6.0
Overview of proposed reforms

A key finding of this inquiry is that government expenditures are not meeting community expectations about progress towards closing the gap across a range of outcomes. There are clear opportunities to improve practice and performance.

This section provides a brief overview of a proposed reform agenda the Commission believes is most likely to achieve the changes required to improve outcomes in communities. The remainder of Part B of this report examines each element of the proposal in more detail.

Key points

- To reform the service delivery framework, a number of approaches could be taken, from incremental policy improvements and better commissioning of services to more fundamental structural reform.

- The evidence presented to this inquiry suggests that although there is a need to build on successes, 'more of the same' is unlikely to achieve community and government goals. A more fundamental change is necessary—stakeholders, too, overwhelmingly support the need for reform.

- Designing such a reform requires a careful assessment of the costs and benefits, as well as transitional costs and implementation. The proposed draft reform agenda has three key elements:

  − structural reform—to transfer accountability and decision-making to regions and communities, reform funding and resourcing, and ensure independent oversight

  − service delivery reform—to better focus on the needs of individuals and communities through service delivery models that suit the circumstances

  − economic reform—to better support community development, enable economic activity and make communities more sustainable.

- All reform elements need to be supported by building the capacity and capability of government, service providers and communities to work together and engage with reforms.

- The reforms are intended to:

  − increase the effectiveness of services delivered into remote and discrete communities and achieve better value for money for government expenditures

  − empower individuals to take greater responsibility for outcomes in their communities

  − improve the lives of Aboriginal and Torres Strait Islander people living in remote and discrete communities.

- There will be transition costs, but the reform is about better use of existing money, rather than new expenditure.

- The reform proposals are presented as a basis for consultation with stakeholders, before recommendations are submitted in a final report to the Queensland Government.

6.1 Options for reform

The terms of reference ask us to identify investment practices and/or services and programs that are likely to be most effective in improving outcomes. Given feedback from stakeholders that current outcomes are not meeting expectations, we have identified options to reform the service delivery framework.

The first is to **maintain the status quo**. This approach is based on incremental change, and emphasises caution, suggesting large change risks doing more harm than good. The evidence, however, suggests that the current service delivery framework not making sufficient progress towards closing the gap on Indigenous disadvantage. It is likely that more far-reaching reform is required.

A second approach is to make **better use of policy tools** that focus on the needs of individuals and communities—such as more flexible funding instruments, place-based approaches, user-driven models or social reinvestments. These instruments (and others) are all important policy tools, and increasing their use is likely to be important to improve outcomes for Aboriginal and Torres Strait Islander people living in remote and discrete communities. However, in the absence of other, more comprehensive, reforms to change decision-making and accountability, they are unlikely to deliver the best outcomes for the people living in communities.

A third option is for **government to remove itself altogether** from the communities. In many ways, this may deliver better long-term outcomes for Aboriginal and Torres Strait Islander people; however, this would impose unacceptably high costs.

The fourth option involves **both structural and policy reforms**. To enable the mechanisms that will give policy instruments the best chance of working, a more comprehensive reform agenda is required—that is, one that changes the way decisions are made and service providers are held to account and empowers communities to move away from government-provided support.

Figure 43 Options for reform: a comprehensive reform agenda is most likely to improve outcomes
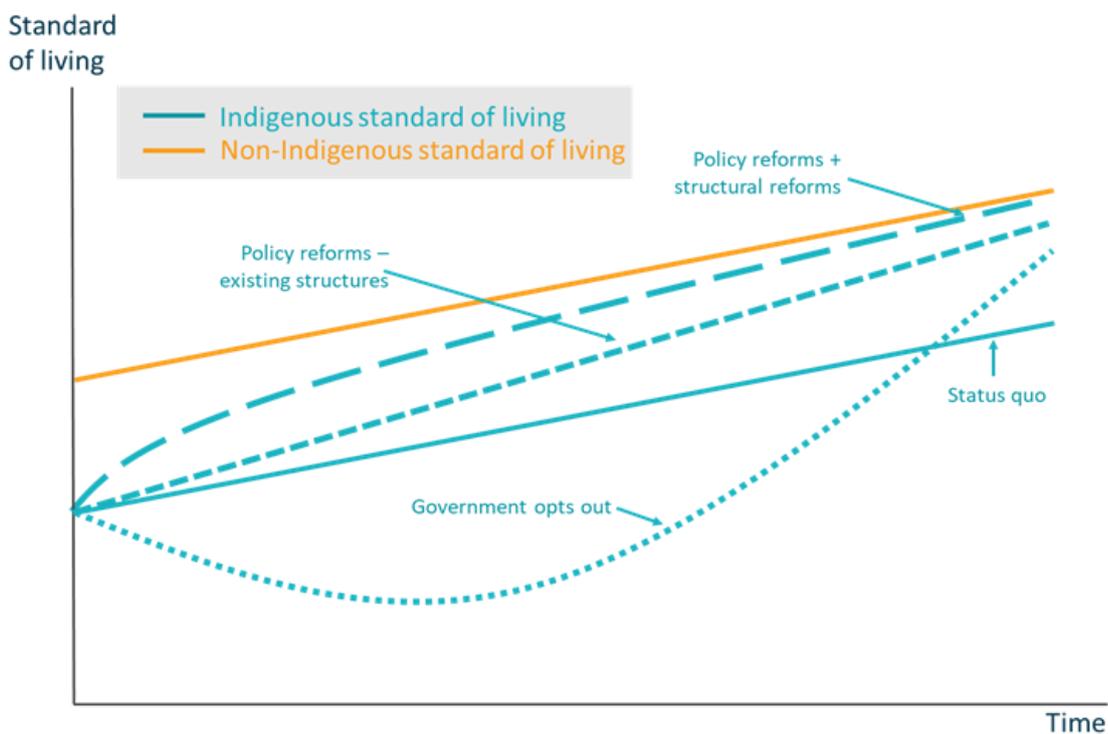
6.2 Widespread support for reform

Stakeholder meetings and submissions indicated a strong desire for reform. This was not only true amongst the community stakeholders, but also amongst the policy developers and frontline workers within the Queensland Government, NGO service providers and the diverse Aboriginal and Torres Strait Islander leadership.

In the Torres Strait, there is a desire and readiness for a much higher level of self-governance:

> Governments persist with fly-in, fly-out models of service delivery and centralised decision making. It is time for this entrenched model to shift …[TSIRC recommends that] the Queensland Government establish a whole-of-government approach that gives back decision making, funds-management, service planning and delivery, to the greatest possible degree possible, to the local TSIRC region. (TSIRC sub. 12, pp. 8, 11)

The desire for more independence from government and control over service delivery was evident in most communities:

> The aspiration of Yarrabah is to enable the community and individuals to choose and coordinate their own path to empowerment and development. (Central Queensland University sub. 7, p. 3)

> Woorabinda community members need to be considered best placed to drive change in their community. This requires a bottom-up approach to accommodate not only meaningful engagement but more importantly, community ownership. Local decision making, program design, the ability of community to participate in problem solving, and respect and understanding for local cultural constraints are critical aspects of the process. (The Woorabinda Aboriginal and Torres Strait Islander Corporation for Social and Emotional Wellbeing and Health sub. 5, p. 2)

> Consultation in the past has been tokenistic and negotiations need to occur for equal relationships to develop. (Barambah Local Justice Aboriginal and Torres Strait Islander Corporation sub. 2, p. 4)

> Closing the Gap on Indigenous disadvantage requires a paradigm shift in the approach of government to service delivery in remote Indigenous communities … For too long Indigenous communities have been told what is best for them. This disempowers and alienates communities. It is not the basis for a mutually respectful relationship. (LGAQ sub. 14, p. 19)

Submissions received from researchers, peak bodies and other representative bodies also stated a clear preference for large changes to the way services are funded, delivered and designed.

The Cape York Institute argues that a transformation reform agenda is required to improve service delivery:

> Given the broad scope of the inquiry, at the outset a fundamental point must be made. The desired destination – that is, convincing improvement in outcomes in remote and discrete Indigenous communities – cannot be reached through improving the current model of service delivery. What is required is a complete shift – that is, a transformation that replaces the current service delivery model with a new approach … There is little value in pursuing programmatic reform that is not guided by structural reform that correctly diagnoses and responds to the flaws that are embedded in the foundations and operations of the current system. (Cape York Institute sub. 26, p. 3)

This view is shared by the Queensland Family and Child Commission:

> The QFCC believes significant systematic change in funding, service delivery, governance and evaluation is required to ensure government money is well spent and outcomes are achieved. (Queensland Family and Child Commission sub. 15, p. 1)

The Centre for Independent Studies suggests that any reforms must change the way decisions are made, with greater responsibility devolved to communities:

> 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. (Centre for Independent Studies sub. 21, p. 6)

QCOSS concurs with this view, stating that service delivery models need to be place-based, with greater emphasis on community views:

> QCOSS supports citizen-led, collaborative, place based approaches to develop tailored responses to the challenges faced by local communities…they enable joined up and integrated engagement over complex social problems and contribute to the development and provision of services which are reflective of, and responsive to community needs, strengths, opportunities, and cultural sensitivities. Such a holistic approach to service delivery is crucial to producing better social outcomes. (QCOSS sub. 18, p. 1)

The National Centre for Wellbeing adds that any reform agenda needs to include and empower individuals and communities:

> For Indigenous children to enjoy brighter futures; barriers to education, employment and accessing health services, together with the high risk environments in which some are raised, must be addressed through sustainable solutions. The issues are complex; however, the evidence suggests that genuine inclusion and empowerment of community members through what sustainability education advocates call 'deep learning' is paramount. (National Centre for Wellbeing sub. 16, p. 1)

Similar opinions were expressed in conversations during our consultations with service providers and government frontline workers:

> We will never be able to make it work from George St. (anonymous State Government policy officer)

> We have to go to one door for this, another door for that. There needs to be a one-stop shop. (Anonymous community service provider, Mt Isa)

> There needs to be a delegation of decision making power to people on the ground...they don't have any delegated authority and need to seek approval from Canberra to do anything. (Anonymous frontline worker, Torres Strait)

> There is no input from community on how services are developed. Programs are written up in Cairns, then ask the community to accept that. Government doesn't come back and ask community what they want. (Anonymous, Coen)

Although narrower in scope than this inquiry, the Australian Productivity Commission's current inquiry into human services draft findings include:

> Place-based approaches—service delivery models based on achieving outcomes for a place—are more likely to contribute to achieving community priorities than programs that align with jurisdictional, departmental or program boundaries.
>
> …
>
> The Commission has been considering an approach based on community-led plans that articulate community priorities and aspirations. Community plans could be used to hold governments and service providers to account for their contribution to outcomes for remote Indigenous communities.

Significant improvements in service effectiveness can be achieved by reforming processes for selecting and managing service providers including establishing longer default contract terms (of ten years), improving the timing and alignment of tender processes, supporting the capacity of people and organisations in remote Indigenous communities, and improving provider selection. (PC 2017a, p. 235)

Box 6.1 Assessing reform options

The Commission has considered reform options against a set of principles that encapsulate the current state of knowledge about 'what works'. These principles include:

Subsidiarity: Social and political issues should be dealt with at the most immediate or local level that is consistent with their resolution—a central authority should have a subsidiary function, performing only those tasks that cannot be performed at a more local level (DPMC 2014, p. 20).

Durability: Any change to governance arrangements in relation to the communities should be sufficiently robust and durable for the long term. There needs to be a process for responding to changing circumstances that allows for any new arrangements to be amended through mutual agreement. However, reforms must avoid the ad hoc decisions that have plagued Indigenous affairs.

Fiscal sustainability: Fiscal sustainability of the local government and organisational sectors is essential to ensure a mechanism for Indigenous peoples to exercise their own government jurisdictions. At the same time, reforms should promote greater independence and foster viable communities.

Accountability: There should be clarity about who is responsible for decision-making and how they will be held to account if things go wrong. Good governance requires accountability for the expenditure of public money, but there should be a balance between accountability requirements and the need to allow decision-makers to learn from mistakes. Service providers need to be accountable to the communities they serve.

Equity, efficiency and effectiveness: Outcomes-focused service delivery models can assist the delivery of equitable, efficient and effective services by allowing flexible design and delivery, meeting local needs and contexts, giving greater priority to community-led-and-owned needs assessment and planning, decision-making and accountability (PC 2017a, pp. 23–24).

Empowerment and development: To move away from a dependence on government, people and communities need to be invested with the autonomy to represent their own interests in a responsible and self-determined way. Empowerment captures the idea that enabling people and communities with the necessary skills, resources, authority, opportunity, and motivation—as well as holding them responsible and accountable for outcomes of their actions—will contribute to their competence and self-determination. Central to the idea of community development is the concept that community members are experts in their lives and communities—they take the lead in making decisions on issues, selecting and implementing actions, and evaluating outcomes.

The Commission is also cognisant that reform options need to be practical—they must be able to be implemented in a reasonable timeframe, work with the direction of other reforms, mesh with all levels of government and have the support of key stakeholders, including Aboriginal and Torres Strait Islander communities.

6.3 The reform proposal

The proposal has three key elements:

- **structural reform** that transfers accountability and decision-making to regions and communities, reforms funding and resourcing, and ensures independent oversight

- **service-delivery reform** that focuses on the needs of individuals and communities, such as needs-based design, user-driven services and place-based models

- **economic reform** that supports community development., enables economic activity and makes communities more sustainable.

Each of these reform elements must be underpinned by support for capacity and capability building—for government, service providers and communities

The proposed reforms devolve decision-making authority to communities and provide mechanisms to ensure services are more accountable to those that use and depend on them. Changes that allow longer-term and more flexible funding arrangements are also proposed, so that communities and service providers can adapt and learn as they go. Reforms should be backed up with an open and transparent evaluation framework that encompasses a holistic view of progress in remote communities and establishes regular public reporting of expenditures, outcomes and the progress of reform.

Better use of the policy 'toolkit', and improvements at each stage of the service 'commissioning' cycle, through a greater focus on users and by managing for performance, will also support more effective and efficient service delivery.

The reforms should build on successes, rather than discarding programs that work.

Without economic development, communities will remain reliant on high levels of government support. Reforms need to consider economic and community development opportunities and how they may influence development, as well as ways in which government can assist and support communities to utilise land holdings to realise their aspirations for development.

The Commission is of the view that each element of the reform agenda will need to be put in place to achieve real improvements in community outcomes and better returns on the investments of public monies. A piecemeal approach is less likely to succeed. For example, changes to the service delivery framework that fails to provide opportunities and incentives for individuals to take responsibility for themselves and their communities will leave discrete communities perpetually dependent on welfare and outside service delivery. Similarly, institutional reform that does not include appropriate accountability mechanisms is likely to result in another failed policy experiment.

Although these reforms will take time to achieve, many of the conditions are already in place. The level of governance capacity in communities is much higher today than it has ever been, and we are better informed about what does and does not work in remote Aboriginal and Torres Strait Islander communities.

The reform proposals are consistent with work already progressing in communities across Australia, including reforms in other states, the Empowered Communities agenda, deliberations in the Torres Strait and reforms being considered by the Productivity Commission's Human Services inquiry.

The reform proposals reflect the Commission's current views on changes that are most likely to improve outcomes for communities. However, these reform proposals need to be tested with stakeholders prior to our recommendations being presented to the Queensland Government later this year.

The reforms are discussed in more detail in the remainder of this part of the report:

- Chapter 7 outlines the reforms to roles and responsibilities.

- Chapter 8 discusses direction for policy reform and opportunities for improvements to the service commissioning cycle.

- Chapter 9 identifies options for economic and community development.

- Chapter 10 presents a monitoring and evaluation framework.

All chapters consider capability and capacity building.

Box 6.2 Benefits and costs of reform

The reforms outlined in this part of the report are intended to enable greater local autonomy and genuine accountability. For the reforms to be successful, their benefits need to outweigh any additional costs associated with them—that is, they need to be considered against a counterfactual of what might occur in the absence of the reforms.

Although we have not conducted a full cost–benefit analysis of the reforms, the Commission is confident they will provide net benefits.

- While there will be transaction costs as service delivery transition to a new way of doing things—for example, there will need to be support for developing the capacity of communities, service providers and government to engage with reforms—these can be minimised if existing capacity is redeployed to support the reforms.

- The reforms are not about more money—rather, the reforms are about redirecting effort and doing things differently.

- Overall, the current approach does not appear to be delivering value for money, and there is little evidence it is working to improve things over the long term.

- The evidence suggests that significant gains can be made by providing incentives for innovation, enabling 'community voice', fully engaging communities in service delivery and enabling longer-term funding approaches.

- The analysis of expenditures shows that there are large gains to be made

Box 6.3 What would success look like?

Successful reform would mean:

- There is broad-based support for the reform direction across government, service providers and communities.

- Government and communities are genuine partners in developing solutions to challenges.

- Communities have a much-expanded voice in program design and lead the prioritisation of needs.

- Government's focus is on outcomes rather than how things are delivered.

- All stakeholders, including communities, have access to good quality, timely information that supports decision-making.

- Service providers are responsive to community priorities and are empowered to work with communities to develop innovative, locally appropriate solutions.

- Compliance requirements support continuous improvement and are reflective of the quantum of funding and risk.

- Mistakes present opportunities to learn and improve.

- A governance and legislative framework allows sufficient authority to get things done without reliance on a central decision-maker.

- People living in remote and discrete communities have access to opportunities for development, including economic opportunities and home ownership, and are empowered to take them.

- Reforms progress and adapt to changing needs and information.

6.4 Implementation issues

A successful reform agenda will require a roadmap to guide implementation. In many ways, the implementation process is a matter for government and communities, rather than for the Commission. Nevertheless, it is likely that there will be a range of implementation issues that stakeholders will have views on.

At this stage of the inquiry, the Commission has not made a full consideration of all the relevant implementation-related issues and is seeking feedback and stakeholder views prior to the release of the final report.

Key issues might include:

- signalling intent to implement reforms and develop an agreed roadmap for change, including timeframes, milestones and processes to drive reforms

- assigning leadership and authority to drive change

- identifying any legislative changes required

- deciding how regions and communities should be established

- determining the composition and governance of community and regional bodies

- identifying those aspects of reform that can be implemented quickly, and those that will take longer

- identifying what works, in collaboration with the Australian Government, to ensure that both levels of government are working together to facilitate meaningful change

- working out whether seed funding is required to implement reforms

- identifying grant funding that can be consolidated

- supporting delegations needed to ensure that agency representatives have sufficient powers to work with regional bodies

- identifying resourcing levels and capabilities under the new arrangements.

Box 6.4 Leading and embedding change

Many major change initiatives in the past have failed or have not generated the shifts in outcomes that were intended (Shergold 2015). Kotter (1995) argues that an overarching reason is that leaders typically fail to acknowledge that large-scale change takes many years to achieve. Transformation is a process, not an event, which advances through stages that build on each other—pressure to accelerate the process can result in stages being skipped, undermining the change process.

Kotter (1995) provides an eight-step process for change, based on observations of change processes across a range of organisations:

Establish a sense of urgency—change requires driving people from their established comfort zones, and a strong case for change needs to be established to kick off a reform process.

Form a powerful guiding coalition—change requires assembling a group with sufficient commitment and power to lead the change effort. This is likely to require a leadership group that represents both government, and Aboriginal and Torres Strait Islander communities.

Create a vision—successful transformation requires the creation of a vision for change that is clear to stakeholders and provides clear strategies for achieving change.

Communicate the vision—this vision needs to be communicated to stakeholders in a way they can engage with.

Empower others—obstacles to change need to be removed, structures shifted to match the vision and risk taking and non-traditional ideas, activities and actions should be encouraged.

Plan for and creating short-term wins—to keep change progressing, stakeholders need to see evidence of change, and those involved in making it happen need to be recognised and rewarded.

Consolidate improvements to produce more change—early wins need to be built on, to further change the systems, structures and policies that do not fit the vision. People and organisations that support the change should be hired, promoted and developed.

Institutionalise new approaches—changes will stick when they become the normal way of doing things. For this to occur, organisational norms need to be shaped around the vison and leadership development, and succession planning need to be consistent with the new way of doing things.

Lessons from the successful implementation of microeconomic reforms during the 1980s and 1990s could also be useful. Over the course of the reforms it was recognised that, if there was to be continued progress on the reform agenda, there needed to be ongoing independent monitoring and reporting of progress that had been made. It was also necessary to highlight those areas of the reform program that required further attention (BIE 1995). The independence of the reporting was seen as important, since there was a need to build a consensus amongst decision-makers on ways forward where there were a range of stakeholders with disparate views, and some genuinely threatened by reforms (Banks 2011).

This level of independent oversight has remained an important feature of reform in Australia. In the Indigenous space, independent monitoring of the National Indigenous Reform Agreements (SCRGSP 2016a) and reporting on outcomes through the Closing Indigenous Disadvantage Reports (SCRGSP 2016b) have been important features in keeping reforms progressing.

Similar independent monitoring and evaluation mechanisms will be required to keep a reform agenda progressing for Queensland's remote and discrete Aboriginal and Torres Strait Islander communities.

The overarching reform proposal

Draft recommendation 1

The Queensland Government should commit to a long-term reform of the governance, policy and funding of service delivery to communities. This reform should include:

- structural reform to transfer accountability and decision-making to regions and communities, reform funding and resourcing arrangements, and monitor progress through independent oversight

- service delivery reform to put communities at the centre of service design and better focus on the needs of individuals through service delivery models that suit the circumstances

- economic reform to enable economic activity, support community development and make communities more sustainable.

Each of these reform elements must be supported by capacity and capability building for government, service providers and communities; and transparent and timely data collection and reporting to support performance and accountability.