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PARLIAMENT OF TASMANIA

AUDITOR-GENERAL
SPECIAL REPORT No. 72

Public sector performance information

April 2008

17 April 2008

President

Legislative Council

HOBART

Speaker

House of Assembly

HOBART

Dear Mr President

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SPECIAL REPORT NO. 72

Public sector performance information

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.

The performance audit that is the subject of the report examined the usefulness of performance information published in the budget papers and annual reports for four government departments.

Yours sincerely

H M Blake

AUDITOR-GENERAL

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Foreword

In both the public and private sectors reporting financial performance is essential to enabling all stakeholders to form judgements on how entities account for resources managed by them. I argue that in the public sector, of equal, if not greater, interest to Parliamentarians and the community, is what was achieved for them by government agencies with funds appropriated.

Sound financial reporting frameworks have existed for decades whereas reporting information about non-financial performance, such as how effectively or efficiently public services are provided, is a more recent innovation. However, robust methodologies have existed since about the mid to late 1990's. In October 1997, the Department of Treasury and Finance implemented a program of financial management reform which included output-based budgeting, the central aim of which was a 'need for improved accountability for the use of scarce resources' and included the need for agencies to detail a range of performance measures in the budget papers. This change is applauded and should be embraced.

Agencies should include in annual reports achievements against at least three areas of activity — budgeted outputs and outcomes, initiatives announced as part of the budget process and other objectives included in annual strategic plans.

This performance audit assesses how well four agencies responded to Treasury's 1997 initiative by including in annual reports information about actual versus budgeted performance and actual versus announced initiatives. We did not assess reporting against other planned objectives. Essential to any reporting against, or assessment of, non-financial performance is that agencies develop clear and measurable objectives.

We found that while much information is included in annual reports about achievements, it was often difficult to marry this to budgeted initiatives, little information was reported on agency efficiency, few explanations were provided where actual performance varied from that budgeted and business objectives were in some cases poorly defined.

This led to 43 recommendations aimed at enhancing information reported leading to improved accountability for resources allocated.

HM Blake

Auditor-General

17 April 2008

Public sector performance information

List of acronyms and abbreviations

ADS	Alcohol and Drug Services (part of Output Group 1 at DHHS)
Budget paper	Budget Paper No 2 *Government Services*, provides information about the goods and services (Outputs) the Government intends to deliver (it has detailed financial and non-financial information for government departments, agencies and statutory authorities in support of the Consolidated Fund Appropriation Bills and the government's initiatives outlined in the Treasurer's Budget Speech)
DoE	Department of Education
DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DPEM	Department of Police and Emergency Management
KPI	Key performance indicator
Direct measure	A direct measure is one with close alignment to the performance being measured (for example, a direct measure of public housing is the number of people housed)
Indirect measure	An indirect measure is one where there is not close alignment to the performance being measured (for example, the number of serious road accidents is not a direct measure of an agency's efforts to advance road safety because the level of road safety depends on many factors other than the performance of the agency)
NGO	Non-government organisation (term used to describe external providers of service to government e.g. supported accommodation)
RIMS	Road Information Management System
TIGER	Tasmania Information on Geoscience and Exploration Resources
Treasury	Department of Treasury and Finance

Executive summary

Executive summary

This audit reviewed performance information that government departments publish in the public domain. We audited elements of information reported by these departments:

- Education (DoE)

- Health and Human Services (DHHS)

- Infrastructure, Energy and Resources (DIER)

- Police and Emergency Management (DPEM).

The objective of the audit was to assess the usefulness of publicly reported performance information in agencies' annual reports and budget papers.

Audit opinion

KPI evaluation

Our opinion of existing Key Performance Indicators (KPIs): whether KPIs are aligned to objectives, intuitive and give a genuine sense of performance.

Although we made a number of recommendations for improvement, in the main we found that the existing KPIs in use at DoE, DPEM and two units at DHHS (namely Child and Family Services and Ambulance Services) met the above criteria.

By contrast, other areas of DHHS and DIER had objectives that were often not reflected in the KPIs used or were only partially covered. In our view, poorly defined objectives were a contributing factor to lack of alignment with KPIs. Further, many of the measures in both departments did not convey a genuine sense of performance because they were activity measures without strong enough links to the objectives.

Sometimes the measures were difficult to understand. Examples were the use of technical terms or the situation where it was unclear whether a higher number represented good or bad performance.

KPI elements

Our opinion as to whether all necessary elements — effectiveness (quality and quantity), efficiency and equity were covered.

All agencies had reasonable coverage of effectiveness, although we noted that DHHS had overused activity measures and that many of the DIER measures were too indirect to be a useful gauge of performance.

However, no department reported efficiency measures despite the obvious importance of this information to the public. To a lesser extent, there was also a shortage of information about equity, whether between regions or between urban and rural sites.

KPI data

Our opinion as to whether underlying data was timely, accurate and relevant.

At DoE, DIER and DPEM we found robust data–gathering systems. DHHS had in place a performance reporting structure, but we noted that it had considerable difficulty obtaining timely, reliable information, particularly from NGOs.

KPI presentation

Our opinion of whether KPIs are consistently reported, and whether there are adequate performance targets and supporting commentary.

Across all departments, performance targets and explanatory comments for large variations were seldom used.

Some cases were noted where KPIs in the annual report were not as extensive as those in the budget papers. We had expected that performance in annual reports should be at least as comprehensive as that in budget papers.

A particular concern at DHHS was a three-tiered presentation of departmental KPIs grouped by achievement, access and quality rather than by output groups. That layout made it difficult to assess all aspects of performance for a particular output group or business unit.

Reporting against initiatives

Our opinion of whether annual reports included information about initiatives and whether it was readily comparable with budget papers.

All departments provided considerable information in their Annual Reports about strategies and initiatives being implemented. However, with few exceptions departments failed to provide clear and consistent progress reporting against budget paper initiatives.

List of recommendations

The following table reproduces the recommendations contained in the body of this Report.

Rec No.	Section	Recommendation
1	2.13	We recommend that the following changes to the KPIs for DoE's Output Group 1: – Discontinue public reporting of suspensions data. – Replace the parent satisfaction survey with a proportion of students in the public education system. – Replace the point-in-time literacy and numeracy KPIs with measures of improvement between assessments. – Develop an efficiency measure for compulsory education. A possible measure is recurrent cost per student. – Develop equity measures for compulsory education. Possible measures include regional retention rates, available school places and class sizes.
2	2.1.4	We recommend the following changes to the presentation of KPIs for DoE's Output Group 1: – Include additional KPIs in the budget papers. – Develop and report performance targets where appropriate such as with National Science Reporting.
3	2.1.5	We recommend that DoE explore options for improving the timeliness of data.
4	2.1.6	We recommend that DoE explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.
5	3.1	We recommend that DHHS encourage business units to develop strategic objectives that are measurable and clearly define what the units are trying to achieve.
6	3.1.3	We recommend the following changes to the KPIs for DHHS's Disability Services: – Develop a quantitative measure to reflect unmet need. A possible measure would be a weighted percentage of needs met based on initial assessments of individual clients. – Develop a quality measure based around survey of customers and carers. – Develop an efficiency measure for service provided. A possible measure is average cost per client. – Develop equity measures that encompass services for regional Tasmania.

Rec No.	Section	Recommendation
7	3.1.4	We recommend that in respect of Disability Services DHHS: – Include genuine performance targets for KPIs where appropriate. – Provide explanatory comments when large variations in numerical KPIs are reported. - Include in the annual report at least the budget paper KPIs.
8	3.1.5	We recommend that DHHS develop an integrated management information system to facilitate collection of performance data from itself and NGOs for both internal and external reporting requirements.
9		We recommend that Disability Services review its data requirements for performance monitoring and reporting and include data requirements in service level agreements with NGOs.
10	3.1.6	We recommend that DHHS explicitly report Disability Services' progress against budget paper initiatives in the annual report using common structure and terminology.
11	3.2.3	We recommend the following changes to the KPIs for DHHS's Mental Health Services: – Develop a quantity measure that better reflects achievement of its objective than inpatient separations. – Develop a quality measure based around survey of customers and carers. – Develop a quantitative measure to reflect the level of unmet need. A possible measure would be a weighted percentage of needs met based on initial assessments of individual clients. – Develop an efficiency measure for service provided. A possible measure is weighted cost per inpatient separation and average cost for community-based residential care. – Develop equity (or access) measures that encompass services for regional Tasmania.
12	3.2.4	We recommend that Mental Health Services includes: – explicit achievable targets in its annual reporting. – explanatory comments when large variations in numerical KPIs are reported.
13	3.2.6	We recommend that Mental Health Services explicitly report progress against budget papers initiatives in the annual report using common structure and terminology.

Rec No.	Section	Recommendation
14	3.3.3	We recommend the following changes to the KPIs for DHHS's Alcohol and Drug Services: – Derive targeted performance measures to provide more complete coverage of the objectives. – Simplify the terminology used in performance measures. – Refine the performance measures to remove existing ambiguities. A possible solution would be a weighted percentage of needs met based on initial assessments of individual clients. – Develop a quality measure based around client or carer surveys. – Develop an efficiency measure for service provided. A possible measure is average cost per program participant. – Develop equity (or access) measures that encompass services for regional Tasmania and urban / rural areas.
15	3.3.4	We recommend that in respect of Alcohol and Drug Services, DHHS: – Include in the annual report at least the budget paper KPIs. – Provide explanatory comments when large variations in numerical KPIs are reported.
16	3.3.6	We recommend that Alcohol and Drug Services explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.
17	3.4.3	We recommend the following changes to the KPIs for Community Nursing: – Introduce performance indicators to provide information about waiting times and customer satisfaction levels. – Develop an efficiency measure for service provided. A possible measure is average cost per occasion of service. – Develop equity (or access) measures that encompass services for regional Tasmania.
18	3.4.4	We recommend that Community Nursing provide explanatory comments when large variations in numerical KPIs are reported.
19	3.4.5	We recommend that Community Nursing fosters an environment where operational staff have a greater awareness of performance measurement and of their role and the benefits in providing inputs.
20	3.4.6	We recommend that Community Nursing explicitly reports achievement of budget paper initiatives in the annual report in a form that facilitates matching to the budget initiatives.

Rec No.	Section	Recommendation
21	3.5.3	We recommend the following changes to the KPIs for DHHS's Child and Family Services: − Refine the performance measures to remove existing ambiguities. − Develop an efficiency measure for service provided. A possible measure is average cost per investigation or number of investigations per case worker per year. − Develop equity (or access) measures that encompass services for regional Tasmania and urban / rural areas.
22	3.5.4	We recommend that in respect of Child and Family Services, DHHS provides explanatory comments when large variations in numerical KPIs are reported.
23	3.5.6	We recommend that Child and Family Services explicitly reports achievement of budget paper initiatives in the annual report in a form that facilitates matching to the budget initiatives.
24	3.6.3	We recommend that the Ambulance Service develop an efficiency measure. A possible measure is average cost per response. We further recommend that the existing equity performance indicator be refined to incorporate service coverage to non–urban areas.
25	3.6.4	We recommend that the Ambulance Service includes targets in its annual reporting.
26	3.7	We recommend that the reporting structure be amended to routinely include efficiency. We further recommend that KPIs be presented at the output group level.
27	4.1.3	We recommend the following changes to the KPIs for DIER's land transport safety programs: − Develop strategic objectives that are measurable and clearly define what the unit is trying to achieve. − Develop an efficiency measure for service provided. A possible measure is average cost per registered road user. − Develop equity measures.
28	4.1.4	We recommend that DIER: − develops explicit achievable targets for annual reporting. − includes in the annual report at least the budget paper KPIs.

Rec No.	Section	Recommendation
29	4.2.3	We recommend the following changes to the KPIs for DIER's Output Group 3: – Derive targeted performance measures to provide more complete coverage of the objectives. – Simplify the terminology used in performance measures. – Develop a performance measure for administration of transport assistance and subsidies that is broader than just cost. – Develop an efficiency measure in the form of cost per major unit of service at either the department or output group level. – Develop a measure to address equity (possible examples could be the proportion of routes with a free school bus service or pensioner concession fares compared to total fares).
30	4.2.4	We recommend that DIER include in the annual report at least the budget paper KPIs.
31		We recommend that Mineral Resources Management resolves the apparent incompatibility of objectives, activities and KPIs.
32	4.3.3	We recommend the following changes to the KPIs for DIER's Mineral Resources Management: – Develop targets that more widely reflect the activities of the output group. – Develop an efficiency measure for service provided. Possible measures are average cost per map or cost per square kilometre mapped.
33	4.3.4	We recommend that Mineral Resources Management include in the annual report at least the budget paper KPIs.
34	4.3.6	We recommend that Mineral Resources Management explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.
35	5.1.3	We recommend the following changes to the KPIs for Tasmania Police's 'Policing support to the community': – Develop a performance indicator for the objective: 'promoting community participation in managing public order, safety initiatives and crime prevention'. – Develop an efficiency measure for service provided. Possible measures are a high-level statistic for the department of cost of policing per capita or number of uniformed police per capita.
36	5.1.4	We recommend that Tasmania Police include performance targets in the annual report as well as the budget papers.

Rec No.	Section	Recommendation
37	5.1.6	We recommend that Tasmania Police explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.
38	5.2.4	We recommend that Tasmania Police include in the annual report at least the budget paper KPIs.
39	5.3.3	We recommend that Tasmania Police develop performance measures that indicate levels of policing activity around traffic law enforcement and road safety.
40	5.3.4	We recommend that the KPIs for Tasmania Police's 'Traffic law enforcement and road safety' should include performance targets from the budget papers in the annual report.
41	5.4.3	We recommend that Tasmania Police provide more KPIs on its fisheries protection role such as patrol hours or offences detected.
42	5.4.4	We recommend that for 'Protection of primary industry and fisheries resources' Tasmania Police includes performance targets from the budget papers in the annual report.
43	5.4.6	We recommend that Tasmania Police explicitly report progress against budget papers initiatives in the annual report.

Management responses

Department of Education

The Department of Education appreciates the acknowledgement of the effort it has made to report performance to the community and commits to further improving its reporting based on the audit findings.

With regards to the specific recommendations:

Recommendation 1

- The Department monitors the proportion of students in public education, and retains a higher than national proportion; however, this indicator is influenced by community wealth and needs to be balanced by parent satisfaction.

- Further consideration of recurrent cost per student as an efficiency measure is required to ensure that it does not limit effectiveness achievement. To achieve equitable outcomes for all students, higher costs may be required without any inherent inefficiencies.

Recommendation 3

- Data that is within the control of the Department is used in a timely way to provide feedback to schools. National data has taken some considerable time to equate but this will be overcome by the introduction of national testing in 2008.

Otherwise, the direction provided by the recommendations is supported.

Department of Health and Human Services

The Department of Health and Human Services (DHHS) welcomes the Auditor-General's report on the Performance Audit — Key Performance Indicators. In general, the Agency accepts the Auditor-General's recommendations, but notes that the findings relate to the state of performance reporting over two years ago. Since 2005–06, the Agency has made significant changes to its performance reporting which in part address some of the recommendations and findings outlined in the report. The Agency acknowledges that there are still areas which require improvement with respect to its performance reporting which are identified in the report and will look to address these where appropriate.

In 2005–06 the Agency began implementing a comprehensive management reform strategy, the *fit* Program, to develop better processes and systems to support frontline service delivery. Under the program, DHHS committed to implementing effective ways to plan for, measure and improve performance and key part of this was the introduction of a new performance and planning framework, the DHHS Progress Chart. Therefore the period under review was a transitional year for the DHHS in terms of its performance reporting.

The latest reforms, announced on 5 March 2008, build on the achievements of the *fit* Program and will advance the organisation even further in terms of its organisational performance reporting, strategic planning and accountability. As indicated in the media release, there will also be a greater focus on the non-government sector recognising its large and growing role in service delivery. Part of this work will involve reviewing the reporting of funding, activity and performance of DHHS services provided through the non-government sector.

With respect to your recommendations relating to the development of specific indicators to measure efficiency, equity and access, it is important to be aware that there is already work underway at a national level and across a number of service areas to develop such indicators with the aim of ensuring consistency and comparability with other jurisdictions. DHHS will need to align its response to the recommendations with these initiatives.

Provided below are specific comments on recommendations which were common across several DHHS service areas:

Reporting of Performance Information in the Annual Report

The recommendations made in relation to improving performance reporting in the Agency's Annual Report are noted and will be taken into account, where appropriate, when developing the forthcoming 2007–08 Annual Report. In the 2005–06 Annual Report, performance information was reported at a system level around the three Key Performance Categories of achievement, quality and access. An issue for DHHS in presenting its performance information outputs as recommended is that outcomes are often more appropriately measured at a system level (i.e. across a number of service areas). On the other hand, DHHS is funded at an output level, which is why performance information is reported in the Budget Papers at this level.

Since 2005–06, DHHS has developed an internal process whereby indicators are reviewed annually to ensure a consistent set of indicators is reported in the Annual Report and Budget Paper as well as ensuring the continued appropriateness and relevancy of indicators.

Reporting of Performance Information in the Budget Papers

The department also accepts the recommendations in respect of performance reporting in its Budget Paper chapter although DHHS has limited capacity to change how it presents its performance information in this publication.

Absence of Efficiency Indicators

DHHS recognises that there is an absence of efficiency in its current reporting performance framework and in mid-2007 started to review its performance framework with the view of including efficiency as a Key Performance Category.

A common issue with efficiency indicators is that they can be difficult to interpret. Whilst high or increasing expenditure per unit of output may reflect deteriorating efficiency, it may also reflect improvements in the quality of the services provided, or an increase in the service needs of service users. Similarly, low or declining expenditure per unit of output may reflect improving efficiency, lower levels of service or lower quality.

In addition, the development of efficiency indicators can be difficult due to the varied nature of the services provided. There is work being undertaken at a national level focusing on the development of efficiency indicators. While DHHS accepts the need for efficiency

indicators it recommends that their development aligns with work being undertaken nationally.

Absence of Equity/Access Indicators

Access is a significant issue for DHHS' service and its importance is evident by its inclusion as a Key Performance Category in the DHHS Progress Chart. However, equity of access needs to be considered in the context of whether it is cost effective, safe and sustainable to provide the service. This is critical to ensure sustainable services both in terms of resources and outcomes for clients. Furthermore, different service delivery models are often adopted to service rural/region areas, therefore the development of equity indicators can be both difficult and meaningless on a whole of system basis.

Absence of Strategic Objectives

The absence of clear strategic objectives is acknowledged. In early 2008 DHHS commenced a comprehensive review of its planning framework and strategic directions, which will address this deficiency.

Targets not set for some activity/throughput measures in the Budget Papers

Consistent with the Australian National Audit Office's *Better Practice Guide on Performance Information Principles*, which states that targets should focus on internal factors that managers can influence, targets have not been established for a number of activity measures where demand is beyond the control of the Agency. In such cases, a projection is reported rather than a target. Such measures are explicitly identified in the Budget Papers through the use of footnotes to the performance table.

Department of Infrastructure, Energy and Resources

As an overall comment, an observation is that the audit would have benefited from including Corporate Plan documents in its formal scope. In an Agency that is as diverse as DIER in its functions, it is a challenge to give a fully comprehensive picture of all aspects of its operations in the Annual Report and Budget Papers and the Corporate Plan is a key document that guides Agency actions in this regard.

I would urge you to consider inclusion of a note in the Agency section of your report that many other reports are produced that relate to specific initiatives and deliverables for which key performance indicators are set and measured separately. Whilst these are not reflected in the Annual Report or Budget Papers, they are

available publicly and are targeted to the specific initiative or program outcomes. I understand that the scope of your Audit must be restricted to the nominated documents, however in some cases it does not represent the full picture of performance reporting that is undertaken in many areas of the Agency.

For example, many internal indicators present in Divisional Business Plans, Commonwealth reporting requirements, Tasmania Together benchmarks and other key reporting requirements that the Agency complies with also support and reinforce the information that is contained in the Annual Report and Budget Papers. A challenge for the Agency is to provide useful information that provides a clear picture of diverse areas of the Agency and it's performance without "information overload" for the user.

A further key challenge that this Audit has highlighted, is the difficulty in developing clear, targeted performance indicators for policy development functions that span many activities and contribute to many outcomes. An example of this is highlighted in your comments relating to Land Transport Safety programs.

Other comments in relation to the key recommendations of the report are:

Recommendation 27:

This recommendation is noted. The Agency has many performance indicators in the Land Transport Safety area and a number of these relate also to the activities and inputs of other Agencies and also in relation to policy development, which is a difficult area to develop performance information that is specific and measurable, given the nature of the activity. The Agency will review and consider the inclusion of relevant efficiency measures and equity measures in both the Annual Report and Budget Papers.

Recommendation 28, 30 and 33:

These recommendations are noted. The Agency has not replicated the Budget Paper KPIs in the Annual Report as has considered the Annual Report to have a different emphasis and provision of broader information than the Budget Paper and therefore has used, in some cases, a selection of different KPIs to reflect performance. The Agency will consult with the Department of Treasury and Finance to review the Budget Paper KPIs in line with the recommendations of this section.

In respect of Recommendation 28, the Agency will consider the development and inclusion of targets for annual reporting that may provide a meaningful indication of performance.

Recommendation 29:

This recommendation is noted and the Agency will consider the redevelopment of the KPIs to address administration, efficiency and equity aspects of this Output Group.

Recommendation 31:

The KPIs that are included in the Annual Report and Budget Papers reflect the focus for Mineral Resources Tasmania on the provision of data to support the objectives of the broader Output Group to achieve the stated outcomes. The DIER Corporate Plan also provides a clear outcomes statement for Mineral Resources Tasmania. The Agency will review the consistency of the reporting across both the Annual Report and Budget Papers for this output group to clarify the connections between the current KPIs and the objectives for Mineral Resources Tasmania.

Recommendation 32:

This recommendation is noted. The Agency will review the KPI information that is currently collected that does not appear in the Annual Report or Budget Papers to include relevant efficiency measures and measures that cover the broad activities of Mineral Resources Tasmania.

Recommendation 34:

Recommendation is noted. The reporting requirements for Budget Papers and the Annual Report differ significantly, and timing and completion of major projects and initiatives often occur over a number of reporting periods. The Agency will review for areas of commonality and consult with the Department of Treasury and Finance to seek to align reporting in the Budget Paper and Annual Report documents.

Department of Police and Emergency Management

The Department of Police and Emergency Management acknowledges the positive comments provided by the Auditor-General about the Department's KPI framework: it was found to be generally satisfactory, with recommendations that further work was required to improve and extend the existing performance indicators in some areas.

Most of the analysis was undertaken on the Department's Annual Report 2005–06 and Budget Paper No 2. 2005–06, but it appears that the Department's annual Business Plan has not been included in the Auditor-General's analysis of public documents. The annual Business Plan provides a more strategic view for reporting on in the

Annual Report than the Budget Paper, which is restricted to a smaller range of performance measures.

The Department prides itself on its ability to review, analyse and subsequently refine its performance accountability processes and measures. This is evident in the latest Annual Report which provides a more up-to-date and comprehensive report on Departmental activities, achievements and performance than ever before. While the 2006–07 Annual Report is the largest report ever produced and provides a myriad of information and a range of measures of policing activity, the reporting regime continues to evolve. This is also evidenced in the internal reporting process which tracks performance against a wide range of reporting criteria, and analyses trends over time for each of the four geographic police Districts.

The Auditor-General's Report made recommendations about including performance targets in the Annual Report as well as the Budget Papers (Recommendations 36, 38, 40, 42). The Department will continue to refine its reporting processes and will take these recommendations into consideration in the 2007-08 reporting period. The Department will also take on board the recommendation that we explicitly report progress against Budget Paper initiatives in the Annual Report using a common structure and terminology (Recommendations 37, 43).

Recommendations 39 and 41 also state that Tasmania Police should develop performance measures indicating levels of policing activity around traffic law enforcement and road safety and more KPIs on its fisheries protection role. These types of policing activities are measured and reported on internally and we will consider the inclusion of these as well as other performance measures in the next Annual Report.

The Auditor-General's Recommendation 35 concerned the development of efficiency indicators for service provided by Tasmania Police to the Output 'Policing support to the community' as well as developing a performance indicator for the objective: 'promoting community participation in managing public order, safety initiatives and crime prevention'. Whilst there are difficulties in developing meaningful efficiency and performance indicators, we are assessing the feasibility of incorporating them into our future reporting.

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Introduction

Introduction

The need for performance reporting in the public sector

In 1997, the Department of Treasury and Finance (Treasury) implemented a program of financial management reform. Central to the reforms was a 'need for improved accountability for the use of scarce resources'[1]. As part of that reform, Treasury required entities to provide a range of performance measures in the budget papers and in the annual report[2].

In our view this initiative was an important enhancement. In the business world, the success of an enterprise is largely judged on its profitability. In the public sector, profitability is generally less significant than the effective and efficient achievement of objectives and efficient use of resources.

Accordingly, non-financial performance reporting is a vital element in keeping the community informed about:

- how well existing services perform

- how well services meet the needs of clients

- how efficiently services are provided

- fairness of access to services (also referred to as 'equity')

- whether services provided are consistent with government expectations of agency performance.

Performance reporting

Agencies use Key Performance Indicators (KPIs) to report their performance in the achievement of objectives. The term is used to indicate that the information is not intended to cover all aspects of performance, but to focus on a few important indicators.

Each year, departments announce initiatives in the budget papers which have often formed the basis for allocation of funds. Those initiatives, in turn, are intended to contribute to the achievement of the department's goals and objectives.

Our view is that in addition to providing objective-focussed KPIs departments should be accountable to report progress against implementation of those initiatives in subsequent years. It follows

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[1] *Performance information for management and accountability purposes: an introductory guide for Tasmanian inner-budget agencies*. Department of Treasury and Finance. 1997

[2] Treasurer's Instruction No. 201 *Contents of reports*. Section 1 (e)

that this information should form part of the overall reporting of performance information.

Figure 1 illustrates the relationship between goals, initiatives and performance reporting.

Figure 1: Goals, initiatives and performance reporting
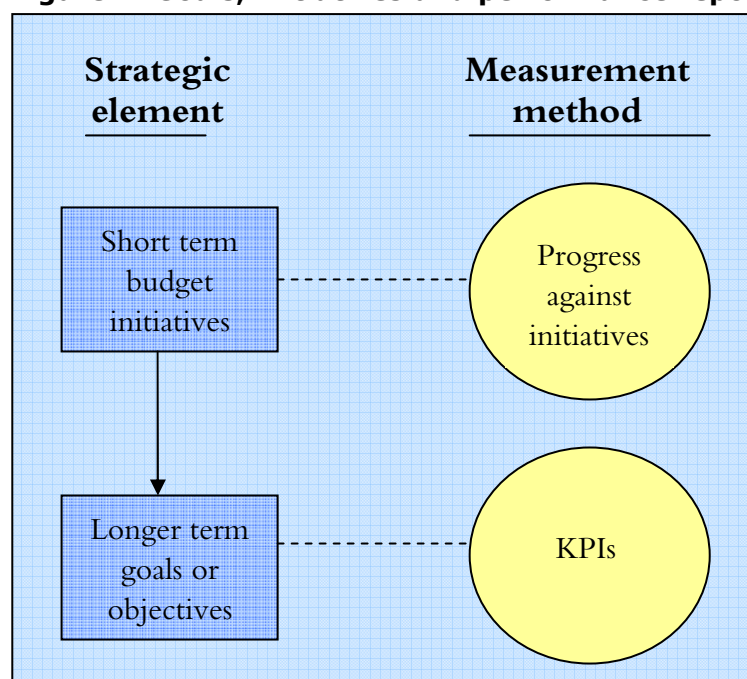
Objective

The objective of the audit was to assess the usefulness of publicly reported performance information in agencies' annual reports and budget papers.

Scope

The period of examination was primarily 2005–06 although some information for 2006–07 was accessed for continuity purposes.

For audit testing, we selected key performance indicator information from each of the following departments:

- Education
- Health and Human Services
- Infrastructure, Energy and Resources
- Police and Emergency Management.

Criteria

The criteria that we used in forming an audit opinion about performance reporting included:

- were the KPIs adequate, intuitive and aligned to the agencies' strategic objectives

- how adequately effectiveness (quantity and quality), efficiency and equity could be gauged

- how accurate and reliable reported data was

- whether performance information in and between annual reports and budget papers was consistent and comprehensive

- whether there was adequate reporting against budget initiatives.

Audit approach

We reviewed and compared 2005–06 budget papers, 2005–06 annual reports and 2006–07 budget papers. We also referred to other publicly available policies, plans and strategy documents as necessary.

About this Report

Our Report follows a consistent structure in evaluating the KPIs for each of the areas audited.

KPI evaluation	A discussion of existing KPIs. This section examines whether KPIs are intuitive, aligned to objectives and give a genuine sense of performance.
KPI elements	A review of whether all necessary elements (e.g. efficiency) were covered.
KPI presentation	Includes review of consistency over time and between annual report and budget papers. It also reviews existence of performance targets and supporting commentary.
KPI data quality	Reviews timeliness, accuracy and relevance of underlying data.

The Report also examines the extent to which departments have reported progress in the implementation of budget paper initiatives.

Reporting against initiatives	Examines whether annual reports include information about initiatives and whether the format facilitates ready comparison with budget papers.

Timing

Planning work for the audit commenced in April 2007. Fieldwork was conducted between June and December 2007. The report was finalised in March 2008.

Acknowledgement

We gratefully acknowledge the co-operation and assistance provided by the Departments of

- Education
- Health and Human Services
- Infrastructure, Energy and Resources
- Police and Emergency Management
- Treasury and Finance

We would also like to thank members of the Audit Advisory Committee who assisted in planning and review of the audit.

Resources

The total cost of the audit excluding report production costs was approximately $125 000.

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1   Common findings

1   Common findings

In this Chapter we have drawn together common findings from the departments audited. In so doing, our hope is that this information will be useful to other departments and public sector entities to consider whether some of those problems may also exist with their own performance information.

We have also summarised our expectations as to the kinds of performance information that would be useful to satisfy public needs and provided what we see as some key underlying principles in section 1.2. Again, we hope that this will be of use to other public entities in re-examining their own performance information.

1.1   Our expectations

In order to meet the information requirements described in the Introduction to this Report, we believe that the following categories of performance information should be provided. The third column in Table 1 represents possible ways to achieve acceptable standards of reporting. Some of the categories may not apply to every function or service provided by government or by an agency.

Table 1: Performance information requirements

Category	Description	Possible performance measure
Effectiveness – quantitative	Measure of how much or how many	Activity measures preferably closely related to the unit's objective
Effectiveness – quality	Measure of how well or how timely	Possibilities include customer satisfaction surveys, complaints, measure of required rework
Efficiency	Measure of output per unit of resource	Preferably an overall measure such as: – cost per activity – cost per finalised client
Equity (or access)	Measure of access to services by group or region	Comparison of unmet need/waiting times between regions
Previous year budget initiatives	Measure of the extent to which stated initiatives have been implemented and/or successful	Narrative that clearly indicates progress against the specific initiatives

It should be noted that performance information is also needed for various external reporting needs such:

- Tasmania *Together*

- Commonwealth–State Agreements

- National reporting by bodies such as the Productivity Commission, Australian Institute of Health and Welfare and the Australian Bureau of Statistics**.**

While the above reporting is necessary, we believe that it is important that the public is provided with information that is specifically designed to meet **its** information needs rather than just piggybacking on other obligatory reporting. To this end, our audit has focussed on performance reporting in annual reports and budget papers.

1.2   *Suggested questions for devising and evaluating KPIs*

Our approach with this Audit was that, to be of most use to Tasmanians, performance measurements should be based on readily grasped principles:

- Is the set of KPIs

    – linked to entity's objective?

    – likely to give a non–expert reader a reasonable overview of the performance of the entity?

- Is it easy to track performance over a period of years?

- Is the publication of this set of KPIs likely to motivate desirable behaviour from staff?

- Is the underlying data readily collectible?

Treasurer's Instruction 201 (*Contents of Reports*) mandates reporting of efficiency and effectiveness indicators. In addition, Treasury's 1997 guideline (*Performance information for management and accountability purposes: an introductory guide for Tasmanian inner-budget agencies*) continues to be the standard that government departments should apply to developing performance indicators and was used in developing our audit plan.

1.3   *Findings made across all or several departments*

The following chapters in this Report analyse 14 output groups (or significant parts of them) across four departments. We noted some findings that occurred in a majority of the departments audited.

Amongst the recurring findings we noted:

- poorly defined business objectives that do not facilitate measurement of performance

- overuse of indirect indicators where changes are mainly due to external factors rather than performance of the agency

- performance targets usually absent from annual reports

- almost universal lack of efficiency performance indicators

- unclear or missing progress reporting of initiatives published in budget papers

- lack of explanatory comments when there were large variations in numerical KPIs between reporting periods

- substituting mandatory external reporting information (e.g. as required for Commonwealth–State funding agreements) for more user-friendly performance measures.

The above findings are reported individually as they occur throughout the Report.

2 Department of Education

2 Department of Education: Compulsory education

In Treasury's 2005–06 Budget Paper No 2, the individual Outputs of the Department of Education (DoE) were provided under the following output groups:

1   Pre-compulsory and compulsory education

2   Post-compulsory education and training

3   Public information services.

For the audit we selected Output Group One: compulsory education exclusive of pre-compulsory education (Child Care).

2.1 Pre-compulsory and compulsory education

Tasmanian government school education is the responsibility of the School Education division. In 2006, there were approximately 200 schools, 9 000 staff and 70 000 students, ranging from Grades 1 to 12.

Our focus with this output group was on the output 'In School Education' that looks at compulsory education up until the end of Year 10. In the budget papers, the objective for this output group was defined as

> to provide a range of educational services that will help students develop intellectually, socially, morally, emotionally and physically in a stimulating, inclusive and supportive environment.

We note that additional reporting is provided at an individual school level; however that was not within the scope of this audit.

2.1.1 KPIs

The applicable KPIs developed by DoE to enable assessment of performance against this objective are shown in Table 2:

Table 2: KPIs in 2005–06 — Literacy and numeracy

KPI	Annual report	Budget papers	Type of indicator
% retention — Year 10 to 11	✔	✘	Effectiveness (quality)
% literary rates against national benchmarks for Years 3, 5 and 7	✔	✔	Effectiveness (quality)
% numeracy rates against national benchmarks for Years 3, 5 and 7	✔	✔	Effectiveness (quality)
% Year 6 students achieving proficiency standard, National Science Assessment	✔	✘	Effectiveness (quality)
Class sizes — kindergarten, primary and secondary	✔	✘	Effectiveness (quality)
% daily absentee rate	✔	✘	Effectiveness (quality)
% students receiving a suspension	✔	✘	Effectiveness (quality)
% parental satisfaction	✔	✘	Effectiveness (quality)

2.1.2   KPI evaluation

Assessing the quality of education is a non-trivial task because of the difficulty of isolating the quality of education from other factors such as innate ability and parental attitude.

The most obvious and direct KPI for this objective is the retention indicator, which measures the percentage of Year 10 students continuing on to Year 11. It was unclear whether students continuing on to TAFE training were included in the retention figures.

The numeracy and literacy KPIs were intuitive. However, the indicators were indirect in that students' literacy and numeracy achievement was due to many factors, for example, their ability and the attitude to these skills in their community.

Another difficulty was that the numeracy and literacy KPIs were point-in-time measures, rather than measuring improvement in students' abilities. We were advised that internally DoE report this additional data to schools to assist in developing individual student plans and inform educational gaps.

While class size was relevant it is only one of many factors that influence the quality of education provided and that KPI lacked an obvious performance target.

Suspensions data appeared to have only marginal relevance to the objective. It also lacked an obvious target in that more suspensions could indicate tighter discipline or might equally indicate a higher incidence of behaviour-related problems.

Parental satisfaction indicators provide feedback on perceptions of quality of educational services. However, parental satisfaction only measures the attitudes of parents who have elected to keep their children within the public system. As an alternative, the department could consider reporting a comparison of the proportion of public to private school enrolments.

Related recommendations follow in section 2.1.3.

2.1.3   KPI elements

As listed in Table 2, various qualitative indicators were provided in budget papers and in annual reports. In contrast, no quantitative indicators were reported, such as numbers of schools and students enrolled.

No equity or efficiency measures existed for this output.

Recommendation 1

We recommend the following changes to the KPIs for DoE's Output Group 1:

–   **Discontinue public reporting of suspensions data.**

–   **Replace the parent satisfaction survey with a proportion of students in the public education system.**

–   **Replace the point-in-time literacy and numeracy KPIs with measures of improvement between assessments.**

–   **Develop an efficiency measure for compulsory education. A possible measure is recurrent cost per student.**

–   **Develop equity measures for compulsory education. Possible measures include regional retention rates, available school places and class sizes.**

2.1.4   KPI presentation

We noted the following shortcomings:

- The budget papers only included information on national statistics.

- National science reporting was only on a three-year basis. In the absence of comparative data for other jurisdictions or a performance target, the information presented had little value.

- No targets or benchmarks were included in the annual report.

Recommendation 2

We recommend the following changes to the presentation of KPIs for DoE's Output Group 1:

- **Include additional KPIs in the budget papers.**

- **Develop and report performance targets where appropriate such as with National Science Reporting.**

2.1.5   KPI data quality

We found that DoE had a robust data collection system although there were some doubts as to the accuracy of reported student absences.

On the other hand, timeliness of data was variable, with literacy and numeracy data suffering time lags that resulted in delays of up to two years. State data was available within a few months of testing. However, DoE had a preference for using checked and benchmarked data used for Commonwealth reporting.

Recommendation 3

We recommend that DoE explore options for improving the timeliness of data.

2.1.6   Reporting against initiatives

The budget papers included 45 initiatives in 2005–06. We attempted to determine whether there was reporting of progress against those initiatives in the corresponding Annual Report. While there were pages devoted to discussion of progress, we were only able to align the initiatives of the two documents in a few instances.

The alignment difficulty was due to the use of differing terminology and the lack of similar structures for the initiatives that would assist

the reader. Accordingly, it was not possible to ascertain the extent of progress against the Budget initiatives, even though that information may be in the Annual Report.

Recommendation 4

We recommend that DoE explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

2.1.7   Conclusion

We acknowledge that DoE has put much effort into public reporting including management information systems to record and retrieve data. However, while the current set of performance data is partially successful, there is scope to build on what has been already developed. While effectiveness has largely been the department's focus, and especially qualitative measures, efficiency and equity should also be subject to performance indicators. Stronger and clearer linkages should also be made between budget paper initiatives and subsequent progress reporting in the annual report.

3   Department of Health and Human Services

3 Department of Health and Human Services

In Budget Paper No 2, the individual outputs of the Department of Health and Human Services (DHHS) were provided under the following Output Groups:

1   Community, population and rural health

2   Children and families

3   Hospitals and ambulance service

4   Housing Tasmania

5   Independent children's services review.

For the audit we selected six business areas, chosen from across the Department's first three output groups.

▪   Disability Services

▪   Mental Health Services

▪   Alcohol and Drug Services

▪   Community Nursing

▪   Child and Family Services

▪   Ambulance Services.

3.1   Disability Services

Disability Services is an element of Output Group 1, Community, Population and Rural Health, and in 2005–06 had a budget of $112 M. The unit receives Commonwealth and State funding assistance with the Tasmanian Government the major contributor. Commonwealth funding arrangements and performance information require the State government and Non-Government Organisations (NGOs) to provide data against an agreed National Minimum Data Set.

It has been estimated that 24% of Tasmanians have a disability while 7.8% have a profound or severe restriction. Disability Services provide:

▪   accommodation support

▪   community support

▪   community access

▪   respite care

▪   advocacy and information

■ research and development.

Disability Services funds approximately 90 NGOs to deliver the majority of services to people with a disability, their families and carers.

Disability Services advised that its objective as outlined on the DHHS website is 'a society where all people with disabilities are able to achieve their maximum potential.' We acknowledge that this was a vision statement and by nature aspirational. Nevertheless, we were unable to find a clearer or more measurable definition of the unit's goals, although we noted that the latest business plan had established targets to track progress.

Recommendation 5

We recommend that DHHS encourage business units to develop strategic objectives that are measurable and clearly define what the units are trying to achieve.

3.1.1 KPIs

The KPIs used in this area are shown in Table 3:

Table 3: KPIs in 2005–06 — Disability Services

KPI	Annual report	Budget papers	Type of indicator
Total community accommodation	✘	✔	Effectiveness (quantity)
Supported accommodation waiting list	✘	✔	Effectiveness (quantity)
No. of day options clients	✔	✔	Effectiveness (quantity)
Day options waiting list	✘	✔	Effectiveness (quantity)
% emergency respite requests met	✘	✔	Effectiveness (quantity)
% rate of disability respite occupancy	✘	✔	Effectiveness (quantity)
No. of supported accommodation clients receiving individual support packages	✔	✘	Effectiveness (quantity)

3.1.2   KPI evaluation

Although, considerable quantitative information was provided, we considered it unsatisfactory because:

- It failed to provide an intuitive understanding of the performance of Disability Services. In part, this was because the indicators gave little sense of what Disability Services does for its clients: for example, what are 'day options'? The information also failed to provide an overall picture of the extent to which client needs were being met, or even of the level of service provided.

- The proliferation of performance measures could lead to unintended adverse consequences. For example, an indicator of lesser importance could be given undue attention at the expense of more important functions.

- The indicators had the potential to be misinterpreted. For example, the indicator for respite occupancy misleadingly gave the impression of high effectiveness (100% occupancy in recent years), when the underlying reality is of a large unmet need.

Related recommendations follow in section 3.1.3.

3.1.3   KPI elements

The KPIs were quantitative rather than qualitative and addressed the question of how much service was provided, but not how well.

Efficiency indicators were not provided in DHHS's annual report or budget papers. Possible measures include average cost:

- per client

- of fully meeting the needs of the average client based on total service needs identified and the average cost of providing those services.

We also found no measures of equity or access. In our view, information as to whether or not disability services are provided at similar levels for different regions would be of value to Tasmanians.

Recommendation 6

We recommend the following changes to the KPIs for DHHS's Disability Services:

- **Develop a quantitative measure to reflect unmet need. A possible measure would be a weighted percentage of needs met based on initial assessments of individual clients.**

> – **Develop a quality measure based around survey of customers and carers.**
>
> – **Develop an efficiency measure for service provided. A possible measure is average cost per client.**
>
> – **Develop equity measures that encompass services for regional Tasmania.**

3.1.4   KPI presentation

Performance reporting was consistent over a three-year period. No targets were disclosed in the annual report and the budget papers contained projections rather than targets. In practice, some of the indicators seem to have implicit targets, such as 100% for respite occupancy. However, we believe there is a need for explicit, realistic targets, wherever possible.

In the published information we noted substantial changes in many of the reported indicators. Our view is that where large variations occur, numerical KPIs should be supported by explanatory comments.

We found that the KPIs published in the annual report were very limited compared to those included in the budget papers.

Recommendation 7

We recommend that in respect of Disability Services DHHS:

> – **Include genuine performance targets for KPIs where appropriate.**
>
> – **Provide explanatory comments when large variations in numerical KPIs are reported.**
>
> – **Include in the annual report at least the budget paper KPIs.**

3.1.5   KPI data quality

Provision of data is a complex issue for Disability Services because many of its services are provided by NGOs funded in part by the department. Data generated by NGOs is sent to a national agency that collates and publishes health and welfare statistics. This can lead to a lag of between eight to 18 months in the data used for KPI reporting. Disability Services had the option of using the uncleansed data but had little confidence in its accuracy or reliability.

The considerable data collected was primarily dictated by Commonwealth–State agreements and Disability Services had been reluctant to require additional KPIs to meet its purposes.

In our opinion, much of the lack of confidence in the original data and the NGOs' reluctance to provide additional performance data is attributable to the absence of an integrated management information system to efficiently collect, check and process data.

Recommendation 8

We recommend that DHHS develop an integrated management information system to facilitate collection of performance data from itself and NGOs for both internal and external reporting requirements.

Recommendation 9

We recommend that Disability Services review its data requirements for performance monitoring and reporting and include data requirements in service level agreements with NGOs.

3.1.6   Reporting against initiatives

We found that DHHS included discussion of progress against Disability Services initiatives in the 'Our Progress' section of the subsequent annual report. However:

- Only three of six budget–paper initiatives related to disability services were included.

- There was little evidence of any systematic attempt to provide discussion of progress against the budget paper initiatives with little consistency between the budget papers and the annual report in the terminology used to describe the initiatives.

- The three initiatives that were not included in the annual report described very specific activities which could easily have been reported.

Recommendation 10

We recommend that DHHS explicitly report Disability Services' progress against budget paper initiatives in the annual report using common structure and terminology.

3.2   Mental Health Services

Mental Health Services is also part of Output Group 1. At any point, 3% of the Tasmanian population will have a serious mental illness and 17% will experience a mental health problem in a 12-month period. Most services in Tasmania are provided in conjunction with

NGOs and general practitioners. In the 2005-06 financial year, Mental Health Services received $84 M.

The objective of the Mental Health Services unit was to work with customers, carers and the broader community to treat, support and manage mental disorders to maximise mental health, wellbeing and quality of life for people with a mental illness.

3.2.1 KPIs

The KPIs used in this area are shown in Table 4:

Table 4: KPIs in 2005–06 — Mental Health Services

KPI	Annual report	Budget papers	Type of indicator
% mental health services with national accreditation	✓	✓	Effectiveness (quality)
No. of inpatient separations	✓	✓	Effectiveness (quantity)
No. of community and residential — active clients	✓	✘	Effectiveness (quantity)
No. of 28-day unplanned re-admissions	✓	✘	Effectiveness (quality)
Rate of suicide (persons aged 15-34)	✓	✘	Background information

3.2.2 KPI evaluation

The KPIs covered treatment of inpatients with the quantitative measure of the number of inpatients discharged and the qualitative measure of the number of unplanned re-admissions.

Similarly the 'support' and 'manage' functions are broadly covered by the quantitative measure of the number of community and residential clients and the qualitative measure of services with national accreditation.

We found that, in its present format, the indicators reported are a reasonable reflection of the activities of Mental Health Services. However:

- Both sets of data had the disadvantage that they were not necessarily associated with achievement of the objective. For example, an increase in inpatient separations may be due to improved inpatient throughput or alternatively it may be the result of an increase in patient numbers following a decline in the level of community-based or other support activities.

- ▪ The fact that more than half of service providers did not have national accreditation in 2005–06 suggests that this indirect indicator was not necessarily a reliable guide to quality or the lack of it. It was certainly not an intuitive quality measure.

- ▪ The KPIs provided no information about unmet need.

As with Disability Services, our view is that a better quantitative indicator would be a single number to represent some form of weighted average of the percentage of needs met compared to initial assessments of services required for each individual client, supported by annual client and carer survey of the quality of service received.

A survey would also provide some feedback on the work with customers of the Mental Health Services unit, carers and the broader community, which does not appear to be covered under the existing KPIs.

Related recommendations follow in section 3.2.3.

3.2.3   KPI elements

Effectiveness was measured by quantity and quality indicators.

Efficiency indicators were provided in neither the annual report nor the budget papers. Possible measures include average cost:

- ▪ weighted per inpatient separation

- ▪ per patient treated in a community setting

- ▪ of fully meeting the needs of the average client based on total service needs identified and the average cost of providing those services.

Also, we found no measures of equity. In our view, information as to whether or not mental health services were provided at similar levels for different regions or equitably for rural and urban locations would be of value to the public.

Recommendation 11

We recommend the following changes to the KPIs for DHHS's Mental Health Services:

- – **Develop a quantity measure that better reflects achievement of its objective than inpatient separations.**

- – **Develop a quality measure based around survey of customers and carers.**

- – **Develop a quantitative measure to reflect the level of unmet need. A possible measure**

> **would be a weighted percentage of needs met based on initial assessments of each client.**
>
> – **Develop an efficiency measure for service provided. A possible measure is weighted cost per inpatient separation and average cost for community-based residential care.**
>
> – **Develop equity (or access) measures that encompass services for regional Tasmania.**

3.2.4   KPI presentation

Performance reporting was consistent over a three-year period. No targets were disclosed in the annual report and the budget papers contained projections rather than targets. We believe there is a need for explicit, realistic targets, wherever possible.

In the annual report we further noted substantial changes in the number of '28-day unplanned re-admissions'. Our view is that where large variations occur, numerical KPIs should be supported by explanatory comments.

Recommendation 12

We recommend that Mental Health Services includes:

> – **explicit achievable targets in its annual reporting.**
>
> – **explanatory comments when large variations in numerical KPIs are reported.**

3.2.5   KPI data quality

Around 13% of the Mental Health Services budget was spent on NGO services and most of those services are able to provide some level of information. At present, data collection is largely paper–based. We were advised of frequent data collection shortcomings that would not be fully resolved until a new electronic client record and management system was implemented.

Mental Health Services advised that it was attempting to embed systematised data collection into treatment regimes. A 'data mart' has also been developed to provide detailed data and allow for better population–based planning.

3.2.6   Reporting against initiatives

We found that DHHS included discussion of progress against Mental Health Services initiatives in the 'Our Progress' section of the subsequent annual report. However:

- Only two of five budget paper initiatives were included and a possible third.

- There was little evidence of any systematic attempt to provide discussion of progress against the budget paper initiatives with little consistency between the budget papers and the annual report in the terminology used to describe the initiatives.

- The two initiatives that were clearly not included in the annual report described very specific activities which could easily have been reported.

Recommendation 13

We recommend that Mental Health Services explicitly report progress against budget papers initiatives in the annual report using common structure and terminology.

3.3   Alcohol and Drug Services

Alcohol and Drug Services (ADS) is part of Output Group 1. It provides a range of services to achieve its objective of harm minimisation, including:

- alcohol and drug assessments

- access to evidence-based treatment or referral to other services, professional counselling

- group work programs

- methadone and other pharmacotherapy programs

- residential, outpatient and home withdrawal

- outreach services to non–metropolitan areas

- professional consultations to other service providers.

As with other DHHS business units that we audited, services were provided by NGOs (in this case approximately 50%) where ADS had a coordination and management role.

3.3.1 KPIs

The KPIs used in this area are shown in Table 5:

Table 5: KPIs in 2005–06 — Alcohol and Drug Services

KPI	Annual report	Budget papers	Type of indicator
% closed episodes of alcohol and drug treatment as proportion of registrations	✘	✔	Effectiveness (quantity and quality)
No. of closed episodes of alcohol and drug treatment	✘	✔	Effectiveness (quantity and quality)
Pharmacotherapy program methadone – No. of active participants	✘	✔	Effectiveness (quantity)
Pharmacotherapy program – No. of active participants	✔	✘	Effectiveness (quantity)

3.3.2 KPI evaluation

Our first impression was that the terminology was difficult and gave little sense of the performance of ADS, with terms such as 'pharmacotherapy' and 'closed episodes' not in common usage. We also found that these indicators included no information on some of the services provided through ADS such as:

- residential, outpatient and home withdrawal
- outreach services to non-metropolitan areas.

The indicators relating to numbers of participants in programs may be ambiguous and not provide clear performance information. For example, does an increase in the numbers of people on the methadone program represent good performance? An increase might represent improved capacity to provide service. On the other hand, a decline might indicate reducing numbers of addicts perhaps in part because of the success of information programs.

As with Disability Services and Mental Health Services, our view is that a better quantitative indicator would be a single number to represent some form of weighted average of the percentage of needs met compared to initial assessments of services required for each individual client, supported by annual client and carer surveys of the quality of service.

A survey would also provide some feedback on ADS's work with clients and the broader community, which does not appear to be covered under the existing KPIs.

Related recommendations follow in section 3.3.3.

3.3.3   KPI elements

Effectiveness was measured by quantity and quality indicators.

Efficiency indicators were lacking in both the annual report and budget papers. A possible measure is average cost per program participant.

We also found no measures of equity. In our view, information as to whether or not alcohol and drug services were provided at similar levels for different regions or equitably for rural and urban locations would be of value to the public.

Recommendation 14

We recommend the following changes to the KPIs for DHHS's Alcohol and Drug Services:

- **Derive targeted performance measures to provide more complete coverage of the objectives.**

- **Simplify the terminology used in performance measures.**

- **Refine the performance measures to remove existing ambiguities. A possible solution would be a weighted percentage of needs met based on initial assessments of individual clients**

- **Develop a quality measure based around client or carer surveys.**

- **Develop an efficiency measure for service provided. A possible measure is average cost per program participant.**

- **Develop equity (or access) measures that encompass services for regional Tasmania and urban / rural areas.**

3.3.4   KPI presentation

Performance reporting was consistent over a three-year period. No targets were disclosed in the annual report and the budget papers contained projections rather than targets. We believe there is a need for explicit, realistic targets wherever possible.

We noted that the annual report included even less information than the budget papers. Our view is that the annual report should have as much information about entity performance against approved objectives — maybe more — than is published in the budget papers.

In the budget papers we further noted substantial changes in the number of 'closed episodes'. Our view is that where large variations occur, numerical KPIs should be supported by explanatory comments.

Recommendation 15

We recommend that in respect of Alcohol and Drug Services, DHHS:

–   **Include in the annual report at least the budget paper KPIs.**

–   **Provide explanatory comments when large variations in numerical KPIs are reported.**

3.3.5   KPI data quality

Internal data is collected quarterly but other information can be 12–18 months old due to delays caused by data cleansing at the national level. The majority of KPIs therefore suffered from a lack of timeliness.

The underlying data was sourced promptly from a management information system, pharmacists, police, hospitals and NGOs and was considered to be reliable and accurate.

3.3.6   Reporting against initiatives

The annual report contained no information on any of three drug- and alcohol-related initiatives from the budget papers.

Recommendation 16

We recommend that Alcohol and Drug Services explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

3.4   Community Nursing

Community Nursing is an element of Output Group 1, Community, Population and Rural Health. Its role is to promote better health, and to support and care for those clients who wish to remain in their homes within their communities.

The majority of community nurses in Tasmania work for DHHS as opposed to being employed by NGOs or the private sector as is the

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case in many other jurisdictions. Within the business unit, community nursing is classified as either rural or urban, and each has a different management structure.

3.4.1   KPIs

The KPIs used in this area are shown in Table 6:

Table 6: KPIs in 2005–06 — Community Nursing

KPI	Annual report	Budget papers	Type of indicator
Occasions of service	✔	✘	Effectiveness (quantity)

3.4.2   KPI evaluation

The single performance measure was direct, intuitive and provided quantitative information. However, no information was provided as to the quality or timeliness of the service which has the potential to motivate excessive attention to quantity of visits at the cost of quality of service.

A related recommendation follows in section 3.4.3.

3.4.3   KPI elements

Efficiency indicators were not provided in the annual report or budget papers. A possible measure is the average cost per occasion of service.

We also found no measures of equity or access. In our view, regional information would enable report users to ascertain whether community nursing is equitably provided around the State.

Recommendation 17

We recommend the following changes to the KPIs for Community Nursing:

– **Introduce performance indicators to provide information about waiting times and customer satisfaction levels.**

– **Develop an efficiency measure for service provided. A possible measure is average cost per occasion of service.**

– **Develop equity (or access) measures that encompass services for regional Tasmania.**

3.4.4   KPI presentation

Performance reporting, based on occasions of service, was consistent in the annual report over a three-year period. While occasions of service is a simple activity measure that does not lend itself to targets, we have recommended in the previous section that further performance measurements be developed.

In the published information we noted a substantial decline in occasions of service between 2003 to 2005 followed by a sharp increase in 2006. Our view is that in such circumstances, numerical KPIs should be supported by explanatory comments.

Recommendation 18

We recommend that Community Nursing provide explanatory comments when large variations in numerical KPIs are reported.

3.4.5   KPI data quality

The current information system captures only basic level data. Further, data for HACC-funded community nursing was criticised by an internal report for lacking quality, completeness and accuracy.[3]

We were advised that there is reluctance within the nursing group to take time away from servicing clients to recording more meaningful data.

A new management information system is currently being developed to assist with the provision of performance information. However, we are concerned that a new system may not change the present reluctance to input and measure information in a timely manner.

Recommendation 19

We recommend that Community Nursing fosters an environment where operational staff have a greater awareness of performance measurement and of their role and the benefits in providing inputs.

3.4.6   Reporting against initiatives

The budget papers included an initiative to:

> further develop the delivery of consistent, accessible and quality community nursing services through the establishment of a state-wide implementation plan.

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[3] Home and Community Care (HACC) Tasmania, (2003–05) p2.

We were unable to find a reference to this initiative in the annual report.

Recommendation 20

We recommend that Community Nursing explicitly reports achievement of budget paper initiatives in the annual report in a form that facilitates matching to the budget initiatives.

3.5 Child and Family Services

Child and Family Services is part of Output Group 2, Children and Families. The objective stated in the budget papers is the:

> provision of care and protection for children at risk of, or suffering from abuse or neglect, family violence counselling and support services and adoption services.

Our focus with Child and Family Services was on the child protection function.

3.5.1 KPIs

The KPIs used in this area are shown in Table 7:

Table 7: KPIs in 2005–06 — Child and Family Services

KPI	Annual report	Budget papers	Type of indicator
% child protection notifications referred for investigation	✓	✓	Effectiveness (quantity)
% child protection investigations substantiated	✓	✓	Effectiveness (quality)
No. of children in out–of–home care	✓	✗	Effectiveness (quantity)
Rate of children on care and protection orders as proportion of population	✗	✓	Background
% children who were the subject of an investigation and decision not to substantiate, who were the subject of a subsequent substantiation within 12 months	✓	✓	Effectiveness (quality)
% children who were the subject of a substantiation during the previous year, who were the subject of a subsequent substantiation within 12 months	✓	✗	Effectiveness (quality)

3.5.2   KPI evaluation

There is a quantitative measure (% child protection notifications referred for investigation) that gives a sense of the extent to which a formal investigation is required for notifications received under the relevant statutory provisions of the *Children, Young Persons and their Families Act 1997*. The number of cases not allocated for investigation (unallocated cases) provides a measure of the extent to which the unit is keeping up with the volume of child protection notifications referred.

A number of qualitative measures reveal the extent to which further investigation and substantiation processes had been necessary despite earlier efforts. While the measures were complexly worded, we thought that they were reasonably intuitive and effective measures of quality of the initial service or intervention.

There were two quantitative measures of which we were uncertain:

- Proportion of children on care and protection orders
- No. of children in out–of–home care.

Both have the problem that there is no obvious target and have the potential to lead to unintended adverse consequences. For instance, is an increase in the number of children in care a desirable result and is there a possibility that the indicators encourage inappropriate placement of children in care?

3.5.3   KPI elements

Effectiveness was measured by quantity and quality indicators.

Efficiency indicators were lacking in both the annual report and budget papers. Possible measures are average cost per investigation or number of investigations per case worker per year.

We also found no measures of equity. In our view, information as to whether or not child protection services were provided at similar levels for different regions or equitably for rural and urban locations would be of value to the public.

Recommendation 21

We recommend the following changes to the KPIs for DHHS's Child and Family Services:

- **Refine the performance measures to remove existing ambiguities.**

- **Develop an efficiency measure for service provided. A possible measure is average cost per investigation or number of investigations**

> **per case worker per year.**
>
> –   **Develop equity (or access) measures that encompass services for regional Tasmania and urban / rural areas.**

3.5.4   KPI presentation

Performance reporting was consistent over a three-year period. No targets were disclosed in the annual report and the budget papers contained projections rather than targets. We believe there is a need for explicit, realistic targets wherever possible.

We further noted a substantial and unanticipated increase in the proportion of notifications referred for investigation in the Annual Report. Our view is that where large variations occur, numerical KPIs should be supported by explanatory comments.

> **Recommendation 22**
>
> **We recommend that in respect of Child and Family Services, DHHS provides explanatory comments when large variations in numerical KPIs are reported.**

3.5.5   KPI data quality

Ostensibly, data is managed by means of an antiquated central system that is difficult to use but the unit has developed its own system. Although some integration problems existed with the replacement systems our impression was that data collected was timely and relevant. In some cases projections were used for the most recent year and those projections appeared to be precise and soundly based.

3.5.6   Reporting against initiatives

We found that DHHS included discussion of progress against child protection initiatives in the 'Our Progress' section of the subsequent annual report. However:

- Only three of five budget paper initiatives were included.

- There was little evidence of any systematic attempt to provide discussion of progress against the budget paper initiatives with little consistency between the budget papers and the annual report in the terminology used to describe the initiatives.

- The two initiatives that were not included in the annual report described very specific activities which could easily have been reported.

Recommendation 23

We recommend that Child and Family Services explicitly reports achievement of budget paper initiatives in the annual report in a form that facilitates matching to the budget initiatives.

3.6   Ambulance Services

Ambulance Services forms part of Output Group 3, Hospitals and Ambulance Service, and has the objective:

> to provide emergency ambulance care, rescue and transport services and a non-emergency patient transport service through a network of stations State-wide.

Its outputs include:

- emergency ambulance care and rescue
- transport services to all urgent and priority cases
- specialised non-urgent patient transport service.

3.6.1   KPIs

The KPIs used in this area are shown in Table 8:

Table 8: KPIs in 2005–06 — Ambulance Services

KPI	Annual report	Budget papers	Type of indicator
% satisfaction with ambulance services	✘	✔	Effectiveness (quality)
No. of ambulance responses	✔	✔	Effectiveness (quantity)
No. of ambulance *emergency* responses	✔	✘	Effectiveness (quantity
No. of minutes — ambulance emergency response times	✘	✔	Effectiveness (quality)
Ambulance response times — 50th percentile	✔	✘	Equity

3.6.2   KPI evaluation

We found that KPI information was well matched to the stated objective. The information was intuitive and covered qualitative, quantitative and timeliness aspects.

3.6.3　KPI elements

As noted in section 3.6.2, effectiveness was measured by quantity and quality indicators.

Efficiency indicators were lacking in both the annual report and budget papers. A possible measure is average cost per response.

The annual report did have a measure of equity (access), namely the 'Ambulance response times — 50th percentile[4]. In our view, the measure fails to achieve its aim because it favours the fastest responses that may be concentrated in urban locations but does not look at the slowest responses which could potentially indicate reduced access to ambulances in non–urban areas.

Recommendation 24

We recommend that the Ambulance Service develop an efficiency measure. A possible measure is average cost per response.

We further recommend that the existing equity performance indicator be refined to incorporate service coverage to non–urban areas.

3.6.4　KPI presentation

Performance reporting was consistent over a three-year period. No targets were disclosed in the annual report and the budget papers contained projections rather than targets. We believe there is a need for explicit, realistic targets for response times and satisfaction surveys.

Recommendation 25

We recommend that the Ambulance Service includes targets in its annual reporting.

3.6.5　KPI data quality

There was a management information system that was well established and centrally controlled. Data reliability was very high.

3.6.6　Reporting against initiatives

The initiatives disclosed in the budget papers were explicitly covered in the annual report.

---

[4] The response time within which 50% of responses occurred

3.7 Reporting at the departmental level

In reviewing the above units of the department, we noted that it has clearly undertaken a systematic exercise to develop KPIs within the categories of achievement, quality and access indicators. While this is commendable, we had three concerns with the approach taken:

- Efficiency was not included.

- The grouping of KPIs by category rather than by output group or unit makes it difficult for a reader to get a sense of performance at the unit level.

- Only small number of access measures are reported.

Recommendation 26

We recommend that the reporting structure be amended to routinely include efficiency.

We further recommend that KPIs be presented at the output group level.

3.8 Conclusion

At an agency level, we acknowledge that DHHS has put in place a performance reporting structure. For most units that we audited there was evidence of a genuine and partially successful effort to provide meaningful information.

However, there were some areas for improvement. First, we noted there were no measures of efficiency and few of equity and quality.

Secondly, many of the quantitative measures were activity statistics only and did not convey a broader sense of achievement.

Thirdly, presentation could be improved with better progress reporting against budget paper initiatives and greater use of performance targets.

Finally, a problem specific to the department was that many of the services were delivered by NGOs whose performance data was frequently not timely or reliable. The issue relates to both defining suitable indicators and establishing efficient business processes and systems to collect the information from NGOs.

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4 Department of Infrastructure, Energy and Resources

4 Department of Infrastructure, Energy and Resources

For 2005–06, Budget Paper No 2 lists the individual outputs of the Department of Infrastructure, Energy and Resources (DIER) as:

1   Development of transport policy advice and planning

2   Land transport safety programs

3   Provision of transport services and infrastructure

4   Provision of energy advisory and regulatory services

5   Workplace standards

6   Mineral resources management and administration

7   Support for the minister in infrastructure development and government business management

8   Support for racing industry

9   Transport subsidies and concessions.

For the audit we selected Output Groups 2, 3 and 6.

DIER's overall objective is:

> to support the existing commercial and social infrastructure and to facilitate new development that will enable Tasmania to prosper.

4.1   Land transport safety programs

The Budget Papers 2005–06 state the following objective for Output Group 2:

> facilitate the safe, efficient and equitable movement of all traffic within the Tasmanian land transport system.

Activities that the output group undertook to achieve that objective included:

- provision of a traffic management framework

- road safety education, research, promotion and advice

- management of driver licensing and vehicle registration

- management and enforcement of safety standards for rail, heavy vehicles and public vehicles.

4.1.1   KPIs

The KPIs used in this area are shown in Table 9:

Table 9: KPIs in 2005–06 — Land transport safety programs

KPI	Annual Report	Budget Papers	Type of indicator
% vehicles checked found to be unregistered	✗	✓	Effectiveness (quality)
% vehicles checked found to be overweight	✗	✓	Effectiveness (quality)
No. of fatalities from road crashes	✓	✓	Effectiveness (quality)
No. of serious injuries from road crashes	✓	✓	Effectiveness (quality)
No. of fatalities in the 0 to 29 years age group	✓	✓	Effectiveness (quality)
No. of serious injuries in the 0 to 29 years age group	✓	✓	Effectiveness (quality)

4.1.2   KPI evaluation

With regard to the stated objective, the KPIs concentrated on safety and this was further supported by narrative sections in the annual report that provided more material on road safety achievements during 2005–06. We noted though, that the stated objective of facilitation of movement was not reported nor were there measures to address efficiency and equity.

We also considered the (road safety) performance indicators were not sufficiently direct in that they reported on outcomes that were influenced by the performance of many organisations — not just DIER. For instance, an improvement in road safety statistics may be due to improved safety education activities by DIER but could equally be due to an increased police campaigns or stricter legislation.

However, our opinion is that the objective and the supporting activities are currently too imprecisely defined to allow for development of direct and more meaningful KPIs.

A related recommendation follows in section 4.1.3.

4.1.3   KPI elements

As listed in Table 9, effectiveness of land transport safety programs was measured by qualitative indicators.

No efficiency measures existed for this output. The absence of measurable activities complicates development of efficiency indicators. However, a measure such as cost per registered road user might allow comparison with other jurisdictions and over time.

We also noted there were no measures of equity.

Recommendation 27

We recommend the following changes to the KPIs for DIER's land transport safety programs:

- **Develop strategic objectives that are measurable and clearly define what the unit is trying to achieve.**

- **Develop an efficiency measure for service provided. A possible measure is average cost per registered road user.**

- **Develop equity measures.**

4.1.4 KPI presentation

While the annual report consistently included long-term data (i.e. 1996–2005), we noted that some of the KPIs in the budget papers were not included.

It appeared to us that the budget paper 'targets' were actually projections. We believe there is a need for explicit, realistic targets, wherever possible.

Recommendation 28

We recommend that DIER:

- **develops explicit achievable targets for annual reporting.**

- **includes in the annual report at least the budget paper KPIs.**

4.1.5 KPI data quality

Safety data reported for this output group was sourced from outside the department, namely Tasmania Police. We were satisfied with the reliability and timeliness of the data used.

4.1.6 Reporting against initiatives

The budget papers included six initiatives in 2005–06 (e.g. joint operations with Tasmania Police on unregistered/uninsured motor vehicles). The annual report used an appropriate narrative form to advise progress against strategies that supported all the initiatives.

4.2   Provision of transport services and infrastructure

The objective for Output Group 3 was described in the budget papers in the following terms:

> optimise access to transport services for both industry and the Tasmanian community.

The major users of these services are transport and community stakeholders in general. The focus of this output group was:

- the safe and efficient movement of transport system users

- contracting for the provision of essential public transport school buses and the Bruny Island Ferry Service

- the administration of transport assistance and subsidies.

4.2.1   KPIs

The KPIs used in this area are shown in Table 10:

Table 10: KPIs in 2005–06 — Provision of transport services and infrastructure

KPI	Annual Report	Budget Papers	Type of indicator
% first response time to fault notification: traffic signals statewide	✘	✔	Effectiveness (quality)
% level of satisfaction of RIMS* derived from annual survey	✘	✔	Effectiveness (quality)
% cost of administering the delivery of the government's passenger transport assistance programs	✘	✔	Economy
Road maintenance effectiveness	✔	✘	Effectiveness (quality)
Smooth travel exposure	✔	✘	Effectiveness (quality)

★ Road Information Management System (RIMS)

4.2.2   KPI evaluation

In making an assessment, we have used the focus areas identified in section 4.2. First, we considered 'the safe and efficient movement of transport system users' to be well covered, although some of the

KPIs were not intuitive, such as road maintenance effectiveness and smooth travel exposure.

Secondly, we found no KPIs that related to the 'public transport school buses and the Bruny Island Ferry Service'.

Thirdly, the only indicator relating to 'administration of transport assistance and subsidies' was the percentage cost of administration. In the absence of other measures this has the potential adverse consequence of encouraging 'penny pinching' at the expense of administration quality.

Finally, the '% first response time to fault notification: traffic signals statewide' lacked explanation as to what the time frame for fault rectification was.

Related recommendations follow in section 4.2.3.

4.2.3   KPI elements

While the annual report had its own performance indicators relating to the roads program (i.e. road maintenance effectiveness and smooth travel exposure), they were esoteric and such explanatory notes as were provided were aimed at engineers rather than the layperson. Data was provided for the period 1997–2004 but again, without benchmarking or explanation it would not be useful to a general reader.

We expected to see efficiency measures in the form of cost per major unit of service at either the department or output group level. Although detailed financial information was included in the annual report, there were no performance indicators reporting on efficiency.

We felt that access to public transport services was an issue for which equity should be addressed (possible examples could be the proportion of routes with a free school bus service or pensioner concession fares compared to total fares).

Recommendation 29

We recommend the following changes to the KPIs for DIER's Output Group 3:

- **Derive targeted performance measures to provide more complete coverage of the objectives.**

- **Simplify the terminology used in performance measures.**

- **Develop a performance measure for administration of transport assistance and subsidies that is broader than just cost.**

> – **Develop an efficiency measure in the form of cost per major unit of service at either the department or output group level.**
>
> – **Develop a measure to address equity (possible examples could be the proportion of routes with a free school bus service or pensioner concession fares compared to total fares).**

4.2.4　KPI presentation

There was no consistency of performance indicators between the annual report and the budget papers. While there was detailed narrative it did not link back to the objective or outcomes. Likewise, the KPIs in the annual report were not alluded to in budget papers.

The budget papers, by their nature, lacked commentary and the measures were not appropriately evaluated in the following year.

> **Recommendation 30**
>
> **We recommend that DIER include in the annual report at least the budget paper KPIs.**

4.2.5　KPI data quality

We looked at the timeliness, accuracy, relevance and statistical analysis given to the data. We also enquired about management information systems (MIS) used for data capture. Internally sourced data (e.g. from RIMS, or financial systems) appeared to be subject to robust internal controls.

4.2.6　Reporting against initiatives

Two initiatives were included in the 2005–06 budget papers (review of core passenger services and continued development of RIMS). Reporting of progress against those initiatives was provided in the corresponding annual report.

4.3　Mineral resources management and administration

The output group's objectives, as expressed in the budget papers, are to ensure that:

1　the State's natural resources are managed in a sustainable way now and for future generations

2　there is a fair and sustainable return to the community when mineral or petroleum resources are developed.

As is noted in Table 11, performance measurement centres on production of maps and appeared to have little relevance to the stated objectives.

Accordingly, we looked for a description of the output group's objectives that might have closer correspondence to what was being measured. We found that the budget papers also described the output group as providing services to industries and detailed the following key activities:

- publish geoscientific information

- publish land stability and groundwater information

- regulation of mineral and petroleum exploration

- setting and monitoring of exploration standards

- environment appraisal of heritage mining

- issue of legal title for mining tenants.

Some of these activities could not be reconciled to the objectives and some did not appear to be covered by performance indicators. Nonetheless, we felt that this list provided a reasonable basis for audit of KPIs.

Recommendation 31

We recommend that Mineral Resources Management resolves the apparent incompatibility of objectives, activities and KPIs.

4.3.1   KPIs

The KPIs used in this area are shown in Table 11:

Table 11: KPIs in 2005–06 — Mineral resources management and administration

KPI	Annual Report	Budget Papers	Type of indicator
No. of maps: digital geoscientific coverage of Tasmania (1:25 000)*	✔	✔	Effectiveness (quantity)
No. of maps: digital geoscientific coverage of state's geohazards	✔	✔	Effectiveness (quantity)
No. of maps: digital geoscientific coverage of state's groundwater	✔	✔	Effectiveness (quantity)

KPI	Annual Report	Budget Papers	Type of indicator
No. of planning maps	✘	✔	Effectiveness (quantity)
Gigabytes of data downloaded from the Mineral Resources' web site	✔	✘	Effectiveness (quality)
No. of data packages distributed to clients	✔	✘	Effectiveness (quality)

[*]A footnote to the budget papers states: "Mineral Resources Tasmania is compiling data to reproduce old maps in a digital format and to populate the TIGER [Tasmania Information on Geoscience and Exploration Resources] system. In all, 418 maps are needed to cover the state."

4.3.2   KPI evaluation

The performance indicators in Table 11 are intuitive and include both quantitative and qualitative elements. However, while they related to some of the output group's key activities they did not address:

- regulation of mineral and petroleum exploration
- setting and monitoring of exploration standards
- environment appraisal of heritage mining
- issue of legal title for mining tenants.

As a unit of quantity the budget papers used 'Number of maps' and in that regard, the annual report contained the following statements:

> Twelve 1:25 000 scale map tiles were prepared for digital capture during the year.

> Data capture/output was completed for twelve 1:25 000 scale map tiles.

> The geological data for eight existing map areas in northwest Tasmania was significantly upgraded for use in the production of landslide hazard maps.

It was unclear to us as to whether the above descriptions equated to completed maps or progress towards them.

A related recommendation follows in section 4.3.3.

4.3.3   KPI elements

Table 11 includes qualitative and quantitative effectiveness KPIs.

63

No efficiency measures existed for this output. Possible efficiency measures are cost per map or cost per square kilometre mapped.

There were no measures that specifically addressed equity. However, we considered that this output group does not include region-sensitive outputs.

Recommendation 32

We recommend the following changes to the KPIs for DIER's Mineral Resources Management:

- **Develop targets that more widely reflect the activities of the output group.**

- **Develop an efficiency measure for service provided. Possible measures are average cost per map or cost per square kilometre mapped.**

4.3.4   KPI presentation

We noted that some of the KPIs in the budget papers were not included in the annual report. We also noted that annual report did not include prior year information nor performance targets. Although the annual report used a narrative form, the lack of targets or prior year data sometimes made it difficult to draw conclusions about performance. For example, while we read that 5 620 gigabytes of data were downloaded we had no frame of reference to indicate whether that represented good performance.

Recommendation 33

We recommend that Mineral Resources Management include in the annual report at least the budget paper KPIs.

4.3.5   KPI data quality

As noted in section 4.2.5, internally sourced data (e.g. from TIGER or financial systems) appeared to be subject to robust internal controls.

4.3.6   Reporting against initiatives

The budget papers included six initiatives in 2005–06. We attempted to determine whether there was reporting of progress against those initiatives in the corresponding annual report. While there were pages devoted to discussion of achievements against strategies, and some of the budget initiatives were clearly mentioned in the report, we struggled to match the initiatives between the two documents.

The alignment difficulty was due to the use of differing terminology and the lack of similar structures for the initiatives that would assist

the reader. As an example, we were unable to determine whether the annual report had included coverage of the budget initiatives to undertake gap analysis of the three-dimensional geoscientific model.

Recommendation 34

We recommend that Mineral Resources Management explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

4.4   Conclusion

DIER had developed performance indicators for the output groups that we audited and had robust data gathering systems supporting the process. However, there were some areas requiring substantial improvement.

Our view was that some of the output groups' objectives were not well enough defined to facilitate development of meaningful KPIs. That difficulty may have contributed to coverage of objectives being incomplete or to existing KPIs not conveying a clear sense of performance.

There were other concerns noted including a lack of measures of efficiency and the absence of performance targets.

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5 Department of Police and Emergency Management

5 Department of Police and Emergency Management

Budget Paper No 2 shows the individual outputs of the Department of Police and Emergency Management (Tasmania Police or the department) as:

1   Policing support to the community

2   Crime detection and investigation

3   Traffic law enforcement and road safety

4   Protection of primary industry and fisheries resources

5   Emergency management

6   Support to judicial services

7   Ministerial support and information services.

For the audit we selected the first four output groups.

Internal reporting at the department centres on the *Corporate Performance Report* that tracks performance against a wide range of reporting criteria. It makes comparisons between the state's four police districts (i.e. north, south, east and west) and analyses trends over time.

5.1   Policing support to the community

The objective stated for this output group in the 2005–06 budget papers was:

> Maintaining and improving personal safety in the community, reducing the incidence of property offences as well as promoting community participation in managing public order, safety initiatives and crime prevention. In addition, a counter terrorism and transnational crime capability is provided in terms of planning and readiness.

Activities that the output group undertakes to meet the objective include:

- targeted and high visibility patrols and task forces

- responding to public requests

- crime prevention education and awareness.

5.1.1   KPIs

The KPIs used in this area are shown in Table 12:

Table 12: KPIs in 2005–06 — Policing support to the community

KPI	Annual Report	Budget Papers	Type of indicator
% community satisfaction with policing services	✔	✔	Effectiveness (quality)
% community perception of police integrity/professionalism	✔	✔	Effectiveness (quality)
% community satisfaction with police support for community programs	✔	✔	Effectiveness (quality)
% community satisfaction with police in dealing with public order problems	✔	✔	Effectiveness (quality)
Requests for policing services	✘	✔	Effectiveness (quantity)
Complaints against police	✔	✔	Effectiveness (quality)
Deaths in custody	✔	✔	Effectiveness (quality)

5.1.2   KPI evaluation

Effectiveness was covered by combined reporting of quantitative and qualitative KPIs. In the case of the latter, Australia-wide community satisfaction surveys are conducted by external firms against business rules that are determined by a national working party[5]. While recognising that the measures chosen provided useful information, we noted Productivity Commission concerns that public perceptions may not necessarily reflect actual levels of police performance[6]. Nevertheless, we concede that the breadth of public safety as a concept precludes more objective measures of quality.

However, one part of the output group's objective — 'promoting community participation in managing public order, safety initiatives and crime prevention' — was not reported on. As a starter, an activity measure could be devised.

[5] National Survey of Community Satisfaction with Policing

[6] Productivity Commission *Report on Government Services 2005*. Section 5.3

A related recommendation follows in section 5.1.3.

5.1.3   KPI elements

As noted in section 5.1.2, effectiveness was satisfactorily covered by combined reporting of quantitative and qualitative KPIs.

We expected to see efficiency measures in the form of cost per major unit of service at either the department or output group level. As examples, possible measures could be a high-level statistic for the department of cost of policing per capita or number of uniformed police per capita. Although detailed financial information is included in the annual report, there were no performance indicators reporting on efficiency.

There were no measures that specifically addressed equity. However, we considered that this output group does not include outputs that are measurable at a regional level.

Recommendation 35

We recommend the following changes to the KPIs for Tasmania Police's 'Policing support to the community':

– **Develop a performance indicator for the objective: 'promoting community participation in managing public order, safety initiatives and crime prevention'.**

– **Develop an efficiency measure for service provided. Possible measures are a high-level statistic for the department of cost of policing per capita or number of uniformed police per capita.**

5.1.4   KPI presentation

Information was consistent between annual report and budget papers and was consistently reported over time. Narration was provided to support graphical data but performance targets were given in the budget papers only.

Recommendation 36

We recommend that Tasmania Police include performance targets in the annual report as well as the budget papers.

5.1.5   KPI data quality

We looked at the timeliness, accuracy, relevance and statistical analysis given to the data. We also enquired about management information systems used to capture data.

We found that the performance reporting at Tasmania Police had a high profile. This was illustrated by continuing evolution of KPIs and development of new internal reporting measures. Management information systems were well established and centrally controlled.

5.1.6   Reporting against initiatives

The budget papers included five initiatives in 2005–06. We sought to determine whether there was reporting of progress against those initiatives in the following annual report. While there were pages in each output group section devoted to discussion of progress, we were not able to align the initiatives of the two documents in all circumstances. This was due to differing terminology and the lack of similar structures for the initiatives that would assist the reader. Accordingly, it was not possible to ascertain the extent of progress against the budget initiatives, even though that information may be in the annual report.

Recommendation 37

We recommend that Tasmania Police explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

5.2   Crime detection and investigation

The objective stated in the 2005–06 budget papers was: "detection and apprehension of offenders against the person and property".

This short description was supplemented by a listing that included activities such as:

- targeted/directed patrols
- covert operations
- investigation of crime.

5.2.1   KPIs

The KPIs used in this area are shown in Table 13:

Table 13: KPIs in 2005–06 — Crime detection and investigation

KPI	Annual Report	Budget Papers	Type of indicator
No. of recorded offences against the person	✔	✔	Effectiveness (quantity)
No. of recorded offences against property	✔	✔	Effectiveness (quantity)

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KPI	Annual Report	Budget Papers	Type of indicator
% outcome of investigations — crime against the person clearance	✔	✔	Effectiveness (quality)
% outcome of investigations — crime against property clearance	✔	✔	Effectiveness (quality)
% community perception of safety at home	✔	✔	Effectiveness (quality)
% community perception of safety in public places	✔	✔	Effectiveness (quality)
% crime victimisation rate per 100 000	✘	✔	Effectiveness (quantity)

5.2.2   KPI evaluation

The range of KPIs gave adequate performance information that was aligned to the previously stated objective. From Table 13 it can be noted that total reported offences (against the person and against property) can be compared with crime clearance rates to give a clear picture of overall trends in crime rates together with the police response. Community perceptions add an extra dimension regarding the quality of crime detection and investigation.

5.2.3   KPI elements

As with Output Group 1, effectiveness was covered by quantitative and qualitative KPIs. Here too, community satisfaction with Tasmania Police was regularly surveyed by pollsters as part of a national initiative. The qualitative performance measures, 'Community perceptions of safety', were drawn from Tasmania *Together* and further dissected in the annual report by time of day and location. Additionally, the 2005–06 annual report compared Tasmanian performance to averaged Commonwealth figures.

For quantitative data, Tasmania Police relied on crime statistics that reflected the output group's objective, with accompanying clearance rates over a five-year period indicating trends in that time.

As noted in section 5.1.3, there were no efficiency measures reported (refer to Recommendation 35).

So far as equity is concerned, while reporting of regional performance was available to in-house management it was not part of the annual report. In the annual report, crime reduction strategies were presented for each of the state's four districts.

5.2.4   KPI presentation

Information was consistently reported over time in successive annual reports and explanations were provided to support graphical data. There was narration also regarding major investigations and incidents. However, performance targets were given in the budget papers only.

Recommendation 38

We recommend that Tasmania Police include in the annual report at least the budget paper KPIs.

5.2.5   KPI data quality

Refer to section 5.1.5 regarding data quality.

5.2.6   Reporting against initiatives

In the budget papers, reference is made to 'major issues and initiatives'. For this output group, the statements relate to continuation, enhancement or improvement of existing services rather than initiatives. Accordingly, the five items listed in the budget papers should be viewed not as initiatives but as major issues that were indirectly reported as part of the existing framework of KPIs.

5.3   Traffic law enforcement and road safety

The objective stated in the 2005–06 budget papers was:

> Minimising road trauma, improving the behaviour of road users, ensuring the free flow of traffic, detecting traffic offences, particularly those involving speed, inattentive driving and alcohol/drugs, and attending vehicle accidents.

Activities of this output group in support of the objective included:

- traffic control and patrols
- attendance at accidents
- road safety education.

5.3.1   KPIs

The KPIs used in this area are shown in Table 14:

Table 14: KPIs in 2005–06 — Traffic law enforcement and road safety

KPI	Annual Report	Budget Papers	Type of indicator
No. of serious injuries	✓	✓	Effectiveness (quantity)
% motorists detected speeding (speed cameras)	✓	✓	Effectiveness (quality)
% people who have sometimes driven when 'possibly' over the 0.05% blood alcohol limit	✓	✓	Effectiveness (quality)
% people who have 'sometimes' or 'more often' driven over the speed limit by 10 kph or more	✓	✓	Effectiveness (quality)

5.3.2   KPI evaluation

The KPIs presented were intuitive and related to the desired outcome of minimising road traumas.

However, we did not consider the KPIs to be sufficiently direct to inform Tasmanians about the performance of Tasmania Police in achieving those outcomes. The difficulty is that many organisations, environmental and cultural factors also impact on achieving outcomes such as reduced levels of traffic offences.

While the KPIs were relevant, we believe that they should be supplemented by measures of police activity such as total patrol hours.

A related recommendation follows in section 5.3.3.

5.3.3   KPI elements

As with the previous Tasmania Police output groups, effectiveness was satisfactorily covered by quantitative and qualitative KPIs. The qualitative 'self-reported' measures on behaviours around drink driving and speeding compared data from Tasmanian drivers to combined Commonwealth figures over a five-year period.

Similarly, a five-year analysis of random breath tests published in the annual report paralleled the number of tests done with the declining rate of offenders detected and was a useful effectiveness measure.

As noted in section 5.1.3, there were no efficiency measures reported (refer to Recommendation 34).

So far as equity is concerned, while reporting of regional performance was available to in-house management it was not part of the annual report.

Recommendation 39

We recommend that Tasmania Police develop performance measures that indicate levels of policing activity around traffic law enforcement and road safety.

5.3.4   KPI presentation

Some information was consistently reported over time in successive annual reports and supported by explanations. We noted that in the latest annual report (i.e. 2006–07), the 'self-reported' measures on drink driving and speeding, previously gathered by pollsters, had been dropped. They were replaced by the arguably more useful random breath test data that detailed the total number of tests and the rate of offending. Although these were activity measures, the statistics were a useful measure of what was being done when compared to published benchmarks. The new KPIs also had a stronger link to the stated objective.

Performance targets were given in the budget papers but not indicated in the annual report.

In the previous reporting year (i.e. 2004–05), the annual report analysed fatalities and serious crashes according to contributing factors (speed, alcohol, inattention, restraints and fatigue) as a percentage. There was no equivalent in 2005–06.

Recommendation 40

We recommend that the KPIs for Tasmania Police's 'Traffic law enforcement and road safety' should include performance targets from the budget papers in the annual report.

5.3.5   KPI data quality

Refer to section 5.1.5 regarding data quality.

5.3.6   Reporting against initiatives

As with Output Group 2, the budget papers 'major issues and initiatives' relate to continuation and enhancement of previously provided services rather than new programs or projects. In this case there were three major issues listed in the budget papers that were indirectly covered by the existing KPIs.

5.4 Protection of primary industry and fisheries resources

The objective stated in the 2005–06 budget papers was:

> Protection and security of poppy crops and the protection of state and Commonwealth marine resources.

Activities that Tasmania Police undertook to support the objective included:

- targeting of offenders
- industry facilitation of protection
- development of intelligence services.

5.4.1 KPIs

The KPIs used in this area are shown in Table 15:

Table 15: KPIs in 2005–06 — Protection of primary industry and fisheries resources

KPI	Annual Report	Budget Papers	Type of indicator
No. of sea inspections	✔	✔	Effectiveness (quantity)
No. of business premise inspections	✘	✔	Effectiveness (quantity)
No. of major interferences to poppy crops	✔	✔	Effectiveness (quantity)

5.4.2 KPI evaluation

KPIs for marine enforcement in the 2005–06 Annual Report were very brief. We noted that Tasmania Police provides a separate report to the Commonwealth's Australian Fisheries Management Authority and could readily provide better information on their performance such as patrol hours or offences detected.

Similarly, information on security and policing of poppy crops was sparse with just one KPI, number of major interferences to production.

We also looked at the budget papers to ascertain whether new indicators needed to be developed as a result of proposed initiatives. Although there was no evidence of changed activities, we noted some evolutionary changes to KPIs. For example, in 2005–06, there were two marine KPIs, including 'business premise inspections'.

That indicator was dropped in 2006–07 and replaced by two new KPIs "in order to reflect a more quantifiable basis for the department to measure fisheries security"[7].

In terms of providing security to the industries concerned, policing activity — as in the number of inspections performed — directly relates to the degree of security provided. While the existing measures were limited, more activity-related indicators would not necessarily add extra value.

A related recommendation follows in section 5.4.3.

5.4.3   KPI elements

Limited effectiveness measures were in use but as noted in section 5.1.3, there were no performance indicators focussing on efficiency (refer to Recommendation 34).

Also, there were no measures that specifically addressed equity. However, we considered that this output group does not include region-sensitive outputs.

Recommendation 41

We recommend that Tasmania Police provide more KPIs on its fisheries protection role such as patrol hours or offences detected.

5.4.4   KPI presentation

Annual reporting for poppy crops and marine resources was in narrative form (i.e. no charts or tables). The published information conveyed an overall impression of work done but lacked reference to the targets published in the budget papers.

Recommendation 42

We recommend that for 'Protection of primary industry and fisheries resources' Tasmania Police includes performance targets from the budget papers in the annual report.

5.4.5   KPI data quality

Refer to section 5.1.5 regarding data quality.

5.4.6   Reporting against initiatives

As noted above with other Tasmania Police output groups, while there were major issues listed in the budget papers, initiatives were

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[7] Budget Papers 2006–07 Table 13.10.

limited to just one item, (a memorandum of understanding between Tasmania Police and the fishing industry) that was not covered in the annual report.

Recommendation 43

We recommend that Tasmania Police explicitly report progress against budget papers initiatives in the annual report.

5.5   Conclusion

Overall, the stated objectives of output groups that we audited were closely aligned to the performance measures used by Tasmania Police. There was also clear evidence of continuing expansion and refinement of performance measurement. A strength of performance measurement at Tasmania Police was the high profile that it enjoyed.

We have made recommendations that further work should be done to improve and extend the existing performance indicators in some areas and in particular noted the absence of efficiency measures. In other respects, we considered the KPI framework to be generally satisfactory.

6 Recent reports

6   Recent reports

Year	Special Report No.	Title
2004	–	Ex-gratia payment to the former Governor Mr R W Butler AC
2004	51	Special purpose and trust funds: Department of Health and Human Services
2004	52	Internal audit in the public sector
2005	53	Follow–up audits
2005	54	Compliance audits
2005	55	Gun control in Tasmania
2005	56	TT–Line: Governance review
2005	57	Public housing: Meeting the need?
2005	58	FBT
		Payment of accounts
		Asset management: Bridges
2006	59	Delegations in government agencies
		Local government delegations
		Overseas Travel
2006	60	Building security
		Contracts appointing Global Value Management
2006	61	Elective surgery in public hospitals
2006	62	Training and development
2006	63	Environmental management and pollution control act by local government
2006	64	Implementation of aspects of the *Build Act 2000*
2007	65	Management of an award breach
		Selected allowances and nurses' overtime
2007	66	Follow–up audits
2007	67	Corporate credit cards
2007	68	Risdon Prison: Business case
2007	69	Public building security
2007	70	Procurement in government departments
		Payment of accounts by government departments
2007	71	Property in police possession
		Control of assets: Portable and attractive items

7 Future projects

7 Future projects

Performance and compliance audits that the Auditor-General is currently conducting:

Court waiting times	The objective of this audit is to examine the efficiency and effectiveness of the management of court waiting times within the judicial process in Tasmania.
Threatened species	Examines measures in place to protect native plant and animal species and biodiversity in Tasmania.
Executive termination payments	This is a compliance audit to sample termination payments made to exiting senior executive staff across public sector entities.
Follow-up of previous performance audits	Examines the degree of implementation of recommendations in selected performance audits tabled in 2005:

No 54: Compliance audits — Infrastructure funds

No 55: Gun Control in Tasmania

No 56: TT-Line: Governance Review

No 57: Public Housing: Meeting the Need?

No 58: Managing Fringe Benefits Tax liabilities

Ditto: Asset management: Bridges

Complaint handling by local government	Examines processes used by local government in handling external complaints.