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# Submission to the Queensland Productivity Commission on: Service Delivery in remote and discrete Aboriginal and Torres Strait Islander Communities

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# Submission to the Queensland Productivity Commission

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This submission has been prepared by The Centre for Independent Studies (CIS) for the Queensland Productivity Commission's investigation into Service Delivery in remote and discrete Aboriginal and Torres Strait Islander Communities.

The Inquiry into service delivery for Aboriginal and Torres Strait Islanders closely aligns with the CIS's focus on Indigenous service delivery and achieving better outcomes for Indigenous peoples as part of our [Prosperity Project](#).

The Prosperity Project is a program of research focused on the practical measures that will enable Indigenous communities to improve outcomes and bring about meaningful and sustainable change. As part of this research, we are looking at how innovation in the approach taken to service delivery and a focus on co-accountability in evaluation could lead to improved outcomes for Indigenous people.

We believe the five key areas the inquiry is investigating are important and have some suggestions to further refine the focus and scope:

1. **Levels and patterns of government investment and how these change over time** — we suggest focusing on actual expenditure not estimated expenditure.
2. **Interactions between investments made by all levels of government, non-profit organisations and third party service providers** — we believe there is benefit in investigating the potential of social impact investing, however, we recommend taking a cautious approach. Social impact investing may not be appropriate for all programs and there is recent evidence which suggests that it can involve increased transaction costs without any appreciable benefits.
3. **The range of service delivery programs and whether there is duplication or a lack of coordination across programs** — our research has demonstrated there is very little strategy or coordination of Indigenous programs and service delivery and we suggest a regional approach to ensure communities needs are met.
4. **An evaluation of the design and delivery of existing Government services in improving outcomes for remote and discrete Indigenous communities** — we suggesting vesting greater decision-making power in Indigenous communities to create a co-accountable approach to service-delivery management and outcomes. In this framework, the community holds the decision-making capacity as to how and where money is spent for additional services, according to each community's individual needs.
5. **Best practice approaches for evaluating the effectiveness and efficiency of service delivery** — our latest report suggests a compromise needs to be reached between what is considered the 'gold standard' of research evidence, i.e. random control trials (RCTs) and evaluation strategies that ensure evaluation findings are used to inform service delivery.

## 1. Levels and patterns of government investment and how these have changed over time

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Our report '[Mapping the Indigenous Program and Funding Maze](#)' highlighted that in less than 10 years, federal, state and territory taxpayer spending on Indigenous Australians increased in real terms by 20% — from \$21.9 billion in 2008-09 to \$25.4 billion in 2010-11, and to \$30.3 billion in 2012-2013.<sup>1</sup>

However, these expenditure figures included estimates of the proportion of mainstream services spent on Indigenous Australians, such as education and health, which all Australians receive. Indigenous-specific expenditure (programs, services and payments explicitly targeted at Aboriginal and Torres Strait Islanders) is a smaller — though still significant — component; rising from \$5.1 billion in 2008–09 to \$5.5 billion in 2010–11, and to \$5.6 billion in 2012–13 in nominal terms, which represents a decrease in real terms by 1.2%.<sup>2</sup>

We note that in the Queensland Productivity Commission (QPC) consultation paper, figures from the 2016 Overcoming Indigenous Disadvantage Report are used that are based on similarly misleading estimates of expenditure on Indigenous Australians. We would caution against using these figures as they help to perpetuate the perception that all this 'extra' money is going to Indigenous people, when in reality, no one really knows the proportion of mainstream funding actually spent on Indigenous people. The only figure we can be absolutely certain of is the smaller Indigenous specific component, which in 2014 was \$5.6 billion.

Many programs are funded from multiple sources, which often makes it hard to determine where the original funds are coming from and whether a program is a federal, state, or NGO program. For example, both the federal government and the NSW government provide funding for the NSW Aboriginal Jobs Together program — just over \$4.8 million was provided by the NSW government and approximately \$3 million by the federal government (through its Indigenous Employment Program).<sup>3</sup> However, the program is actually administered by the National Disability Services (NDS) and implemented by NGOs that provide industry placements and support for Indigenous cadets.<sup>4</sup> Moreover, many states also receive funding from the federal government under National Partnership Agreements; so it could be that the funding from the states for programs actually originally came from the federal government.

We agree with the consultation paper's point that higher expenditure in remote communities does not mean there are more or better services in these communities. Our analysis, for the 'Mapping the Indigenous Program and Funding Maze' report found that 54% of Indigenous Advancement Strategy (IAS) grants, worth approximately 1.2 billion of the total \$2.1 billion of IAS funding, went to remote and very remote regions. However, many people working in these communities see little evidence of this funding. Due to the high level of disadvantage in remote communities, the proportion of funding should be higher per head of population than the proportion of funding going to other regions. But without an assessment of need and mapping of services it is impossible to know whether there is enough funding relative to need.<sup>5</sup>

## 2. Interactions between investments made by all levels of government, non-profit organisations and third party service providers

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There has been a recent global shift and emergence of innovative approaches to 'Financing for Development', involving a blended approach to finance that engages involvement from the private sector. In January this year, the Department of Treasury released a discussion paper proposing the creation of an enabling environment for social impact investing in order to support private sector-

led social impact investing and co-funding by State and Territory investments. The discussion paper indicated that such a shift would generate savings and avoid future costs by funding reforms to deliver better outcomes for Australians.<sup>6</sup> The federal government demonstrated cautious support of social impact investing in the recent budget for 2017-2018, when it announced that it will spend \$10.2m over 10 years in partnering with state governments to trial “innovative programs aimed at improving housing and welfare outcomes for young people at risk of homelessness” that are funded by social impact investors.<sup>7</sup> The discussion paper released by the Department of Treasury also cited that social impact investing gives the government an “opportunity to fund ‘what works’ and reinvest spending that would otherwise not achieve beneficial outcome”.<sup>8</sup> Though such an ‘enabling environment’ could create greater market opportunity and encourage local areas to actively engage in leading solutions that reflect their needs, social impact investment could also be criticised for allowing government to avoid their responsibilities. Social impact investing may not be appropriate for all programs and there is recent evidence which suggests that it can involve increased transaction costs without any appreciable benefits in terms of improved outcomes.<sup>9</sup>

### 3. The range of service delivery programs and whether there is duplication or a lack of coordination across programs

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Our report ‘Mapping the Indigenous Program and Funding Maze’, identified numerous examples of duplication and lack of coordination across programs. Much of the government funding for Indigenous programs and services has historically been under large National Partnerships Agreements. Yet instead of alleviating Indigenous disadvantage, the shared responsibility has led to confusion, cost-shifting, and waste in Indigenous program and service delivery. For instance, Roebourne in Western Australia, with a population of 1,150, had 67 local service providers and more than 400 programs funded by both federal and state government.<sup>10</sup> With no strategic framework linking initiatives to the needs of Aboriginal people, there are gaps in service delivery as well as duplication. For instance, there are communities crying out for suicide prevention initiatives, but \$17.8 million in funds earmarked for Indigenous suicide prevention programs has not been used.<sup>11</sup> Former Northern Territory Co-ordinator General for Remote Services, Olga Havnen, noted the lack of strategy and coordination of Indigenous programs in her Remote Services Report in 2012:

*“There are not only massive pre-existing service gaps but also a serious lack of high quality, evidence-based program and service development... This lack of long-term strategic vision means governments have spread resources as widely as possible in a ‘scatter-gun’ or ‘confetti’ approach. This results in partially funding community initiatives for short periods with no long term strategy for how the positions created or initiatives undertaken will be sustained.”<sup>12</sup>*

We are currently working on a forthcoming paper ‘Consumer choice in service delivery for Indigenous Australia’, which will explore how communities could be enabled by government policies to build sustainable and long-term development. This approach will consider the notion of co-accountability to propose a ‘community-choice’ funding model, which will allow individual communities to select and tailor additional services to suit their needs. This model is somewhat similar to the National Disability Insurance Service (‘NDIS’), but will learn from the issues identified in the national roll-out of NDIS.

The ‘community-choice’ model is structured with evaluation, accountability, transparency and collaboration in mind. It aims to draw Indigenous people, Commonwealth, state and territory governments, corporate and philanthropic sectors together for a synthesised and cohesive approach

– that will see the creation of a local-council type approach. Strategies to address leadership and decision-making structures will also be explored.

A key feature of this ‘community-choice’ model will be the allocation and use of funds. In line with international trends in sustainable development models, this ‘community-choice’ model and synthesised government structure, will also create space and allow creative funding models based on ‘pay-for-performance’ to be supported. Such an approach could fit alongside current service delivery for mainstream services and would allow individual communities to select and harness the goodwill of private investors to solve community specific needs. This type of model is supported by the research behind the United Nations ‘Sustainable Development Goals’. Accordingly, international and local examples will be explored. The primary argument made for addressing a community lead approach is that it contributes to improved socio-economic outcomes and helps support grass-root organisations and greater participation of Indigenous people in decision-making.

#### 4. An evaluation of the design and delivery of existing Government services in improving outcomes for remote and discrete Indigenous communities

The ‘high-level framework for assessing service delivery’, outlining governance, policy and funding, is key to assessing how policy changes should be implemented. The ‘bottom up’ approach has long been hailed by Indigenous leaders as fostering a greater sense of community engagement and accountability. However, emerging literature supports that governance is a major area of challenge for managing the effective implementation of programs as there is a tension between mainstream governments and relinquishing decision-making power.

The QPC highlights the Torres Strait Regional Authority and its role in local planning and governance. The principles embodied by regional authorities embody the approach outlined by the Harvard Project — that localised centres for decision-making have the ability to build a cohesive and successful nation that operates harmoniously with the mainstream.

In this regard, the QPC should also look to South Australia’s Ngarrindjeri Nation, which has shown increasing and prominent success in enhancing the sense of community and strength. This process has been organic, and not every community can or will emerge in this way.

A key area for challenge with a regional authority model, and in facilitating the emergence of this type of governance, is being able to navigate how these models are received within the wider mainstream community.

The QPC highlights that there is an increasing involvement of the federal government in the local government space and that this often results in an overlap of responsibilities between the federal and Queensland governments. Though there may be some benefits to the overlap and sharing of responsibility, the over-governmental relationship creates an entrenched reliance on government for the management of services and does not invest in the capacity building at a local level. It also assumes that Indigenous peoples need governments to over-manage these aspects of their lives and does not encourage or promote improvement of Indigenous peoples’ lives.<sup>13</sup>

We support an enabling model of governance in service delivery that promotes a gradual shift in decision-making power, behaviours, responsibilities and attitudes towards one that builds Indigenous leadership.<sup>14</sup> The Harvard Project into American Indian Development (incorporated into the philosophies of the Empowered Communities Design Report) evidences that sustained development occurs in Indigenous nations when they are empowered to develop their communities’ first-hand.

This empowered approach is best implemented through a regionally specific governance structure and through restoring an appropriate balance between Indigenous people and government.<sup>15</sup>

This type of model would ideally be led as an opt-in approach in order to enable those communities that have established decision making structures to gradually implement and transition the decision-making approach manner. The implementation period would be followed by an 'incubation' period of support until full functions are vested with the community leaders.

Those communities that do not yet have established leadership structures should be enabled by the Government to achieve this. This enabling period would involve significant public service cooperation and engagement with the community to foster a leadership structure. As with the established model, outlined above, the enabling period would be followed by a transition period, incubation period until the community became autonomous.

Both these processes require a significant level of cultural-competency training, and organisations such as Evolve Communities could be utilised as a third-party consultant to facilitate this process.<sup>16</sup> The importance of cultural competency in this process cannot be over-emphasised. In order to engage with Indigenous communities, organisations and leaders public service incubators need to be coming from a culturally appropriate and respectful perspective. Too often, Indigenous peoples' engagement with government organisations and agents results in break-downs in communication that can have far-reaching consequences.

The ultimate outcome of this transition is to vest greater decision-making power in Indigenous communities to create a co-accountable approach to service-delivery management and outcomes. In this framework the community holds the decision-making capacity as to how and where money is spent for additional services, according to each community's individual needs. The federal and Queensland governments should instead act as a single point of contact for the community to provide economic provisions and advice, but the ultimate decision-making capacity lies with the community.

## 5. Best practice approaches for evaluating the effectiveness and efficiency of service delivery

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Our latest research report '[Evaluating Indigenous programs: a toolkit for change](#)'<sup>17</sup> discusses some best practice approaches for evaluating the effectiveness and efficiency of services. Overall our research found that in general, Indigenous evaluations are characterised by a lack of data and the absence of a control group, as well as an over-reliance on anecdotal evidence.

Examples of poor evaluation reports included:

- A health program in which 432 people participated but full screening data was available for only 34 individuals;
- Only staff were interviewed, so data gathered was very subjective and none of the statements were backed up by any quantitative statistics or feedback from participants;
- A program to reduce high rates of conductive hearing loss attributable to middle ear disease was not able to be assessed due to the lack of population level data; and
- The lack of routinely collected data (such as lack of identification of Aboriginality in RTA road crashes) made it impossible to link improvements to the program.

Particular features of robust evaluations included:

- A mixed-method design, which involved triangulation of qualitative and quantitative data and some economic components of the program such as the cost effectiveness;
- Local input into design and implementation of the program to ensure program objectives matched community needs;
- Clear and measurable objectives; and
- Pre and post program data to measure impact.

Our research found evidence suggests organisations are more likely to engage with the evaluation process when it is presented as a learning tool to improve program delivery than when it is presented as a review or audit of their performance. This approach differs from traditional ideas of accountability, and involves moving away from simply monitoring and overseeing programs to supporting a learning and developmental approach to evaluation. Use of a reflective practice approach to evaluation relies on a two-way exchange, with the experiences of those delivering the program being used to inform its ongoing implementation.

Although this approach might not meet the 'gold standard' in terms of research evidence, it would be more practical and achievable given limited resources. There is no point conducting 'rigorous' evaluations, if the evidence is not used. Instead of focusing on having the highest standard of evidence for assessing the impact of a program (such as in RCTs), it may be more practical to consider how to ensure evaluation learnings are used to inform program practice, similar to continuous quality improvement processes used in the health sector.

# The Centre for Independent Studies (CIS)

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<sup>1</sup> Steering Committee for the Review of Government Service Provision (SCRGSP), 2014. 2014 Indigenous Expenditure Report. Canberra available at <http://www.pc.gov.au/research/ongoing/indigenous-expenditure-report/indigenous-expenditure-report-2014/indigenous-expenditure-report-2014.pdf> accessed 10 August 2016

<sup>2</sup> As above

<sup>3</sup> Indigenous HealthInfoNet website available at <http://www.healthinfonet.ecu.edu.au/key-resources/programs-projects?pid=1172> accessed 10 August 2016

<sup>4</sup> As above

<sup>5</sup> Hudson, S Mapping the Indigenous Program and Funding Maze, The Centre for Independent Studies, Sydney

<sup>6</sup> Social Impact Investing discussion paper’, Federal Government – January 2017, p. 3.

<sup>7</sup> <http://www.themandarin.com.au/78823-federal-budget-2017-social-impact-investing-indigenous-evaluation-and-simpler-welfare/>

<sup>8</sup> ‘Social Impact Investing discussion paper’, Federal Government – January 2017, p. 3.

<sup>9</sup> Cambridge Core. 2017. Social Impact Bonds: The Role of Private Capital in Outcome-Based Commissioning. Available at: <https://www.cambridge.org/core/journals/journal-of-social-policy/article/social-impact-bonds-the-role-of-private-capital-in-outcomebased-commissioning/83B92D884934604E21EE2A963EB4E11C/core-reader>, accessed 2 June 2017

<sup>10</sup> National Commission of Audit, 2014, Indigenous programmes, Canberra available at <http://www.ncoa.gov.au/report/appendix-vol-2/10-3-indigenous-programmesprograms.html> accessed 10 August 2016

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- <sup>11</sup> Robinson, N, 2016, 'Calls for government to address Indigenous suicide' ABC News (5 May 2016), available at <http://www.abc.net.au/news/2016-05-05/calls-for-government-to-address-indigenous-suicide/7380448> accessed 10 August 2016
- <sup>12</sup> Havnen, O, 2012. Office of the Northern Territory Coordinator-General for Remote Services Report. Darwin: The Office of the Coordinator-General for Remote Services p. 54. available at [www.territorystories.nt.gov.au/bitstream/handle/10070/241806/NTCGRS\\_fullreport\\_2012.pdf?sequence=1](http://www.territorystories.nt.gov.au/bitstream/handle/10070/241806/NTCGRS_fullreport_2012.pdf?sequence=1) accessed 17 May 2017
- <sup>13</sup> Empowered Communities, 2015, Empowered Communities Design Report, Wunan Foundation Inc, p. 20.
- <sup>14</sup> Empowered Communities Design Report p. 15.
- <sup>15</sup> Empowered Communities Design Report p. 15, 20
- <sup>16</sup> <http://www.evoves.com.au/custom/cultural-awareness-training/>
- <sup>17</sup> Hudson, S 2017 Evaluating Indigenous programs: a toolkit for change. The Centre for Independent Studies, Sydney available at <https://www.cis.org.au/app/uploads/2017/06/rr28.pdf>? accessed 5 June 2017