

**DISCUSSION PAPER FOR THE REVIEW OF THE
*REPORT ON GOVERNMENT SERVICES***

FOR CONSULTATION – 18 MAY 2009 TO 17 JULY 2009

INFORMATION FOR RESPONDENTS

Key Dates

18 May 2009	Discussion paper available on the COAG website
17 July 2009	Feedback on discussion paper due
30 September 2009	Final report on the review submitted to COAG

Submission Guidelines

These guidelines outline the requirements for submissions on this discussion paper in relation to a review of the *Report on Government Services*:

1. submissions to the review of the *Report on Government Services* are invited from all interested stakeholders who are involved in the production of the Report and/or use the Report;
2. submissions should address questions outlined in this discussion paper which specifically refer to the Terms of Reference agreed by the Council of Australian Governments (COAG) at its 29 November 2008 meeting. Additional comments are also welcomed;
3. submissions can be sent in hard copy or electronically;
4. all submissions should be accompanied by a submission cover sheet (Attachment A);
5. extracts of submissions may be made publicly available in the final report provided to COAG in September 2009, unless a request is made that the submission be treated confidentially. If a submission or extracts of a submission are to be kept confidential, please indicate this in the submission cover sheet; and
6. all submissions are due **Close of Business 17 July 2009**.

Contact details

Information relating to the review can be obtained by telephone Ph: 02 6271 5420 or email to rogs.review@pmc.gov.au

Submissions should be sent to:

COAG Unit

Department of the Prime Minister and Cabinet

PO Box 6500

BARTON ACT 2600

Email: rogs.review@pmc.gov.au

BACKGROUND

1. The Council of Australian Governments (COAG) has requested that a Senior Officials and Heads of Treasuries Working Group (the Working Group) undertake a review of the *Report on Government Services*.
2. The purpose of this paper is to generate discussion about the *Report on Government Services*, in line with the terms of reference for the review. This paper is available on the COAG website (www.coag.gov.au) with an invitation to all those interested to provide feedback by **COB 17 July 2009**.
3. The Working Group will examine all contributions and submit a final report to COAG on the review by 30 September 2009.
4. The Working Group comprising senior officials from jurisdictions (Premiers and Chief Ministers Departments and State and Territory (State) Treasuries), the Department of the Prime Minister and Cabinet (PM&C) and the Commonwealth Treasury will oversee the review.
5. The Commonwealth will chair the Working Group, with Secretariat support provided from PM&C and the Commonwealth Treasury.

COAG AGREED TERMS OF REFERENCE FOR THE REVIEW

6. On 29 November 2008, COAG agreed to the Terms of Reference for the review. The Terms of Reference agreed by COAG are included at Attachment B. The review is aimed at ensuring that the *Report on Government Services* remains relevant and useful and complements the performance reporting arrangements under the new federal financial relations framework outlined in the *Intergovernmental Agreement on Federal Financial Relations*.
7. As outlined in the Terms of Reference at Attachment B, the Working Group will consider:
 - a. the extent to which the collection and publication of data in the *Report on Government Services* has enabled ongoing comparisons of the efficiency and effectiveness of Commonwealth and State government services;
 - b. the degree to which data published in the *Report on Government Services* has led to changes in the delivery of services by government; and
 - c. the ongoing usefulness of the *Report on Government Services* to its government, non-government and community stakeholders, and the extent to which the federal financial relations reforms agreed by COAG, and the performance reporting framework in the *Intergovernmental Agreement on Federal Financial Relations*, will affect it.
8. The Working Group will consider all elements of the Terms of Reference in undertaking the review.

THE NEW FEDERAL FINANCIAL RELATIONS FRAMEWORK

9. On 29 November 2008, COAG committed to a historic new *Intergovernmental Agreement on Federal Financial Relations* (IGA) which provides an overarching framework for the Commonwealth's financial relations with the States.
10. The new federal financial framework began on 1 January 2009 and provides a solid foundation for COAG to pursue economic and social reforms to underpin growth, prosperity and social cohesion into the future.
11. The new IGA is supported by six new National Agreements in the areas of healthcare (commencing 1 July 2009), education, skills and workforce development, disability, affordable housing and Indigenous reform. The new financial arrangements also include National Partnership payments to fund specific projects and to facilitate and/or reward jurisdictions that deliver on nationally-significant reforms.
12. The new federal financial framework replaces Commonwealth prescriptions on States' service delivery with a focus on the achievement by all levels of government of mutually agreed objectives and outcomes. Public accountability will be enhanced through simpler, standardised and more transparent performance reporting by all jurisdictions, with a focus on the achievement of outcomes, efficient service delivery and timely public reporting.

PERFORMANCE REPORTING ON NATIONAL AGREEMENTS AND NATIONAL PARTNERSHIPS

13. To enhance accountability, the COAG Reform Council (CRC) will report to the Prime Minister (as Chair of COAG) on the performance of all jurisdictions in relation to each National Agreement, and independently assess whether performance benchmarks have been achieved before an incentive payment to reward nationally-significant reforms under a National Partnership is made.
14. Reporting under this framework will be in respect of:
 - a. the comparative performance of government achievement against objectives, outcomes, outputs and performance benchmarks in areas covered by National Agreements; and
 - b. the achievement by governments of objectives, outcomes, outputs and performance benchmarks in National Partnership agreements.
15. The IGA (*Schedule C – Public accountability and performance reporting*) gives the Steering Committee for the Review of Government Service Provision (SCRGSP) overall responsibility for collating the necessary performance data to provide to the CRC. The SCRGSP will provide to the CRC, desirably within three months, and certainly no later than six months after the reporting period to which the data relates, the agreed performance information for the CRC to undertake its assessment, analytical and reporting responsibilities.

THE NEW NATIONAL PERFORMANCE REPORTING FRAMEWORK

16. The federal financial framework is supported by a new public accountability and performance reporting framework.
17. COAG has given priority to implementing the new performance reporting framework for reporting under National Agreements and National Partnerships and to reviewing aspects of existing data collection and reporting requirements that may duplicate or be inconsistent with it.
18. COAG has tasked the Ministerial Council for Federal Financial Relations (MCFFR) with the development and oversight of the new national performance reporting system, in consultation with relevant COAG Working Groups and Ministerial Councils. To ensure a coordinated approach to this process, the MCFFR has requested Heads of Treasuries (HoTs) to establish a sub-committee (the HoTS Committee on Federal Financial Relations) to lead this work.
19. The new performance reporting framework will require implementation of:
 - a. performance indicators specified in National Agreements and associated National Partnerships, including addressing data gaps that prevent reporting on performance indicators;
 - b. a continuous improvement program in performance reporting, led by the MCFFR; and
 - c. a register of national minimum data sets to be maintained by the MCFFR.
20. Part of the continuous improvement program in the performance reporting framework includes moving towards a single, integrated, national performance reporting system; improving national and state data collection and administration processes; developing standard data definitions and reporting benchmarks to improve comparison across jurisdictions; improving the timeliness of performance data; and addressing existing measures that do not adequately provide the public with a meaningful set of performance indicators.
21. The Working Group will specifically need to consider the review of the *Report on Government Services* in the context of the development and implementation of the new national performance reporting framework.

THE REVIEW OF GOVERNMENT SERVICE PROVISION – TERMS OF REFERENCE 1993

22. The Review of Government Service Provision was established in 1993 by Heads of Government to provide information on the effectiveness and efficiency of government services in Australia. To undertake its work, the Review of Government Service Provision was provided the following Terms of Reference as outlined in Box 1.

23. Key elements of the Terms of Reference are that the Review of Government Service Provision:

- does not make policy findings or recommendations;
- considers the performance of government funded services, rather than outcomes in particular sectors; and
- focuses on efficiency and effectiveness of services.

Box 1 Terms of Reference for the Review of Government Service Provision 1993

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

- a. establish the collection and publication of data that will enable ongoing comparisons of the efficiency and effectiveness of Commonwealth and State government services, including intra-government services. This will involve:
 - establishing performance indicators for different services which would assist comparisons of efficiency and effectiveness. The measures should, to the maximum extent possible, focus on the cost effectiveness of service delivery, as distinct from policy considerations that determine the quality and level of services, and
 - collecting and publishing data that is consistent with these measures. The review should also address the procedures for the ongoing collection and publication of benchmark data; and
- b. compile and assess service provision reforms that have been implemented or are under consideration by Commonwealth and State governments.

The review will cover all major types of reform, including those involving the separation of policy development from service provision. Case studies of particular reforms could be provided where appropriate.

The review will need to keep abreast of developments in other relevant reviews and working parties, including the Commonwealth/State working party, initiated by COAG, investigating Commonwealth/State roles and responsibilities.

Source: Productivity Commission website, <http://www.pc.gov.au/gsp/review/tor>

THE REPORT ON GOVERNMENT SERVICES

24. The first *Report on Government Services* (the Report) was released in December 1995. The 2009 Report was publicly released on 30 January 2009 and is the fourteenth edition of the Report.
25. The government services included in the Report have two important features: their key objectives are common or similar across jurisdictions; and, they make an important contribution to the community and/or economy. For example, the services covered in the 2009 Report accounted for approximately \$132 billion or 71.9 per cent of government recurrent expenditure in 2007-08 (equivalent to about 12.8 per cent of gross domestic product).

ISSUES AND KEY QUESTIONS

a. Whether the Report on Government Services terms of reference remains valid or should be changed in any way

26. Box 1 above outlines the terms of reference provided to the Review of Government Service Provision to undertake its work. There has been no assessment of these terms of reference since the inception of the Review of Government Service Provision in 1993.
27. The annual publication *Report on Government Services* addresses the first part of the terms of reference in establishing performance indicators and collecting and publishing data for these indicators.
28. In 1997 and 1998, two reports were published by the SCRGSP providing an analysis of service provision reforms that have been implemented, or are under consideration, by the Australian and State governments. Both these reports take the form of case studies of major initiatives developed in cooperation with the relevant jurisdictions. These reports address the second part of the terms of reference in assessing service provision reforms.
29. The SCRGSP has also produced a series of reports on improvements to performance measurement in government service provision, and reports on performance measurement issues in specific service areas. These reports include asset measurement, payroll tax and superannuation in the costing of government services; a framework for reporting on Indigenous disadvantage; and a national satisfaction survey of clients of disability services.
30. The IGA, agreed in November 2008, provides a role for the CRC in reporting on examples of good practice and innovative reforms or methods of service delivery. Paragraph A12 of the IGA notes that through the assessment and reporting process, the CRC will highlight examples of good practice and performance, but will not have a policy-advising role.

To consider:

1. Consider the existing terms of reference for the Review of Government Service Provision:
 - to what extent does the *Report on Government Services* and the SCRGSP's analysis of service provision reforms adequately address these terms of reference? In particular, is there value in further case study research into service provision reforms?
 - in light of the new performance reporting framework agreed by COAG, do these terms of reference remain valid?
 - to what extent do these terms of reference need to be changed? Please outline how these terms of reference could be revised.
 - has the information published in the Report led to changes in the delivery of services by government? What other benefits does the Report provide and how can its usefulness be improved?

b. If the number of service areas covered by the Report on Government Services remains appropriate

31. The first *Report on Government Services* was released in December 1995.
32. The 1995 Report included performance data on eight service areas (public acute care hospitals, public housing, government school education, vocational education and training, police, courts administration, corrective services, and support services families and individuals in crisis).
33. The Report is now in its fourteenth edition. The scope of the 2009 Report has expanded to report on 14 service areas:

Children's services	School education
Vocational education and training	Police
Court administration	Corrective services
Fire; ambulance	Public hospitals
Primary and community health	Breast cancer detection and management; specialised mental health services
Aged care services	Services for people with a disability
Protection and support services (child protection and out-of-home care, juvenile justice, Supported Accommodation Assistance Program)	Housing services (public and community housing, State owned and managed Indigenous housing; Commonwealth Rent Assistance)

34. In addition to service-specific chapters, the Report contains four prefaces (Early Childhood, Education and Training, Justice, Health and Community services) which address cross-cutting and interface issues and three supporting / introductory chapters: 'The approach to performance measurement', 'Recent developments in the Report' and a 'Statistical appendix' which provides contextual information on jurisdictional and population characteristics to assist interpretation of the performance information.
35. The Report has a wider scope of reporting than areas covered by the National Agreements, although its focus is on reporting on government performance and not overall performance in each of the service areas.

To consider:

2. Consider the existing scope and coverage of the *Report on Government Services*:
- are the number of service areas currently covered in the Report appropriate or should the number be expanded or reduced? Please provide a reason why.
 - should the scope of some service areas be broadened or narrowed?
 - should the scope of the Report be expanded beyond reporting on state and territory government performance – for example, areas not covered by the Report include the not-for-profit/volunteer sector, local government, and general government income support?
 - explain how and to what extent the scope of the Report could be changed to accommodate the scope of performance reporting on National Agreements (NAs) and National Partnerships (NPs) as part of the new federal financial relations framework?

c. Whether changes should be made to the performance indicators for different services to strengthen comparisons of efficiency and effectiveness across and within governments

36. The Report's general performance indicator framework focuses on outcome-oriented performance information, with this information supplemented by information on outputs that are linked to these outcomes, and inputs where these reflect efficiency. By contrast, the performance indicators in National Agreements generally focus on outcomes.
37. Output indicators are grouped according to whether they reflect dimensions of '**equity**' (how well a service is meeting the needs of certain groups in society with special needs – both equity of access and equity of outcome); '**effectiveness**' (how well the outputs of a service achieve the stated objectives of that service and may include access, appropriateness and/or quality indicators); and '**efficiency**' (mainly technical efficiency which measures how well services use their resources or inputs to produce outputs for the purpose of achieving desired outcomes).
38. For inclusion in the Report, performance measures should contribute to improved efficiency or effectiveness, and the availability or ease of development of data sets.
39. Each service area covered in the Report contains a specific performance indicator framework, which is based on objectives that are common across state and territories. Each service-specific performance indicator framework illustrates the extent to which data are fully comparable across jurisdictions or where indicators are yet to be developed or data are not collected for the chapter.
40. Each service-specific performance indicator framework is based on the general service performance indicator framework included in the Report (see Figure 1.2, page 1.12, 2009 Report).
41. As outlined in the 2009 Report (Table 2.2, page 2.11, 2009 Report) the performance indicator frameworks in service-specific chapters are at different stages of development. For example, performance indicators in some service areas are reported as fully comparable (100 per cent for primary and community health, public housing, and state-owned and managed Indigenous housing). Community housing (20 per cent), child protection and out-of-home care (23.5 per cent), maternity services (30 per cent) and emergency management (31 per cent) have the smallest proportions of indicators reported on a comparable basis.
42. In the context of the Report, data are generally considered to be directly comparable when definitions, counting rules and the scope of measurement are consistent and the sample size is large enough to be statistically reliable.

To consider:

3. Consider the performance indicator frameworks (both service-specific and general) included in the 2009 Report:
 - is the general performance indicator framework (with its focus on outcomes and outputs grouped by dimensions of equity, effectiveness and efficiency) appropriate? Please provide reasons.
 - are the performance indicators included in the Report appropriate and useful in assessing and comparing the effectiveness and efficiency of government services (for example, where definitions vary across jurisdictions)?
 - should changes be made to the performance indicators for different services to strengthen comparisons of effectiveness and efficiency? If so, please outline how.
 - are the performance indicators included in the Report comprehensive, that is do they adequately assess government performance against all important objectives for that service area? Consider their suitability in the context of NAs and NPs.

d. The manner in which performance information is collected and whether this might be improved or strengthened to allow the more timely publication of the Report on Government Services

43. Information published in the Report is collected by the Secretariat from a number of sources. These include both published and unpublished data, and hitherto have been collected from a range of organisations including:
- data collection and statistical agencies such as the Australian Institute of Health and Welfare (AIHW) and the Australian Bureau of Statistics (ABS);
 - Ministerial Councils such as the Ministerial Council on Education, Employment, Training and Youth Affairs and the Ministerial Council for Vocational and Technical Education;
 - agencies such as the National Centre for Vocational Education and Research; and
 - directly from Commonwealth and State/Territory government agencies.
44. The timeliness of performance information has been identified as an ongoing data issue by the SCRGSP that affects the quality of information in the Report. As there is often a trade-off between the precision of data and its timely availability, the SCRGSP's approach is to publish imperfect data with appropriate caveats with a view to improving it iteratively over time.
45. Table 2.1 of the 2009 Report (page 2.9) outlines the time periods for data reported. Across a number of service areas, some reported performance information was not for the most current year (that is, for the 2007 or 2007-08 period for the 2009 Report). For example, data for 2005 were the most recent data included in the 2009 Report for the outcome indicator 'VET in schools attainment' in the school education chapter. Similarly, data for the 2001-2005 period were reported for some maternity services indicators (fetal, neonatal and perinatal deaths for Indigenous people) for the 2009 Report.

To consider:

4. Consider the manner in which performance information is currently collected for the Report:
- how could this process be improved or strengthened to allow the more timely and up-to-date publication of performance information? For example, consider the frequency of reporting on some existing data collections; and
 - how can improvements to the Report's processes be linked to the performance reporting framework and the improvements to data quality agreed to by COAG as part of the federal financial relations framework? For example, consider improvements to the timeliness of performance data.

e. Whether any changes should be made to membership and operations of the Steering Committee for the Review of Government Service Provision and its associated working groups

46. The SCRGSP oversees the Review of Government Service Provision. The Report on Government Services is one of a number of Reports for which the SCRGSP is responsible. The SCRGSP comprises senior representatives from central agencies (First Ministers' and Treasuries / Finance) across government. The ABS and the AIHW have observer status on the SCRGSP.
47. The SCRGSP is chaired by the Chairman of the Productivity Commission.
48. The SCRGSP is supported by working groups convened by a Steering Committee member for each area of service provision covered by the Report. The working groups are responsible for the development of performance indicators within the agreed performance indicator framework.
49. Each jurisdiction has the opportunity to nominate a representative on each working group which generally comprise senior staff working in the relevant line departments. For example, the School Education Working Group comprises individuals working in education-related agencies.
50. A number of technical experts also attend working group meetings, and the working groups may also draw on advice from specialist research/information/data groups.
51. The SCRGSP generally meets three times a year in April, August and December. The SCRGSP has final approval of content in the Report including additions and amendments to the suite of performance indicators included in each chapter.

To consider:

5. Consider the current membership and operations of the SCRGSP and its associated working groups in the production of the Report:
 - should the membership of the SCRGSP and its associated working groups be altered?
 - could the current operations and processes of the SCRGSP and working groups be changed to improve the Report? If so, outline how.

g. Whether the Secretariat to the Steering Committee for the Review of Government Service Provision should continue to be provided by the Productivity Commission

52. The Secretariat to the SCRGSP is located in the Melbourne office of the Productivity Commission. The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues. The Productivity Commission is located within the Treasury portfolio.
53. The Productivity Commission provides secretariat and research support to the SCRGSP in the preparation of the Report. In April 2002, COAG commissioned the SCRGSP to produce a regular report against key indicators of Indigenous disadvantage: the *Overcoming Indigenous Disadvantage: Key Indicators* report. The same secretariat provides support in the publication of this report. It also provides secretariat support to the separate Indigenous Expenditure Report Steering Committee.
54. As part of the IGA agreed on 29 November 2008, the SCGRSP was also given the role of supporting National Agreement reporting to the CRC through collating the necessary performance data for the CRC to undertake its work.
55. Key activities for the Secretariat include: providing secretariat support to the Working Groups and the SCRGSP; data collection and analysis; undertaking research; and the drafting and production of the Report.

To consider:

6. Consider the Secretariat role played by the Productivity Commission in the production of the Report and in supporting the SCRGSP:
- should the Productivity Commission continue to provide secretariat support for the SCRGSP? If not, canvass how secretariat services for the SCRGSP might be provided? If there are alternatives, what are the strengths and weaknesses of each approach?
 - how could secretariat performance be improved?

h. Whether any changes in the presentation and publication of the information contained in the ROGS should be made, including taking advantage of contemporary methods of data dissemination, new technology, web-based services and the internet

56. The Report is currently available in hard copy, on CD-ROM and electronically on the Productivity Commission website (<http://www.pc.gov.au/gsp>). The Report is also released with attachment tables (supporting data) which are not part of the printed report but available electronically and on CD-ROM. The Report (chapters, prefaces and attachment tables) are available in PDF format. Supporting attachment tables are available in Microsoft Excel format.
57. The Secretariat for the Report has been undertaking work to improve navigation of the Report. These include improvements to the 2009 Report including the introduction of chapter-level table of contents, and electronic book-marking on the combined chapter/attachment tables on the website.

To consider:

7. Consider the current presentation and publication of performance information in the Report:
- could the presentation of performance information be improved to aid reader useability and ease of understanding? If so, outline how?
 - can the access of the information in the Report be improved? If so, outline how?
 - should the Report take advantage of software/online tools (for example, Table Builders available from the ABS) to allow users to manipulate data from different sections of the Report for their own purposes?

SUBMISSION COVER SHEET

(not for publication)

Review of the *Report on Government Services*

Please complete and submit this form with your submission to:

Review of the Report on Government Services
COAG Unit
Department of the Prime Minister and Cabinet
PO Box 6500
Canberra ACT 2600

OR
By facsimile (fax):
COAG Unit (02) 6271 5177

By email:
rogs.review@pmc.gov.au

PLEASE PRINT CONTACT INFORMATION

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**State &
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Principal contact:

Position:

Phone:

Fax:

Mobile:

Email address:

CONFIDENTIAL MATERIAL

Please indicate if your submission or part of your submission contains any confidential material that you do not want included in the final report.

Please note:

- Submissions or extracts of submissions may be placed on the COAG website or included in the final report, unless this cover sheet indicates otherwise.
- For submissions made by individuals, all personal details other than your name and the State or Territory in which you reside will be removed from your submission before it is published on the COAG website.

SENIOR OFFICIALS/HEADS OF TREASURIES REVIEW OF THE REPORT ON GOVERNMENT SERVICES TERMS OF REFERENCE

1. The Council of Australian Governments (COAG) has requested that a Senior Officials and Heads of Treasuries Working Group (Working Group) undertake a review of the *Report on Government Services* (ROGS).

Scope of the Review

2. In undertaking this review, the Working Group will consider:-
 - (a) the extent to which the collection and publication of the data contained in the ROGS has enabled ongoing comparisons of the efficiency and effectiveness of Commonwealth and State government services,
 - (b) the degree to which data published in the ROGS has led to changes in the delivery of services by government, and
 - (c) the ongoing usefulness of the ROGS to its government, non-government and community stakeholders, and the extent to which the Federal financial reforms agreed by COAG, and in particular the performance reporting framework in the Intergovernmental Agreement on Federal Financial Relations, will affect it.
3. In the light of the assessment undertaken in relation to 2 (a), (b) and (c) above the Working Group consider:-
 - (a) whether the ROGS terms of reference remain valid or should be changed in any way,
 - (b) if the number of service areas covered by the ROGS remains appropriate,
 - (c) whether changes should be made to the performance indicators for different services to strengthen comparisons of efficiency and effectiveness across and within governments,
 - (d) the manner in which performance information is collected and whether this might be improved or strengthened to allow the more timely publication of the ROGS,
 - (e) whether any changes should be made to membership and operations of the Steering Committee for the Review of Government Service Provision (SCRGSP) and its associated working groups,
 - (f) whether the Secretariat to the SCRGSP should continue to be provided by the Productivity Commission, and
 - (g) whether any changes in the presentation and publication of the information contained in the ROGS should be made, including taking advantage of contemporary methods of data dissemination, new technology, web-based services and the internet.
4. In undertaking this task, the Working Group will:-
 - (a) consult Australian Governments and their affected agencies, and ROGS' non-government and community stakeholders,
 - (b) have regard to any other relevant reviews commissioned by Australian governments,
 - (c) have regard to other performance measurement arrangements within Australia or overseas,
 - (d) take account of the reforms to Commonwealth-State financial relations and the performance reporting framework agreed by COAG, including the expanded role of the COAG Reform Council, and
 - (e) take account of the linked Commonwealth-State review of existing data collection processes, including the Review of Government Service Provision, and the work of Ministerial Councils and data collection agencies to address data gaps, reduce overlap and duplication, and improve timeliness with a view to promoting efficient data collection practices.

Timing of Report by the Working Group

5. The Working Group will report to COAG, through the Senior Officials and Heads of Treasuries, in September 2009.