
2 Recent developments in the Report

2.1 Developments in reporting

This is the thirteenth 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.

Enhancements to the Report fall into two categories:

- the inclusion of new indicators and reporting against performance indicators for the first time
- improvements to the data reported against 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.

A new section of the Report, ‘Early childhood, education and training’ has replaced the previous ‘Education’ section and incorporates reporting on children’s services, which has been moved from the Community services section. This shift acknowledges the developmental continuum between children’s services and education, and the policy direction of Early Childhood Education and Care.

Descriptive material on juvenile justice services has moved from the Community services preface to the Protection and support services chapter in the 2008 Report. This is in recognition of the important role of juvenile justice services in assisting young people experiencing difficulties that involve contact with the criminal justice system.

Improvements in reporting for the 2008 Report

Early childhood, education and training

Major improvements to chapter 3 ('Children's services') include:

- the representation of special needs groups in child care services and the community is presented for children aged 0–5 and 6–12. Previous reports presented only the 0–12 age group
- performance of child care services' against the National Childcare Accreditation Council's quality principles related to health and safety replaces 'serious injuries' as an indicator of health and safety
- final data from the Australian Government's Census of Child Care Services conducted in 2006 is included this year. The 2007 Report included preliminary data from this source.

The scope of reporting in chapter 4 ('School education') has been enhanced by the inclusion of nationally comparable learning outcomes data for:

- 15 year old students achieving at or above level 3 on the international reading literacy assessment, 2006
- 15 year old students achieving at or above level 3 on the international mathematical literacy assessment, 2006
- students in vocational education and training in schools for 2005.

Data have also been provided for the first time for Indigenous learning outcomes by geolocation (at a national level only for 2005). These data provide important information on Indigenous students through further disaggregation of the national learning outcomes data.

This year, chapter 5 ('Vocational education and training') has been improved by:

- reporting on vocational education and training (VET) participation of 25-64 year olds
- reporting of enrolments by course level and qualifications by course level
- improved survey estimate reporting.

Justice

Development work continues in chapter 6 ('Police services'), chapter 7 ('Court administration') and chapter 8 ('Corrective services'). No significant improvements were introduced in this Report.

Emergency management

No significant improvements have been made to the performance indicators in chapter 9 ('Emergency management').

Health

The Health preface has been improved this year with the introduction of Indigenous health workforce data, including:

- Indigenous health workers and the Indigenous health workforce as a proportion of total health workforce by age group, sex and number
- Indigenous health workers as a proportion of the Indigenous population
- proportion of Indigenous persons employed in selected health-related occupations (reported for the first time).

In addition, mortality rates, age standardised for all causes (per 1000 people), have been reported for Indigenous and non-Indigenous people. Indigenous and non-Indigenous infant mortality rates, three year average (per 1000 live births), were also reported.

The scope of reporting in chapter 10 ('Public hospitals') has been improved this year with the introduction of hospital procedures indicators, which provide data on hospital separations with a procedure recorded by Indigenous status of the patient. This indicator is included in section 10.1 'Profile of public hospitals' and contains the following measures:

- separations with a procedure reported by principal diagnosis
- separations with a procedure recorded by jurisdiction
- separations with a procedure recorded by region.

In addition, the public hospital workforce sustainability indicators, which were new in the 2007 Report, have been expanded this year to provide more information about the age profile of the nursing and medical practitioner workforces. Data are reported for registered nurses and medical practitioners aged under 30; 30–39; 40–49; 50–59; and 60+ both by jurisdiction and by region.

The following improvements have been made in reporting in chapter 11 ('Primary and community health') in this Report:

- data are reported for a new indicator of equity of access, 'early detection and early treatment for Indigenous people'
- the inclusion of data for both Australian general practice accrediting bodies (data were previously available for only one accrediting body).

Several improvements have been made to chapter 12 ('Health management issues') this year, including:

- time series data on five year relative breast cancer survival rates
- BreastScreen Australia geographic location participation rates are reported within five Australian Standard Geographical Classification categories (major cities, inner regional, outer regional, remote and very remote) rather than the previous two categories ('metropolitan or capital city' and 'rural and remote or rest of State')
- public health expenditure on breast cancer screening has been refined to present expenditure on a per female aged 40 years and over basis, rather than a per person basis
- data for Indigenous people on levels of psychological distress (K5) have been included
- the following 'yet to be developed' indicators for mental health have been identified (it is expected that data for these indicators will be reported in the 2009 Report):
 - 'rates of community follow up for people within the first seven days of discharge from hospital
 - 'readmissions to hospital within 28 days of discharge.

Community services

In chapter 13 ('Aged care services'), additions and improvements this year include:

- reporting for the first time age specific approval rates for aged care services
- restructure of the 'funding' section, including provision of a summary table
- inclusion of two additional categories of experimental expenditure data, for State and Territory capital expenditure on residential aged care and additional State and Territory expenditure on Home and Community Care (HACC) services
- inclusion for the first time of expenditure data in relation to Multi-Purpose Services, Transition Care Program and Indigenous specific services

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- improved presentation of the indicator ‘use by different groups’
 - reporting for the first time on the indicator ‘long term aged care in public hospitals’
 - revision and improvement of the indicator ‘waiting times for residential care’.

Significant improvements to chapter 14 (‘Services for people with a disability’) include:

- jurisdictional data on people with a disability aged 0–49 years in residential aged care
- a new section on informal carers that reports data on the:
 - age distribution of carers of Commonwealth State Territory Disability Agreement service users, by geographic location
 - impact that the primary caring role has on informal carer’s labour force participation
- data on the proportion of people with a disability who had difficulty accessing government and other services as a result of their disability.

Several improvements to chapter 15 (‘Protection and support services’) have been made this year including:

- reporting on juvenile justice services has moved from the Community services preface to this chapter, in recognition of the important role of juvenile justice services in assisting young people experiencing difficulties that involve contact with the criminal justice system
- four jurisdictions are now reporting experimental results for the ‘pathways’ project, and indicative unit costs (program dollars per placement day) for out-of-home care services are reported for the first time for most jurisdictions
- a partial measure for the outcome indicator ‘Improved education, health and well being of the child’ is included in this Report.

Housing

Significant improvements to chapter 16 (‘Housing’) include:

- reporting of descriptive data for the Indigenous community housing and development of the Indigenous community housing performance indicator framework.

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 (for breast cancer detection and management) and the indicator has not been developed.
- Few outcome indicators relate directly to equity. This lack is emphasised by the framework's distinction between equity and access. Similarly, there are relatively few output indicators of equity or access.
- 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 the various aspects of service provision. There may be scope to improve the appropriateness or quality of currently reported indicators. For example, the 'quality' indicator for children's services has been improved for the 2008 Report by the replacement of 'serious injuries' with performance against the National Child Care Accreditation Council health and safety principles.

2.3 Progress with key data issues

The Review 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 Review's approach is to publish imperfect data with caveats. This approach allows increased scrutiny of the data and reveals the gaps in critical information, providing the foundation for developing better data over time. Table 2.1 summarises the time periods for data reported this year. The following is of particular note:

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- The indicators ‘employer engagement with VET’ and ‘employer satisfaction with VET’ report 2005 data in the 2008 Report as the survey of *Employers’ use and views of the VET system* is conducted biennially.
 - The most recent police services data on reporting rates is from 2005 for the 2008 Report. These data are sourced from the ABS national crime and safety survey which is currently conducted every three years.
 - All data for specialised mental health services are provided one year in arrears (that is, 2005-06 data for the 2008 Report).
 - There is significant scope for improving the timeliness of maternity services quality data.
 - ‘Children’s services’ data collected by the Australian Government’s Census of Child Care Services are collected every two years. Final data from the 2006 Census were available for this Report (preliminary data were reported in the 2007 Report). The ABS Child Care Survey is conducted every three years. The results from the 2005 survey were reported in the 2007 Report and are included again this year.
 - For public housing, community housing and state owned and managed Indigenous housing (SOMIH) in the ‘Housing’ chapter, the ‘location/amenity’ and ‘customer satisfaction’ data are reported for 2007, and the survey collections are conducted biannually. For community housing, the most recent data for ‘average turnaround time’ were for 2005-06 and the ‘total rent collected as a proportion of total rent charged’ are collected one year in arrears and so reported for 2005-06. Data for the Indigenous community housing are one year in arrears. Data for ‘proportion of households paying 25 per cent or more of their income on rent’ affordability indicator was for 2001. Latest available Commonwealth State Housing Agreement funding data were for the 2005-06 financial year.
 - Data on the ‘interval cancer rate’ in the breast cancer detection and management section of chapter 12 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.
 - Data for users of specialist disability services are provided one year in arrears (that is, 2005-06 data for the 2008 Report).
 - The Steering Committee anticipated that data for the Supported Accommodation Assistance Program (SAAP) for 2006-07 would be available for this Report (‘Protection and support services’ chapter). However, with the exception of 2006-07 financial data, and 2005-06 data on the demand for SAAP accommodation and turn-away rates (which updated 2004-05 data provided in the 2007 Report), new performance data were not available for this Report. Revised 2005-06 data are provided in the attachment tables to the 2008 Report.

Table 2.1 Time period of reported performance results, 2008 Report

<i>Service area/indicator framework</i>	2004 or 2004-05	Previous year (2005 or 2005-06)	Current year (2006 or 2006-07)
Early childhood, education and training			
Early childhood, education and training preface		School expenditure and highest non-school qualification	All others
Children's services		2005 Child Care Survey data	All others
School education		Learning outcomes and financial data	All others
VET		Number of VET qualifications completed (Skill profile); Employer engagement with VET and Employer satisfaction with VET	All others
Justice			
Police services		Victims of homicide; Reporting rates for selected major offences; Estimated total victims of crime; Land transport hospitalisations; Outcomes of court cases (Higher court cases)	All Others
Court administration			All
Corrective services			All
Emergency management			
Fire events		Fire deaths; Fire injuries	All others
Ambulance events			All
Road rescue events			All
Health			
Public hospitals		All others	Safety; Patient satisfaction
Maternity services	Perineal status after vaginal birth	All others	Caesareans and Inductions for selected primiparae; Vaginal delivery following previous primary caesarean; Apgar scores
Primary and community health	Cervical screening participation rates; Influenza vaccination coverage for older people	Availability of public dentists; Potentially preventable hospitalisations (for vaccine preventable, acute and chronic conditions); Hospitalisations for diabetes; Hospitalisations of older people for falls	All others
Breast cancer ^a			All
Mental health		All	
Community services			
Aged care services	HACC National service standards appraisal (conducted three yearly)	Proportion of long term separations for aged care patients in public hospitals; Aged care assessment unit costs	All others

Table 2.1 (Continued)

Services for people with a disability	Service users	All others
Child protection and out-of-home care	Substantiation/resubstantiation	All others
Juvenile justice	Average rates of detention and average population in juvenile detention	Supervision in community and detention centres
SAAP ^b	All others	Financial data
Housing assistance		
Public housing		All
State owned and managed Indigenous housing		All
Community housing	Rent collection rate	
Indigenous community housing	All	
Commonwealth Rent Assistance		All

ACAT = Aged care assessment teams. HACC = Home and Community Care. SAAP = Supported Accommodation Assistance Program. ^a Data for the 'interval cancer rate' rely on data matching and follow-up between cancer screening periods and between screening services and medical services. Such processes take a number of years, hence the marked lag in reporting. ^b Updated 2006-07 data (with the exception of financial data) were not available for the 2008 Report.

Comparability of data

Data are generally considered to be directly comparable when definitions, counting rules and the scope of measurement are consistent and 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 which indicators are reported on a comparable basis. Table 2.2 summarises the proportion of performance indicators in each service area with comparable data. Emergency management (20 per cent), child protection and out-of-home care (27 per cent), maternity services (30 per cent), and public hospitals (40 per cent) have the smallest proportions of indicators reported on a comparable basis.

Table 2.2 Indicators reported on a comparable basis, 2008 Report

<i>Service area/indicator framework</i>	<i>Indicators with data reported</i>	<i>Indicators reported on a comparable basis</i>	<i>Proportion comparable</i>	<i>Change since last year in number reported on a comparable basis</i>
	no.	no.	%	no.
Early childhood, education and training				
Children's services	18	12	63	1
School education	15	10	67	–
VET	14	11	79	–
Justice				
Police services	23	18	78	–
Court administration	6	3	50	–
Corrective services	11	10	91	–
Emergency management				
Fire events	10	2	20	–
Ambulance events	5	–	–	–
Road rescue events	–	–	–	–
Health				
Public hospitals	15	6	40	–
Maternity services	10	3	30	–
Primary and community health ^a	21	21	100	-2
Breast cancer	11	7	64	–
Mental health	8	4	50	–
Community services				
Aged care services	14	12	86	–
Services for people with a disability	13	7	54	–
Child protection and out-of-home care	15	4	27	–
SAAP	16	12	75	–
Housing				
Public housing	11	11	100	–
State owned and managed Indigenous housing	11	11	100	–
Community housing	10	2	20	2
Indigenous community housing	7	4	57	–
Commonwealth Rent Assistance	10	9	90	–

SAAP = Supported Accommodation Assistance Program. – Nil or rounded to zero. ^a Updated data were not available for two indicators that were included in the 2007 Report and this has resulted in a decrease in comparable indicators.

Changes to administrative data collections

The discontinuation of data sets and the commencement of reporting from new data sets have implications for performance reporting by the Review. Time series comparisons, scope, comparability and accuracy of data can be affected, as can the ability to develop performance indicators.

Review requirements are not necessarily a priority in the development or refinement 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. This delay is partly due to implementation problems that can affect data quality for several years. In other cases, collection of data is staged, so comprehensive data sets are not immediately available. 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.

Specialised mental health services

Mental health care NMDSs have been developed, covering public community mental health services and specialised psychiatric care for patients admitted to public and private hospitals. These data are collated by the Australian Institute of Health and Welfare (AIHW) and have replaced the National Survey of Mental Health Services (the source of national performance-related data prior to 2005-06). The aim is to mainstream data for mental health services, and there is a long term plan to restructure and combine mental health and broader health data sets. Limited data from the admitted patient mental health care NMDS are available (for separations and patient days) and are reported in the descriptive section of chapter 12 ('Health management issues').

Justice

The ABS is coordinating a National Information Development Plan (NIDP) for crime and justice statistics. 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 with reference to national data requirements. The NIDP lists priority areas for improving the quality, coverage and use of crime and justice information across Australia and provides a map of the work planned over the next three years.

Juvenile justice

The AIHW has developed a NMDS for juvenile justice. The third report of the juvenile justice NMDS covers the period 2005-06 and was released in August 2007.

A performance indicator framework for juvenile justice services is also being developed, and it is anticipated that performance information will be available in future Reports. Until these performance-related data are available, the 2008 Report continues to include descriptive information on juvenile justice.

Children's services

An 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 a working group established by the National Community Services Information Management Group, a subgroup of the Community and Disability Services Ministers' Advisory Council (CDSMAC). The AIHW has published the final report on the development of the NMDS. CDSMAC has funded a feasibility study into implementation of this set of data elements and this project is currently underway.

Aged care services

The HACC Minimum Data Set version 2 has been implemented and provides 2006-07 data for 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 (for asset measurement only, see 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 relevant 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, rather than cash 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.

Accrual accounting has assisted the Review in meeting its full costing principle, but has produced a break in the time series for financial data. Government finance statistics data published by the ABS since 1998-99 are based on accrual methods, but are not consistent with earlier data collected on the basis of cash accounting methods. As a general rule, care needs to be taken when comparing financial data in cases where some agencies adopted accrual accounting later than others.

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. A brief discussion of each of the issues follows.

Superannuation

The treatment of superannuation is a significant issue when measuring the unit cost for many services, because it often makes up a major component of overall costs and can be treated differently across services and jurisdictions. The Review researched the treatment of superannuation costs and developed approaches to improve the consistency of treatment of superannuation in cost estimates (SCRCSSP 1998a). The extent to which individual agencies consistently report actuarial estimates of superannuation costs depends on the respective jurisdictions' implementation of accrual accounting systems.

Table 2.3 Progress of unit cost comparability, 2008 Report

Service area/indicator framework	What is the accounting regime? ^a	Full cost to government			
		Is depreciation included?	Is the user cost of capital included?	Is superannuation included on an accrual basis?	Is payroll tax treated in a consistent manner?
Early childhood, education and training					
Children's services	Accrual	✓	x	✓	x
School education	Accrual	✓	✓	✓	✓
VET	Accrual	✓	✓	✓	✓
Justice					
Police services	Accrual	✓	✓	✓	✓
Court administration	Accrual	✓	x	✓	✓
Corrective services	Accrual	✓	✓	✓	✓
Emergency management					
Fire events	Accrual	✓	✓	x	✓
Ambulance events	Accrual	✓	✓	x	✓
Health					
Public hospitals	Accrual	✓	✓	✓	✓
Maternity services	Accrual	✓	✓	✓	✓
Primary and community health ^b	Accrual	..	..	..	..
Breast cancer	Accrual	x	x	x	x
Mental health	Accrual	x	x	✓	x
Community services					
Aged care services ^b	Accrual	..	..	..	✓
Services for people with a disability	Accrual	✓	x	✓	✓
Child protection and out-of-home care ^b	Accrual	✓	x	✓	✓
SAAP ^b	Accrual	..	..	..	..
Housing assistance					
Public housing	Accrual	✓	✓	✓	✓
State owned and managed Indigenous housing	Accrual	✓	✓	✓	✓
Community housing	Transition	✓	..	✓	✓
Indigenous community housing	Accrual	✓	✓	✓	✓
Commonwealth Rent Assistance ^c	Cash	..	..	..	..

SAAP = Supported Accommodation Assistance Program. ✓ = 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. ^a Accrual: the majority of jurisdictions have reported in accrual terms for the data in the 2008 Report. Transition: the majority of jurisdictions have not reported on either a pure cash or accrual basis. ^b Costs comprise mostly Australian Government transfer payments to private service providers or households. ^c 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.

Payroll tax

Payroll tax makes up a small but significant part of the cost of many government funded and delivered services. It is particularly significant for services with a high proportion of labour costs. Differences in the treatment of payroll tax therefore can affect the comparability of unit costs across jurisdictions and services. These differences include payroll tax exemptions, marginal tax rates, tax-free thresholds and clawback arrangements. Accounting for the effect of payroll tax can be particularly important for improving the comparability of the unit costs of private and public service providers where the tax treatment of the two types of organisation may differ.

The Steering Committee (SCRCSSP 1999a) recommended two approaches for managing the comparability of cost data affected by payroll tax issues:

- when the majority of services are taxable, include a hypothetical payroll tax amount in cost estimates for exempt services, based on the payroll tax liability had the service not been exempt from payroll tax
- when the majority of services are tax exempt, deduct the payroll tax amount from the costs of those government services that are taxable.

The Steering Committee subsequently expressed a preference for removing 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 still included where relevant.

The chapters on school education and VET add a hypothetical payroll tax amount for exempt jurisdictions. The chapters on police services, court administration, corrective services, public hospitals, public housing and SOMIH deduct the amount from those services that are taxable. Reporting for services for people with a disability and residential aged care services present the data adjusted in both ways. In the chapter on protection and support services, payroll tax is included for jurisdictions that are liable, but data difficulties mean no adjustment is made for those jurisdictions that are not liable. The Review is examining the treatment of payroll tax in some other service areas — for example, breast cancer detection and management, and mental health management.

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).

It is important to incorporate the full impact of capital costs in cost comparisons. Capital can be a significant component of service delivery costs. Given that it is costed in full for contracted elements of service delivery, any comparison with non-contractual government services requires the inclusion of an appropriate capital component in the cost of non-contractual services. Unit costs calculated on the basis of recurrent expenditure underestimate the underlying costs to governments. The inclusion of capital expenditure in unit cost calculation, however, does not guarantee accurate or complete estimates of these costs in a given year.

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 used for the user cost of capital is based on a weighted average of rates nominated by jurisdictions (currently 8 per cent).

Depreciation and the user cost of capital are derived from the value assigned to non-current physical assets. Differences in the techniques for measuring the quantity, rate of consumption and value of non-current physical assets may reduce the comparability of cost estimates across jurisdictions. In response to concerns regarding data comparability, the Steering Committee initiated a study — *Asset Measurement in the Costing of Government Services* (SCRCSSP 2001) — to examine the extent to which differences in asset measurement techniques applied by participating agencies affect the comparability of reported unit costs. The study considered the likely materiality of differences in asset measurement techniques for corrective services, housing, police services and public hospitals.

The study found that differences in asset measurement techniques can have a major impact on reported capital costs. However, its results suggested that 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 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 from the perspective of the Review.

Other costing issues

Other costing issues include accounting for the GST, the reporting of accrued benefits to employees, 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.

The issue of accrued benefits to employees is addressed primarily through the adoption of accrual accounting and the incorporation of explicit references to these benefits within the definition of costs.

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), the net cost to government does not enable an adequate assessment of efficiency. In these instances, 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 a 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 (tables 2.4, 2.5 and 2.6).

Indigenous Australians

In May 1997, the Prime Minister asked the Review to give particular attention to the performance of mainstream services in meeting the needs of Indigenous Australians. Table 2.4 provides an indication of which service areas report at least one data item on Indigenous Australians.

Indigenous compendium

Since 2003, the Steering Committee has compiled all of the data items on Indigenous Australians included in the Report on Government Services into a separate Indigenous compendium. The most recent compendium (of data from the 2007 Report) was released in May 2007 (SCRGSP 2007a). A compendium of Indigenous data from this Report will be released in mid-2008.

COAG report on Indigenous disadvantage

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 Review released the third edition of this Report, *Overcoming Indigenous Disadvantage: Key Indicators 2007* (SCRGSP 2007b), in June 2007. The fourth edition of the *Overcoming Indigenous Disadvantage* report will be released in mid-2009.

Data collection issues concerning Indigenous Australians

The task of collecting data on Indigenous Australians is complicated by the fact that many administrative data collections do not distinguish between Indigenous and non-Indigenous clients. The method and level of identification of Indigenous people appear to vary across jurisdictions. Further, surveys do not necessarily include an Indigenous identifier and, when they do, they may not undertake sufficient sampling of Indigenous people to provide reliable results.

The ABS and AIHW play an important role in this area. Work being undertaken by the ABS and AIHW includes:

- an ongoing program to develop and improve Indigenous data flowing from Australian, State and Territory administrative systems
- work with other agencies to ensure Indigenous people are identified in relevant systems and that statistics are of adequate quality. Priority is initially being given to the improvement of births and deaths statistics in all states and territories. Other priorities include hospital, community services, education, housing, and crime and justice statistics
- work with other agencies to develop and support national Indigenous information plans, Indigenous performance indicators and Indigenous taskforces on a number of topics
- an expansion of the ABS Household Survey Program to collect more regular Indigenous statistics, including regular Indigenous surveys, Indigenous sample supplementation in regular health surveys, and annual Indigenous labour force estimates.

The Ministerial Council on Aboriginal and Torres Strait Islander Affairs established a working party to develop an Indigenous Demographics paper to identify methodological issues in Indigenous data collections, outline how these are being addressed and identify any remaining gaps. The findings are presented in a paper titled *Population and Diversity: Policy Implications of Emerging Indigenous Demographic Trends*, released in mid-2006 by the Centre for Aboriginal Economic Policy Research (Taylor 2006). In mid-2007, MCATSIA commissioned further work on Indigenous population statistics from Dr John Taylor at the Centre for Aboriginal Economic Policy Research.

In 2006, COAG established an Indigenous Generational Reform working group, whose terms of reference includes agreeing on short- and long-term actions to address gaps in national and administrative data collection to support measurement of long term outcomes for Indigenous Australians consistent with the Overcoming Indigenous Disadvantage framework.

The Review will draw on these initiatives in future reports.

Table 2.4 Reporting of at least one data item on Indigenous Australians, 2008 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>					
Education preface	✓	x	x	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
Aged care services	✓	x	✓	x	x
Services for people with a disability	✓	✓	✓	✓	x
Child protection	✓	x	x	✓	x
Out of home care	✓	x	x	✓	x
SAAP	x	✓	✓	✓	x
<i>Housing</i>					
Public housing	✓	✓	x	x	x
State owned and managed Indigenous housing	✓	✓	✓	✓	✓
Community housing	✓	x	x	x	x
Indigenous community housing	✓	✓	x	✓	✓
Commonwealth Rent Assistance	x	✓	✓	x	x

SAAP = Supported Accommodation Assistance Program. ✓ = At least one data item is reported. x = No data are reported.

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.

Reporting data on rural and remote communities is complicated by the number of classification systems that exist. The chapters on VET, emergency management, aged care services, disability services, children's services and housing now use the ABS Australian Standard Geographical Classification of remoteness areas. A number of other services (public hospitals, primary and community health, mental health, and protection and support services) still 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 Review report 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 also complicated by the number of classification systems that exist. Different chapters of the Report use different classification systems based on: people speaking a language other than English at home (reported for VET, breast cancer detection and management, and children's services); 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 a disability and SAAP, within protection and support services). In addition, some services are considering reporting future data using the cultural and language diversity classification.

Table 2.5 Reporting of at least one data item on rural and remote communities, 2008 Report

Service area/indicator framework	Descriptive	Outcomes	Outputs		
			Equity	Effectiveness	Efficiency
Early childhood, education and training					
Education preface	x	x	x	x	x
Children's services	x	x	✓	x	x
School education	✓	✓	x	x	✓
VET	x	✓	✓	x	x
Justice					
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
Emergency management					
Fire events	x	x	x	✓	x
Ambulance events	x	x	x	x	x
Road rescue events	x	x	x	x	x
Health					
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
Community services					
Community services preface	x	x	x	x	x
Aged care services	✓	x	✓	✓	x
Services for people with a disability	x	✓	✓	✓	x
Child protection	x	x	x	x	x
Out-of-home care	x	x	x	x	x
SAAP	x	x	x	x	x
Housing					
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

SAAP = Supported Accommodation Assistance Program. ✓ = At least one data item is reported. x = No data are reported.

Table 2.6 Reporting of at least one data item on people from a non-English speaking background, 2008 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>					
Children's services	x	x	✓	x	x
Education preface	x	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 a disability	x	✓	✓	✓	x
Child protection	x	x	x	x	x
Out-of-home care	x	x	x	x	x
SAAP	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
State owned and managed Indigenous housing	x	x	x	x	x
Commonwealth Rent Assistance	x	x	x	x	x

SAAP = Supported Accommodation Assistance Program. ✓ = At least one data item is reported. x = No data are reported.

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 constituencies or community groups such as older people, women, 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 result from a more holistic and client centred approach to service delivery.

This issue arises 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 concert. The ultimate aim of that chapter 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 reports only 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), aged care services (chapter 13), services for people with a disability (chapter 14) and public housing (chapter 16). People with a mental illness may also enter corrective services (chapter 8).

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

- mortality rates and life expectancy (reported in the 'Health preface'), with mortality rates being influenced by education, public health, housing, primary and community health, and hospital services (as well as external factors)
- potentially preventable hospitalisations (chapter 11) — for example, effective primary and community health services can make it less likely that people with asthma or diabetes will require hospitalisation due to these conditions
- the proportion of general practitioners with links to specialist 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 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 a disability residing in residential aged care facilities (chapter 14)

-
- community services pathways, HACC across the community services sector and community services, participation and productivity (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 governments’ responsibilities under the National Counter Terrorism Plan.¹ The performance indicator results included in the Report for these services are likely to reflect governments’ actions to fulfil their responsibilities under the Plan, including restructuring, coordinating across services, employing extra staff, purchasing extra equipment, training staff, and/or extending working hours. The police, for example, have developed operational procedures for dealing with a broad range of chemical and biological hazards, and have improved their cooperation with emergency services and health professionals to ensure police officers can appropriately analyse risks and implement effective responses.

¹ 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 within Australia.

While performance data 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 in the chapters. In this case, performance results for efficiency indicators may suggest a fall 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 and detailed reporting of counter-terrorism is not possible.

2.5 Related Review projects

The information in *Overcoming Indigenous Disadvantage: Key Indicators 2007* (discussed earlier) complements the Indigenous data and performance indicators presented in this Report. The *Overcoming Indigenous Disadvantage* report describes high level outcomes for Indigenous people, for which all government departments and agencies are collectively responsible. That report includes only very limited reporting on an individual agency basis. The *Report on Government Services*, on the other hand, provides information on the performance of specified government agencies and programs in delivering services to Indigenous people.

The Steering Committee has also undertaken research into other issues relevant to the performance of government services. In previous years, the Steering Committee published reports on:

- patient satisfaction and responsiveness surveys conducted in relation to public hospital services in Australia (SCRGSP 2005). A major aim of the commissioned consultancy was to identify points of commonality and difference between patient satisfaction surveys and their potential for concordance and/or for forming the basis of a minimum national data set on public hospital ‘patient satisfaction’ or ‘patient experience’
- efficiency measures for child protection and support pathways (SCRCSSP 2003). The study developed and tested a method to allow states and

territories to calculate more meaningful, comparable and robust efficiency measures for the protection and support services they deliver

- the extent to which differences in asset measurement techniques applied by participating agencies affect the comparability of reported unit costs (SCRCSSP 2001)
- a survey of the satisfaction of clients of services for people with a disability (Equal and Donovan Research 2000)
- the use of activity surveys by police services in Australia and New Zealand (SCRCSSP 1999b) as a means of drawing lessons for other areas of government that are considering activity measurement in output costing and internal management
- an examination of payroll tax (SCRCSSP 1999a) and superannuation (SCRCSSP 1998a) in the costing of government services
- data envelopment analysis as a technique for measuring the efficiency of government services delivery (SCRCSSP 1997a).

Earlier research involved case studies of issues and options in the implementation of government service reforms. The Steering Committee has published a case study report (SCRCSSP 1997b) that covers:

- purchasing community services in SA
- using output-based funding of public acute hospital care in Victoria
- implementing competitive tendering and contracting for Queensland prisons

and one (SCRCSSP 1998b) that covers:

- devolving decision making in Victorian Government schools
- using competitive tendering for NSW public hospital services
- offering consumer funding and choice in WA services for people with a disability
- pricing court reporting services in Australian courts.

The Steering Committee has also developed checklists on common issues in implementing these reforms, such as:

- timing program implementation
- decentralising decision making
- measuring and assessing performance
- measuring quality

-
- directly linking funding to performance
 - charging users (SCRCSSP 1998b).

The Steering Committee will continue to focus on research that is related to performance measurement, which is likely to help improve reporting for individual services.

2.6 References

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