Report on Government Services

The framework depicts the Review's focus on outcomes, consistent with demand by governments for outcome oriented performance information. This outcome information is supplemented by information on outputs. Output indicators are grouped under equity, effectiveness and efficiency headings.

Heads of government (now the Council of Australian Governments or COAG) established the Review of Government Service Provision (the Review) to provide information on the effectiveness and efficiency of government services in Australia.

The general framework reflects the service process through which service providers transform inputs into outputs and outcomes in order to achieve desired objectives. For each service, governments have a number of objectives that relate to desired outcomes for the community. To achieve these objectives, governments provide services and/or fund service providers. Service providers transform resources (inputs) into services (outputs). The rate at which resources are used to make this transformation is known as `technical efficiency.

A number of the objectives (or desired outcomes) for each government funded service are similar across jurisdictions, although the priority that each jurisdiction gives to each objective may differ. The Steering Committee's approach to performance reporting is to focus on the extent to which each shared objective for a service has been met.

Dimensions of this framework

- ## Effectiveness

  Effectiveness indicators measure how well the outputs of a service achieve the stated objectives of that service. The reporting framework groups effectiveness indicators according to characteristics that are considered important to the service. Characteristics include access, appropriateness and/or quality.

  ### Sub-dimensions of this framework

  - ### Access

    Access indicators measure how easily the community can obtain a service. Access has two main dimensions, undue delay (timeliness) and undue cost (affordability). Timeliness indicators can include waiting times (for example, in public hospitals and for aged care services). Affordability indicators relate to the proportion of income spent on particular services (for example, out-of-pocket expenses in children's services).

  - ### Appropriateness

    Appropriateness indicators measure how well services meet client needs. An appropriateness indicator for the Supported Accommodation and Assistance Program, for example, is the proportion of clients receiving the services that they are assessed as needing. Appropriateness indicators also seek to identify the extent of any underservicing or overservicing (Renwick and Sadkowsky 1991).

    Some services have developed measurable standards of service need against which the current levels of service can be assessed. The 'overcrowding' measure in housing, for example, measures the appropriateness of the size of the dwelling relative to the size of the household.

    Other services have few measurable standards of service need; for example, the appropriate number of medical treatments available for particular populations is not known. However, data on differences in service levels can indicate where further work could identify possible underservicing or overservicing.

  - ### Quality

    Quality indicators reflect the extent to which a service is suited to its purpose and conforms to specifications. Information about quality is particularly important when there is a strong emphasis on increasing efficiency (as indicated by lower unit costs). There is usually more than one way in which to deliver a service, and each alternative has different implications for both cost and quality. Information about quality is needed to ensure all relevant aspects of performance are considered.

    The Steering Committee's approach is to identify and report on aspects of quality, particularly actual or implied competence. Actual competence can be measured by the frequency of positive (or negative) events resulting from the actions of the service (for example, deaths resulting from health system errors such as an incorrect dose of drugs). Implied competence can be measured by proxy indicators, such as the extent to which aspects of a service (such as inputs, processes and outputs) conform to specifications, for example, the level of accreditation of public hospitals and aged care facilities.

- ## Efficiency

  The concept of efficiency has a number of dimensions. Overall economic efficiency requires satisfaction of technical, allocative and dynamic efficiency:

  - technical efficiency requires that goods and services be produced at the lowest possible cost
  - allocative efficiency requires the production of the set of goods and services that consumers value most, from a given set of resources
  - dynamic efficiency means that, over time, consumers are offered new and better products, and existing products at lower cost.

  ### Sub-dimensions of this framework

  - #### Inputs per output unit

    Technical efficiency indicators measure how well services use their resources (inputs) to produce outputs for the purpose of achieving desired outcomes. Government funding per unit of output delivered is a typical indicator of technical efficiency.

    Comparisons of the unit cost of a service are a more meaningful input to public policy when they use the full cost to government, accounting for all resources consumed in providing the service. Problems can occur when some costs are not included or are treated inconsistently (for example, superannuation, overheads or the user cost of capital).

- ## Equity

  Equity indicators imeasure how well a service is meeting the needs of certain groups in society with special needs. Indicators may reflect both equity of access, whereby all Australians are expected to have adequate access to services, and equity of outcome, whereby all Australians are expected to achieve similar service outcomes.

  Equity is an important concept in economic literature, with two elements:

  - horizontal equity
  - the equal treatment of equals
  - vertical equity
  - the unequal but equitable ('fair') treatment of unequals.

  In the context of this Report, horizontal equity is exhibited when services are equally accessible to everyone in the community with a similar level of need. Service delivery exhibits vertical equity when it accounts for the special needs of certain groups in the community and adjusts aspects of service delivery to suit these needs. This approach may be needed where geographic, cultural or other reasons mean some members of the community have difficulty accessing a standard service.

  ### Sub-dimensions of this framework

  - #### Access

    Equity indicators measure how well a service is meeting the needs of certain groups in society with special needs. Indicators may reflect both equity of access, whereby all Australians are expected to have adequate access to services, and equity of outcome, whereby all Australians are expected to achieve similar service outcomes.