



2013

PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

REVIEW OF SPECIAL REPORT # 72 OF THE AUDITOR-GENERAL

Public Sector Performance Information

Members of the Committee:

Legislative Council

Hon Ivan Dean MLC (Chair)

Hon Ruth Forrest MLC
(to 20 March 2013)

Hon Paul Harriss
(from 28 May 2013)

Hon Adriana Taylor
(from 16 April 2013)

Hon Jim Wilkinson MLC (Chair)
(to 3 May 2013)

House of Assembly

Mr Brenton Best MP

Mr Kim Booth MP

Mr Peter Gutwein MP

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ABBREVIATIONS LIST

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
PAC	Public Accounts Committee
MRT	Mineral Resources Tasmania
DS	Disability Services
ADS	Alcohol and Drug Services
CYS	Child and Youth Services
AT	Ambulance Tasmania
SMHS	Statewide and Mental Health Services

CHARTER OF THE COMMITTEE

The Public Accounts Committee

The Public Accounts Committee (the Committee) is a joint standing committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970* (*Public Accounts Act*).

The Committee comprises six Members of Parliament, three members drawn from the Legislative Council and three members from the House of Assembly.

The Membership of the Committee changed over the course of the Inquiry, due to: the resignation of Hon Ruth Forrest MLC from the Committee (20 March 2013); the departure of Chair Hon Jim Wilkinson MLC (3 May 2013); and the subsequent appointments of Hon Adriana Taylor MLC (16 April 2013) and Hon Paul Harriss (28 May 2013) to the Committee.

The Committee's functions under the *Public Accounts Act* (Section 6) are to inquire into, consider and report to Parliament on:

-any matter referred to the Committee by either House relating to:

- the management, administration or use of public sector finances; or*
- the accounts of any public authority or other organisation controlled by the State or in which the State has an interest;*

-any matter arising in connection with public sector finances that the Committee considers appropriate; and

-any matter referred to the Committee by the Auditor-General.¹

The Committee also has oversight responsibilities regarding the independence of the Auditor-General, which are derived from the *Audit Act 2008*.

TERMS OF REFERENCE

The Committee resolved of its own motion to inquire and report on any aspects of the findings and recommendations contained within the Tasmanian Auditor-General's Special Report #72 of 2008.

¹ *Public Accounts Committee Act 1970, s.6*

EXECUTIVE SUMMARY

Background

The Committee was interested in the use of performance indicators by Agencies as a tool for accountability and so, resolved to follow up the Auditor-General's Special Report #72 "Public Sector Performance Information". In this report, the Auditor-General assessed the usefulness of publicly reported performance information in Agencies' annual reports and budget papers.

The Committee obtained feedback from Agencies as to the uptake of the Auditor-General's recommendations arising from his 2008 report and also conducted follow up interviews to ascertain current practice and process around the use of performance indicators by government Agencies.

Findings and Recommendations

A number of findings and recommendations have been made in this report with respect to individual Agency performance around the use of performance indicators.

At an Agency-wide level, the Committee found that, efficiency indicators were not by and large being implemented and publicly reported. This is a major contradiction with Treasury Instruction 201 which requires efficiency indicators to be developed and included in an Agency's annual report.

The Committee is of the view that, subject to adequate funding, the Auditor-General is well-placed to audit the performance indicators declared by Agencies on a mandated, annual basis and is further of the view that this recommendation be considered in any future review undertaken regarding the provisions of the *Financial Management and Audit Act 1990* of Tasmania.

FINDINGS – Follow up of Special Report #72

In general terms, the Committee found:

- Agencies involved in the review, DPEM, DoE, DIER and DHHS, had all taken steps to improve measurement and reporting of performance indicators based on the Auditor-General's findings;
- The Agencies reviewed, apart from DPEM – Tasmania Police did not appear to have adequately addressed the matter of efficiency indicators.

This is of concern to the Committee given that efficiency measures support accountability for funds spent in the delivery of services.

With respect to Agency-specific findings arising from the Committee's follow up, key points are highlighted below

AGENCY / Division	FINDINGS
DPEM/ Tasmania Police	The Committee finds that positive and decisive actions have been taken by Tasmania Police to implement the audit recommendations from Special Report #72 in line with its practice of continual review and improvements to its processes
DoE	The Committee is of the view that further review is needed to be taken by the DoE around the measurement and external reporting of efficiency and equity indicators to meet with the Auditor-General's recommendations.
DHHS	The Committee is of the view that further review is needed to be taken by DHHS around the measurement and external reporting of efficiency and equity indicators to meet with the Auditor-General's recommendations
DHHS/ Child & Youth Services	The Committee did not receive evidence to support consistency across indicators reported in the budget papers and the annual report.
DIER	While the Committee notes the willingness of the Department to support the recommendations, it is of the view that further refinement with respect to the development and implementation of efficiency an access/ equity indicators is needed.

RECOMMENDATIONS:

The Committee has made eight recommendations in this report. The Committee requests that the responsible Minister provide a response to the recommendations that follow in this report.

List of Recommendations

The following table (pages vi – ix) reproduces the recommendations contained in the body of this report:

Rec No	Ref p.#	Agency	Recommendation
1	9	Department of Police and Emergency Management – Tasmania Police	The Committee recommends that the DPEM - Tasmania Police continue to refine its performance measures based on the restructured output groups and continue to develop appropriate measures for efficiency and equity, where possible
2	15	Department of Infrastructure Energy & Resources	The Committee recommends that DIER develop and implement appropriate efficiency and equity indicators for each output group and report on these in the annual report, as required by Treasurer's Instructions
3	15	Department of Infrastructure Energy & Resources	The Committee recommends that DIER continue developing targets for annual reporting and expand the reporting review currently being undertaken by MRT for annual reporting of KPIs across all sectors of the Department
4	21	Department of Education	The Committee recommends that DoE continue its ongoing work around performance measures to further develop and implement appropriate efficiency and equity indicators for each output group and report on these in the annual report, as required by Treasurer's Instructions
5	42	Department of Health and Human Services	The Committee recommends that DHHS (in relation to all output groups) continue its review of key performance indicators and in particular ensure that appropriate efficiency and equity indicators for each output group are developed and implemented and that these are reported on externally in the annual report as required by Treasurer's Instructions
6	43	Department of Health and Human Services	The Committee recommends that DHHS determine and report measures to reflect unmet need in divisions (such as in Mental Health Services; Community Nursing and other Units) where possible

Rec No	Ref p.#	Agency	Recommendation
7	43	Department of Health and Human Services	The Committee recommends that DHHS continue its work towards consistency across indicators reported in the budget papers and the annual report
8	46	Department of Treasury and Finance	It is recommended that a framework be implemented supporting and mandating the Auditor-General to annually audit the Key Performance Indicators of an Agency disclosed in the Agency's annual report

CHAPTER ONE - INTRODUCTION

BACKGROUND

What were the Auditor-General's findings in Report #72?

1.1 Objective of the Audit²:

The Auditor-General reviewed performance information that government departments published in the public domain during 2005-06. He audited elements of information reported by the following departments:

- Education (DoE)
- Health and Human Services(DHHS)
- Infrastructure, Energy and Resources (DIER)
- Police and Emergency Management (DPEM)

The Department of Treasury and Finance has required entities to provide a range of performance measures in the budget papers³ (guidelines) and in annual reports⁴ (mandated).

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

The audit findings and opinion are summarised on the next page:

² Auditor-General Special Report No. 72, Public Sector Performance Information, April 2008

³ *Performance Information for Management and Accountability Purposes*: an introductory guide for Tasmanian inner-budget agencies", Department of Treasury and Finance Tasmania, October 1997

⁴ *Treasurer's Instruction No 201 – Contents of Annual Reports*. Section 1 (e)

What were the Auditor-General’s findings in Report #72? (cont)

1.2 Audit Findings:

Specific findings (43 in all) were made in relation to the performance information disclosed by the specific departments. In general however, the Auditor-General made the following comments against 5 key aspects – see Table 1 below:

Table 1

KPI Aspect	Criteria	Committee Summary of Special Report # 72 Findings
1. KPI Evaluation	Whether KPIs are aligned to objectives, intuitive and give a genuine sense of performance	<ul style="list-style-type: none"> •DoE, DPEM & DHHS (2 units – Child & Family Services & Ambulance Services) met the criteria. •DHHS (other units) and DIER did not meet the criteria.
2. KPI Elements	Whether all necessary elements – effectiveness, efficiency and equity were covered	<ul style="list-style-type: none"> •All agencies had reasonable coverage of effectiveness criteria •No department reported efficiency measures •Shortage of information about equity measures was given
3. KPI Data	Whether underlying data was timely, accurate and relevant	<ul style="list-style-type: none"> •DoE, DIER and DPEM had robust data-gathering systems •DHHS had difficulty in obtaining reliable, timely (etc) info from NGOs
4. KPI Presentation	Whether KPIs are consistently reported, and whether there are accurate performance targets and supporting commentary	<ul style="list-style-type: none"> •Across all departments, performance targets and explanatory comments for large variations were seldom used •In some cases, KPIs in Annual Report not as extensive as those in budget papers •DHHS not grouping KPIs by output group
5. Reporting against (budget) initiatives	Whether the annual reports included information about initiatives and whether it was readily comparable with the budget papers	<ul style="list-style-type: none"> • All departments provided information in Annual Reports re strategies and initiatives implemented, but failed to provide clear and consistent progress reporting against budget initiatives

The Committee was interested in following up the Auditor-General's recommendations, specifically with a view to determining whether those recommendations had been implemented or not.

1.3 The Terms of Reference

The Standing Committee of Public Accounts resolved of its own motion to inquire and report on any aspects of the findings and recommendations contained within the Tasmanian Auditor-General's Special Report #72 of 2008.

PROCESS OF THE REVIEW

1.4 Correspondence

The Committee wrote to each of the 4 agencies examined in the Audit Report. The Committee invited the Auditor-General to attend a briefing with Committee members and to discuss his findings regarding Report #72. He briefed the Committee around the audit parameters, the conclusions and common findings⁵.

1.4.1 Submissions from Agencies

A questionnaire was issued to the concerned Agency for completion with respect to action taken in response to implementation of the Auditor-General's findings and recommendations in his report. The Agency had an opportunity to put in writing to the Committee details of any progress made against meeting the Auditor-General's recommendations.

1.4.2 Responses reviewed

The Committee received the questionnaire responses from all Agencies, and these responses were subsequently reviewed. Responses included key data about outputs and related performance measures.

1.4.3 Hearings Initiated

Following the review of responses received, the Committee prioritised the recommendations made to DPEM, DHHS (Mental Health Services; Children and

⁵ Briefing received by Auditor-General on 6 July 2011

Youth Services), and DoE for further examination and on Friday 28 October 2011 held hearings in regard to the responses by those Agencies. Refer to Appendix Two for the list of witnesses.

The Committee membership at the time of the Hearings and key evidence collection was:

- Hon Jim Wilkinson MLC Chair
- Mr Brenton Best MP
- Mr Kim Booth MP
- Hon Ivan Dean MLC
- Hon Ruth Forrest MLC
- Mr Peter Gutwein MP

The Committee membership changed following the resignation of Ms Forrest (March 2013) and departure of Mr Wilkinson (May 2013).

The Committee would like to thank all parties that contributed to this Inquiry.

CHAPTER TWO - Department of Police and Emergency Management

2.0 Background

The Auditor-General made 9 recommendations to the Department of Police and Emergency Management (DPEM) in his report # 72 of 2008, on Public Sector Performance Information. His findings were based on information furnished by DPEM in the Budget Papers and Annual Report for 2005-06.

AUDITOR-GENERAL'S FINDINGS & RECOMMENDATIONS

The findings and recommendations were made with respect to four output groups:

• Output Group 1, Policing support to the community	Rec # 35 - 37
• Output Group 2, Crime detection and investigation	Rec # 38
• Output Group 3, Traffic law enforcement and road safety	Rec # 39 - 40
• Output Group 4, Protection of primary industry and fisheries resources	Rec # 41 - 43

The findings & recommendations were based around five key aspects of performance information as follows:

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DPEM	Committee Summary of Auditor-General Recommendations
2.1 KPI Evaluation	The KPIs in use at DPEM were found to meet the criteria for this aspect. (See Table 1, p. 2 of this report for criteria)	No recommendations made against this aspect of performance information
2.2 KPI Elements	It was found that the DPEM did not record efficiency measures. Effectiveness measures (quality and quantity) were however, in place.	Four recommendations (# 35, #39, #41, #42) were made against this aspect. - The key recommendations involved the need to use efficiency measures and also equity measures (where possible) - A recommendation to develop performance measures that indicate the levels of policing activity around traffic law enforcement and road safety was also made
2.3 KPI Data	It was found that robust data-gathering systems were in place. Overall, data was found to be timely, accurate and relevant.	No recommendations made against this aspect of performance information
2.4 KPI Presentation	Findings around presentation were that information had been consistently reported over time and was consistent between the annual report and the budget papers. However, performance targets were given in the budget papers only.	Three recommendations (# 36, #38, #40) were made relating to this aspect - It was recommended that there should be a consistent set of indicators reported in and between budget papers and the annual report.
2.5 Reporting against Initiatives	The Auditor-General found that "departments* failed to provide clear and consistent progress reporting against budget paper initiatives". * Included DPEM	Two recommendations (# 37, #43) were made in relation to this aspect – It was recommended that Tasmania Police explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

DEPARTMENTAL RESPONSE

2.6 Response to Committee Questionnaire

DPEM written responses to the Committee Questionnaire around Departmental support and implementation of the Auditor-General's recommendations were detailed and demonstrated that the Tasmania Police had made clear efforts to implement the nine recommendations, particularly with respect to the introduction of efficiency measures and the desire for performance measures to better reflect renamed and re-worked outputs.

DPEM initially advised the Committee that seven of the nine recommendations had been supported and implemented and that two were partially implemented. Officers of Tasmania Police, advised further at a Hearing with the Committee on 28 October 2011 that these two recommendations had now also been fully implemented.

2.7 Response from DPEM at Committee Hearing

The Commissioner spoke about the measures taken by the DPEM to meet the Auditor-General's recommendations generally⁶:

Mr HINE – ... In 2009 the Department of Police and Emergency Management restructured its outputs in response to the development of the new strategic framework 2009-2012.... The output restructure occurred to ensure that the Government's outcomes were linked to the department's strategic corporate documents.

The department's performance measure was also revised following the Auditor-General's Special Report on Public Sector Performance Information 2008. Preliminary measures to address concerns raised in the report were included in the 2009-10 budget papers and the department continue to review and incorporate additional measures in the 2010-11 and the 2011-12 budget papers. The performance measures reviewed in the budget papers was to better align with the output group restructure of seven outputs, having been reduced to four output groups in keeping with the business priorities. The performance measures in the budget paper are now reflected in the key service delivery areas in the business priorities document.

The latest annual report, 2010-11, provides a summary of performance information for each of the four output groups, which includes performance measures for three years, as well as the 2010-11 targets, which was covered in the Auditor-General's report. The annual report also provides a myriad of five-year trend data relating to the performance measures from the budget paper and business priorities. The questionnaire information is now changed so that the sections where the Auditor-General made recommendations about including performance targets in the annual report as well as the budget papers is now being met. They were recommendations 36, 38, 40 and 42.

⁶ Commissioner Hine, Transcript of Evidence, 28 October 2011, p. 1

2.7.1 The Committee was keen to examine this in more detail with specific examples⁷:

Ms FORREST - *That has been one of the criticisms of the Auditor-General broadly, not just across police obviously. There is a bit of a disconnect between what measures you were using and how they played out in practice. Can you give us some examples, from the changes you have made, how you have measured the performance improvement or the outcomes of those? This is really about how we are measuring the outcomes over a period of time from one annual report or one budget to another.*

Mr HINE - *I suppose a good example is some of the traffic issues - and I know Mr Dean has an interest in that. In our benchmarking process, we have gone from 44 benchmarks down to 17. Traffic was an area where we had many benchmarks, but we need to align them better with the outcomes of making the roads safer, with fewer fatal accidents and fewer serious accidents. So we have reduced those to the ones that we know do affect safe driving and the outcome of being on the roads. So we have certainly aligned those strategically and also how we benchmark and how we measure against that.*

2.7.2 The consistency of indicators, over a number of years was discussed⁸:

Mr TILYARD - *I was going to add that one of the strengths of our performance management system, as identified by the Auditor-General, was that we have had consistent indicators over a period of years. Because we have the system in place for so long and we have been building on it and refining it all the time, we do have some pretty good historical data for trend information over time in relation to a lot of our indicators.*

Mr HINE - *We have used some of the Tasmania Together benchmarks as well and from a national point of view, the satisfaction of the policing services. So we are benchmarking ourselves not only internally but also with the rest of Australia. That is in our budget papers, our corporate performance and in our annual report, so people can see how we are tracking and we have that long-term data. Also, they can see how we are tracking nationally because those are some of the indicators that we need to do that. We have also had a look at some of the efficiency and effectiveness indicators.*

2.7.3 The Committee also notes that efficiency indicators have now been implemented⁹:

Ms FORREST - *How do you report the efficiencies? The Auditor-General had considerable comment about the efficiency indicators across all sectors. How do you and the police report and manage those to show from one point in time to another?*

Mr WILSON-HAFFENDEN - *In terms of efficiency, this year has been the first time that we have started to include efficiency indicators in the budget chapter. They are based on the cost of policing - the average cost per police officer. One of the complicating factors is that it is a measure, but it is based on a fixed input measure. For instance, the commitment around a fixed number of police officers drives that to a certain degree. We have that sort of efficiency indicator.*

⁷ Commissioner Hine, Transcript of Evidence, 28 October 2011, p. 2

⁸ Ibid p. 2

⁹ Ibid p. 3

We have efficiency indicators too, I guess, in terms of the actual things such as our clearance rates et cetera which, by nature, are efficiency indicators. It indicates what success levels you are having for the resources you put in.

One of the issues we had in terms of trying to measure efficiency across the various outputs groups - and I think this is one of the key issues - was that there was a problem when we used to report seven output groups and four key business priorities. That was one of the criticisms of the Auditor-General's Report and we have now successfully aligned all of those.

But, by its nature, some policing can be measured directly as a cost to an output group. For instance, traffic police - we can assume close to 100 per cent of their work is in the traffic output group. But a uniformed police officer may support traffic and may support public safety and may support crime. That is why we have kept the efficiency indicators at that high level in terms of the total cost of policing services.

2.7.4 The issue around time spent on benchmarking was of concern to the Committee¹⁰.

Mr BOOTH - *How much time do you spend on benchmarking and benchmarks and checking the efficiency of your efficiency measures?*

Mr HINE - *That is a good question. I am not sure if we put a figure on it, but if I understand your question correctly, you cannot have so many indicators that you put all your administration time into measuring them.*

Mr Hine discussed further refinements that had been made with respect to benchmarking within the Department and the resulting reduction in the number of performance indicators as part of the strategic focus:

Mr HINE - *Yes, we did have a lot more indicators that we were benchmarking, it was more than 40. We did not think that was in alignment with the outcomes we were actually trying to achieve so we have reduced that down to 18 for some and 17 for others.*

We did have a couple of hundred indicators, we are now down to 171 indicators as well so we are actually reducing it all the time to refine it but the overall thing is we want to strategically see where we want to go and then let all the indicators back that up and let us know where we are going rather than the indicators driving our business.

We want to get a much better strategic focus, in that we do not let the indicators drive the business, but let the strategic planning process drive the business.

Mr BOOTH - *Basically I think you have answered what I was going to ask effectively, but the direction of the business and its outcomes are based on policing needs rather than bureaucratic assumptions by Auditor-Generals or others. I am not criticising them for that but clearly you have to focus on your frontline police work.*

¹⁰ Ibid p. 3

Mr HINE - Yes, and that is why we reduced our output groups from seven to four to make sure we did keep that focus on the key areas, what we considered to be important to policing. So it is about road safety, it is about crime, it is about public safety and it is about emergency management and therefore that is where our efforts go.

Obviously if strategically, next year we have to redo our strategic plan, what we have to look at for the next three years, what is going to affect policing and therefore start planning for that. Therefore, every year we also have the annual issues that we need to deal with that meet the strategic plan as well. But it would be fair to say that we have shifted around to make sure the indicators are not driving the business.

Mr DEAN - You might say it was always my concern that the benchmarks that were being set were never contributing to really safer roads or safer streets or less crime and all the rest of it. They were simply, I guess, quantity rather than quality and that was an issue and concern that I always raised.

It is good to see that now there has been that change and there has been that reduction and if you look closely now at those I am reasonably satisfied that they do make a real contribution to the antisocial activities out there, the road safety and all those other issues so that is a great improvement in my opinion.

2.8 Review and conclusion

In summary, the Committee notes and commends the positive and decisive actions taken by DPEM – Tasmania Police to implement the audit recommendations in line with its practice of continual review and improvements to its processes.

In particular the Committee notes the inclusion of efficiency indicators in the budget chapter as well as the planning process in place to match budget papers, strategic plan, annual business plan and core performance data.

2.9 Recommendation

Recommendation One:

The Committee recommends that the DPEM - Tasmania Police continue to refine its performance measures based on the restructured output groups and continue to develop appropriate measures for efficiency and equity, where possible

CHAPTER THREE - Department of Infrastructure Energy and Resources

3.0 Background

The Auditor-General made 8 recommendations to the Department of Infrastructure, Energy and Resources (DIER) in his report # 72 of 2008, on Public Sector Performance Information. His findings were based on information furnished by DIER in the Budget Papers and Annual Report for 2005-06.

AUDITOR-GENERAL'S FINDINGS & RECOMMENDATIONS

The findings and recommendations were made with respect to three output groups:

OUTPUT GROUP	RESPONSIBLE MINISTER	Recommendation #
Output Group 2, Land Transport Safety Programs	(Minister for Infrastructure)	Rec # 27-28
Output Group 3, Provision of Transport Services and Infrastructure	(Minister for Sustainable Transport)	Rec # 29-30
Output Group 6, Mineral Resources Management and Administration	(Minister for Energy and Resources)	Rec # 31-34

The findings & recommendations were based around five key aspects of performance information which included: KPI Evaluation; KPI Elements; KPI Presentation; KPI Data Quality; Reporting against initiatives. The findings and recommendations are shown in the table given below and on the next page:

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DIER	Committee Summary of Auditor-General Recommendations
Reporting at the Department Level	While the Department was found to have developed KPIs for the output groups audited, substantial improvement was required in some areas. Some of the output groups' objectives were not satisfactorily 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 including a lack of measures of efficiency and the absence of performance targets.	<i>See below recommendations.</i>

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DIER	Committee Summary of Auditor-General Recommendations
3.1 KPI	<p><i>Output Group 2: Land transport safety programs:</i> - the KPIs concentrated on safety but the stated objective of facilitation of movement was not reported nor were there measures to address efficiency and equity.</p> <p><i>Output Group 3: Provision of transport services and infrastructure:</i> - KPIs relating to objectives not in place and KPIs not intuitive (example; “smooth travel exposure”).</p> <p><i>Output Group 6: - Mineral resources Management:</i> - Performance indicators did not address all key activities of the Unit</p>	<p>- Related recommendations regarding the above are described in the “KPI Elements” cell below.</p>
3.2 KPI Elements	<p>Efficiency indicators were not provided in the DIER’s annual report or budget papers for the Output Groups examined. No measures of access or equity were found.</p>	<p>Three recommendations (# 27, #29, #32) were made against this aspect.</p> <p>-Output Group 2 - Develop strategic objectives that are measurable and clearly define what the unit (Land transport) is trying to achieve.</p> <p>-Output Group 3 - Target performance measures to provide more complete coverage of Unit objectives and simplify terminology used in performance measures. Also, develop a broader (than just cost) measure for administration of transport assistance</p> <p>- Output Group 6 – Develop targets that more widely reflect the output group</p> <p>- Each Output Group develop efficiency measures and Output Groups 2 & 3 develop equity measures</p>
3.3 KPI Data	<p>Output Group 2 - Land Transport –satisfied with the reliability and timeliness of data used.</p> <p>Output Group 3 & 6 – Transport Services and Infrastructure / Mineral Resources Management – Internally sourced data appeared to be subject to robust internal controls.</p>	<p>-No recommendations were made relating to this aspect of performance information.</p>
3.4 KPI Presentation	<p>The budget papers contained projections rather than targets. The need for explicit, realistic targets, where possible was highlighted. Also, some of KPIs included in budget papers not shown in the Annual Report.</p>	<p>Three recommendations (# 28, #30, #33) were made relating to this aspect</p> <p>- It was recommended that the Department develop explicit achievable targets for annual reporting and to include in the annual report at least the budget paper KPIs.</p>

Table continued next page

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DIER	Committee Summary of Auditor-General Recommendations
3.5 Reporting against Initiatives	The Auditor-General found that “departments* failed to provide clear and consistent progress reporting against budget paper initiatives”. * <i>Included DHHS</i>	One recommendation (#34) was made in relation to this aspect – It was recommended that DIER explicitly report progress (<i>for Mineral Resources Management</i>) against budget paper initiatives in the annual report using common structure and terminology.
Strategic Objectives	<i>Mineral Resources Management Unit:</i> Key activities of the unit (listed per the budget papers) could not be reconciled to the output group’s objectives and some activities did not appear to be covered by performance indicators.	One recommendation (#31) was made against this aspect in the area of <i>Mineral Resources Management</i> . It was recommended that “Mineral Resources Management resolves the apparent incompatibility of objectives, activities and KPIs”.

DEPARTMENTAL RESPONSE

3.6 Response to Committee Questionnaire

The Committee received written responses from DIER in relation to the implementation of the above recommendations. Progress was largely being made to address recommendations in the Auditor-General’s Report. In relation to the specific output areas:

Output Groups 2 & 3 – Land transport safety program and Provision of transport services and infrastructure: - The response from DIER was that all recommendations (#27 - #30) were supported in part and that

“DIER supports the aims of the audit...”^{11 12}

Furthermore, the Minister for Infrastructure and the Minister for Land Transport both advised^{13 14}:

“I note and support the Agencies comments to the Auditor-General at the time in developing a comprehensive list of performance measures that adequately encompass the diversity of the Agencies operations. The Agency has implemented

¹¹ Letter from Minister for Infrastructure, Hon David O’Byrne MP – dated 18 August 2011, p. 1

¹² Letter from Minister for Sustainable Transport, Hon Nick McKim MP – dated 25 August 2011, p. 1

¹³ Ibid. p. 2

¹⁴ Letter from Minister for Infrastructure, Hon David O’Byrne MP – dated 18 August 2011, p. 2

the recommendations that ensure key performance indicators and targets (where possible) are reflected in both the Annual Report and the Budget Papers to ensure consistency and cross-referencing over time.

The Department undertook to review the performance measures and whilst a review has not been formally conducted, a number of steps to more accurately reflect the changing nature of the Departments operations have occurred since the Special Report was published. The 2009-10 Annual Report shows a review of Output Groups and a more transparent focus on the strategic directions and initiatives DIER is delivering on behalf of government. This was particularly relevant following a significant review of school bus services in the State and the increasing focus of passenger and sustainable transport programs being delivered in the Department.

With respect to the matter of consistency across performance measures detailed in both the Budget Papers and the Annual report, the Ministers also stated the following^{15 16}:

“DIER’s Annual Report has a whole of agency focus which necessarily is different to the focus of the Budget Papers. For this reason in particular, DIER does not support the premise that all of the performance measures reported in the Budget Papers should also be reported in the Annual Report. It is more important that for each document, the performance measures reported are generally consistent over time to enable progress to be demonstrated.

The 2009-10 Annual Report provides the necessary level of reporting to address the areas of focus in the Performance Measures in the Public Sector audit. As one of its aims the development of the Balanced Scorecard approach for DIER will seek to measure the effectiveness of delivered programs..... the balanced scorecard approach is considered the most effective way to address areas of the Department that may not lend themselves to a single efficiency or equity performance measure”.

Output Group 6 – Mineral resources management and administration: - Evidence (#31 - #34) provided to the committee indicated the following with respect to the recommendations given in the Special Report:

Recommendation	Progress Regarding Implementation
#31	Recommendation is supported by the Agency. <i>“Subsequent reports were reviewed with a view to containing a more narrative</i>

¹⁵ Ibid. p. 2

¹⁶ Letter from Minister for Sustainable Transport, Hon Nick McKim MP – dated 25 August 2011, p. 2

	<i>format but with the inclusion of key statistics..... Outputs by expense for MRT are repeated in the DIER Annual Report 2009-10 as the “primary role of MRT” ensuring consistency with the Budget Papers.The performance information table appears in both the Budget Papers and the Annual Report¹⁷</i>
#32	Recommendation is supported by the Agency and is ongoing. <i>“MRT will work to identify a few key items ensuring there are some quantifiable measures which include result by cost, efficiencies, etc.”¹⁸</i>
#33	Recommendation is supported by the Agency and in response <i>“the budget paper KPIs, including expense outputs, performance information measures and initiative funding are included in the Annual Report (2009-10). However, the inclusion of these is undertaken in a narrative style with no reference to their source. MRT will continue to review their reporting style... In addition, they will consider how, as a minimum, they can reference the source of the KPIs, outputs etc more effectively.”¹⁹</i>
#34	Recommendation is supported by the Agency and commented as follows: <i>“MRT are reviewing their reporting style and considering items like table style reporting, source referencing, comparison of activities between years, cost reporting etc. Process timing means any changes will not be captured in the 2010/11 year reporting but improvements will be advanced for the 2011/12 year reporting.”²⁰</i>

3.7 Committee Review and Conclusion - DIER

Efficiency and Effectiveness Indicators:

In summary, the Committee notes progress to date on performance information following the Auditor-General’s Report #72, and the willingness of the DIER to support the recommendations generally. However, further refinement with respect to development and implementation of efficiency and access/ equity indicators is needed. The review of reporting against budget paper initiatives is noted.

Inclusion and matching of KPIs in the Budget Papers and Annual Report

The Committee notes that the Minister for Infrastructure does not support the premise that all of the performance measures reported in the Budget Paper should also be reported in the Annual Report. However the Committee is encouraged by the Minister

¹⁷ Letter from Minister for Energy and Resources, Hon Bryan Green MP, dated 16 August 2011, p. 2

¹⁸ Ibid p.4

¹⁹ Ibid. p.5

²⁰ Ibid, p.6

for Resources and Energy's response that budget paper KPIs are now included in the annual report although in a narrative style and that changes to the reporting style, source referencing, activity and cost comparison between years is being advanced in future reporting years annual reporting.

3.8 Recommendations to DIER

Recommendation Two:

The Committee recommends that DIER develop and implement appropriate efficiency and equity indicators for each output group and report on these in the annual report, as required by Treasurer's Instructions

Recommendation Three:

The Committee recommends that DIER continue developing targets for annual reporting and expand the reporting review currently being undertaken by MRT for annual reporting of KPIs across all sectors of the Department

CHAPTER FOUR - Department of Education

4.0 Background

The Auditor-General's report #72 on Public Sector Performance Information made 4 recommendations to the Department of Education (DoE). Findings were based on information furnished by DoE in the Budget Papers and Annual Report for 2005-06.

AUDITOR-GENERAL'S FINDINGS & RECOMMENDATIONS

The findings and recommendations were made with respect to the following output group (exclusive of pre-compulsory education (Child Care):

Output Group 1, Pre compulsory and compulsory education	Rec # 1 - 4
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The findings & recommendations were based around five key aspects of performance information as follows:

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DoE	Committee Summary of Auditor-General Recommendations
4.1 KPI Evaluation	<ul style="list-style-type: none"> • % Retention – Year 10 to 11 was seen as a direct and obvious KPI, however it was unclear whether students continuing to TAFE training were included or not. • Literacy and Numeracy effectiveness measures intuitive and in existence, but as point in time measures rather than measuring improvement in students' abilities • KPI of class size lacked an obvious performance target and suspensions data seen as having marginal relevance to the objective • Parental satisfaction data only reflected attitudes of those who elected to stay within the state system – an alternative measure to consider could be the proportion of public to private school enrolments 	<p>One Recommendation (Rec #1) was made which included five suggested changes to KPIs .</p> <ul style="list-style-type: none"> • Replace the point in time literacy and numeracy KPIs with measures of improvements between assessments • Discontinue the public reporting of suspensions • Replace the parent satisfaction survey with a proportion of students in the public education system
4.2 KPI Elements	No equity or efficiency measures existed for this output	<ul style="list-style-type: none"> • 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

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DoE	Committee Summary of Auditor-General Recommendations
4.3 KPI Data Quality	The Auditor-General found that a robust data collection system was in place. However, timeliness of data was variable with timelags in literacy and numeracy data (up to two years delay). State data was available within a few months of testing but the Department's preference was for using checked and benchmarked date used for Commonwealth reporting	Recommendation #3 – DoE to explore options for improving the timeliness of data
4.4 KPI Presentation	It was found that: <ul style="list-style-type: none"> - The budget papers only included information on national statistics - National science reporting was on a 3 year only basis with an absence of comparative data for other jurisdictions or a performance target - No targets or benchmarks were included in the annual report 	Recommendation #2 was made relating to this aspect <ul style="list-style-type: none"> - Include additional KPIs in the budget papers - Develop and report performance targets where appropriate such as with National Science Reporting
4.5 Reporting against Initiatives	The Auditor-General found that “departments* failed to provide clear and consistent progress reporting against budget paper initiatives”. * <i>Included DoE</i>	Recommendation #4 was made in relation to this aspect – It was recommended that DoE explicitly report progress against budget paper initiatives in the annual report using common structure and terminology.

DEPARTMENTAL RESPONSE

4.6 Response to Committee Questionnaire

DoE written responses to the Committee Questionnaire around the Departmental support and implementation of the Auditor-General’s recommendations supported the DoE’s actions taken following from this report. The Committee received evidence from the Department that Recommendation #3 and #4 were fully supported and implemented and that Recommendations # 1 and #2 were partially supported and implemented.

Departmental Response to Recommendation #1:

Recommendation #1, - ***Replace the parent satisfaction survey with a proportion of students in the public education system***, the Department advised²¹ that it *“believes it is important to report parent satisfaction and still reports on three parent satisfaction measures.*

²¹ Letter from Minister McKim 30 September 2011

Parent Opinion:

- *Overall, I am satisfied with the education my child receives from their school*
- *My child's report gives me a good understanding of how my child is progressing at school*
- *My child's school encourages parents to have a say in planning for the future*

This view is shared by other jurisdictions that undertake surveys and the Commonwealth which is currently considering through Australian Curriculum Assessment and Reporting Authority (ACARA) the feasibility of conducting national surveys.

The Department of Education believes that reporting proportion of students in the public education system is politically sensitive and best left alone²².

Recommendation #1, - **Replace the point in time literacy and numeracy KPIs with measures of Improvement between assessments**, the Department advised²³ that *“Tasmania's Education Performance Report (TEPR) is published annually by the Department of Education and now includes ‘Index of gain for Years 3-5,5-7,7-9’ in Literacy and Numeracy. A snapshot of the data from this report is included in the Department of Education Annual Report. In addition ACARA provides information on gain scores on My School.”*

Recommendation #1, - **Develop an Efficiency Measure for compulsory education. A possible measure is recurrent cost per student**, the Department advised²⁴ that it now reports on *“Government expenditure (\$) per student FTE in government schools in the DoE Annual Report. This figure is sourced from the Report on Government Services. In addition ACARA also provides a measure on My School.”*

Recommendation #1, - **Develop equity measures for compulsory education. Possible measures include regional retention rates, available school places and class sizes** the Department advised²⁵ that *“Regional retention rates are available in the TEPR which we reference in the Department of Education Annual Report. We have not provided available school places and class sizes as the Department of Education believes the measures to be sensitive especially for schools with low enrolments.”*

²² Letter received from Minister for Education and Skills, Hon Nick McKim MP dated 30 September 2011, p. 4

²³ Ibid p. 4

²⁴ Ibid p. 4

²⁵ Ibid p. 4

Departmental Response to Recommendation #2:

Recommendation #2, ***Include additional KPIs in the budget papers*** – the Department advised²⁶ that it “has increased the performance information reported in the Budget Papers for Output group 1 in recent years to reflect Literacy and Numeracy and Aboriginal Education Outcomes.”

Recommendation #2, ***Develop and report performance targets where appropriate such as with National Science Reporting*** – the Department advised²⁷ that “an effort has been made where possible to report against targets (ie DoE and Tasmania Together) including targets for the current set of data as well as projected targets where available.

The National Science Reporting was discontinued by the Department as it runs on a three year cycle and doesn't fit in with the series/format of the annual reporting of other KPIs. This information is reported nationally by ACARA and is available to annual report users separately”.

4.7 Committee Hearing

The Committee was keen to follow up with Departmental representatives with respect to the areas where the Auditor-General's recommendations were not yet fully implemented.

Equity Measures

With respect to implementation of equity measures in particular the following comments were made²⁸:

Ms FORREST - *As far as the other recommendation from the Auditor-General about meeting Treasury requirements for reporting - for example, KPI elements affecting outputs including efficiency and equity measures is one you also identified as partially implemented. How is that going? Do you intend to implement all those recommendations?*

Mr LUTTRELL - *We were very supportive of the Auditor-General with his report and, indeed, as I said earlier, he mentioned that Tasmania had been a leader in school performance reporting. In answer to your question, we are keen to improve the usability and the information provided in both the budget and the report.*

²⁶ Ibid p. 5

²⁷ Ibid p. 5

²⁸ Mr Luttrell, Transcript of Evidence, 28 October 2011, p. 26

In response to further questions about equity measures, the Departmental representative gave the following evidence²⁹:

Ms FORREST – *Developed equity measures for compulsory education, cost measures include measuring retention rates, available school places and class sizes.*

Mr LUTTRELL - *We publish retention rates for all schools in the school improvement report and, indeed, retention is a key PY10 factor as well, so that is reported nationally. In relation to school places, we have an ageing demographic and it is in the public domain that we have a decreasing enrolment size, so to put up on a website school-by-school with class sizes I think needs some sensitivities around it.*

The matter was further discussed³⁰:

Mr BOOTH - *But they are broader. I can understand if it was to do with publication of literacy rates or performance or whatever but this simply talks about available places and class sizes.*

Mr LUTTRELL - *That is another thing: what is an appropriate class size and how do you calculate it? To have that would be 200 schools with all that information in the annual report or -*

Mr BOOTH - *So you are saying it becomes a simplistic kind of league table effectively?*

Mr LUTTRELL - *It is just one small dimension. It is important, do not get me wrong, but some small communities do potentially very well in literacy and numeracy.*

Mr BOOTH - *I know they do and that is what I am interested in because I am a passionate supporter of small schools and rural education and the opportunities for them and all of the other things. If we had a debate about that it has to be a lot more than just the retention rates and the performance of the kids there. It's to do with what it does to the rest of the community as well. They have a much more important and broader function than just educating the kids in that school. I would have thought that it is also good to somehow empower communities to recognise that perhaps their school is under threat because of certain things and to engage with building more houses or attracting business that might bring families and children to the area to give them an opportunity to maintain their viability.*

Summary re Departmental Performance Information

In summary, the following comments were made:

²⁹ Ibid p. 22

³⁰ Ibid p. 29

CHAIR - *Just as a summary in relation to the Department of Education, there has been a genuine attempt to provide the performance information. Do you believe that could be improved?*

Mr LUTTRELL - *Absolutely.*

CHAIR - *In accordance with what the Auditor-General recommended?*

Mr LUTTRELL - *Yes, we are generally very supportive of what the Auditor-General put in there. There are areas where we don't agree necessarily and have a different opinion but, by and large, we have implemented a vast majority of his recommendations. In terms of that performance measure, I think we are in a very interesting time with ACARA and what they're proposing. We have found that with the reports that we generated in, I think, 2005 or 2006 - and Tasmania was one of the first States to do that - ACARA came through in 2008 with NAPLAN and they have implemented it in all the jurisdictions around literacy and numeracy. We now have an ability to compare right across the nation how each individual school is going and, importantly, parents can see how their child is performing compared to any other child in Australia from a testing perspective.*

4.8 Committee Review and Conclusion

The Committee is supportive of the work done by Department of Education to implement the Auditor-General's recommendations around its reporting of performance information.

However, the Committee is of the view that further action is needed to be taken around the measurement and external reporting of efficiency and equity indicators by the Department, so as to observe the Auditor-General's recommendations fully

4.9 Recommendation

Recommendation Four:

The Committee recommends that DoE continue its ongoing work around performance measures to further develop and implement appropriate efficiency and equity indicators for each output group and report on these in the annual report, as required by Treasurer's Instructions

CHAPTER FIVE - Department of Health and Human Services

5.0 Background

The Auditor-General made 22 recommendations to the Department of Health and Human Services (DHHS) in his report # 72 of 2008, on Public Sector Performance Information. His findings were based on information furnished by DHHS in the Budget Papers and Annual Report for 2005-06.

AUDITOR GENERAL'S FINDINGS & RECOMMENDATIONS

The findings and recommendations were made with respect to three output groups:

OUTPUT GROUP	RESPONSIBLE MINISTER	Recommendation #
Output Group 1, Community, population and rural health		
- Disability Services (DS)	(Minister for Human Services)	Rec # 5 - 10
- Mental Health Services (SMHS)	(Minister for Health)	Rec # 11 - 13
- Alcohol and Drug Services (ADS)		Rec # 14 - 16
-Community Nursing (CN)		Rec # 17 - 20
Output Group 2, Hospitals and Ambulance Services		
-Children and Family Services (Child and Youth Services - CYS)	(Minister for Children)	Rec # 21 - 23
Output Group 3, Hospitals and Ambulance Services		
- Ambulance Services (Ambulance Tasmania – AT)	(Minister for Health)	Rec # 24 - 26

The findings & recommendations were based around five key aspects of performance information. The five key aspects are:

- KPI Evaluation
- KPI Elements
- KPI Presentation
- KPI Data Quality
- Reporting against initiatives

The findings and recommendations are shown in the table given below and on the next page:

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DHHS	Committee Summary of Auditor-General Recommendations
Reporting at the Department Level	While the Department was found to have undertaken a systematic development of KPIs within the categories of achievement, quality and access indicators, efficiency had not been included, access measures not greatly reported and KPIs not grouped by output group or unit	Recommendation that reporting structure of Department be amended to routinely include efficiency and that KPIs be presented at the output group level.
5.1 KPI Evaluation (Summary)	<p><i>Disability Services:</i> - quantitative information provided was unsatisfactory. Indicators gave little sense of what Disability Services does, prolific indicators with no indication of importance of each and indicators had the potential for misinterpretation.</p> <p><i>Mental Health Services:</i> - Indicators were a reasonable reflection of activities. No information about unmet need or feedback on the work of the unit with customers, carers and broader community.</p> <p><i>Alcohol and Drug Services:</i> - Indicators did not cover the range of services provided. Indicators found to be ambiguous re good / bad. A sufficient indicator for needs met, supported by surveys of quality of service required.</p> <p><i>Community Nursing:</i> - Performance measure provided quantitative information but no information provided regarding quality or timeliness of service.</p> <p><i>Child and Family Services:</i> - Effective measures for quality of initial service or intervention. Quantitative measures (eg; no. of children in out of home care) could be ambiguous.</p> <p><i>Ambulance Services:</i> - KPI information was well-matched to the stated objective. Information was intuitive and covered qualitative, quantitative and timeliness aspects. Efficiency measures and a cost indicator needed development.</p> <p>- <i>Related recommendations regarding the above are described in "KPI Elements" cell below.</i></p>	
5.2 KPI Elements	Efficiency indicators were not provided in the DHHS' annual report or budget papers. No measures of access or equity were found.	<p>Six recommendations (# 6, #11, #14, #17, #21, #24) were made against this aspect.</p> <ul style="list-style-type: none"> - The key recommendations to DHHS involved the need to use efficiency measures and equity measures (eg: at regional level) and a quality measure based on survey of customers. - Indicators to reflect unmet need were also recommended - Refining of performance measures to remove existing ambiguities was also recommended

(TABLE CONTINUED NEXT PAGE)

Aspect of Performance Information	Committee Summary of Auditor-General Findings - DHHS	Committee Summary of Auditor-General Recommendations
5.3 KPI Data	An absence of an integrated management information system to efficiently collect, check and process data Staff (eg: CN) reluctant to input and measure information in a timely manner	Three recommendations (# 8, #9, #19) were made relating to this aspect. - DHHS - to develop an integrated management information system to facilitate collection of performance data -Disability Services - to review its data requirements for performance monitoring and reporting and include data requirements in service level agreements with NGOs. -Community Nursing – to foster an environment where operational staff have a greater awareness of performance measurement and their role of providing inputs
5.4 KPI Presentation	Findings around presentation were that no targets were disclosed in the annual report and the budget papers contained projections rather than targets. The need for explicit, realistic targets, where possible was highlighted. Also, KPIs published in the annual report were very limited compared to those included in the budget papers.	Six recommendations (# 7, #12, #15, #18, #22, #25) were made relating to this aspect - It was recommended that genuine performance targets for KPIs be included in annual reporting, explanatory comments be given when large variations in numerical KPIs are reported and to include in the annual report at least the budget paper KPIs.
5.5 Reporting against Initiatives	The Auditor-General found that “departments* failed to provide clear and consistent progress reporting against budget paper initiatives”. * Included DHHS	Five recommendations (# 10, #13, #16, #20, #23) were made in relation to this aspect – It was recommended that DHSS explicitly report progress (<i>for Disability Services, Mental Health Services, Community Nursing, Child and Family Services, Ambulance Services</i>) against budget paper initiatives in the annual report using common structure and terminology.
Strategic Objectives	Disability Services: Other than its objective as outlined on the DHHS website (“a society where all people with disabilities are able to reach their maximum potential”) the Auditor-General was unable to find a clearer or more measurable definition of the unit’s goals	One recommendation (#5) was made against this aspect in the area of Disability Services. It was recommended that “DHHS encourage business units to develop strategic objectives that are measurable and clearly define what the units are trying to achieve”.

DEPARTMENTAL RESPONSE

5.6 Response to Committee Questionnaire

The Committee received written responses from DHHS in relation to the implementation of the above recommendations. Progress was largely being made to address recommendations in the Auditor-General's Report. In relation to the specific output areas:

Disability Services: -The response from DS indicated that recommendations # 5- #10 had been either implemented or partially implemented including implementation of a "strategic framework 2011-14..... accompanied by Operational Unit Business Plans, which will expand on Priority Projects that have been identified under each strategic goal.³¹" DS further advised that measurable objectives had been identified to provide support to some of the strategies and that DCHS indicators were being reviewed. Key areas for further enhancement were identified by DS as being in service specific KPI reporting and efficiency indicators³².

Mental Health Services: - Evidence provided to the committee supported either the full or partial implementation to date of all recommendations. Efficiency measures were being used internally but an overarching quality measure based around a survey of customers and carers was not yet in place at the time of the response³³. The MHS also indicated the difficulties in developing a quantitative measure to reflect unmet need³⁴.

Alcohol and Drug Services: - Evidence provided to the committee supported either the full or partial implementation to date of all recommendations. With respect to recommendations around the KPI elements of efficiency and equity/ access indicators, the Committee was advised that "SMHS is actively developing and implementing a range of cost based indicators through a new electronic clinical information system as measures of efficiency"³⁵.

With regard to a measure for unmet need, the Department's response was that: "Any measures using weighted percentage of needs met in relation to client assessments is currently problematic due to a number of factors including quality of data available and the range of care providers involved that include both government and non-government sectors."³⁶

³¹ Letter from Minister for Human Services, Hon Cassy O'Connor MP, dated 16 Nov 2011, p. 1

³² Ibid p. 2-3

³³ Attachment 1, p. 3 – Attachment to letter from Minister for Health, Hon Michelle O'Byrne MP, dated 22 Aug 2011

³⁴ Ibid, p. 3

³⁵ Attachment 1, p. 7 – Attachment to letter from Minister for Health, Hon Michelle O'Byrne MP, dated 22 Aug 2011

³⁶ Ibid, p. 7

Community Nursing: - Whilst addressing each recommendation individually in its response to the Committee, the Department provided the following general information about its capacity to capture and report on CN performance information:

“During the past 2 years the DHHS has implemented an IT system that has improved its ability to capture and report information related to the activities and outcomes of community nursing services. This has involved the implementation of i.PM Community which is a state wide shared patient administration system that also captures activity and outcome information in the community nursing environment. It is important to note that while there is now a system in place to address the Auditor-General’s recommendations the system is in the initial stages of use and will take some time to build a repository and achieve a history of information....”³⁷

Regarding recommendation #19 that: “*CN foster an environment where operational staff have a greater awareness of performance measurement and of their role and the benefits in providing inputs*”³⁸, DHHS provided evidence that “a key component of the implementation of the i.PM system has been to educate direct care staff in the importance of consistent data collection and reporting. Education has also focused on highlighting the role of direct care staff in ensuring the accuracy of the data collected and the impacts of the data on service planning and delivery.”³⁹

With respect to efficiency and equity measures, DHHS further advised that a number of efficiency measures are now extracted from the i.PM Community and that the capacity now exists for equity measures to be identified, measured and reported on in the coming 12 months after maturation of the data.

Child and Family Services: - CY5 provided evidence that it had now addressed “a dearth of efficiency and equity/ access measures”⁴⁰ and provided update of progress against implementation of the Auditor-General’s recommendations. CY5 advised that contextual understanding was required when interpreting measures which could be ambiguous (eg; number of children in out of home care) but that such measures were still reported in the budget papers where they were significant cost drivers and that a reduction can be indicative of the effectiveness of programs.

Ambulance Services: - In its response to the Committee’s queries, DHHS advised that AT was “working with Policy Information and Commissioning – Purchasing and Performance Management to develop the 2011-12 Service Priorities and Performance

³⁷ Attachment 1, p. 9– Attachment to letter from Minister for Health, Hon Michelle O’Byrne MP, dated 22 Aug 2011

³⁸ Auditor-General’s Special Report #72 of 2008, Rec #19, p. 6

³⁹ Attachment 1, p. 13 – Attachment to letter from Minister for Health, Hon Michelle O’Byrne MP, dated 22 Aug 2011

⁴⁰ Letter from Minister for Children, Hon Michelle O’Byrne MP, 15 August 2011, P. 1

Statement (SPPS). The SPPS includes a range of KPIs which measure service delivery efficiency. The Budget papers now contain ambulance services expenditure per person. The Annual Report and the Budget Papers are now presented at Output Group Level⁴¹.

5.7 Committee Hearing

The Committee resolved to hear further from the Department of Health and Human Services - Mental Health Services and Children and Youth Services – to seek further information regarding its responses to the Committee’s questionnaire.

5.8 Response from DHHS – Statewide and Mental Health Services (SMHS) at Committee Hearing

5.8.1 SMHS – General Measures

Mr Nicholas Goddard Manager, Coordination and Innovation spoke about the measures being undertaken by the Mental Health Services Unit to address the Auditor-General’s recommendations generally⁴²:

Mr GODDARD – *Continual quality improvement in the delivery of mental health services is fundamental to the work carried out in our unit. As an integrated service, care typically covers services delivered in the community - in-patient and residential settings - with key performance indicators being important tools used in support of continual service improvement across our care continuums, so KPIs are fundamental to what we do.*

Recently as part of a national mental health strategy, the second edition of Key Performance Indicators for Australian Public Mental Health Services was released, being version 2 of this document and a key tool used to support performance reporting and monitoring and management in support of continual quality improvement. So there is a very strong performance indicator movement around the nation, into which we fit. That basically contains a range of indicators that mental health services across Australia use and we fit into that regime as far as possible.

Tasmania, through its involvement in national committees comprising jurisdictional, Federal Government, peak industry bodies and non-government organisations and consumer and carer representatives, has been closely involved

⁴¹ Letter from Minister for Health, Hon Michelle O’Byrne MP, dated 22 Aug 2011, p. 19

⁴² Mr Goddard, Transcript of evidence, 28 October 2011, p.34

in the development of these performance indicators which support the current national health reform agenda, including the fourth national plan as agreed by COAG. The current agenda emphasises the importance of performance monitoring and key activity reporting, which in turn reinforces the importance of imbedding activity within the mental health service delivery. The National Mental Health Performance Framework provides a detailed model to support measuring and monitoring performance of mental health services across Australia. Tasmania actively uses this model to align the delivery of mental health care in Tasmania as far as practicable with other States and Territories, so there is a kind of consistency and capacity to benchmark and report on a consistent basis to some extent, although there are obviously jurisdictional differences.

In terms of the performance indicator domains which are used nationally, they basically follow the following fields: effectiveness, appropriateness, efficiency, responsiveness, accessibility, sustainability, capability, safety, and continuous improvement. Within these domains there are 15 mental health KPIs which Tasmania currently reports in some way through its various State, local and national reporting practices or is able to report if required. So reporting KPIs at a number of levels for different purposes is fairly fundamental to our business.

In the time since the introduction of the first edition of key performance indicators for Australian public mental health services we have continually developed expertise, capacity and reporting systems to support the improved ability to enhance services through the use of key performance and Mental Health Services is now able to effectively compare service performance across our regions, our settings and our teams.

At national level, State level and down to individual teamwork we are able to compare performance more thoroughly than we have in the past. Tasmania collects measures and reports consumer outcomes as a routine part of its business and continues to analyse and refine reports in support of its commitment to ongoing improvement.

We have made a number of changes in recent years to its technology infrastructure that has resulted in a much wider range of key performance data being much more accessible to end users, senior managers and administrators. Mental Health has been an area where it has been difficult in the past to collect data. To some extent we still rely on fairly outdated manual paper reporting processes and we have a strategy in place to move to a fully-electronic system over the next couple of years.

The Fourth National Mental Health Plan provides us with a framework that has a number of areas where we report around social inclusion and recovery, prevention and early intervention, service access coordination and continuity of care, quality improvement and innovation, and accountability. We have a number of challenges in terms of our capacity to report, and I have just referred to the development of our information systems.

Mainly through Brian's⁴³ information unit, we have developed our capacity to report across a wide range of domains and we're increasingly using information as the basis for making decisions on our service development and delivery. We have a range of national performance indicators that are used

5.8.2 Use of National Performance Indicators - SMHS

The Committee followed up with questioning around the National Performance indicators that were used by the Unit and whether they were publicly or internally disclosed⁴⁴.

Mr GODDARD - *Most of them we use. These are national and a fair proportion of those we now report against and some of them we are now developing targets against, so that provides our performance framework. Our goal is to make sure that we can progressively report against all of those.*

CHAIR - *Which ones are you using at the moment?*

Mr STOKES - *Do you mean publicly or internally?*

CHAIR - *Internally, and then publicly.*

Mr STOKES - *In terms of everything that's in the national New Performance Framework, we currently report those in some way or another either internally or through national documents. For example, 'Mental Health Services in Australia' is a major document that is produced annually, which takes data from a range of different national data sets. Those indicators end up in a range of different documents, including the annual RoGS report. For example, of the 15 key indicators in here: changing consumer clinical outcomes, 28-day readmission rates, service standards compliance, so accreditation standards, average length of acute inpatient stay, average cost to the community per patient episode, average treatment days per three months, average costs per three-month community care period - we report all those indicators. Population receiving care is an important indicator for us, so it is a measure of prevalence. New client index is a measure of accessibility, so the ability for our services to take on new clients, is a key one we report. Pre-admission community care - so, those people seen seven days before an acute admission is an important indicator that we report. Similarly, post-discharge community care - those people seen seven days after they leave hospital following an acute episode we report. Consumer outcomes participation is an important one for us, so a measure of our consumers and how well they are recovering from their mental illness. Rates of seclusion is an important measure, an important quality and safety national measure that we report across mental health services.*

⁴³ Mr Brian Stokes, Manager, Information Management and Technology Services, Children and Youth Services, DHHS

⁴⁴ Mr Goddard, Transcript of evidence, 28 October 2011, p. 35
Mr Stokes, Transcript of evidence, 28 October 2011, p. 35

CHAIR - So 13 out of 15?

Mr STOKES - No, we do the 15. Outcomes readiness and comparative area resources are the other ones.

CHAIR - So the 15 you are going to provide to us, you report on all those?

Mr STOKES - Yes, in some way or another. Not all of them end up publicly.

CHAIR - How many end up publicly?

Mr STOKES - That is a good question.

Mr GODDARD - We have a smaller subset that we use for departmental reporting and in the budget papers in process. They are the standard indicators for mental health services and there is a whole range that we just use for internal planning and management purposes.

Ms FORREST - How many are made public and where are they made public and how?

Mr STOKES - The ones that end up publicly, the mental health services in Australia has an important subset and I do not have that information specifically at hand but I would be happy to provide it quite quickly, if you like. For example, your Health and Human Services progress chart is a quarterly report that the DHHS puts out. Acute inpatient separations and 28-day re-admission rates are two key measures that we report publicly each quarter.

5.8.3 Cost –Based Performance Indicators

The Committee was interested in the use of cost based performance indicators⁴⁵.

Mr BOOTH - How do you establish the average cost of the patient? I think you mentioned in one of your performance indicators the average cost. Do you consider just the costs of keeping that patient in that room and fed or do you add on infrastructure costs? Do you divide the entire cost of your department or budget by the number of patients on an average or what?

Mr STOKES - The two cost-based indicators, average cost for acute inpatient episode, so that is the total cost of services provided within a hospital in an acute setting. So the cost of hotel services, security infrastructure, lighting and all those costs are added to the total of the admission.

⁴⁵ Ibid p. 36

Mr BOOTH - *The costs are directly attributable to the additional costs of effectively having that patient in there as opposed to if they were not there?*

Mr GODDARD - *Yes.*

Ms FORREST - *Then the community mental health, do you have a separate costing for that?*

Mr STOKES - *Yes. For example, the main cost-based indicator we use is the average cost of the three months community care period. In mental health, everything works around a 91-day review period. So every active client that you have in a community setting should be reviewed, a formal review process that is a series of forms criteria every 91 days. The national measure lines up everything around 91 days.*

Efficiency Indicators – SMHS

The Committee then followed up further on specific recommendations by the Auditor-General such as the development and use of efficiency indicators⁴⁶:

CHAIR - *How do you measure your efficiency? The money goes in. How do you measure whether its got bang for its buck?*

Mr GODDARD - *There is a range of efficiency indicators.*

Mr STOKES - *We use as much as we possibly can cost-based indicators and we will compare ourselves with other jurisdictions, where other benchmarks exist. We are working within a defined budget area and we do a lot of comparative work across our acute units. For example, if a person has an acute inpatient episode at Northside Clinic at the LGH and another one has the same diagnoses and they are at the Spencer Clinic at the North West Regional Hospital and the same in the Department of Psychological Medicine at the Royal, in theory you should see very similar costs based on the diagnostic-related groups. Internally we do a lot of work to compare our performance across our different services, and we do the same thing in a community setting and in residential beds. We do that internal comparative work to a high degree.*

CHAIR - *What about externally? Is there any way people like us can look at it and say, 'They seem to be going well on this indicator'?*

Mr GODDARD - *At a national level there are per capita comparisons that are reported in some of the national reports so that Tasmania can see on a per capita basis*

⁴⁶ Ibid p. 41

how much it spends on services compared to other jurisdictions, how its staff compares to other jurisdictions.

CHAIR - *What about within the budget papers and your annual reports et cetera?*

Mr STOKES - *To be honest, there is a lot of work being done in that area but not a lot is finding its way into the public domain.*

CHAIR - *Should it be?*

Mr STOKES - *I believe it should be, yes, and that would be in line with the recommendations from the Auditor-General's report. Importantly, I think we're really well placed to do it, so there are no barriers in terms of access to information or being able to produce information.*

CHAIR - *Why is it not there? Is it because of lack of resources or is it because you don't have the equipment in place to do it properly?*

Mr GODDARD - *All of those things, I guess, are factors. It's been a bit of a journey in terms of information. We've come from a fairly information-poor environment and we're now developing a much richer environment. We're developing the tools to capture and measure the information and to turn those into performance indicators to better assess the way our services are performing. I think that's where we're headed but we just have a little way to get there.*

5.8.4 Equity Indicators - SMHS

The Committee also followed up further around areas relating to specific recommendations in the Auditor-General's report such as the development and use of equity indicators by the SMHS⁴⁷:

Ms FORREST - *Can you compare apples with apples with the other jurisdictions or is mental health pretty much wherever it is delivered?*

Mr GODDARD - *There are differing settings and there are different organisational structures but in a community team you can compare. So we can compare around the State. We can look at the north-west community adult team, compared to the south and the north. We can put those indicators.*

Ms FORREST - *Your equity to access and all that, do you report all that?*

Mr GODDARD - *Yes. That helps us get a picture of how equitably we are providing services around the State.*

⁴⁷ Ibid p. 37

Mr GUTWEIN - *How is that reported? I know that one of the Auditor-General's recommendations was that a regionally-based equity measure needed to be looked at. How is it reported now?*

Mr GODDARD - *We have standard reports through the department through our annual report, nationally through the report on government services and the key national mental health services report -*

Mr GUTWEIN - *If I went to your annual report now, I would be able to understand whether or not somebody in the north of the State was able to have the same access and what the access opportunity was compared to somebody in the south-east?*

Mr GODDARD - *Not necessarily.*

Mr GUTWEIN - *How would I measure it?*

Mr GODDARD - *That is a figure that we probably look at in terms of internal planning. I am not sure that is a figure that we would be inclined to report.*

Mr STOKES - *No, it is not in the public domain. But internally we can report down to statistical local area to a very low level comparatively across any of our service settings and that is used extensively for our internal planning processes around staffing and around do we have our services in their right area, for example. We also benchmark our different teams across the State to try to see where there are variances and differences.*

Mr GUTWEIN - *So it is not reported publicly, though. Why is that?*

Mr GODDARD - *I don't think it has been an indicator that has been required. There is no particular reason, Peter.*

Mr GUTWEIN - *Even though the Auditor-General recommended that it be reported?*

Mr GODDARD - *I am not sure. We are not at the stage where we have a routine indicator that we use for that particular purpose in the public domain.*

5.8.5 Measuring (Unmet) Demand in SMHS

The Committee then questioned the SMHS witnesses about measuring and determining demand⁴⁸.

⁴⁸ Ibid p 38

Ms FORREST - *Following on from that, particularly in the regional areas, how do you measure demand? It is okay to measure access to services if you know what your demand is but how do you determine demand?*

Mr STOKES - *That is the hard one.*

Mr GODDARD - *It's relatively imprecise to some extent. Nationally it is accepted that 2 to 3 per cent of the population will have a severe mental illness and that is basically the target group for mental health services that are State funded. We know that we can expect to get a client group that is approximately 2 to 3 per cent. We know we do not see all of those clients because some of them access services in the private sector or through general practice or wherever but we know broadly that that is going to be the target group and we can measure the extent to which we are meeting the needs of that client group.*

The challenges around determining (unmet) demand was further commented on later in the Hearing as follows:

Ms FORREST - *That demand one is a challenge. People are not willing to put their hands up generally to say they need to be on a waiting list.*

5.8.6 Annual Reporting and the Budget Paper Initiatives

The Committee sought comment on the matching of indicators across the budget papers and the annual reports⁴⁹:

Ms FORREST - *Going on the Auditor-General's recommendation we see a consistent set of indicators reported in the budget papers and the annual reports. This has been across all departments, not just Mental Health Services and not just the Department of Health. For consumers of these reports you do not see a connect between an annual report and the budget paper. Mental health has always been very underdone. So in a couple of years we will see considerably more performance measures and efficiency measures being reported in the budget papers and in your annual reports.*

In response, the witness stated:

Mr GODDARD - *I guess that is subject to how our department wants to present its budget information but we certainly have and are developing the capability to provide that information.*

⁴⁹ Ibid p. 43

Mr STOKES - *I think Nick's former point is a really important one because we do obviously work very closely with the department. Given that the continuum of health is very big, as you get further and further down we tend to get stretched down into a very small set of indicators.*

Ms FORREST - *I noticed that.*

Mr STOKES - *Internally we are information rich and growing and improving and we are generally able pretty much to report anything that is here internally and when asked through other forums, but what finds its way into the public domain often is a much smaller subset of information.*

5.8.7 Concluding Response – from SMHS:

Furthermore, in response to a question from the Chair around timeframes for implementation of the Auditor-General's recommendations, SMHS officials expected that these targets could be met in the near future⁵⁰.

Mr GODDARD - *It's very difficult to put an end point on it; it's a bit of a journey. We have to educate our service around information and we have to develop the systems and the capability. I would think, optimistically, within the next two years we should be in a fairly good position in terms of our capacity to very rigorously report on a whole range of indicators.*

CHAIR - *So in two years you'll be a position to report in accordance with what the Auditor-General was talking about?*

Mr GODDARD - *We have taken the Auditor-General's recommendations into account and I think most of those are well and truly in our sights, if you like. His recommendations are fairly consistent with the national indicators that are used in mental health services, so I would think, over that period, we're likely to embrace most of those.*

Mr STOKES - *Yes, I would agree. The one issue that is a challenge is the unmet need that you talked about before. It is really hard to gauge what the level of need is, so it's a challenge that we have. In some ways we're different from a hospital where you see a waiting list and we know there is a really high level of need for a hip replacement, for example. Out of all the reports that is the one that is the challenge.*

⁵⁰ Ibid p. 43

5.8.8 Committee Review and Conclusion - SMHS

In summary, the Committee notes progress to date on performance information following the Auditor-General's Report #72, and the willingness of the SMHS to develop appropriate performance measures and implement recommendations arising from that report.

While it is seen that reforms arising from the framework provided by the *Fourth National Mental Health Plan* can be of assistance the Committee finds that the reporting of efficiency and equity measures publicly is still seen as an area for improvement. The Committee also received evidence around the difficulties associated with measuring and determining demand.

5.8.9 Recommendations to SMHS

Recommendations relating to the SMHS uptake of the Auditor-General's recommendations are shown at para 5.5 of this report.

5.9 Response from CYS

5.9.1 CYS – General Measures

Officials from CYS gave evidence to the Committee about the measures being undertaken by the Child & Youth Services Unit to address the Auditor-General's recommendations generally⁵¹.

Ms NEWBERY - there have been significant strides in Children and Youth services since 2005-06, which was the scope of the report, in terms of the business intelligence that we now have available to us, not just because of the capability of people in the team but because of the more sophisticated technology and data products that are available to us. We just wanted to demonstrate up front where we are at now.

5.9.2 The “Click View” Dashboard for Child Protection KPIs

Discussion initially centred around the Click View Dashboard for Child Protection KPIs – an internally generated program utilised by CYS⁵²:

⁵¹ Ms Newbery, Transcript of evidence, 28 October 2011, p. 44

⁵² Mr Whelan, Transcript of evidence, 28 October 2011, p. 44
Mr Graham, Transcript of evidence, 28 October 2011, p. 44

Mr WHELAN - This is a product called Click View that we have been utilising over the last few months and are starting to roll out. It is a dashboard that we have for Child Protection key performance indicators. You can see five key performance indicators for Child Protection on the screen; we have response times, resubstantiation rates, substantiation rates after a decision not to substantiate, multiple placements and placements singly. At a very quick glance we can see how we are performing with respect to the target by seeing where the dial is in the green, amber or red.....

Mr WHELAN - So when we click on one of the indicators we can see the detail of that indicator. We can see trend over time, the blue bars are performance and the green one is the target so we can see we are trending towards the target. We can
Mr Whelan, Transcript of evidence, 28 October 2011, p. 44so see that data by demographics so we can see the trend over time by age, by gender, by indigenous status. We can also see bubbles by regions -

Mr GRAHAM - The indicator is obviously a performance measure but you can unpack that performance measure by looking not only at the performance but performance by socioeconomics or demographics, by locality, and then you can continue to drill down so you can actually get to a very small cohort within a specific area to see how we are tracking.

Ms FORREST - So adolescents in Circular Head, for example?

Ms NEWBERY - Yes, exactly. So it is not just a strategic tool, it is an operational tool that we are rolling out to our Child Protection staff for them to monitor at the team level just how they are going with respect to the performance indicator and in terms of looking at children where there might be issues with respect to that indicator.

The usefulness of the Click View System to target resourcing to certain areas was further discussed⁵³:

Mr BOOTH - Do these tools help you to identify likely cohorts? Is there a common link, is there a cross-section of the community where children are going to be at risk and does this help you do something about resourcing to be able to deal with that or change?

Mr GRAHAM - It helps us target our resourcing and I guess in a lot of instances what this does is confirm that, as opposed to giving us some projections. I guess Children and Youth Services the indicators for health and wellbeing are not any different really than the broader community so we know that people who live in more disadvantaged communities have poorer health and increased social wellbeing requirements. So Children and Youth Services unfortunately probably

⁵³ Ibid p. 45

look after the most vulnerable of the population in that regard - children who require adult supervision but often come from a cohort of intergenerational poverty, for example. So we sort of know that but then we can break that cohort down even further to be able to target. For example, there is the conversation I have had recently with the Child Health and Parenting Service - CHAPS - nurses. Our greatest needs are in Gagebrook, George Town et cetera so maybe we need to now start thinking about reconsidering redirecting our resources from North Hobart, being the more middle and upper class suburbs for two reasons. One is that they have greater access to other means and secondly, in terms of a population percentage there are very few children in those areas. If you go to Gagebrook, in terms of population there is a greater number of children. This type of data allows us to confirm those sorts of trends and say that we need to make an evidenced-based decision.

The opportunity to optimise distribution of resources using data from Click View was followed up by the Committee:

Ms NEWBERY - *But we can optimise the distribution of available resources with the information that is available to us.*

Mr BOOTH - *Government ministers have access to that data then so they could then make a decision to fund those areas?*

Mr GRAHAM - *Yes. One of the Government's most recent initiatives is the Office of Children which brings together Police, Education and Health and Human Services and so they are now active users of the Children Come First data, so you are looking at that in terms of a collective, three mega-departments and how we work collaboratively and target where our greatest needs are, and we are using this data.*

5.9.3 Target Setting by CYS

The Committee was interested to know further information about the setting of targets by CYS⁵⁴:

CHAIR - *They (targets) are set on an annual basis and how are they set?*

Ms NEWBERY - *Generally according to projections but we try to set a target that is realistic with respect to our projected figure. It is more of an art, I suppose, than a science in terms of the way in which we identify our targets. Certainly in the past Children and Youth Services had set targets very aspirationally. We had red*

⁵⁴ Ibid p. 46

crosses and red dots against us certainly for the 2009-10 financial year but we are trying to be more realistic and set targets that are achievable for 2011-12.

Mr BOOTH - *What makes them unachievable, though, is it money? You can set the bar wherever you like, can't you, in a sense?*

Mr GRAHAM - *Yes, but I think we also take into account the national averages around the various States.*

Ms FORREST - *The reality of life out there.*

Mr GRAHAM - *Health has had a long gestation of data collection and information, et cetera, and within Children and Youth Services it is embryonic so we know now how many people are probably going to have PND or a price for an appendectomy and length of stay, et cetera, but they are generally contained periods of effort. We know, for example, if you have an appendectomy, three days, about \$14 000 and recovery of three to six weeks. With Children and Youth Services it is hard to know; it is completely different dynamics. It depends on the parents, the kinship, the location. There is a whole range of social variables to determine what key performance indicator might give you a return. When you see a downturn, in a global and economic crisis, we see an increase in referrals of children.*

Mr DEAN - *It would impact on your target quite obviously, the economic conditions and position.*

Comparisons with other states was also raised by the Committee as a potential benchmark in target setting⁵⁵:

CHAIR - *Do you compare that with other States to get a benchmark?*

Ms NEWBERY - *We do where we can. Some of the measures that we have here are reported nationally and others are not, they are internal to Children and Youth Services.*

Mr GRAHAM - *I think the history of evolution in health is well down the track. Without embarrassing these guys, I think the performance unit within Children and Youth Services is the best performance unit within the department, without a doubt. The work that they have done has really come along in leaps and bounds from when you have a look at 2008. But I think more broadly, nationally, it is probably another five or seven years away from getting some of the standardised benchmarks across the nation.*

Ms FORREST - *Because you do not have the history?*

Mr GRAHAM - *You do not have the history and have not had the effort, to be honest.*

⁵⁵ Ibid p. 47

Ms NEWBERY - *Nationally, there is still inconsistency in terms of the way a lot of things are reported, so there is more developmental work to be done in that space as well.*

5.9.4 Efficiency Indicators – CYS

The Committee spoke with CYS witnesses about efficiency measures. Evidence received at the Hearing⁵⁶ along with the written submission by CYS to the Committee⁵⁷, highlights the work being done by CYS with respect to the measuring of cost efficiencies. The written submission from CYS included the following comments⁵⁸:

- *“Cost efficiency and service delivery efficiency are now included as key service performance areas.*
- *A measure of service delivery efficiency “Proportion of Investigations finalised within 28 days of receipt of notification” has been reported internally, and monitored frequently for the last few years. This measure was also reported in the 2010 11 Budget Paper for the first time.*
- *A number of new efficiency measures are in the process of being included in the Children and Youth Services Quarterly Performance Report (CYS QPR) such as:*
 - *out of home care cost per placement night*
 - *number of finalized investigations per response FTE per year and*
 - *number of children on Care and Protection Orders per Case Management FTE.*

The Committee found that the CYS was progressing on measures in place internally but that external reporting of efficiency indicators (via the Departmental annual report) was not fully implemented.

5.9.5 Equity Indicators - CYS

The Committee also followed up further around areas relating to specific recommendations made by the Auditor-General in his report, such as the use of equity indicators by the CYS. The Committee notes the CYS information provided in its written response⁵⁹ which indicates equity/access measures in place such as:

⁵⁶ Committee Hearing 28 October 2011

⁵⁷ Letter from Minister for Children, Hon Michelle O’Byrne MP, dated 15 August 2011

⁵⁸ Ibid p. 2

⁵⁹ Ibid p. 2-3

- “performance and activity levels in CYS are monitored regularly internally at a regional level via the CYS QPR, which includes regional data for the majority of measures reported.
- CYS has also monitored demand at a local level by reporting on rates of child protection notification by local government area internally since 2007.
- Equity/access measures are reported as part of the Kids Come First (KCF) project..... The Outcomes Framework includes key indicators of health, wellbeing, safety, development and learning that reflect the influences of child, family, community and service systems. Reporting and analysis (KCF) of most indicators is possible by age, gender, Aboriginal status and locality/suburb. This information is made available throughout government and non government organisations to inform planning and service delivery, identify where children are doing well, and where additional services are required”.

The Committee notes the above work being done by CYS in the areas of equity/access and related performance measures, but received no evidence to support that the measures were being reported externally in the department’s (DHHS) annual report.

5.9.6 Annual Reporting and the Budget Paper Initiatives

Further to the Committee’s observation given above, around the lack of external reporting in annual reports, the Committee sought comment on the consistency of indicators across the budget papers and the annual reports⁶⁰:

Ms FORREST - *I note that you have not implemented the Auditor-General's recommendation about the consistency of indicators reported in the budget papers and the annual report. This is where you are heading? Are you intending to implement that recommendation?*

In response the witness stated:

Ms NEWBERY - *Most definitely. In the narrative for the report they identified that something like three out of the five initiatives had been identified in the annual report. When I checked the two that I think they were talking about, the structures of the two reports are quite different. The budget paper tends to have all the initiatives in one big lump, whereas the annual report has them distributed according to performance category, quality, access et cetera. In some ways you are comparing apples with pears. I do not see that as a huge issue because when you look at the initiatives that are covered off in the annual report for most of the business units within the Department of Health and Human Services, they really*

⁶⁰ Ms Newbery, Transcript of evidence, 28 October 2011, p. 47

are quite comprehensive and extensively covered. So, yes, there were two initiatives that were not covered off in the 2005-06 annual report but the explanation that I have been provided in relation to those was that, yes, those initiatives were progressed to a certain extent but they just were not picked up in the annual report.

Ms FORREST - *In the future we are going to see that connect between the annual report and the budget papers?*

Ms NEWBERY - *There is certainly a focus on ensuring there is an alignment.*

Mr GRAHAM - *Certainly we are going to try to influence that.*

5.9.7 Committee Review and Conclusion - CYS

In summary, the Committee notes progress to date that CYS have implemented and in particular is very supportive of the work completed using the Click View Dashboard to enable access to data (for example; on equity and access) and information around performance measures, which is enable to be extracted from that system.

With respect to the uptake of the Auditor-General's recommendations it is noted that the Committee did not receive evidence to support consistency across indicators reported in the budget papers and the annual report.

It is also noted that further action is needed to be taken around the measurement and external reporting of efficiency and equity indicators by the CYS, so as to observe the Auditor-General's recommendations fully.

5.9.8 Recommendations to CYS

Recommendations with regard to CYS uptake of the Auditor-General's recommendations are shown below at para 5.5 of this report.

5.10 Recommendations – DHHS

Recommendation Five:

The Committee recommends that DHHS (in relation to all output groups) continue its review of key performance indicators and in particular ensure that appropriate efficiency and equity indicators for each output group are developed and implemented and that these are reported on externally in the annual report as required by Treasurer's Instructions

Recommendation Six:

The Committee recommends that DHHS determine and report measures to reflect unmet need in divisions (such as in Mental Health Services; Community Nursing and other Units) where possible

Recommendation Seven:

The Committee recommends that DHHS continue its work towards consistency across indicators reported in the budget papers and the annual report

CHAPTER SIX – USE OF EFFICIENCY INDICATORS

6.1 The Committee notes Treasurer’s Instruction TI 201”Contents of Reports, para (1) (e) which requires disclosure in the Agency’s Annual Report of “*key efficiency and effectiveness indicators and the objectives to which the Outputs relate*”.

These indicators are important aspects for accountability because key effectiveness indicators report how well the Department achieves its outcomes while efficiency indicators show accountability for funds spent in delivery of the services.

6.2 While the Committee’s follow up has determined that key effectiveness indicators are in place and are being reported, all Agencies included in the original review undertaken by the Auditor-General - apart from the DPEM - Tasmania Police - appear to have not yet adequately addressed the matter of efficiency indicators which was raised in Special Report #72.

Finding

6.3 The lack of adherence to TI 201 (1) (e) with regard to development and inclusion of efficiency indicators is of major concern to the Committee

Given the difficult budget position which has impacted upon all Agency resources, the lack of accountability around the efficiency of spending through appropriate external reporting provided by reporting of meaningful efficiency indicators is of major concern.

Recommendations

6.4 Recommendations 4, 2 and 5 of this report have been made to the DoE, DIER and DHHS in relation to the above finding.

CHAPTER SEVEN - AUDITOR-GENERAL'S ROLE IN REVIEWING PERFORMANCE INDICATORS

Tasmanian Experience

- 7.1 The review of Performance Information which was reported in Special Report #72, was conducted by the Auditor-General as a Performance Audit separate from his annual audit of financial statements and related information.
- 7.1.1 The Committee notes that there is no capacity for the Auditor-General of Tasmania, either under the *Financial Management and Audit Act 1990* or the *Audit Act 2008* for the Auditor-General of Tasmania to audit the Key Performance Indicators of an Agency as part of his annual, regular audit of financial statements and related information.

West Australian (WA) Experience

- 7.2 The following information is given with respect to the WA experience around the reporting and auditing of key performance indicators by government agencies in that State:
- 7.2.1 The Auditor-General of Western Australia conducts regular audits of performance indicators as part of his audit of financial statements and related information, according to his remit under the *Financial Management Act 2006 (Western Australia)* (S 61 & S 63) and the *Auditor General Act 2006* (S 15).
- 7.2.2 Agencies in WA are to prepare and submit performance indicators to the Auditor General as follows:
- According to the abovementioned Financial Management Act of WA, after the end of each financial year the agency is to:
 - prepare an annual report that includes financial statements, key performance indicators and other prescribed information (S 61 (1));
 - The agency must then submit to the Auditor-General (under S 63(1)) information including the financial statements and key performance indicators.

7.2.3 Under S 15 of the *Auditor General Act 2006 (WA)* the Auditor-General will audit the performance indicators submitted to him as per the following mandate:

- “audit the financial statements, key performance indicators and other information submitted by Agencies under the *Financial Management Act 2006*, Section 63 (1)⁶¹” and
- “prepare and sign an opinion on an audit carried out (*under (S15(1))*) and is to state whether in the Auditor General’s opinion-----
 - The key performance indicators are relevant and appropriate to assist users to assess the agency’s performance and fairly represent indicated performance for the period under review.”⁶²

7.3 The Committee notes the above mandated role that the Auditor-General of Western Australia has with respect to the auditing of performance indicators

Finding:

7.4 The Committee supports a more structured and expanded role for the Auditor-General of Tasmania to undertake regular and mandated reviews of Agency performance indicators. This would enable the Auditor-General to regularly report as part of his audit of financial statements and other information on matters such as, but not limited to, the relevance and usefulness of key performance indicators, as well as Agency achievement against indicators.

7.5 The Committee further notes that with respect to the finding given above in Paragraph 7.4, the Tasmanian Audit Office would need to be adequately resourced to carry out this expanded role.

Recommendation:

Recommendation Eight:

It is recommended that a framework be implemented supporting and mandating the Auditor-General to annually audit the Key Performance Indicators of an Agency disclosed in the Agency’s annual report

⁶¹ Auditor General Act 2006 (WA), S 15(1)

⁶² Auditor General Act 2006 (WA), S 15(3)(c)

APPENDIX ONE – SUBMISSIONS AND OTHER DOCUMENTS RECEIVED

No	Name	Organisation	Date of Submission
1	Hon Michelle O'Byrne MP Minister for Children	Tasmanian Government DHHS	15 August 2011
2	Hon Michelle O'Byrne MP Minister for Health	Tasmanian Government DHHS	22 August 2011
3	Hon Cassie O'Connor MP Minister for Human Services	Tasmanian Government DHHS	16 November 2011
4	Hon David O'Byrne MP Minister for Police and Emergency Management	Tasmanian Government DPEM	16 August 2011
5	Hon Bryan Green MP Minister for Energy and Resources	Tasmanian Government DIER	16 August 2011
6	Hon David O'Byrne MP Minister for Infrastructure	Tasmanian Government DIER	18 August 2011
7	Hon Nick McKim MP Minister for Sustainable Transport	Tasmanian Government DIER	25 August 2011
8	Hon Nick McKim MP Minister for Education and Skills	Tasmanian Government DoE	30 September 2011

APPENDIX TWO – WITNESSES

Organisation	Representative	Date
Department of Police and Emergency Management	<p>Mr Darren Hine Commissioner Tasmania Police</p> <p>Mr Scott Tilyard Deputy Commissioner Tasmania Police</p> <p>Mr Scott Wilson-Haffenden Director, Corporate Services</p> <p>Ms Sandra Lovell Manager, Social Policy and Reporting Services</p>	28 October 2011
Department of Education and Skills	<p>Mr Antony John Luttrell Manager, Educational Performance Services Strategic Policy and Performance</p>	28 October 2011
Department of Health and Human Services	<p>Mr Nicholas Peter Goddard Manager, Coordination and Innovation Statewide and Mental Health Services</p> <p>Mr Brian Clifford Stokes Manager, Information Management and Technology Services Statewide and Mental Health Services</p> <p>Associate Professor Desmond Stuart Graham Deputy Secretary Children and Youth Services</p> <p>Ms Louise Newbery Manager, Performance and Evaluation Children and Youth Services</p> <p>Mr Andrew Craig Whelan Principal Policy Analyst, Performance and Evaluation Corporate Support, Human Services Children and Youth Services</p>	28 October 2011

APPENDIX THREE – CIRCULATION LIST

Name	Organisation
Minister for Education and Skills	Department of Education
Minister for Health Minister for Children Minister for Human Services	Department of Health and Human Services
Minister for Infrastructure Minister for Energy & Resources Minister for Sustainable Transport	Department of Infrastructure, Energy and Resources
Minister for Police and Emergency Management	Department of Police and Emergency Management
Treasurer	Department of Treasury and Finance
Auditor-General	Tasmanian Audit Office

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