Reporting of at least one data item on rural and remote communities, 2010 Report**

<i>Service area/indicator framework</i>	<i>Descriptive</i>	<i>Outcomes</i>	<i>Outputs</i>		
			<i>Equity</i>	<i>Effectiveness</i>	<i>Efficiency</i>
<i>Early childhood, education and training</i>					
Early childhood, education and training preface	x	x	✓	x	x
Children's services	x	x	✓	✓	x
School education	✓	✓	x	x	x
VET	x	✓	✓	x	x
<i>Justice</i>					
Justice preface	x	x	x	x	x
Police services	x	x	x	x	x
Court administration	x	x	x	x	x
Corrective services	x	x	x	x	x
<i>Emergency management</i>					
Fire events	x	x	x	✓	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
<i>Health</i>					
Health preface	✓	x	x	x	x
Public hospitals	✓	x	x	✓	x
Maternity services	x	x	x	x	x
Primary and community health	x	x	✓	✓	x
Breast cancer	x	x	✓	x	x
Mental health	x	✓	x	x	x
<i>Community services</i>					
Community services preface	x	x	x	x	x
Aged care services	✓	x	✓	✓	x
Services for people with disability	x	x	✓	✓	x
Child protection and out-of-home care	x	x	x	x	x
Juvenile justice services	x	x	x	x	x
Supported Accommodation Assistance Program	x	x	x	x	x
<i>Housing</i>					
Public housing	✓	x	x	x	x
State owned and managed Indigenous housing	✓	x	x	x	x
Community housing	✓	x	x	x	x
Indigenous community housing	x	x	x	x	x
Commonwealth Rent Assistance	x	x	✓	x	x

Source: Chapters 3–16.

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Reporting data on rural and remote communities is complicated by the number of classification systems that exist. The chapters on children's services, VET, emergency management, aged care services, disability services and housing use the ABS Australian Standard Geographical Classification of remoteness areas.

A number of other services (public hospitals, primary and community health and protection and support services) use the Rural, Remote and Metropolitan Areas (RRMA) classification or a variant (DPIE and DSHS 1994). The chapter on school education uses its own system developed for education ministers, known as the Geographic Location Classification, which draws on the RRMA classification and ABS's Accessibility and Remoteness Index of Australia (Jones 2000).

### *People from a non-English speaking background*

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

Reporting data on people from a non-English speaking background is complicated by the number of classification systems that exist. Various chapters of the Report use different classification systems based on: people speaking a language other than English at home (reported for children's services, VET, and breast cancer detection and management); people with a language background other than English (reported for school education); and people born in a non-English speaking country (reported for aged care services, services for people with disability and SAAP, within protection and support services). In addition, some services report data using the cultural and language diversity classification (see for example, SAAP and aged care).

**Table 2.6 Reporting of at least one data item on people from a non-English speaking background, 2010 Report**

<i>Service area/indicator framework</i>	<i>Descriptive</i>	<i>Outcomes</i>	<i>Outputs</i>		
			<i>Equity</i>	<i>Effectiveness</i>	<i>Efficiency</i>
<i>Early childhood, education and training</i>					
Early childhood, education and training preface	x	✓	x	x	x
Children's services	x	x	✓	x	x
School education	✓	✓	x	x	x
VET	x	✓	✓	x	x
<i>Justice</i>					
Justice preface	x	x	x	x	x
Police services	x	x	x	x	x
Court administration	x	x	x	x	x
Corrective services	x	x	x	x	x
<i>Emergency management</i>					
Fire events	x	x	x	x	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
<i>Health</i>					
Health preface	x	x	x	x	x
Public hospitals	x	x	x	x	x
Maternity services	x	x	x	x	x
Primary and community health	x	x	x	x	x
Breast cancer	x	x	✓	x	x
Mental health	x	x	x	x	x
<i>Community services</i>					
Community services preface	x	x	x	x	x
Aged care services	x	x	✓	x	x
Services for people with disability	x	x	✓	✓	x
Child protection and out-of-home care	x	x	x	x	x
Juvenile justice services	x	x	x	x	x
Supported Accommodation Assistance Program	x	x	✓	✓	x
<i>Housing</i>					
Public housing	x	x	x	x	x
State owned and managed Indigenous housing	x	x	x	x	x
Community housing	x	x	x	x	x
Indigenous community housing	x	x	x	x	x
Commonwealth Rent Assistance	x	x	x	x	x

Source: Chapters 3–16.

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## 2.4 'Cross-cutting' issues

There is growing emphasis on the management of policy issues that cover more than one service area or ministerial portfolio — for example, government policies aimed at specific client groups such as older people, females, children, Indigenous Australians, people in rural and remote areas and people from non-English speaking backgrounds. Improving the management of these issues can contribute to more effective and efficient service provision. Greater efficiency can come from more clearly defined priorities and from the elimination of duplicated or inconsistent programs. Improved outcomes can also result from a more holistic and client centred approach to service delivery.

Cross-cutting issues arise in several areas of the Report. The frameworks in chapter 12 ('Health management issues') are one means of reporting outcomes for a range of different services working in combination. The ultimate aim of chapter 12 is to report on the performance of primary, secondary and tertiary health services in improving outcomes for people with breast cancer or mental illness. The frameworks and the scope of services reported are evolving over time. The mental health management section, for example, currently focuses on the performance of specialised mental health services, but people with a mental illness also access: primary and community health services (such as general practitioners, and drug and alcohol services) (chapter 11), for example, general practitioners often refer people to specialist health and health-related services, and the quality of their links with these services and of their referral practices can influence the appropriateness of services received by clients; aged care services (chapter 13); services for people with disability (chapter 14); public housing (chapter 16); and, some people with a mental illness also enter corrective services (chapter 8).

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

- workforce participation and the availability of child care services, VET in schools and non-linear education and training pathways are briefly discussed in the 'Early childhood, education and training preface'
- mortality rates and life expectancy (reported in the 'Health preface') are influenced by education, public health, housing, primary and community health, and hospital services (as well as external factors)
- potentially preventable hospitalisations (chapter 11) — are influenced by primary and community health services
- the proportion of general practitioners with links to specialised mental health services (chapter 12) — general practitioners often refer people to specialist health and health-related services, and the quality of their links with these

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services and of their referral practices can influence the appropriateness of services received by clients

- long term aged care in public hospitals (chapter 13)
- younger people with disability in residential aged care facilities (chapter 14)
- community services pathways and Home and Community Care (HACC) across the community services sector (‘Community services preface’)
- rates of return to prison and community corrections (reported in the ‘Justice preface’) are influenced by the activities of police, courts and corrective services (as well as other factors)
- changes in education outcomes over time for children on custody or guardianship orders (chapter 15), compared to changes in education outcomes over time for all children (the latter also reported in school education, chapter 4)
- the contributions of many services to child protection services (discussed primarily in chapter 15). Police services investigate serious allegations of child abuse and neglect, courts decide whether a child will be placed on an order, education and child care services provide services for these children, and health services support the assessment of child protection matters and deliver therapeutic, counselling and other services
- close links between SAAP services (chapter 15) and other forms of housing assistance reported in the Housing chapter (chapter 16), particularly housing funded under the Crisis Accommodation Program.

### *Counter-terrorism*

A number of service areas included in this Report contribute to government initiatives to improve security throughout Australia. In particular, emergency services, police and public hospitals are key services involved in the inter-jurisdictional National Counter Terrorism Plan.<sup>1</sup> While performance data in this Report do not explicitly include the details of these government activities, such activities need to be kept in mind when interpreting performance results — for example:

- counter-terrorism activities might have led to an increase in government expenditure, but the outputs or outcomes (for example, increased security patrols, emergency planning or improved security) may not show up in the data

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<sup>1</sup> A National Counter Terrorism Committee with officials from the Australian, State and Territory governments has developed a National Counter Terrorism Plan. All governments have responsibilities under the Plan to prevent acts of terrorism or, if such acts occur, to manage their consequences in Australia (Attorney-General’s Department 2009).

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in the chapters. In this case, performance results for efficiency indicators might suggest a decrease in value for money

- counter-terrorism requirements might have been accommodated by an increase in productivity rather than an increase in expenditure, but if the additional outputs or outcomes are not recorded in the chapters, then performance results will not reflect the improvement in productivity.

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

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