



1997

PARLIAMENT OF TASMANIA

AUDITOR-GENERAL SPECIAL REPORT NO 24

Further Review of Performance Indicators In Government Departments

No. 8 of 1997 – December 1997

*Presented to both Houses of Parliament in accordance with the provisions of Section 57 of the
Financial Management and Audit Act 1990*

By Authority:

G Priestley, Government Printer, Tasmania

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This report is printed on recycled paper.

ISBN 0 7246 4696-5

3 December 1997

President
Legislative Council
HOBART

Speaker
House of Assembly
HOBART

Dear Mr President
Dear Mr Speaker

**PERFORMANCE AUDIT NO 24 - FURTHER REVIEW OF
PERFORMANCE INDICATORS IN GOVERNMENT DEPARTMENTS**

This report has been prepared consequent to examinations conducted under section 44 of the Financial Management and Audit Act 1990, for submission to Parliament under the provisions of section 57 of the Act.

Performance audits seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, thereby identifying opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance Parliamentary decision making to the benefit of all Tasmanians.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A J McHugh'.

A J McHugh
AUDITOR-GENERAL

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List of Acronyms

ABS	Australian Bureau of Statistics
ACVETS	Australian Committee on Vocational Education and Training Statistics
AIHW	Australian Institute of Health and Welfare
ALOS	Average length of stay
ANAO	Australian National Audit Office
AN-DRG	Australian National Diagnostic Related Group
ANTA	Australian National Training Authority
AVETMISS	Australian Vocational Education and Training Management Information Statistical Standard
CEO	Chief Executive Officer
CSDA	Commonwealth-State Disability Agreement
DCHS	Department of Community and Health Services
DECCD	Department of Education Community and Cultural Development
DELM	Department of Environment and Land Management
DHCS	Department of Health and Community Services (Commonwealth)
DPAC	Department of Premier and Cabinet
DPIF	Department of Primary Industry and Fisheries
DPP	Director of Public Prosecutions
DRG	Diagnosis Related Group
DVET	Department of Vocational and Educational Training
FMAA	<i>Financial Management and Audit Act 1990</i>
USGAO	United States General Accounting Office
HRSCFPA	House of Representatives Standing Committee on Finance and Public Administration
IC	Industry Commission
MAB/MIAC	Management Advisory Board/Management Improvement Advisory Committee
NSSC	National Schools Statistics Collection
NGO	Non-governmental organisation
OAG (NZ)	Office of the Auditor-General, New Zealand
PI	Performance indicator

RGSP	<i>Report on Government Service Provision 1997</i>
SCRCSSP	Steering Committee for the Review of Commonwealth/ State Service Provision
SQL	Structured Query Language
TAFE	Technical and Further Education
THIS	The Housing Information System
TI	Treasurer's Instruction
TQM	Total quality management
TSR	Department of Tourism, Sport and Recreation (now Tourism Tasmania)

Glossary

Term	Description
Budget Information	Information which is used in the resource allocation process.
Business Plans	Annual Department or business unit operating plans which specify Outputs to be provided and their cost.
Corporate Plans	Medium term portfolio strategic plans.
Customers	People, organisations and departments who purchase, use or consume goods or services provided by a department.
Efficiency	The extent to which resources are used to maximise agency Outputs and results.
Effectiveness	The achievement of intended objectives.
Inputs	Labour, materials and other resources used to produce Outputs.
Outcomes	Effects on the community of the Outputs that are purchased by the Government.
Output Budgeting	Process of allocating resources on the basis of the Outputs to be produced or delivered.
Output Groups	Groups of homogenous Outputs which contribute to a common service and have the same customers, and usually relate to a discrete Policy Objective.
Outputs	Goods and services produced by, or on behalf of a Government agency and provided to customers outside the agency. Government purchases Outputs in order to achieve policy objectives or outcomes.
Performance Indicators	Indicators of quantity, quality, cost and timeliness used to assess the production or delivery of Outputs.
Policy Objectives	Intended outcomes to be achieved through the production or delivery of Outputs.

Service Agreements	Formal arrangements entered into by a purchaser and a provider for the purchase of Outputs. (Synonymous with purchase agreements/contracts).
Stakeholders	People, organisations and departments whose interests are affected by the provision of Outputs.
Targets	The intended quantity, quality, cost and timely provision of the Output.

INTRODUCTION

This report relates to a review conducted by the Tasmanian Audit Office during the period December 1996 to August 1997 of agencies' performance indicators.

Under the provisions of Section 44(b) of the *Financial Management and Audit Act 1990* (FMAA), the Auditor-General may 'carry out examinations of the economy, efficiency and effectiveness of Government departments or public bodies.' The conduct of such audits is a component of the comprehensive auditing role performed by all public sector audit offices in Australia.

This review consisted of two projects: a follow-up of the Audit Office's Special Report No. 14, *Review of Performance Indicators in Government Departments*, and an analysis of the use of performance indicators by those agencies which were included in the Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP) *Report of Government Service Provision 1997*.

This Review was selected because of the significance of performance indicators in reporting efficiency, effectiveness and economy, particularly with the release of the SCRCSSP's 1995 and 1997 Reports, and the reforms currently under way in Tasmania, as well as in other States and overseas.

The Review of Government Service Provision

The Review of Government Service Provision (RGSP) was an outcome of the Premier's Conference held in July 1993 and now operates under the auspices of the Council of Australian Governments (COAG). The two main tasks of the RGSP are to develop agreed national performance indicators for government services and to analyse service provision reforms¹. The RGSP reports on performance indicators for key services delivered by government departments in Australia in the *Report on Government Service Provision*². The focus of the report is on key performance indicators that provide an overall, system-wide insight into the efficiency and effectiveness of each service area³.

The Review aims to inform parliaments, governments, service providers and the wider community about overall performance and reforms in service provision, so as to promote ongoing performance improvement⁴.

By monitoring performance, benchmarking plays a key role in helping organisations identify performance gaps, and set improvement goals. By showing how certain organisations perform better than others in a particular way, those processes used by successful entities are highlighted, and can be applied to low-performing organisations⁵. When setting goals, staff can be assured that targets are achievable, as prior benchmarking results show that another jurisdiction was able to meet such targets⁶.

Besides its role as in benchmarking, the RGSP serves the additional function of providing information on the cost and effectiveness of services provided by

government agencies across Australia, thus helping the community make informed decisions about resource allocation⁷.

The steering committee for the review was established in 1994 to manage the project. Its membership is drawn from senior officials from central agencies in the Commonwealth and the States and Territories, as well as Industry Commission (IC) staff who provide secretariat support⁸.

While the review potentially spans all areas of government service provision, the focus has been incremental, with the Steering Committee selecting eight areas as an initial focus for its first report, published in December 1995. These were:

- Government-funded acute hospital services;
- School education;
- Vocational and educational training;
- Public housing;
- Services for individuals and families in crisis;
- Courts administration;
- Police; and
- Corrective services.

Its second report was published in March 1997 and was expanded to include analysis of delivery for aged services, disability services and children's services. A summary of the performance indicators reviewed for this audit is set out at Appendix 1.

SUMMARY OF AUDIT RECOMMENDATIONS ARISING FROM RGSP REVIEW

The Audit Office recommends that relevant agencies urge the data gathering bodies in future years to ensure that administration-cost definitions contain sufficient detail so that officers gathering the source data have adequate guidance on how 'deep' the cut-off for allocating administrative overheads should go. The Audit Office understands that this clarification process is already under way in some areas, such as Disability Services.

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Although no agency had a mature system of performance reporting in operation, the Audit Office recommends that in the process of setting up such reports, the resultant system be designed so that the information is an integral part of agencies' decision-making processes, rather than as a stand-alone system.

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All agencies should ensure their strategic planning processes are continuous, and include feedback from performance results from earlier performance indicator (PI) reports in the target setting stages, as well as input from its management and other stakeholders. Effectiveness indicators should be integral to agencies' performance reporting frameworks, instead of an emphasis on easier-to-measure activity-based indicators, particularly in the Community and Health Service areas of child and family protection, child care, and disability services.

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Agencies must retain adequate workpapers and database extracts to enable verification of the data used to derive indicators. For snapshots of large databases, a replica of the data forwarded for inclusion in PI calculations should be made available for a limited period afterward to enable adequate verification by the Audit Office or other organisations.

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Department of Treasury and Finance Comments

"I support the recommendations of the Report and note that they are in line with a paper which will be published shortly by Treasury titled *Performance Information For Management and Accountability Purposes: An Introductory Guide for Tasmanian Inner-Budget Agencies*".

AUDIT OPINION

This audit has been performed in accordance with Australian Auditing Standard AUS 806 'Performance Auditing'.

The standard states the objective of a performance audit is to enable the auditor to express an opinion whether, in all material respects, all or part of an entity's or entities' activities have been carried out economically, and/or efficiently and/or effectively.

Because of the nature of this audit and the across-agency approach, I do not believe it is possible to provide an opinion in the terms set out above.

However, the audit identified that across all agencies there is a need for greater use of performance indicators as integral tools for daily decision-making. From this will spread a culture of requiring useful information in a systematic manner, instead of stand-alone reporting of performance which does not tie in with an agency's management.

AUDIT OBJECTIVES, SCOPE, TIMING AND COST

AUDIT OBJECTIVES

As set out in the introduction, this review had two stages, the first being a preliminary study on the progress agencies had made since our last report on performance indicators in 1996, and the second, and more substantial stage of the review had the following objectives:

- Ascertain the level of overlap between the performance indicators (PIs) used by agencies and those provided to the Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP);
- Understand how agencies use information provided in PI reports (including reports containing PIs set out in the SCRCSSP's *Review on Government Service Provision 1997* (RGSP), and to what degree; and
- Determine the integrity of data used to provide performance information such as that in the RGSP.

A summary of the PIs reviewed from the RGSP is set out at Appendix 1 to this Report. It can be seen that all three objectives are related, and concern the overall usefulness of PIs as decision-making tools.

AUDIT SCOPE

The second phase of the review was restricted to a number of indicators for the following inner-budget Agencies which participated in the RGSP, namely:

- Department of Community and Health Services;
- Department of Education, Community and Cultural Development;
- Department of Justice;
- Department of Police and Public Safety; and
- Department of Vocational, Education and Training.

AUDIT APPROACH

The following approaches were used to draw out information for the audit:

- **Entry interviews** — Discussions were held with each agency to ascertain the overall level of progress made since our report last year. This process also included reviewing documentation regarding the status of each agency's PI reporting system. The results from these interviews and the preliminary review are set out in Appendix 2 of this report.
- **Meetings** — Following the preliminary review of agencies' indicators, extended meetings took place with officers from those agencies included in the RGSP to ascertain what information they had available on the indicators we chose from the RGSP. Further discussions regarding the manner in which those and other PIs are used in the decision-making processes of the agency were also held.
- **Data verification** — We determined whether information provided to the SCRCSSP and published in the RGSP could be easily verified to source data, by tracing a sample of data from workpapers provided to us by the agencies to the information contained in the RGSP. This was done in a variety of ways, depending on the data concerned. For example, in several cases we followed the trail from the agency's workpapers to the source data through to the RGSP. In other situations, where the data had changed since it was used in the PI derivation process, and we were not able to verify the exact data (such as for acute care casemix data), we gained an understanding of the process concerned, including the degree of data integrity.
- **Perusal of planning documents and PI reports** — By examining agencies' corporate plans, Output statements and PI reports, we ascertained the degree of linkage and consistency between these areas. For example, we reviewed PI reports which contained indicators included in the RGSP, and through perusal of related inter-office memoranda and other publications and reports, along with discussions with officers, we were able to estimate the extent of use of the PI reports. Documentation and explanations regarding each agency's planning and PI development processes were also compared to information set out in the RGSP for that agency's area, to look for any overlaps or mutually exclusive areas.

The project was selected in December 1996. Field work commenced in December 1996 and was completed in May 1997. Draft letters were issued to the participating agencies in August. The estimated cost of this Report as at the time of printing is \$53 240.

BACKGROUND

THE ROLE OF PERFORMANCE INDICATORS IN OUTPUT METHODOLOGY

With the implementation of the Output methodology, the basis for planning and reporting for Budget purposes has become fundamentally different from the basis on which the requirements for annual reporting were developed.

Under the Output methodology, heads of agencies are now accountable for the provision of Outputs appropriate to policy objectives, rather than for structures such as programs, or for the acquisition of inputs. In addition, instead of reporting on operations or activities, agencies are now required to report performance against pre-specified expectations, performance measures and standards⁹.

Performance indicators play a key role in the reforms currently under way in the public sector throughout Australia and overseas. They help to provide the information required for strategic, purposive decision-making, as well as fulfil an accountability function in holding those decision-makers accountable to Parliament and to the public¹⁰. They also permit other tools, such as benchmarking, individual performance appraisals, and service agreements in a purchaser-provider context, to operate¹¹.

Tasmania's Progress

Treasury commenced implementation of the Output methodology in November 1991, when agencies were requested by the Budget Committee to provide information on an Output basis for the 1992-93 Budget¹². However, Output-based budgeting is only one part of the current reforms under way in Tasmanian agencies. Other strategies include:

- a fiscal strategy focused on reducing debt levels;
- implementation of accrual accounting and reporting by government departments in the 1996-97 financial year;
- strategic management of physical assets;
- implementation of the *Government Business Enterprise Act 1995*; and
- application of the National Competition Policy to Tasmanian agencies, authorities and GBEs¹³.

Aside from Treasury-driven reforms, across all areas of government internationally there is a move to decentralised, devolved authority, instead of an emphasis on

centralised control. The Premier's Direction Statement, launched on 10 April 1997, has the intention of setting up modern infrastructures to take Tasmania into the next century. This is to be done through:

- more holistic approaches to investments in both school-based education and vocational education and training;
- information technology and advanced telecommunications;
- energy, primary industry and other resource-based industries; and
- changes in local and state government structures¹⁴.

Performance indicators (PIs) play a crucial role in ensuring that all of the above reforms are implemented effectively, as they provide the information required for managers to determine if past results are acceptable, and whether existing targets are still appropriate, or need refinement.

IMPORTANCE OF THE USE OF PERFORMANCE INDICATORS

Although agencies have adopted the process of strategic planning and setting goals, with related PIs to establish whether those goals have been met, the most critical shortcoming in the use of PIs is precisely that they are not *used*. That is to say, they do not form part of the feedback mechanism an organisation needs to have in place in order for a learning and improvement process to take place¹⁵.

The objective of this review is to examine the degree of use of PIs as management tools by a sample of Tasmanian agencies. Effective use of PIs encompasses the following criteria:

1. ***Timely provision of PI reports to enable effective decision-making*** — Late information, even if complete, is not useful to management in determining resource allocation and adequate performance levels. Often PI reports are large, formidable documents that, because they take so long to compile, are not effective as management tools. While they provide information on all areas of an organisation, as they are not provided soon enough to be beneficial, their production becomes an end in itself. Thus, there is a drive in the private sector to use less PIs that say more, such as the 'Balanced Scorecard'¹⁶.
2. ***Adequate detail and discussion of performance versus targets to allow managers to act upon the report*** — To form the basis of decision-making, PI reports need to allow managers to 'ask questions of the data', and clearly show where something needs to be done¹⁷. This is coupled with next aspect.

3. ***Pre-determined levels of performance exist*** — In order to know what are good and bad results, decision rules have to be set ahead of time, in a red, yellow and green light format (similar to ‘buy, sell or hold’ targets by share brokers)¹⁸. In turn, this requires the organisation to have gathered sufficient performance ‘baseline’ data, so that a range of satisfactory results can be determined. This can be a circular or iterative situation, because an organisation needs to have the ‘right’ sort of low-level data in order to make effective decisions, and one may not know what information one needs until a decision has to be made.
4. ***Uniform collection and definition of data*** — Particularly in a benchmarking project, if the various jurisdictions are not in agreement over the type of data to be gathered, such as what constitutes ‘administration costs’, less than reliable results can occur, and in effect a true comparison will not take place. In order for an effective trend analysis to occur similar definitions should be used every period.
5. ***The reports provided on PIs are relevant and reliable*** — This overlaps the above aspects with respect to relevance. In terms of the indicators we examined from the RGSP, we were interested in whether those PIs were of use to Tasmanian managers, or if the indicators were simply sent off to the Steering Committee for the Review of Commonwealth/State Service Provision (SCRCSSP) and not used at all. This could be due to a number of factors, such as a lack of confidence in the standardisation of data definitions used, and inconsistency of PIs reported compared to the organisation’s own objectives.
6. ***Information in PI reports can be verified to source data*** — Another area which affects reliability of PI reporting is the degree to which the PIs derived can be independently verified and duplicated from the same data as that originally used. This also ensures that comparable results occur, as the officers preparing the reports are using the same methodology over a period of time.
7. ***The PIs reported on are linked to the organisation’s objectives*** — If an agency is reporting on areas which are not formally part of its strategy, goal displacement can occur which can result in dysfunctionality and poor morale¹⁹. The non-linkage could be due to a lack of controllability of the agency over a certain Output which a particular PI highlights, such as demographical spread which can affect the economical delivery of services²⁰.
8. ***PIs are continuously developed using a feedback mechanism*** — To ensure the continued relevance of the agency’s objectives and ‘core business’, effective PIs are developed in an iterative manner. This may involve continuous monitoring of performance against the degree to which client needs are being met, and the environment of the agency in relation to its role in fulfilling Government’s objectives. Indicators should not just answer questions, but also facilitate public debate and subsequent improvements to government policies and programs.

This review examined particular agencies and ascertained the degree to which the above features were present.

FOLLOW-UP OF AGENCIES' PROGRESS

INTRODUCTION

During 1996 the Audit Office undertook a review of inner budget agencies' performance indicators (PIs) with a view to forming an impression of what the situation was at that point in time.

The review covered the following areas:

- Definition of PIs and their relevance to the Output methodology;
- Characteristics of satisfactory PIs, pitfalls and critical success factors of their use;
- Examination of the PIs currently in use at all agencies, with respect to how they match the satisfactory characteristics, and a determination as to the progress they have made in developing and using PIs; and
- Recommendations, including the mandatory publication of PIs in agencies' annual reports and that Treasury develop guidelines on PIs.

As the development of performance indicators was still in its early stages it was considered that a follow-up review would be needed in the next year (1997). As part of the follow-up process it was intended that the following areas be considered:

- analysis of the extent of improvement which agencies have made in the past year with respect to development and use of PIs;
- more detailed analysis on the characteristics of the PIs developed to determine whether they are satisfactory; and
- an in-depth analysis of one or two agencies to report on their progress in detail in order to provide the reader with some insight as to the methodology involved in deriving PIs, as well as the importance in designing the information capture system which is needed to support them.

AUDIT APPROACH

Agencies were contacted in December 1996 regarding the review, with a request for appropriate officer contacts and information as to the Agencies' progress in developing PI systems. From information gathered through interviews with Departmental officers and a review of documentation received, we compared their status as at February 1997 with our findings from our 1996 report.

Agencies were classified into the following categories:

Stage	Description
Developmental	Agencies which have only recently been in a position to consider what would have appropriate PIs for their agency.
Partly Developed	Those agencies which have begun developing indicators but have not published any in their annual reports yet.
Partly Published	Agencies which have published PIs in their most recent annual report.
Published	Agencies which have published PIs in their most recent annual report and which form an integral part of the management information system.

RESULTS

From our discussions and perusal of agencies' PI documentation we found that overall there had been little progress across agencies, with the exception of a few such as DVET and Police moving from 'Partly Developed' to 'Partly Published'. In other cases, the impact of agency restructures have appeared to have slowed down the implementation of PI reporting systems.

A summary of preliminary findings as at February 1997 is set out in Appendix 2. It is acknowledged that some agencies have made additional progress since our initial review, and the other chapters in this report have attempted to detail such progress where applicable.

CHANGE IN FOCUS

Because of findings from preliminary discussions with Agencies, it was decided to amend the objectives, and instead focus on the indicators pertaining to those State Departments which were included in the SCRCSSP's *Review on Government Service Provision 1997* (RGSP).

POSTSCRIPT

It is acknowledged that the development of performance indicators are continually being reviewed and progress monitored on an on-going basis and there has been progress since February 1997. For instance in the 1997-98 Budget Papers all inner-Budget departments have reported on performance indicators against selected Output measures for the majority of Output Groups.

Departmental Reviews

DCHS

During 1996-97 DCHS was subject to an Internal Review which resulted in a fresh look at the previous performance reporting measures. DCHS has recently advised that it has made progress in the development and active utilisation of performance measures in decision making, service delivery and management improvement, and accountability requirements.

DVET

In DVET's case, a new corporate planing process has commenced to accommodate major changes resulting from the 1997 Review of TAFE and Adult Education. The changes include the re-organisation of the TAFE system on an industry basis, with services delivered by a single statutory authority, TAFE Tasmania. In addition, a streamlined department will be responsible for policy and planning initiatives. New corporate plans will be required for both organisations.

OTHER AGENCIES

A full review of the Department of Transport's operations and efficiency was undertaken during 1996-97. Linked to implementing the Review recommendations will be the development of key performance indicators to facilitate the continued monitoring of effectiveness.

The Department of Tourism became a Statutory Authority during 1996-97 which resulted in a change in focus and corporate planning for the Authority.

REVIEW OF GOVERNMENT SERVICE PROVISION

The 1997 *Report on Government Service Provision* is part of the Review of Government Service Provision, which reports performance indicators for key services delivered by governments in Australia. The main aim of the Report is to provide governments, service agencies and the wider community with information about government performance in service delivery areas. This is done by collecting and publishing an agreed set of performance indicators, and the data for these indicators, for each area of service delivery. These indicators are aimed at assisting governments to make comparisons of efficiency and effectiveness of government funded social services provided within their jurisdiction²¹.

The following contextual and background information is provided about each sector to enable an understanding of the areas reviewed in the report.

Considerable resources go into funding departmental services, and some sectors of government (and some governments) are more advanced in developing performance frameworks than others. The figures quoted in the following sections are Australia-wide totals.

Government School Education

The performance of government primary and secondary school systems is covered in the RGSP, focusing on learning, social and equity outcomes. Nationally, in 1994-95 schools accounted for about \$16 billion of total government expenditure (current and capital), which includes support for non-governmental schools, but not expenditure on pre-schools and special schools²².

Comparable information for jurisdictions which would allow the relative performance of government school systems to be assessed is still limited. National measures of comparable learning outcomes are not yet available but are currently in the process of being developed with the assistance of the Steering Committee. However, data on mathematics and science outcomes at specific ages are now available (although there is no indication that this information will be made available on an on-going basis), and literacy PIs are currently being gathered in preparation for the next Report²³.

Vocational Education and Training

In 1994-95 expenditure for the vocational education and training (VET) sector amounted to approximately \$3 billion²⁴.

The sector has developed a well-organised system for collecting, analysing and verifying data from government jurisdictions, with the Australian Committee on Vocational Education and Training Services (ACVETS) in charge of commissioning national employer satisfaction and graduate outcome surveys, as well as gathering data from each government.

Public Acute Hospitals

Health care is one of the largest sectors in most developed economies, with Australia's public acute health care expenditure totalling more than \$10 billion in 1994-95²⁵. The performance indicators in the Report only cover the public acute care hospitals segment of the health sector.

The Steering Committee considers that more work is needed to produce valid and nationally comparable effectiveness and efficiency indicators for public acute care hospitals which are more system-wide and client-focused. This includes identifying links between health promotion/prevention programs and acute care, and aspects of health after acute care treatment²⁶. In this regard, community and public health indicators are targeted for inclusion in the 1998 Report because of their importance in providing continuity of health care.

Housing

This area encompasses direct and indirect service provision programs. Direct services include public housing and community housing; indirect services include government funded rent assistance and home purchase assistance. Only public housing is reported on in the Report, however it is anticipated that both community and public housing will be included in the 1998 Report.

Total Commonwealth government expenditure on public rental housing for 1994-95 was \$1.6 billion, with rental assistance at \$1.5 billion²⁷. Community housing was considerably less, at \$61 million. In terms of a holistic approach to service delivery, strong links exist to other community services, such as aged disability care and crisis, and medium-term accommodation provision²⁸. Tasmania has attempted to enhance this linkage for its clients in the recent restructuring of the Department of Community and Health Services. By focusing on Outputs instead of the services themselves, jurisdictions can better ensure that clients' needs are appropriately and effectively met²⁹.

Aged Services

The Commonwealth government is primarily responsible for the funding and regulation of aged care. With the average age of the population increasing, aged care is becoming a more important concern for governments. For 1995-96 this funding was approximately \$2.4 billion, and client fees totalled over \$1.2 billion³⁰.

This was the first time this area of government service was included in the Steering Committee's work, and therefore only limited data was available. It is intended that over time the indicators will be further developed and the data reported extended³¹. Indicators were based on surveys done of clients, non-government organisations (NGOs), and appropriate government agencies.

Disability Services

Disability support services range from accommodation and residential support to therapy, recreation and employment services. In 1994-95 total government

expenditure for disability support was more than \$10 billion³². As this was the first time this area of service was reported upon by the Standing Committee, only the Commonwealth/State Disability Agreement (CSDA) program was covered. Data presented is based largely on the results of the ABS survey of Disability Aging and Carers, last conducted in 1993 and 1995 CSDA Minimum Data Set collection³³.

Children's Services

Children's services (which include child care and preschool services) play an important role in the lives of a growing number of families. They assist the development of children, improve their access to economic and social opportunities for the future, open up opportunities for work and study, and may provide valuable respite for parents. In 1993, almost half of all children under 12 years old received care from someone other than their parents³⁴.

Considerable data were available on children's services at the Commonwealth and individual jurisdiction levels. However differences in the scope and coverage of data collections and data definitions and counting rules made it difficult to produce comparative data on the sector's performance. The Audit Office understands that all jurisdictions are currently jointly addressing the matter of inconsistency, as well as pursuing indicators which better address areas of effectiveness of service delivery.

Many comparisons of child care services were based on data from the regular census of Commonwealth Government supported child care services. These data understated the overall provision because they did not include child care services funded entirely by State and Territory Governments or preschool services³⁵.

Protection and Support Services

These services aim to assist individuals and families in difficulty or in crisis. Total recurrent government expenditure nationally for these services was estimated to be \$560 million for 1994-95 with 21% going to child protection, 46% to supported placements for children, and the remaining 33% for crisis and supported accommodation for individuals and families³⁶. Indicators for the latter were not included in the 1997 report, as some indicators are still being developed. As well, for the other two areas, as this was the first year of inclusion for protection and child support information, there are a considerable number of indicators still being developed, and for others information is either incomplete or not strictly comparable.

Police

Total police services expenditure nationally was \$3.6 billion for 1995-96. Key performance indicators have been developed relating to the three closely-related objectives of police services, namely, the ability of the police services to protect, help and reassure the community; to prevent crime; and to enforce the law. Data availability has particularly improved in the 1997 report, due to information obtained from a nationally comparable survey of community perceptions of police³⁷.

Court Administration

Court administration agencies provide services integral to the effective performance of civil and criminal judicial systems³⁸, with total government expenditure at \$675 million for 1995-96³⁹. Due to the inter-relationship between police, court administration and corrective services, decisions on how one agency operates will affect the operations of the other two, and this has been acknowledged by the Steering Committee⁴⁰. For example, the success of the police in apprehending offenders would affect the demand for judicial services, and similarly the operation of the judicial system and sentencing policies will affect the flow of prisoners into the correctional system⁴¹.

Corrective Services

The focus in the Report was on the provision of adult corrective services (prisons, community custody and community supervision) by both public and private providers. Inter-jurisdictional comparisons of corrective services performance were limited by data deficiencies, and future work will focus on refining data definitions, clarifying categories within specific performance indicators, and other action to ensure greater comparability across all measures⁴². National recurrent expenditure on corrective services amounted to about \$980 million in 1995-96, comprising \$865 million for prisons, \$12 million for community custody and \$102 for community supervision⁴³.

EXAMINATION OF RGSP PERFORMANCE INDICATORS

UNIFORM COLLECTION AND DEFINITION OF DATA

INTRODUCTION

Information in a benchmarking study such as the RGSP should enable comparisons of performance to be made with other government agencies which have similar objectives and activities. However, in order for performance information to be nationally comparable there must be standardisation of data definitions and collection procedures.

If there are problems with the methods used for collecting, measuring or sampling of data, errors may occur so that comparisons are unable to be made with any degree of confidence.

Similarly, where data definitions used in collecting performance information vary across jurisdictions, comparisons may be misleading. This is because any variation in performance may be due to reasons unrelated to efficiency or effectiveness issues, or to varying levels of controllability by each jurisdiction over factors relating to optimal performance.

Without adequately detailed data definition manuals, it may be possible that some managers may try to manipulate the data to show themselves in the most favourable light. While others may be held responsible for a perceived low level of performance, due to a different interpretation of the source data required for deriving indicators.

FINDINGS

Many of the indicators were collected by the Australian Institute for Health and Welfare (AIHW), in relation to areas such as acute care, housing, child protection, child care, and disability services, and the AIHW followed a standard procedure of providing extensive data definitions. Where there were problems in obtaining standard interpretations of definitions, subsequent updates with more detail were distributed to all jurisdictions. For these indicators, apart from the administration cost related PIs, the end result appeared to be satisfactory in regard to establishing uniform data definitions.

Public Acute Care Hospitals

Overall in this area, the SCRCSSP considers that more work is needed in the medium- to long-term to produce nationally consistent and comparable effectiveness and efficiency indicators⁴⁴. The Audit Office understands that during the information gathering process for the 1997 Report, there were a few areas which were of concern, such as waiting times, which have been reviewed by the AIHW and appropriate updates made to the data dictionary. Jurisdictions were notified of the changes, and refined their data accordingly.

Another matter in relation to the waiting times indicator is the classification of patients as 'Category 1' or 'Category 2'. 'Category 1' patients are defined as 'those for whom admission is desirable within 30 days'. It is considered that depending upon different medical practitioners' opinions, a particular procedure could be classified in either category.

In relation to the definition for the 'average length of stay', due to the interpretation of 'leave days', which was excluded from the calculation, the Audit Office considers that a slight variance could affect this indicator, and subsequent comparisons between jurisdictions.

Aged Care Services

As this was the first time the SCRCSSP reported on Aged Care Services, only a small number of indicators were included in the 1997 Report. The majority of the indicators in the area's framework require further definition and data collection, which is recognised by the SCRCSSP as a longer term target⁴⁵.

However, notwithstanding these limitations, for the indicators included in the RGSP for nursing homes and hostels, the SCRCSSP considered that reliable data was collected. The Audit Office's examination of the 'nursing home-type patient bed-days' PI supports this view, as it is a standard definition which the Audit Office believes would be difficult to interpret differently. The statistics come from each hospital's database, and the information is provided monthly to the Commonwealth Department of Health and Family Services.

Disability Support

As with housing, discussed below, the administrative cost indicator was difficult to interpret, particularly with the impact of regionalised service delivery in jurisdictions such as Tasmania. As a result, the SCRCSSP had to update some data definitions in this area to clarify the issue. The Audit Office understands that further discussions between jurisdictions this year are addressing the lack of comparability for administrative costs. The other disability PIs were based on questionnaires completed by service providers and clients, which appeared to be easy to follow.

Children's Services

Although a data collection manual was provided by AIHW to enable uniformity of definitions and collection of data, DCHS encountered considerable problems in providing this information to the SCRCSSP, particularly in relation to administrative expenditure.

Education

The data which goes to the National Schools Statistics Collection (NSSC) has been gathered for a number of years. When NSSC officers decide to have jurisdictions provide additional or different data from previous years, meetings are held so that all states are in agreement over the types of data to collect.

Housing

A data definitions manual was developed by a national working group, of which a senior Housing officer was directly responsible for the collation of performance data.

Although the AIHW refined the data dictionary in its second year of existence to reduce inconsistencies in interpretation by the States, some variations still exist. For example, Tasmania included in its calculation of 'turnaround time' both the time taken to repair a dwelling after a tenant had vacated it, and the time during which the dwelling had been occupiable but vacant. This resulted in a higher turnaround time for Tasmania compared to those other States which did not include maintenance time in their calculations.

Last year there were also four amendments to the data collection manual to clarify ambiguous terms. For example, difficulties were encountered in determining the components which made up the performance indicator *Total operational costs for the year*. Originally this was defined to be the total administration costs plus depreciation costs. However, this was later revised to include only maintenance and depreciation costs and to exclude administration costs.

Court Administration

A data definitions manual used for collecting data by the Courts was not provided to the Audit Office at the time of testing. It is understood however, that these manuals do exist and are being used to enable consistent data collection across the Court jurisdictions.

Corrective Services

A data definitions manual was provided to all jurisdictions. The Audit Office considered that overall, the definitions appeared to be fairly straightforward, but some of the financial data requirements could be widely interpreted, particularly the amount specified for recurrent expenditure which appeared to be all-encompassing.

As well, due to the wide interpretation that could be given to the term administration

costs, the Audit Office believed that comparisons between other jurisdictions may not be entirely uniform. For example, it was understood that while Tasmania included workers' compensation and the cost of rental apportioned to corrective services from Head Office, other States had excluded these amounts from their calculation of administrative costs.

In regard to privately-operated prisons, it would be important to ensure that all costs, including those incurred in monitoring the service agreements and reviewing security arrangements for prisoners, which are carried out by the State government concerned, would be taken into account, so as not to understate the total costs involved in a contracted-out situation.

With respect to the completeness of information provided to the Steering Committee the agency was not able to collect data on recidivism, particularly for community corrections, due to the lack of a unified database for both the prisons and community corrections unit. The agency is looking to a longer term solution to address this shortcoming, as part of its plan to set up an integrated database between the Departments of Justice and Police and Public Safety.

Protection and Supported Services

The officer concerned did not encounter problems with the data or counting rules. However, within the agency, officers have had varying interpretations of source data at the input stage and this has shown up in the database. This problem was found during a state-wide evaluation of the program, and steps are now being taken to address the lack of standardised data collection and assessment.

Due to the way the database is set up, DCHS was not able to supply the SCRCSSP with statistics for investigations completed and commenced, and alternative ways of meeting this data requirement are currently being sought by the agency.

Police Services

A comprehensive, national survey concerning community satisfaction with police was conducted by the Australian Bureau of Statistics which greatly improved the data comparability of those effectiveness indicators dealing with community perception. However, some data definitions for financial indicators calculated by each State were considered to be vague enough to allow for different interpretations of terms used. For example, the definition for 'sworn' police, which in Tasmania was interpreted to exclude those sworn staff who were working in a police capacity but in other agencies could also be interpreted differently.

Vocational Education and Training

The data definitions for this area are extremely extensive, and the national data collection program has been going on for a couple of years, so initial interpretation problems have been mostly resolved. It was noted that there is one definition which affects the module load completion rate that needs to be standardised. Overall this area was found to be satisfactory.

CONCLUSION

All agencies had problems ensuring uniformity in identifying 'administration costs' to ensure that the same understanding of the term occurred across all jurisdictions for their area of service provision.

Recommendation

The Audit Office recommends that relevant agencies urge the data gathering bodies in future years to ensure that administration-related definitions contain enough detail so that officers gathering the source data have adequate guidance on how 'deep' the cut-off for allocating administrative overheads should go. The Audit Office understands that this clarification process is already under way in some areas, such as Disability Services.

USE OF PERFORMANCE INDICATOR REPORTS

INTRODUCTION

Unless performance can be measured against targets or goals, it is impossible to determine whether the actions that an agency is taking make a difference. Targets are the drivers in the development of strategies and performance measures and should be set during the development of business plans. By measuring and tracking results, agencies are able to determine what strategies are working and which ones are not. Choices can then be made about continuing certain programs, improving them, or abandoning them entirely and trying a new approach⁴⁶.

To aid in decision-making, performance indicator (PI) reports should provide managers with clear and objective information as to how well the organisation is achieving its objectives, as well as being provided to managers on a timely basis. In other words, PIs need to be used for managing the organisation, rather than just collected as a routine task.

The Audit Office recognises that in regard to timeliness of the receipt of PI reports, that some information may only be gathered once a year due to the nature of the operations concerned, such as educational data, which centres around the scholastic year. In other areas, more frequent information would be of use, such as for average length of stay statistics for hospitals. 'Timeliness' for the purposes of this review relates both to the timely provision of information to the agency's internal management, and to the various bodies collecting information from all jurisdictions nationally.

FINDINGS

Timeliness and Appropriate Detail

Of the agency PIs examined under this review, only the hospitals, child protection and housing divisions of DCHS appeared to provide regular PI reports for issue to managers. Other areas were still in the process of setting up a PI reporting process which occurs more frequently than just on an annual basis, or is driven by the SCRCSSP. The degree to which agencies' PI reports included those indicators in the RGSP also varied. For example, the hospital and housing areas of DCHS include a substantial proportion of PIs included in the RGSP, but this is to a lesser extent for the other services in that agency.

DCHS

Under the former DCHS management structure, each Regional Health Board, as well

as Statewide Ambulance and Population Health services, provided quarterly reports to the Corporate Executive, but the statistics were primarily oriented around financial targets.

DCHS is now in the process of setting up a new PI reporting framework. However, from draft indicators seen during the review, with the exception of housing and hospital reports, there still does not appear to be much of an emphasis on effectiveness or appropriateness-oriented PIs. From discussions and sighting of DCHS' reports, there appears to be adequate narration and presentation to enable informed decision-making to take place. Timeliness is ensured by the requirement for this information from the agency's senior management. From the Audit Office's experience during previous years' financial audits of DCHS and the Regional Health Boards, we have observed that provision of performance information becomes a priority for those officers in charge of putting it together at the end of each month.

In relation to timeliness in the provision of nationally-collected information, all information provided to the Commonwealth as included in the RGSP was the most recent, as requested, notwithstanding the coding backlog which had existed at the time for the casemix-adjusted separations.

Other Agencies

In regard to other agencies, for both DECCD and DVET, results from surveys are only reported on an annual basis. While baseline data is still being gathered at both agencies for the purpose of future target setting, for the short-term, broad benchmarks from national surveys give enough of an indication to notify managers of satisfactory performance.

At the Department of Justice, corrective services PIs tend to be reported upon on an ad hoc basis in memorandum format, rather than on a monthly or quarterly cycle. Targets are still being developed by the agency; but in the interim, the benchmarking provided by ABS and SCRCSSP reports broadly gauges Tasmania's performance against other States. The Audit Office considers this reporting style to be satisfactory, as it ensures that management receives information on a 'need-to-know' basis, and in a format appropriate for decision-making.

The police services PIs as set out in the RGSP are gathered and reported upon annually, as the bulk is collected and analysed by the ABS.

DVET sets up annual memoranda of understanding between its head office with each of the TAFEs in regard to training activity to be undertaken.

Targets

As most agencies are still in the process of collecting data on their current performance levels, this will be the basis of future target setting. However targets are already used in the acute care area, through the service agreements between the Regions and the Agency, and between DCHS and the Commonwealth. The national benchmarking provided by the organisations which carried out the studies featured in the 1997 Report also provide rough targets for all jurisdictions. Caution should be used, however when interpreting such results, as they do not usually factor-in such handicaps as demographic spread.

Table 1: Summary of Results for Timeliness, Detail and Targets

Service Area	Timely Provision	Appropriate Detail	Targets
Acute Care	Yes	Yes	Yes
Aged Care	Yes	Yes	Not yet
Children's Services	No	No	Not yet
Disability Services	Yes	No	Not yet
Education	Yes	Yes	Not yet
Housing	Yes	Yes	Yes
Corrective Services	Yes	Yes	Not yet
Protection & Supported Services	Yes	No	Yes
Police Services	Yes	Yes	Yes
Vocational Education & Training	Yes	Yes	Not yet

CONCLUSION

All agencies are still in the process of refining their internal performance reporting processes in addition to gathering baseline data for future target setting. In the interim, results from national benchmarking exercises are being used as surrogate targets. There were only a few areas where Tasmanian agencies were not able to provide national organisations with data in the most current time frame for analysis. This was due to a combination of database configuration problems and/or a lack of infrastructure resourcing.

Recommendation

Although no agency had a mature system of performance reporting in operation, the Audit Office recommends that in the process of setting up such reports. The resultant system should be designed so that the information is an integral part of agencies' decision-making processes, rather than as a stand-alone system.

CONSISTENCY AND LINKAGE OF RGSP INDICATORS

INTRODUCTION

The Audit Office wished to ascertain the degree to which indicators as set out in the RGSP were consistent with Tasmanian agencies' strategies and performance frameworks, and thus see how useful these particular PIs were to Tasmanian public sector managers in providing information for decision-making. This aspect also complemented the correlation between agencies' PIs and their goals and objectives, and the frequency in which their strategies are refined, following analysis of both performance results and how best to fulfil the community's needs.

Strategic planning should be a continuous, iterative process, involving fine-tuning of the PIs chosen, assessment of what 'business' the agency should be in to ensure its mandate is met in the most appropriate manner, and how to go about delivering services effectively.

Another area which was of concern to the Audit Office was the degree of controllability which the factors making up the PIs can have over achievement of the targets concerned. This is a crucial element for the successful use of PIs, as any discrepancy between what is achievable by the agency and what it is accountable for can create dysfunctionality, as well as a lessening of confidence of management in the PIs as credible decision-making tools.

FINDINGS

Controllability

There were a few instances where managers in the Tasmanian agencies concerned did not consider that the PIs included in the RGSP were appropriate for their particular area. For example, the child care officers said that the efficiency PIs concerning child care places provided were perhaps more appropriate for populations which were highly urbanised. However, for Tasmania which is semi-rural, most parents would not be likely to fall into the category of coming into a city and leaving their children in a large, centralised day care centre. Most Tasmanian parents prefer to have a place close to their suburb as they work in that area, instead of commuting to a large centre. Thus any economies of scale would not be easily achieved, but they would get higher marks under appropriateness and effectiveness PIs. Apparently other States have made this comment as well, and the SCRCSSP working party for this PI group is currently looking at alternative PIs for inclusion in the next RGSP.

In contrast, child protection officers considered that although their respective PIs included acceptable effectiveness indicators in the RGSP, they were not currently used within DCHS, as the quarterly reports focus more on efficiency and financial aspects.

The degree of controllability of the factors measured by the efficiency and effectiveness PIs were of concern to several agencies. This was particularly so in relation to those which appeared to penalise the State's widely regionalised spread of the population (when compared to other States), which affects economies of scale in service delivery, as well as demographic factors. Other areas, such as acute care, depend upon the actions of other parties, such as medical practitioners, in regard to classification of a procedure as Category 1 or 2, and length of time for which patients should stay in hospital. These factors can affect waiting list and average length of stay results respectively. In the longer term however, the managers in this area at DCHS consider that their agency can have some impact over these areas, through consultation with the medical community and implementation of internationally-accepted medical practice standards.

Police did not use the 'total budget per population' or 'average salary cost' indicators, but the community satisfaction results overlap their own strategic planning framework for effectiveness measurement considerably.

The results in these areas are summarised below.

Table 2: Alignment of Report's Results with Agencies' Performance Frameworks

Service Provision Area	Consistency between RGSP PIs and Agency's PIs	Controllability of Report PIs	PIs are Linked to Strategic Plan
Acute Care	Yes	Yes, but some areas are the direct responsibility of practitioners	Yes
Aged Care	Yes	Yes	Yes
Children's Services	Some inconsistencies	Economies of scale problems	Presently there are no PIs specifically for child care
Disability Services	Report has more effectiveness PIs, but no inconsistencies	Yes, but some areas are controllable by NGO grantees, not the agency	Little feedback between PI results and strategic planning process
Education	Agency places more emphasis on effectiveness than Report does	Economies of scale problems	Yes, as well as to Directions Statement
Housing	Yes, as the AIHW adopted several of them from DCHS	Satisfactory	Yes
Justice System	Yes	Economies of scale and factors affecting recidivism are of concern	Yes
Protection & Supported Services	Report has more effectiveness PIs, but no inconsistencies	Satisfactory	No feedback of PI results to strategic planning process
Police Services	Agency places more emphasis on effectiveness than Report does	Satisfactory	Yes
Vocational Education & Training	Yes, the information set out in the Report is what DVET obtains regularly as part of its own processes	Demographic and economies of scale are of concern to the agency	Yes

CONCLUSION

Overall, due to the process which the Steering Committee, and other Federal organisations, have used to derive the PIs included in the RGSP, the PIs in the report appear overall to be consistent with the Tasmanian agencies' own strategic plans and resultant Outputs.

However, there is considerable room for improvement in areas of DCHS to include more effectiveness indicators as set out in the RGSP in their internal performance reporting framework. More feedback from managers and the community should also be included in its strategic planning processes.

Recommendation

All agencies should ensure that their strategic planning processes are continuous, including feedback from performance results from earlier PI reports in the target setting stages, and input from management and other stakeholders. Effectiveness indicators should be integral to agencies' performance reporting frameworks, instead of an emphasis on easier-to-measure activity-based indicators, particularly in the Community and Health Service areas of child and family protection, child care, and disability services.

VERIFICATION OF PERFORMANCE INDICATOR DATA

INTRODUCTION

Performance indicators should be easily verifiable so that information upon which indicators are based is collected, recorded and analysed in such a way that the a person working independently is able to come to the same conclusions or results. Treasurer's Instruction (TI) 701(1)(e) requires key efficiency and effectiveness indicators to be included in agencies' annual reports for reporting periods after 1 July 1996, and TI 709 states that performance measures which are 'developed and verifiable' should be included in agencies' financial statements. As the Audit Office is responsible for expressing an opinion on agencies' financial statements, including any PIs contained within them, we wished to ascertain the overall current level of verifiability of workpapers and data used in agencies' PIs.

Much of the qualitative and customer service information provided to the Industry Commission were direct results of surveys performed by the Australian Bureau of Statistics, and reports conducted by the Australian Institute of Health and Welfare (AIHW). In these cases, the information was accepted on face value as being accurate and correct because both agencies are recognised providers of statistics, and as such it is assumed that they have appropriate quality controls. The only checking done in these circumstances was to ensure that the information in the indicators accurately represented those provided by the agencies to the ABS and AIHW (where not collected directly by those two agencies), and from corresponding ABS and AIHW reports to the RGSP.

Where Tasmanian agencies had produced the necessary information from internal sources, the systems used to collect the data were examined and the persons responsible for the data collection and processing were consulted in order to verify the data integrity.

FINDINGS

Overall, the Audit Office was able to verify, on a test basis, data collected by agencies for inclusion in the RGSP. However, for the data used in deriving child care indicators, the Audit Office was not able to trace the agency's data back to the indicators in the Report, nor vice versa, as the records kept were incomplete.

In relation to the Magistrates' Courts data used in the court administration indicators, the Audit Office was notified by the agency that it was not yet able to provide the data, and that was the reason for not supplying it to the SCRCSSP.

The Department of Justice provided the Audit Office with the following comments in relation to these indicators:

“Advice has been received from the Magistrates Courts that [due to the Courts’ current database structure] it is not possible to provide data on criminal cases finalised within six months and civil cases finalised within twelve months. However, this issue is currently being pursued with the Administrator of the Magistrates Courts with a view to providing data by sampling or other methods.”

Accordingly, there was no data available which we could test at the time this review was undertaken.

Another difficulty encountered by the Audit Office was in regard to data ‘snapshots’ which were sent to Commonwealth bodies who collected and reported upon indicators for all jurisdictions. As these indicators were based on the contents of a database at a particular point in time, subsequent data entry had changed the make-up and totals in the databases concerned, so that we could not verify the PIs exactly. For example, for the morbidity database which is used to calculate casemix-related PIs, there was a considerable diagnostic related group (DRG) coding backlog at the time the snapshot was sent up to the Commonwealth, but when the Audit Office examined the database, the backlog had since been mostly cleared, thus the database for that period was not identical to the original snapshot. This also occurred for the child protection database. For these instances, the Audit Office was able to approximate the totals used or the integrity of the data captured for inclusion in the indicators concerned, on a test basis, with satisfactory results.

The Audit Office understands that DCHS will be addressing this issue by having managers concerned retain such data intact three months after the end of each financial year.

As an example of how the Audit Office verified data which formed the basis of PIs included in the RGSP, the methodology used for housing indicators was as follows. The majority of data collected for the SCRCSSP housing PIs came from The Housing Information System (THIS). Data was extracted from the database by using a structured query language (SQL) report and then downloaded into Excel spreadsheets. The Audit Office was able to agree the PIs to the public housing data collection spreadsheet, and follow the methodology used in obtaining the data. Calculations for the administration costs indicator were obtained from the Accountant and amounts used in calculating the indicator verified to the Housing financial statement.

Overall results for all areas are summarised below.

	Well documented and verifiable
Acute Care	Yes**
Aged Care	Yes
Children's Services	No*
Disability Services	Yes
Education	Yes
Housing Services	Yes
Correctional Services	Yes
Courts Administration	No***
Protection & Supported Services	Yes**
Police Services	Yes
Vocational Education & Training	Yes

* *Incomplete records; the Audit Office could not verify data from information provided by agency*

** *Database was not identical to what was used in PI calculation*

*** *Agency was unable to provide the Audit Office with any records to verify the indicators concerned*

CONCLUSION

Although there were difficulties in some Agencies of initially locating the person responsible for providing information to the Industry Commission and obtaining source documentation, apart from the Child Care and Courts Administration indicators, the Audit Office was able to verify the performance information to source documentation.

The majority of problems encountered related to poorly maintained workpapers, changes in job positions, and the time lapse between the date of this report and the provision of information to the Standing Committee.

Recommendation

Agencies should retain adequate workpapers and database extracts to enable verification of the data used to derive indicators. For snapshots of large databases, a replica of the data forwarded for inclusion in PI calculations should be made available for a limited period afterward to enable adequate verification by the Audit Office or other organisations.

APPENDIX 1 - PERFORMANCE INDICATORS EXAMINED FROM GOVERNMENT SERVICE PROVISION REPORT

Area of Service Provision	Performance Indicator	Page of report
Government school education	Transition from education to work:	
	• Proportion of school leavers who went on to further education	51
	• Proportion of school leavers who were not employed	51
Vocational education and training	• Expenditure per student	74
	Module load completion rates	134
	Graduate outcomes	133
Public acute care hospitals	Clearance time for elective surgery	186
	Average length of stay	193
	Cost per casemix-adjusted separation	192
Housing assistance	Efficiency and Effectiveness of managers in administering both tenancies and properties:	
	• Waiting times	245
	• Turnaround time	248
	• Administration costs	247
	• Rental arrears	247
• Community Service Obligations	249	
Aged care services	Access to services (nursing home type patient bed-days)	356
Disability support	Accommodation and in-home support	396
	Access to services by level of handicap	398-9
	Access to services by special needs groups	399-400
	Efficiency of services delivered	402
	Administrative efficiency	406
Children's services	Provision and funding of child care places	463
Protection and support services	Child protection:	
	• length of time in care	554
	• number of placements	553
Police	• finalised investigations	542
	Total budget per population	713
	Average salary cost per sworn officer	691
Court Administration	Crime statistics	694
	Criminal cases finalised within six months	747
	Civil cases finalised within twelve months	748
Corrective services	Prison cost per prisoner day	796
	Completion rate for community supervision orders	795
	Recidivism rates for community custody and supervision	795

APPENDIX 2 - SUMMARY OF PRELIMINARY FINDINGS AS AT FEBRUARY 1997

Agency	Category as at May 1996	Category as at February 1997	Comments
DCHS	Published	Published	<p>Steps have been taken to reduce the number of indicators and the size of the quarterly reports to a manageable level. It is also understood that a core set of PIs have been developed at the corporate level which were endorsed by the Corporate Executive in September 1996. However, there still appears to be an emphasis on efficiency and economy rather than on PIs which concern effective service delivery.</p> <p>The reforms under way for DCHS' PIs are part of the implementation program of the Internal Review Team's recommendations.</p>
DECCD	Developmental	Developmental	<p>PIs are at various stages of development depending on division of agency. DECCD recently had agreed-upon PIs signed-off by budget centre managers. Most of the data, which has been collected since June 1996, relates mostly to efficiency information. Effectiveness information to be collected from July 1997.</p> <p>Bulk of data collected is for:</p> <ul style="list-style-type: none"> • Commonwealth purposes; • Budget data for Treasury; • Benchmarking undertaken by the SCRCSSP and ABS <p>However, for schools a performance program is in the process of being implemented which focuses considerably on effectiveness.</p>
DELM	Published	Published	<p>PIs are being reported at the Output Grouping level. Restructuring of the department resulted in the number of Divisions being condensed from 12 to 4 divisions. This has had the effect of substantially reducing the number of outputs and sub outputs. The majority of PIs have some system in place to enable data collection to take place. DELM's aim in 1996-97 is to integrate the business planning process with the annual report. A business plan for corporate support division has been completed, utilising draft revised business planning guidelines. The target is to have all four divisions completed by March in order to tie into the budget cycle. A corporate plan is being developed and should be complete by early 1997. Key targets and comparisons have not been formally established but are included in the 1995-96 Annual Report. Subsequent reporting achievements are to provide the base line date for future comparisons.</p>

Agency	Category as at May 1996	Category as at February 1997	Comments
DPAC	Partly Developed	Partly Developed	<p>Performance indicators are currently being refined, but essentially there has been no change from last year. PIs are being prepared at Output Group level for the 1997-98 budget papers and 1996-97 annual report.</p> <p>A generic framework of PIs at Output Group level of three types is being developed:</p> <ul style="list-style-type: none"> • Policy Advice • Projects • Service Delivery Activities <p>The agency has not yet determined the data collection system to be used - it will focus on this issue in 1996-97 annual report, which will report on the results of PIs.</p>
DPIF	Developmental	Developmental	<p>No PIs available at this stage but the agency will be reporting on them for all output groups in their annual report. Currently DPIF is concentrating on a framework from which PIs are to be developed. It is also reviewing the link between the strategic plan and Outputs. The aim is to have a set of objectives developed for all outputs within the context of four high-level agency objectives by February 1997. DPIF has yet to determine what systems will be used to collect the information/data, but it is likely to use the existing management information systems as much as possible, which measure the ABS and export statistics.</p>
DVET	Partly Developed	Partly Published	<p>A review of corporate plan was being finalised. DVET is attempting to align the corporate plan with its Departmental Outputs. A structural review is currently taking place which should result in some policy changes. The agency has identified specific PIs which are either capable of being measured or based on systems to be developed to enable data capture. It is attempting to put together a PI framework to take into account reporting requirements. The agency has developed a PI schedule to determine the date of performance collection, staff responsible for PIs and where the information is to go. Each of the institutes have developed strategic plans, and most have been published in booklet form.</p>
Justice	Developmental	Partly Developed	<p>Justice has identified a number of PIs for each Output in conjunction with Treasury, which will be used in the 1996-97 annual report. Problems were encountered with the court-related PIs, especially regarding their development, but efficiency indicators could be developed. Benchmarks with other departments have been established. Not all systems are in place to enable data collection. In August 1996 the Agency adopted an Integrated Planning Cycle that aims to tie together the development of Corporate Plans, Business Plans and Budgets. As part of this planning cycle, a Corporate plan was developed in the period October 1996 to February 1997. The Agency is encountering some problems in planning for its legal sections, but has produced an agreed Business Plan for its Crown Law Office. All areas of the Agency are to develop Business plans, using the Corporate Plan as a major input. This should be finalised by July 1997.</p>

Agency	Category as at May 1996	Category as at February 1997	Comments
Police	Partly Developed	Partly Published	PIs have been developed and can be found in the 1996-97 business plan. By February 1997 Police should have quarterly snapshots and baseline material to report on in the 1996-97 annual report. It will probably not be able to report against Outputs at an activity level until 1997-98. The majority of indicators are measures of activity rather than measures of performance. Trial questionnaires are to be used with the DPP and magistrates re police prosecutions to cover qualitative areas.
TAO	Published	Published	The Office is now only reporting on external PIs rather than management-oriented indicators. The Office intends to improve on previous reports by including more commentary, trend analysis and comparatives in its 1996-97 annual report, including the use of benchmarking.
Transport	Published	Published	Core business operations and best practice are being examined by consultants as part of an overall review of Transport. Performance information has been developed for the majority of Outputs. A database has not yet been established, but is currently being looked at and should be done by February or March 1997. Quarterly reports on performance indicators are scheduled for release in March 1997, which are to replace the previous triennial reporting system. Business plans are being done by all areas of Transport. On going work is being done with Austroads to develop clear benchmarks of the performance of the transport system, largely driven by the national agenda.
Treasury	Published	Published	PIs are not yet linked to Outputs, but rather the corporate plan, as was reported in the 1995-96 annual report. It is Treasury's intention to provide a link to Outputs in the 1996-97 annual report, which will report on PIs under each output group. Treasury is still working on Outputs and measurement strategy and intends using information from its management systems to provide data for quantitative indicators. An annual survey using an expert external consultant is to be undertaken to provide data for qualitative indicators which will also be included under each output group in the annual report.
Tourism	Partly Developed	Partly Developed	Major restructuring of Tourism has resulted in the department becoming a statutory authority and the appointment of a new board and CEO. All of the department's activities are to be tied into the Corporate Plan which should be developed by the end of January. Detailed business planning for each of the outputs are also to be developed. Tourism has established a number of TQM measures, but more quantitative measures are to be developed and/or refined. The same Outputs as last year are being used. The focus during 1996-97 is likely to be on project budgeting and outcomes rather than Outputs. Tourist dollars are likely to be the basis of any quantitative measures, with its general ledger being used to collect the data.

END-NOTES

¹ SCRCSSP 1997a.

² *ibid*

³ *ibid*

⁴ *ibid*

⁵ USGAO 1995, p9

⁶ USGAO 1995, p10

⁷ Scales 1997, p101

⁸ Scales 1997, p104

⁹ Treasury 1997a, p5

¹⁰ Bartos 1994, p50; DGR Consulting 1995, p6; HRSCFPA 1990, p73; MAB/MIAC 1993, p5

¹¹ Engel 1994, p171

¹² Treasury 1996a, p5

¹³ Treasury 1996b, pp 8-12

¹⁴ DPAC 1997

¹⁵ ANAO 1996, pp 1-2; Carter 1991, p94; MAB/MIAC 1993, p4; Winston 1993, p27

¹⁶ See Kaplan & Norton 1992, 1993 and 1996 for further details on this trend

¹⁷ Winston 1993, p27

¹⁸ HRSCFPA 1990, p80; Patton 1982, pp230, 233

¹⁹ Lenné and Wells 1986, p2; OAG (NZ) 1995a, p7; OAG (NZ) 1995b, p4.9; Patton 1982, pp230, 244

²⁰ Lenné and Cleland 1987, pp 2-3

²¹ SCRCSSP 1997, pxxiii

²² SCRCSSP 1997, p21

²³ SCRCSSP 1997, p25

²⁴ SCRCSSP 1997, p21

²⁵ SCRCSSP 1997, p176

²⁶ SCRCSSP 1997, ppxxxi, 173

²⁷ SCRCSSP 1997, p233

²⁸ SCRCSSP 1997, p234

²⁹ SCRCSSP 1997, pxxxv

³⁰ SCRCSSP 1997, p343

³¹ SCRCSSP 1997, pxxxvi

³² AIHW and Yeatman in SCRCSSP 1997, p386

³³ SCRCSSP 1997, pxxxvii

³⁴ ABS in SCRCSSP 1997, p459

³⁵ SCRCSSP 1997, pxi

³⁶ SCRCSSP 1997, pp531-32

³⁷ SCRCSSP 1997, ppxlvii, 663

³⁸ SCRCSSP 1997, pxxlix

³⁹ SCRCSSP 1997, p720

⁴⁰ Scales 1997, pp105-06

⁴¹ SCRCSSP 1997, pxxlvi

⁴² SCRCSSP 1997, plii

⁴³ SCRCSSP 1997, p762

⁴⁴ SCRCSSP 1997, ppxxxi, 180-182, 184

⁴⁵ SCRCSSP 1997, ppxxxvi, 351

⁴⁶ Alberta Treasury 1996, p1

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