

**CHANGING FORMS OF PERFORMANCE MEASURES AND MANAGEMENT IN THE  
CONTEXT OF NEW PUBLIC MANAGEMENT REFORM IN AUSTRALIA: EVIDENCE  
FROM FOUR SELECTED GOVERNMENT AGENCIES\***

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\*The cases presented in this paper were developed using publicly available documents such as annual reports and websites. These cases do not illustrate either effective or ineffective handling of a managerial situation. The author wishes to thank Melanie Burns, Chandriaka Munasinghe, Amanda Smart and Michael Stott for their assistance in collecting the preliminary data for this study.

# CHANGING FORMS OF PERFORMANCE MEASURES AND MANAGEMENT IN THE CONTEXT OF NEW PUBLIC MANAGEMENT REFORM IN AUSTRALIA: EVIDENCE FROM FOUR SELECTED GOVERNMENT AGENCIES

## ABSTRACT

*New public financial management (or NPFM) doctrines advocate the introduction of commercial accounting practices such as accrual accounting and budgeting and meaningful performance measures and management. Within the new public management (NPM) paradigm, NPFM emphasizes financial accountability linked to performance measurement and the achievement of organizational effectiveness. However, its application varies in different organizational contexts. Using a case study methodology and content analysis technique, this paper documents the incidence of performance measurement and reporting practice of four government agencies in Australia. Evidence presented revealed performance management as a central thrust to the organizations' overall strategic management systems. Further, the findings revealed a clear linkage between the organization's outputs/outcomes framework and performance measurement and reporting practice. Evidence suggests that measuring and reporting the economy, efficiency, effectiveness and competence of today's public sector organizations are crucial, and they are especially relevant when government agencies are faced with diminishing resources and rising demand for quality services.*

**Keywords:** New public financial management; Accrual accounting; Public sector; Performance measurement; Government Departments; Australia

## INTRODUCTION

Common (1998) states that "...the changes to public management ... indicate that we are witnessing a supposed paradigm shift in public administration....which stresses managerial rather than administrative values". It has been suggested that the changing economic and technological environment is shaping a common future for the public sector worldwide and that there is a shift away from *political accountability* (accountability concern of Parliament) to *managerial accountability* (accountability for management performance) in public service delivery (Funnell and Cooper, 1998; Common, 1998; Ryan and Walsh, 2004). In Australia the role of the public sector has changed markedly in recent times and there is an expectation that publicly funded government agencies and businesses have a significant role to play in the social, economic and environmental well being of the community (Parker and Guthrie, 1993; Mulgan, 1997; O'Faircheallaigh et al., 1999; Vickers and Kouzmin, 2001; Hoque et al., 2004).

The increasingly challenging and complex environment in which the public sector operates worldwide has demanded more sophisticated accounting and financial management practices (Broadbent and Guthrie, 1992; Hood, 1995; Parker and Gould, 1999). In an attempt to adapt to the changing domestic and global environment, the Australian public sector has embarked on a revolutionary process of accountability reforms (Wanna et al., 1992; Funnell and Cooper, 1998). A series of financial management reforms have been introduced. These reforms include such things as accrual accounting and reporting, accrual budgeting, full cost pricing, and performance management (Guthrie et al., 1999; Hoque and Moll, 2001).

To date most studies in the public sector have investigated accrual accounting and budgeting practices in various government settings (for example, see Vickers and Kouzmin, 2001; Hoque et al., 2004; Ryan and Walsh, 2004; for a review of the performance management literature in government organizations, see Sharma and Wanna, 2005). The nature of the design and reporting of performance measurement system in government

agencies has remained largely unexplored. Because of their significance for organizational effectiveness such an issue deserves intense research attention. Furthermore, the current public sector accounting literature is short of case studies of the processes associated with attempted change to performance management systems in public sector organizations. This is particularly so in the new public sector environment where organizational operations are invariably connected to the multiple internal and external stakeholders or constituencies such as government, media, community, politicians and employees (Parker and Guthrie, 1993; Funell and Cooper, 1998; Guthrie, et al., 1999; Lane, 2000).

Drawing on the recent public sector reform in Australia, this paper attempts to document the incidence of performance measurement and reporting practice of four government agencies in the Northern Territory. In so doing, this paper illustrates how recent reforms in the Australian public sector affected the performance measurement and reporting practice for government agencies and assess how an organization's strategies can be better linked to its performance measurement practice. Qualitative case research in the context of the "New Public Management" (NPM) is used to investigate such a phenomenon. Initially a separate analysis has been carried out to establish the history, strategic vision and mission, performance measurement, and performance reporting for the subject department. The four cases are then joined to perform a comparative analysis, possibly simulating issues/questions for future research.

Case studies presented revealed performance measurement as a central thrust to the organization's overall strategic management and control system. Further, the findings revealed a clear linkage between inputs, outputs, and outcomes that are a central part of the subject organizations' performance measurement system. This paper confirms the widely held view that economy, efficiency, effectiveness and competence of today's public services are crucial, and they are especially relevant when government agencies are faced with diminishing resources and rising demand for quality services.

The remainder of this paper is organized as follows. The following section outlines the context of the new public sector environment in Australia. In so doing, the section examines (a) the need and pressures to reform, (b) management initiatives for the reform, and (c) management accountability for the reform. Next, I present the four case studies. Subsequent sections present a comparative analysis, conclusions of the findings, and suggestions for future research.

## **PUBLIC SECTOR REFORM IN AUSTRALIA**

In recent years, there is increasing pressure being placed on all levels of Governments in the Australian public sector to improve public sector performance. This has been reflected in the increased numbers of government programs, particularly in the areas of health, employment, social welfare, education, and defence (Codd, 1991; Parker and Guthrie, 1993; Clark and Corbett, 1999; O'Faircheallaigh et al., 1999; Labor Research Centre, 1999; Hoque and Moll, 2001). New public management (NPM) is the theory of the most recent paradigm change in how the public sector is to be governed (Lane, 2000). In contrast to the long-standing importance of rule compliance, NPM emphasizes managing for outcomes (Hood, 1995; Kaboolian, 1998; Lapsley, 1999).

For the government to meet these greater challenges, the commencement of a public sector reform was pursued, which looked at the concern of achieving a performance culture within the sector. Encouraging a performance management means managing *results*, not to *rules*. Thus, the emphasis would be one on performance and flexibility rather than on controls and compliance as was viewed traditionally. Such emphasis is designed to maintain and focus on what is being achieved or produced (outcomes and outputs) and improving transparency and financial accountability in the public sector (Codd, 1991; Parker and Guthrie, 1993; Clark and Corbett, 1999; O'Faircheallaigh et al., 1999).

In the Australian public sector, there has been a fundamental redefinition of the nature of government activities and their mode of delivery (Dunford, Bramble and Littler

1998). The restructuring of the public sector was initiated during the 1970s, but has been spurred more recently by the Australian Federal government's 1992 One Nation statement, the 1993 Hilmer Report, and the 1995 National Competition Policy (Industry Commission 1995, p.19; Dunford et al., 1998). Thus the greatest influence that arose on the government has been the National Competition Policy. The Hilmer Report recognized the need for more competition to be injected into the public sector market (Clark and Corbett, 1999; Dollery and Marshall, 1997; Funnell and Cooper, 1998; Funnell, 2001; Guthrie, 1999). The aim of the competition reform was to improve resource allocation decisions and thereby to raise the standard of service provision by government. This will be achieved where competition is injected into the market, along with the removal of any competitive advantages that government businesses have over private sector. Many scholars suggest that objectives of the reforms include a desire for smaller government, improving the efficiency and effectiveness of the public service, improving the responsiveness of government agencies to their customers, reducing public expenditure, and improving managers' accountability (Dixon, J., and Kouzmin, 1994; Dixon et al., 1996; O'Faircheallaigh, et al., 1999; Wilson, 1998; Crawford 1996).

In general, the reform movements have developed a framework for a new public sector by initiating significant reforms in accounting and financial management. Government departments and agencies are required to carry out and record expenditure using the accrual accounting method. This method of accounting and accountability reform is an event which gives rise to an obligation to pay or a right to receive cash or using up of resource rather than the timing of receipts or payment of cash (as with cash-based accounting). Such a method recognizes the implication of accrual accounting on management practices - i.e. the importance of *'transparency'*, which provides costs and performance information of government to external users in terms of high quality service delivery. Thus, many benefits accrue from using accrual based accounting at all government levels, where it provides the basis for recognition of full cost of activities, which is essential for better accountability and management. The implementation of accruals-based management has also integrated with it a new budgeting arrangement. Accrual budgeting and accounting will provide a resource management framework, which is accrual based and outcome and output focused. This compliments the shift to a performance culture and where public services will be more responsive to government's needs (Guthrie, 1993, 1999).

As mentioned above, the government is placing more emphasis on desired outcomes and outputs as it is moving towards a commercial environment over the traditional focus of inputs. By focusing on outcomes and outputs, sufficient resources are allocated to achieve the target without much wastage (Funnell and Cooper, 1998; O'Faircheallaigh et al., 1999). Therefore, *prevent problem, not fixing the problem!* In order to achieve the above goals, the Australian public sector has now introduced the *working (or managing) for outcomes*.<sup>1</sup> It is a comprehensive framework comprising three core elements:

- Outputs: specifications of outputs;
- Performance: measurement of agency performance in relation to the quality, quantity, timeliness and cost of outputs; and
- Accruals: budgeting, accounting and reporting according to the accrual methodology.

The principle objective of the *Working for Outcomes* framework is to provide a better basis for resource allocation within the public sector by:

- focusing on outputs and performance;
- clearly defining links between outcomes and outputs; and
- providing full cost information for outputs.

The *Working for Outcomes* framework provides agencies with the tools necessary to effectively monitor, evaluate and improve their performance in the delivery of outputs to the

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<sup>1</sup> This section is partly based on the Northern Territory Treasury Website.

community. It promotes efficient and effective agency management with value for money service delivery. Agencies provide Treasury with quarterly performance information on actual performance compared to targets during the year. This information is then reported to Ministers and Cabinet.

Lane (2000) suggests that NPM does not replace older frameworks but adds a new approach to public sector governance. As discussed above, NPM shifts the traditional focus from a culture of complying with rules to a culture of managing for results (Hood, 1995; Baxter, 1998). This argument suggests that performance management is an essential part of an organization's overall management control system and to be more effective, its key measures and processes must be linked to the organization's key success factors and strategies.

### **RESEARCH METHOD**

A multiple case study approach was used to identify the performance measurement practice within the subject organizations (Yin, 1993). A multiple case study approach allows for a cross-site comparison (Hussain and Hoque, 2002). Using this approach I identify several key themes arising out of contents in the performance reports of the subject organizations. Documentation, operating statements and paraphernalia relating to accountability and performance reporting systems were also collected. In addition, reports on subject cases from their websites were collected for contextual information. Content analysis and archival data formed the basis of the empirical findings. The subject cases were selected because at the time of this study they were well known to the public sector accounting community in the Northern Territory for their well documented performance management and reporting systems.

For each case, content analysis begins with a brief glimpse of the history of the case organization, its people, structure and management. The presentation then moves on to a statement of the organization's mission, vision and strategy. This is followed by outlining performance measurement in action. This covers: the objectives, process and dimensions of performance and the indicators used. Next, I focus on performance reporting that covers key elements of reporting, the users of performance reports, frequency and the controlling authority in performance reporting. A comparative analysis and conclusions follow next. As this study is based on the published annual reports and information, the actual names of the organizations are used for presentation purposes.

### **CASE STUDY 1: DEPARTMENT OF CORPORATE AND INFORMATION SERVICES**

Established in October 1998 the Department of Corporate and Information Services (hereafter DCIS) is a shared services provider delivering corporate and information solutions to all Northern Territory (hereafter NT) Government agencies. DCIS also provide services to the community in archival heritage and remote communications and assistance to the information and communication technology (ICT) industry. Table 1 shows the range of DICS products and services.

**Table 1 DCIS products and services**

<b>Output group</b>	<b>Product/service lines</b>	<b>Product/service group</b>
Financial and Accounting Services	Accounts Payable Accounts Receivable Asset Management Commercial Corporate Credit Card Financial Reporting Financial System Taxation	Financial Services
Human Resource Services	Human Resources Systems Job Evaluation System Occupation Health & Safety Payroll Services Recruitment Short Courses Workers Compensation	Human Resources Services
Information Technology Services Data Centre Services	ICT Policy & Strategy IT Service Management  Mainframe Midrange	Information Technology Services
Contact & Recruitment Services  Government Printing Office  NT Fleet  Property Management  Archives & Records Management	Contract & Procurement Couriers & Dispatch  Government Printing  NT Fleet  Leased Property Management  Records Policy & Systems Archival Heritage  Remote Communications ICT Industry Development	General Services     Community Services

Source: DCIS Annual Report 2002-2003

DCIS executive management committee consists of: CEO (Chairperson); Deputy Secretary; Director, Property Management; Executive Director, ICT; General Manager, Human Resources; Regional Director, Alice Springs; Regional Manager, Katherine; Director, IT Service Management; Manager, Procurement Services; Manager, Performance Improvement Unit; Director, NT Archives Service; and Manager, Executive Support. In June 2003 DCIS employed 800 staff.

In 2002-2003 Annual Report (p. 5), DCIS CEO commented: 'Our focus since our inception in 1998 has been on maximizing the economies of scale from consolidation of functions in a shared services model. The Annual Report further elaborates: DCIS' mission is 'to add value to our customers business by providing responsive, quality, cost effective services throughout the Northern Territory'.

Figure 1 demonstrates DCIS' balanced scorecard (BSC) type approach to corporate management to achieve their mission. As can be seen from Figure 1, within each component of the BSC they identify several "critical success factors". It has been suggested in the 2002-2003 Annual Report (p.15) that DCIS took a BSC approach to corporate management to ensure that the budget bottom line was achieved whilst maintaining customer satisfaction and motivated, productive staff. Figure 1 demonstrates that, within each BSC perspective, DCIS have developed a number of key performance indicators (KPIs).

**Figure 1 Critical success factors and corporate strategies at DCIS**

<p><i>Financial</i> <b>Value for Money</b></p> <p>Reduce unit cost of services by 2%</p> <p>Benchmark costs for all service lines</p> <p>Standardize practices &amp; systems to achieve economies of scale</p> <p>Maintain an effective governance system</p>	<p><i>Internal business processes</i> <b>Working Smarter</b></p> <p>Review &amp; improve all services, systems &amp; processes</p> <p>Keep abreast of best practice &amp; investigate new ways of delivering services</p> <p>Share knowledge to generate synergies &amp; efficiencies</p> <p>Deliver the majority of our services electronically</p>
<p><i>Learning &amp; growth</i> <b>Productive People</b></p> <p>Involve all staff in the promotion of future directions, targets &amp; corporate values</p> <p>Continuously improve productivity by effective recruitment, development &amp; management strategies linked to business outcomes</p> <p>Adjust staffing levels to suit workloads &amp; work practices</p> <p>Undertake an annual staff survey &amp; address the issues raised</p>	<p><i>Customer</i> <b>Satisfied Customers</b></p> <p>Foster customer relationships through regular meetings &amp; reporting</p> <p>Meet defined service levels in terms of time, quality &amp; cost</p> <p>Use CIS to monitor &amp; address service issues &amp; trends</p> <p>Monitor customer satisfaction</p>

The objective of measuring DCIS performance is to evaluate whether DCIS has achieved its task of reducing the cost to government of the provision of administrative support services to the public sector departments by more efficient delivery of these services. DCIS uses annual surveys of customers and staff, internal monthly reporting on KPIs against their budgeted figures. They use financial and non-financial measures. Internal audits and external audits by Auditor-General are also performed. DCIS uses Service Level Agreements with most public sector customers, based on their Customer Charter and their detailed specifications for each of their products. Key performance dimensions cover the following four principles: Timeliness; Quantity; Quality; and Cost.

Since 2003 DCIS started a new approach to make their existing products better meeting the needs of customers, and to add new products, that is, their initial focus on cost cutting by providing the existing services at a lower cost will be replaced by a focus on improving the number and quality of their services (Annual Report 2002-2003).

In 2003, significant steps were taken to measure DCIS performance in line with its strategic planning and control framework. DCIS has a mature and robust planning and control framework, which incorporates:

- the values of the organization, communications principles and customer charter
- annual input from customers and staff surveys
- strong linkages between the corporate, business unit and individual performance plans
- staff development, risk management, and information communications technology plans linked to business outcomes
- regular review and reporting against key performance indicators.

DCIS internal monthly reporting is based on KPIs in annual business plans and extensive KPIs reporting is done in the Product Performance Reporting section of the Annual Report. DCIS performance reporting focuses on the following key strategies:

- Strategy 1 (Value for money) – relevant KPIs are *Timeliness & Cost*
- Strategy 2 (Working smarter) - relevant KPIs are *Quality & Quantity*.
- Strategy 3 (Productive people) - relevant KPI is *Quality*
- Strategy 4 (Satisfied customers) - relevant KPI is *Quality*.

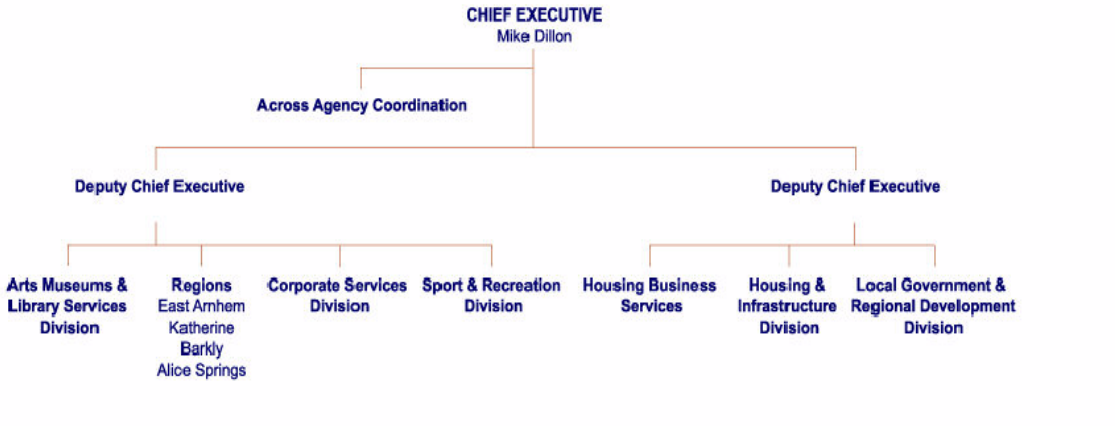
Appendix 1 summarizes the KPIs used at DCIS. As can be seen from this appendix, as a result of the implementation of the new output budget framework of *Working for Outcomes*, DCIS developed a range of product lines for each output and for each product line drew up a detailed specification and performance measures. An external factor for such a development was the introduction of accrual accounting on 1 July 2002, which involved financial services in a range of change activities from developing basic business rules and procedures to reprogramming corporate systems and training staff from other agencies as well as their (DCIS) own (Annual Report 2002-2003). The reports are prepared on an accrual basis against the targets of product lines. The users of their performance report are: Parliament, Executive Government, internal management, other NT and other Government agencies, media and community organizations.

## **CASE STUDY 2: DEPARTMENT OF COMMUNITY DEVELOPMENT, SPORT AND CULTURAL AFFAIRS**

The Department of Community Development, Sport and Cultural Affairs (hereafter DCDSPA) was established on the 13<sup>th</sup> of November 2001. In 2002-2003 DCDSCA continued to strengthen and improve the coordination between divisions to provide a focus for community development activity for Government. As stated by Chief Executive “the Department’s aim is to align its activities with Government policy and to provide the best possible service to the Northern Territory community” (2002-2003 Annual Report). The department has a diverse set of responsibilities that mirror the diversity in the community. These responsibilities include housing, local government, regional development, recreation, arts, museums and libraries and a significant role within all NT, through regional offices in five locations (Darwin, East Arnhem, Katherine, Barkly and Southern regions). The operational or organizational level of the DCDSCA consists of five divisions: Arts, Museums & Library Services; Sport and Recreation; Local Government and Regional Development; Indigenous Infrastructure and Services; Housing and Infrastructure (broken into two divisions). The management structure as at 2003 is outlined in Figure 2.



**Figure 2. The organization structure of DCDSCA**



The vision of the organization is ‘to build a strong and creative community in the Northern Territory. We work towards this goal by building partnerships with both urban and remote communities to achieve improved outcomes’. The organization’s mission has been presented in its Annual Report 2002-2003, as follows:

‘The Agency delivers outcomes to the Territory community through the following core business:

- social housing in urban and remote communities
- governance support for local communities
- Aboriginal interpreter services
- Sport and recreation opportunities
- arts, museums and library services
- essential infrastructure for remote communities, and
- regional development and regional partnership agreements’.

‘The Agency strives to foster:

- innovation, initiative and continuous learning
- a culture in which leadership thrives
- professionalism and integrity in all that we do
- high quality services to all clients, both internal and external, and
- working in partnership to achieve better outcomes’.

The Agency’s core business areas cover a diverse range of services, as presented in Table 2 below.

**Table 2 Core services provided by DCDSCA**

<b>Arts, Museums and Library Services</b>	Responsible for enriching Territory lifestyle by nurturing a vigorous and inclusive cultural environment that enlightens, inspires, educates and entertains.
<b>Housing Services</b>	Responsible for Northern Territory wide housing policy, program development and funding, and aims to ensure that Territorians have access to appropriate and affordable housing.
<b>Indigenous Infrastructure and Services</b>	Provides appropriate infrastructure and services for the Territory's Indigenous population, through the purchase of essential services to remote Indigenous communities and the management of the Aboriginal Interpreter Service.
<b>Local Government and Regional Development</b>	Responsible for building and maintaining strong regions and communities.
<b>Sport and Recreation</b>	Responsible for assisting the diverse sports community of the Northern Territory.

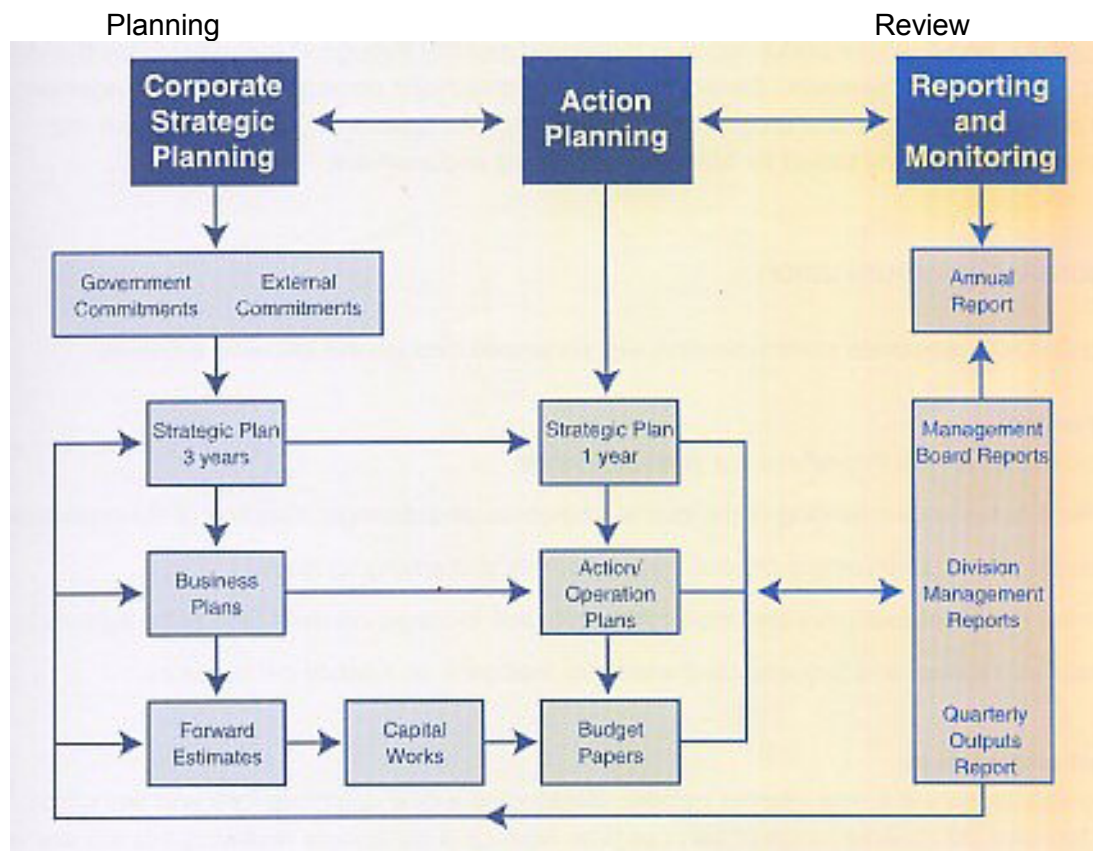
Planning, monitoring and reporting are carried out to ensure the following five objectives:

- Strong regions and communities
- Access to appropriate and affordable housing for Territorians
- Appropriate infrastructure and services for the Territory's indigenous population
- Opportunities to be informed, entertained and inspired
- Opportunities for Territorians to participate in sport and recreation.

The Management Board is the organization's key strategic planning and decision making body. Financial and non-financial performance is monitored monthly through Management Board and regularly at Divisional meetings. Divisions submit monthly major project reports to Management Board outlining the status and progress of projects. Ad hoc reports on performance and 'hot issues' are also regularly tabled for Management Board endorsement (Annual Report, 2003, p. 58).

The Management Board has created a planning and performance management framework which is centred around two key elements: planning; and review (see Figure 3). The planning phase incorporates the Agency's corporate and business planning, the budget planning cycle and staff development. The review phase is a continuous process, informed by social and economic trends and Government policies and strategies including Management Board planning. This framework sets performance in context and ensures that the business of the Agency is in line with Government commitments and objectives (Annual Report, 2003, p. 57).

**Figure 3. Planning and performance management framework at DCDSCA**



Due to the large diversity of functions undertaken by the Department (Annual Report, 2003, p. 85) there is a strong focus on output level, for example the amount and value of grants issued, number of communities services with water and sewage. These outputs involve limited opportunities to reallocate resources or shift deadlines while simultaneously achieving output performance measures (Annual Report, 2003, p. 85).

Each of the following performance indicators are provided with some of the examples of the indicators specified in the report.

**Timeliness** – the Department measures the percentage grants that were approved are released by due dates, the timeframes acquisition material is processed, development timeframes are met, and average wait time to get public rental housing.

**Cost** – this measures the administration cost per grant and the value of each grant, the average cost per house constructed, average cost per visitor/ audience, and cost per program.

**Output level** – analysis the number of grants released, squad programs, development activities delivered and major collects.

**Customer satisfaction** – is reviewed by conducting surveys within specified output groups that deal directly with clients. These clients include the general public and stakeholders with projects.

The report identifies key achievements of each output group to illustrate how majority of the performance levels were accomplished.

Each aspect like any organization has a cause and effect relationship. With a government agency such as this one, the prime goal is not to achieve a profit but to ensure

“strong and creative communities” (Annual Report, 2003, p. 17). This is reflected in the following figure 4.

**Figure 4. the Performance management framework at DCDSCA**

<p><b>Strong and creative communities</b></p> <p>Strong regions and communities</p> <p>Access to appropriate and affordable housing for Territorians</p> <p>Appropriate infrastructure and services for public housing dwellings the Territory's indigenous population</p> <p>Opportunities to be informed, entertained and inspired</p> <p>Opportunities for Territorians to participate in sport and recreation</p>	<p><b>Customer satisfaction</b></p> <p>Target 70% satisfaction of public rental housing assistance</p> <p>Responsive maintenance work on completed within set timeframes</p> <p>To reduce waiting period for public rental housing</p> <p>Targeted 95% satisfaction with interpreter service</p> <p>Increase visitor/ attendance numbers</p> <p>Stakeholder satisfaction survey</p> <p>High quality services to all clients, both internal and external</p>
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**(Integration)**

<p><b>Learning and growth</b></p> <p>Staff induction</p> <p>Flexible working practices</p> <p>Safe and healthy working environment</p> <p>Training and development</p> <p>Meet “the development needs/ activities of Individual employees....based on corporate</p> <p>Priorities emanating from Government policy .</p> <p>Staff scholarships and grant awards</p> <p>Equal employment opportunity initiatives</p> <p>A culture in which leadership thrives</p>	<p><b>Internal business process</b></p> <p>Up to date information technology systems</p> <p>Risk management</p> <p>Effective and efficient use of resources</p> <p>Enhanced corporate communication</p> <p>Organization restructure</p> <p>Develop partnerships</p> <p>Continuous improvement</p>
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In the 2002-03 period the Department implemented changes in information management and underwent significant organizational restructure. This was to ensure actions and processes are congruent with the organizations strategy and achieve performance measures more efficiently. Key improvements for the Department in this reporting period included enhancement of the community information access system, grants registration and assessment database, improved operational and management reporting, planning for the replacement of the tenancy management system, e-government plan and the information management committee. The reports stated that the Department restructure

of appropriate areas allowed for pro-efficient organizational operations. Centralizing the Corporate Services Division to provide “high quality corporate support to the Department” (Annual Report 2002-2003, p. 73) was one of the prime examples of the improvements.

In addition a problem was identified that “operating arrangements between the Department and Housing Business Services were blurred and that some costs may have been incorrectly attributed between the two entities. As a result, a review (has been) instigated to examine the appropriateness of the relationship and structures” (Annual Report 2002-2003, p. 3). This demonstrates the implementation of a continuous improvement program.

The Department rewards staff members with rewards in many forms such as staff scholarships and grants, flexible working practices and equal employment opportunity initiatives. Staff scholarships and grants provided opportunities for staff members to travel interstate and overseas “to explore new developments” and “undertake research” (Annual Report 2002-2003, p. 8). The experiences and information acquired, benefiting the employee and the department. Equal employment opportunity initiatives “create employment and career development opportunities for Aboriginal and Torres Strait Islander people” (Annual Report 2002-2003, p. 80). This “increased the level of cross cultural communication skills of staff” (Annual Report 2002-2003, p. 81) but also provided promotion opportunities for employees. Flexible working practices provided employees with job sharing arrangement, part time employment, paid maternity leave and the opportunity to “negotiate short periods of work whilst on non-compulsory maternity leave” (Annual Report 2002-2003, p. 81).

The DCDSCA report is prepared in accordance with the provisions of section 28 of the Public Sector Employment and Management Act. The Annual Report highlights the (Departments) key achievements against outcomes and assesses performance against associated outputs. The Annual Report provides the Northern Territory Legislative Assembly with an account of performance against the approved budget as published in the 2002-03 Budget Paper No. 3. The report would be utilized by the various levels of internal management for planning, control, review and personal / divisional assessment.

The Department has entered into various agreements with inter-government, local, national and international agencies. These agencies would have an invested interest in the outcomes and performance levels achieved in the report. The report enforces that the Department uses and depends upon external relations with stakeholders, clients, other agencies and associated bodies and organizations to achieve and progress the development of the community. A majority of this proportion of external groups rely on support, resources and funding from the Department to operate, thereby simulating a strong interest in the Departments performance.

The report in question is produced annually though the Management Board monitors financial and non financial performance at monthly intervals and regularly at Divisional meetings. Additionally, divisions submit monthly major project reports to Management Board outlining the status and progress of projects. Ad hoc reports on performance and ‘hot issues’ are also regularly tabled for Management Board endorsement. The Management Board is the high level management of the organization. Primary responsibility for the management and strategic leadership of the Agency rest with the Management Board.

The performance measurement of each of the five output groups are directly linked back to the strategic context of the Department. The performance indicators such as the dollar amount of funding, the amount of clients/ attendance levels, the amount of buildings and services provided and so forth, appear to be sufficient processes to achieve and progress in the Department strategic path. The report shows that a majority of the performance indicators were positive in the 2002 -03 period, benefiting the community.

To provide details of how the performance figures have increased the report strongly highlights the key achievements of the output groups. However the report does not provided information of the Department's failures or explanation for why some of the performance indicators did not met targets or decreased from the previous period. The report does not indicate if an investigation has been made into the various shortcomings or if the failures fall into allow relevant range in the budget.

### **CASE STUDY 3: DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING**

The Department of Employment, Education and Training (hereafter DEET) was established in November 2001 through the amalgamation of the Department of Education, NT Employment and Training Authority, and Work Health Authority. The new department recognizes the links between education and employment, education and training and training and development.

The role of the DEET is to develop Employment initiatives that will enhance the social and economic prosperity of the Northern Territory, develop Territory student through preschool, primary, secondary and vocational education and training (VET) programs and manage work health programs to ensure that people in the Northern Territory have a safe working environment. DEET manages and governs at all levels to achieve its strategic goals and operational objectives. DEET's corporate outcomes are identified in the Corporate Planning Framework. The main activities undertaken by the Department, through its plan, places significant emphasis on:

- maximizing employment and training opportunities for all Territorians, particularly Indigenous Territorians;
- improving educational outcomes for all students, particularly Indigenous students, in all key areas;
- ensuring Safe Employment, learning and public environments and
- ensuring efficient and Effective Systems to facilitate improvement in above priority outcomes (Annual Report 2002-2003, p.3).

DEET leads by Corporate Governance. It manages and governs at all levels to achieve its strategic goals and operational objectives. It is about promoting corporate fairness, transparency and accountability. Under the Corporate Governance Structure, the distribution of rights and responsibilities between the participants in DEET includes the Chief Executive, Executive Group, Principals, Managers and others. It also provides the structure for setting objectives, the means of attaining those objectives and for monitoring and reporting DEET's performance. More importantly, Corporate Governance is the way all staff conduct themselves in carrying out DEET's business.

Prime responsibility for the strategic leadership and management of the department rests with the Chief Executive and Executive Group. The Executive Group consist of the Chief Executive, both Deputy Chief Executives the eight general managers, and the Director NT Worksafe (Annual Report 2002-2003, p. 88). The Chief Executive Officer (CEO) is the accountable officer to the Minister of Employment, Education and Training for the efficient, effective and economic conducts of the DEET. He is supported in carrying out the responsibility by a number of boards and committees, identified and discussed in the following section.

The DEET Executive Board meets fortnightly and is comprised of the CEO; the two Deputy CEOs and all General Managers and the Director Work Health and Electrical Safety; with the Director Financial Services and Director Media and Marketing as regular observers. In addition, two Principals and one DEET Director are invited to attend each Executive board meeting as observers. This Board provides leadership by example in articulating a logical set of governance principles throughout DEET, and ensures that adequate checks and balances

are in place. In 2003 DEET comprises a total number of 4,453 staff (Annual Report 2002-2003, p. 115).

The Organization's **vision** is to "build the capacity of Territorians through Education, Training and Employment". Department's **mission** is to facilitate employment and training opportunities for all Territorians particularly Indigenous Territorians, to improve educational outcomes for all students, particularly Indigenous students, in all key learning areas, and to work together with industry, employers workers and government to promote a safer Territory and provide support for injured workers.

Major **Strategies** implemented to cover three areas: Employment & training (to develop and implement the NT Employment and Training strategy); Education (to implement DEET English Literacy and Numeracy Strategy; to implement NT Indigenous Education Strategy; to undertake Secondary Education Review; and to implement Student Enrolment, Attendance and Retention Strategy); and Occupational Health and Electrical Safety (to implement Occupational health and electrical safety Strategy).

The objective of performance measurement is to report performance against budget. Performance measurement also assesses the effectiveness of initiatives that contribute to DEET's corporate outcomes identified in Corporate Planning Framework. The four outcomes identified in the performance management framework are:

1. Employment and Training opportunities for all Territorians, particularly Indigenous Territorians, are maximized.
2. Improved education outcomes for all students, particularly Indigenous students, in all key areas
3. Safe Employment, learning and public environments
4. Efficient and Effective Systems to facilitate improvement in above
5. Priority outcomes (Annual Report 2002-2003, p. 14).

The performance measurement process is dependent on each individual outcome under the Corporate Planning Framework. Each outcome has its own strategies. The strategy prioritises the building of a high capacity workforce, including skilled Indigenous staff, a strong teaching profession and skilled leadership and management through professional learning and training. This was supported by its dynamic business plan, which outlined the strategic directions for each of the four outcomes mentioned earlier and the key performance indicators used for each strategic direction (Annual Report 2002-2003, pp. 15-17). An example for this is the key performance indicators used in strategic directions for develop and implement an NT Employment and Training strategy, is the increase in employment rates for Indigenous and other disadvantage groups and improved labor market analysis under the outcome 1 of the Corporate Planning Framework. For the reporting purposes the indicators used were number of employment training programs developed and introduced.

One of the important parts of performance measurement process is the reporting of performance and key achievements against strategic directions. For example, one of the Key indicators used for the financial performances under the outcome 2 is the average cost per training resources. These tasks were performed by the employees of DEET set out under the Corporate Governance.

Key elements (dimensions) of performance of the DEET are outlined below:

- **Financial** – provision of services within the budget. The Department is predominantly funded by Parliamentary appropriations.
- **Quality of service** – Integrity, commitment, implement of accountability framework across the department, transparency, integration, social responsibility such as commitment to ethical standards, community development, customer satisfaction and professionalism of staff.
- **Flexibility**– Labor flexibility, speed of delivery flexibility.

- **Resource Utilization** – Facilitating better planning and processes to increase staff responsibility, benchmarking to ensure that your overall operating performance and services are efficient and cost effective.
- **Innovation** – capacity to leverage the talent and motivation of its people, the ability to undertake organizational learning and introduction of technological innovations.
- **Training** – employees are in a better position to make decisions, which enhance the profitability of the organization through training.
- **Intellectual Property** – the knowledge and the skills of members of the DEET.
- **Competition** – comparison of performance against national average.
- **Occupational health and safety** – work safety practices

Key performance indicators used within each of the above dimensions are, as follows:

- **Financial:** comparisons of revenue and expenses against the budget.
- **Quantity:** employment training programs developed and introduced, Annual hours curriculum and Government Grants.
- **Quality of service:** increase in employment rates, Labor market analysis, participation rates and number of students, traineeship completions, retention rates, national benchmarking and level of client satisfaction.
- **Timeliness:** timeframes met for submissions, Resources agreement issued and monitored within the timeframe.
- **Flexibility:** number of full time equivalent, Plan and implement organizational change programs and appropriate flexible working patterns.
- **Training:** number of training programs and development of new pathways for schools.
- **Intellectual property:** staff Performance Development Plan – All staff appropriately qualified to recognized standards and individual staff development plan.
- **Competition:** bench marking and Performance Management Plan outcome – All staff undergo performance management with agreed outcomes.
- **Occupational health and safety:** 30% of work place visits and 5% reduction in work related injuries.

The key performance indicators have direct link with the key elements of performance measurement and are in line with the objectives of the performance measurement. For example one of the departments major strategies indicated under the Corporate Planning Framework outcome 2 is to implement DEET English Literacy and Numeracy Strategy. The key performance indicators used to overcome this is increase in number of students achieving this Multilevel Assessment Program (MAP) is above the national benchmarks. It was reported that one of the major achievements is the increasing student participation and increase in achievement rates. MAP data for the past two years indicates improvement from 2001 to 2002 in the performance of indigenous students against the national benchmarks.

The introduction of stage 1 of the territory's new financial and performance management framework "Working for Outcomes" in 1 July 2002, made significant changes to DEET's performance measurement system. Stage 1 introduced the fundamental reforms of accrual accounting and accrual output budgeting that strengthens the framework. 2002-03 is the first year the agency has adopted accrual accounting and reporting under the new framework. Under the DEET's Corporate Planning Framework, their performance reporting was divided into 4 categories such as Employment, Government education, Government education, Non-Government education, Training. The Key elements of reporting under those categories are:

- Quality
- Quantity
- Timeliness
- Cost.



Table 3 presents an example of reporting details of the achievement in the areas of **Employment Initiatives** against the NT Government Budget and DEET's Corporate Planning Framework.

**Table 3: Performance reporting at DEET – An example**

<b>Performance measures 2002-2003</b>	<b>Estimated</b>	<b>Actual</b>
<u>Quantity</u>	02/03	02/03
Employment development programs		
Developed & introduces	25	10
Apprentice and trainees	2,750	2,737
Annual hour's curriculum for apprenticeship		
Training	902,000	907,804
<u>Quality</u>		
Apprentices and traineeship completions	889	799
Level of client satisfaction with service provided	90%	88.8%
<u>Timelines</u>		
Agreed timeframes met for submission of		
Employment initiatives and advice	100%	100%
<u>Cost</u>		
Average cost per apprentice/trainee of training resource	\$4,160	\$3,654

The annual report is provided to the Northern Territory Legislative Assembly pursuant to Section 28 of the Public Sector Employment and Management Act and Section 10 of the Education Act. Other uses of this report are the general public, employees and the Department of Northern Territory Treasury for funding purposes. This report is an annual publication which is available to the public. As mentioned earlier, the purpose of this annual report is to provide the Northern Territory Legislative Assembly and the public with an account of the NT Department of Employment, Education and Training's performance in the financial year 2002-03 in meeting its stated outcomes in accordance with the provisions of Section 28 of the *Public Sector Employment and Management Act* and Section 10 of the *Education Act*.

Major strategies and strategic directions outlined in the Corporate Planning Framework focus on business goals of the report. The performance measures were adopted in order to achieve the four outcomes listed under the vision statement. A major achievement against strategic directions in 2002/2003 is that students reach and exceed national literacy and numeracy benchmarks. However, under the Auditor General audits within the department found that DEET did not have in place a performance management system linked to its business plan to adequately monitor the repairs and maintenance function at the schools in the Northern Territory (Annual Report 2002-2003, p. 101). Because of these risks, DEET uses the Australian Risk Management Standard process to conduct its Strategic Business Risk Assessments. These assessments are carried out every two years.

#### **CASE STUDY 4: NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES**

The Northern Territory Police, Fire and Emergency Service (hereafter NTPFES) are a tri service incorporating Police, Fire and Emergency Services under one department. The main

activities undertaken by the NTPFES are summarized in Table 4 below, adapted from the 2002/03 NTPFES Annual Report:

**Table 4 Activities/services of NTPFES**

<b>Output Groups</b>	<b>Output/Service Delivery</b>	<b>Outcome</b>
Community safety & and protection <ul style="list-style-type: none"> <li>• Unlawful entry, theft, assault, rape, murder etc</li> <li>• Drug enforcement</li> <li>• Counter terrorism</li> <li>• Fire &amp; emergency</li> </ul>	Output/service 1: Community safety, crime Prevention and victim support  Output/service 2: Response and Recovery Services	Enhanced community safety and protection
Investigations <ul style="list-style-type: none"> <li>• Major Crimes</li> <li>• Sex &amp; Computer crimes</li> </ul>	Output/service 3: Investigations  Output/service 4: Services to Judicial Process	Safer, fairer and expeditious handling of persons involved In the judicial system
Road Safety <ul style="list-style-type: none"> <li>• Accidents</li> <li>• Driving under the influence</li> <li>• Aboriginal road safety programs</li> </ul>	Output/service 5: Road Safety Services	Road users behave safely and lawfully

The original Northern Territory police unit was established in 1864 comprising a volunteer security force of seven men based at Escape Cliffs, at the base of the Adelaide River. In December 1869, Corporal Paul Foelsche, of the South Australian Mounted Police and six South Australian police established what the Northern Territory Police Force is now. In 1884 a 'Native Police Corps' was established to strengthen the police force. The first formal Fire Brigade was led by Chief Fire Officer Bailey 1941, which was set up largely due to the threat of war. Similarly, the Northern Territory Emergency Service was born out of the need to create a civil defence capability during the Second World War. On 28 June 1940 Mr A R Millar was appointed as the first 'part-time' Chief Air Raid Protection (ARP) Warden for Darwin. The 3 services were merged in 1983, following a rationalization review undertaken by KPMG – Peat Marwick of NTES/Police operations, which saw permanent staff reduced and the services relocated to Berrimah Police Centre.

The individuals involved in the NTPFES are police officers of all ranks, ranging from Police Auxiliary staff and Aboriginal Community Police, Constables and Sergeants, to the Commissioner and his executive leadership group. The fire service comprises pilots, fire fighters, station officers and station Commander. Administrative, professional, technical and physical staff support these personnel. Of the overall tri service of 1,354 employees, approx 72% are male and 28% are female. In 2002-03 the service had 974 police officers and 149 fire fighters (Annual Report 2002-2003, p. 10). At the time of this study, the department had a divisional structure, headed by the Commissioner of Police and CEO of Fire and Emergency services. The Deputy Commissioner reports to the Commissioner. In turn three Assistant Commissioners report to the Deputy Commissioner. These comprise heads of the following divisions: Crime and Support, Corporate Service and Operation. The Director of Fire and Emergency Services reports directly to the CEO. The Commissioner of Police & CEO of the Fire and Emergency services is accountable to the Minister for Police, Fire and Emergency Services.

NTPFES states its vision as follows: "Northern Territory Police, Fire and Emergency Services will enhance community safety and protection through excellent policing, fire

prevention and emergency response services to the community.” This vision exhibits a double obligation: an overriding goal to improve public safety and achievement of this outcome through superior service delivery. This means that the NTPFES aims at remaining responsive to its operating environment and continually improve its’ services.

“Work together to reduce crime and protect the community from fires, other emergencies and disasters” is the reported mission of the NTPFES. The mission focuses on a clear role that includes a mandate to protect the community through the notion of working together and developing meaningful partnerships (Annual Report 2002-2003, p. 17).

As outlined in Table 4 above the NTPES is divided into 3 Output groups, responsible for 5 key service delivery areas. Each key service delivery area has developed their own strategies for achieving their objectives against the rival forces of crime, fire and disaster. These are explained below.

The objective of performance measurement is embodied in the *Working for Outcomes* framework adopted by the NTPFES. The framework shown in Appendix 2 shows how the NTPFES outputs and outcomes are connected to the objectives of government, which focus on social initiatives and programs aimed at ‘Building a safe and secure community.’ The purpose of performance measurement is to ensure that these objectives are being met by the NTPFES within budget (Annual Report, 2002-2003, p. 29).

For each of the five Output/Service Groups (Community Safety, Crime Prevention and Victim Support; Response and recovery Services; Investigations; Services to the judicial process and Road Safety Services), service delivery outputs are identified and strategies are developed to achieve the desired outcome. At a micro level, one strategy used to achieve the outcome of ‘Community Safety, Crime Prevention and Support’ is ‘Hot Spot Policing’. NTPFES personnel then measure the tangible results in the appropriate way. Examples of results measured would be ‘Persons moved on’, ‘Stolen property accounted for’, and ‘litres of alcohol destroyed’, which all have their own unique quantitative measurement technique. A strategy used to address road safety issues is ‘Work with the community and government agencies to develop and implement road safety education and crash prevention programs’. This type of outcome is measured in terms of the number of road safety education programs implemented throughout the year.

As shown below, the other key area of the performance measurement process lies with financial performance, which is undertaken by monitoring outputs and matching performance targets with estimated and actual expenditure.

- **Financial:** the provision of services within the parameters of budget.
- **Quality of service:** community satisfaction, reliability & responsiveness of service, competence, availability, professionalism of staff, ethical work practices.
- **Flexibility:** ability to adapt services to needs as and when they arise, speed of delivery flexibility.
- **Resource utilization:** productivity & efficiency.
- **Innovation:** ability to adapt to change and develop/adopt new technology.
- **Training:** the ongoing training of members and the community in order to meet and exceed organizational goals.
- **Intellectual property:** the knowledge and skills of members of the NTPFES.
- **Competition:** comparison of areas of performance of the NTPFES with the national average.

Key performance indicator used within each of the above perspectives, are as follows:

- **Financial** - comparisons with budget targets for operating expenses and revenue.
- **Quality** – % of people who felt ‘safe’ at home during the day/after dark, people ‘satisfied’ with police services, premises that comply with NT fire regulations (Fire Services), cases where costs awarded against police (target under 2%), ability to

respond to incidents, emergency services/volunteer units available to respond to incidents.

- **Flexibility** – response time to an incident, number of staff/volunteer units available to respond to an incident.
- **Time/efficiency** - Hours of work for each output group, investigation hours (police and fire services), prosecution briefs submitted by the due date, time to respond to emergency situations eg: time to answer phone, time to dispatch emergency services.
- **Training** – programs delivered for police and fire services, the NTPFES report also outlines the training programs attended by staff.
- **Checks and tests** – Speed and red light camera checks, random breath tests, traffic infringement notices issued.
- **Competition** – certain indicators are compared to the national average eg: people who were satisfied with the police service/ felt safe at home etc.

On 1 July 2002 Stage 1 of the Northern Territory's new financial and performance management framework *Working for Outcomes* was introduced. The new framework established the fundamental reforms of output budgeting, accounting and reporting in an accrual environment. As the Working for Outcomes plan is in the first stage of implementation, agencies are not funded for depreciation (Annual Report 2002-2003, p. 13). This has produced an operating deficit for the NTPFES of \$7840. In 2001/2002 the NTPFES came within budget, but no depreciation was charged on assets. Other performance measures appear to be the similar to the previous year.

During 2002/2003 there were four promotional assessment centres conducted, with 48% of members meeting the criteria for eligibility for promotion. In recognition of bravery, outstanding performance, service excellence, and professional achievement, members of the NTPFES are awarded medals, awards and commendation.

For each of the *five key service delivery areas* detailed in Table 4 of this paper the following key elements are reported:

- **Actual expenditure** – For example, Output 1: Community Safety and Protection – actual expenses were \$43.76M or 30.9% of total expenditure by the NTPFES.
- **Core strategies** – a list of action plans used to achieve outputs. Example: for Output 1 (above), a core strategy was "Provide a visible presence in the community through general and targeted police patrols".
- **Initiatives and outcomes for each service group (Police, Fire and Emergency)** - used to address the above strategies and the results of these initiatives.

As an example, **for Output 1 - Community Safety and Protection** – there were a number of initiatives reported by *each service delivery group* aimed at achieving the desired outcomes. Examples of these initiatives include the following:

#### Police Service

- **Taskforce Mosquito** –utilized intelligence led policing principles to identify developing crime trends and conduct targeted operations.
- **Operation Spitfire** – aimed at antisocial behavior by juvenile offenders.

#### Fire Service

- **Building Safety** – focused on the completion of fire safety reports for new buildings.
- **Bushfire Safety** – fire scar mapping of the NTFRS Darwin rural/urban interface were produced by the Bushfires Council NT from infra-red satellite data. The maps identify areas subjected to early and late season fires over the last 5 years and were used to identify areas for enhanced fire management.

#### Emergency Service

- **Cyclone Briefings** – provision of pre cyclone briefings aimed at new comers to the NT.

- **Oil Emergency Plan** – the revised oil spill Contingency Plan for the NT was developed as a special plan under the Disasters Act.

Appendix 2 summarizes the KPIs for each output group, target/budget, estimated and actual performance. Appendix 3 reports the financial performance/overview.

The official purpose of the annual report is for the Commissioner of Police/CEO of Fire and Emergency Services to report to the Minister for Police Fire and Emergency services. Other users of such reports include current and potential employees of these community services, members of parliament and the general public, who indirectly fund such operations. Performance reporting is carried out annually through the annual financial report.

The annual report is provided to the Minister pursuant to section 28 of the Public Sector Employment and Management Act. Under section 13 of the Financial Management Act, the Commissioner must advise that in respect of their duties as the Accountable Officer that *all is in order*. The formal legislative basis for Northern Territory Police Fire and Emergency Services is the Police Administration Act, Fire and Emergency Act, the Disasters Act, the firearms Act and the Weapons Control Act (Annual Report 2002-2003, p. 18).

The working for outcomes framework links the Northern Territory Government's Social Policy of 'Building a Safe and Secure Community' to the core functions of the NT Police Fire and Emergency Service. Moreover, performance reporting indicates that performance measurement is highly linked to the organization's vision and mission, which are focused on enhancing community protection through the reduction of crime and protection from fires and other emergencies. The organization does not have a *strategic choice* to set itself apart from other organizations, in the way that a strategic choice is adopted by competitive corporate organizations. However, as outlined briefly above, the output groups do adopt practical strategies in order to achieve their outcomes. These result in outcomes that are closely related to organizational goals indicating a strong strategy-performance link (refer to Appendix 3).

## DISCUSSION AND CONCLUSIONS

This paper is about documenting on measuring and reporting organizational performance in four Northern Territory Government Departments. Content analysis was conducted to reveal in each annual report how the departments appraise its performance, the key elements of performance reporting in the focal organization and how it is conducted, and how the departments strategic choice influence its performance measurement and reporting system.

Table 5 summarizes the key findings revealed from the four subject government departments. Each organization has been given a score against each practice, ranging from one (low or no importance) to five (very high importance). Table 5 indicates considerable variation in the measurement and reporting of performance in the organizations.

All four organizations operate under a corporate governance structure, common to all public sector agencies. It was quite evident that the four departments had different strategies in achieving their goals. DCIS (Case study 1) was operated like a private sector organization, with clear focuses on reducing cost while maintaining or improving quality and focusing on financial measures. On the other hand DCDSCA (Case study 2) was operated more like a typical public sector organization, with a focus on providing quality and services to the general public. Whilst the principles of corporate governance expressed in each annual report were not exactly the same, the 'spirit' was similar for both organizations. Common principles were leadership & integrity. DEET (Case study 3) listed commitment, accountability, transparency, integration and social responsibility, whilst the NTPFES (Case study 4) focused on service delivery, management of performance and resources.

All organizations have Corporate Planning Frameworks based on the Working for Outcomes. The Working for Outcomes system was introduced to all public sector organizations on 1 July 2002 hence both organizations are similar in this regard. Each framework is different in appearance but it is designed to align organizational goals with the

objectives of government. In line with this framework all organizations have specific Outputs/Outcomes and strategies designed to achieve the desired outputs.

**Table 5 Summary of comparative performance measurement practices**

Key elements	Case 1 DCIS	Case 2 DCDSCA	Case 3 DEET	Case 4 NTPFES
Reducing cost while maintaining or improving quality and focusing on financial performance	4	2	2	2
Providing quality service to the general public	4	3	3	3
Explicit development of the corporate planning framework	4	4	4	3
Explicit statement about vision, mission and strategy	4	4	4	4
Alignment goals with the objectives of government	4	2	3	4
Actual implementation of the Balanced Scorecard approach	Yes	No	No	No
Annual report complies with the Section 28 of the Public Sector Employment and Management Act	Yes	Yes	Yes	Yes
Output/outcome levels are clearly specified	4	3	4	4
Benchmarking	4	2	2	2
Linkage between the performance management system and business plan	4	2	3	4

Note: Scale: 4 = very high importance; 3 = high importance; 2 = moderate importance; 1 = low or no importance

The elements of performance and performance indicators are similar for each organization. For example an element of performance common to each organization is 'Quality of Service'. However, generally the performance indicators used were different due to the nature of activities. DEET measures quality of service by reference to employment rates, labor market analysis and participation rates whereas the NTPFES measures quality by percentage of people who felt 'safe' at home, premises complying with NT Fire regulations etc. Similarly certain other dimensions of performance/performance indicators such as intellectual property and training are similar but focus on different fields.

A key element of performance reporting for all departments is to ensure that the annual report is done "in accordance with the provisions of Section 28 of the Public Sector Employment and Management Act. The main purpose and component for all departments is the measure the attainment of budgetary and KPI targets. For example, each division within DCIS provides set services. Each service has very specific targets in regards to timeliness, quantity, quality and cost. The department performance was measured on how well it achieved these set targets. DCIS in addition as stated in its corporate strategies, also carried out customer and employee surveys. The DCDSCA structured its performance appraisal based on the outcomes/output level achieved from inputs. However its 2002-2003 Annual

Report did not state that customer and stakeholders surveys were conducted, but it was evident that surveys within certain divisions did occur in the statistical data provided.

As mentioned before, DCIS has strongly followed private sector principals being a cost leader. The public sector equivalent is to focus on cost reduction in conjunction with maintaining or improving quality service levels. This has effected the department's performance measurement and reporting system based around timeliness, quantity, quality and cost. DCDSCA's focus is on development of strong and creative communities suggesting a quality approach. This has affected the performance measures and reporting system being based around outcomes and output levels.

DCDSCA stated in the 2002-2003 reporting period "the Agency focused on the enhancement of several existing business systems to better integrate the common functions across the Agency and to improve departmental reporting. A new Grants registration and assessment system has also been developed". The improvements consequently enhance the ability to accurately and efficiently measure performance. A division within DCIS provides information technology services for the whole Northern Territory Government, this would include DCDSCA.

It was evident that in the report for DCIS that the department utilized accounting tools such as benchmarking and the balanced scorecard. DCIS had set key performance indicators for each department, making it clear to identify the departments goals and how it plans to attain them for staff and its clients. DCDSCA performance indicators were different in each division and at times were not a clear indication of performance, but instead a statistical record of what the division has done. DCDSCA focused on the outcomes of its outputs, which did not appear to provide the same level of clarity of how it plan to achieve its goal for employees, clients and stakeholders compared to DCIS.

An audit found that DEET did not have in place a performance management system linked to its' business plan, to monitor the repairs and maintenance functions at the schools in the NT. There was no evidence of any similar problems with NTPFES, where strong linkages were found within NTPFES between performance measurement and the objectives of government.

It is evidently clear from the above case studies that implementation of a public sector reform has led to greater transparency and a belief that the public sector is running effectively and efficiently. Thus, there have been dramatic changes for the public sector in the past two decades. No longer do we refer to the public sector administrators as administrators, but managers, all of whom are expected to be customer-oriented, more focused on outputs and outcomes instead of inputs, and who expect that their future advancement will be based on their performance. More so, market measures of performance are given precedence in decision-making, and greater competition is championed as the path to a more efficient and effective public sector (Hoque et al., 2004; Sharma and Wanna, 2005).

There are a number of research issues that can be developed from the above case studies for further research. Why have the changes occurred in the subject organizations? Were they for gaining external legitimacy or for other reasons? As the current study was based on archival documents only, it failed to examine these issues in depth. From the institutional theory point of view, organizations may change their structures or operations to conform to external expectations about what forms or structures are acceptable (or legitimate) (DiMaggio and Powell, 1983, 1991). On the other hand, from rational choice of organizations, organizations may implement new systems for economic reasons such as to measure economic or financial performance. The study of performance management in other types of public sector organizations would enhance our knowledge of the difference of performance measures in different organizations. Future research may be undertaken to examine the degree of effect of social, political, environmental and institutional factors on performance measurement and reporting practice. Given the changing role of the public sector worldwide such an attempt will provide the robustness of research results revealed in the current study.

All organizations seem to have a good fit between their overall strategic choice that is, cost cutting emphasis, quality service, and how they measure their performance. In order for an organization to maintain a presence in the forefront of their particular industry, it is fundamental that they monitor and report on their organizational performance on an ongoing basis. This ensures the organization's service quality and industry competitiveness. An attempt to address these in the qualitative fashion using interdisciplinary perspectives would be prudent.

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## Appendix 1: KPI, Target and actual performance at DCIS

*Panel A: Accounts payable - provides a processing function within the Government Accounting System (GAS) for payment of supplier invoices and employee claims.*

KPI	Target	2001/02	2002/03
Timeliness:	<14 days to processed invoices after received in DCIS	Avg 97%	Avg 97%
Quantity:	Invoices Processed > 320,000	436,000	427,558
Quality:	Customer satisfaction >60% Errors<1%	75% 0.17%	80% 0.17%
Cost:	\$23.00 per invoice Cost of delivering service	\$21.27	\$17.53 \$7.496m

*Panel B: Corporate Credit Card Management: provides a reconciliation service for government credit cards which reports unmatched amounts presented to the bank against purchasing transactions entered in accounts payable.*

KPI	Target	2001/02	2002/03
Timeliness:	Cancellation within 24 hrs Cards issued and re-issued within 14 days	85% 85%	90% 90%
Quantity:	Cards managed -995	1043	960
Quality:	Customer satisfaction > 60%	70%	82%
Cost:	\$625.00 pa per credit card	\$e651.79	\$640.63
	Card limit Cast of delivery service	\$9.5m	\$9.85m \$0 615m

*Panel C: Accounts Receivable: encompasses issuing of invoice, processing receipts, managing government debtor account, and bank account reconciliations within GST.*

KPI	Target	2001/02	2002/03
Timeliness:	Less than 1% of un-receipted deposits in clearing account at any given point in time	1.19% monthly avg	0.02% monthly avg
Quantity:	50,000 accounts receivable invoices receipts	28,019 80,182	30,901 88,372
Quality:	Customer satisfaction >60% Account Receivable Receiver of Territory Monies Processing errors<1%	67% 75% .03%	80% 80% .025%
Cost:	\$49.00 per invoice \$7.20 per receipt Cost of delivering service	\$44.57 \$5.37	\$78.66(a) \$7.12 \$2.959m

*Panel D: Asset Management: maintains a register for all agencies of land, buildings, plant and equipment with an asset value of more than \$5,000.*

KPI	Target	2001/02	2002/03
Timeliness:	Undertake stock-takes for 35%of all agencies managed average number of days to record assets<10 days	64% <10 days	69% <10 days

Quantity:	asset recorded 7200	5,580	11,400
Quality:	Customer satisfaction <60% meet audit requirements (some issues raised in the Tourist Commission 2001/02	73%	82% 100%
Cost:	\$174 per asset per annum cost of delivering service	\$ 168.25	\$ 108.39 \$1.149m

Panel E: Financial Reporting: includes the electronic provision financial reporting to agencies.

KPI	Target	2001/02	2002/03
Timeliness:	Provide monthly reports within 7 days	met	met
Quantity:	No. of pages of reporting per annum		331,884
Quality:	Customer satisfaction <60%	70%	80%
Cost:	\$2.50 per page (auto produced) \$10.00 per page (manually produced) Cost of delivering service	\$3.31 page \$15.03 page	\$1.22a Non produced  \$0.389m

Panel F: Financial Systems: provides as a fully integrated accounting system 9(GST), and includes a system to report on Business Activity Statements (BAS) and agency financial data.

KPI	Target	2001/02	2002/03
Timeliness:	100% System availability Response time	99% .71 seconds	99% .73 seconds
Quantity:	Financial system \$6.897m		\$7.453m
Quality:	Customer satisfaction <60% Balanced ledgers Suspense and clearing accounts cleared	82% 100% 100%	85% 100% 100%
Cost:	Cost of delivering service		\$7.453m

Panel G: Taxation Services: involves the preparation and submission of taxation returns for Goofs and Services Tax (GST), Fringe Benefit Tax (FBT) and Payroll Tax.

KPI	Target	2001/02	2002/03
Timeliness:	Reports produced within statutory deadline (Statutory deadlines met with the exception of one return lodged interstate 2001/02	met	Met
Quantity:	BAS lodgement number of lines Lines comprising FBT liability Number of Payroll Tax cost code	621,656 23,744 33,875	817,373 23,282 48,9881
Quality:	Customer satisfaction >60%	78%	86%
Cost:	BAS lodgement \$0.66 per line FBT# lines comprising liability \$25.31 Payroll Tax per cost code \$4,34 Cost of delivering service	\$0.63 \$23.65 \$4.04	\$ 0.67 \$23.64 \$3.52 \$1.057m

Panel H: Payroll services: provides an administrative function for payment/maintenance of salary and related entitlements for employees including the maintenance of personnel recodes.

KPI	Target	2001/02	2002/03
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Timeliness:	100% deadlines met	100% met	100%
Quantity:	Employees paid 15,300 Pay variations processed 710,000		16,203 739,016
Quality:	Customer satisfaction >60% Errors < 1%	67% 0.03%	78% .08%
Cost:	Pay preparation \$210 per employee per annum Pay variation average cost \$6.00 <ul style="list-style-type: none"> <li>• Manual pay variation \$8 each</li> <li>• Automatic pay variation \$3 each</li> </ul> Cost of delivering service	\$197.25 \$5.68a	\$197.11 \$6.85 \$2.94 \$8.932m

*Panel I: Recruitment: provides an administrative function for processing job vacancies, issuing contracts and offers of employment and staffing related PIPS processing such as higher duties and temporary transfers.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Meet agreed standards	100%	100%
Quantity:	New starters Temporary & nominal moves		5040 28,622
Quality:	Customer satisfaction >60% Advertising errors < 0.1%	72% 0.03%	78% .19%
Cost:	Temporary and nominal move Average cost per vacancy processed \$477 Cost of delivering service		\$31.61 \$534.45 \$3.620m

*Panel J: HR Systems: includes a fully integrated personnel information & payroll system (PIPS), including the HR interface.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	PIPS availability Transaction response time <= 2 second	99.3% 97.9%	99.8 98.9%
Quantity:	PIPS system \$5.508m		\$5.402m
Quality:	Customer satisfaction >60%	77%	83%
Cost:	\$360 HR system per employee Cost and delivering service	\$377.29	\$377.93 \$5.402m

*Panel K: Job Evaluation System: provides management of the Job Evaluation System and establishment process for agencies.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Job evaluated and results returned to agency within 10 days	5 days	6 says
Quantity:	Positions evaluated Panels convened	826 197	933 142
Quality:	Customer satisfaction >60%	Not measured	84%
Cost:	\$250 per job evaluated Cost of delivering service	\$280.58	\$251.61 \$0.234m

*Panel L: Occupational Health & Safety: provides a holistic prevention service for client agencies.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Respond to customer queries within 2 days	4 hours avg	4 hours avg
Quantity:	Site inspections	372	706
Quality:	Customer satisfaction >60%	70%	77%
Cost:	\$100 per hour Cost of delivering service	\$203.04	\$97.41a \$1.208m

*Panel M: Workers Compensation: includes a claims processing and administration service, the provision of programs for the rehabilitation and return to work of injured employees and the provision of comprehensive, investigative and statistical reports.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Within statutory time limits	100%	100%
Quantity:	Hours available		20,663
Quality:	Customer satisfaction >60%	75%	85%
Cost:	\$76 per hour	\$69.56	\$69.30
	Cost of delivering service		\$1.432m

*Panel N: Short Course Training: provides centralised training and development opportunities and venue management for the Northern Territory Public Sector.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Invoices issued within 5 days	Not measured	100%
Quantity:	Number of half day training		5040
Quality:	Customer satisfaction >60%	Not measured	81%
Cost:	\$128.00 per person/per half day	Not measured	\$191.70a
	Coat of delivering service		\$0.665m

*Panel O: Information & Communications Technology Policy and Strategy: provides whole of government services including development and maintenance of ICT policies, standards and procedures; co-ordination of whole of government ICT strategies and projects; provision of ICT security advice, approvals and incident response co-ordination; and management of the central NTG internet and intranet web sites.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	Policies completed within agreed standards Security matters meet within agreed standards	100% 100%	100% 100%
Quantity:	9600 users		9,630
Quality:	Customer satisfaction >60%	63%	77%
Cost:	Strategic advice – based on \$125.04 per desktop Cost of delivering service		\$114.23 \$1.100m

*Panel P: Information Technology Service Management: provides agencies with a fully managed IT service which includes the overseeing and reporting of services provided by contractors, advice on IT contract terms and conditions and advice on the integration of technology into business processes in accordance with whole of government policies and standards.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	100% compliance with contract agreements		100%
Quantity:	Agency IT support hours 38.000		38,397
Quality:	Customer satisfaction >60%	56%	74%
Cost:	Average cost per hours of support \$74 Average cost per user (per desktop) \$305 Cost of delivering service		\$73 \$303 \$4.327m

*Panel Q: Mainframe Services: provides a comprehensive application-hosting environment covering a range of application support products, database management and operating system platforms.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	% of response time for mainframe services under 5 seconds	98.5%	98.7%
	Billable mainframe seconds pre month	1.27m	1.74m
Quantity:	Number of software agreements	100	101
Quality:	Customer satisfaction >60%	68%	79%
	Unplanned outages per month	0	0
Cost:	Per CPU second Average cost per mainframe software agreement Cost of delivering service	\$0.35	\$0.35 \$50,412 \$14.428m

*Panel R: Midrange Services: provides server management, operating system administration and database administration services for many NTG business application servers.*

<b>KPI</b>	<b>Target</b>	<b>2001/02</b>	<b>2002/03</b>
Timeliness:	100% back-up completed prior to commencement of next business day.	99.9%	99.9%
	Performance report for mid range services to clients each month	Not measured	85%
Quantity:	Number of servers managed- 50 Number of oracle databases supported -26	39 26	56 27
Quality:	Customer satisfaction >60%	65%	80%
	Number of unplanned outages per month -3	2.25	2.67
Cost:	Average cost per Oracle data base pa \$32,000 Average serve cost pa \$28,500 Cost of delivering service	\$35,028 33,816	\$31,680 \$28,740 \$2.138m

## Appendix 2. Northern Territory Police Fire and Emergency Service performance reporting

### Panel A: Output 1 – Community Safety, Crime Prevention and Victim Support

Performance Target	2002 – 03 Target/Budget	2002 – 03 Estimated Actual	2002- 03 Actual	Explanations to Variations
Hours <ul style="list-style-type: none"> <li>• Police</li> <li>• Fire</li> <li>• Emergency</li> </ul>	385,000 41,500 11,000	419,000 50,000 10,000	437,419 61,186 10,223	Overtime hours were not included in original calculations for estimated hours, also most officers took only 6 instead of 7 weeks annual leave
Awareness, prevention or training Programs delivered <ul style="list-style-type: none"> <li>• Police</li> <li>• Fire</li> <li>• Emergency</li> </ul>	3,750 5 30	3,750 5 30	2,752 5 72	
Volunteer Training programs Delivered <ul style="list-style-type: none"> <li>• Fire</li> <li>• Emergency</li> </ul>	5 24	5 24	5 43	
Members of the public aged 18 yrs And over who felt 'safe' or 'very safe' at home alone during the day <ul style="list-style-type: none"> <li>• Police</li> </ul>	≥ national average of 95%	≥ national average of 95%	91%	National average for 2002/03 is 92%
Members of the public aged 18 yrs And over who felt 'safe' or 'very safe' at home alone after dark <ul style="list-style-type: none"> <li>• Police</li> </ul>	≥ national average of 84%	≥ national average of 84%	79%	National average for 2002/03 is 81%
Premises which comply with NT Fire & Rescue Services' requirements	80%	80%	83%	

### Panel B: Output 2 – Response and Recovery Services

Performance Target	2002 – 03 Target/Budget	2002 – 03 Estimated Actual	2002- 03 Actual	Explanations to Variations
Hours <ul style="list-style-type: none"> <li>• Police</li> <li>• Fire</li> <li>• Emergency</li> </ul>	349,000 124,000 7,500	273,000 126,000 9,000	284,952 154,038 9,030	Overtime hours were not included in original calculations for estimated hours, also most officers took only 6 instead of 7 weeks annual leave
Respondents who were 'satisfied' or 'very satisfied' with police in their most recent contact	≥ national average of 80%	≥ national average of		



		80%	80%	National average for 2002/03 is 82%
Structural fires contained to room of origin	70%	70%	66%	
Volunteer fire brigades available to respond to incidents	17	17	17	
Ability to respond to incidents • Emergency Services	100%	100%	100%	
Emergency Services volunteer units available to respond to incidents	19	19	19	
Time to answer '000' calls (within 10 seconds)	85%	85%	87%	
Time to answer other 'general' calls (within 20 seconds)	80%	80%	81%	
Time to dispatch police to incident (within 10 minutes)	70%	70%	70%	
Time to dispatch Emergency Services to incident	30 mins	30 mins	30 mins	
Response time within fire emergency response area (within 8 minutes)	80%	80%	76%	

*Panel C: Output 3 – Investigations*

<b>Performance Target</b>	<b>2002 – 03 Target/Budget</b>	<b>2002 – 03 Estimated Actual</b>	<b>2002- 03 Actual</b>	<b>Explanations to Variations</b>
Hours of Investigation • Police • Fire •	280,000 3,500	365,000 1,000	381,178 1,454	Ref expl note
Complains from the public successfully resolved • Fire •	95%	95%	100%	
Clearance rate of stated offences – Offences – victims of property crime	≥ national 30 day average	≥ national 30 day average	13%	National average for 2002 is 10%
Clearance rate of stated cases – Against the person	≥ national 30 day average	≥ national 30 day average	68%	National average for 2002 is 56%

*Panel D: Output 4 – Services to the judiciary*

<b>Performance Target</b>	<b>2002 – 03 Target/Budget</b>	<b>2002 – 03 Estimated Actual</b>	<b>2002- 03 Actual</b>	<b>Explanations to Variations</b>
Hours provided for services to the judicial process • Police				Refer to introductory notes

• Fire	234,000 250	204,000 0	210,176 0	
Actions which result in a guilty verdict	N/A	N/A	N/A	
Cases where costs are awarded against the police	< 2%	< 2%	1.8%	
Prosecution briefs submitted by due date	100%	100%	70%	

*Panel E: Output 5 – Road Safety Services*

<b>Performance Target</b>	<b>2002 – 03 Target/Budget</b>	<b>2002 – 03 Estimated Actual</b>	<b>2002- 03 Actual</b>	<b>Explanations to Variations</b>
Hours • Police • Fire	109,000 24,000	83,000 11,000	87,373 13,831	Ref expl note
Speed and red light camera checks	765,000	765,000	1,142,584	
Traffic Infringement Notices given for other offences	31,000	31,000	40,365	
Random Breath Testing	4,855	4,855	4,519	
Persons who wore a seatbelt 'most of the time' or 'always'	≥ national average of 98%	≥ national average of 98%	79%	National average for 2002/03 is 89%
Persons who indicated never driven over 0.05	≥ national average of 88%	≥ national average of 88%	86%	National average for 2002/03 is 90%
Persons who indicated never driven 10 kms/h over speed limit	≥ national average of 69%	≥ national average of 69%	90%	National average for 2002/03 is 92%

### Appendix 3 Northern Territory Police Fire and Emergency Service Financial Overview

Output Group/Output	Budget Estimate \$000	Estimated Operating Deficit \$000	Estimated Revenue \$000	Actual Operating Revenue \$000	Actual Operating Expenses \$000	Actual Operating Deficit \$000
<b>Community Safety &amp; Protection</b>	82,240			77,659	82,206	4,547
Community Safety and Support	43,810				43,796	
Response and Recovery Services	38,430				38,410	
Investigations	<b>52,316</b>			<b>48,202</b>	<b>51,024</b>	<b>2,822</b>
Investigations	33,606				32,599	
Services to the judicial process	18,710				18,425	
Road Safety	<b>8,870</b>				<b>8,504</b>	<b>471</b>
Road Safety Services	8,870				8,504	
<b>TOTAL</b>	<b>143,426</b>	<b>(9,296)</b>	<b>134,130</b>	<b>133,894</b>	<b>141,734</b>	<b>(7840)</b>