
1 Background

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This Compendium of Indigenous data, now in its thirteenth edition, is drawn entirely from information contained in the *Report on Government Services 2015* (2015 Report). The Report on Government Services (RoGS) is published annually and is a product of the Review of Government Service Provision (the Review).

Aboriginal and Torres Strait Islander data in the 2015 Report

The Indigenous compendium is a compilation of data for Aboriginal and Torres Strait Islander Australians from the 2015 Report. Service areas covered by the 2015 Report include:

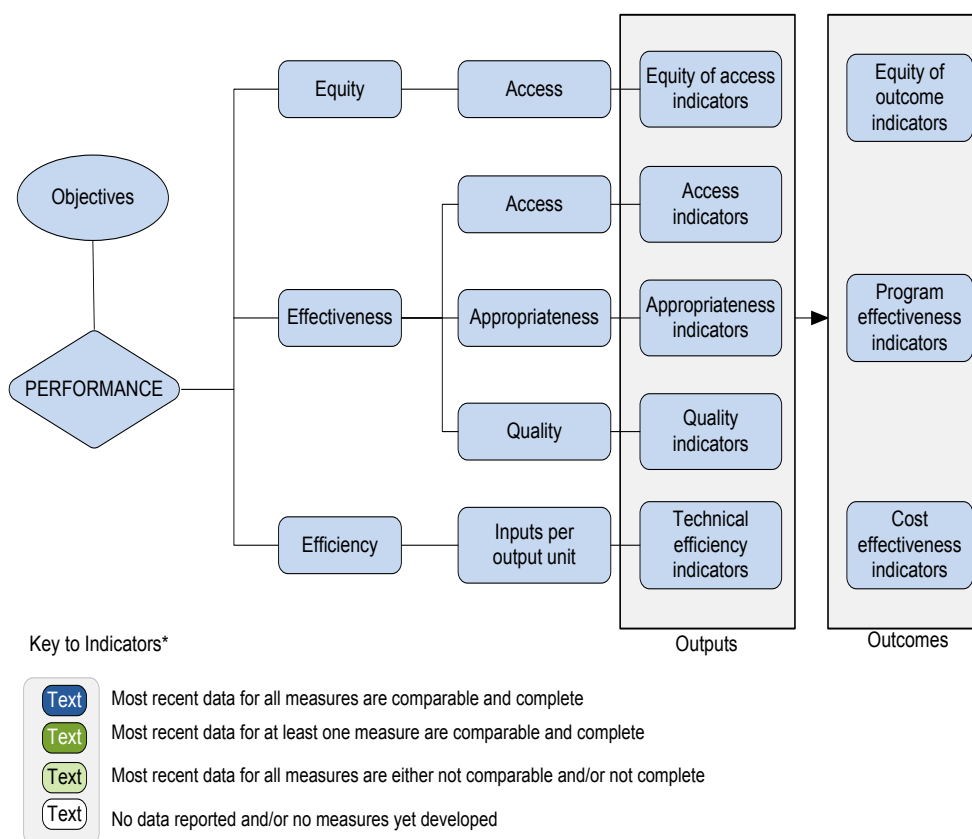
- child care, education and training
- justice
- emergency management
- health
- community services
- housing and homelessness.

The general performance indicator framework

The Report's general performance indicator framework is set out in figure 1.1. The framework depicts the Review's focus on outcomes, consistent with demand by governments for outcome oriented performance information. This outcome information is

supplemented by information on outputs, grouped under ‘equity’, ‘effectiveness’ and ‘efficiency’ headings.

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



* A description of the comparability and completeness of each measure is provided in indicator interpretation boxes within the chapter

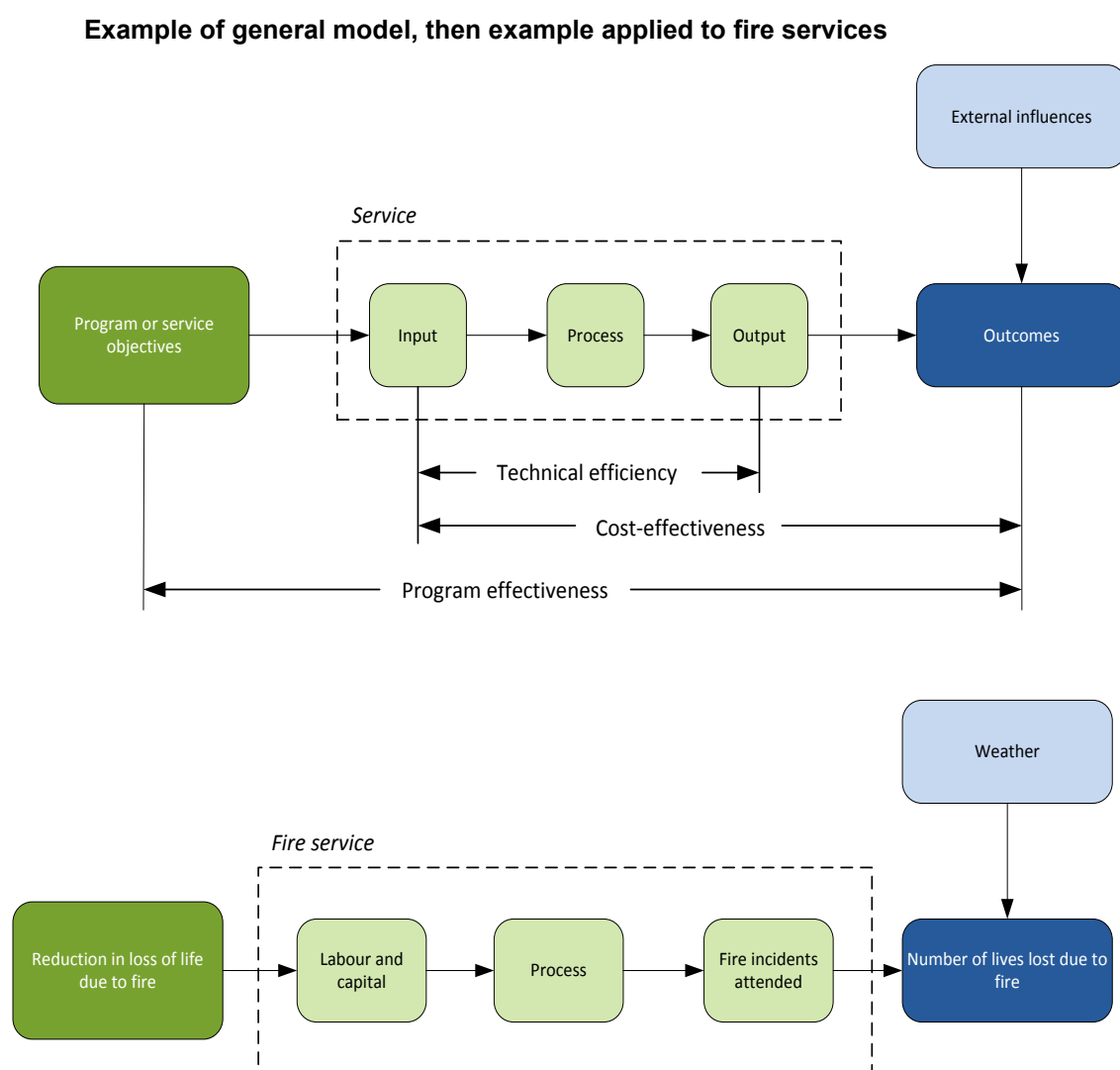
The service process

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

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

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

Figure 1.2 **Service process**



Objectives

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

The objectives (or desired outcomes) for each government funded service are similar across jurisdictions, although the priority that each jurisdiction gives to each objective may differ. The Steering Committee's approach to performance reporting is to focus on the extent that each shared objective for a service has been met.

Distinguishing outcomes and outputs

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

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

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

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

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

Equity, effectiveness and efficiency

The Steering Committee takes a comprehensive view of performance reporting, and the Report's framework gives equal prominence to equity, effectiveness and efficiency, as the three overarching dimensions of performance. There are inherent trade-offs in allocating resources and dangers in analysing only some aspects of a service. A unit of service may

have a high cost but be more effective than a lower cost service, and therefore be more cost effective. Improving outcomes for a group with special needs may lead to an increase in the average cost per unit of providing a service.

Equity

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

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

Box 1.1 **Equity**

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

- horizontal equity — the equal treatment of equals
- vertical equity — the unequal but equitable (‘fair’) treatment of unequals.

In the context of this Report:

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

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

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

Identifying those service recipients who belong to groups with special needs or access difficulties poses challenges, particularly when relying on client self-identification. If members of such groups are required to identify themselves, then the accuracy of the data will depend on how members of a group perceive the advantages (or disadvantages) of

identification, and whether such perceptions change over time (see for example, SCRGSP 2014a). Comparability problems also arise where different data collections and different jurisdictions do not use common definitions of special needs groups.

The Report often uses the proportion of each target group in the broader community as a point of comparison when examining service delivery to special needs groups. This approach is suitable for services that are provided on a virtually universal basis (for example, school education), but must be treated with caution for other services, where service provision is based on the level of need, which may vary between groups (for example, disability services). Another option is to collect a more accurate profile of need (for example, the estimation of the ‘potential population’ of people with the potential to require specialist disability services at some time).

Effectiveness

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

Access

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

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

Appropriateness

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

Appropriateness indicators also seek to identify the extent of any underservicing or overservicing (Renwick and Sadkowsky 1991; HWA 2012; Birrell 2013). Some services have developed measurable standards of service need, against which levels of service can be assessed. The ‘overcrowding’ measure in housing, for example, measures the appropriateness of the size of the dwelling relative to the size and composition of the household. Other services have few measurable standards of service need; for example, the desirable number of medical treatments for particular populations is not known. However,

data on differences in service levels can indicate where further work could identify possible underservicing or overservicing.

Quality

Quality indicators reflect the extent to which a service is suited to its purpose and conforms to specifications. Information about quality is particularly important when there is a strong emphasis on increasing efficiency (as indicated by lower unit costs). There is usually more than one way in which to deliver a service, and each alternative has different implications for both cost and quality. Information about quality is needed to ensure all relevant aspects of performance are considered.

The Steering Committee's approach is to identify and report on aspects of quality, particularly actual or implied competence:

- actual competence can be measured by the frequency of positive (or negative) events resulting from the actions of the service (for example, deaths resulting from health system errors such as an incorrect dose of drugs)
- implied competence can be measured by proxy indicators, such as the extent to which aspects of a service (such as inputs, processes and outputs) conform to specifications — for example, the level of accreditation of public hospitals and aged care facilities.

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

Efficiency

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

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

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

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

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

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

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

Many factors outside the control of governments may affect the cost of providing services. The Commonwealth Grants Commission, when calculating relativities across states and territories to distribute Australian Government general purpose grants, accounts for influences beyond a jurisdiction’s control (called ‘disabilities’) that affect the jurisdiction’s cost of providing services and capacity to raise revenue. These ‘disabilities’ may include factors such as the size of the jurisdiction, the dispersed nature of the population and the socio-demographic distribution of the population (CGC 2014). The Report does not make cost adjustments based on any of these factors, but chapter 2 provides a short statistical profile of each State and Territory, which may assist readers to interpret the Report’s performance indicators.

Cost-effectiveness

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

Developments in reporting

Each year, the Steering Committee endeavours to build on developments of previous years. Major enhancements to the Report are improvements to the data reported against existing

performance indicators and measures, including expanded reporting for special needs groups (such as Aboriginal and Torres Strait Islander Australians).

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 and services to people with disability. Across the Report, the Steering Committee also seeks to report on the performance of agencies providing services for three identified special needs groups: Aboriginal and Torres Strait Islander Australians; people living in communities outside the capital cities (that is, people living in other metropolitan areas, or rural and remote communities); and people from a non-English speaking background. However, for many services, there is a paucity of data on outcomes for these groups.

Aboriginal and Torres Strait Islander Australians

In this Report, the term ‘Indigenous’ has been replaced by ‘Aboriginal and/or Torres Strait Islander’ people in Australia. While the Steering Committee acknowledges the diversity of Australia’s Aboriginal people and Torres Strait Islander people, most of the available data on Aboriginal Australians and on Torres Strait Islander people, are for the Aboriginal and Torres Strait Islander population combined.

Data collection issues relating to Aboriginal and Torres Strait Islander 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 Aboriginal and Torres Strait Islander Australians appear to vary across jurisdictions. Further, while many surveys now include an Aboriginal and Torres Strait Islander identifier, many do not include a sufficiently large sample to provide reliable results for the Aboriginal and Torres Strait Islander population.

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

- an ongoing program to improve the identification of Aboriginal and Torres Strait Islander 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

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- work with other agencies to develop and support national Aboriginal and Torres Strait Islander information plans, Aboriginal and Torres Strait Islander performance indicators and Aboriginal and Torres Strait Islander taskforces on a number of topics
 - improving Aboriginal and Torres Strait Islander enumeration in the five-yearly Census of Population and Housing, including data for small geographic areas
 - an established cycle of Aboriginal and Torres Strait Islander-specific surveys as part of the ABS Household Survey Program to provide Aboriginal and Torres Strait Islander statistics on a three-yearly basis and an annual series of Aboriginal and Torres Strait Islander labour force estimates
 - producing publications related to improving methods for Aboriginal and Torres Strait Islander statistics (for example, AIHW [(2012, 2013)] examines the identification of Aboriginal and Torres Strait Islander clients in a number of community services and health data collections and makes a number of recommendations for jurisdictions to improve Indigenous data collection and ABS [2014] reviews the Indigenous Status Standard).

The (then) Ministerial Council on Aboriginal and Torres Strait Islander Affairs (MCATSIA) commissioned work to identify methodological issues in Aboriginal and Torres Strait Islander 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 Aboriginal and Torres Strait Islander population statistics from CAEPR, constructed around four projects:

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

Working Papers related to these projects are released as part of the CAEPR Working Paper Series (for example, CAEPR 2011) and the Indigenous Population Project Series: 2011 Census Papers (for example, Bath and Biddle 2013; Biddle 2013a, 2013b, 2013c; Biddle and Markham 2013; Biddle, Yap and Gray 2013; CAEPR 2012, 2013).

In December 2007 and March 2008, COAG agreed to explicit targets for improving the lives of Aboriginal and Torres Strait Islander people, and in November 2008 established the NIRA, which incorporates the COAG Closing the Gap targets and was last revised in November 2012 (COAG 2012). The NIRA provides an integrated framework for the task

of Closing the Gap, setting out the policy principles, objectives and performance indicators underpinning Closing the Gap and the specific steps governments are taking to meet the targets. The Steering Committee is committed to aligning relevant indicators in this Report with the Working Group on Indigenous Reform (WGIR) framework.

The Coordinator-General for Remote Indigenous Services (CGRIS) provided a biannual report to the Minister for Families Community Services and Indigenous Affairs. The first report was noted at COAG on 7 December 2009. COAG decided that the WGIR will provide a progress report to COAG on recommendations in the CGRS report. The first WGIR progress report was noted by COAG at its April 2010 meeting. COAG also committed to continuing its monitoring of progress of the National Partnership on Remote Service Delivery (COAG 2010). The ninth (and final) CGRIS report was released in January 2014 (CGRIS 2014).

Related Review performance measurement reporting

The Review undertakes three other major exercises for COAG:

- annual reporting of performance information relating to the *National Indigenous Reform Agreement* (NIRA) between the Australian Government and the states and territories to the Department of Prime Minister and Cabinet. The NIRA includes a mix of outcome measures and indicators of the performance of services
- a regular report on progress in overcoming Aboriginal and Torres Strait Islander Australians' disadvantage. The *Overcoming Indigenous Disadvantage: Key Indicators* (OID) focuses on priority outcomes for Aboriginal and Torres Strait Islander people. The reporting framework has two tiers of indicators 'COAG targets and headline indicators' for the longer term outcomes sought, and a second tier of 'strategic areas for change indicators' that are potentially responsive to government policies and programs in the shorter term. Six editions of the OID report have been published (SCRGSP 2014b)
- a biennial report on expenditure related to Aboriginal and Torres Strait Islander Australians. The *Indigenous Expenditure Report* (IER) estimates government expenditure on both Aboriginal and Torres Strait Islander-specific and mainstream services related to Aboriginal and Torres Strait Islander people. Three editions have been published (IERSC 2010, SCRGSP 2014b). The IER is aligned with the OID report framework, potentially enabling expenditure to be linked to outcomes.

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