
9 Benchmarking and Australia's Report on Government Services*

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9.1 The Review of Government Service Provision

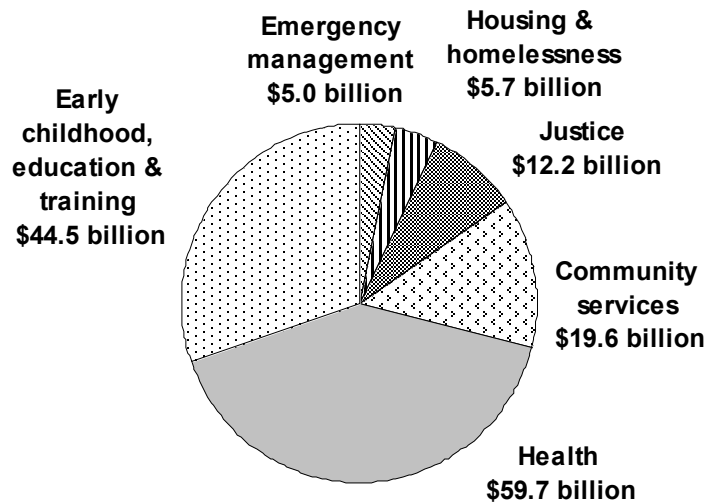
Every year Australia's governments cooperate in producing the Report on Government Services (RoGS), a comprehensive exercise in performance reporting across a wide range of services delivered by Australia's State and Territory governments. The range of services has grown since the first Report was published in 1995 and activities included in the 2011 Report amounted to almost \$150 billion, over two-thirds of total government recurrent expenditure, and were equivalent to about 12 per cent of Australia's gross domestic product (figure 9.1). It is a collaborative and consensual exercise in which the Commonwealth government plays a facilitative role rather than a directive or coercive one (see Fenna, this volume).

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Figure 9.1 **Estimated government recurrent expenditure on services covered by the 2011 Report**



Source: SCRGSP (2011), p. 1.8.

The Review of Government Service Provision (the Review) was established in 1993 by Heads of Government (now the Council of Australian Governments, or COAG) to provide comparative information on the efficiency, effectiveness and equity of government services across jurisdictions in Australia (SCRCSSP 1995). The Steering Committee's *Report on Government Services* (RoGS) commenced during what is now regarded as a transforming era of economic reform in Australia (Banks 2002).

During the 1980s and the 1990s, Australia underwent wide-ranging economic reform, including changes to monetary and fiscal policies, capital markets, industry assistance, taxation, regulation, labour markets and industrial relations, and innovation and training. These changes produced greater economic flexibility, improved efficiency and a more outward looking, opportunity-focussed business culture. They also yielded significant productivity dividends: through the 1990s productivity cycle, Australia's multi-factor productivity growth surged to an all-time high, averaging 2.1 per cent a year, three times our long-term average rate of 0.7 per cent (PC 2011).

Recognising the gains to the community from these extensive reforms within the 'private', or market, economy, governments realised that there were also large potential gains from improving the productivity of the public sector. But reform was challenging in areas for which there was no competitive market, and where criteria such as access and equity are particularly important. Australian governments recognised that the federation provided the opportunity to pursue reform by

comparing performance and learning from what other jurisdictions were doing and how they were doing it.

At their best, federal systems constitute a ‘natural laboratory’, in which different policy or service delivery approaches can be observed in action, providing the opportunity for learning about what works and what does not (see Fenna, this volume). Also, where one jurisdiction develops a successful new approach, other jurisdictions can adopt that approach at less cost than starting from scratch. However, taking advantage of diversity within a federal system requires an effective means of learning about and spreading successes — and, just as importantly, identifying and terminating failures (Banks 2005).

In 1991, Heads of Government accordingly requested the Industry Commission (predecessor of the Productivity Commission) to assist a Steering Committee of senior officials to set up a national system of performance monitoring for Government Trading Enterprises (GTEs) in the electricity, gas, water, transport and communication sectors (SCNPMGTE 1992). The resulting series of reports, known as the ‘red books’, stimulated substantial GTE reform, with significant economic pay-offs. The sweeping nature of these reforms, including the privatisation of many GTEs, ultimately led the Steering Committee to recommend its own disbandment in 1997 — although some further monitoring of the performance of GTEs has been conducted by the Productivity Commission as part of its general research program (see PC 2008).

Following the success of the ‘red books’ in encouraging GTE reform, with significant benefits for the Australian community, Australian governments recognised the potential to apply a similar performance reporting regime to government-provided services. These services not only accounted for a significant share of GDP, they were often provided to the most vulnerable members of the community. Even modest improvements in effectiveness and efficiency promised significant economic and social pay-offs. As the first report noted:

Improvements in the provision of these social services could benefit all Australians. The clients of the services could benefit by receiving services that are more relevant, responsive and effective. Governments could benefit by being encouraged to deliver the kinds of services that people want in a more cost effective manner. Taxpayers too could benefit from being able to see, for the first time in many cases, how much value they are receiving for their tax dollars, and whether services being provided effectively. (SCRCSSP 1995)

The creation of the Review in July 1993 established a systematic approach to reporting comparative data on the effectiveness and efficiency of government services. The original terms of reference are presented in box 9.1. These terms of reference were reaffirmed and extended by COAG in late 2009 (see attachment A).

Box 9.1 Key elements of original terms of reference

The Review, to be conducted by a joint Commonwealth/State and territory Government working party, is to undertake the following:

- Establish the collection and publication of data that will enable ongoing comparisons of the efficiency and effectiveness of Commonwealth and State government services ... this will involve:
 - establishing performance indicators for different services which would assist comparisons of efficiency and effectiveness. The measures should, to the maximum extent possible, focus on the cost effectiveness of service delivery, as distinct from policy considerations that determine the quality and level of services.
- Compile and assess service provision reforms that have been implemented or are under consideration by Commonwealth and State Governments.

From the outset, the RoGS embraced a diverse range of services, including education, health, justice, public housing and community services. The report also adopted a comprehensive approach to reporting on performance. In an era when most discussion of government services focused on the level of *inputs*, RoGS emphasised the importance of agreeing on the objectives of a service, and then creating robust indicators to measure the effectiveness, efficiency and equity of the services designed to achieve those objectives. Over time, the report has increasingly focused on the *outcomes* influenced by those services.

The 2011 RoGS report contained performance information for 14 ‘overarching’ service areas, encompassing 23 specific services (box 9.2).

RoGS’ coverage and scope have grown over time — the first report in 1995 addressed ten service sectors (*italicised* in box 9.2). Most recently, reporting on juvenile justice has been progressively introduced (as part of protection and support services) following a request from the Australasian Juvenile Justice Administrators. A mix of policy and pragmatism has guided the selection of service areas for reporting. Services are included that:

- make an important contribution to the community and/or economy (meaning there are potentially significant gains from improved effectiveness or efficiency)
- have key objectives that are common or similar across jurisdictions (lending themselves to comparative performance reporting)
- have relevant data collections, or data that could be collected relatively simply and inexpensively.

Box 9.2 Scope of RoGS 2011 vs RoGS 1995 (*italicised*)

Early childhood, education & training	<ul style="list-style-type: none">– Children’s services– School education<ul style="list-style-type: none">... <i>Government schools</i>... Non-government schools– <i>Vocational education and training</i>
Justice	<ul style="list-style-type: none">– Police services– <i>Court administration</i>– <i>Corrective services</i>
Emergency management	<ul style="list-style-type: none">– Fire, ambulance and road rescue services
Health	<ul style="list-style-type: none">– <i>Public hospitals</i>– Primary and community health– Breast cancer detection and management, and specialised mental health services
Community services	<ul style="list-style-type: none">– Aged care services– Services for people with disability– Protection and support services<ul style="list-style-type: none">... Child protection... Supported accommodation– Juvenile justice
Housing & homelessness services	<ul style="list-style-type: none">– Housing<ul style="list-style-type: none">... Public & community housing... Indigenous community housing... State owned and managed Indigenous housing... Commonwealth Rent Assistance– Homelessness services

Sources: SCRCSSP 1995; SCRGSP 2011.

Benchmarking and yardstick competition

The term ‘benchmarking’ can be used generally to refer to any process of comparison, but it also has a more technical meaning, implying specific steps and structured procedures designed to identify and replicate best practice (Vlasceanu *et al* 2004; Fenna, this volume).

RoGS does not establish benchmarks in the formal sense of systematically identifying best practice. Although some performance indicators are expressed in

terms of meeting particular standards (for example, measures of accreditation or clinically appropriate waiting times), most indicators have no explicit benchmark. That said, the information in the report can assist users to set their own benchmarks — in practice, the best jurisdiction’s performance, or the Australian average, may be treated as implied ‘benchmarks’.

There are sound reasons for RoGS’ focus on providing comparative information rather than formal benchmarking. From a policy perspective, it would be difficult for an inter-jurisdictional Steering Committee to come to a collective agreement on each other’s jurisdictions (see discussion below on the intergovernmental framework). More practically, the additional time required to analyse the large quantity of information contained in RoGS would significantly delay governments’ access to data needed in the budget cycle.

Further, any comparison of performance across jurisdictions requires detailed analysis of the potential impact of differences in clients, geography, available inputs and input prices. For example, a measure that shows relatively high unit costs in one jurisdiction may indicate inefficient performance, or may reflect better quality service, a higher proportion of special-needs clients or geographic dispersal. Across virtually all the services in the report, unit costs for the Northern Territory are significantly higher than for other jurisdictions, largely reflecting its relatively small and dispersed population, and high proportion of Indigenous Australians facing particular disadvantage. (That said, the Northern Territory still uses the report to compare other aspects of performance with the other jurisdictions, and to assess trends in unit costs over time).

To assist readers to interpret performance indicator results, the report provides information on some of the differences that might affect service delivery, including information for each jurisdiction on population size, composition and dispersion, family and household characteristics, and levels of income, education and employment. (Report content is discussed below). However, the report does not attempt to adjust reported results for such differences. Users of the report will often be better placed to make such judgments. As an aside, the methodology developed by the Commonwealth Grants Commission to allocate Commonwealth Government grants among the states and territories applies adjustment factors to account for the different costs of providing services in different jurisdictions (CGC 2010). These adjustment factors are contentious and subject to ongoing debate and refinement (see Banks, Fenna and McDonald this volume).

Productive vs unproductive competition

The maxim that ‘what gets measured gets managed’ is a particular issue when reporting on the provision of government services. The paucity of outcome and cost effectiveness indicators creates a risk that undue emphasis will be placed on necessarily partial input and output indicators. As competitive pressures mount (for example, where financial rewards or penalties are based on reported performance) so do the risks of goal displacement (chasing the proxy measure, rather than the desired outcome), or manipulation of data (see Fenna, this volume).

From the outset, the Steering Committee responsible for the RoGS has sought to manage such risks. The structure of the Review of Government Service Provision (see discussion below on governance arrangements) involves a consultative approach to identifying service objectives and indicators, ensuring reporting is appropriate and balanced. The RoGS performance indicator framework emphasises the importance of considering all aspects of performance and explicitly identifies any significant gaps in reporting. To encourage readers to seek out indicator detail (including data caveats and relevant and context), the Steering Committee has resisted summary ‘traffic light’ or ‘dashboard’ approaches to presentation.

Finally, the Steering Committee places considerable weight on reporting high quality data. Reporting aligns with nationally agreed data definitions and draws on data collected and verified by national statistical agencies wherever possible. At a minimum, all data have been endorsed by the contributor and subjected to peer review by a working group made up of representatives of relevant line agencies from all jurisdictions.

Synergies with other national reporting exercises

A number of the services included in RoGS are subject to other performance measurement exercises, typically at a sectoral level. For example, relevant Ministerial Councils commission annual national reports on schools and hospitals (MCEEDYA 2008; AIHW 2010). It would be a concern if RoGS merely duplicated information reported elsewhere (although once data are collected, the marginal cost of reproducing them in different reports for different purposes or different audiences is minimal.) However, RoGS has several features that distinguish it from other reports.

First, a Steering Committee of senior officials from central agencies sets it apart from most other national reporting exercises, which are driven by line agencies or data agencies. The content and approach of RoGS have been strongly influenced by the Steering Committee’s priorities, for example:

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- *making use of available data* — data are reported for those jurisdictions that can (or are willing) to report, rather than waiting for completeness or unanimity. Experience has shown that once a few jurisdictions report, other jurisdictions soon follow suit
 - *no jurisdictional veto* — a jurisdiction can withhold its own data from publication but cannot veto the publication of another jurisdiction's data (unlike some Ministerial Council publications)
 - *providing policy makers with timely data* — even where there may be a trade-off with data quality. The following general test is applied: 'are policy makers better off with these data (even qualified) than no data at all'. Of course, data that are likely to mislead are not reported, and imperfect data are caveated in the report. Publication increases scrutiny of the data and tends to encourage improvement in data quality over time
 - *producing an accessible report* — the report is aimed at a non-technical audience. Indicators are designed to be intuitive and non-ambiguous, and explained in lay terms.

Second, RoGS reports on the various service areas according to a consistent, structured framework in a single, annual report (see below). In addition to providing a convenient resource for people interested in more than one service area, this approach has strategic and practical benefits. Strategically, experience has shown that jurisdictional 'winners' and 'losers' tend to vary across the reported services, making it easier for Steering Committee members to 'hold the line' on reporting in those areas where their jurisdiction performs relatively poorly. More pragmatically, having working groups and data providers working to the same timetable creates 'positive pressure' for both timeliness and continuous improvement.

Third, unlike many sectoral reports, RoGS explicitly addresses all dimensions of performance — equity and efficiency, as well as effectiveness. Data are gathered from a range of sources for each service area, to ensure all dimensions are covered (including Secretariat collections to address data gaps). Often, data are recast into agreed performance indicators, involving the transformation or further disaggregation of data published elsewhere. As noted, the report also identifies any gaps in reporting, alerting readers to aspects of performance not currently measured, and placing pressure on departments and data agencies to improve data collection.

9.2 The intergovernmental framework

As noted, RoGS' original mandate came from an explicit agreement of heads of government in 1993 (box 9.1). In December 2009, following a high level review,

COAG (2009) agreed that RoGS should continue to be the key tool to measure and report on the efficiency and effectiveness of government services. COAG endorsed new, expanded, terms of reference for the Steering Committee and the RoGS, and a charter of operations formalising many of the existing Steering Committee operating principles (attachments A and B respectively). COAG also noted the complementary role of the COAG Reform Council, analysing and reporting on National Agreement outcomes and performance benchmarks (see Banks, Fenna and McDonald, this volume; O’Loughlin, this volume).

Purpose and audience

As the terms of reference make clear, RoGS is primarily a tool for government — although the 2009 review confirmed public accountability as an important secondary purpose.

Performance measurement can promote better outcomes, first by helping to clarify government objectives and responsibilities, and then by making performance more transparent, enabling assessment of whether and how well program objectives are being met. Well-structured performance measurement, with a comprehensive framework of indicators, provides a means of widening the focus from resourcing to the efficient and effective use of those resources. It can also encourage analysis of the relationships between programs, assisting governments to coordinate policy within and across agencies.

Comparative performance reporting offers three additional advantages. It allows governments, agencies and clients to verify high performance. The identification of successful agencies and service areas provides opportunities for governments and agencies to learn from counterparts delivering higher quality or more cost-effective services. And ‘yardstick competition’ can generate pressure for improved performance (see Fenna, this volume).

Surveys of users of the report have identified that RoGS is used for strategic budget and policy planning, and for policy evaluation. Information in the report has also been used to assess the resource needs and resource performance of departments. And it has been used to identify jurisdictions with whom to share information on services (SCRGSP 2007).

Governance arrangements have been pivotal

The Review's governance arrangements drew on the innovative model developed for the GTE (red book) process, and have played a key role in the success of the RoGS. Two particular design features have been instrumental:

- the combination of top-down policy with bottom-up expertise
- the independence of the Steering Committee's chairman and secretariat.

Top-down policy, bottom-up expertise

The first key design feature is the combination of 'top-down' authority exercised by a Steering Committee of senior officials from central agencies, with 'bottom up' expertise contributed by line agency working groups.

The Steering Committee comprises senior representatives from the departments of first ministers, and treasury and finance. It provides high-level strategic direction, as well as the authority and drive required to encourage services to report transparently on performance. There have been many instances where the Steering Committee's whole-of-government perspective has been crucial in resisting the short term imperatives that can, at times, dominate line agency priorities.

The Steering Committee has often been a 'first mover' in identifying gaps in reporting and pressing for the development of related performance indicators. The Steering Committee pioneered the inclusion of data on the user cost of capital in financial data reporting, for example, and was instrumental in encouraging the introduction of nationally comparable learning outcomes. The Steering Committee has also ensured that important indicators continue to be reported despite occasional reluctance from line agencies (for example, elective surgery waiting times by urgency category and court administration backlogs).

Working groups comprise senior line agency experts. They provide necessary subject area expertise, and ensure the report is grounded in reality. Cross membership of working groups and related parallel groups (such as Ministerial Council committees and COAG working groups) has helped RoGS to remain aligned with governments' strategic and policy priorities.

An independent chair and secretariat

The second key design feature is the independence of the principal governance arrangements. Although a Commonwealth Government authority, the Productivity Commission operates under a statute that enables it to act independently of the

interests of any jurisdiction, portfolio or data provider. In its work, the Commission has acquired a reputation for impartiality and transparency, as well as for rigorous analysis directed at enhancing the interests of the community as a whole.

The Commission's 'honest broker' status helped neutralise early concerns that the exercise would be dominated by the Commonwealth government and imposed upon State governments. Having an impartial Chairman and secretariat has helped foster a collaborative and cooperative environment, and facilitated consensus decision-making on potentially contentious issues.

Over time, the work of the Steering Committee and its secretariat has expanded to produce other reports for COAG, including the *Overcoming Indigenous Disadvantage* report, National Agreement performance reporting and the *Indigenous Expenditure Report*, creating useful synergies. (All Steering Committee reports are available from the Review website at: www.pc.gov.au/gsp). The broader inquiry and research work of the Productivity Commission in turn has benefited from the Secretariat's performance reporting expertise.

9.3 The RoGS approach to reporting

Report content

The main focus of RoGS is information on comparative performance, but RoGS also provides a range of additional material to assist users to interpret the performance data. The report includes introductory chapters that explain the approach to performance reporting and recent developments in the report.

A sector preface introduces each set of related chapters (that is, 'early childhood, education and training'; 'justice'; 'health'; 'community services' and 'housing and homelessness'). Each preface provides an overview of the sector and any cross-cutting or interface issues, and reports some high level performance information.

Each chapter provides a profile of the relevant service area, including a discussion of the roles and responsibilities of each level of government, and a statement of the agreed service objectives. Some general descriptive statistics about the service area are provided as context. Each chapter also includes one page for each jurisdiction to comment on their reported performance or highlight policy and program initiatives. This has provided a useful 'safety valve', allowing jurisdictions to provide their own interpretation of reported results, or steps being taken to improve performance, in circumstances where they may otherwise have withdrawn their data.

A statistical appendix provides further information to assist the interpretation of the performance indicators presented in the report, including information on each jurisdiction’s population, family and household characteristics, income, education and employment, and explanations of statistical concepts used in the report.

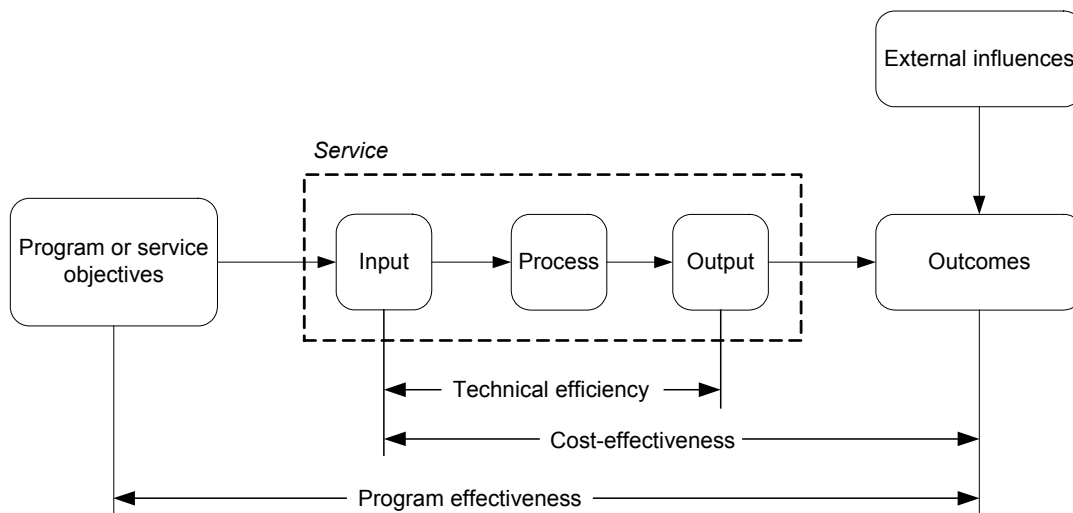
The performance indicator framework

The Steering Committee has developed a generic performance indicator framework that is applied to all services areas in RoGS, although individual service areas may tailor the framework to reflect their specific objectives or to align with other national reporting frameworks.

The RoGS general framework reflects the ‘service process’ by which service providers transform inputs (resources) into outputs (services), in order to achieve agreed objectives. Figure 9.2 identifies the following aspects of the service process:

- program effectiveness (the achievement of objectives)
- technical efficiency (the rate of conversion of inputs to outputs)
- outcomes (the impact of services on individuals or the community).

Figure 9.2 **Service process**



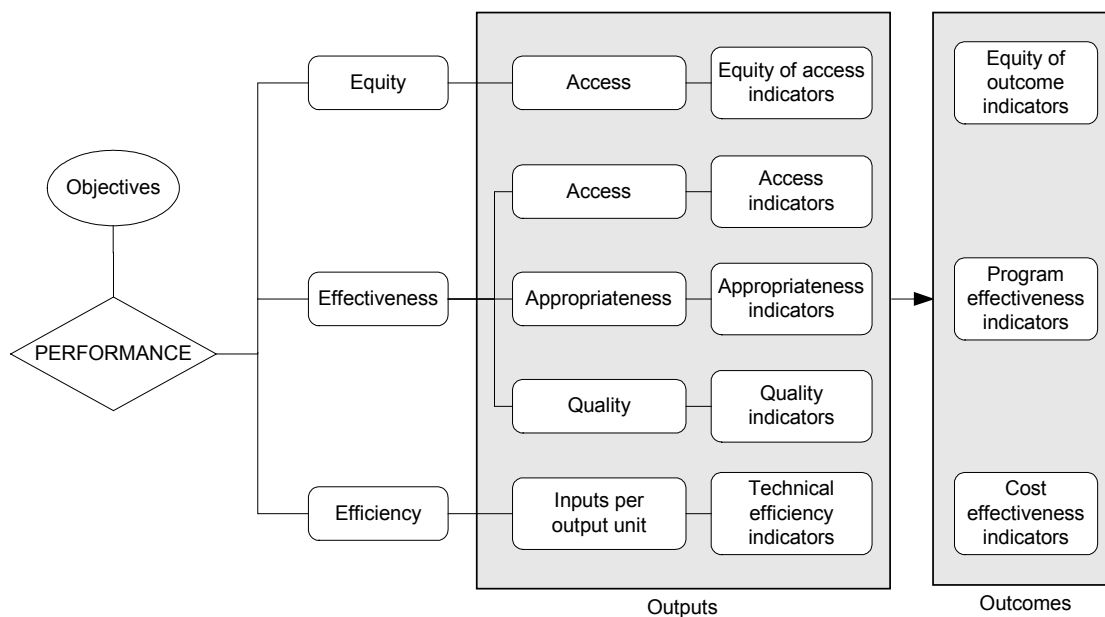
Source: SCRGSP (2011), p. 1.14.

The indicator framework

The indicator framework has evolved over time. The current general performance framework is set out in figure 9.3.

The original framework was based on effectiveness and efficiency; it did not separately identify equity, or clearly distinguish outputs and outcomes. The current framework highlights the importance of outcomes, even though these are typically difficult to measure. It is also difficult to isolate the specific impact of government services, given other influences outside the control of service providers (Fenna, this volume). The Steering Committee acknowledges that services provided by government may be only one contributing factor to outcomes and, where possible, RoGS includes information on other factors, including different geographic and demographic characteristics across jurisdictions. The performance indicator framework therefore includes information on outputs — the services actually produced — as proxies for outcome measures, where evidence suggests a direct link between those outputs and the objectives of the service. Output information is also necessary to inform the management of government services, and is often the level of performance information of most interest to service users.

Figure 9.3 **General performance indicator framework**



Source: SCRGSP (2011), p. 1.13.

The indicator framework groups output indicators according to the desired characteristics of a service, including:

- *Efficiency indicators* — measures of how well organisations use their resources, typically being measures of technical efficiency (that is, (government) inputs per unit of output).
- *Effectiveness indicators* — measures of whether services have the sorts of characteristics shown to lead to desired outcomes:

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- access (availability and take-up of services by the target population)
 - appropriateness (delivery of the right service)
 - quality (services that are fit for purpose, or measures of client satisfaction).
 - *Equity indicators* — measures of access for identified ‘special needs groups’, including Indigenous Australians, people with disability, people from culturally diverse backgrounds, people from regional and remote locations and, depending on the service, particular sexes or age groups.

An ‘interpretation box’ for each indicator provides the definition of the indicator measure, advice on interpretation of the indicator, any data limitations, whether the reported measures are complete and/or fully comparable. Where data are not directly comparable, appropriate qualifying commentary is provided in the text or footnotes. Where data cannot be compared across jurisdictions, time series data allows the assessment of a jurisdiction’s performance over time.

Cross-cutting and interface issues

Governments are increasingly focused on achieving outcomes that involve more than one service area. For example, increases in the proportion of older people in the population are raising demand for aged care and disability services, with an emphasis on coordinated community services that limit the need for entry into institutional care. Similarly, access to effective community services may influence outcomes for clients of education, health, housing and justice sector services.

Although these issues are difficult to address in a report structured by service area, the Steering Committee has tried to break down the service-specific ‘silos’ through innovations such as a ‘health management’ chapter (which reports on management of diseases, illnesses and injuries using a range of services (promotion, prevention/early detection and intervention) in a variety of settings (for example, public hospitals, community health centres and general practice). It has also enhanced section prefaces with high-level measures of sector-wide performance, and provided extensive cross-referencing throughout the report.

Production processes

Publication

RoGS currently consists of an annual, two-volume hard copy publication containing the chapters, prefaces and appendix, supported by electronic data attachments

available through the Review website. (The chapters, prefaces and appendix are also available electronically). The Steering Committee has considered moving to solely electronic publication but key users prefer receiving hard copies.

Timetable

The current publication date, at the end of January each year, was agreed by the Steering Committee to maximise the potential for RoGS to inform the annual budget cycle. To meet the publication date, working groups and the Secretariat follow the timetable outlined in box 9.3. Jurisdictions comment on two drafts of the report before sign-off.

Box 9.3 Report on Government Services timetable

- March — working groups agree on strategic plans for next (and future) reports
- April — Steering Committee endorses strategic plans
- June/July — working groups agree on content of next report
- End-July — Secretariat finalises data manuals and circulates data requests
- August — Steering Committee agrees on developments for next report
- End-September — Data deadline (subject to agreed extensions)
- End-October — Secretariat circulates working group draft
- November — working groups comment on working group draft
- End-November — Secretariat circulates Steering Committee draft
- Early-December — Steering Committee comments on Steering Committee draft
- Mid-December — Secretariat circulates final draft for sign off out of session
- January — Secretariat finalises report and manages printing and distribution
- End-January — Report published

Data management

Data for RoGS are collected from some 200 data providers, largely using Excel spreadsheets. These data are then stored and manipulated using a customised database, developed for the 2004 RoGS. With recent improvements in information technologies there is scope to modernise RoGS data collection, manipulation and reporting, although this would require a significant one-off investment in updating systems.

Costs versus benefits?

The costs of producing the RoGS are significant. They include not only the Secretariat's costs (approximately \$2.8 million, mostly for staff), but also those of government agencies (19 Steering Committee members and 180 working group members) and over 200 data providers. Although a formal cost–benefit analysis has not been undertaken, there is plenty of circumstantial evidence that the information in RoGS has played a significant role in informing policy improvements across a broad range of services. Given the economic and social importance of the services covered by RoGS, even relatively small improvements in their effectiveness or efficiency would be expected to far outweigh the cost of producing it.

9.4 Conclusions and some lessons

How successful?

Looking back over its 15-year history, the review could lay claim to being one of the success stories of cooperative federalism in Australia. It has proven an effective vehicle for delivering agreement across governments about what matters for performance, and for the collection and publication of robust data to inform performance comparisons. This achievement has been remarkable on a number of fronts — not least the ongoing commitment of heads of government to the production of what is effectively an annual 'report card' on their performance across an array of politically sensitive services.

The fact that RoGS does not include overt analysis or recommendations makes it difficult to draw direct links to specific policy or program reforms. However, there is extensive circumstantial evidence that the information in RoGS has played a significant role in informing policy development across a broad range of services. To take some examples:

- In the education sector, the Steering Committee was instrumental in the introduction of standardised national testing of student learning outcomes, the results of which are now galvanising education departments around Australia.
- In the health sector, RoGS reporting illustrated the beneficial impact of the introduction of 'case mix' funding by Victoria on the average cost of hospital separations. Over time, other jurisdictions introduced some form of activity based costing of hospital services, and the approach is now being adopted at a national level.

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- In the justice sector, RoGS reporting illustrated the significant efficiency gains associated with Victoria's use of electronic courts for minor traffic infringements, which soon spread to other jurisdictions.
 - In the community services sector, the Steering Committee was instrumental in developing and reporting Indigenous 'potential populations' for disability services, demonstrating that the previous unadjusted population rates significantly overstated Indigenous peoples' access to services relative to their level of need.
 - In the housing sector, development and reporting of comparable data for mainstream and Indigenous-specific social housing (an ongoing task) has highlighted the potential for differential standards for essentially similar services.

Channels of influence

RoGS appears to have influenced policy and encouraged improvements in government service delivery through four broad mechanisms or channels.³

First, governments have benefited simply from having to respond to the information requirements of the RoGS process. Particularly in its early years, RoGS drove significant improvements in basic management information. In order to provide data to RoGS, many services had to upgrade their rudimentary information systems.

The Steering Committee's reporting framework also forced all jurisdictions to clarify and agree on the objectives of each government service, and to define how 'success' would be measured. This was a challenge for many service sectors, with sometimes-heated debates over the appropriate role of government; for example, whether the objective of children's services was to facilitate parents' labour market participation, or to promote the development of children.

Steering Committee and working group meetings also provide regular opportunities for the informal sharing of information. Members share experiences of reforms and assist each other to improve data and its analysis. Members have often gone on to collaborate outside formal RoGS processes, to the mutual benefit of their jurisdictions.

A second, related source of benefit has been the opportunity for each government to learn more about their *own* jurisdiction. Steering Committee members report that

³ More information and specific examples can be found in chapter 2 and appendix B of the Productivity Commission's Annual report (PC 2010).

peer pressure through the Review often has aided them in extracting information from line agencies that previously had not been obtainable. More generally, the Steering Committee/working group structure has contributed to better two-way understanding, within each government, of both central agency strategic priorities and line agency constraints and capabilities.

Third, governments and citizens have benefited from what they have learnt about the performance of other jurisdictions. Typically, ministers and senior executives in all jurisdictions are briefed on the performance of their portfolios and agencies before the release of each report. Service areas are often required to justify perceived ‘underperformance’ relative to their counterparts in other jurisdictions. Further, comparative data from RoGS are cited extensively within Australia’s eight parliaments and in parliamentary committees; are drawn on in performance audits by the federal and State audit offices; and are cited in policy review documents

Fourth, RoGS has become a key accountability tool and a resource that is also utilised outside government. Each year, the report receives extensive media coverage, disseminating its information to a wide audience. This in turn tends to generate public pressure for governments to justify perceived poor performance, and to improve performance over time. The iterative nature of RoGS has contributed to better understanding of the information by the media and improvements in responsible (or ‘accurate’) reporting over time.

Information in RoGS is also drawn on by many community groups, both for advocacy purposes, and as a tool for assessing their own performance where they deliver services on behalf of governments. (The Steering Committee has recently endorsed a proposal from Monash university academics to partner with the Secretariat to investigate the use of RoGS by the non-government sector, initially focusing on members of the Victorian Council of Social Services.) There is also widespread use of RoGS by government researchers, university academics and consultants, across a wide range of disciplines.

Some key contributors to this success

This paper has already identified several aspects of the ‘design’ and operation of the Review that have contributed to its effectiveness and longevity. The most notable are a governance structure that allows the strategic direction of the review to be set by senior officials of central agencies, with the benefit of line agency expertise; and a chair and secretariat that are independent of the interests of any jurisdiction, portfolio or data provider.

The Review has also benefited from the close involvement of Australia's national data agencies, the Australian Bureau of Statistics and the Australian Institute of Health and Welfare. Comparative performance reporting for many services was facilitated by the existence of mandatory National Minimum Data Sets, established as part of the system of financial transfers between the Commonwealth Government and the states and territories (see Banks, Fenna and McDonald, this volume). That said, there are still many significant data gaps, and a need for governments to fund the evidence base that we need to compare performances across the federation (Banks 2009). An important recent initiative in this direction is the allocation of additional funding for a new performance reporting framework for schools and hospitals (the 'MySchool' and 'MyHospital' programs). The then Minister for Education (now Prime Minister), Julia Gillard, noted in endorsing the new schools framework:

It is my strong view, that lack of transparency both hides failure and helps us ignore it...And lack of transparency prevents us from identifying where greater effort and investment are needed' (Gillard 2008).

Another factor has been the development of a performance indicator framework based on a 'service process' model. Reporting consistently across a wide range of services in a single report has facilitated the cross-fertilisation of ideas, and made it easier for Steering Committee members to 'hold the line' in areas where their jurisdiction's service performance looks relatively poor. It has also created peer pressure to maintain timeliness and improve reporting.

Room for improvement

With its ethos of performance improvement, the Review is acutely aware of the need for continuous improvement in its own work. The Steering Committee, working groups and Secretariat undertake an annual strategic planning process to evaluate their own performance and identify scope to enhance processes and report content. The Steering Committee regularly surveys report users as to their satisfaction with RoGS and ideas for improvement (SCRGSP 2007).

Most recently, the Steering Committee has benefited from the findings of the 2009 review of RoGS (COAG 2009), which, among other things, recommended new terms of reference (see attachment A).

Highlighting improvement and innovation in service delivery

As noted, there is circumstantial evidence that the comparative data in RoGS help drive improvements in service delivery. However, the links between those data and reforms to service delivery can be indirect, and are rarely acknowledged publicly.

Governments have been seeking a mechanism by which comparative performance reporting can drive reform more directly. The review of RoGS recommended that the Steering Committee should highlight improvements and innovations in service delivery by selecting a small number of subjects to be developed as case studies — what Fenna (this volume) describes as the ‘qualitative dimension of benchmarking’. This reinforces an aspect of the original terms of reference — ‘to compile and assess service provision reforms’ — that lost impetus after an initial burst of enthusiasm. The Steering Committee has agreed to include ‘mini case studies’ in RoGS, and to consider undertaking more substantial research into improvements and innovations in service delivery.

Some final comments

The competitive and cooperative dimensions of Australia’s federal system both have roles to play in helping address the significant policy challenges that lie ahead, including population ageing and increasing demands for more, and better quality, health, education and community services.

The RoGS has proven an effective and enduring mechanism for harnessing these competitive and cooperative dimensions to benefit Australia’s community.

Notwithstanding many improvements over the years, there is considerable scope for further reform in government service provision. The Productivity Commission’s report for COAG on the benefits of the National Reform Agenda suggests that reforms in human services and other policy areas bearing on human capital development could yield gains as substantial as those from earlier, competition-related reforms (PC 2006). The publication of comparable performance data across Australia’s jurisdictions has a significant role to play in facilitating those reforms.

Attachment A Terms of reference

Steering Committee terms of reference

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| (1) The Steering Committee for the Review of Government Service Provision (the Steering Committee) was established by the Council of Australian Governments (COAG) and comprises representatives of the Commonwealth, State and Territory governments. | Constitution and authority of Steering Committee |
| (2) The Steering Committee will operate according to a Charter of Operations. | |
| (3) As an integral part of the national performance reporting system, the Steering Committee informs Australians about services provided by governments and enables performance comparisons and benchmarking between jurisdictions and within a jurisdiction over time. The Steering Committee and its working groups are supported by a Secretariat located within the Productivity Commission as a neutral body that does not represent any jurisdiction. | Objectives |
| (4) Better information improves government accountability and contributes to the wellbeing of all Australians by driving better government service delivery. To this end, the Steering Committee will: <ul style="list-style-type: none">i. measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the Report on Government Servicesii. produce and publish biennially the Overcoming Indigenous Disadvantage reportiii. collate and prepare performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council and the broader national performance reporting systemiv. initiate research and report annually on improvements and innovation in service provision, having regard to the COAG Reform Council's task of highlighting examples of good practice and performance perform any other related tasks referred to it by COAG. | Outputs |
| (5) The Report on Government Services and the Overcoming Indigenous Disadvantage report will be produced subject to additional terms of reference. | |

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Steering Committee terms of reference (continued)

- (6) To support the quality and integrity of these products, the Steering Committee will:
- i. ensure the integrity of the performance data it collects and holds
 - ii. exercise stewardship over the data, in part through participation in data and indicator development work of other groups that develop, prepare and maintain data used in Review reports, and through reporting outcomes of Steering Committee data reviews to authorities such as Heads of Treasuries and COAG, to ensure its long term value for comparisons of government service delivery, and as a research and evidence tool for the development of reforms in government service delivery
 - iii. ensure that performance indicators are meaningful, understandable, timely, comparable, administratively simple, cost effective, accurate and hierarchical, consistent with the principles for performance indicators set out under the Intergovernmental Agreement on Federal Financial Relations
 - iv. keep abreast of national and international developments in performance management, including the measurement and reporting of government service provision.
- (7) The Steering Committee's ability to produce meaningful comparative information requires timely access to data and information. All jurisdictions have committed to facilitate the provision of necessary data, either directly or via a data agency, to meet Steering Committee timelines and to ensure the Steering Committee can meet its obligations to COAG.
- (8) The Steering Committee will seek to maximise the accessibility to governments and the Australian community of the performance data it collects and collates, taking advantage, where appropriate, of developments in electronic storage, manipulation and publication of data. It will work with other government agencies in Australia undertaking similar work to ensure a consistent and best practice approach.

Data quality and integrity

Accessibility

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Steering Committee terms of reference (continued)

(9) The Steering Committee will also, subject to direction from COAG, and in recognition of its role in the broader national performance reporting framework:

Relationships
within the national
performance
reporting system

- i. have regard to the work program of the COAG Reform Council and provide such data as is required by the Council for the performance of its functions
- ii. align, insofar as possible, the data collected and indicators developed with those under the National Agreements, avoiding duplication and unnecessary data collection burdens on jurisdictions
- iii. drive improvements in data quality over time, in association with the Ministerial Council for Federal Financial Relations, the COAG Reform Council, other Ministerial Councils and data agencies.

Source: COAG 2010.

Report on Government Services terms of reference

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| <p>(1) The Steering Committee will measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the Report on Government Services (RoGS).</p> | <p>Outputs and objectives</p> |
| <p>(2) The RoGS facilitates improved service delivery, efficiency and performance, and accountability to governments and the public by providing a repository of meaningful, balanced, credible, comparative information on the provision of government services, capturing qualitative as well as quantitative change. The Steering Committee will seek to ensure that the performance indicators are administratively simple and cost effective.</p> | |
| <p>(3) The RoGS should include a robust set of performance indicators, consistent with the principles set out in the Intergovernmental Agreement on Federal Financial Relations; and an emphasis on longitudinal reporting, subject to a program of continual improvement in reporting.</p> | |
| <p>(4) To encourage improvements in service delivery and effectiveness, RoGS should also highlight improvements and innovation.</p> | |
| <p>(5) The Steering Committee exercises overall authority within the RoGS reporting process, including determining the coverage of its reporting and the specific performance indicators that will be published, taking into account the scope of National Agreement reporting and avoiding unnecessary data provision burdens for jurisdictions.</p> | <p>Steering Committee authority</p> |
| <p>(6) The Steering Committee will implement a program of review and continuous improvement that will allow for changes to the scope of the RoGS over time, including reporting on new service areas and significant service delivery areas that are jurisdiction-specific.</p> | |
| <p>(7) The Steering Committee will review the RoGS every three years and advise COAG on jurisdictions' compliance with data provision requirements and of potential improvements in data collection. It may also report on other matters, for example, RoGS's scope, relevance and usefulness; and other matters consistent with the Steering Committee's terms of reference and charter of operations.</p> | <p>Reporting to COAG</p> |

Source: COAG 2010.

Attachment B Charter of operations

Review of Government Services charter of operations

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| <p>(1) This charter of operations sets out the governance arrangements and decision making processes for the Steering Committee for the Review of Government Service Provision (the Steering Committee). It should be read in conjunction with the Council of Australian Governments (COAG)-endorsed terms of reference for the Steering Committee. Additional information on the Steering Committee's policies and principles can be found in the introductory chapters of relevant reports and the 'Roles and responsibilities of Review participants' document.</p> | Preamble |
| <p>(2) COAG established the Steering Committee in 1993, to produce ongoing comparisons of the efficiency and effectiveness of Commonwealth, State and Territory government services (through the Report on Government Services [RoGS]) and to compile and assess service provision reforms.</p> | History |
| <p>(3) In December 2009, COAG confirmed the RoGS should continue to be the key tool to measure and report on the productive efficiency and cost effectiveness of government services, as part of the national performance reporting system.</p> | |
| <p>(4) The Steering Committee comprises senior officials from the central agencies (First Ministers, Treasuries and Finance departments) of the Commonwealth, States and Territories. The Steering Committee is chaired by the Chairman of the Productivity Commission.</p> | Membership |
| <p>(5) In recognition of the value of expert technical advice, and the need for collaborative action, the Steering Committee may include observers from relevant data agencies.</p> | Observers |
| <p>(6) The Steering Committee and its working groups are supported by a Secretariat located within the Productivity Commission. The Secretariat is a neutral body and does not represent any jurisdiction.</p> | Secretariat |
| <p>(7) The Steering Committee may establish working groups, cross-jurisdictional or otherwise, to provide expert advice. Working groups typically comprise a convenor drawn from the membership of the Steering Committee and State, Territory and Commonwealth government representatives from relevant departments or agencies. Working group members should have appropriate seniority to commit their jurisdictions on working group matters and provide strategic policy advice to the Steering Committee.</p> | |

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Review of Government Services charter of operations (continued)

- (8) In recognition of the value of expert technical advice and close relationships with data development bodies and agencies, working groups may include observers from relevant data agencies or, where a data agency is not available, Ministerial Council data sub-committees. Furthermore, working groups may consult with data agencies or sub-committees, as appropriate, on technical issues requiring expert consideration. Working groups
- (9) Working groups may contribute to and comment on drafts of Steering Committee reports, and make recommendations to the Steering Committee on matters related to their areas of expertise.
- (10) Working groups are advisory bodies and do not endorse report content. As far as practicable, working groups adopt a consensus approach to making recommendations to the Steering Committee. Where working groups do not reach consensus, alternative views should be provided to the Steering Committee for decision.
- (11) As far as practicable, the Steering Committee adopts a consensus approach to decision-making. Where consensus is not reached, decisions are based on majority vote of Steering Committee members, with each jurisdiction's members having one joint vote. (Observers may not vote.) Should the Steering Committee be equally divided, the Chairman has a casting vote. Governance and decision-making arrangements
- (12) Steering Committee members from one jurisdiction may choose not to publish information relating to their own jurisdiction but may not veto the publication of information relating to other jurisdictions.
- (13) The Steering Committee may draw on the expert advice of its Secretariat, working groups and of specialist data and other organisations, but it is not bound by such advice.

Source: COAG 2010.

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