2017
DRAFT REPORT
Service delivery in remote and discrete Aboriginal and Torres Strait Islander communities
Service Delivery in Indigenous Communities: Have Your Say

The Treasurer has asked the Queensland Productivity Commission (the Commission) to undertake an inquiry into service delivery in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities.

This draft report has been released to provide an opportunity for consultation on the issues raised by this inquiry—and, in particular, on preliminary analysis, findings and recommendations.

The final report will be prepared after further consultation has been undertaken, and will be forwarded to the Queensland Government in December.

Make a submission

The Commission invites all interested parties to make written submissions on the draft report.

Submissions are due by close of business 8 November 2017. They can be lodged online or via post:

Service delivery in Indigenous communities
Queensland Productivity Commission
PO Box 12112
George St QLD 4003

Submissions will be treated as public documents and published on the Commission’s website. If your submission contains genuinely confidential information, please provide the confidential material in a clearly marked separate attachment.

Contacts

Enquiries regarding this project can be made by telephone (07) 3015 5111 or online at http://qpc.qld.gov.au/contact-us/

Key dates

Consultation paper released
31 March 2017
Initial consultation
April – June 2017
Release of the draft report
October 2017
Further consultation
October 2017
Submissions due
8 November 2017
Final report submitted to the Government in December 2017

The Queensland Productivity Commission is an independent statutory body that provides independent advice on complex economic and regulatory issues.

The Commission has an advisory role and operates independently from the Queensland Government—its views, findings and recommendations are based on its own analysis and judgments.

After undertaking a public inquiry, the Commission provides a written report to the Treasurer who must provide a written response within six months. Following this, the Commission publishes the final report.

Further information on the Commission and its functions can be obtained from the Commission’s website www.qpc.qld.gov.au
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERVIEW</td>
<td>VII</td>
</tr>
<tr>
<td>1.0 INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1 What has the Commission been asked to do?</td>
<td>2</td>
</tr>
<tr>
<td>1.2 Our approach</td>
<td>3</td>
</tr>
<tr>
<td>1.3 Conduct of the inquiry and stakeholder participation</td>
<td>3</td>
</tr>
<tr>
<td>1.4 Report structure</td>
<td>4</td>
</tr>
<tr>
<td>PART A: BACKGROUND</td>
<td>7</td>
</tr>
<tr>
<td>2.0 BACKGROUND</td>
<td>9</td>
</tr>
<tr>
<td>2.1 The remote and discrete communities</td>
<td>11</td>
</tr>
<tr>
<td>2.2 Historical context</td>
<td>11</td>
</tr>
<tr>
<td>2.3 The service delivery environment</td>
<td>17</td>
</tr>
<tr>
<td>2.4 Conclusion</td>
<td>24</td>
</tr>
<tr>
<td>3.0 LEVELS AND PATTERNS OF GOVERNMENT EXPENDITURES</td>
<td>25</td>
</tr>
<tr>
<td>3.1 Background</td>
<td>27</td>
</tr>
<tr>
<td>3.2 Understanding expenditures</td>
<td>28</td>
</tr>
<tr>
<td>3.3 Queensland Government expenditure in context</td>
<td>29</td>
</tr>
<tr>
<td>3.4 Constructing estimates of Queensland Government expenditure in remote and discrete Aboriginal and Torres Strait Islander communities</td>
<td>31</td>
</tr>
<tr>
<td>3.5 Headline estimates—how much does the Queensland Government spend on service delivery to remote and discrete communities?</td>
<td>34</td>
</tr>
<tr>
<td>3.6 How does this compare with other jurisdictions?</td>
<td>37</td>
</tr>
<tr>
<td>3.7 Where do the expenditures go?</td>
<td>39</td>
</tr>
<tr>
<td>3.8 Alternative estimates—agency estimates</td>
<td>45</td>
</tr>
<tr>
<td>3.9 Community-level estimates—case studies</td>
<td>46</td>
</tr>
<tr>
<td>4.0 OUTCOMES</td>
<td>51</td>
</tr>
<tr>
<td>4.1 Data sources and challenges</td>
<td>53</td>
</tr>
<tr>
<td>4.2 Education</td>
<td>54</td>
</tr>
<tr>
<td>4.3 Economic participation</td>
<td>58</td>
</tr>
<tr>
<td>4.4 Health</td>
<td>61</td>
</tr>
<tr>
<td>4.5 Community safety</td>
<td>63</td>
</tr>
<tr>
<td>4.6 Housing</td>
<td>66</td>
</tr>
<tr>
<td>4.7 Wellbeing</td>
<td>68</td>
</tr>
<tr>
<td>Section</td>
<td>Page</td>
</tr>
<tr>
<td>---------</td>
<td>------</td>
</tr>
<tr>
<td>4.8 Indicators for the Torres Strait</td>
<td>69</td>
</tr>
<tr>
<td>4.9 Conclusion</td>
<td>71</td>
</tr>
<tr>
<td>5.0 OVERALL ASSESSMENT</td>
<td>73</td>
</tr>
<tr>
<td>5.1 Social and economic outcomes</td>
<td>75</td>
</tr>
<tr>
<td>5.2 A summary assessment of current service delivery policies</td>
<td>75</td>
</tr>
<tr>
<td>5.3 Policy failures when good intentions abound</td>
<td>76</td>
</tr>
<tr>
<td>5.4 Institutional design and funding problems</td>
<td>77</td>
</tr>
<tr>
<td>5.5 Underlying problems</td>
<td>83</td>
</tr>
<tr>
<td>5.6 Key implications for this inquiry</td>
<td>97</td>
</tr>
<tr>
<td>PART B: THE WAY FORWARD</td>
<td></td>
</tr>
<tr>
<td>6.0 OVERVIEW OF PROPOSED REFORMS</td>
<td>101</td>
</tr>
<tr>
<td>6.1 Options for reform</td>
<td>103</td>
</tr>
<tr>
<td>6.2 Widespread support for reform</td>
<td>104</td>
</tr>
<tr>
<td>6.3 The reform proposal</td>
<td>107</td>
</tr>
<tr>
<td>6.4 Implementation issues</td>
<td>110</td>
</tr>
<tr>
<td>7.0 STRUCTURAL REFORM</td>
<td>113</td>
</tr>
<tr>
<td>7.1 The structural reform proposal</td>
<td>115</td>
</tr>
<tr>
<td>7.2 How the structural reforms address performance</td>
<td>126</td>
</tr>
<tr>
<td>7.3 What are the risks?</td>
<td>128</td>
</tr>
<tr>
<td>7.4 What is happening elsewhere?</td>
<td>131</td>
</tr>
<tr>
<td>7.5 Conclusion</td>
<td>136</td>
</tr>
<tr>
<td>8.0 DIRECTIONS FOR POLICY REFORM</td>
<td>139</td>
</tr>
<tr>
<td>8.1 Changes in approach are required</td>
<td>142</td>
</tr>
<tr>
<td>8.2 Building capabilities and ongoing support</td>
<td>143</td>
</tr>
<tr>
<td>8.3 Community voice and engagement</td>
<td>145</td>
</tr>
<tr>
<td>8.4 Choosing policy instruments that support development</td>
<td>146</td>
</tr>
<tr>
<td>8.5 From supply- to demand-oriented models of service delivery</td>
<td>157</td>
</tr>
<tr>
<td>8.6 Aligning incentives</td>
<td>160</td>
</tr>
<tr>
<td>8.7 Support for ‘holistic’ service delivery</td>
<td>165</td>
</tr>
<tr>
<td>8.8 Conclusion</td>
<td>169</td>
</tr>
<tr>
<td>9.0 ECONOMIC AND COMMUNITY DEVELOPMENT</td>
<td>171</td>
</tr>
<tr>
<td>9.1 Why development is important for service delivery</td>
<td>173</td>
</tr>
<tr>
<td>9.2 Changing the approach</td>
<td>175</td>
</tr>
<tr>
<td>9.3 Viability and service delivery costs</td>
<td>177</td>
</tr>
<tr>
<td>9.4 Role for government in economic development</td>
<td>178</td>
</tr>
<tr>
<td>9.5 Employment</td>
<td>188</td>
</tr>
</tbody>
</table>
Overview
This overview summarises the key findings and recommendations from the draft report for the inquiry into service delivery in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities.

Key points

- The Queensland Government invests in remote and discrete Aboriginal and Torres Strait Islander communities to support people to live healthy, safe and fulfilling lives.

- This report considers how available resources can best be used to achieve these outcomes.

- We have talked with those living in communities, service providers and other stakeholders to understand how well the current system meets their needs. The results are mixed.

- There are examples of good service delivery that can be built upon, but most stakeholders agree there are opportunities to improve how programs and services are designed, funded and delivered to better meet expectations of performance and improve outcomes.

- The service delivery system involves all three levels of government, numerous agencies, and a wide range of Indigenous and non-Indigenous organisations. There is a strong commitment from stakeholders to address the complex and longstanding issues facing communities.

- In our view, the key to sustained change is to address the underlying incentives inherent in the current system. This means a change to the overall policy and service delivery architecture as follows:
  - structural reform to transfer accountability and decision-making closer to where service users are—to regions and communities
  - service delivery reform to put communities at the centre of service design
  - economic reform to facilitate economic participation and community development.

- These elements will need to be underpinned by:
  - capability and capacity building within government, service providers and communities to support a new way of doing things
  - timely and transparent data collection and reporting to support performance and accountability.

- This proposal, put forward for further discussion, aims to enable Aboriginal and Torres Strait Islander communities to improve outcomes for themselves. The potential benefits are large, in improving wellbeing and in re-prioritising expenditure to where communities value it most.

- The proposal is realistic but ambitious—gains will take time. The Commission has put forward 16 recommendations to achieve better performance in delivering outcomes and promote further discussion.
What is the inquiry about?

In December 2016, the Treasurer asked the Commission to review and report on government investment in remote and discrete Aboriginal and Torres Strait Islander communities to identify what works well, and why, with a view to improving outcomes for Aboriginal peoples and Torres Strait Islander peoples.

The terms of reference ask us to investigate and report on:

- levels and patterns of government investment and how they change over time
- interactions between investments made by all levels of government, non-profit organisations and third party service providers
- the range of service delivery programs and whether there is duplication or a lack of coordination across programs
- an evaluation of the design and delivery of existing government services
- best practice approaches for evaluating the effectiveness and efficiency of service delivery
- identification of investment practices that are most likely to improve outcomes
- comparisons with relevant benchmarks and services delivered in other jurisdictions.

The Commission’s approach to this inquiry reflects that it comes after a long (and ongoing) succession of inquiries, reviews and reports on Indigenous disadvantage. It recognises that the breadth of services and issues mean it would not be feasible to provide an in-depth assessment of every policy or program for this inquiry. The focus has been to examine the overarching policy, governance and funding framework that overlays all services, rather than examine each service delivery area in detail.

Consultation

The Commission operates on a public inquiry model, underpinned by open and transparent consultation. To prepare the draft report, we released a consultation paper (March 2017), met with a wide range of stakeholders and received written submissions.

The success of this inquiry depends heavily on community residents, leaders and those working in service delivery sharing their experience with us. There are three phases of consultation:

- Phase 1—December 2016 to March 2017: to inform stakeholders about the inquiry and how they could get involved, and include stakeholders in determining the scope of the inquiry.
- Phase 2—April to June 2017: to identify issues and inform the findings and recommendations of the draft report.
- Phase 3—October 2017: to test the findings and recommendations of the draft report and gather further views and evidence from stakeholders.

The separate Consultation Summary Report provides detail on the consultation process and stakeholder views distilled from the initial rounds of consultation. Box 2 provides a small sample of stakeholder views.
Box 1 How did we consult?

Given the differences across stakeholder groups, we adopted a multi-layer approach to consultation, using:

- direct meetings and site visits to communities
- formal written submissions
- roundtables
- meetings with government champions and briefings for government agencies.

We also used multiple forms of communication to target content and provide accessibility for all stakeholders, including face-to-face visits, phone conferencing circulars, summary reports, and media information (for Indigenous and non-Indigenous media).

<table>
<thead>
<tr>
<th>Key stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITIES</strong></td>
</tr>
<tr>
<td>Individuals</td>
</tr>
<tr>
<td>Councils</td>
</tr>
<tr>
<td>Businesses</td>
</tr>
</tbody>
</table>

**We met with:**

- Indigenous and non-Indigenous councils, including mayors, CEOs and the LGAQ Indigenous leaders’ forum
- Indigenous leaders from Cape York and Torres Strait
- academic experts
- community members from Palm Island, Doomadgee, Coen, Torres Strait, Yarrabah, Cherbourg, Hope Vale and Mossman Gorge
- service providers (non-government organisations (NGO) and government providers) and peak bodies
- Indigenous land-holding bodies and land councils
Box 2 What stakeholders told us

Communities indicated they value services that have staff and facilities ‘on the ground’

Three major services which provide consistent and valued service to our communities outside of TSIRC are Health, Education and the TSRA Rangers Program. All have staff and facilities on the ground in each community. All are integrated well into their communities and play a positive role in facilitating other services into communities. All are staffed by people living in the communities. (Torres Strait Island Regional Council sub. 12, p. 34)

Stakeholders raised concerns on how services are funded, evaluated and reported on

... different sources of funding from different state and federal departments, often for the same clients, creates major issues associated with service provision, achievement of the best outcomes, administration and accountability. (Woorabinda Aboriginal and Torres Islander Corporation for Social and Emotional Wellbeing and Health sub. 5, p. 3)

... both levels of government have agreed to work together to reform current state-local government grant funding. In the State Infrastructure Plan (SIP), the Queensland Government made a commitment to review its fragmented infrastructure grant funding arrangements to local government. (Queensland Government sub. 27, p. 22)

There is very little evidence available around program evaluation and reporting. When asked, service providers say that ‘the council or community are not entitled to access this information – that it is confidential’ and that they are only required to provide this to their funding agency. (Local Government Association of Queensland sub. 14, p. 40)

Many highlighted inefficiencies and duplication

Service delivery in small Indigenous communities is now a very crowded space, and there is over-servicing, duplication, waste and useless service provision in some areas. Even then, often services are so poorly targeted that there remains a high level of unmet need. (Cape York Institute sub. 26, p. 8)

... instead of alleviating Indigenous disadvantage, the shared responsibility has led to confusion, cost-shifting and waste in Indigenous program and service delivery. (The Centre for Independent Studies, sub. 9, p. 4)

Others highlighted the need for cultural capability to successfully partner with the community

[there is a] need for greater cultural capability, collaboration and coordination across all levels of government to improve the effectiveness of community engagement processes, as well as building stronger partnerships with community, and service providers. (Queensland Government sub. 27, p. 16)

Stakeholders indicated a desire for a shift towards community decision-making and accountability

A key aspiration of the region and its leadership is to work towards achieving Regional Governance to enable local/regional control and management of all Government and non-Government services and programmes being delivered in the region. (Torres Strait Regional Authority sub. 22, p. 2)

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. (Local Government Association of Queensland sub. 14, p. 19)
What is a remote or discrete community?

The scope of this inquiry is limited to service delivery in remote and discrete Aboriginal and Torres Strait Islander communities.

Remote communities are those communities within the area defined as ‘remote’ or ‘very remote’ under the Australian Bureau of Statistics’ Standard Geographical Classification Remoteness Structure.

Discrete communities are bounded geographical locations inhabited predominantly by Aboriginal and Torres Strait Islander people with housing or infrastructure owned or managed on a community basis.

Figure 1 Queensland’s remote and discrete communities
Expenditure

There is limited expenditure information available specifically for remote and discrete communities.

The Australian Productivity Commission estimates that, in 2012-13, Australia-wide total direct expenditure\(^1\) by Australian, State and Territory governments on services for Aboriginal and Torres Strait Islander Australians was $30.3 billion (6 per cent of total direct general government expenditure) or $43,449 per person.

Of this direct Indigenous expenditure, the Australian Government accounted for 47 per cent, and 53 per cent was provided by State and Territory governments. Mainstream services accounted for 81 per cent of direct Indigenous expenditure, and Indigenous specific services, 19 per cent.

In Queensland, total direct Indigenous expenditure in 2012-13 was estimated to be $7.6 billion ($38,540 per person). Of this, $3.6 billion (47 per cent) was provided by the Australian Government, and $4.0 billion (53 per cent) by the Queensland government. Mainstream services accounted for 84 per cent of expenditure and 16 per cent was provided through Indigenous specific services.

To estimate the level of Queensland Government investment in remote and discrete Aboriginal and Torres Strait Islander communities, we created an aggregate tops-down estimate using data from the Australian Productivity Commission, allocating costs to regions based on population size, service use, and delivery cost differentials.

Based on this approach, we estimate the Queensland Government spent around $1.3 billion\(^2\) (or $32,000 per person) on service delivery to remote and discrete Aboriginal and Torres Strait Islander communities in 2012-13. This was just under 3 per cent of the $45 billion spent by the Queensland Government on service delivery across the state in that year.

The per capita costs of service delivery in remote and discrete communities are comparable with those made in other jurisdictions and are mainly the result of higher need (higher service use intensity) and the higher costs of service delivery in remote regions (Figure 2).

An estimate of local government expenditures that could be used for comparative purposes is not available.

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\(^1\) Direct expenditure includes government outlays on services and programs (including income support) that are paid directly to individuals, non-government service providers, or local governments. Source: Steering Committee for the Review of Government Provision 2014 \textit{Indigenous Expenditure Report}, Productivity Commission, Canberra.

\(^2\) The Commission has made no assessment of the proportion of this expenditure that is spent on on-the-ground service delivery.
An analysis of community-level data shows that there is a very high number of both services and service providers in communities. For example, in Hope Vale (population 1,125), we identified 78 different services, provided by 46 different service providers (Table 1). There were 44 different funding programs across 11 Queensland Government departments.

### Table 1 Service delivery in Hope Vale

<table>
<thead>
<tr>
<th>Service provider</th>
<th>In the community</th>
<th>Drive in/out or fly in/out</th>
<th>External</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>7</td>
<td>18</td>
<td>1</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>NGO</td>
<td>7</td>
<td>21</td>
<td>1</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>Council</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
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<tr>
<td>Private</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>39</td>
<td>2</td>
<td>5</td>
<td>78</td>
</tr>
</tbody>
</table>

Outcomes

Government investment is aimed at improving wellbeing—to support people to live healthy, safe and fulfilling lives. There is no single measure of wellbeing outcomes in remote and discrete communities, and data is publicly available for a group of partial indicators.

In general, there is a gap in outcomes for people living in the communities compared to other Indigenous and non-Indigenous Queenslanders in the rest of the state (Figure 3).

Figure 3 Selected indicators for Queensland

Economic indicators in the remote and discrete communities show high and persistent rates of unemployment, welfare dependency and little private sector activity compared to other Australian and Queensland communities. These outcomes are at least partly the unintended consequence of past government policies:

- Discrete communities were typically located in areas deemed unsuitable for other use.
- Land holding arrangements have not provided the prerequisite conditions for economic development—this has resulted in a lack of effective property rights for residents in the discrete communities.
- Governments, as ‘service providers’, have contributed to a culture of dependency, undermining individual initiative and capability, reducing incentives for individual responsibility.
- In some cases, governments directly displaced or crowded out market opportunities (for example, government-owned retail stores).

Socioeconomic determinants play a significant role in the gap in outcomes for remote and discrete Aboriginal and Torres Strait Islander communities.

Indicators are better in the Torres Strait where governance autonomy has remained strong

Outcomes vary among discrete communities and are not necessarily related to size, remoteness or geography. For example, Yarrabah, one of the larger discrete communities, is only 50 kilometres from Cairns but is the highest ranked local government area in Queensland in terms of socioeconomic disadvantage.
A factor the Commission identified that might contribute to different outcomes was the level of governance autonomy exhibited in communities. This is particularly evident in the Torres Strait, where measured indicators are better than in other discrete communities, and governance autonomy has remained relatively high for historical reasons. This finding is consistent with academic research on outcomes in Indigenous reserves in Canada and the United States.

How well is the system performing?

All levels of government share responsibility for the service delivery system.

• The Australian government provides significant levels of direct payments and grant funding to service providers and communities. Its focus is on economic participation, safe and supportive communities, health and other services.

• The Queensland Government is directly involved in service delivery, as a provider or through contracts, as well as administering grant funding. Its contribution is mainly in safe and supportive communities, health, early child development, education and training, as well as the home environment.

• Local governments also play a key role in delivering services, and in the discrete communities, are often responsible for a much larger range of activities than other local governments.

Both Australian and Queensland Governments set policy. NGOs, Indigenous organisations and government agencies are involved in service provision.

There are examples of programs working well

There is limited publicly available information to enable a complete assessment of the performance of services in Queensland. Programs that stakeholders identified as working well (Box 3) tended to be consistent with the evidence of ‘what works’ in Indigenous communities. For example, services that:

• take care of root causes, rather than focusing on the symptoms

• adopt a developmental approach, including a strong sense of community ownership and control

• are people focused, and incorporate a ‘bottom-up’ approach to program design, decision making and service delivery that incorporates community leadership and culture

• support iterative learning and capacity building

• align with ‘place-based’ requirements, rather than jurisdictional, departmental or program boundaries.
Box 3 Services or programs: some positive examples

Stakeholders identified several positive examples of service delivery in Queensland.

Aboriginal and Torres Strait Islander community controlled health organisations (ACCHOs)
- Complement general health services by providing comprehensive health care within the cultural paradigm that makes services more accessible to Indigenous Queenslanders.
- Assessment found ACCHOs have reduced unintentional racism and barriers to health care access, and are progressively improving individual health outcomes.
- Demonstrated superior performance to mainstream general practice. ACCHOs also play a substantial role in training the medical workforce and employing Indigenous people.

Strait Start: early childhood education
- Locally developed program, delivered in Torres Strait communities by trained community members.
- Supports development of children’s motor and cognitive skills, language and literacy, general knowledge, social and emotional development, independence and self-efficacy.
- Much of the significant improvement in the number of developmentally vulnerable children in the Torres Strait has been attributed to the Strait Start program.

DATSIP Technical Working Groups (TWGs)
- TWGs include the mayor, councillors, CEO and works/infrastructure managers.
- Coordinated approach to project scheduling and informed capital procurement processes. Smooths out program peaks and troughs to maximise employment and training outcomes.

Indigenous VET Partnership
- Program administered by the LGAQ to build capacity in discrete communities.
- As at April 2017, had trained over 1,200 people with a completion rate greater than 95 per cent.
- Tied to employment outcomes, allowing locals to undertake jobs previously undertaken by fly-in fly-out contractors.

Return to country (R2C)
- Piloted by the Queensland Police Service to assist homeless people seeking to return to home communities. Participants were referred by Police Liaison Officers in the Cairns city area.
- R2C offered subsidised flights financed by participants from their social security income.
- Evaluation found overwhelming satisfaction with the program, with participants grateful to reunite with family, friends and culture and being removed from potential harm.
- Economic analysis indicated that R2C cost $135,831 and potentially saved $2.7 million due to avoided public service costs such as health and justice (2014 Australian dollars).

Sources: Panaretto et al. 2014; TSIREC sub. 8; LGAQ sub. 14; Kinchin et al. 2017.
**Improving service delivery outcomes**

Given the level of challenges facing communities and complexity of policy issues, policies and services may not always work as intended. However, evidence presented to the inquiry suggests some framework-level issues contribute to suboptimal outcomes.

**There is opportunity to improve system performance**

Access to robust performance information to evaluate the effectiveness and efficiency of services investment has been a key issue for this inquiry. There is an opportunity to achieve better outcomes through the enhanced design of services and their administration and compliance regimes. Not getting these things right can undermine the achievement of positive outcomes.

The Commission observed instances where infrastructure was funded and constructed, but was either unable to be used, or unsuitable for use. Communities, service providers and government officers raised concerns about:

- high indirect or ancillary costs, excessive compliance burdens and other unnecessary requirements
- mismatches between service provision and community needs
- services being purchased for communities, but underused due to their not meeting local needs and/or priorities.

**The service delivery system is a large network of administrative silos**

For any single community, at least 13 Queensland Government departments, as well as the Australian Government are involved in coordination, policy development and service delivery. Numerous boards and statutory bodies also work with communities or develop policies that affect them. Both levels of government also provide funding for peak bodies and a range of NGOs working with communities (Figure 4).

This has created a bureaucratic ‘maze’—to service just over 40,000 people or less than 1 per cent of the state population. The service delivery system is characterised by overlaps in roles and responsibilities, unclear lines of accountability and a difficulty to get things done, particularly when the challenges associated with delivering services into remote locations are added to the mix.
Funding arrangements could better support effectiveness and sustainability of service delivery and Indigenous organisations

Although grant funding and contracting arrangements aim to ensure accountability, manage risk and encourage competition, the system does not appear to facilitate the outcomes it aims to achieve.

Short-term grant funding and methods of contracting leads to rigidity in program delivery (as opposed to focusing on the needs of the individuals or place) and high administration costs. It contributes to uncertainty and is a barrier to long term planning and innovation to better meet service user needs and build local capability.

**Stakeholders need timely information to manage performance**

Good and timely performance information supports successful program delivery. For services delivered by the Queensland government, there is limited publicly available information to support an assessment of program performance.

Although compliance reporting requirements are extensive, the data collected typically does not provide evidence of the program’s impact, account for how the money was spent, or report on whether the program is meeting its objectives.

The Queensland Government has guidelines to encourage evaluation. However, where evaluations are undertaken, they are often not made public. Key stakeholders remain uninformed on the outcomes of evaluations they have been actively involved in; limited evidence is available of ‘lessons learned’ to improve service delivery or inform future programs.
The service delivery system embodies a range of incentives

In discrete communities, the government essentially ‘operates’ the community—individual choice, markets, rewards and responsibilities have a limited role. This results in ‘principal–agent’ and incentive issues across actors:

- poor or conflicting incentives—for government (there is a bias towards visible action), service providers (who need to maintain programs and funding rather than improve outcomes) and users (who are rewarded for welfare dependency)
- no or limited alignment between decision-making and accountability—dispersed responsibilities and short-term policy mean limited genuine accountability to users, communities, government or taxpayers
- information asymmetry between government, service providers and service users—means that services may mismatch against people’s real needs
- the costs of maintaining the system are high—there are significant ‘transaction’ costs and red tape. The system is so large and bureaucratic that it risks serving itself rather than communities.

Service delivery and policy design are caught in a recurring cycle

The literature and history of policy development in Indigenous affairs suggests that it follows a recurring cycle, with service delivery failings and poor outcomes prompting an acute response to improve the existing service delivery model by filling gaps, improving coordination, elevating policy responsibility, mandating consultation, and increasing funding.

Further government-led repair of the service delivery model is unlikely to be sufficient to achieve substantial and lasting change.

A broader reform agenda to align incentives with outcomes is necessary

There are a range of options that could be considered for reforming service delivery, each with their own advantages and risks. However, an assessment of the evidence available to this inquiry suggests that changes to the overarching governance, funding and policy architecture are required to improve outcomes.
A reform proposal

Where are we now?
Current system performance is not meeting expectations in terms of improving the well-being of those living in remote and discrete Aboriginal and Torres Strait Islander communities. There are opportunities to improve the effectiveness and transparency of the system to achieve better social and economic outcomes.

What is the aim?
A service delivery system that provides the right incentives, puts communities at the centre and focuses on performance, so that:

- people can access services that effectively and efficiently meet their needs
- people can access economic and other opportunities, and are empowered to take them
- communities, government and service providers act as genuine partners in developing solutions
- government focuses on outcomes rather than how things are delivered, while ensuring good stewardship of taxpayer funding
- all stakeholders can access good-quality, timely information to support decision-making
- mistakes are seen as an opportunity to learn and improve, and reforms adapt to changing needs.

How to get there?
The Queensland Government can best improve outcomes through reforms that enable Aboriginal and Torres Strait Islander peoples to develop ways to improve outcomes for themselves:

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

2. Service delivery reform to put communities at the centre of service design and better focus on the needs of people through service delivery models that suit the circumstances.

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

Underpinning each of the reform elements must be support for capacity and capability building, so that government, service providers and communities can adjust to a new way of doing things, as well as timely and transparent data and reporting to support performance and accountability.

The potential benefits from reform are large, both in terms of improving wellbeing in communities and the savings that could be directed towards activities communities value more highly.
Reform agenda—a proposal

The reform proposal reflects the Commission’s current views on the changes that are most likely to improve outcomes in communities. However, the reform proposal is just that—a proposal—that needs to be tested with stakeholders prior to finalising our recommendations in December this year.

Just as service delivery challenges have been longstanding, so has the discussion on the underlying solutions. The priority for this inquiry has been to develop mechanisms that will enable the Queensland Government and communities to achieve change.

A structural reform

To make material progress, evidence suggests the current decision-making model for service delivery must move closer to the people it serves. Transferring decision-making closer to communities is more likely to:

• meet community needs and priorities
• empower people to have greater control over their lives
• create incentives for providers to be more responsive and drive innovation and efficiencies in service delivery
• be more effective in improving outcomes and wellbeing.

To be successful, a transfer of decision-making also requires a transfer of accountability.

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Structural reform—a snapshot

Changes to accountability mechanisms and decision-making powers

<table>
<thead>
<tr>
<th>Now</th>
<th>Post reform</th>
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<tbody>
<tr>
<td>DECISION MAKING</td>
<td>DECISION MAKING</td>
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<tr>
<td>Government</td>
<td>Community</td>
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</table>

NGO providers

Government providers

Community

Government

Weak accountability

Accountability
Transferring accountability and decision-making

Rather than directing service delivery, the Queensland Government should manage accountability, oversight and risk through agreements with communities. These agreements should specify the objectives, principles and outcomes being sought, and should be negotiated between Indigenous communities and government.

The scope of the agreements would include all services delivered in communities, covering:

- mainstream services, which are bound by legislative and other obligations
- Indigenous-specific and other services, where there is some discretion for communities to prioritise the level and type of activity.

To support these changes, a reallocation of responsibilities will be required, supported by appropriate risk management. Who undertakes these roles will need to be negotiated between communities and government, and may not be the same for all communities or regions.

Agreements to support a transfer of decision-making and accountability

Agreements underpin the objectives and outcomes desired by government, with communities enabled to determine the best way these will be achieved.
Some changes to the service delivery architecture will be required to enable the transfer of decision making and accountability. To enable a community voice, community-level representation needs to be established in a form that works for each community—this may vary from place to place, but must be able to legitimately represent the communities they act for.

Given their small size, communities may choose to work together within regional groupings. This will enable the establishment of capacity, allow economies of scales of scope and scale and form the basis for negotiation with government.

Community-level representative bodies would:

- determine priorities and establish community level plans and monitor progress against this plan
- provide a one-stop-shop for service providers to undertake community consultation
- manage tenders for service provision.

Regional bodies (which represent groups of communities) would:

- provide governance capability, advice and assistance to community-level bodies, including for the development of community-level plans
- coordinate and assist communities to take advantage of economies of scale and scope
- work with communities to determine region-wide resourcing needs and priorities
- work with mainstream service providers to develop regional policy, ensure that community plans are adhered to and that service provision to communities is appropriate.

The Queensland Government would:

- negotiate the agreement with regional bodies (or community bodies), including agreed principles and outcomes, funding to achieve them and a performance framework to measure and manage outcomes
- deliver mainstream services as negotiated with communities
- maintain and develop statewide policy and legislative framework.

To keep the reforms on track and to provide a mechanism for the dissemination of progress against outcomes, an independent oversight body would be responsible for:

- monitoring and reporting on progress against the agreement
- independent assessment of progress against plans
- the collation and dissemination of information on outcomes and expenditure data on remote and discrete communities to underpin assessment of performance.

The key is reform to roles and responsibilities, not establishing new institutions or more bureaucracy. Communities and the Queensland Government will need to determine what institutions undertake which roles, but existing bodies may perform the functions described above.

For example, local councils might perform the role of the community-level representative bodies, where they have community support to do so. Similarly, the Torres Strait Regional Authority already assumes many of the functions of a regional body. The oversight functions could be undertaken by an existing agency, such as the Queensland Audit Office or the Queensland Productivity Commission.
The devolution of decision-making is consistent with the subsidiarity principle and evidence of what works in Indigenous communities. There are examples in other states of place-based approaches with regional representation that have similar elements, such as the Murdi Paaki Regional Assembly in New South Wales. The structural reforms are also consistent with the principles that underpin the ‘empowered communities’ agenda.

Reforms to funding and resourcing

Under the structural reform, the delivery of mainstream services would be negotiated with communities under the agreement.

Beyond this, existing grant funding could be pooled and provided for a longer time, to reduce uncertainty and promote long term investment in skills and infrastructure. Decisions about how funds and resources are used to achieve the agreed outcomes, would be undertaken at the region and community level. This empowers communities to determine the best way for outcomes to be achieved.

Reporting and compliance would be directed towards the regional bodies and community-level bodies. Over time, as success is demonstrated, mainstream service funding may be transferred to the funding pool.
How structural reforms are implemented will be important. Some communities and regions are likely to be ready to begin change immediately, while others will need time. Similarly, the transition of service delivery decision-making may need to be staged, with those areas most amenable transitioned first, followed by others as government and community capacity is developed.

The proposed reforms are intended to allow service delivery decisions to better meet community needs and priorities. A stronger local view about priorities will support improved integration with Australian Government funding, enabling better outcomes and opportunities for communities to leverage funding opportunities.

**Service delivery reform**

*Policy changes to improve service delivery*

Models that remove impediments to communities providing services, place people at the centre of service delivery, and fund for performance are more likely to improve outcomes. These changes can be adopted independently from, or as a complement to, the other elements of the reform proposal. Many build on existing successes.

The choice of instrument would be guided by the community’s circumstances and outcomes sought, but may include the following.

**Performance-based funding models**: such as social impact investment (Box 4) can provide stronger incentives for service delivery improvement, while providing the flexibility to innovate. The Social Reinvestment trial, co-designed by DATSIP and communities, and Social Benefit Bonds pilots (Queensland Treasury) are examples currently underway. Other reforms could focus on increasing rewards to move from welfare dependence to economic participation.

Funding model reforms that shift government’s involvement to the role of funder and co-purchaser rather than funder, purchaser and direct provider of services, would support a developmental approach.

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### Box 4 Social impact investment

Social impact investment is an outcomes-based arrangement that seeks to leverage non-government expertise and align financial incentives to achieve better outcomes. It involves government, private investors, potentially a financial intermediary, and a service provider to deliver a pre-determined social impact as an outcome of the investment.

Social impact investment aims to enable the social service sector to develop new service innovations to tackle complex issues and improve outcomes for those communities most in need.

The Queensland Government Social Benefit Bond program includes three pilots that have the characteristics of social impact investment including:

- Newpin (New Parent Infant Network)—in partnership with UnitingCare Queensland
- Reducing reoffending rates for young Queenslanders—in partnership with Life Without Barriers
- YouthCONNECT—in partnership with Churches of Christ in Queensland.

Outcomes of the pilots will provide an important evidence base for consideration of further social impact investment opportunities.
Outcomes-based design: based on needs analysis and benefits realisation frameworks that demonstrably develop solutions in partnership with those affected by the services (co-design).

Community-based service delivery: Aboriginal and Torres Strait Islander community controlled health organisations (ACCHOs) are a well-established, successful model of holistic service delivery. There would be merit in investigating whether the ACCHO model can be extended to other areas of service delivery.

Funding reforms: pooled funding models provide a mechanism for resource trade-offs between alternative uses so that resources are directed to highest value uses. They better support holistic place-based approaches, as resources and program design are not constrained within agency ‘silos’. Reforms would enable flexibility and long-term planning, such as untied grants, block funding and extended average contract lengths.

Procurement policies and contracting reforms: for example, building business capabilities to win tenders, and reforming contract evaluation criteria. In seeking to achieve value-for-money, procurement processes and contracts could prioritise attributes of the service provider that contribute to achieving the outcomes sought, including culturally appropriate service provision, community engagement and governance, collaboration and coordination with existing service providers and community bodies, and employment and training of local and/or Indigenous staff.

Place-based and case management initiatives: cut across policy areas and levels of government to help address the incentive problems which result from a complex interaction of policies. They enable a more targeted, responsive approach to community-specific and individual needs.

Negotiation tables: support a ‘bottom-up’ approach by providing a forum for community engagement in the prioritisation and co-design of services, and for developing place-based approaches.

Demand driven system of service delivery: individuals have vouchers or user accounts to choose the services that best fit their needs. A user driven model may be difficult to implement in practice, given the small size and remoteness of many of the communities, limiting the scope for competition and choice. User-driven models, if not designed carefully, are also susceptible to open-ended demand growth, which is neither efficient nor sustainable. That said, there may be some opportunities to adopt such an approach, or elements of the approach, in specific areas or for certain services.

Support for economic and community development

Service delivery can enhance or impede economic and community development. Without development, communities will find it difficult to move towards self-sustainability.

Development will require growth in the relative importance of the private sphere as well as a shift towards greater individual and community responsibility. To achieve this, communities and government must change. Policy thinking needs to fully embed an approach whereby individuals and communities are empowered to exercise initiative and pursue opportunity, and government is less of a ‘service provider’ and more of an ‘enabler’. Government needs to withstand the temptation to ‘do things for’ people, when people can do those things for themselves and their families.

Consistent with this change, the government can remove barriers to economic activity and employment:

• Get the economic framework right to improve the incentives to invest in communities and develop human capital locally, and affect the overall balance of incentives to take risk and create wealth.

• Ensure government procurement policies enable Indigenous businesses to fairly participate in tender processes and contribute to local economic development.

• Avoid crowding out existing opportunities to provide goods and services (such as retail store ownership).
• Continue to develop local capabilities to deliver and maintain infrastructure (for example, building roads and roads maintenance).

• Improve the land administration system so that it better supports economic and community development.

• Manage basic law and order effectively to ensure pre-conditions for economic participation.

• Work with the Australian Government to improve linkages between income support, the tax system, employment policies and incentives to take up employment.

The current land administration system was identified as a key barrier to economic development, home ownership and better service delivery. There has been much progress, but significant work remains. Options should be explored to complete survey and title registration and progress reform of land administration.

Monitoring, evaluation and reporting

There is an opportunity to improve accountability. A primary challenge to assessing the current system has been the absence of publicly available information to evaluate expenditure levels, performance and efficiency and effectiveness of programs. The absence of transparency means decision-making across all stakeholders is not based on informed evidence and creates a perception that resources are not distributed well.

Transparent monitoring and reporting on expenditure, performance and outcomes are important to:

• support local decision-making by providing timely, relevant and useful information to communities

• ensure there is sufficient accountability for the use of public monies

• help keep reforms on track and allow practice to be informed by successes and failures.

Monitoring and evaluation functions is best performed by an independent body, at arm's length from stakeholders. Independent oversight is important, because there needs to be:

• a transparent assessment of progress to keep reforms on track and facilitate accountability for progress

• confidence that the evaluation and monitoring framework will allow adaptive practice—lessons learned from failures need to be taken on board

• transparent, independent reporting of outcomes to maintain public confidence in the reform agenda

• access to information for all stakeholders to make informed decisions.

Some service area issues

At the service delivery level, stakeholders identified housing, community safety, education and training, health and municipal services as key areas for reform. Many of the issues are not new, and initiatives have been developed to try and address them.

Communities, government and service providers should consider opportunities to improve services through greater investment in effective prevention, addressing specific community needs and removing service and regulatory barriers that impede better outcomes.

For example, community safety expenditure information and outcomes suggest that the returns from increased investment in prevention are high for government in expenditure foregone as well as for the individual and communities. Experimental estimates indicate that the majority of community safety expenditure is reactive. Just over half of total expenditure could be saved if the level of intensity of use were normalised in the remote and discrete communities.
Similarly, focusing on the root cause of problems can better identify and respond to barriers to education (including developmental vulnerability, social and emotional disorders, and disabilities) and low community literacy levels. There are significant issues with transitions to boarding school, training and further education that call for targeted preparation of students, their families and schools. Engagement with communities is key to developing effective responses to these issues.

There is value in assessing whether regulatory and other barriers, including the Blue Card and health and education worker qualification requirements create unnecessary obstacles to local participation and are the best way to meet community safety objectives.

**Implementation**

While the Commission will give more consideration to implementation issues prior to the completion of the final report, getting implementation right will be important. Key issues to consider include the following:

- A clear implementation plan is essential, with assigned leadership within government and communities, set timeframes and processes to drive reform. The plan should include:
  - timing and key milestones for both those reforms that can be implemented in the immediate or short-term and those that will require longer-term planning and change.
  - A strategy to build the capacity of both government and community to adapt to a new way of doing things.
- The opportunity to leverage existing structures and processes—in Queensland, interstate/nationally and international experience.
- Governments and communities need to be realistic but ambitious—it is inevitable that some changes will fail, and gains will take time—stakeholders must avoid overreacting to missteps.
Draft recommendations

The draft recommendations set out a reform proposal for consultation. These recommendations have been developed as a reform package—they will work best when implemented together.

The reform package includes:

- an overarching reform proposal (recommendation 1)
- structural reforms required to embed reforms (recommendations 2 and 3)
- changes to funding and commissioning to support improved service delivery models (recommendations 4—6)
- greater support for economic development (recommendation 7), including for more effective use of Indigenous land holdings (recommendation 10)
- more effective and transparent monitoring and evaluation to allow adaptive practice and ensure the progress of reforms (recommendations 8 and 9).

While the Commission has not assessed all service delivery, we have made recommendations regarding specific service areas based on the available evidence and issues raised by stakeholders:

- greater support for community involvement in housing, including housing ownership options (recommendation 11)
- changes to support remote and Indigenous councils to more sustainably manage assets (recommendation 12)
- key areas in human service delivery for stakeholders to progress (recommendations 13-15)
- greater co-ordination with the Australian Government (recommendation 16).

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.
Structural reform

**Draft recommendation 2**

The Queensland Government should reform roles, responsibilities and funding of service delivery. The structural reforms will require:

- communities and regional bodies to develop community plans outlining needs and priorities, identify funding priorities and negotiate mainstream service delivery
- government and regional bodies to enter an agreement specifying the outcomes expected to be achieved and the way in which mainstream services will be provided to communities
- government to identify and pool grant funding to transfer under the agreement
- an independent body to report outcomes and monitor reform progress.

**Draft recommendation 3**

To implement structural reforms, the Queensland Government should:

- assign central responsibility within government for implementing the reforms—an implementation plan should be developed in consultation with communities within six months
- identify at least two regions where reforms can be implemented—consideration should be given to an expression of interest process
- prepare an agreement outlining the objectives, principles, governance, funding and outcomes being sought
- assign an independent body, with appropriate expertise and Indigenous representation, to evaluate and report on progress and outcomes
- identify government functions that could be transferred to regional bodies.

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**Policy instruments and service delivery reforms**

**Draft recommendation 4**

The Queensland Government should implement policy, funding and service models that place people at the centre of service delivery, including:

- service models where individuals retain control and responsibility, for example, demand-driven models and user choice
- community-controlled service delivery
- funding reforms that provide flexibility and autonomy, such as pooled funding, untied grants, block funding and extended contract lengths, and adopt a risk-based approach to compliance and reporting obligations
- performance-based funding models
- place-based and case management initiatives that cut across service delivery areas
- negotiation tables or forums for community engagement and decision-making
• approaches that support and enable the governance capacities of Indigenous organisations and individuals. These instruments will apply to a wide range of service delivery, but need to be used where they are most likely to be effective.

Draft recommendation 5
Where the Queensland Government contracts for service delivery, it should incorporate longer contract terms and requirements for skills transfer to communities; and evaluate bidding organisations' ability to support capability building in communities and the outcomes sought.

Draft recommendation 6
The Queensland Government should continue to shift from a provider role to a funding and purchaser role. Agencies should increasingly seek to involve communities in purchasing as an active participant.

Economic and community development
Draft recommendation 7
To enable economic and community development, the Queensland Government should:
• remove impediments to Indigenous community private sector activity, including divesting itself of assets that have the potential to displace or crowd out individual or local initiative and investment opportunities, such as retail stores
• review and report on agency progress to increase Indigenous employment in service delivery to communities. This should include a review of training needs and barriers to employment resulting from increasing credentials and standards
• make the growth of an Indigenous private sector in and around communities an explicit objective of policy and central to designing economic development policies and service delivery programs.

Monitoring and evaluation
Draft recommendation 8
The Queensland Government should publish expenditures made by the state in communities, including the proportion spent on indirect or ancillary functions—these should be reported every one to two years to support transparency and decision-making.

Draft recommendation 9
The Queensland Government should commit to an evaluation and reporting framework. This framework should support adaptive practice, facilitate accountability and empower communities by providing them with timely, useful and relevant information. To support this framework, the government should assign an independent body to:
• consult with Indigenous communities to identify the outcomes they are interested in tracking
• publish an analysis of progress of reforms and outcomes in communities every two years
• compile agency data and make this available to communities and other relevant stakeholders on a timely basis

• act as a clearinghouse for all evaluations of service delivery in communities.

The Queensland Government Statistician’s Office may collect and provide outcomes data to support this function.

Land tenure

Draft recommendation 10

The Queensland Government should progress land tenure reform and establish a plan that sets out a roadmap and timeframes. The plan should consider how:

• land tenure and native title interests can be consolidated or integrated to provide more rapid resolution of differences

• broad-based Indigenous Land Use Agreements (ILUAs) can be used to facilitate the resolution of land tenure and native title interests

• existing planning schemes can be modified to better facilitate future economic development

• the functions to support these actions should be allocated—including whether any functions should be moved to community control

• Deed of Grant in Trust (DOGIT) land in townships should be converted to Aboriginal Freehold

• to complete the survey and registration of land parcels currently in use (or planned to be used) in discrete communities

• to build the capacity of Indigenous land holding bodies.

Housing

Draft recommendation 11

To provide better support for housing, the Queensland Government and communities should:

• identify ways to transition property and tenancy management to community control

• assess construction and maintenance practices to identify and remove unnecessary red tape

• change construction and maintenance procurement policies so that they do not impede the development of private activity in communities

• explore providing support for home ownership by offering social housing stock to long-term tenants

• examine innovative ways of increasing financing for home ownership, including home ownership models that support communal land ownership.
Municipal services

Draft recommendation 12
To achieve better support for municipal services in communities, reforms should:

• ensure infrastructure funding allows for whole-of-life costs for community assets
• develop asset management plans for existing assets
• develop a funding model that provides greater long-term funding certainty and sustainability
• enable local management of municipal infrastructure, including support for training
• coordinate capital works to facilitate equipment sharing and avoid ‘boom and bust’ cycles of economic activity
• leverage mechanisms to ensure local knowledge and expertise is used during infrastructure planning and construction.

Human services

Under the reform proposals, communities will determine priorities and negotiate service delivery, with government focusing on outcomes and enabling communities to determine the best way these will be achieved. Within this context, the Commission has not made directive recommendations on specific services, but has identified some key action areas for stakeholders to progress (recommendations 13-16).

Education and training

Draft recommendation 13
All stakeholders should address opportunities to improve education and training services through:

• a greater focus on prevention, including through early childhood development and family supports, and identifying and responding to special needs
• individual and community input to priorities, design and delivery of services, addressing:
  – family, school and community preconditions for low school attendance
  – underlying barriers to retention and achievement
  – difficulties with transition and re-engagement of secondary students living remotely
• reform of vocational education and training (VET) funding and delivery to directly align with student and industry needs, and employment opportunities.

Community safety

Draft recommendation 14
To achieve better community safety outcomes, all stakeholders should progress opportunities to:

• increase investment in effective and efficient prevention initiatives
• enable community resources, responsibility and capabilities to address community safety problems, including by:
  – balancing the safety objectives of Blue Card requirements against their impact on kin care and community safety roles
  – using local knowledge and capability to improve community safety, while resisting regulatory creep through process and occupational requirements

• change community alcohol management plans (AMPs) through:
  – community ownership of the plans and any supporting activities/services
  – opening up the options for communities to control and normalise alcohol consumption
  – ensuring proposals to change an AMP include a data collection plan that draws together police, health and education information
  – considering the Collective Impact Approach for addressing AMPs and their target outcomes.

Health and wellbeing

Draft recommendation 15
All stakeholders should address opportunities to improve health and wellbeing services through:

• a greater focus on prevention and early intervention, including strategies to address:
  – socioeconomic determinants of health
  – suicide
  – Foetal Alcohol Syndrome Disorder—prevalence assessment and prevention strategies
  – disabilities—prevalence assessment and early intervention

• individual and community input to prioritise, design and deliver services, based on data-informed community health assessments to address:
  – accessibility, cultural appropriateness and effectiveness
  – attraction and retention of an effective health workforce, including growing and supporting the Aboriginal and Torres Strait Islander health workforce
  – better integration of services through increased collaboration with non-government health service providers (particularly Aboriginal Community Controlled Health Organisations (ACCHOs)) and improved transition care arrangements
  – improved pathways and access to mental health and substance services
  – gaps in responses to suicide, disabilities and Foetal Alcohol Syndrome Disorder.
Inter-government coordination

Draft recommendation 16

The Queensland Government should partner with the Australian Government to:

- finalise an agreement on funding for social housing by 30 June 2018
- streamline reporting and compliance arrangements for areas of shared responsibility
- investigate ways in which the income support system can be reformed to better incentivise employment and economic participation by residents in communities.
Seeking further views

The Commission is seeking feedback on all the findings and recommendations in the draft report, as well as specific input in a number of areas.

Building capacity

- Does the range of training options available for communities and the public sector sufficiently match what is needed?
- What impediments exist to access formal training programs and other methods for building capabilities?
- Do mechanisms for building capabilities need to be better resourced?

Economic and community development

The inquiry has looked at several development issues that are not discussed in the body of the report. These issues include:

- business formation and enterprise structures in relation to tax
- Prescribed Body Corporates (PBCs) and their role in development
- access to finance and mechanisms to accumulate wealth in communities.

These tend to be issues where Australian Government policy is active. The Commission is seeking further input from stakeholders on the role of Queensland Government in relation to the issues:

- are there Queensland Government policies that impact on these issues? If so, how?
- are the impacts supportive of, or impede development?
- if they impede development, what could be done about it?

Further input is also sought on:

- the challenge of increasing local employment in government service provision, in particular, practical proposals to both open up more positions to locals and assist locals in being ready for the opportunities
- impediments to change in communities and the relationship to government policy and service delivery design.
Land Tenure

The Commission is seeking further views on how the administration of land in communities could be improved. In particular:

- Are there functions in the land administration system that would be better placed under community control—for example, would there be benefits from moving some of the functions currently performed by the Remote Indigenous Land and Infrastructure Program Office (RILIPO) to community control?
- What arrangements might assist the merging of native title and land tenure interests?
- What impediments are there to moving Deed of Grant in Trust (DOGIT) land to Aboriginal Freehold and how can these be overcome?
- How can funding from the Australian Government be harnessed to better support Aboriginal and Torres Strait Islander people to use Indigenous land holdings?

Municipal services and infrastructure

The Commission is seeking further views on how the delivery of municipal services and funding for infrastructure can be improved, and sustainability of councils providing these services could be improved. In particular:

- How could government work better with communities to ensure that infrastructure is fit for purpose, meeting community needs and able to be sustainably managed?
- Would the broader reform proposals improve things?
- Are there other issues that impede efficient and effective delivery of municipal services?
- Are there other solutions the Commission should consider?
- How can a more mature discussion around the sustainability of communities be encouraged?
- How can non-Indigenous councils with significant Indigenous populations participate more with Indigenous Councils?
1.0 Introduction
The Queensland Productivity Commission has been asked to examine how the resources devoted to service delivery in remote and discrete Aboriginal and Torres Strait Island communities can be best used to meet the needs of those communities.

This draft report sets out key findings and recommendations for stakeholders to test and provide feedback on. The Commission will draw on that feedback to prepare a final report to the Queensland Government.

Throughout this report, the term communities refers to remote and discrete Aboriginal and Torres Strait Islander communities unless otherwise stated.

1.1 What has the Commission been asked to do?

Around 40,100 Indigenous Queenslanders live in remote and discrete Aboriginal and Torres Strait Islander communities (Queensland Government Statistician’s Office, 2016).

Investments by government, the private sector and not-for-profit organisations significantly affect the lives of people living in these communities. The Queensland Government plays a central role, setting policies, and delivering programs and services across areas such as child and family services, health, education and training, employment, housing, community safety, native title, and land management.

Many innovative and successful programs have been implemented by, and for, these communities; but the outcomes for some programs and services are not meeting the expectations of communities, service providers, government, or the community more broadly.

In this context, the Commission has been asked to review and report on government investment in remote and discrete communities to identify what works well, and why, with a view to improving outcomes for Aboriginal and Torres Strait Islander people.

The terms of reference for this inquiry ask us to identify how available resources can be best used to improve outcomes for these communities. We have been asked to investigate and report on:

- levels and patterns of government investment and how these change over time
- interactions between investments made by all levels of government, non-government organisations and third party service providers
- the range and nature of service delivery programs and whether there is duplication or a lack of coordination
- best practice approaches for evaluating the effectiveness and efficiency of service delivery
- an evaluation of the design and delivery of existing government services
- investment practices and/or services and programs that are likely to be most effective in improving outcomes for remote and discrete Indigenous communities
- comparisons with other jurisdictions
- recommendations to improve the effectiveness and efficiency of Queensland Government investments and services in achieving social, cultural, economic and environmental outcomes in remote and discrete Aboriginal and Torres Strait Islander communities.

The full terms of reference are available in Appendix A.
**1.2 Our approach**

The scope of the inquiry is broad, covering all services delivered to remote and discrete communities.

The Commission determined early in the inquiry that it was not feasible to provide an in-depth assessment of every policy or program, or replicate other reviews. The focus of this draft report is on the framework for service provision into communities, and the governance surrounding it. Particular areas of service delivery were examined to build an evidence base for what does and does not work.

The inquiry has been limited to Queensland Government policy and expenditure. The Commission has examined Australian and local government activities to the extent they interact with the investment and objectives of the Queensland Government, and for lessons learned. But the main focus has been on what the Queensland Government and Parliament can directly influence.

Within this context, the key components of the Commission’s approach are to:

- estimate expenditure on services (through a top-down, aggregate level of expenditure supported by case studies of expenditure/service levels in two communities)
- identify options and the best framework for service delivery—policy, governance and funding—to support the achievement of outcomes
- identify the key directions for policy and service reform
- review impediments to economic and community development
- determine how to shift evaluation efforts beyond compliance reporting to support service delivery improvements, policy learning and accountability.

Service delivery was examined in more detail for land, housing and infrastructure, education, training and employment, community safety and health. These are core service areas in terms of expenditure and contribution to outcomes.

In undertaking any inquiry, the Commission is also guided by the principles underpinning the Queensland Productivity Commission Act 2015, which focus on productivity, economic growth and improving the living standards of Queenslanders. In considering factors and making assessments, we adopt a community-wide view that extends beyond the interests of particular individuals or groups.

For this inquiry, the Commission has sought to make suggestions for transformational change towards outcomes that would meet or exceed expectations of the people who reside in remote and discrete Indigenous communities and the parties that commission, fund and deliver services.

**1.3 Conduct of the inquiry and stakeholder participation**

The Commission operates a public inquiry model, underpinned by open and transparent consultation, which seeks to provide all interested parties with a range of opportunities to contribute. Consultation for this inquiry is being conducted in three phases:

- Phase 1—December 2016 to March 2017: to inform stakeholders about the inquiry, how to get involved, and include them in determining inquiry scope.
- Phase 2—April to June 2017: to identify issues and inform the findings and recommendations of the draft report.
- Phase 3—October 2017: to test the findings and recommendations of the draft report and gather further views and evidence from stakeholders.
Following the release of the consultation document on 30 March 2017, the Commission received 29 submissions, and held round tables in Cairns, Cherbourg, Mt Isa, Palm Island and Torres Strait. In addition, the Commission met directly with more than 80 community groups, non-government organisations, departments, academics, individuals and private companies. The full list of submissions and participants is included in Appendix B. A summary of the views and feedback we received is provided in the separate Consultation Summary Report.

The Commission is grateful for the effort individuals, organisations and communities have made in presenting their views and participating in the consultation process.

The recommendations in this report present a new architecture within which service delivery can be reorganised and reprioritised. The Commission has also identified service delivery improvements across several areas.

The Commission is seeking further views and feedback on these recommendations, as well as on specific areas identified in the report, to help form the final report to the Queensland Government by 22 December 2017.

1.4 Report structure

The report is set out as follows:

Part A — Background for the inquiry

Chapter two outlines a short history of Queensland’s remote and discrete communities and the current service delivery environment.

Chapter three provides an analysis of the level and pattern of Queensland Government expenditure in the communities.

Chapter four considers outcomes in remote and discrete communities over time and in comparison with other communities.

Chapter five provides an overall assessment of the performance of government policies at a broad level, and why policies fail.

Part B — The way forward

Chapter six is an overview of the reforms, describing the nature of the proposal and key components.

Chapter seven outlines the structural changes to roles and responsibilities in the reform.

Chapter eight identifies the direction for policy reform and improvements to the service commissioning cycle.

Chapter nine considers the role of economic development and what can be done to facilitate employment and growth in communities.

Chapter ten outlines a monitoring and evaluation framework and its role in supporting the reform proposal.

Part C — Key service delivery issues

Chapter eleven considers land tenure, use and administration issues.

Chapter twelve assesses issues around the ownership, construction and maintenance of the housing stock, and possible reforms.

Chapter thirteen outlines the role of municipal services and infrastructure, and considers possible funding models.

Chapter fourteen surveys education and training issues, focusing on significant issues impacting the communities.
Chapter fifteen considers issues related to community safety, including the relative role of prevention and reaction services, alcohol, and community involvement.

Chapter sixteen provides an overview of health and wellbeing in the communities, and examines some key service delivery issues influencing health outcomes.
Part A: Background
Part A of the report provides the background for the inquiry

Part A is set out as follows:

- Chapter two outlines a short history of Queensland’s remote and discrete communities and the current service delivery environment.

- Chapter three provides an analysis of the level and pattern of Queensland Government expenditure in the communities.

- Chapter four considers outcomes in remote and discrete communities over time and in comparison, with other communities.

- Chapter five provides an overall assessment of the performance of government policies at a broad level, and why policies fail.
2.0
Background
The service delivery environment in remote and discrete Aboriginal and Torres Strait Islander communities is a product of legacy factors and current governance and commissioning arrangements.

This chapter provides an overview of these issues and outlines the current architecture for service delivery.

Key points

- A range of legacy factors impact on outcomes and opportunities in communities.

- Most discrete communities are former missions, located without consideration of traditional Aboriginal land areas or economic viability. Many of the missions and reserves, and several Torres Strait Islands were granted to the communities in the mid-1980s. Aboriginal shire councils and Island councils obtained powers associated with local governments in 2005–07. Today, around 40,000 Aboriginal and Torres Strait Islander peoples live in the remote and discrete communities.

- Numerous reviews and several Royal Commissions have investigated issues facing Aboriginal and Torres Strait Islanders. Recommendations have consistently centred on empowerment and self-determination of Indigenous peoples, and the need to address socioeconomic determinants.

- Services are delivered via a complex system overlapping all three levels of government, non-government organisations and a well-established Indigenous organisational sector. All levels of government make policies, fund and deliver services that impact on outcomes in the communities.

- Government funding and commissioning dominate service delivery, with implications for how services are delivered and the fiscal sustainability of Indigenous organisations and communities. Most services are delivered by government and mainstream non-government organisations.

- Indigenous councils provide municipal, social and other services to their communities. Other key Indigenous organisations include the Torres Strait Island Regional Authority, Aboriginal Community Controlled Health Organisations, community justice groups, land councils, native title representative bodies and the Cape York Partnership.
2.1 The remote and discrete communities

Remote communities are those communities within the area defined as ‘remote’ or ‘very remote’ under the Australian Bureau of Statistics’ Standard Geographical Classification Remoteness Structure (Appendix D - map).

Discrete communities are bounded geographical locations inhabited predominantly by Aboriginal and Torres Strait Islander people with housing or infrastructure owned or managed on a community basis. See Appendix E for a list of discrete communities.

Around 20 per cent of Queensland’s Aboriginal and Torres Strait Islander population (40,000 people) live in remote or very remote parts of the state. This includes over 22,000 living in mainland discrete Aboriginal and Torres Strait Islander communities and 7,000 in the Torres Strait (QGSO 2016a). The remainder live in other remote areas, mainly in mainstream townships.

According to the 2016 Census, 27 per cent of Queensland’s remote population is Aboriginal or Torres Strait Islander. This percentage increases to 85 per cent in the Torres Strait and 93 per cent in mainland discrete communities.

The population of Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities is significantly younger than the rest of Queensland, with over half the population under the age of 25 (Figure 5).

Figure 5 Age distribution of Queensland’s remote Indigenous population, 2016

Queensland’s discrete Aboriginal and Torres Strait Islander communities experience a significantly lower rate of population growth than Queensland overall. The Queensland Government population projections medium forecast estimate that Queensland’s population will increase by 51 per cent from 2011 to 2036, whereas Queensland’s discrete communities will increase by 24 per cent in the same timeframe (QGSO 2015). This low rate of growth is likely largely a result of people leaving these communities.

2.2 Historical context

Many of the outcomes and challenges faced by remote and discrete Aboriginal and Torres Strait Islander communities continue to be influenced by past government policies and other historical factors. Table 2 provides a brief timeline of events relating to Aboriginal and Torres Strait Islanders in Queensland.
Table 2 Timeline of key events relating to Indigenous Queensland, 1770–recent

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>1770</td>
<td>Start of colonisation. Estimated Aboriginal population 750,000.</td>
</tr>
<tr>
<td>1800–</td>
<td>Frequent contact of coastal clans with maritime traffic inside Barrier Reef and Torres Strait. Moreton Bay convict settlement confined to its immediate hinterland.</td>
</tr>
<tr>
<td>1840–</td>
<td>Rapid pastoral push into Queensland. By 1870 most easily accessible grazing land was stocked with sheep or cattle. ‘Border wars’ with Aboriginal peoples.</td>
</tr>
<tr>
<td>1845</td>
<td>Small camps of Aboriginal people were established on the outskirts of towns and curfews against Aboriginal people were imposed.</td>
</tr>
<tr>
<td>1865</td>
<td>First legal removal of Aboriginal children under the Industrial and Reformatory Schools Act 1865.</td>
</tr>
<tr>
<td>1879</td>
<td>The Torres Strait Islands were made part of Queensland by the Colonial Parliament without consultation with Torres Strait Islander people.</td>
</tr>
<tr>
<td>1885</td>
<td>The Queensland Elections Act 1885 specifically excluded ‘Aboriginal natives’ from voting.</td>
</tr>
<tr>
<td>1897</td>
<td>The Aboriginal Protection and Restriction of the Sale of Opium Act 1897 (Qld) (Protection Act) made Aboriginal people wards of the state, removing freedoms in relation to movement and labour, custody of their children and control over personal property.</td>
</tr>
<tr>
<td>1897</td>
<td>Reserves created where Aboriginal people could be forcibly relocated by government. Reserve locations ignored traditional Aboriginal land areas and were often chosen based on land considered not suitable for cattle raising.</td>
</tr>
<tr>
<td>1901</td>
<td>Federation. The Commonwealth Constitution stated ‘in reckoning the numbers of people ... Aboriginal natives shall not be counted’. States retained their power over Aboriginal Affairs.</td>
</tr>
<tr>
<td>1901</td>
<td>States continued policy of removing children from their families.</td>
</tr>
<tr>
<td>1904</td>
<td>Torres Strait Islanders brought under the Protection Act. Torres Strait Islanders owned the largest pearling fleet in the north, marketing products through the Native Trading Station and Branch stores.</td>
</tr>
<tr>
<td>1920</td>
<td>Aboriginal population of Australia estimated to be 60,000.</td>
</tr>
<tr>
<td>1939</td>
<td>New legislation. Unlike the Aboriginal Act 1939 (Qld), the Torres Strait Islander Act 1939 gave constitutional effect to a system of self-government.</td>
</tr>
<tr>
<td>1948</td>
<td>The Citizenship and Nationality Act 1948 gave ‘Australian citizenship’ to all Australians. However, Aboriginal people still suffered legal discrimination at the state level.</td>
</tr>
<tr>
<td>1962</td>
<td>Electoral Act amendments gave the vote to all Aboriginal people in federal elections.</td>
</tr>
<tr>
<td>Date</td>
<td>Event</td>
</tr>
<tr>
<td>------</td>
<td>-------</td>
</tr>
<tr>
<td>1963</td>
<td>Police evicted residents at Mapoon, Queensland. People were taken to other reserves and their settlement was burned down to allow mining by Comalco.</td>
</tr>
<tr>
<td>1965</td>
<td>The <em>Aboriginal and Torres Strait Islanders' Affairs Act 1965</em> (Qld) (assimilation law) gave the Director of Aboriginal Affairs considerable power over ‘assisted’ Aboriginal people.</td>
</tr>
<tr>
<td>1967</td>
<td>The Commonwealth Referendum passed. All Aboriginal people are counted in the national census, and the Federal Government can legislate for Aboriginal people in the states.</td>
</tr>
<tr>
<td>1971</td>
<td>The 1965 assimilation law was replaced with the <em>Aborigines Act 1971</em> (Qld) and the <em>Torres Strait Islanders Act 1971</em> (Qld). Both these laws abolished the Director’s power to remove children.</td>
</tr>
<tr>
<td>1984</td>
<td>Aboriginal Child Placement Principle adopted (Qld)—an Indigenous family must be the preferred placement for an Indigenous child in need of alternative care.</td>
</tr>
<tr>
<td>1992</td>
<td>Native title was first recognised by the High Court in the Mabo case.</td>
</tr>
<tr>
<td>1994</td>
<td>The Torres Strait Regional Authority (TSRA) was established.</td>
</tr>
<tr>
<td>1999</td>
<td>The Parliament of Queensland apologised to Aboriginal and Torres Strait Islander people in Queensland for the past separation of children from their families.</td>
</tr>
<tr>
<td>2002</td>
<td>First alcohol management implemented in partnership with the Aurukun community.</td>
</tr>
<tr>
<td>2008</td>
<td>National Apology to the Stolen Generations.</td>
</tr>
<tr>
<td>2009</td>
<td>Australian Government endorsed the United Nations Declaration of the Rights of Indigenous Peoples, which includes the right to self-determination, and that states shall take effective measures to ensure continuing improvement of their economic and social conditions.</td>
</tr>
</tbody>
</table>

Despite governments’ attempts to close the gaps, poorer outcomes for Indigenous people prevail.

The remote and discrete communities

Most discrete communities in Queensland are former missions established on land gazetted as reserves under the Protection Act. Historical accounts of missions suggest they were underfunded and overcrowded. Indigenous cultural activities and languages were actively discouraged and men, women and children were often housed in separate dormitories. Education was poor—for many years schooling did not extend beyond Year 4, and was focused on training for station work (males) and domestic work (females) (Wyvill 1991, p. 18).

There was little basis for economic development in the discrete communities. The traditional owners’ economic system was extinguished when they were removed from their lands and located to the reserves. Lacking autonomy and access to capital, and having few employment opportunities, the Indigenous residents were caught in a system of control, repression and passive welfare (Hughes 2005, p. 1; Sutton 2001, p. 128).

The only legal mechanism by which Indigenous Queenslanders could live independently away from reserves or missions was through acquiring an ‘Exemption Certificate’ issued by the Chief Protector, introduced originally in section 33 of the Protection Act. Obtaining an exemption certificate required the severing of all ties with Aboriginal kinship and culture, including connections with country, under threat of revocation by the State. The exemption system operated in Queensland until 1965.

In 1966, Aboriginal councils were established by regulation that gave communities limited government powers. An Aboriginal Advisory Council and an Island Advisory Council, composed of chairs from the Aboriginal and Island councils, were established by the Aborigines Act 1971 and the Torres Strait Islanders Act 1971, to advise the responsible Minister on matters relating to Aboriginal and Islander affairs.

In 1982, the Land Act (Aboriginal and Islander Land Grants) Amendment Act 1982 was passed enabling government to grant land in trust to Aboriginal and Torres Strait Islander peoples. This allowed reserves and islands held by the State to be transferred to Aboriginal and Torres Strait Islander Councils under a Deed of Grant in Trust (DOGIT). Ownership of homes in discrete communities was first enabled in 2008.

From January 2015, new rules gave communities the option to convert some of their communal lands to freehold. Conversion of land to freehold provides ownership rights to the land, including the ability to sell, lease or use the land as security to borrow against (DATSIP 2016a; Frankland 1994; Queensland Government 2016a; State Library of Queensland 2016).

Key inquiries and government policy changes

Many reviews and several Royal Commissions have investigated issues facing Aboriginal and Torres Strait Islanders. Recommendations have consistently highlighted the need for empowerment and self-determination of Indigenous peoples, and the need to address socioeconomic determinants. Four key inquiries and an economic modelling report (outlined in Box 2.1), illustrate consistent findings over the past three decades.
Box 2.1 Some key inquiries and reviews

The Royal Commission into Aboriginal Deaths in Custody was established in 1987 to report on the social, cultural and legal issues behind the deaths in custody and the underlying effects of dispossession, colonisation and institutional racism on Aboriginal peoples. It found that the deaths were due to the police and prisons failing their duty of care, combined with the high numbers of Indigenous people being arrested and incarcerated. Of the 339 recommendations, approximately 40 per cent concerned social factors including housing, self-determination, land rights, reconciliation, health, employment, alcohol, education, youth policy and employment—setting the foundations for ‘Close the Gap’ efforts (Haughton 2016; RCADIC 1991).

In 1997, the Human Rights and Equal Opportunity Commission reported on the National Inquiry into the Separation of Aboriginal and Torres Strait Islander Children from Their Families. Key findings were that ‘the laws, policies and practices which separated Indigenous children from their families have contributed directly to the alienation of Indigenous societies today’; lives have been permanently scarred; and the harm continues in later generations (HREOC 1997, p. 4).

In 2001, the Queensland Government commissioned the Cape York Justice Study (Fitzgerald Report), to examine the causes, nature and extent of breaches of the law in the Cape York Indigenous communities. Fitzgerald identified an urgent need for a negotiated partnership approach to better support the many positive initiatives already well developed in the communities. A coordination unit was recommended, to empower communities’ greater ownership and control of their initiatives by providing a central focus for best practice protocols and coordination of Cape-wide funding arrangements. Another key recommendation was the development of ‘Community Action Plans’ by each community, to facilitate participation in implementing proactive strategies to overcome chronic problems at a community level (Fitzgerald 2001).

The Northern Territory report of the Board of Inquiry into the Protection of Aboriginal Children from Sexual Abuse (2007) found that the incidence of child sexual abuse, whether in Aboriginal or ‘mainstream’ communities, is often directly related to other breakdowns in society. It recommended addressing poor health, housing, poor education, alcohol, drug abuse, and general disempowerment, to set communities on a path to recovery (Wild and Anderson 2007, p. 6).

Economic modelling in the Indigenous incarceration: Unlock the facts report (PwC 2017) highlighted that high rates of Indigenous incarcerations have a heavy impact on individuals, families, communities, and the Australian economy ($7.9 billion per year). Systemic change was recommended—self-determination, system reform, law reform and increased community awareness—to underpin initiatives and responses, particularly initiatives controlled and led by the Indigenous community.

Response to the Cape York Justice Study

The Queensland Government responded to the Fitzgerald Report in 2002 with the Meeting Challenges, Making Choices policy. Cape York Partnerships (CYP) was established as a model for government and community interaction in the Cape. The focus of the government was to act as facilitator of capacity building and providing targeted assistance, the nature of which was to be determined at the community level in community plans. Government services were to be aligned with communities’ priorities identified in plans, and negotiated decision-making would be undertaken through mechanisms such as Negotiation Tables (Spence 2003).
**Negotiation Tables**

The Negotiation Tables were intended as a forum where Aboriginal and Torres Strait Islander community representatives could directly influence government decision-making, and improve government’s responsiveness to communities’ needs through better coordination between agencies and jurisdictions. Negotiation Tables were established across the discrete communities and communities with large Indigenous populations. The focus of each Negotiation Table reflected priorities identified by the relevant communities and government, and invitees included representatives from the community, council, and Queensland and Australian governments. The Negotiation Tables emphasised mutual planning and goal setting, responsibility, accountability and ownership of agreed outcomes as outlined in a community or regional action plan (Spence 2003, pp. 7–8).

Community members volunteered to represent their community at the Negotiation Tables.

Through the Negotiation Table process and my position as a community co-chair I am able to work closely with my community and government organisations via a collaborative arrangement. The process allows the community to highlight priority areas of concern to government organisations and address them in an open forum where agreements to potential resolutions are finalised. (Saunders 2016)

Relevant data was made available to communities to inform planning and negotiations.

**CEO Champions program**

The CEO Champions program was initiated to complement the partnership approach. Mainland Indigenous communities were provided a direct link to an allocated Queensland Government department Chief Executive (CEO). The CEO would visit ‘their’ community and meet with community members at least twice a year, while also being available to advocate on the community’s behalf in Brisbane.

The Negotiation Tables and CEO Champions program ceased in 2012.

A new Government Champions program commenced in 2016, involving both CEO and Ministerial Champions.

**Cape York Welfare Reform**

In 2008, the Queensland and Australian governments partnered with the Cape York Institute and the communities of Aurukun, Coen, Hope Vale and Mossman Gorge to implement the Cape York Welfare Reform trial. In 2014 Queensland extended the program to the Gulf of Carpentaria community of Doomadgee and renamed the trial the Welfare Reform program. Objectives of the Welfare Reform are to restore positive social norms and re-establish local Indigenous authority, change behaviour in response to chronic levels of welfare dependence and economic exclusion, and encourage social responsibility, home ownership and participation in the real economy.

The *Family Responsibilities Commission Act 2008* established the Family Responsibilities Commission (FRC) independent statutory authority. The FRC is a key mechanism of the Welfare Reform to facilitate the rebuilding of intra-community social norms and encourage behavioural change. Local Commissioners—respected Aboriginal and Torres Strait Islander community members—encourage community members to voluntarily attend services, such as drug and alcohol rehabilitation. If behaviour does not improve, the FRC can order welfare payments to be subject to income management orders. Indigenous and non-Indigenous people living in the Welfare Reform communities and receiving welfare or community employment program payments are subject to the FRC’s jurisdiction (FRC n.d.).

The Queensland and Australian governments continue to support the Welfare Reform program, noting the Australian Government has invested in and is moving towards a new model of funding through the Empowered Communities initiative.
2.3 The service delivery environment

Service delivery involves the Australian, Queensland and local governments, non-government organisations and a well-established Indigenous sector. This section provides an overview of Queensland Government agency roles, and describes the responsibilities of governments and Indigenous organisations for policy, funding and delivery of services.

Queensland government agencies

All 19 Queensland Government departments are involved in policy development and coordination, and 13 individual departments provide or fund service delivery to communities. The larger agencies responsible for service delivery have Indigenous policy and data collection units, which monitor outcomes and design service delivery in the communities. In addition, the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) develops internal departmental policy as well as whole-of-government policies relating to Indigenous affairs.

Numerous boards and statutory bodies also work with or develop policy that affects residents of the communities.

Governments also provide funding for peak bodies, which advocate on specific issues such as child safety or health. These organisations help coordinate activity and encourage improvements in policy design.

Figure 6 provides a stylised figure of service delivery, funding, policy design and monitoring.

Figure 6 Current model of service delivery

Note: This figure is a stylised representation and only shows a subset of the departments, authorities and non-government organisations involved in service delivery.

Policy

Policymaking that impacts communities occurs at all levels of government. The Australian Government is responsible for native title, employment, welfare and primary health care, national security and border control, and contributes to Indigenous housing policy, education and training, and social justice policy. The Department of the Prime Minister and Cabinet leads the Australian Governments’ Indigenous Advancement Strategy.
At the time of writing this report, the Australian Government is considering proposals stemming from the *Uluru Statement from the Heart* (presented at the 2017 National Constitutional Convention): Constitutional change to provide for a representative body that gives Aboriginal and Torres Strait Islander peoples a voice to the federal parliament, and the right to be consulted on policies that affect them; and a non-constitutional Declaration of Recognition—articulating Australia’s shared history, heritage and aspirations, to be enacted by legislation and passed by parliaments across Australia.

The Queensland Government oversees policies that directly affect economic development, such as land tenure, zoning, town planning and infrastructure. The state government also has policy responsibility for social housing, secondary and primary health care, education and training, social justice, community services and child safety. Whole-of-government leadership in Aboriginal and Torres Strait Islander policy, coordination and monitoring is provided by DATSIP.

The Indigenous councils are responsible for policy relating to the exercise of local regulatory functions, economic infrastructure and planning, and advocate for their communities in relation to policymaking by other levels of government. The Indigenous Leaders Forum, comprising leaders of the 16 Indigenous councils, identifies and prioritises common issues and agrees strategic initiatives.

The Torres Strait Regional Authority (TSRA) formulates Torres Strait regional policy, and represents the interests of the Torres Strait region to the Australian Government.

All levels of government policies impact on Indigenous economic development, including through tax and immigration settings, and land release and zoning. While the National Indigenous Reform Agreement provides a framework for closing the gap initiatives, there is limited coordination of the overarching policy environment.

**Funding**

**Australian and state governments**

Government funding is the main source of revenue to deliver services to communities. This has implications for the prioritisation, design and delivery of services, as well as the fiscal sustainability and autonomy of Indigenous organisations and communities.

The Australian Government directly funds over half of the Indigenous-specific programs across Australia through the Indigenous Advancement Strategy (IAS). The 2015-16 Australian Government budget allocated $4.9 billion over four years to 2018–19, for grant funding and procurement activities under the IAS (AG 2017; Hudson 2016a, p. 1). The Australian Government also provides around 45 per cent of state government revenues.

The Queensland Government provides for mainstream services such as education, health and community safety, as well as specific Indigenous programs. For example, in 2012–13, the Queensland Government spent approximately $4.2 billion (2015–16 dollars) overall on Indigenous-specific and mainstream services for Indigenous peoples combined (SCRGSP 2016). Queensland Government expenditure in remote and discrete Aboriginal and Torres Strait Islander communities is examined in Chapter 3.

**Torres Strait Regional Authority**

The Torres Strait Regional Authority (TSRA) receives most of its funding in the form of Australian Government grants ($49.6m, or 74 per cent of total revenue in 2013–14) (TSRA 2014a). Funding is provided as general revenue assistance in the form of a recurrent block grant.

**Indigenous councils**

In contrast to the TSRA, the Indigenous councils are largely reliant on disparate state and Australian Government grants to meet their responsibilities. In 2014–15, capital and recurrent grants combined represented over half of the Indigenous councils’ revenues (QAO 2016, p. 85).
Service delivery

There is significant overlap of governments delivering services to Indigenous people. Hudson identified 1,082 programs across Australia, of which 49 were federal government, 236 state and territory, and 797 (74 per cent) delivered by non-government organisations (though many are funded in part or full by government). Over half of the programs are in the health and wellbeing category, followed by culture and recreation, early childhood and education, housing, community safety, employment, transport and communications programs (Hudson 2016a). Figure 7 illustrates the number of Indigenous-specific programs delivered by each sector in Australia.

Figure 7 Delivery of Indigenous-specific programs in Australia

![Figure 7](image)

Source: Hudson 2016.

Queensland Government service delivery

Service delivery in Queensland’s remote and discrete communities is largely centred around a government ‘commissioning’ model (Figure 8). Commissioning is a cycle that begins with assessing and planning for service needs and moves through stages including service design, selecting providers, managing contracts (or directly delivering services) and undertaking ongoing monitoring, evaluation and improvement (PC 2017a, p. 202).
In theory, the commissioning model provides a basis for good service delivery design and managing performance. However, governments do not always adhere or fulfil the principles well, nor complete each stage of the cycle.

In Queensland where new investment is sought, the commissioning cycle occurs through the budget process. Funds are allocated to deliver specific services and agencies are responsible for commissioning those services.

The Queensland Government directly delivers many services, such as primary education, most forms of health care, and policing. The government also contracts with private for-profit and private not-for-profit organisations to deliver services such as counselling, family support and justice services.

The Queensland Government is increasingly adopting community engagement and co-design approaches to commissioning services, as well as transferring service delivery to communities in specific areas, for example in health and wellbeing services (Box 2.2). Trials of other innovative models currently underway are a justice reinvestment trial in Cherbourg, social benefit bonds and a social reinvestment pilot program.
Box 2.2 Queensland Government—new service delivery models

The Queensland Government is investing in innovative ways to partner with communities to increase community participation and engagement to improve services.

In May 2017, the Queensland Government launched *Our Way*, a generational strategy for Aboriginal and Torres Strait Islander children and families to improve the safety and wellbeing of Aboriginal and Torres Strait Islander children. The strategy was developed in partnership with Family Matters and community sector organisations, and represents a fundamental shift in how child protection and family support services work.

The first three-year action plan invests $150 million over five years for Aboriginal and Torres Strait Islander-community-controlled organisations to lead the design and delivery of Family Wellbeing Services to better support vulnerable families and communities. It also provides for engaging discrete communities in service reform initiatives and trialling family-led decision-making models.

The *Making Tracks Investment Strategy 2015–18* commits to progressing the transition of primary health care services to community control in at least two Cape York communities.

Mossman Gorge has had community-controlled primary health care services since 2009 through Apunipima Cape York Health Council, the regional Aboriginal and Torres Strait Islander Community Controlled Health Organisation.

In 2014, the local Aboriginal and Torres Strait Islander Community Controlled Health Service, Gurriny Yealamucka Health Service, became the lead provider of all primary healthcare services in Yarrabah, with the Cairns and Hinterland Hospital and Health Service continuing to offer emergency services.

In 2016, the Queensland Government committed to progressively transition five communities (Aurukun, Mapoon, Napranum, Coen and Lockhart River) to a community-controlled primary health model by December 2019.

The *Community Justice Group Program* supports Aboriginal and Torres Strait Islander organisations to work with their local community to develop strategies for dealing with justice-related issues. Community Justice Groups are run by members of the community and provide a community-based response to local issues, working cooperatively with magistrates, police and corrective services personnel.

Queensland Corrective Services supports Aboriginal and Torres Strait Islander offenders to reconnect offenders with their local communities and provide specific intervention and support needs to ensure they remain crime free. This includes operating permanent Probation and Parole reporting centres in Mornington Island, Doomadgee, Weipa, Cooktown, Palm Island and Woorabinda, and a District Office on Thursday Island.

The Department of Justice and Attorney-General is implementing a *justice reinvestment trial* in Cherbourg in a co-design process with the community that aims to improve public safety and reduce related criminal justice spending to reinvest savings in strategies that can reduce crime and strengthen communities.

The draft Advancing Aboriginal and Torres Strait Islander Education Action Plan to drive higher expectations in early childhood education, school education, vocational education and training, and higher education takes an empowerment approach, recognising and building on the unique strengths, knowledge and skills of Aboriginal and Torres Strait Islander parents, elders, families and communities.

Source: Queensland Government (sub. 27, pp. 7–11; 18)
Indigenous councils

Indigenous councils provide infrastructure and other services including roads, water and sewerage services, manage airports, cemeteries, art and cultural centres, child care centres, and other community facilities such as pools, parks and gardens, sport and recreation facilities, historical centres, Indigenous knowledge centres, environmental health and animal management services (LGAQ sub. 14, p. 35).

The Indigenous councils sometimes step in to fill gaps in service provision to their communities, for example providing mechanical, banking and post office services. They actively promote economic development of their communities through training, employment and business development opportunities. Indigenous councils also support their communities by managing and coordinating community justice groups, home and community care, youth and kids club programs, women’s shelters, and men’s groups (LRASC 2016, pp. 12–15).

Indigenous and mainstream non-government organisations (NGOs)

Since the 1970s, Indigenous organisations have played a key role in delivering community-controlled services in areas such as health, local government, housing, community and welfare services (Sanders 2002; Tsey et al. 2012). While governments fund most services to remote and discrete communities, many are delivered by mainstream NGOs external to the community. Examples of Indigenous organisations and the areas in which they operate are outlined below.

Indigenous corporations

Across Australia there are about 2,500 Indigenous-owned and controlled corporations registered with the Registrar of Indigenous Corporations. The strength and governance of this sector has grown steadily—compliance with reporting requirements has improved significantly from 24 per cent in 2001–02 to 97 per cent in 2014–15, and the amount of self-generated income has steadily taken over from government-derived as the leading income source (ORIC 2016, p. 26). The vast majority of the top 500 are not-for-profit corporations. The most common sectors of operation were health and community services, followed by employment and training, and land management (ORIC 2016, p. 19).

In 2014–15, 95 of the top 500 Indigenous corporations were in Queensland, with a combined total income of $205.1 million, assets of $254.3 million, and 1,795 employees (ORIC 2016, pp. 7, 16).

Aboriginal Community Controlled Health Organisations

Aboriginal Community Controlled Health Organisations (ACCHOs) are primary health care services initiated and operated by the local Aboriginal community to deliver holistic, comprehensive, and culturally appropriate health care to the community which controls it, through a locally elected Board of Management. The health services adopt an integrated primary health care model that is in keeping with the philosophy of Aboriginal community control and the holistic view of health.

It is recognised that ACCHOs have become key strategic sites for Aboriginal community development through employment, education of staff, engagement, empowerment and social action (Panaretto et al. 2014, p. 649). Queensland has 28 ACCHOs registered with the National Aboriginal Community Controlled Health Organisation.

Community Justice Groups

Community justice groups (CJGs) are Aboriginal and Torres Strait Islander organisations supporting Indigenous people who have come into contact with the criminal justice system. CJGs were first established in 1993 in North Queensland. They are run by local community members including Elders, traditional owners, Respected Persons and community members of good standing. Nearly all CJG members are volunteers.
CJGs provide a community-based response to local issues, working in cooperation with magistrates, police, corrective services personnel and staff from other government agencies. Key activities include making cultural submissions to the Magistrates Court on behalf of defendants; identifying and promoting treatment and support programs for defendants to help magistrates in their bail and sentence decision-making; and assisting and directing defendants as they progress through Murri Court (Queensland Courts 2017).

Land councils and native title representative bodies

Land councils are elected membership bodies representing Aboriginal affairs at state level. They aim to protect the interests and further the aspirations of Aboriginal communities. Local Aboriginal land councils manage and deliver a range of support services including housing, legal affairs, employment, training and property acquisition and management.

Native title representative bodies (NTRBs) and native title service providers are regional organisations that assist Aboriginal and Torres Strait Islander people with all aspects of their native title claim, as outlined in the Native Title Act 1993 (Cth). NTRB staff represent native title holders and claimants in native title related proceedings including native title claims, appearing in court on behalf of native title claimants, responding to ‘future act’ applications (for example, proposed mining on native title land or land subject to a registered native title claim), and negotiations for Indigenous land use agreements (ILUAs). Other functions of NTRBs include certification, dispute resolution, consultation and notification and agreement-making.

The National Native Title Tribunal recognises five representative body areas in Queensland: Torres Strait (Torres Strait Regional Authority); Cape York Region (Cape York Land Council Aboriginal Corp); Carpentaria Gulf Region (Carpentaria Land Council Aboriginal Corporation); Northern Queensland Region (North Queensland Land Council Native Title Representative Body Aboriginal Corporation); and Southern and Western Queensland Region (Queensland South Native Title Services Ltd).

Family Responsibilities Commission

The FRC was established under the Family Responsibilities Commission Act 2008. The primary role of the FRC and Local Commissioners—respected Aboriginal and Torres Strait Islander community members—is to convene conferences with community members to encourage clients, individuals and families to engage in socially responsible standards of behaviour. The FRC operates in Coen, Hope Vale, Mossman Gorge, Aurukun and Doomadgee.

Torres Strait Regional Authority

The Torres Strait Regional Authority focuses on progressing the Torres Strait region’s economic development, fisheries, cultural heritage, environmental management, governance and leadership, and community health and safety. The TSRA is also a registered Native Title Representative Body.

Cape York Partnership

Cape York Partnership (CYP) is an Indigenous organisation developing reformatory policy that champions Indigenous economic and social development. CYP delivers services including commercial advisory, mentoring, building and landscaping, education, and employment services.
2.4 Conclusion

Many of the outcomes and challenges faced by communities, as well as the service delivery environment, have been influenced by past government policies and other historical factors. Most discrete communities were positioned without consideration of their ongoing economic viability, and the residents have had little autonomy or opportunities for employment.

The architecture of service delivery is concentrated at the state and national level, with a complicated maze of policy, funding, delivery and regulation. Policy is made by numerous Queensland government agencies, boards and statutory bodies, as well as the Australian Government, the TSRA, and the Indigenous local governments. Government funding dominates service delivery, with implications for the prioritisation, design and delivery of services. Most services are planned and delivered by agencies and non-government organisations external to the communities.

The centralised and complex nature of the system gives rise to a range of challenges and risks. Expenditures, outcomes, issues and options for improvement are discussed in the following chapters.
Levels and patterns of government expenditures

3.0

Levels and patterns of government expenditures
In line with our terms of reference this chapter provides estimates of expenditures on service delivery in Queensland’s remote and discrete communities—these estimates include the total quantum of expenditures, including indirect costs, such as head office expenditures. Case studies are presented for two discrete communities to examine expenditures in more detail.

Key points

• Estimating government expenditures in remote and discrete Aboriginal and Torres Strait Islander communities is challenging—currently available data does not provide a complete or robust picture of total spending at the community level.

• The Australian Productivity Commission estimates that all government expenditures on Indigenous Queenslanders in 2012-13 was $7.6 billion—equivalent to 7.3 per cent of all service expenditures in Queensland. Of this, the Australian Government spent $3.6 billion and the Queensland Government $4.0 billion. Sixteen per cent of expenditures were on Indigenous-specific services.

• To estimate the level of Queensland Government investment in communities, the Commission has drawn on a range of data sources to construct experimental estimates supported by case study information for two communities.

• In 2012–13, we estimate the Queensland Government spent $1.3 billion (or $32,000 per person) on service delivery in remote and discrete communities. The majority (84 per cent) of expenditures are on mainstream services including schools, health care and policing. The Australian Government also made significant investments in Queensland’s remote and discrete communities, however, the Commission was unable to estimate the level of these expenditures.

• Key drivers of expenditure include higher service use intensity and higher costs associated with providing services in remote communities.

• The expenditure estimates do not provide any assessment of the overall efficiency, effectiveness or adequacy of expenditures in remote and discrete communities. However, our estimates suggest that there are significant benefits to be realised from addressing the underlying causes of high service use—these potential benefits are greater than $600 million per year.

• Expenditures in Queensland’s remote and discrete communities are broadly in line with expenditures made in other jurisdictions, and similar proportions are spent on mainstream and indigenous-specific services.

• There are large numbers of individual services being provided into communities with small populations—for example, in Hope Vale (with a population of just over 1000 people) there at least 78 services provided by 46 separate service providers, with funding provided through 44 separate funding programs across 11 Queensland Government departments.

• Stakeholders indicated that a lack of public information, combined with the dispersed nature of service delivery has resulted in duplication of services and a lack of engagement with communities—a prerequisite to improve service delivery is for government to improve its collection and dissemination of expenditure information to enable better decision-making.
3.1 Background

There is limited data on expenditures in remote and discrete communities

A key step in assessing how well service delivery is performing is to understand how much is being spent, by who and how.

However, there is little information available in the public realm that describes the levels of expenditures made in remote and discrete Aboriginal and Torres Strait Islander communities. Expenditure information does exist, but some of it is difficult to access because financial systems in agencies are not designed to easily extract data that would assist to identify expenditures in communities.

At the whole-of-state level, the only comprehensive expenditure information available are the data constructed by the Australian Productivity Commission in the 2014 Indigenous Expenditure Report (SCRGSP 2014a). These data show that, in 2012–13, the Queensland Government spent approximately $4.2 billion (2015–16 dollars) on services for Aboriginal peoples and Torres Strait Islander peoples across Queensland. No estimates were made for expenditures in remote or discrete communities.

Aside from the Australian Productivity Commission data, the only other publicly available dataset is the Queensland Government’s Investment Portal. The portal provides information on grants made to external-to-government organisations, making it difficult to isolate expenditures by geographic region.

The absence of expenditure and other data was a key issue raised by stakeholders. The absence of data means stakeholders do not have information to provide a complete picture of the services being provided in communities. There is also a perception that much expenditure does not reach the ground.

The Local Government Association of Queensland noted the frustration of Indigenous councils trying to understand the expenditures made in their communities:

There appears to be an inherent inability or unwillingness by State and Commonwealth government agencies to provide a breakdown on their investment into each remote Indigenous community in Queensland. If this breakdown can’t be provided then, how can the effectiveness of government funded programs be measured ... Further, Indigenous councils are concerned about the amount of ‘leakage’ that occurs between the time funding is allocated to the time the service is delivered in community. (LGAQ sub. 14, p. 5)

In a similar vein, the Centre of Independent Studies noted that the Australian Productivity Commission expenditure estimates are largely artificial constructs and do not consider effectiveness or how expenditures translate into services delivered on the ground.

We note that in the Queensland Productivity Commission (QPC) consultation paper, figures from the 2016 Overcoming Indigenous Disadvantage Report are used ... We would caution against using these figures as they help to perpetuate the perception that all this ‘extra’ money is going to Indigenous people ... 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. (CIS sub. 21, p. 3)
3.2 Understanding expenditures

The level of expenditures on remote and discrete Aboriginal and Torres Strait Islander communities includes both direct expenditures and the indirect (or ancillary) expenditures required to support service delivery.

Direct expenditures are expenditures directly related to the delivery of services to individuals in communities. These services include the resourcing made available to service providers for the delivery of frontline services—such as health and policing—to community members. They may be provided in the community or in regional centres nearby.

Indirect expenditures are expenditures not directly related to frontline service delivery but contributing to the overall cost of service delivery (see Figure 9). These costs include:

- policy development
- coordination
- consultation costs
- compliance and reporting costs
- sourcing funding for program delivery
- overheads associated with these indirect activities.

Figure 9 Indirect costs associated with service delivery in remote and discrete Aboriginal and Torres Strait Islander communities

The Australian Productivity Commission’s Indigenous Expenditure Report includes both direct and indirect expenditures, but no estimate of the proportion of expenditure that relates to indirect (ancillary) expenditure.
3.3 Queensland Government expenditure in context

Queensland Government expenditures on services for Indigenous people is only a small part of the total expenditures on services in Queensland.

The Australian Productivity Commission (SCRGSP 2014a) estimates that, in 2012-13, expenditures by all governments on Aboriginal and Torres Strait Islanders people across Queensland was $7.6 billion ($38,540 per capita). To place this expenditure in context, expenditures on non-indigenous Queenslanders was $96.3 billion (or 92.7 per cent of all expenditures).

Most (84 per cent) expenditures on Aboriginal and Torres Strait Islander people were provided through mainstream services. Indigenous-specific services accounted only 16 per cent of all expenditures (Figure 10).

Figure 10 Expenditure patterns in Queensland, 2012-13

Expenditures are shared by all levels of Government (Figure 11). In 2012-13, the Australian Government contributed around $3.6 billion (47 per cent) of all direct expenditures in Queensland. The Australian Government contributed a further $1.1 billion which was administered by the Queensland Government. Including the Australian Government’s contribution, the Queensland Government’s expenditure on Aboriginal and Torres Strait Islander people in Queensland was just over $4 billion.

Figure 11 Indigenous specific expenditures in Queensland, 2012-13

Source: SCRGSP 2014a
Expenditures in Queensland are broadly comparable to expenditures made in other jurisdictions, however direct comparisons are difficult because the level of need and cost of service delivery (such as due to remoteness) varies significantly.

Across Australia, total direct expenditures on Indigenous Australians in 2012-13 was $30.3 billion ($43,449 per capita). Of this, the Australian Government contributed 47 per cent and State and Territory governments, 53 per cent. Most of the expenditure was on mainstream services (81 per cent), with the remaining provided through Indigenous specific services (19 per cent).

**Expenditures by local government**

Local governments also make significant expenditures in remote and discrete communities. Data show that the operating expenses of councils operating in remote regions are significant, although broadly in line with expenditures made in other regions, once additional costs that may be associated with delivering services in remote regions is considered (LGAQ 2017).

Local governments expenditure is predominantly on the delivery of essential services (including roads, rubbish collection and sewerage), planning and building and maintaining community facilities (QAO 2016).

It was not possible to apportion local government expenditures between Indigenous and non-Indigenous residents. However, it should be noted that (Indigenous and non-Indigenous) councils generally have insufficient own-source revenue to operate sustainably and are reliant on external funding. This external funding is predominantly sourced from the Queensland Government and is included in the estimates throughout this chapter.
3.4 Constructing estimates of Queensland Government expenditure in remote and discrete Aboriginal and Torres Strait Islander communities

Expenditures made by the Queensland and Australian governments that relate to remote and discrete communities cannot easily be identified, due to the lack of relevant publicly available information.

At the state level, identification of expenditures is made difficult by the fractured nature of funding and service delivery, a lack of identification of Indigenous-specific expenditures and challenges isolating expenditures by geographical location. In particular:

- Expenditures on services for communities are made across at least 19 separate agencies, with most having an Indigenous-specific policy and/or coordination function. The costs for these activities are not separately identified.

- Services are often provided through mainstream delivery with little or no identification of Indigenous clients.

- Where expenditures are provided through Indigenous-specific services, it is often difficult to identify the geographical region to which the expenditures relate.

At the national level, information on grants provided through the Indigenous Advancement Strategy (IAS) is available (DPMC 2016a). However, it is difficult to identify the geographical region to which the expenditure relates. Other expenditures are difficult to identify, particularly those relating to health expenditures. While much of this data are publicly available, they are not presented in a form that makes it easy to concord expenditures to regions or communities. Within the timeframe and resources available to this inquiry, it has not been possible to construct estimates of expenditures by the federal government.

To overcome the difficulties identified above, we have used two approaches to provide broad estimates of the expenditures by the Queensland Government in remote and discrete communities:

- **Headline estimates** use a tops-down method—taking known estimates of expenditure at the whole-of-state level, and disaggregating these totals to the regions of interest for this inquiry.

- **Community level estimates** uses agency and other data to build a picture of the services that are provided in selected communities and attempts to identify the funding provided to each service. Two case studies are presented to illustrate the community level estimates.
Box 3.1 Data sources

We have used five main data sources to estimate and examine expenditures by the Queensland Government on service delivery in remote and discrete communities.


The Queensland Government Investment Portal (Queensland Government 2017a)—provides information on grants provided by the state government by LGA from 2012–13 to 2015–16. The data do not include services provided or procured by agencies and exclude any head office costs. The data also do not distinguish between expenditures on Indigenous and non-Indigenous persons.

The Department of Aboriginal and Torres Strait Islander (DATSIP) annual report (DATSIP 2016a)—provides expenditure information on a number of specific programs, policies and coordination activities managed by the department.

Service mappings undertaken by DATSIP regional offices (DATSIP 2016b) and Indigenous councils—provide details about services provided in communities.

The Schedule of Investment in Queensland’s discrete Aboriginal and Torres Strait Islander communities (QTC 2016)—unpublished data collated by the Queensland Treasury Corporation (QTC) for DATSIP, which provides expenditure levels occurring in each of the discrete Indigenous communities for 2014–15 and 2015–16. The data are incomplete, do not distinguish between capital and non-capital expenditures and do not include any expenses related to service delivery that occurs outside of the discrete communities (such as court costs and outside-of-community hospital costs).

Methodology for headline estimates

The headline estimates use the Australian Productivity Commission’s estimates of expenditures on Indigenous-specific and mainstream services to Aboriginal and Torres Strait Islander people in Queensland (SCRGSP 2014a). This data is disaggregated to regions of interest using a combination of demographic and institutional data (such as crime statistics and school enrolments data), and information pertaining to the relative costs of service delivery in remote and discrete communities. Figure 12 provides an overview of the methodology.

The methodology uses information from the Australian Productivity Commission’s Expenditure Data Manual (SCRGSP 2014b) and Service Use Definitions Manual (SCRGSP 2014c) to ensure the headline regional estimates are consistent with the Queensland level estimates constructed by the Productivity Commission.

The disaggregation of the Australian Productivity Commission’s state-level estimates takes into account:

- the higher cost of delivering services in remote communities—these costs are estimated using service cost differential information for hospital and health services (AIHW 2013), and for police, education and general service delivery (Commonwealth Grants Commission 2015)

- the drivers of demand for service delivery, including school enrolments and attendance (DET 2016), custodial data (DJAG 2017), offence rates (QGSO 2016b), substantiations of child safety (QGSO 2016c) and age-specific demographic data (ABS 2011).
These estimates are cross-checked (and adjusted where required) with known Queensland Government expenditures in remote and discrete communities (mainly for Indigenous-specific expenditures, which account for a small proportion of the total expenditures in remote and discrete communities).

Where individuals have little influence over expenditure (as for agricultural subsidies and medical research), expenditures are allocated using population shares. These expenditures make up a small proportion of the total expenditures in remote and discrete Aboriginal and Torres Strait Islander communities (less than 5 per cent).

**Interpreting the results**

The headline expenditure estimates are intended to provide an overview of the total quantum of funds spent by the Queensland Government on service provision for remote and discrete communities. Given the dearth of base information and data, they should be considered as experimental.

The headline estimate includes expenditures on:
- administration and other central office costs
- services that are used by residents of discrete communities that are provided in other regions (such as hospital services provided in regional centres)
Levels and patterns of government expenditures

Queensland Productivity Commission

• services that are provided to the entire Queensland population, such as research and development funding—allocated to regions based on their population shares

• mainstream services provided to Aboriginal and Torres Strait Islander people living in remote and discrete communities

• Indigenous-specific services provided to people living in remote and discrete communities

• Queensland government funding provided to other parties who provide services to Aboriginal and Torres Strait Islander people living in remote and discrete communities.

The headline expenditure estimates are presented in a way that allows comparison with other known datasets, particularly the Australian Productivity Commission’s Indigenous Expenditure reports. This allows the headline expenditure estimates to be compared with expenditure in other jurisdictions and the rest of the state, as well as with non-Indigenous expenditure.

The estimates do not provide a measure of the efficiency or effectiveness of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities. They describe the quantum of expenditure made on behalf of the residents in these communities.

The estimates include only Queensland Government expenditures. The Australian Government also outlays significant expenditures on services to Australian residents, however, this expenditure is not included.

While the headline expenditure estimates represent our best efforts to quantify the total expenditures made by the Queensland Government on remote and discrete communities, they should be interpreted with due consideration for the experimental nature of the method used. Estimating the components of expenditure associated with discrete and remote communities is not straightforward, and the Commission has made many assumptions in deriving these estimates.

3.5 Headline estimates—how much does the Queensland Government spend on service delivery to remote and discrete communities?

We estimate that around $1.3 billion was spent by the Queensland Government in 2012–13 on service delivery to Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities (Table 3). This expenditure was just under 3 per cent of the $45 billion spent on all service delivery across the state in that year.

<table>
<thead>
<tr>
<th>Total expenditures ($ billion)</th>
<th>Per capita expenditure ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous—all remote and discrete communities</td>
<td>1.3</td>
</tr>
<tr>
<td>Indigenous—rest of the State</td>
<td>2.8</td>
</tr>
<tr>
<td>Non-indigenous—Queensland</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Source: QPC experimental estimates.

It costs more to deliver services to remote and discrete Aboriginal and Torres Strait Islander communities. The cost of service delivery in remote regions is higher than in other areas as there are less economies of scale, transportation costs are greater and higher wages and allowances are required to attract staff to remote locations (SCRGSP 2014a).
Additional factors include:

- differences in age structure—a community with a younger age demographic would have higher demand for education services and lower demand for aged-care services, all other things being equal

- services provided to different communities may require additional costs—for example, services provided to Aboriginal and Torres Strait Islander populations might include language translation services or other Indigenous-specific service delivery

- Aboriginal and Torres Strait Islanders living in remote communities tend to suffer from poorer health, have lower education levels and have less income than their counterparts in the rest of the state. This level of disadvantage increases the need for government programs and services

- there is limited choice in remote and discrete communities. For example, until very recently, it was not possible for Aboriginal and Torres Strait Islander people living in discrete communities to own their own home, meaning that people in these communities were totally reliant on government-funded housing.

Higher expenditure in a community, therefore, does not mean that there are more or better services in these communities. It may simply reflect that service provision is considerably more costly to provide (including that service provision may be less efficient than it could be):

«The Indigenous Expenditure report» makes no assessment as to whether the resulting variations in expenditure [between Indigenous and non-Indigenous Australians] are adequate given differences in need, or reflect effective or efficient delivery of service (SCRGSP 2014a, p. 28)

Differences in the per capita costs of service delivery between remote and non-remote regions can be attributed to differences in the intensity of service use and to differences in the unit cost of service delivery.

Figure 13 and Figure 14 depict these differences. They compare the per capita expenditure on service delivery for Indigenous communities against a benchmark per capita cost for non-Indigenous communities in Queensland.

The figures illustrate that the higher costs in remote and discrete Aboriginal and Torres Strait Islander communities are attributable to both a higher service use intensity (around $14,400 of per capita expenditure) and higher cost of provision (around $8,300).

In the rest of the state, per capita expenditures are closer to the non-Indigenous level of expenditure, with the difference mainly due to a higher intensity of service use (around $7,000).
Figure 13 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—remote and discrete communities

Source: QPC experimental estimates.

Figure 14 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—rest of the state

Source: QPC experimental estimates.
3.6 How does this compare with other jurisdictions?

Making a direct comparison between expenditures in Queensland’s remote and discrete communities and in other jurisdictions is difficult because:

- these data are not published or easily estimated from publicly available information
- a complete comparison would require a comparison of the underlying need and any other factors that impact on the costs of service delivery (such as extent to which populations are dispersed).

Nevertheless, some comparisons can be made with all-jurisdiction expenditures for states and territories where a large proportion of the Indigenous population lives in remote regions. For example, the Northern Territory, where 80 per cent of the Indigenous population lives in remote or very remote regions, per capita expenditures are around $38,000.

Figure 15 provides a comparison of expenditures on service delivery to Indigenous populations in each jurisdiction, and the proportion of the Indigenous population that live in remote or very remote regions. It shows that expenditures in Queensland’s remote and discrete communities are broadly comparable to expenditures in other states and territories.

**Figure 15 Per capita Indigenous expenditures and the proportion of Indigenous population living in remote regions**

Box 3.2 Possible benefits from closing the gap in disadvantage

Aboriginal and Torres Strait Islander people living in remote and discrete communities experience significantly worse outcomes than both their Indigenous and non-Indigenous counterparts in the rest of the state (see Chapter 4). This high level of need is reflected in a higher service use intensity, and correspondingly, a higher per capita level of expenditure in the remote and discrete communities.

Improving the effectiveness of service delivery, particularly for those services that address the underlying causes of disadvantage, can improve outcomes for Aboriginal and Torres Strait Islander people and result in large gains.

It is estimated that over $600 million could have been saved in 2012–13 if the gap in outcomes between remote and discrete communities and the rest of the state had been closed.

This cost saving is calculated as the difference between expenditures on services that actually occurred in 2012–13, less the difference if the rate of service use intensity in remote and discrete communities was the same as the Queensland non-Indigenous rate.

Potential cost savings predominantly relate to health (just under $200 million) and community safety (over $350 million).
3.7 Where do the expenditures go?

Table 4 provides a breakdown of expenditures by purpose for remote and discrete communities and for the rest of Queensland. It shows that almost 70 per cent of expenditures are on school education, hospital services, public order (mainly police services, justice services and detention) and community support and welfare.

Table 4 Headline estimates of expenditures on services for Aboriginal and Torres Strait islander people, Queensland Government, by purpose, 2012–13

<table>
<thead>
<tr>
<th></th>
<th>All remote and discrete communities</th>
<th>Rest of Queensland</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ million</td>
<td>%</td>
</tr>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Early child development</td>
<td>8</td>
<td>0.6</td>
</tr>
<tr>
<td>School education</td>
<td>219</td>
<td>17.4</td>
</tr>
<tr>
<td>Tertiary education</td>
<td>4</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital services</td>
<td>199</td>
<td>15.9</td>
</tr>
<tr>
<td>Public and community health services</td>
<td>99</td>
<td>7.9</td>
</tr>
<tr>
<td>Health care subsidies and support</td>
<td>4</td>
<td>0.3</td>
</tr>
<tr>
<td><strong>Economic participation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labour and employment services</td>
<td>4</td>
<td>0.3</td>
</tr>
<tr>
<td>Social security support</td>
<td>1</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Home environment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing</td>
<td>119</td>
<td>9.5</td>
</tr>
<tr>
<td>Community and environment</td>
<td>42</td>
<td>3.4</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>51</td>
<td>4.1</td>
</tr>
<tr>
<td><strong>Safe communities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public order and safety</td>
<td>230</td>
<td>18.4</td>
</tr>
<tr>
<td>Community support and welfare</td>
<td>200</td>
<td>16.0</td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>12</td>
<td>1.0</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>49</td>
<td>3.9</td>
</tr>
<tr>
<td>Support to industry</td>
<td>11</td>
<td>0.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,254</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: QPC experimental estimates.
How much expenditure is Indigenous-specific?

Government funded services are provided through a combination of mainstream and Indigenous-specific services (Table 5).

Table 5 Headline estimates of expenditures, Queensland Government, by mainstream and Indigenous specific service delivery, 2012–13

<table>
<thead>
<tr>
<th></th>
<th>Mainstream services ($ million)</th>
<th>Indigenous-specific services ($ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>214</td>
<td>17</td>
</tr>
<tr>
<td>Health</td>
<td>258</td>
<td>44</td>
</tr>
<tr>
<td>Economic participation</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Home environment</td>
<td>104</td>
<td>109</td>
</tr>
<tr>
<td>Safe communities</td>
<td>407</td>
<td>36</td>
</tr>
<tr>
<td>Other</td>
<td>60</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,048</td>
<td>207</td>
</tr>
</tbody>
</table>

Source: QPC experimental estimates.

The majority (84 per cent) of expenditure in communities occurs through mainstream services—that is, services that are not specifically aimed at Aboriginal and Torres Strait Islander people. For example, education services are delivered, in the main, through the Department of Education, with mainstream schools located in the remote and discrete Aboriginal and Torres Strait Islander communities or in regional centres.

16 per cent of expenditure in remote and discrete Aboriginal and Torres Strait Islander communities was Indigenous-specific service delivery. Of the estimated $207 million spent on Indigenous-specific services in 2012–13, around $100 million was expenditure on social housing—the majority of which has since been mainstreamed by the Department of Public Works and Housing (DHPW 2017; Habibis et al. 2016).
Education

In 2012–13, around $230 million was spent on education services by the Queensland Government in remote and discrete Aboriginal and Torres Strait Islander communities. The majority (93 per cent) of these expenditures occurred through mainstream education services\(^3\), predominantly through government-run primary and secondary schools.

The higher cost per capita of delivering education in communities is largely due to a higher service use intensity (because the Indigenous population has a higher proportion of school-aged children than the non-Indigenous population) and because of the high cost of service provision.

**Figure 16 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—education services**

![Graph showing the breakdown of per capita expenditures on education services](source)

*Source: QPC experimental estimates.*

\(^3\) Education services include early childhood, primary, secondary and tertiary education.
Health

Health expenditures in remote and discrete Aboriginal and Torres Strait Islander communities in 2012–13 was just over $300 million. Around 15 per cent of expenditures were on Indigenous-specific health services.

Health has a relatively higher share of expenditure contracted out to non-government organisations, including to Aboriginal Community Controlled Health Organisations.

The data suggest that, although significantly more is spent on health in remote regions, the additional expenditure reflects a higher service use intensity rather than a higher cost of provision.

Figure 17 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—health services

Source: QPC experimental estimates.

The high proportion of costs associated with higher service use intensity, suggests significant benefits could be realised from early intervention and prevention to improve the lives of Aboriginal and Torres Strait Islander people living in remote and discrete communities. For example, Queensland Health estimates that, if the hospitalisation rate for Indigenous Queenslanders was the same as non-Indigenous Queenslanders, the public inpatient hospital system would have saved $621 million between 2012–13 and 2014–15 (Aboriginal and Torres Strait Islander Health Unit 2015).

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4 Health services include hospital services, public and community health services and health care subsidies and support. It excludes GP services, which are funded by the Australian Government.
Home environment

In 2012–13, around half of services relating to the home environment were delivered as Indigenous-specific services. These services were mainly in the form of social housing providers operating across all remote and discrete Aboriginal and Torres Strait Islander communities.

Since then, however, the proportion of Indigenous-specific housing providers has fallen significantly as community housing in was moved to mainstream management under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) (DPWH 2017; Habibis et al. 2016).

In 2012–13, the Queensland Government spent just under $5,500 per person in remote and discrete Aboriginal and Torres Strait Islander communities on services related to the home environment, predominantly on social housing. This compares to just under $2,000 per capita across Queensland, generally.

Figure 18 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—home environment

![Graph showing the breakdown of expenditures](source: QPC experimental estimates)

The higher levels of service use intensity largely relate to the very high levels of social housing that exists in the discrete communities. Reducing demand for social housing in these communities is challenging due to historical tenure issues (discussed further in Chapter 11).

---

5 Home environment services include housing, community and environmental services, and transport and communications.
Safe Communities

Services relating to community safety\(^6\) represent the highest area of expenditure in remote and discrete Aboriginal and Torres Strait Islander communities, accounting for around 35 per cent of all expenditures ($407 million). It is also the service area with the largest expenditure ‘gap’—per capita expenditures in remote and discrete Aboriginal and Torres Strait Islander communities are almost eight times as high as for the state-wide non-Indigenous population (Figure 19).

Expenditures on community safety predominantly relate to policing, child safety, courts and detention; together accounting for over 70 per cent of all expenditures on safe communities. The remaining expenditures relate mainly to aged care and disability services.

Only 8 per cent of expenditures go towards Indigenous-specific service delivery.

**Figure 19 Breakdown of differences in per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—safer communities**

![Bar chart showing differences in per capita expenditures]

Source: QPC experimental estimates.

Large gains could be made from expenditure on programs that address the underlying causes of community dysfunction, which result in the high rates of service use intensity. In 2012–13, the higher service use intensity accounted for around $350 million dollars of public expenditure and imposed large human costs on communities (discussed further in Chapter 15).

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\(^6\) The Safe Communities program includes services relating to public order and safety, community support and welfare, and recreation and culture.
3.8 Alternative estimates—agency estimates

In 2014, DATSIP commissioned QTC to collect and collate Queensland Government information on expenditures in discrete Aboriginal and Torres Strait Islander communities. These data have been provided to the Commission for the financial years 2014–15 and 2015–16.

While the data provide useful information at a community level, they have a number of limitations:

- They do not distinguish between capital and non-capital expenditures. This makes year-to-year or cross-community comparison difficult. A better approach would be to amortise all capital costs, and include these in the expenditure estimates.
- They do not include expenditures on services that are provided outside of communities but are accessed by community residents—these include hospital and justice costs not incurred in the community.
- They do not include any head office or regional office functions or other indirect costs of service delivery. These costs may be a substantial component of overall expenditures.
- There are inconsistencies in the way that agencies reported expenditures—possibly a reflection of limitations in the ability of agency financial systems to meet reporting requirements.

The DATSIP agency data show that, overall, the Queensland Government spent $593 million in discrete Aboriginal and Torres Strait Islander communities in 2014–15. The Australian government contributed a further $152 million through NPARIH, which was acquitted by the state, taking the total expenditure to $745 million in 2014–15.

The headline estimates in section 3.5, above, include expenditures in both remote and discrete Aboriginal and Torres Strait Islander communities. Our estimate of expenditures in the discrete communities is $851 million (for 2012–13).

These two estimates are not directly comparable because of the limitations discussed above, and the fact that the DATSIP data is for 2014–15, while our estimate is for 2012–13.
3.9 Community-level estimates—case studies

The community-level estimates are intended to provide a more nuanced picture of expenditures in remote and discrete communities. They provide a snapshot of the services available on the ground in two selected communities to:

- identify the number of services operating in communities
- better understand how expenditures provide services on the ground
- examine if there are gaps or duplication in service delivery.

The community-level estimates cannot be compared directly to the headline expenditure estimates, since they:

- do not include expenditures on services delivered outside the community that may be accessed by residents
- do not include agency head office costs
- exclude some expenditures where data is unavailable—for example, some data on expenditures on health-related services was not available.

The two communities—Hope Vale and Aurukun—were selected because there was sufficient information available to assemble a reasonably complete and up-to-date picture of service provision.

While all services are included in the analysis, any financial data is only for funding sourced through the Queensland Government. Even for state-funded services, in many cases we were unable to identify the quantum of expenditures allocated to support individual service delivery.

The community-level estimates have been informed by unpublished data provided by DATSIP—these are service mappings undertaken by DATSIP’s regional offices (DATSIP 2016b) and the Schedule of Investment in Queensland’s discrete Aboriginal and Torres Strait Islander communities (QTC 2016).
Hope Vale

Hope Vale is located around 60 kilometres north of Cooktown. It has a population of just over 1,100, of which 95 per cent are Indigenous (QGSO 2016b).

In 2015–16, the Queensland Government spent at least $23 million in Hope Vale (Table 6). Of this, more than half related to the construction of new housing, mainly under NPARIH. The majority of the remaining expenditures were on health care (mainly relating to a primary health care facility run by Queensland Health with expenditures of just under $3 million), funding provided under the Natural Disaster Relief and Recovery Arrangements (NDRRA) ($2.4 million) and funding provided to council in lieu of rates revenue ($1.5 million), police services ($0.6 million) and funding for the Families Responsibilities Commission ($0.4 million).

Table 6 Identified expenditure, Hope Vale, 2015–16

<table>
<thead>
<tr>
<th>Category</th>
<th>Queensland Government Expenditure ($)</th>
<th>Commonwealth funding administered by the State ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>847,778</td>
<td></td>
<td>847,778</td>
</tr>
<tr>
<td>Economic Participation</td>
<td>511,472</td>
<td>63,014</td>
<td>574,486</td>
</tr>
<tr>
<td>Education and Training</td>
<td>398,040</td>
<td></td>
<td>398,040</td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>4,004,960</td>
<td>260,393</td>
<td>4,265,353</td>
</tr>
<tr>
<td>Homes and Housing</td>
<td>3,944,684</td>
<td>8,149,680</td>
<td>12,094,364</td>
</tr>
<tr>
<td>Infrastructure and Local Government</td>
<td>3,900,198</td>
<td></td>
<td>3,900,198</td>
</tr>
<tr>
<td>Other</td>
<td>749,135</td>
<td>498,918</td>
<td>1,248,053</td>
</tr>
<tr>
<td>Total</td>
<td>14,356,267</td>
<td>8,972,005</td>
<td>23,328,272</td>
</tr>
</tbody>
</table>

Note: Expenditure data are incomplete and exclude most Australian Government expenditure other than for housing.

Of the expenditures identified, around 20 per cent, or $4.5 million, was provided as grant funding (Table 7). Of these funds, $2.4 million was provided for the repair of essential infrastructure damaged by natural disasters. A further $1.5 million was provided to council in lieu of rates. These funds are required to meet basic municipal service delivery.

Table 7 Expenditure by funding type, Hope Vale, 2015–16

<table>
<thead>
<tr>
<th>Expenditure type</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding</td>
<td>4,535,619</td>
</tr>
<tr>
<td>Agency provision</td>
<td>14,339,610</td>
</tr>
<tr>
<td>Procurement of service</td>
<td>4,453,043</td>
</tr>
<tr>
<td>Total</td>
<td>23,328,272</td>
</tr>
</tbody>
</table>
We identified 78 different services, provided by 46 different service providers in Hope Vale (with a population of 1,125). There are 44 different funding programs across 11 Queensland Government departments. More than half of all services are either delivered externally to the community, or are provided on a drive-in, drive-out, or fly-in, fly-out basis (Table 8).

**Table 8 Service provision in Hopevale, 2015-16**

<table>
<thead>
<tr>
<th>Service provider</th>
<th>In the community</th>
<th>Drive in/out or fly in/out</th>
<th>External</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>7</td>
<td>18</td>
<td>1</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>NGO</td>
<td>7</td>
<td>21</td>
<td>1</td>
<td>2</td>
<td>31</td>
</tr>
<tr>
<td>Council</td>
<td>8</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Private</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>39</td>
<td>2</td>
<td>5</td>
<td>78</td>
</tr>
</tbody>
</table>

From the data available, it was not possible to determine the extent to which duplication of services existed. Nevertheless, conversations with stakeholders suggest such duplication occurs:

*Often, the first time remote communities are aware that a new service has been funded is when the service provider contacts council looking for an office to rent, or when the service provider places an advertisement for personnel in the local paper. This lack of engagement with the council/community at the front end of the funding allocation process creates the ideal setting in which duplication can, and does, occur. For example, Mornington Shire Council has documented ten (10) separate organisations that have been funded to deliver the same four programs (LGAQ sub. 14, p. 5).*

**Aurukun**

Aurukun is a discrete community located approximately 100 km from Weipa and had a population of just over 1,400 in 2015.

We were able to identify just over $38 million of expenditures made in Aurukun in 2015-16 (Table 9).

Approximately 43 per cent of identified funding was for the construction and maintenance of housing. Other significant costs included primary health care of $3.8 million, policing costs of over $2.1 million and $1.8 million in funding to the Cape York Aboriginal Australian Academy to provide education and training.
Table 9 Identified expenditure, Aurukun, 2015–16

<table>
<thead>
<tr>
<th>Category</th>
<th>Queensland Government Expenditure ($)</th>
<th>Commonwealth funding administered by the State ($)</th>
<th>Total ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Safety</td>
<td>4,067,116</td>
<td></td>
<td>4,067,116</td>
</tr>
<tr>
<td>Economic Participation</td>
<td>451,371</td>
<td></td>
<td>451,371</td>
</tr>
<tr>
<td>Education and Training</td>
<td>2,626,058</td>
<td></td>
<td>2,626,058</td>
</tr>
<tr>
<td>Health and Wellbeing</td>
<td>5,125,631</td>
<td>226,463</td>
<td>5,352,094</td>
</tr>
<tr>
<td>Homes and Housing</td>
<td>2,952,564</td>
<td>13,531,810</td>
<td>16,484,374</td>
</tr>
<tr>
<td>Infrastructure and Local Government</td>
<td>6,180,247</td>
<td></td>
<td>6,180,247</td>
</tr>
<tr>
<td>Other</td>
<td>2,100,959</td>
<td>942,826</td>
<td>3,043,785</td>
</tr>
<tr>
<td>Total</td>
<td>23,503,946</td>
<td>14,701,099</td>
<td>38,205,045</td>
</tr>
</tbody>
</table>

Note: Expenditure data is incomplete and excludes most Commonwealth expenditure other than for housing.

Of the expenditures identified, approximately one-quarter, or $9.5 million, was provided as grant funding (Table 10). Of this funding, $4.3 million was provided for the repair of essential infrastructure damaged by natural disasters. A further $1.1 million was provided to council in lieu of rates.

Table 10 Expenditure by funding type, Aurukun, 2015–16

<table>
<thead>
<tr>
<th>Expenditure Type</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant funding</td>
<td>9,546,796</td>
</tr>
<tr>
<td>Agency provision</td>
<td>16,579,504</td>
</tr>
<tr>
<td>Procurement of service</td>
<td>12,078,745</td>
</tr>
<tr>
<td>Total</td>
<td>38,205,045</td>
</tr>
</tbody>
</table>

We were able to identify 58 services being provided in Aurukun. Just under half of the services were provided by NGOs. Around half of the service providers were located in the community (31 providers), with the remainder provided on a drive-in, drive-out, or fly-in, fly-out basis (Table 11).

Table 11 Service provision in Aurukun

<table>
<thead>
<tr>
<th>Service provider</th>
<th>In the community</th>
<th>Drive in/out or fly in/out</th>
<th>Unknown</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>3</td>
<td>16</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>NGO</td>
<td>16</td>
<td>8</td>
<td>1</td>
<td>25</td>
</tr>
<tr>
<td>Council</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Private</td>
<td>6</td>
<td>0</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>24</td>
<td>3</td>
<td>58</td>
</tr>
</tbody>
</table>
**Draft findings**

Consistent community-level information on service delivery expenditures, would aid decision-making.

Significant improvements to the collation and distribution of expenditure information would assist stakeholders to improve community-level decision-making.

Addressing the underlying causes of high service use in remote and discrete Aboriginal and Torres Strait Islander communities could result in large potential savings.

A large proportion of expenditures appears to be consumed by ancillary or indirect costs, rather than frontline service delivery—this is compounded by high administrative and compliance costs, and a lack of coordination.

The information available to the inquiry suggests that most expenditure decisions occur in agencies, with service being centrally commissioned; there is little evidence of community involvement.
Outcomes

4.0 Outcomes
This chapter provides an overview of the outcomes in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities. It forms useful context for the conclusions drawn in the rest of this report.

Key points

- As there is no single accepted indicator of community wellbeing, outcomes are measured using a suite of indicators such as educational attainment, arrest rates, employment and health indicators. These may not reflect wellbeing or the aspirations of Aboriginal and Torres Strait Islander people living in remote and discrete communities.

- From the information available, it appears that outcomes are tracking slower than should be expected, suggesting there are significant opportunities for improvement.

- Disadvantage is generally greater in remote and discrete communities:
  - The 16 most disadvantaged local government areas in Queensland are all discrete communities (as measured by the ABS Index of Relative Socio-Economic Advantage and Disadvantage).
  - Across a range of measures, including education, economic and health outcomes, Aboriginal and Torres Strait Islander people living in remote regions fare worse than their counterparts in the rest of the state.
  - This may not necessarily mean that wellbeing is worse—national data suggest that those living in remote areas may be better connected to their culture, have a greater social network and have a lower incidence of poor mental health.

- Available data suggest progress in closing the gap on Indigenous disadvantage in remote and discrete Aboriginal and Torres Strait Islander communities has been slow:
  - Some progress has been made in educational attainment, health and overcrowding; however, outcomes are lower than for non-Indigenous Queenslanders and Indigenous Queenslanders in the rest of the state.
  - No or very little progress has been made in improving economic or community safety outcomes, and incarceration rates have worsened significantly.

- Indicators for the Torres Strait are significantly better than for other remote and discrete Aboriginal and Torres Strait Islander communities:
  - For some indicators, particularly in relation to education and economic participation, outcomes are on par with, or close to, outcomes for non-Indigenous Queenslanders in the rest of the state.
  - It is not clear why this is case. A possible factor is that the Torres Strait region has been able to maintain strong governance, which has allowed it to exercise a degree of control over service delivery. This is consistent with the experience of Indigenous communities in northern America.
4.1 Data sources and challenges

There are significant data challenges to examining outcomes and progress in remote and discrete Aboriginal and Torres Strait Islander communities, including:

- The small size of populations in communities can introduce a level of volatility that can make year-to-year comparisons meaningless—for many outcomes, longer time series may be required to infer whether meaningful change has occurred.

- Limited availability of timely, relevant and up-to-date data, particularly over longer time periods.

Outcomes reported in this chapter are largely limited to publicly available information (Box 4.1). A range of administrative data (such as incarceration rates by home postcode) that might help to shed light on outcomes in communities are available, but were not easily accessible for the purposes of this inquiry.

Box 4.1 Indicators for remote and discrete communities

Key data sets used by the Commission include the following:

The National Aboriginal and Torres Strait Islander Social Survey provides the most comprehensive measure of outcomes for Indigenous persons in Australia. However, sample sizes are too small to make meaningful comparisons over time or between Queensland’s regions.

The Australian Bureau of Statistics’ Census of Population and Housing provides the most comprehensive community level indicators available. However, there are concerns about undercounting in remote Indigenous communities and the data relate largely to population, housing and employment or study.

The Queensland Government Statistician’s Office publishes data on communities, and has a range of unpublished data, which was made available to the Commission.

The Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) also holds a data collection, and provides some community-level Census data through its community profiles.

Queensland Health publishes comprehensive data on Indigenous outcomes through its Closing the Gap (Queensland Health, 2015) and Burden of Disease and Injury in Queensland’s Aboriginal and Torres Strait Islander People (Queensland Health, 2017, 2014) reports. Data are not always available by remoteness and little contemporary data are available for remote communities.

Torrens University Australia’s Public Health Information Development Unit regularly publishes a Social Health Atlas, which includes social and health indicators for Indigenous persons at the Indigenous Area (IARE) level.

The Australian Early Development Census (AEDC) publishes a nationwide data collection of early childhood development, undertaken every three years of children commencing their first year of full-time school. It collects data relating to five key areas of early childhood development: physical health and wellbeing; social competence; emotional maturity; language and cognitive skills; and communication skills and general knowledge.

NAPLAN data, showing education outcomes by Indigenous status and remoteness, are published by the Australian Curriculum Assessment and Reporting Authority.
Aside from these challenges, it is widely recognised that Indigenous people’s perceptions of wellbeing extend beyond the indicators commonly used in reporting frameworks (Taylor, 2006 United Nations 2006). There is also no single accepted indicator of wellbeing (ABS 2001; OECD 2011), and none for Aboriginal and Torres Strait Islander communities. As a result, community-level outcomes are measured using a suite of indicators such as educational attainment, arrest rates, employment and health indicators. This means that some care should be used when reading the outcome data in this chapter—they may provide poor indicators of the progress being made in Queensland’s remote and discrete communities.

Frameworks for measuring wellbeing are discussed further in Chapter 10 (Evaluation).

### 4.2 Education

**Year 12 attainment is low but increasing**

School completion rates (to Year 12) have increased over the past five years. However, they remain lower than the Queensland average. 31 per cent of Indigenous persons in remote communities have completed Year 12, compared with 39 per cent of Indigenous persons in Queensland and 56 per cent of people in Queensland.

*Figure 20 Highest level of schooling completed, 2011–2016*

[Graph showing percentage of schooling completed]

*Source: ABS, 2016a, 2011a.*

**A high proportion of children starting school are considered developmentally vulnerable**

Children in remote and discrete Aboriginal and Torres Strait Islander communities are more likely to be considered developmentally vulnerable in at least one domain. In 2015, 26 per cent of children in Queensland were considered developmentally vulnerable in at least one domain, compared to 44 per cent of children in mainland discrete communities and 43 per cent in the Torres Strait. While community level rates are highly volatile due to small population sizes, there have been significant improvements in some communities (AEDC 2015).

*Figure 21 shows the proportion of developmentally vulnerable children decreased in mainland discrete communities between 2009 and 2012, but has not materially changed after this. Results in non-discrete remote communities have not improved.*
School attendance rates are lower in discrete communities

Attendance rates in the Torres Strait are higher compared to discrete communities, but remain lower than the state average (Figure 22).

Figure 22 School attendance rates, semester 1, 2015

Source: DATSIP 2016; DET 2016.

NAPLAN results are lower in remote areas

NAPLAN reporting is available only by Indigenous status and by remoteness for 2008 through to 2016. While results are available by school, many students from discrete communities go to school outside of their community.
NAPLAN results are lower for Indigenous compared to non-Indigenous people, and this difference increases significantly with remoteness. In 2016, the proportion of Indigenous Year 3 students in remote Queensland who achieved the national minimum standards in reading, writing and numeracy was 73 per cent, 80 per cent and 76 per cent respectively, compared to 96 per cent, 98 per cent and 97 per cent for non-Indigenous students.

Figure 23 Proportion of students above national minimum standards, NAPLAN, Year 3, 2016

The results are similar for Year 9 (Figure 24). Remote Indigenous students also performed worse than non-remote Indigenous students.

Figure 24 Proportion of students above national minimum standards, NAPLAN, Year 9, 2016

Progress against NAPLAN scores has been mixed, with results varying significantly from year to year, making the identification of long term trends difficult.

While there are signs of improvement in year 3 reading and writing, there does not appear to be any long-term improvement in trends for numeracy (Figure 25). However, as the writing test was changed in 2011 from narrative writing to persuasive writing, results can only be compared from 2011 to 2016.

Figure 25 Proportion of remote Indigenous students above national minimum standards, NAPLAN, Year 3, 2008–16

At the Year 9 level, while 2015 was the best performing year since the national minimum standards were introduced in 2008, there does not appear to be any long-term improvement in trends for either reading, writing or numeracy (Figure 26).

Figure 26 Proportion of remote Indigenous students above national minimum standards, NAPLAN, Year 9, 2008–16

4.3 Economic participation

Participation for Indigenous populations generally falls as remoteness increases

In 2014–15, the unemployment rate for Aboriginal and Torres Strait Islanders living in remote parts of Queensland was over 30 per cent compared to under 3 per cent for non-Indigenous people. Labour force participation was lower compared to non-remote regions or to the non-Indigenous population (Table 12).

Table 12 Labour force statistics by remoteness, Queensland, 2014–15

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate</th>
<th>Labour Force Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Indigenous</td>
<td>Non-Indigenous</td>
</tr>
<tr>
<td>Major cities</td>
<td>16.3</td>
<td>5.9</td>
</tr>
<tr>
<td>Inner regional</td>
<td>33.6</td>
<td>5.7</td>
</tr>
<tr>
<td>Outer regional</td>
<td>20.7</td>
<td>6.5</td>
</tr>
<tr>
<td>Remote</td>
<td>34.9</td>
<td>2.9</td>
</tr>
<tr>
<td>Very remote</td>
<td>30.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Total</td>
<td>25.2</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Source: ABS 2016b.

Youth engagement with work or study is also lower in remote communities. According to the 2011 Census, 41 per cent of young Indigenous people in remote and discrete communities, aged 18 to 24, were either fully or partially engaged in work or study, compared to 60 per cent in non-remote areas.

Economic outcomes do not appear to be improving

Figure 27 Proportion of 18–24-year-olds fully or partially engaged in work or study, by remoteness, 2006–11


The phasing out of the Community Development Employment Program (CDEP) since 2008 makes comparisons between 2006 and 2011 difficult. CDEP participants were previously classified as employed by the ABS; when the program was phased out, participants transitioned into either employment or NewStart (unemployed).
While 2016 Census data are not yet available to allow analysis of economic participation, labour force data suggest these outcomes do not appear to be improving (ABS 2016b). Census data show that the proportion fully or partially engaged fell from 57 per cent to 41 per cent and the proportion not engaged in work or study increased from 43 per cent to 59 per cent over the period 2006 to 2011.

**Figure 28 Proportion of Indigenous 18–24-year-olds fully or partially engaged in work or study, 2006–11 by area**

Most jobs in discrete communities depend on public funding

In 2011, 24 per cent of employed Indigenous Queenslanders worked in the public sector. However, this proportion rises to 51 per cent in mainland discrete communities and 43 per cent in the Torres Strait. While local governments represent 2 per cent of jobs and 6 per cent of Indigenous jobs in Queensland, in mainland discrete communities they account for 31 per cent of all jobs.

*Source: ABS 2011a, 2006.*
While the ABS data does not provide a breakdown of non-government jobs, many of these, particularly in discrete communities, are likely to be reliant on public funding. These include NGOs providing services in communities that are funded by government.

This is reflected in the lack of economic diversity in discrete Aboriginal and Torres Strait Islander communities. Figure 30 shows employment in Queensland’s discrete communities by industry sector. The three largest sectors—education and health; public administration and safety; and other services, which are likely to be largely dependent on public funding—account for 87 per cent of total Indigenous employment.

*Figure 30 Employment by industry in Queensland’s discrete Aboriginal and Torres Strait Islander communities, 2011*

*Source: ABS 2011a.*
In comparison, Queensland’s non-discrete remote communities have much greater diversity of employment, as shown in Figure 31. The largest two employers of Indigenous people in non-discrete remote communities in 2011 were education and health (21 per cent) and mining (16 per cent). The sectors of education and health; public administration and safety; and other services, which make up 87 per cent of total indigenous employment in discrete communities, account for only 48 per cent of indigenous employment and 35 per cent of total employment in non-discrete remote communities.

**Figure 31 Indigenous employment by industry in non-discrete remote Queensland, 2011**


### 4.4 Health

The burden of disease and injury is higher in remote Indigenous communities

Queensland’s Indigenous population experiences double the expected burden of disease and injury than the non-Indigenous population (using an age-standardised rate per 1,000 population). In remote parts of Queensland, the burden of disease and injury for Indigenous Queenslanders rises to 2.4 times that of Queensland’s non-Indigenous population.

In 2011, for Queensland’s remote Indigenous population (Figure 32):

- the largest contributor to the burden of disease and injury was cardiovascular disease (responsible for 48.9 years of lost life and 15.5 years of disability per 1,000 population and making up 17.7 per cent of the total burden)

- the second-largest contributor was diabetes (responsible for 38.8 years of lost life and 19.5 years of disability per 1,000 population).

---

7 The burden of disease and injury is expressed as the cumulative years lost due to ill health, disability or premature death.
While mental disorders represent the single largest cause of the burden of disease and injury for Indigenous persons living in major cities (28.8 per cent), they are only the third-largest cause in remote Queensland (9.4 per cent). However, while mental disorders are a much smaller cause of the burden of disease and injury in remote areas, intentional injuries (including suicide) is a much larger component of the total burden in remote areas (1.8 times the Indigenous average).

Aboriginal and Torres Strait Islanders living in remote areas also have lower health-adjusted life expectancy than Aboriginal and Torres Strait Islanders living in cities. While Queenslanders born in 2007 could expect to live 73.5 years and Indigenous persons in major cities could expect to live 65.3 years, the health-adjusted life expectancy of Indigenous persons in remote areas was only 57.8 years in 2007 (Queensland Health, 2014).

Health outcomes have improved

Some progress appears to have been made in improving health outcomes for Aboriginal and Torres Strait Islanders living in remote parts of Queensland. The number of years of life lost to premature death or disability fell by 5.7 per cent, from 315 per 1,000 people in 2007 to 297 in 2011 (Queensland Health 2017, 2014).

This fall is consistent across most of the major components of the total burden of disease and injury (Figure 33). However, years lost to premature death from diabetes increased 18.3 per cent from 49.2 in 2007 to 58.2 in 2011. The burden from neonatal causes also increased from 4.1 years in 2007 to 5.0 in 2011 and the burden from malignant neoplasms (cancer) also rose from 31.7 years in 2007 to 33.0 years in 2011.

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8 The health-adjusted life expectancy is a measure of the number of years a person can expect to live in perfect health from birth. It differs from a standard life expectancy in that it takes into account non-fatal outcomes.
Figure 33 Burden of disease and injury for Aboriginal and Torres Strait Islanders in remote parts of Queensland, 2007–2011

The breakdown of the total burden (years of life lost to premature death and years of healthy life lost to disability) in remote regions is not publicly available. However, across all Indigenous persons in Queensland, while the fatal burden due to cardiovascular disease declined significantly between 2007 and 2011, the non-fatal burden remained the same. This likely indicates that improvements have been made in treating Indigenous people with cardiovascular disease, rather than preventing it.

4.5 Community safety

Indigenous people living in remote areas are more likely to have experienced violence

Data at the national level (Figure 34) show that Indigenous people in remote communities are more likely to have experienced physical or threatened physical violence, been arrested or been incarcerated in the past five years than Indigenous people living in non-remote communities.
Overall Indigenous incarceration rates have increased significantly in Queensland since 2000. As demonstrated in Figure 35, Indigenous incarceration rates have risen 53 per cent since 2000, while non-Indigenous incarceration rates rose only 8.5 per cent in the same period. While total incarceration rates have risen steeply since 2012, Indigenous incarceration rates rose faster (30 per cent) than the non-Indigenous rate (23 per cent) over this period.

Source: ABS 2016b.

Offences are highest in mainland discrete communities

In 2014–15, reported offences against the person were significantly higher in discrete communities. While offence rates were also higher in the Torres Strait compared to the rest of Queensland, the rate of reported offences was less than a third of that in mainland discrete communities.

In 2014–15, there were 23.4 episodes of care-for-assault-related conditions per 1,000 people in mainland discrete communities, which was almost 20 times the Queensland average. In the Torres Strait, there was only one episode per 1,000 people, which was less than the Queensland average of 1.2.

Figure 36 Offences, selected data, 2014–15

Child safety substantiations are highest in mainland discrete communities

The rate of child safety substantiations in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities is more than double the Indigenous average in Queensland. The Torres Strait has a lower rate of substantiations than the Indigenous average, although it remains higher than the non-Indigenous rate. The overall rate of substantiations for Indigenous children has fallen from 25.8 per 1,000 population aged 0–17 in 2012–13 to 21.9 in 2015–16. However, data is not publicly available to understand whether this trend has occurred in discrete communities.

Source: DATSIP 2016.
4.6 Housing

Home ownership rates are low

Housing in Queensland’s remote and discrete Aboriginal and Torres Strait Islander Communities is primarily social housing (59 per cent in 2016). This rises to 90 per cent in discrete communities and 80 per cent in the Torres Strait. While improvements have been made in rates of Indigenous home ownership in remote Queensland, rising from 10 per cent in 2006 to 20 per cent in 2016, there has been little change in discrete communities or in the Torres Strait.

Source: DATSIP 2016.

Figure 38 Housing by tenure type, Indigenous residents, 2006–16

Overcrowding is high but improving

Indigenous households in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities also experience greater levels of overcrowding than elsewhere in Queensland. Using a measure of the number of households with at least three more persons than bedrooms, 27 per cent of Indigenous households in remote and discrete communities were overcrowded in 2016. This level increases to 39 per cent in mainland discrete communities and 29 per cent in the Torres Strait. By contrast, only 5 per cent of all households in Queensland are overcrowded.

There has been progress in reducing the amount of overcrowding in communities, with the proportion of overcrowding falling from 41 per cent in 2006 to 27 per cent in 2016. The bulk of the reduction comes between 2011 and 2016. However, some caution should be used when interpreting these results—while they are compiled from Census data, response rates for the questions required to compile these estimates were relatively low.9

Figure 39: Proportion of indigenous households with overcrowding, by location, 2006–2016

Source: ABS 2016a, 2011a, 2006; QPC estimate.

The number of households with an internet connection has also risen since 2011 (Figure 40). According to the 2016 Census, 61 per cent of Indigenous households in remote and discrete Aboriginal and Torres Strait Islander communities had internet access from their dwelling, up from 48 per cent in 2011. However, this remains below the 79 per cent of non-Indigenous households in the same areas and the 86 per cent of all Queensland households with an internet connection.

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9 Estimates of indigenous households with overcrowding were compiled using only households that had stated all of Indigenous status, number of bedrooms, and number of persons in the household. Households that were missing any one of these were excluded from the calculation. However, in the 2016 Census, only 61 per cent of all households in remote and discrete communities provided all three pieces of information.
4.7 Wellbeing

Discrete communities experience high levels of socioeconomic disadvantage

The Australian Bureau of Statistics publishes an Index of Relative Socio-Economic Advantage and Disadvantage (IRSAD), which is a non-Indigenous-specific index that ranks areas in Australia according to relative socioeconomic advantage and disadvantage. The IRSAD is comprised of 25 variables from Census data and presents an overall score with a lower score representing most disadvantaged and a higher score representing most advantaged.

Using the IRSAD to rank Queensland’s local government areas reveals that the 16 most disadvantaged LGAs in Queensland in 2011 were all discrete Aboriginal and Torres Strait Islander Communities. Torres Shire, the 22nd-most disadvantaged LGA (out of 74 total) was the most advantaged remote and discrete Aboriginal and Torres Strait Islander community, however, it was only more advantaged than 16 per cent of LGAs nationally (ABS, 2011b).

Speaking an Indigenous language and its value as an element of identity and self-esteem has also been linked with improved wellbeing and health outcomes (AIATSIS, 2014). While only three per cent of Queensland’s Indigenous population speak an Indigenous language, almost 20 per cent of those living in remote areas, and 74 per cent in the Torres Strait do so.

| Table 13 Proportion of Indigenous residents who speak an Indigenous language, 2016 |
|---------------------------------|---------|--------|----------|----------|
|                                 | All Remote | Mainland Discrete | Torres Strait | Queensland |
| Speaks an Indigenous language   | 19%       | 25%       | 74%        | 3%        |

Source: ABS 2016a.
The Australian Bureau of Statistics’ National Aboriginal and Torres Strait Islander Social Survey provides the most comprehensive measures of community wellbeing. However, the small populations in remote regions mean that remoteness data are only available at the national level. Data from this survey show that Indigenous Australians living in remote regions are significantly more likely to suffer from overcrowding, but are more likely to report good health and are more connected to their culture than their counterparts in less remote parts of the country.

Figure 41 Outcomes for Indigenous Australians, by remoteness

Several attempts have been made to develop an indicator of community wellbeing for Indigenous communities. The Indigenous Relative Socioeconomic Outcomes index (IRSEO), is an indigenous-specific index derived by the Centre for Aboriginal Economic Policy Research (CAEPR, 2011) from the 2011 Census of Population and Housing. The IRSEO is composed of nine socioeconomic outcomes of the usual resident population.

The IRSEO reflects relative advantage or disadvantage at the Indigenous Area (IARE) level, where a score of one represents the most advantaged area and a score of 100 represents the most advantaged area. Using a population weighted average of each IARE, Queensland received an average score of 42, while remote Indigenous areas had a higher average of 68. The Torres Strait, however, was much closer to the state average with an average of 46. An index for 2016 has not yet been published.

4.8 Indicators for the Torres Strait

Indicators are better for the Torres Strait

Indicators for communities in the Torres Strait are generally better than in other communities. Reported offence rates in the Torres Strait are less than one-third of the rates observed in mainland discrete communities, although there are still high levels of overcrowding. Educational attainment rates are higher, unemployment is lower and the rate of youth engagement with work or study is high, despite the geographic isolation of many Torres communities.

10 IARE regions are in many cases too large to identify individual discrete communities.
Figure 42 Selected indicators for Torres Strait and mainland discrete communities

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Torres Strait</th>
<th>Mainland discrete</th>
<th>Non-Indigenous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported offences against the person (per/1000 persons)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth (18-24) engagement with work or study</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yr 12 attainment (18-24 yr olds)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Households with overcrowding</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speaks an Indigenous Language</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ABS 2011a; DATSIP 2016.

A possible factor in the better outcomes in the Torres Strait is that the Torres Strait region has been able to maintain strong governance, which has allowed it to exercise a higher degree of control over service delivery than other Aboriginal and Torres Strait Islander communities. This is consistent with the experience of Indigenous communities in northern America. For example, research undertaken by the Harvard project on Indian Development found:

...the evidence indicates that a federal policy of supporting the freedom of Indian nations to govern their own affairs, control their own resources, and determine their own futures is the only policy orientation that works. Everything else has failed.

In our work, we cannot find a single case of successful economic development and declining dependence where federal decision makers have exercised de facto control over the key development decision. In every case we can find of sustained economic development on Indian reservations...the tribe is in the driver’s seat. In every case, the role of the BIA and other outside agencies has shifted from decision maker to merely a source of helpful resources, from the controlling influence in decisions to advisor or provider of technical advice.

The underlying logic to the finding that only sovereignty works in overcoming the long-standing problems of reservation poverty, dependence, social ill-being is clear. As long as the BIA or some other outside organisation carries primary responsibility for economic conditions on Indian reservations, development decisions will reflect the goals of those organisations, not the goals of the tribe...As long as the outside decision maker doesn’t pay the price of bad decisions, there’s no incentive for that decision maker to make better decisions. (Cornell and Kalt 1998, p. 28)
4.9 Conclusion

Indicators of community wellbeing for Queensland’s Indigenous people living in remote and discrete communities are worse than for Indigenous people living in other parts of the state. Overall, outcomes were better in the Torres Strait, and worst in mainland discrete communities:

- Educational performance and attendance rates, employment, health outcomes and home ownerships rates are significantly lower in remote communities and there is little evidence of improvement.

- Indigenous people in remote communities are more likely to have experienced physical or threatened physical violence, been arrested or been incarcerated in the past five years than Indigenous people living in non-remote communities.

- Remote and discrete Aboriginal and Torres Strait Islander communities face significantly higher levels of socioeconomic disadvantage.

While there has been an improvement in some indicators, overall progress has not met community expectations and there are significant opportunities for improvement.
Overall assessment

5.0
Overall assessment
This chapter discusses the nature of some of the problems in communities and provides an overall assessment of the current service delivery system. It also considers underlying reasons why the problems occur. Implications for this inquiry are considered at the end of the chapter.

Key points

- Many Aboriginal and Torres Strait Islander people living in remote and discrete communities experience persistently poor social and economic outcomes, with high rates of unemployment and welfare dependency.

- As many policies by all levels of government affect Aboriginal and Torres Strait Islander people, care is needed in making a summary judgement about the existing stock of policies. Generalisations about performance run the risk of reducing support for good policies as well as bad.

- Even so, the weight of evidence presented to this inquiry suggests that many services are not meeting community expectations or delivering value for money.

- In discrete communities, government essentially ‘operates’ the community—individual choice, markets, rewards and responsibilities have a limited role. This creates ‘principal–agent’ and incentive problems, and contributes to welfare dependency.

- Poor or conflicting incentives—for government (there is a bias towards concentrating on highly visible action), service providers (there are incentives to maintain programs and funding rather than improve outcomes) and users (there are incentives to remain welfare dependent).

- Decision-making, funding and accountability are not aligned—decision-making is concentrated at the highest levels of government, and dispersed responsibilities result in limited genuine accountability to service users, communities, government or taxpayers.

- Information barriers between government, service providers and service users mean that services may not address peoples’ real needs.

- Service delivery is often funded on a short-term basis, and the current way of doing things does not reward or encourage effective evaluation and incremental improvement to service delivery and design.

- Anecdotally, there is potential to reduce ancillary costs and service duplication, so that more can be achieved with current investment levels.

- The ‘system’ is so large and bureaucratic that it risks serving itself rather than communities. Costs of maintaining the system are high and it is difficult ‘to get things done’.

- Economic and community development is not supported by the current institutional and policy framework.
5.1 Social and economic outcomes

Aboriginal and Torres Strait Islander people who live in remote and discrete communities experience poor and persistent social and economic outcomes when compared to the average of the Australian population:

- Labour market outcomes are worse than the Australian average with high and persistent unemployment rates (Chapter 4).
- Entrenched welfare dependency has resulted in the deterioration of social norms in many communities (Box 5.1).
- There is very little in the way of economic activity in communities which creates wealth, as opposed to distributing the wealth created by others (Chapter 9).

Services and policies at all levels of government seek to improve these outcomes with the highest-profile initiative being the Closing the Gap targets.

Box 5.1 Welfare dependency

A problem of welfare dependency occurs where a significant proportion of a community is dependent on financial assistance from government as their primary source of income (mainly the Australian Government, given its role in the provision of income support payments). ‘Dependency’ implies that the nature of the income support is long-term and often intergenerational. Dependency has negative consequences, such as the breakdown of social norms, alcoholism, and violence.

Welfare dependency in communities tends to be accompanied by a high rate of dependence on governments in two other areas—for the provision of services and for employment. If not dependent on income support payments, most other locals in communities are dependent on employment in the public sphere (for example, government administration or employment in the delivery of public-funded services). There is very little private sector activity and employment.

The collapse in social norms is evident in a range of well-publicised and difficult-to-solve problems.

The Institute has identified seven dysfunctions which are particularly contributing to the breakdown of Indigenous communities in Cape York Peninsula. These are abuse and neglect of children; alcohol abuse; drug abuse; petrol sniffing; problem gambling; poor school attendance; and dysfunctional housing tenancy arrangements.

Source: Cape York Institute 2007, p. 18.

5.2 A summary assessment of current service delivery policies

There are so many policies affecting Aboriginal and Torres Strait Islander people by all levels of government that care is needed in making a summary judgement about the overall impacts of the existing stock of policies. Apart from the interconnectedness and complexity of many of the issues, and the problems linking specific policies to specific impacts (the problem of determining causation), policies represent different, and sometimes contradictory, approaches. Whatever one’s views are as to the best approach, there are usually examples of existing policies consistent with that approach (even if in the minority). So, the making of sweeping statements about the performance of policies runs the risk of reducing support for good policies as well as bad.
Overall assessment

Conditions observed in communities today are the result of the cumulative effects of Australian and Queensland government policies over many decades.

Services are not meeting community expectations or providing value for money. The significant level and increase in resources targeted at closing the gap has not resulted in a commensurate improvement in health, child and family safety, economic opportunity and community development outcomes. While impacts may take time to be seen giving the nature of some problems, the lack of observable improvement to date is well below expectations:

> Despite increasing levels of investment, and more services being funded by government agencies disadvantage is still high. Governments have had limited success in addressing the causes of disadvantage. The result has been an array of un-coordinated services which are expensive and difficult to deliver in remote communities but do little to support individuals or family success.
> (LGAQ sub. 14, p. 22)

The Forrest Review found widespread evidence of failure nationally, particularly in mainstream services:

> Much of this failure is in mainstream services, which has left us with:
> • an education system that is not giving Indigenous children a decent education
> • employment services that deliver lousy results for first Australians despite chronic need
> • housing systems that charge such low rents that they create incentives for people to stay in remote communities as opposed to moving to where the work is
> • no effective arrangements to enable individual ownership of Indigenous land for first Australians.
> (Forrest 2014, p. 11)

The problem is not a matter of the aggregate level of resources being spent:

> The level of expenditure juxtaposed against limited progress on the ground starkly illustrates the productivity problem: a huge flow of inputs is achieving very few outcomes in terms of the social, economic and cultural progress of Indigenous Australians. (Empowered Communities 2015, p. 25)

Despite the high level of expenditures, a stated government commitment to consultation and co-design, and the best intentions of agencies and service providers, stakeholders hold a strong view that services on the ground are often inadequate, poorly designed and inefficient. For this to change, the approach must change:

> There is a clear need not merely to sharpen what is being done, but to stop what is being done and do something entirely different. Neither governments nor Indigenous people can expect to draw on an increasing pot of budget appropriations. Many programs don’t work but continue to receive funding regardless. Like the bewitched broomsticks in The Sorcerer’s Apprentice that continue to multiply, new initiatives are piled on top of old ones that have failed. Simply doing more, by way of providing more services and more programs, cannot produce a different result... Taxpayers and Indigenous people themselves should rightly expect better outcomes for the amount of public funds expended. A rigorous strategy must be applied to ensure funding is used more productively to support Indigenous development.
> (Empowered Communities 2015, pp. 51–52)

Service delivery policies also often have broader negative impacts on economic and community development. For example, they create incentive problems that impede economic participation, and they displace voluntary effort in communities.

### 5.3 Policy failures when good intentions abound

All stakeholders involved in service delivery (decision-makers, bureaucrats, service providers, community members and so on) appear to be unified in their motivation to improve the welfare of Aboriginal and Torres Strait Islander people.
While the stakeholders have good intentions, they are also influenced by the incentives they face and the institutional environments in which they work:

*My experience in government suggests that those who hold positions of power want to believe that they are doing the right thing – that they are pursuing the public interest. But their beliefs are at least malleable enough for them to be convinced by “special interests” that what they want is in the public interest, when in fact it is in their own interest to so believe. (Stiglitz 2012, p. 239)*

People also have preconceived notions of how the world works, or ‘models’ that influence how problems and the kinds of solutions that are necessary will be perceived. In some cases, the consequences of policy failings, combined with underlying challenges, accumulate over time and become ‘wicked’ problems.

Reform processes are often difficult, with those who stand to lose from reform often being organised and loud, and those who stand to benefit being ‘the silent majority’:

*[R]eform is always difficult for those who lose in the short run because their losses are imminent, while those who will benefit do not see how they will gain … The non-indigenous public servants and private service industry ‘rentiers’ who derive comfortable livelihoods from present policies are another interest group vigorously opposed to reform. The preservation of Aboriginal ‘living museums’ is also stoutly defended by academics and consultants whose incomes they substantially boost. (Hughes 2005, p. 3)*

### 5.4 Institutional design and funding problems

Institutions set the formal and informal rules within which policies and service delivery are designed and implemented. There are a range of opportunities to do better.

Roles and responsibilities for service delivery are influenced by the broader context of Australia’s system of federalism. When considering the appropriate split of responsibilities, two principles to consider are:

- subsidiarity—decision-making should reside at the lowest level of government able to exercise it effectively, and thus as close as possible to the community, to allow them choice as to the services they receive

- fiscal equivalency—the beneficiaries, and those operating and funding services, should share a similar geographic boundary as this will help avoid under- or over-provision of services.

Linking decision-making powers with funding and accountability for monies spent imposes a discipline to make sound decisions on behalf of taxpayers and communities. However, the current delegation of responsibilities has led to dispersed and weak accountability for outcomes. This contributes to the problem of services not matching community needs and the overall effectiveness and efficiency of the system of service delivery.
## Analysis of institutional and funding arrangements

<table>
<thead>
<tr>
<th>Area</th>
<th>Australian Government</th>
<th>Queensland Government</th>
<th>Indigenous organisations</th>
<th>Overlaps and gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions &amp; representation</td>
<td>Shared lead</td>
<td>Shared lead</td>
<td>Secondary lead</td>
<td>High</td>
</tr>
<tr>
<td>Responsible for mechanisms to enable Indigenous interests to be represented and acted on at the federal level.</td>
<td>Oversees frameworks of national identity, citizenship rights and responsibilities.</td>
<td>Responsible to establish and enforce law and order, and the structural preconditions for effective markets.</td>
<td>Councils responsible for local economic infrastructure and planning; support good order; advocate community interests to governments. TSRA represents and supports Torres Strait interests and economic development. NTRIs provide representation under the Native Title Act 1993 (Cth). Aboriginal land councils represent Aboriginal affairs at state level.</td>
<td>All levels of government share responsibility for the maintenance of citizenship rights and good order. There is a gap in recognised representation of Indigenous interests to state and Commonwealth governments.</td>
</tr>
<tr>
<td>Policy</td>
<td>Shared lead</td>
<td>Shared lead</td>
<td>Limited</td>
<td>High</td>
</tr>
<tr>
<td>Responsible for national security and border control. Oversees policies that directly affect economic development (native title), employment and welfare. Influences Indigenous housing policy, education and training, health and social justice policy.</td>
<td>Oversees policies that directly affect economic development (land tenure, zoning, town planning, infrastructure). Social housing, health, education and training, social justice, community and child safety policy.</td>
<td>Councils responsible for policy relating to the exercise of local regulatory functions. TSRA formulates Torres Strait regional policy.</td>
<td>Australian and state government share responsibility for policies that affect the social determinants of health of Indigenous Australians, their prospects for self-determination. Indigenous organisations have limited input.</td>
<td></td>
</tr>
<tr>
<td>Funding</td>
<td>Limited</td>
<td>Secondary lead</td>
<td>Secondary lead</td>
<td>High</td>
</tr>
<tr>
<td>Provides funding towards social housing, health, education and training. Funds primary health care, employment and welfare services.</td>
<td>Funds ATSI councils to meet costs (in lieu of rates).</td>
<td>TSRA provides grant funding to community groups, enterprises and individuals.</td>
<td>All levels of government jointly and separately fund essential services to Indigenous peoples and communities. The role of Indigenous organisations in funding initiatives is limited by their lack of untied resources.</td>
<td></td>
</tr>
<tr>
<td>Delivery</td>
<td>Shared lead</td>
<td>Shared lead</td>
<td>Secondary lead</td>
<td>High</td>
</tr>
<tr>
<td>Oversees programs related to jobs, land and economy (Indigenous Advancement Strategy); children and schooling; safety and wellbeing; culture and capability; and remote Australia strategies.</td>
<td>Oversees delivery of housing, health, education and training, social justice, community and child safety services.</td>
<td>Councils fill service provision gaps; promote economic development; provide social housing; manage community groups. TSRA coordinates and delivers services. Other Aboriginal organisations deliver a range of services including land tenure, health, legal, education, employment and business services.</td>
<td>Significant overlap in delivery of individual programs relating to economic development, health, training, safety and wellbeing. Indigenous councils bear a service delivery burden that is significantly underfunded and unrecognised.</td>
<td></td>
</tr>
<tr>
<td>Regulation</td>
<td>Secondary lead</td>
<td>Lead</td>
<td>Secondary lead</td>
<td>Medium</td>
</tr>
<tr>
<td>Overarching responsibility for land rights; border control; environmental protection, and community protection and control.</td>
<td>Tenancy management, community housing, town planning, land release, zoning, community alcohol restrictions, cultural heritage and family responsibilities.</td>
<td>Local laws include public health and safety, parking, prohibiting or restricting nuisances and environmental hazards, licensing business operations, using local government controlled areas, facilities and roads.</td>
<td>All levels of government jointly and separately govern issues impacting economic development, community protection and control. There is a gap in Indigenous consultation on Commonwealth and state legislative proposals.</td>
<td></td>
</tr>
</tbody>
</table>

**Key**

- **Who leads**
  - **Lead**
  - **Secondary**
  - **Shared**
  - **Limited role**
- **Level of overlap and gaps**
  - **High**
  - **Medium**
  - **Low**
Duplication and overlap in roles and responsibilities

Within the existing institutional structure and funding frameworks, decision-making is concentrated at the Australian and Queensland Government levels. An analysis of arrangements (above) identifies a high degree of overlap in roles and responsibilities in the institutional framework, across policy responsibilities, funding, service delivery and regulation. This is evident across all levels of government and Indigenous organisations, particularly in service delivery and the institutional framework.

At the Queensland Government level, 19 departments are responsible for coordination and policy, with 13 individual departments directly providing or funding services to communities (as discussed in Chapter 2).

The bureaucratic maze means it is difficult to get things done, particularly when the difficulties associated with delivering services into remote locations are added into the mix.

Dispersed and weak lines of accountability

The Queensland Government is accountable for monies spent to the Queensland public including Indigenous people. Local councils are accountable to the Queensland Government for funds provided to councils. Where government agencies commission services, they are responsible to general taxpayers for the funds spent. Service providers are responsible to the Queensland Government. These responsibilities are duplicated for Australian Government services. Basically, there are a lot of overlapping responsibilities which makes for limited accountability.

Service agreements and contracts commonly place obligations on the recipient to report to the Queensland Government on compliance, with limited or no reporting on outcomes to the public and communities. This lack of accountability to the community was illustrated by the response of a service provider to the Mornington Shire Council’s efforts to map the myriad services into their community:

Question: Contact details of the person responsible for all the programs or services you deliver, the length of any contract or period of engagement and other relevant details for each program or service you deliver.

Response: “Not sure why you require this information? This is not something we are required to share or discuss in any community I would need to see a lot more detail behind your request before I approve such a resource intensive task …”

Question: The Key Performance Indicators or Performance Measures for each program or service or in the absence of these how you assess the value of the program or services delivered.

Response: “as above”. (LGAQ sub. 14, p. 6)

Dispersing accountabilities across all parties and relying on compliance reporting mean there is limited genuine accountability to communities or taxpayers, with no party responsible for delivering outcomes.

Indigenous council responsibilities exceed those of other local governments

For Indigenous councils, the scope of activities is often much broader than for non-Indigenous councils. For example, the breadth of activities undertaken by the Yarrabah Aboriginal Shire Council in relation to housing and homelessness matters alone is extensive (Box 5.2).

This arises partly as a result of real or perceived community expectations given the level of need in communities. Councils may also be the only entity in the community capable of taking action, or, at least in smaller communities, there may be no other option. However, the breadth of council involvement is also a matter of choices made by councils. The wide scope of activities raises issues concerning:

• the funding and financial sustainability of councils (Chapter 13)
• the funding and delivery of services in communities where, if funded inadequately or performing poorly, acts to draw councils into activities that they would prefer to withdraw from

• whether financial sustainability issues interact with scope issues to provide incentives that work against development

• whether the resulting concentration of power and control over so many aspects of life in communities is in the long-term interests of communities.

Box 5.2 Yarrabah Aboriginal Shire Council

Yarrabah Aboriginal Shire Council (YASC) observed:

Most community members and indeed government agencies also assume YASC are responsible for the delivery of services outside of their roles and responsibilities, their funding, specified skill sets and statutory reach. YASC inadvertently endure the stress, cost and risk in filling the gap in services at the risk of other service provision, or are negatively targeted and pressured for not meeting these needs. (YASC sub. 11, p. 7)

In relation to housing and homelessness matters alone, YASC roles include:

• housing provider managing tenancy and associated maintenance of 364 social houses

• responsible for strategic land use planning

• responsible for statutory planning—receiving and assessing development applications

• responsible for provision of trunk infrastructure for water, sewerage and drainage

• responsible for maintenance and management of water, sewerage and drainage systems

• responsible for rubbish collection from social housing and expensive ‘out of community’ disposal of that rubbish

• responsible for the gazetted roads throughout Yarrabah

• manages 306 hectares of DOGIT

• manages lands where approximately 50 homeless Yarrabah families reside in wait for placement into community houses

• manages the sale of social houses for purpose of home ownership

• issues leases to other stakeholders to facilitate development of housing for their housing needs necessary for successful service provision

• responsible for Native Title and Cultural Heritage compliance with regards to housing and assets and associated activities under requirements of the Yarrabah Local Government Indigenous Land Use Agreements.
Fragmented and inflexible funding

Grant and program funding is ostensibly aimed at allowing non-government parties to provide services, encouraging competition while ensuring accountability and managing risk. However, the system as currently executed appears to undermine the outcomes it is trying to achieve.

In 2001, the Cape York Justice Study described funding arrangements to community councils as complex and highly fragmented, hampering the ability of councils to undertake proper community and strategic planning (Ellerman 2002, p. 9). There are still concerns in 2017:

> Councils continue to express their concerns about too many funded programs being initiated by state and national capitals relying exclusively on the advice of people who do not live and work in the communities and accordingly, on too many occasions, fail to achieve their desired outcomes. (LGAQ 2017)

Fragmentation of funding sources can cause problems for service providers. Fragmentation can be a drain on resources due to the constant need to apply for additional funds from multiple sources. To meet the requirements of various funding providers, output/outcome measurement can become excessive and reporting requirements can increase. Fragmentation also increases the scope for a conflict of objectives between service and fund providers, and between various fund providers. Some of these effects have been noted by the current national inquiry into human services delivery in remote Indigenous communities:

> The fragmented nature of services means providers often rely on funding from a variety of sources and programs. These separate sources of funding come with their own compliance requirements, placing a particularly significant burden on smaller organisations (Dwyer et al. 2009). Alford (2014) gave an extreme case of one Aboriginal Community Controlled Health Organisation (ACCHO) with over 90 funding agreements, and an associated compliance burden of about 423 reports annually. Funding also tends to be short term and uncertain in nature. As a result, providers and governments spend considerable time and effort managing funding flows rather than focusing on delivering better outcomes. (PC 2016b, p. 135)

In many communities, numerous programs and services are provided to comparatively small populations. For example, in Coen, 40 separate service providers deliver around 70 services and programs to a population of just over 350 people. Mornington Shire Council has identified more than 100 programs that are delivered by over 40 agencies, with 10 separate organisations funded to deliver the same four programs (LGAQ sub. no. 14, p. 5).

While not necessarily so, fragmentation in funding may contribute to fragmentation in service delivery, which appears to be a significant issue in remote Indigenous communities:

> The service delivery arrangements for people living in remote Indigenous communities are overly complex. Funding and responsibility for service provision and outcomes are split across governments, departments, programs and providers. Although this is also the case in human services more generally (chapter 8), the negative effects of this are stark for remote communities with high levels of service fragmentation, and duplication in some areas and gaps in others. PC 2016b, p. 134)
Short-term contracting and system compliance burdens

Community organisations and NGOs receive much of their funding from governments under short-term contractual arrangements. Competitive tendering over relatively short funding cycles undermines the sustainability of Indigenous corporations and significantly reduces the ability of communities to exert control over service delivery (Moran et al. 2014; SFBACS 2016).

A common complaint amongst service providers is that grant funding can create a high administrative burden on organisations, diverting energy and time away from service delivery:

*The combination of administrative and fiscal fragmentation and notions of accountability stemming from 'new public management’ reforms has resulted in Indigenous organisations becoming subject to often unsustainable administrative requirements and burdens. This problem is fuelled by the volume of grants that are often small and short-term in nature. Organisations are therefore caught in a continuous cycle of applying for, and reporting against, grants that have often been provided for very specific purposes with only limited allowances for the administrative requirements that accompany them. This approach to funding perpetuates a sense of funding insecurity, often resulting in organisations committing significant human resources to playing the ‘funding game’. The overburden report (Dwyer et al., 2009), also noted the underutilisation of data by the departments that collate them; and importantly, the overemphasis on corporate aspects of reporting while neglecting to collate evidence regarding meaningful and substantive change or outcomes. (Moran et al. 2014, p. 11)*

Costs incurred by funded organisations to meet reporting obligations are frequently not commensurate with the size of the payment received (LGAQ 2017; National Commission of Audit 2014; SCRGSP 2016).

The 2009 Overburden report found that, for financial reporting alone, an average Aboriginal Community Controlled Health organisation will produce 22 financial reports for 20 activity reports (statistical and other summaries of the services provided) equating to an average of 42 reports for 21 grants (Dwyer et al. 2009, p. 78).

Other funding issues

Submissions to the inquiry have raised several other funding issues. For example, the Burke Shire Council raised the issues of:

- funding to rural and remote non-discrete communities who nevertheless have a significant Indigenous population. For example, the council noted that recent Queensland Government budget initiatives to increase expenditure on social/affordable housing and water, wastewater and solid waste infrastructure to assist Indigenous people was only available to discrete communities. The council stated that co-funding requirements are higher for the council (for example, the council has to chip in $3 for every $1 in grant funding compared to 1:1 for Indigenous councils), even in situations where the road it is maintaining is the primary access road to the Doomadgee Aboriginal Shire

- the potential role for funding and incentive mechanisms to achieve greater collaboration between Indigenous and non-Indigenous councils

- the scope for reforming funding arrangements to reward councils for good governance by, for example, reducing compliance (red tape) burdens by streamlining requirements (Burke Shire Council sub. 25, pp. 1, 8–9).

The council considered that greater collaboration between councils could provide benefits in reduced duplication of services.
5.5 Underlying problems

There are reasons why policies fail or under-perform that are systemic in nature, relating to government institutions, rules and processes and not to a specific government, level of government or side of politics.

Problems at each stage of the policy cycle

Many reasons why policies fail are not specific to Indigenous policy, but they are more ‘concentrated’. Some of the reasons are a focus on achieving visible and short-term impacts rather than long-term outcomes; failure to understand the problem and a lack of clear objectives; insufficient attention paid to opportunity costs and unintended consequences; the practical constraints on centralised policy interventions to actually achieve outcomes; poor choice of policy instrument when considering different ways to address a problem; rigidity and uniformity of policy, legal and administrative frameworks; low expectations being a self-fulfilling prophecy; and a lack of transparency and accountability to the people whom service delivery is meant to serve.

There are underlying reasons for poor performance at each stage of the policy cycle. Some of the reasons listed cut across stages—for example, a disposition to intervene is seen both in the policy design process (by agencies) and in the decision-making process (for example, by politicians).

Service improvement relies on understanding the outcomes achieved by a program. Yet, government funding of Indigenous programs is characterised by inadequate transparency, accountability and evaluation—though compliance reporting requirements are extensive, the data collected typically does not provide credible evidence of the program’s impact, account for how the money was spent, or report on whether the program is meeting its intended objectives. Equity, efficiency and effectiveness of service delivery are not demonstrated.

Problems in monitoring, evaluation and feedback processes are discussed in Chapter 10.

A disposition to intervene

There are many reasons why governments and government institutions are disposed to intervene in the lives of Aboriginal and Torres Strait Islander people:

- Governments and other non-Indigenous institutions have usurped ‘responsibility’ for the welfare of Indigenous people over many decades.
- Governments, being ‘responsible’, experience political risk aversion, which drives responses to reported poor outcomes, given broader community expectations.
- A ‘moral’ responsibility exists to right past wrongs.
- Government institutions respond to incentives for expansion or greater control.
- Governments have underlying concerns that Aboriginal and Torres Strait Islander people are not sufficiently capable.
- The underlying belief is held that government institutions and political decision-making processes are more capable than what they are in practice.

Therefore, governments are more likely to intervene when they should not, and/or they are more likely to intervene in a way that is heavy-handed.
Government as problem fixer—where does responsibility lie?

Where there is a policy intervention, it should address an identified problem. The policy intervention should be proportional to the problem and, importantly, consideration needs to be given to the realities that limit government interventions in achieving their objectives. But, the practical limitations on government interventions or the sources of policy failings are rarely seriously assessed (see Box 5.3). As discussed in the sections below, there are numerous limitations on the ability of governments, large bureaucracies and centralised decision-making to actually solve problems in communities.

Box 5.3 Government as the fixer of ‘market failures’

Economic policy advice often contributes to the view of government as a ‘fixer’ of problems. Government interventions are to be considered where there are potential welfare-enhancing improvements from intervening in an economy (whether in traditionally ‘economic’ spaces or social policy areas, such as, health and education). The potential for a welfare-enhancing intervention is most likely in those circumstances where a policy intervention can address a ‘market failure’ and improve economic efficiency.

The market failure framework provides a two-stage test:

- First, a policy should address a clear market failure, providing for a potential improvement in economic efficiency and welfare.
- Second, the government policy intervention should be capable of fixing the problem and improving upon outcomes. The second-stage test allows a broad range of perspectives and theory to be applied.

The framework is meant to help guide policy interventions, and it does this in many cases. But, it does not encompass all matters that might be relevant to identifying a problem, understanding the problem and considering whether a policy could improve upon outcomes.

Often the framework is not used in practice, with policies starting from the position based on the accumulation of past policies, or a unilateral political decision, rather than a fundamental questioning of the role of government in relation to the problem.

Even if policies do address some form of market failure, there is rarely any serious consideration of whether a government policy response will work in practice. The second-stage test is rarely applied. If it was, many interventions would not occur, and others would be designed differently.

Given the observed outcomes of policies impacting on Indigenous communities, there is probably no area of policy where the inability to think clearly and truthfully about the limitations of government has worse consequences than in Indigenous policy.
Whether it is the role of the Queensland Government or Australian Government to address a problem is a question that needs to be asked more often:

_The objectives of overcoming deficits, disadvantage and poverty immediately invoke the standard tools of the welfare state: top-down government intervention through income transfers and passive service delivery. Individual, family and collective agency is relegated to the sidelines, displaced by the strategies, rules and procedures of the bureaucracy. Failure to achieve progress is taken as evidence of the need for increased funding, further government intervention and better ‘coordinated’ programs._ (Empowered Communities 2015, p. 13).

If Aboriginal and Torres Strait Islander people are to take greater responsibility for their lives, governments must take less. Therefore, the responsibility for solving many problems rests with the people residing in the communities.

The issue is not so much that policy targets an identified problem, but that government intervention almost automatically leads to inertia, and that there is a strong disposition to ‘solutions’ that are top-down or centrally driven, despite the evidence that this approach often causes more harm than it does good.

Governments should more often step back to an enabling or facilitating role (discussed further in Chapter 8). This means that the problem is still targeted, but government seeks a solution through assisting individuals or communities to solve the problem.

**Dispersed knowledge and complexity**

The social problems present and the nature of the development challenges are complex problems that top-down and centralised decision-making and service delivery is ill-suited to solve:

_It is up to the bureaucracy to assess these funding proposals against the stipulated criteria. How can panels of bureaucrats know what is needed for development on the ground and how could they assess what is and what is not a worthwhile investment proposal? (Empowered Communities 2015, p. 60)_

A deeper appreciation of the complexity of the mainstream economy and the problems that markets solve can help provide insights on the challenges facing Indigenous policy and public-sector-driven service delivery as substitute ways of coordinating economic activity, including the provision of services.¹¹

Given the complexity of the system and problems, often by the time the nature of a problem is understood well enough to design solutions with a reasonable chance of solving the problem, agreement is obtained on those solutions, and solutions are implemented, conditions have changed. Perceptions of problems and the best solutions are often out of date. By the time an evidence base is established, the world has moved on.

Cultural differences between Indigenous communities and mainstream Australia add to the complexity of the challenge of providing effective and efficient services to communities, as well as achieving development. Differences in culture also occur between different tribes and family groupings within communities, which poses further challenges to achieving safe, prospering communities.

Even when genuine consultation occurs, it is a poor substitute in linking what people want and what is of value to them with the supply of goods and services.

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¹¹ See Boudreaux 2014 and Hayek 1945, and the video ‘I, pencil’ at https://cei.org/i-pencil for an insight on the complexity of producing what appears to be a simple pencil and how decentralised markets coordinate it. The parallel in communities is the challenge of addressing complex social problems (or “wicked problems”), for example, see CYI sub. 026, p. 7 on the causal pathways driving disadvantage.
Challenges in whole-of-government coordination

To better improve the coordination of policy and services, whole-of-government approaches may be adopted. However, whole-of-government coordination efforts within governments face many obstacles and there is limited evidence that they have improved service delivery in communities.

The Australian Government has acknowledged the interconnectedness of the problems it seeks to address, and concluded that whole-of-government approaches are required. Two Management Advisory Committees have described the changes in organisation and processes that are essential if whole-of-government coordination is to work. The changes included five basic imperatives:

• substantial initial cross-agency—stakeholder agreement about the broad purposes to be pursued
• use of the outcomes budget framework to pool resources and to create appropriate accountability frameworks
• lead-agency staff empowered with sufficient authority to manage whole-of-government settings and to lead the engagement of local stakeholders
• empowering these same managers to engage with relevant individuals and interests
• ensure the individuals engaged in those latter roles have the appropriate networking, collaboration and entrepreneurial skills.

Note that this is an internal high level Commonwealth assessment, not that of some external critic. These are the people with administrative skin in the game. In my view, these imperatives are not ever met. (Chaney 2012, p. 59)

Whole-of-government approaches are constrained by the existing institutions, rules and processes of government. The constraints may be so difficult to overcome that major structural reforms are needed to redefine the fundamental relationships between governments, agencies, external organisations and Indigenous people:

Whole-of-government approaches typically entail substantially increased investment in the public sector, arrangements to enhance central strategy and executive control, and efforts to ‘join up’ multiple agencies of government, often through joint agency/funding agreements...[T]he changes in organisation and processes needed to make a whole-of-government approach work... include ‘substantial’ cross-agency agreements, outcomes-oriented budgeting, provision of greater discretion to frontline staff, and stability in commitments over time. What these features point to is that whole-of-government approaches will not work without proper devolution of authority, funding, accountability and coordinated organisation. More to the point, it is clear that fundamental shifts in structural relations are needed between central and local authorities, and among influential private sector players, community members and representatives of public authorities. (Walker et al. 2012, p. 56)

Non-market attempts to mimic the benefits of competition

Competition provides many benefits that systems of non-market provision struggle to replicate (Box 5.4). The absence of competition for non-market activities:

• requires other mechanisms be designed that correct performance that are unlikely to have the same disciplining influence (for example, the Queensland Government’s Performance Management Framework)
• allows for the replacement of incentive structures linked to the external provision of valued goods and services with alternatives that are internal or proxy incentive structures that may better serve the needs of government and providers than communities
• impairs the provision of information to non-market decision-makers on what is valued, and how much it is valued, with consequences for the link to internal cost structures and attempts to improve performance. Consultation is an inadequate replacement mechanism.

The activities in communities are dominated by non-market activities. The lack of a dominant private sector means that the problems related to the absence of functioning markets and competition are pervasive. In other words, many of the problems in communities are predictable as outcomes of a non-market form of organising activities and the allocation of resources that is overwhelmingly dominant in communities.

Box 5.4 Why competition supports improvements in welfare

Competition corrects poor performance. Government organisations are not subject to bankruptcy and they usually do not have to worry about competition (Stiglitz 2012, pp. 199–200). The possibility of bankruptcy provides a limit to the magnitude of the losses than an inefficient management can generate, and a natural mechanism for the replacement of management and correction of poor performance.

Competition provides the opportunity for choice. Where there is competition, individuals can reveal their preferences by their acts of choice. The presence of choice forces businesses to come to terms with the costs imposed on those outside their agency as a result of their internal bureaucratic processes.

Competition provides an incentive structure that serves customers. Businesses, in their attempts to attract customers and remain viable, find a mixture of services that best meets customer needs.

Competition provides a basis for comparison. Where only one service is provided, it may be difficult to ascertain whether the service is being provided efficiently.

Competition re-allocates resources towards success. Those firms that are efficient and are able to deliver the kinds of goods and services consumers desire will grow and expand, and those that are inefficient will decline. Business managers have a strong incentive to promote efficiency and to be innovative in developing products and services that better meet the needs of consumers.

Consultation and participation in service delivery design

While communities are frequently consulted, there is little real participation at each stage of the policy cycle from the policy development process through to decision making, implementation, and monitoring, evaluation and feedback processes.

Indigenous people and organisations currently feel like they have little influence in the making of policy by the Australian and Queensland governments, or influence over service delivery:

It is obvious that geographical issues will impact on the level of service provided from outside agencies. Many Woorabinda residents, however, believe they are not being serviced adequately by visiting services funded to assist their community. The issue is compounded by the fact that local residents have no input into program design to ensure local cultural expectations are met, and no involvement in ongoing decision making ... (fly-in fly-out services) are unable to deliver the best outcomes and have limited accountability to the local community. (Woorabinda Aboriginal and Torres Strait Islander Corporation for Social and Emotional Wellbeing and Health sub. 5, p. 2)
Clear intentions to consult and co-design are not backed up by supporting institutional arrangements that see no formal mechanism for representation and negotiation to occur on an ongoing basis:

_Wicked problems, multi-factoral problems affecting people, such as health, education and employment, do not admit to solutions that do not involve those for whom the program is established._ However, I do not know any Indigenous communities or individuals who would claim that their experience of dealing with government has been in line with those preconditions. (Chaney 2012, p. 58).

Other policy design challenges

Designing policy and service delivery is challenging, particularly when addressing complex problems. Some of the problems are listed in Table 14.

Table 14 Other policy design challenges

<table>
<thead>
<tr>
<th>Nature of the problem</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent seeking</td>
<td>Rent-seeking is the economic term used to describe attempts by individuals to use the political process to obtain gains for themselves at the expense of others.</td>
</tr>
<tr>
<td>Special interests over economy-wide impacts</td>
<td>Policy should consider the broader impacts of the policy on the economy or community, not just the impacts on a particular target group.</td>
</tr>
<tr>
<td>Lack of clear objectives</td>
<td>The genesis of a policy may not be based on a considered view of what the real underlying problem is, and the community’s view of priorities. The rationale for policies is often unclear. Even where a policy had a clear rationale when it was introduced, this may no longer be the case as circumstances change.</td>
</tr>
<tr>
<td>Preoccupation with the visible and short-term</td>
<td>The choice to introduce a new policy and how to intervene is too strongly driven by the visible and short-term impacts of the policy.</td>
</tr>
<tr>
<td>Focus on symptoms not underlying causes</td>
<td>The focus on short-term and visible impacts lends itself to a focus on problems which are symptoms of more fundamental or underlying problems. Policies to address the underlying problems may be too long-term and uncertain.</td>
</tr>
<tr>
<td>Poor choice of policy instrument</td>
<td>To achieve a specific objective, alternative policy instruments are available. Governments often choose instruments which offer them a high degree of control and perceived minimum risk, whereas communities are better served by more ‘light-handed’ approaches which give them greater flexibility and control.</td>
</tr>
<tr>
<td>Not targeted to local conditions</td>
<td>Programs are often difficult to implement locally because they are not targeted to local conditions. Attempts to replicate a successful service delivery model in one location to other locations have often failed.</td>
</tr>
<tr>
<td>Failure concerning the logic of the intervention</td>
<td>The logic of a policy intervention sets out how inputs (e.g. labour and capital resources) will lead to a change in target outputs and desired outcomes. However, the assumed relationships may be wrong. For example, errors may be made concerning the direction of causation in underlying relationships, and the direction and magnitude of impacts.</td>
</tr>
<tr>
<td>Insufficient consideration of unintended consequences</td>
<td>A policy may produce unintended impacts beyond the target group of the policy. These impacts may be benefits or costs. Often they involve negative consequences of policy that were not fully appreciated, or were ignored.</td>
</tr>
</tbody>
</table>
### Nature of the problem | Implications
--- | ---
Insufficient consideration of opportunity costs | Resources are not free even if they are provided to someone without charge. All resources have an opportunity cost. One person’s consumption of a good or service means another person cannot consume it. Policies often ignore opportunity costs: the fact that resources are consumed by the policy means that the resources were not used in some other way which may have delivered greater benefits to a community.

Principal–agent problems | The problem of motivating one party (the agent) to act on behalf of another (the principal) is known as the principal–agent problem, or agency problem in short. Agency problems arise when the incentives between the agent and the principal are not perfectly aligned and conflicts of interest arise. As a result, the agent may be tempted to act in his or her own interest rather the principal’s. An example is where the state government acts as an agent on behalf of communities. Or, the principal may be the general taxpayer that funds services to communities.

Moral hazard and behavioural responses | Moral hazard arises when an agreed contract or financial arrangement creates incentives for the parties involved to behave against the interest of others. The income support system leads to moral hazard problems when the presence of income support payments alter decisions, making it more likely that income support will be needed (for example, if people are less incentivised to invest in their own human capital and this leads to a lower likelihood of employment).

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**Rent-seeking**

In response to incentives, people may engage in rent-seeking behaviour. Rent-seeking behaviour generally manifests itself in the form of special interest groups seeking legislative privilege, either by lobbying for special legislation or by seeking increased allocations of public resources. In both cases, the benefits to the recipients are concentrated, while the costs to the taxpayer or consumer are diffuse. This is due to the incentive structure under which governments and agencies operate.

Rent-seeking is an important reason why policy choices may be driven by the impacts on special interest groups or industries over the economy-wide or community-wide impacts. Rent-seeking can lead to policies that in the aggregate reduce welfare: in other words, the sum of the costs of the policy on those not part of the favoured interest group or industry outweighs the benefits to the privileged.

**A focus on short-term impacts and treating symptoms**

Policies often focus on the visible and short-term impacts of the policy or on the short-term benefits of delivering a service, rather than on the underlying problems and long-term. There are many reasons for this:

- The real causes of problems may not be widely understood.
- The objectives may not be clear, or the objectives may not be those of the community.
- The complexity of interactions and relationships may make it very difficult to trace through the potential impacts.
- Short-term impacts are easier to identify and there may be a political imperative to show ‘progress’ (discussed further below).
One of the consequences of an undue focus on visible impacts is that policies, and therefore resources, are too frequently directed at the symptoms of problems and not at solving the root causes of problems. This problem applies in many areas of service delivery. It is most commonly discussed in relation to the resources that are spent on the treatment of sickness compared to resources that are spent on the underlying determinants of why people get sick.

Addressing symptoms is relatively more ‘simple’ than addressing the underlying causes of problems. Addressing symptoms leads more naturally to a policy approach that is more direct and controlling (illustrated in Table 15).

### Table 15 Addressing symptoms leads more naturally to a controlling approach

<table>
<thead>
<tr>
<th>Symptom</th>
<th>Problem</th>
<th>Intervening approach</th>
<th>Key nature of policy instrument</th>
<th>Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addressing a symptom</td>
<td>Poor quality food and unreliable supply.</td>
<td>Natural inclination to directly fix the problem (e.g. own and manage stores).</td>
<td>Exercise control; direct action.</td>
<td>In the short- to medium-term it may or may not improve outcomes. Not a long-term solution.</td>
</tr>
<tr>
<td>Addressing the underlying problem</td>
<td>Poor quality food and unreliable supply.</td>
<td>'Enable' local people to define and fix the problem/ provide scope to learn.</td>
<td>Align property rights and incentives; reduce control.</td>
<td>In the short- to medium-term it may or may not improve outcomes. Longer-term contribution to capability building and development.</td>
</tr>
</tbody>
</table>

**Insufficient attention paid to unintended consequences**

Government intervention may generate unanticipated side effects, often in areas remote from that in which the public policy was intended to operate. The risk of unintended consequences is increased, as interventions tend to operate through large organisations using blunt instruments whose consequences are far-reaching and difficult to forecast. Unintended consequences occur external to the agency designing or delivering the policy or service, and may not affect the agency’s decisions on whether to introduce a policy or not, or the design of the policy. The often ill-defined nature of both the quantity and quality of government output limits the motivation and ability of analysts to think seriously about the unintended side effects of policies.

Best practice policy design gives serious consideration to the potential unintended consequences of a policy. Four types of unintended consequences can be identified (Table 16).
Table 16 Types of unintended effects of policy interventions

<table>
<thead>
<tr>
<th>Effect</th>
<th>Definition</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Displacement</td>
<td>The positive outcomes from a policy are offset by negative outcomes of the policy elsewhere.</td>
<td>The displacement of crime from one area, where a crime reduction policy is being implemented, to a bordering area.</td>
</tr>
<tr>
<td>Substitution</td>
<td>The effects of an intervention on a particular individual, group or area are realised at the expense of other individuals, groups or areas, or public monies substitute for private monies.</td>
<td>An employer appointing a jobless person from a government scheme, rather than a standard applicant, in order to secure a recruitment subsidy, or hiring a subsidised person while firing a non-subsidised person.</td>
</tr>
<tr>
<td>Leakage</td>
<td>The policy benefits others outside the target area or group.</td>
<td>Jobs generated in a target area are taken by those who live outside it. For example, fly-in, fly-out workers where there are suitably skilled local Indigenous workers.</td>
</tr>
<tr>
<td>Deadweight</td>
<td>The policy supports outcomes which would have occurred anyway.</td>
<td>An employer receives a subsidy to take on workers who were going to be appointed anyway. The subsidy does not result in additional employment.</td>
</tr>
</tbody>
</table>

Legislation can have unintended consequences, as observed in relation to the Alcohol Management Plans (AMPs):

> AMPs require some further thought and linking with other changes. Sly grog creates binge drinking of strong alcohol. Spirits are easier to bring in due to lower volume. Alcohol being so expensive due to its contraband nature is consumed quickly – partly to avoid police detection but also to reduce humbugging from family and friends. Thus AMPs can inadvertently promote high consumption of high alcohol content beverages. There is little doubt that AMPs have had positive effect in places such as Aurukun. Nonetheless some further deliberation on optimum legislation is warranted. (Hannan sub. 24, pp. 3–4)

The problem of unintended consequences contributes to the maze of policies and funding arrangements. The rationale for a policy intervention may rest on addressing the unintended consequences of earlier policy interventions. The range of policies and services being delivered to address and reduce dependency is an example.
Moral hazard

The problem of welfare dependency in communities demonstrates the potential of policies to produce results very different to those that are intended (Box 5.5). Dependency is also a good case study in the problem of moral hazard, as the provision of support altered behaviours in a way that does not contribute positively to either individual or community welfare.

Box 5.5 The Cape York Institute on the road to welfare dependence

A range of factors have contributed to the collapse of social norms in Indigenous Cape York Peninsula. Indigenous Australians were violently dispossessed from their land, and experienced forced co-location and long periods of living under rigid missionary rule. The lives of Indigenous people in Queensland were for several generations regulated under discriminatory State protection laws. The impact of dispossession varied in different parts of Cape York Peninsula. These events undermined or made irrelevant many of the social norms which governed Indigenous social life prior to white settlement.

However, even under oppressive circumstances, Indigenous people built socially strong families and stable communities, such as the community of Hope Vale. Forty years ago, a majority of people in Cape York Peninsula had internalised strong values in relation to personal conduct and participation in the real economy.

The belated recognition of full citizenship brought equal rights, freedom from discrimination and entitlement to welfare. Three policy shifts at the end of the 1960s and in the early 1970s were unavoidable consequences of the end of discrimination:

- The introduction of equal wages in 1965 resulted in Aboriginal stock-workers losing employment in the cattle industry and shifting to sedentary life in settlements and on the fringes of country towns. This corresponded with a more general downturn in Indigenous employment in many other rural industries.

- Equal Citizenship in 1967 carried with it the right to enter pubs and drink alcohol.

- The Commonwealth Government providing the now idle Aboriginal men with unemployment benefits that could be used to buy alcohol.

However, introducing idle time, free money and the right to drink had the unintended consequence that the preconditions for alcohol abuse epidemics were created ... The three policies outlined above were followed by a wave of passive welfare service solutions to the escalating problems in the 1970s and 1980s. Across the spectrum of social and economic life, including housing, legal aid and education, policies were implemented which increasingly displaced responsibility from Indigenous people.

Source: Cape York Institute 2007, p. 20.

Decision-making

Political decision-making determines the content of laws and regulations and sets public policies which influence how resources are allocated in an economy or community. Political decision-making makes choices on the funding of services, who delivers them, and, often, how they are delivered.

The exercise of authority over resources almost entirely happens within the public sphere in communities, as there is very little private sector activity. Career advancement is tied to the processes which allocate resources (provided from external sources) and deliver funded services.
There are many problems with political decision-making in Indigenous policy:

There is a level of frenetic chopping and changing, and policy pulsing, that comes with electoral cycles and as the political pendulum swings from left to right. Key decision-makers are not in it for the long haul, and are rarely in it long enough to learn from their decision-making over time and to be able to use the sum of that experience to drive better outcomes. Fresh-faced ministerial enthusiasms at the state and national level ensure that decision-making in Indigenous policy feels much like a merry-go-round—replete with the same old traps and reinvented wheels. (Empowered Communities 2015, p. 33)

Strong political pressure in responding to community concerns may create an effective demand for action before there is adequate knowledge or time to consider potential side effects. The short time horizon and high time discounts of political actors predispose them to overlook potential unintended consequences of policy.

Indigenous policy is characterised by some recurring problems:

- **Purging**: reforms typically discredit everything that came before. As a result, much developing capacity is swept away with each wave of reform.

- **Policy swings**: policies come and go with regularity, usually overreaching before being replaced (for example, centralisation and decentralisation of powers).

- **Mimicking**: if something is found to work, it is replicated and rolled out in other areas. This often does not work because there are often local factors which are not taken into account, standardisation does not work, or policies or programs have been poorly evaluated (that is, success falsely attributed to policy).

- **Contradiction**: not only do policies and programs overlap, but they also often contradict each other. Programs often have different underlying models for behavioural change, which can be contradictory at the point of impact on their intended beneficiary (Moran 2016, pp. 178–180).

Other problems include the problem of low expectations, political and bureaucratic risk averseness, the maturity of the public discourse concerning Indigenous affairs, political cycles and fads, and the risks of concentrated authority at all levels of government (Table 17).
Table 17 Problems in political decision making

<table>
<thead>
<tr>
<th>Nature of the problem</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low expectations</td>
<td>Having low expectations about the potential for positive change leads to complacency that the best that can be done is not much different to what is currently done. It can erode the building of a consensus for reform and increases the perceived risks of major reform efforts.</td>
</tr>
<tr>
<td>Risk averseness</td>
<td>Both politicians and government agency decision-makers are highly risk-averse. They may see a greater downside risk to making a major policy change than an upside benefit. Part of the problem is that benefits tend to be longer-term in nature, with failings more immediate and in full public view.</td>
</tr>
<tr>
<td>Maturity of public discourse</td>
<td>The risk-averseness of politicians is partly determined by the maturity of public discourse. When the public’s discussion of issues more closely reflects the complexity of the issues involved and is not driven by ‘headline crisis’, then this supports better policymaking. Public discourse can focus too much on failings, whereas a transparent discussion of failings is a necessary part of the process of learning and improvement.</td>
</tr>
<tr>
<td>Winds of policy change</td>
<td>Indigenous policy changes direction frequently. Some of the causes of this problem includes competing political ideologies, policy fads, and the incentive to be seen to be doing something about an important problem that is different from the predecessor government. An underlying problem can be a lack of a clear evidence base around which consensus can be built.</td>
</tr>
<tr>
<td>Risks of concentrated authority</td>
<td>All three tiers of government and their agencies exercise authority over significant resources. Some decisions, and the implementation of policy by agencies, are influenced by the desire to protect that role. This can conflict with reforms that seek to devolve a greater share of authority closer to the people impacted by the decisions of governments. Concentrated authority can also contribute to the problem of rigid institutions and processes, and impede individual and community action supportive of development.</td>
</tr>
</tbody>
</table>

Internal incentives and rising costs

Communities acknowledge that the aggregate envelope of money given to Indigenous-specific policies and through mainstream organisations to provide services in communities is large. However, there are concerns about the proportion of the resourcing that gets consumed by ‘the system’.

Within the public sector, there are inherent biases to expand and consume an increasing share of program costs in administration costs (Box 5.6). There is a disposition towards:

- rising and redundant costs. There is less of an incentive to produce efficiently compared to organisations that face the disciplines of the market sector, and there is less of an incentive to control costs over time

- complex solutions. However complex the original design of policy put to decision-makers, there is a tendency for policies and the apparatus that supports the policy to grow in complexity.
Box 5.6 Why bureaucracies expand

Technical and dynamic inefficiency

Markets link, however imperfectly, the costs of producing or conducting an activity to the income that sustains it. This link is provided by the prices charged for the marketed output and paid by consumers who can choose whether and what to buy. Non-market activity removes this link because the revenues that sustain non-market activities are derived from non-price sources (that is, taxes). The absence of the link separates the adequacy and value of the non-market output from the cost of producing it, increasing the scope for the misallocation of resources.

Non-market activities often exhibit rising costs (dynamic inefficiency) and redundant costs (technical inefficiency). If possibilities exist for lowering cost functions, raising productivity, or realising economies of scale, these opportunities are more likely to be ignored or less likely to be exploited fully by non-market than by market activities.

Internal incentives

Lacking the direct performance indicators available to market participants, public agencies must develop their own standards. In non-market organisations, output is hard to define, feedback from consumers is lacking, and there are often no competing producers providing incentives to control costs; therefore, non-market agencies often develop internal standards that do not bear a clear or reliable connection with the ostensible public purpose that the agency is intended to serve. The maximisation objective

Given the presence of internal incentives, agency decision-makers may seek to maximise the size of their agency or budget, or minimise risks, rather than maximising the value of their outputs over costs for a given level of risk. Agency decision-makers may promote the activities of the agency in the same way a business seeks to expand its activities.

Increasingly complex solutions

Bureaucrats have incentives to design, promote and support complex policy initiatives that both increase the scope for discretion and help increase their budget. Where impacts are complex and difficult to determine, the electorate will have greater difficulty holding elected officials accountable for policy failures. It may be very difficult to identify the net impacts of a policy, and then to assign responsibility.

Sources: Wolf 1988; Butler 2012.

As discussed in Chapter 3, it would appear that a significant proportion of expenditures made on remote and discrete communities is consumed by indirect and other ancillary costs. Stakeholders raised concerns about the efficiency of service delivery and the share of resources consumed by unnecessary administrative and compliance costs:

Indigenous councils are concerned about the amount of ‘leakage’ that occurs between the time funding is allocated to the time the service is delivered to the community. (LGAQ sub. 14, p. 5)

At times it is clear that funding bodies place more emphasis on funding compliance than on actual service delivery outcomes. Often compliance issues raised with the organisation are of a minor nature...Responding to such queries is time consuming and repetitive, and the requests are often generated by Departmental staff with limited understanding of the NGO. (Palm Island Community Company sub. 29, p. 8)
Some systems are in place to help combat these problems, such as the government’s Performance Management Framework.

The problems potentially extend to any organisations who operate in the non-market sector, including NGOs and Indigenous community organisations.

The complexity of the system makes it less transparent, which diminishes the ability of taxpayers and Indigenous people to hold the system to account for the services it provides.

**Rigidity of policy, legal and administrative frameworks**

The system is often highly inflexible. Laws, regulation and policies can be difficult to change. Inflexibility impedes an approach to policy where the knowledge learned from monitoring and evaluation results in incremental improvements to policy:

*The rigidity of national policy, legal and administrative frameworks, and the lack of locally knowledgeable staff, make an iterative learning by doing approach impossible. (Chaney 2012, p. 63)*

Rather than reform existing institutions and policy, particularly where solutions cut across levels of government, it is often easier to introduce a new expenditure program. This fulfils the imperative to be seen to be doing something, it responds to internal incentives for expansion, and it avoids the problems of changing existing programs and institutions (including laws and regulations).

**The problem of uniform standards and prices**

The economic conditions in communities are not representative of the Australian average, yet uniform national and statewide regulations and standards also apply in communities.

Service delivery standards are a reflection of a nation’s wealth, not a generator of it.

When applying uniform national standards in communities based on a level of wealth that does not exist in communities, there are consequences. One consequence is that of allocative inefficiency. The resources consumed in meeting the standard in the community could have been used in alternative uses that would have provided a greater contribution to welfare. Uniform national or statewide standards are not necessarily the standards that a community would choose.

Standards can also impose barriers to economic participation in communities. For example, when statewide health qualifications or credentials are ratcheted up, locals who may have previously worked in the health sector and have sufficient skills and formal qualifications under the old standard, are now not able work without upgrading their formal qualifications. However, there may be significant impediments to upgrading their qualifications, such as no local training providers. And the ongoing process of increasing required credentials can deter continued investments in skills.

Uniform prices also cause problems for communities. For example, the industrial relations framework imposes uniform wages (the price of labour) across regions with widely varying underlying economic circumstances. The public sector wage structure does the same. Centralised uniform wage setting processes increase unemployment, including in communities.
Uniform national income tax rules and uniform national income support payment cause further problems in communities because they also do not take into account local conditions. The combination of centralised wage setting and uniform tax rules and income support payments results in high disincentives to work (effective marginal tax rates (EMTRs) are high).\(^{12}\)

5.6 Key implications for this inquiry

There are opportunities to improve the existing institutional, funding and policy frameworks for service delivery. Effectiveness and efficiency can be enhanced through reforms that:

- correct incentives to achieve better outcomes for individuals and communities
- reduce reliance on government activity
- improve accountability and reduce inefficiency.

There are systemic reasons why these types of reforms are difficult to achieve within the existing system, suggesting that a renewed reform effort is required, and that a new set of arrangements may be required.

Part B of this report sets out a reform proposal to facilitate change.

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\(^{12}\) When a person on income support earns additional income that income is generally subject to income tax. In addition, the additional income support can lead to income support payments being reduced. The effective marginal tax rate (EMTR) is the combined effect the loss of a proportion of the additional income due to income tax and the reduction in support payments. The higher the EMTR, the less incentive there is to work part-time, to work additional hours, and/or to move from income support to full-time employment.
Part B: The Way Forward
Part B of the report provides details on the way forward

Part B is set out as follows:

- Chapter six is an overview of the reforms, describing the nature of the proposal and key components.
- Chapter seven outlines the structural changes to roles and responsibilities in the reform.
- Chapter eight identifies the direction for policy reform and improvements to the service commissioning cycle.
- Chapter nine considers the role of economic development and what can be done to facilitate employment and growth in communities.
- Chapter ten outlines a monitoring and evaluation framework and its role in supporting the reform proposal.
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 vision 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.
7.0

Structural reform
This chapter sets out a proposed structural or institutional reform for changing roles and responsibilities under the service delivery framework. The aim of the reform is to locate decision-making and accountability closer to those affected by service delivery success or failure.

**Key points**

- The proposed structural change has three key pillars:
  - A transfer of decision-making and accountability to the regions and communities where service users reside
  - Changes to the way funding and resourcing of communities occurs by shifting to long-term block funding and delivery of mainstream services through negotiated agreements
  - Independent oversight and transparent reporting of progress and outcomes.

- The proposed reform proposes significant changes to roles and responsibilities:
  - Communities will be responsible for determining priorities and services to be delivered
  - Regional bodies will work with and support communities to coordinate service delivery and funding
  - An independent body will oversee reforms, monitor agreements and report on progress.
  - Government will pull back from direct commissioning of services to focus on outcomes.

- More money is not the answer—there needs to be changes to the way services are resourced.
  - Untied, pooled and flexible funding with much longer funding cycles is necessary to give communities and service providers sufficient flexibility to get things done.
  - Mainstream, or government-provided, services should be negotiated with communities.
  - Devolution of decision-making powers, using agreements between government and communities, will enable local decision-making and embed genuine accountability for outcomes.

- Reform will take time and needs to progress at a pace that supports community development and allows stakeholders to learn from failures.

- There will be some transition costs; however, these can be minimised by redeploying existing resourcing.
7.1 The structural reform proposal

At the heart of the reform proposals is a shift in governance away from government and to communities. Government, however, has a very clear role to play, both as an enabler of action and a funder of service delivery. Aboriginal and Torres Strait Islander people will also need to take a greater level of responsibility for the services being provided in their communities.

The structural reform proposal has three key pillars:

- a transfer of decision-making and accountability towards the regions and communities where service users reside
- changes to the way funding and resourcing of communities occurs by shifting to long-term block funding and delivery of mainstream services through negotiated agreements
- independent oversight and reporting of progress and outcomes.

Transfer of decision-making and accountability to regions and communities

Based on the evidence presented to this inquiry, the effectiveness of service delivery can be improved by making significant changes to the way decisions are made in remote and discrete communities. Current and previous approaches to improve service delivery have failed to properly respond to community needs, coordinate services or allow adaptive learning. Even where gains have been made, governance structures have lacked the permanence to bring about the long-term changes required to address Indigenous disadvantage in communities.

Figure 44 Changes to accountability mechanisms and decision-making powers

Under a post-reform model, decision-making powers for determining service levels (within the constraints of the outcomes and funding set by government), service design, inputs and community-level outcomes would reside with communities.
Under the current service delivery model, decision-making powers in regards to the allocation of funding, the level of service delivery and how services are delivered reside with government. These decision-making powers, as far as practical, should reside closer to those affected by service delivery.

Rather than making decisions on service delivery, government should aim to set the objectives and outcomes they would like to achieve through the resourcing they provide to remote and discrete communities. These objectives and outcomes can be specified using agreements with communities—once an agreement has been arrived at, the way in which agreed outcomes are to be achieved should be determined by those closest to the problem.

The scope of agreements would include all services delivered in communities, covering:

- mainstream services, which are bound by legislative and other obligations
- Indigenous specific and other services, where there is some discretion for communities to prioritise the level and type of activity.

To support these changes, a reallocation of responsibilities will be required, supported by appropriate risk management. Who undertakes these roles will need to be negotiated between communities and government, and may not be the same for all communities or regions.

**Figure 45 Arrangements to support a transfer of decision-making and accountability**

*Agreements underpin the objectives and outcomes desired by government, with communities enabled to determine the best way these will be achieved.*
The agreements underpinning the new arrangements should specify:

- **principles**—these might include the way in which the agreement will operate and the manner in which the parties will interact

- **roles**—what role each party will play in future interactions and what decision-making powers and authority each will have

- **objectives**—the purpose of the agreement

- **outcomes**—these should specify the agreed changes that are to be achieved under the agreement, without specifying how they will be achieved

- **timelines**—when the various stages of the agreement will be implemented and when outcomes are expected to be achieved

- **resourcing**—what funding will be made available to support the agreement

- **incentives**—these might include payments for the achievement of outcomes or agreements to move to a subsequent stage of reform after certain milestones are reached

- **duration of the agreement and methods for amending the agreement.**

To facilitate these arrangements, supporting institutions will need to be in place. Many such institutions already exist; others can be adapted from existing institutional structures or consolidated from existing consultation mechanisms. The Commission has not recommended who should perform these functions—as such, the descriptors below are intended to provide an objective description of the institutional functions, not who will undertake these roles.

**Community-level representative bodies (CLRBs)** need to be in place to provide a focus for decision-making for on-the-ground service delivery. These community-level bodies would:

- determine the priorities of the community and establish a community-level plan

- monitor progress against this plan

- manage tenders for services provided by NGOs (unless these are ceded to regional bodies)

- provide a one-stop shop for service providers to undertake community consultation.

Given their small size, most communities will need to work together within regional groupings. This will enable the establishment of capacity, allow economies of scale and form the basis for negotiation with government. These **regional bodies** should be representative of the communities in their respective regions and would:

- provide governance capability, advice and assistance to CLRBs, including for the development of community-level plans

- work with communities to determine region-wide resourcing needs and priorities

- coordinate service delivery across regions, where this can provide efficiency dividends

- work with mainstream service providers to develop regional policy and ensure that community plans are adhered to and service provision to communities is appropriate

- negotiate regional outcomes with government

- monitor progress against plans.
Structural Reform

To keep the reforms on track and to provide a mechanism for the dissemination of progress against outcomes, an independent oversight body should be responsible for:

- monitoring and reporting on progress against the agreement
- independent assessment of progress against plans
- the collation and dissemination of information on outcomes and expenditure data on remote and discrete communities to underpin assessment of performance.

The role of the oversight body and how it would work in conjunction with a broader evaluation framework is discussed further later in this chapter.

The Queensland Government’s role would be to:

- establish and negotiate the agreement with regional bodies (and communities), including setting funding levels and agreed principles and outcomes
- deliver mainstream services as negotiated with communities
- maintain the state-wide policy and legislative framework.

Box 7.1 Community plans

Community-level planning will underpin the delivery of services under the reform proposal. It is envisaged that these plans will be developed within communities with assistance from regional bodies.

It is likely that the community plans will evolve over time; however, they might include the following:

- service delivery priorities
- identification of service gaps
- agreements with mainstream providers on service levels
- agreed timeframes and targets for the achievement of community level outcomes (as identified and negotiated between the CLRBS and regional bodies)
- procurement targets—for example, for Indigenous employment or training outcomes
- agreed methods for reporting on progress towards service delivery outputs and community-level outcomes
- incentive payments to communities on the achievement of key milestones or outcomes.

It would make sense for the community plans to be renewed periodically, say every three years. This would allow for learning by doing, with community plans adapted as new information becomes available and new ideas are developed.

Structural reform is not about establishing new institutions or more bureaucracy. Indeed, existing bodies may perform the functions (Box 7.2). The key is reform to roles and responsibilities, rather than any new architecture.

Once implemented, the reforms should result in a reduction in bureaucracy—a view captured in the Torres Straight Island Regional Council’s (TSIRC) submission:
Currently DATSIP have a formal role within government to lead engagement into the TSIRC region. However, we can capably engage direct with departments on project-delivery in our region. The current arrangement produces yet another layer of bureaucracy and time lag. Funds can be better spent by directly funding TIRSC to resource this work. It would be best to simply engage directly and fund us adequately to support this work. (sub. 12, p. 31)

The governance reform Coalition Executive ... has concerns about the level of funding that is being absorbed into the current governance model, and the financial inefficiencies within this same structure. (sub. 12, p. 12)

Box 7.2 Implementation issues—building on capacity

There will be a range of issues that need to be considered to implement the structural reform, including assigning roles. Communities and the Queensland Government will need to determine what institutions undertake which roles, but existing bodies may assume some or all of the functions.

Community and regional bodies

Community and regional level bodies may be drawn from existing institutions. For example, local councils currently represent their communities in a range of forums and may continue to do so post reforms, if they wish to, and they have the support of the community. Similarly, The Torres Strait Regional Authority already assumes many of the functions of a regional body.

Communities also have a range of community-level representatives. For example, Hope Vale has established a representative body based around family clan groups, as part of a commitment to engage with the Empowered Communities agenda. In the Torres Strait, the TRSA has formal mechanisms for engagement with each of the island communities it represents and works closely with local councils to develop community priority plans (TSRA 2014).

In assigning roles and responsibilities, consideration will need to be given to potential conflicts of interest—for instance, whether local councils should perform the function of CLRBs while they also control community land holdings.

While existing capacity should be developed and built on, this is not to say that current arrangements would not change with the reform—existing mechanisms reflect the current policy framework and may not necessarily be optimal.

For instance, an alternative option is for regional bodies to be managed by a board comprising representatives from communities, government, and the private and non-profit sectors. This might foster collaboration and help to ensure the objectivity of any decisions made by the regional bodies. Under a corporate structure, legislation provides clear direction around corporate governance, including rules for managing conflicts of interest and for managing stakeholder interests.

Oversight

The oversight functions could be undertaken by an existing agency, such as the Queensland Audit Office, Queensland Government Statistician’s Office or Queensland Productivity Commission.

State level negotiations

It may also be useful to have a formal mechanism through which regional bodies could negotiate with the state on issues that affect all remote Aboriginal and Torres Strait Islander communities. This mechanism should fit with any statewide consultation/negotiation processes in place. An Indigenous
Reforms to funding and resourcing arrangements

Key to this reform proposal is a change to the way communities are resourced. While some additional funds may be required to assist with the transition costs, funding for the reforms should be sourced from doing things differently, rather than from major new expenditures.

Achieving better returns on the large investment made by government requires a funding model that supports a service delivery that is adaptive and responsive to the needs of individuals, and supports decision-making by communities and regional bodies.

The Commission proposes that this be achieved by ensuring that resourcing of communities occurs through the agreement of the communities themselves. This means that government should ensure that the way it funds and resources service delivery is consistent with the processes that allow community decision-making.
Funding and resourcing arrangements

Funding and resourcing of services needs to support decision-making by communities and ensure that service delivery is accountable to community.

The funding reform agenda has three key components:

- **First**, a baseline of expenditure should be established for each community—this might include an average of expenditures over a suitable time period (say five years), but should include all expenditures, including head office, policy and coordination function (see Chapter 3) for some guidance on how these expenditures should be estimated. This baseline should form the initial resourcing level for each community and should form the base for future negotiations around funding.

- **Second**, existing government grants should be rolled into a pooled fund to be controlled by regional bodies and the community-level representative bodies (CLRBs).

- **Third**, mechanisms need to be established to allow for coordination of mainstream services through a post-reform structure.
The key mechanism for the coordination of mainstream services and the distribution of grant monies should be community plans negotiated with each of the CLRBs. These plans would outline each community’s priorities and the progress that each community agrees to achieve over the course of a funding agreement. The regional body would be responsible for negotiating agreements with each of the CLRBs and developing a regionwide plan outlining the funding and provision of service levels into each community over the life of the agreement.

In order to facilitate the coordination of mainstream services, relevant government officers will need to have sufficiently delegated powers to enable them to negotiate with regional bodies and to ensure agreed activities are enacted.

Any conditions, including reporting requirements for grant funding would be set by the regional bodies. Mainstream services would be required to report to the regional bodies and CLRBs in accordance with the negotiated community plans.

Funding agreements between the Queensland Government and the regional bodies should be long-term in nature (10 years) and should be contingent on the regional body successfully negotiating community plans with CLRBs. This would reduce uncertainty and promote long term investment in skills and infrastructure.

The conditions attached to any funding to communities and regional bodies should be reflected in the agreements with government. All parties should consider elements of the policy and service delivery reforms (Chapter 8) that might provide incentives or opportunities to improve outcomes. For example, the use of payment for outcomes, social reinvestments or the use of annuities may be applicable to funding under a post-reform model.

Monitoring and evaluation

In line with the reform proposal, the agreements and community plans, negotiated between government and communities, would play a key role in evaluation and accountability. The plans should set expectations about the outcomes to be achieved, the level of resourcing to be provided and the way services will be delivered.

The agreements and community plans should also set out arrangements for monitoring and evaluation. These should include:

- the measures of progress the community thinks are important
- how progress will be evaluated
- the role the community will play in evaluation
- the expected timeframes for progress
- expectations for over- or underperformance.

In line with the broader reform proposal, regional bodies would play a key role under the proposed reporting and evaluation framework. In the first instance, that government would negotiate with the regional bodies on the outcomes it expects to be delivered in return for resourcing, while the regional bodies would work with CLRBs to develop community plans.

A regional plan should overarch the community plans and specify the outcomes expected to be achieved at a regional level. Regional plans should form the basis for monitoring and reporting of outcomes at a regional level.13

Independent oversight would be a key feature of the monitoring and evaluation framework (Figure 47).

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13 Ideally, community plans would consider all aspects of service delivery; however, there may be services delivered into communities, or outcomes, that are not considered in these plans, particularly early on in the reform process. This should be recognised in any reporting and monitoring framework.
Note: For the sake of brevity, regional bodies have been omitted from this diagram. It is intended that the agreement outlined in this diagram would encapsulate both the agreement between the regional bodies and government and the community plans.
Under the proposed monitoring and evaluation framework, an independent oversight body would be responsible for collecting and collating information on community level outcomes. These data and other information should be collected from communities as well as from government, and should be assessed against the community and regional plans.

The regional bodies should be responsible for collecting information on the community-level service outputs and outcomes. This would include collecting information on the community-level outcomes agreed to in the community plans. This information would be provided to the independent oversight body for verification and collation. Mainstream service providers should provide community-level institutional data to the oversight body, which would compile a regular report for each community and region and distribute it to stakeholders.

Once every three years the oversight body should compile a holistic report on progress for remote and discrete communities and for each region. The reporting might include:

- progress against closing the gap targets (or other targets agreed to by COAG)
- other targets identified and agreed to amongst the regional bodies and CLRBs
- other targets the state government requires.

These triennial reports should be made publicly available and would provide information on the reform implementation as well as outcomes across Queensland’s remote and discrete communities. Where possible, the oversight body should use existing survey methodologies and services to ensure that the burden on communities is minimised and data can be compared with state or nationwide datasets. For example, the oversight body could explore working with the Australian Bureau of Statistics to extend the sample size of the Bureau’s National Aboriginal and Torres Strait Islander Social Survey.

Any evaluations of individual programs should be undertaken and funded by the regional bodies on a case-by-case basis as required, or as determined in agreements between the state and a regional body. However, the findings of these evaluations should be made public through the independent body to promote and share lessons learned from practice in service delivery.

It is proposed that the independent oversight body report on agreements made between the regional bodies and government. For example, where agreements include incentive payments on the achievement of milestones or outcomes, an independent assessment may be required to ensure that these milestones have been met, or that key reforms to enable their achievement have been delivered.

The Cape York Institute proposes that agreements should include ‘productivity dividends’ where:

> Under EC it is also suggested that more funding is not what is required, rather Indigenous at a local level must have a far greater say in setting priorities, resource allocation and holding services to account. Under EC in this way a productivity dividend can be produced by reducing inefficient, ineffective and duplicative spending. The productivity dividend can then be redirected into place-based development. (sub. 26, p. 20)

If such a type of arrangements is to be included in the agreements between government and regional bodies, some level of independent oversight and monitoring of expenditures and efficiencies will be required.
Box 7.3 Are the reforms suitable for only remote and discrete Aboriginal and Torres Strait Islander communities?

The reforms outlined here are relevant to the needs to remote and discrete Aboriginal and Torres Strait Islander communities—this reflects the terms of reference for this inquiry.

Nevertheless, many of the issues that we have identified in this report may apply to other communities—particularly those communities that are far removed from government decision-making and are not served well by competitive markets. Walker et al. (2012) discuss many of same governance issues that relate to remote areas in the Fixing the hole in Australia’s heartland report and conclude:

These problems are too often perceived only in the context of the dysfunction of remote Aboriginal settlements and seen therefore as purely ‘Aboriginal’ issues rather than issues of government capability. That is a mistake. Many non-Aboriginal Australians face similar issues as a result of their remote location. (p. 10)

The report’s proposed solutions involve community engagement and decentralised governance.

The NSW Government has been exploring options for strengthening governance capacity and service delivery in far western NSW in the form of the Far West Initiative (NSW Office of Local Government 2016), which proposes an approach to governance that establishes a regional statutory body for the Far West NSW region, with support for local councils. Importantly, none of these local councils are Indigenous although some represent communities with higher than average Aboriginal populations.

The Commission also notes that the Empowered Communities project currently has trial sites in some non-remote regions, including one in inner Sydney.

The Commission has not made any assessment of these initiatives, given they are not within the scope of this inquiry—more research would be required before any definitive conclusions about the applicability of similar reforms in other regions or for other community types.
### 7.2 How the structural reforms address performance

The table below provides some linkages between the proposed structural reforms and the issues raised in Part A of this report. The table is not intended to provide a complete assessment how reforms will address or improve every aspect of service delivery in communities—rather, it is intended to give readers a feel for the proposed reforms and how they will address underlying problems in the service delivery framework.

**Table 18 Links between proposed structural reforms and underlying problems**

<table>
<thead>
<tr>
<th>Underlying problem</th>
<th>How the structural reform proposal addresses the problem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fragmented and inflexible funding</td>
<td>Block funding to regional bodies will reduce funding fragmentation by replacing many of the contracts written by multiple agencies. If the model evolves to include Australian Government involvement, then fragmentation will be further reduced. The agreement between the Queensland Government and the regional bodies should be a negotiated outcomes-based funding model, with significant built-in flexibility regarding in how those outcomes are to be achieved.</td>
</tr>
<tr>
<td>Duplication and overlap</td>
<td>A regional/place-based planning framework should better coordinate the delivery of services across governments. By pooling funding and providing it under a block arrangement, a single body can dispense the funding according to negotiated community plans. Problems with duplication and overlap become clearer at the stage of decision-making.</td>
</tr>
<tr>
<td>Whole-of-government coordination</td>
<td>The reform proposal reduces the structural impediments to whole-of-government coordination by moving much of the coordination task to a body sitting outside government. The place-based and negotiated community plans provide an improved coordination mechanism.</td>
</tr>
<tr>
<td>Short-term contracting and compliance burdens</td>
<td>The agreement between the Queensland Government and regional bodies should be based around long-term funding models with a consistent performance framework. Contracts managed by regional bodies or communities should be more responsive to problems. As the regional body's own funding should be based on a long-term funding framework, this enables regional bodies to vary contract lengths to achieve outcomes.</td>
</tr>
<tr>
<td>Dispersed and weak lines of accountability</td>
<td>Under the proposed model, it should be clearer to community members who is responsible for what. Community input to the regional bodies will give communities greater voice. From the Queensland Government's perspective, the agreement between the government and the regional bodies will establish responsibilities and set out a clear accountability framework. Independent oversight will help to keep stakeholders informed and reforms on track.</td>
</tr>
<tr>
<td>Government as fixer</td>
<td>The agreement with regional bodies should establish respective responsibilities, including the ongoing role of the Queensland Government in respect of the scope of activities transferred to the regional body. As the process of priorities is to be negotiated with communities, this facilitates the government stepping back to an enabling role. While the regional bodies should be accountable for agreed outcomes, the government should similarly be accountable to the regional bodies for its agreed responsibilities.</td>
</tr>
<tr>
<td>Underlying problem</td>
<td>How the structural reform proposal addresses the problem</td>
</tr>
<tr>
<td>-------------------------------------------</td>
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</tr>
<tr>
<td>Incentives problems</td>
<td>Better aligning accountability and decision-making will help to correct the perverse incentives in the current service delivery framework. It will shift service delivery from a supply-driven, siloed approach to one that considers and adapts to the needs of people receiving the services. Independent oversight will ensure there is objective monitoring of outcomes, providing stakeholders with incentives to achieve outcomes and value for money.</td>
</tr>
<tr>
<td>Lack of Indigenous participation</td>
<td>The reform proposal results in Indigenous people's perspectives being embedded into policy design and delivery. There is an upward accountability mechanism through agreements, but the regional body would have its own commissioning process for agreed responsibilities (needs assessment, service design, monitoring, evaluation and feedback to service improvement).</td>
</tr>
<tr>
<td>Dispersed knowledge and unintended consequences</td>
<td>Reforms enable those closest to the ground to inform, address and avoid unintended consequences by ensuring community voice in decision-making. Acknowledgement is given to the community stakeholders (including on-the-ground service providers) who witness first-hand the problems when services are not delivered in a way that provides value for money to the community or to the Queensland Government on behalf of taxpayers.</td>
</tr>
<tr>
<td>A focus on symptoms rather than underlying causes</td>
<td>The setup of the regional bodies as independent, with a negotiated and transparent agreement with the Queensland Government, will help reduce political and bureaucratic pressures that diverts focus from underlying problems to symptoms of those problems. The reforms provide increased opportunities for the innovative, community-led approaches required to address the underlying causes of community disadvantage and dysfunction. They will also ensure that communities whose interests are served by addressing causal issues are actively involved in keeping things on track.</td>
</tr>
<tr>
<td>Incentives to control costs and adopt best practice</td>
<td>Designing a 'best practice' outcomes- and performance-based agreement between the regional bodies and the Queensland Government can use a formal accountability mechanism to improve incentives for ongoing improvements in service delivery. By involving communities, who have a vested interest in addressing the underlying causes of disadvantage, incentives to control service delivery costs over the long term are aligned. Longer funding cycles, combined with independent oversight, will help address concerns about the ability of service providers to engage in adaptive practice.</td>
</tr>
</tbody>
</table>
7.3 What are the risks?

No change is possible without some risk (Shergold 2015). It is impossible to be aware of every piece of information or to understand how every stakeholder will respond to change—these information gaps inevitably introduce risk.

In developing the reform scenario outlined in this chapter, the Commission has tried to hear the views of all relevant stakeholders, and examine all available data and evidence that were publicly available. Despite this, not all evidence is complete or straightforward; also, not all stakeholders voiced their opinions and amongst those that did, not all agreed on a way forward.

The Commission is also cognisant that the reform proposal has not been developed by communities—many would argue this is not an ideal way to develop policy for remote and discrete Aboriginal and Torres Strait Islander communities—and many failed reform agendas that have come before it have done the same thing.

To address these myriad uncertainties, some assessment of the key risks, and how these might be mitigated is needed.

Some key risks are identified below (but it is not a comprehensive list of risks), which are intended solely to stimulate discussion and thinking to facilitate feedback to assist the Commission to prepare its final report.

The problem or the solution is misdiagnosed

As alluded to above, it can be challenging to diagnose a problem from afar: central planning solutions assume a level of understanding of the complexity of problems that rarely holds. This also applies to the recommendations made by this inquiry. To avoid inadvertently throwing the ‘good out with the bad’, there is merit in a status quo or steady-handed approach when faced with significant policy uncertainty.

Alternatively, it is a role of the Commission to set-out ‘first best’ solutions even where there may be some uncertainty around those solutions. The risks of a large reform can be minimised if care is taken to ensure that the reform design can complement those policies and programs already in place that are working.

Risks can also be minimised by recognising that the structural reform process, by itself, is unlikely to be the solution to all problems. The next chapter discusses the range of policy tools that can be used to improve service delivery in communities. These should be used in parallel to any structural reform.

Reforms could make things worse

A case could be made that, while policy approaches do wax and wane, progress is being made in an aggregate sense, albeit slowly. Given time, and continued incremental improvements, significant progress in the standard of living of Indigenous peoples is likely. There will be some missteps, but, overall, there is reason to have faith that things are moving forward.

Further, stability in the policy environment allows for individual and community action to find ways to work within or around the system to achieve the things that need to be done. Therefore, attempts to make fundamental structural change or major changes to policies entail significant risk.

The counterargument to this is that gains have been made in spite of the system, rather than because of it, and that reforms provide a better way forward.

There is no straightforward way to address this risk. However, risks can be best managed by ensuring that both the implementation and design of policy reforms are done in close cooperation with communities. This will help ensure that reforms are consistent with what would be accepted by communities and provide practical, workable solutions.
This reform is just another swing in the cycle of failed policy experiments

The literature and history of policy development in Indigenous affairs suggests that it follows a repetitive cycle that discredits everything that came before and replaces it with a ‘new model’ (Moran 2016).

Reforms will only be successful if they are durable. Many of the problems facing communities are intractable and will only be solved over long time frames (Altman et al. 2008).

Keeping reforms on track long enough to help solve this issues might require a level of bipartisan support: recommending solutions that do not have bipartisan electoral support feeds into the cycle of experimentation, chopping and changing of policies, and the premature cessation of policies.

A commitment to independent monitoring of reform progress will also be key to ensuring the durability of reforms.

First-mover risks

Community-led initiatives are currently being worked through with the Australian Government, but those outcomes, which will be important to any state initiative to undertake major institutional reform, are unknown at this point. There may be strategic value in waiting, while continuing to progress a wide variety of policy reforms.

Of course, if all levels of government took this approach, nothing would ever happen. A sensible approach then would be to work with the Australian government to ensure reform processes are complementary.

Capacity and capability

The reform proposal is reliant on government and communities having the capacity and capability to engage with each other in a meaningful and productive way. This works from both sides.

At the community level, the reforms will need to be aware of the capabilities within communities and the already large burdens being placed on a select few individuals to develop solutions and act as a community voice to government and service providers. Tapping into existing leadership structures and building regional capacity through the regional bodies will be critical to address this concern.

At least as important, is to ensure that government has sufficient capability to engage with communities and Indigenous leadership. The New South Wales experience with its Local Decision Making reforms is enlightening in this regard. Discussions with stakeholders suggested that one the key factors that initially held back the reform process was a lack of capability on the government’s side. An evaluation of the implementation suggested that this was at least partly due to government officers not having sufficiently delegated powers to effectively engage with stakeholders (Aboriginal Affairs (NSW) 2012).

Transition risks

Even if major institutional reform is undertaken, the majority of ‘policy’ and resource allocation affecting Aboriginal and Torres Strait Islander people living in remote and discrete communities will continue to ‘flow’ through existing institutions and policy processes for some time. For example:

• For those people/communities residing within a reform catchment area, there will likely be a transition period whereby the new arrangements ‘start small’ and build over time (e.g. become responsible for more resourcing).

• At the end of a transition period, significant policy and resources impacting on communities will likely remain outside the reform arrangements, even if there are significant consultative arrangements in place (this will be subject to the decisions taken by the Queensland Government in terms of the end-point degree to which resources are channelled through any new institutional arrangements).
• Some discrete communities may choose not to opt in to the arrangements (assuming the government adopts an opt-in principle).

• It may be more difficult for Aboriginal and Torres Strait Islander people living in remote areas, but not in discrete communities, to be part of any reformed institutional arrangements, at least initially.

To mitigate the risks associated with these issues, the Queensland Government should pursue a reform agenda that uses a range of policy instruments that have been shown to work (outlined in chapter eight) in addition to, or in parallel with, its consideration of fundamental changes to institutional arrangements. The time it takes to consider whether major institutional reform will proceed, what it will look like, time to implement the reforms, and the period to transition resources, should not be used as a rationale for delaying other needed policy reforms.

**Rushed implementation**

History is rich in examples of policy failures that occurred because implementation was rushed or occurred with insufficient involvement of key stakeholders—the failures associated with the implementation of home insulation program (Shergold 2015), the Department of Health’s payroll infrastructure and the Northern Territory Interventions are perhaps the most obvious recent examples (Gray 2015, Human Rights Council 2010).

Although there is an urgent need to address the high levels of disadvantage in communities, reforms that are rushed are not likely to work:

> A vital lesson is that governments and communities must have realistic expectations about what changes can be implemented and how quickly change can occur. Successful implementation would depend on the capacity of both government and the community to fully engage in more localised approaches. This capacity does not exist everywhere, takes time and effort to build and would require changes to the highly-centralised decision making currently used across Australia.

> Governments would need to make careful decisions about priorities and resources for implementation. Changing the way governments make decisions would be a gradual process that must evolve from governments’ current approaches to service delivery and be compatible with the fundamentals of the Australian system of government.

> It is also inevitable that some changes will fail and some communities will show little or no sign of improvement, at least initially. Governments and communities must be patient and avoid overreacting to the first sign of falter (PC 2017a, p. 25).

> The top-down, centrally planned and administered approach must go. Instead we must develop a system that vastly increases the control that First Nations peoples of a particular place themselves have for planning, implementation and resource allocation. Such as transformation cannot occur overnight. New structures and processes must allow for phased approach to that First Nations have the capacity for collective action and decision-making required at a place-based level to progressively lead their own development. (Cape York Institute sub. 26, p. 5)
7.4 What is happening elsewhere?

Nationally

The Australian Government has recently committed to a new way of working with Indigenous leaders and communities (DPMC 2017).

Under this new approach, government’s role is to move towards enabling and empowering Indigenous leaders and individuals and developing partnerships with communities. The intent is to foster a devolution of decision-making to local communities and organisations, and to move to a model of service delivery where both government and Indigenous people are accountable for the delivery of outcomes on the ground.

As part of this approach, in 2014, the Australian Government provided funding to a group of Indigenous leaders from eight regions around the country to develop a reform agenda. This resulted in the publication of an Empowered Communities Design (Empowered Communities 2015). Key recommendations were to establish a mechanism for devolving decision-making authority and accountability to Indigenous communities, establish the organisational arrangements to ensure delivery and to establish an evaluation model that allows for adaptive practice. The organisational arrangements to underpin the reforms included establishing:

- a delivery unit in DPMC
- backbone organisations in each of the participating regions
- representative bodies in each Indigenous community that opts in to the reforms
- an institutional umpire modelled on the Productivity Commission (the indigenous Policy and Productivity Council).

The Australian Government has recently signalled its backing for the Empowered Communities approach, and is supporting the implementation of Empowered Communities in seven regions, including Cape York Peninsula. As part of the implementation, the Australian Government has provided $14.4 million over three years from June 2016 to support ‘backbone’ organisations in each of the Empowered Community regions.

DPMC has made a public commitment to an adaptive learning approach to evaluation—as recommended in the Empowered Communities Design Report—however, there has been no commitment to the institutional reforms outlined in the report.

Corporate support for Empowered Communities occurs through Jawun, a not-for-profit organisation that mobilises the skilled resources of the corporate sector to enable Indigenous-led change (Jawun 2015).
Box 7.4 The ATSIC experience

Although the reforms outlined in this chapter are very different from the role played by the former Aboriginal and Torres Strait Islander Commission (ATSIC), it is pertinent to consider the historical factors that led to its formation and subsequent demise.

ATSIC’s role, established in 1990 under legislation, was to:

- advise government at all levels on Indigenous issues
- advocate for the recognition of Indigenous rights
- deliver and monitor some of the Commonwealth’s Indigenous programs and services.

ATSIC’s original structure consisted of a representative arm and an administrative arm.

The representative arm was built around 35 ATSIC Regional Councils, elected every three years. Commissioners to sit on the ATISC board were elected by these Regional Councils. The Administrative arm was composed of several hundred public servants, engaged by ATSIC under the Public Service Act, and headed by a chief executive officer appointed by the Minister. The role of the administrative arm was to support the representative arm and administer the various programs under its control. In its original structure, the administrative arm took direction from ATSIC’s board, but reported to the Minister through the CEO.

Although ATSIC was seen as a significant step towards self-determination, it was constrained in a number of ways, particularly in relation to service delivery. For example, ATSIC controlled less than half of the expenditures on Indigenous affairs by the Australian Government—and around 85 per cent of this was quarantined for expenditure on specific programs—mainly comprising the Community Development Employment Program and the Community Housing and Infrastructure program. ATSIC had very little control over expenditures made or services delivered by state governments.

In perhaps an important lesson for these reforms, ATSIC was often blamed for the poor performance of services delivered into Indigenous communities, even where it had very little, if any, control over these services. The perception of failure may have been fuelled by various allegations of improper behaviour made against its political leadership.

New South Wales

In 2011, the NSW Government established a Ministerial Taskforce to provide advice on possible areas of reform in education, employment and service delivery and accountability in Aboriginal Affairs. During consultations with Aboriginal communities and other key stakeholders expressed a strong desire for change and the need for government to build a genuine and sustainable partnership with Aboriginal communities and organisations.

One of the key recommendations of this taskforce was to establish a Local Decision Making model, with the aim of supporting community-led governance and regional decision making bodies to allow communities to direct and better coordinate services at a local level.

The Local Decision Making Model was trialled in several regions with communities opting in and building on existing governance capacities. One of the trial regions was undertaken with the Murdi Paaki Regional Assembly (see Box 7.5). Under this trial an accord was developed which outlines a formal agreement between Murdi Paaki and the NSW Government about the priorities and service levels that will occur across several Indigenous communities in western NSW.

South Australia

The South Australian Government established an Aboriginal Regional Authority Policy in 2016 following an extensive consultation process from 2013. The policy seeks to create a network of Aboriginal governing bodies charged with representing and advocating for their communities, driving regional priorities and facilitating economic growth (Department of State Development (SA) 2016).

Under this approach, the Minister will formally recognise an Aboriginal governance structure as an Aboriginal Regional Authority (ARA) through and expression of interest process. An ARA needs to demonstrate that it has strong governance structures and is representative of the Aboriginal people and organisations within a clear and supported boundary of operation.

Once recognised as an ARA, the governing body becomes the first point of contact for government. Under the policy, the South Australian Government agrees to enter into good faith negotiations with ARAs regarding program funding, joint activities and other support, which are to be formalised through agreements and reflected in departmental strategies and business plans.

Other than an initial grant of $100,000 to ARAs once they are recognised, the South Australian Government currently has no other direct funding for the scheme.

Victoria

In Victoria, Local Aboriginal Networks (LANs) bring Aboriginal people together at the local level to set priorities and develop community plans (Victorian Government 2015).

The LANs are voluntary community networks that operates on a relatively informal basis. Participants are able to opt in or out at any time. Since 2007, 39 LANs have been formed, with around 2,000 Aboriginal Victorians participating. Networks are facilitated by brokers employed by Aboriginal Victoria. Brokers facilitate LAN operations, broker relationships between LANs and local stakeholders and support the development and implementation of community plans.

The intent is for LANs to provide a means for the Victorian Government to engage with local communities. From this process of engagement, a five-year priority plan was developed.
Box 7.5 The NSW experience: Murdi Paaki Local Decision Making Accord

The Murdi Paaki Regional Assembly is the regional Aboriginal governance body representing the interests of a number of Aboriginal and Torres Strait Islander communities across western NSW. Murdi Paaki asserts the rights of its member communities to improved and more efficient service delivery and recognises the cultural authority of the Traditional Owner groups within the region and works to maintain the autonomy of these groups.

In 2015, the NSW Government and Murdi Paaki entered into a formal agreement to work together to achieve outcomes against five key priorities:

- affordable and appropriate housing
- economic development
- education
- early childhood services
- governance capacity and support (NSW Government; MPRA 2015).

The Accord details the actions, roles and responsibilities to support these priorities and how these will be measured. The agreement includes timelines for the completion of all actions in the agreement, but does not provide for any consequences should these not occur.

The Accord also provides for a monitoring and evaluation group to oversee the agreement. The agreement notes that a reporting and monitoring framework will be developed and included as a schedule to the Accord—however, at the time of writing, this had not been developed. The Accord states that outcomes and performance measures will be made public.

A dispute resolution panel, comprising representatives from the Assembly, and the Departments of Aboriginal Affairs, and Premier and Cabinet was formed to resolve any conflicts or disputes that arise out of the Accord.

An evaluation of the negotiation process found that, although the Accord was accepted by stakeholders as an improved way of coordinating effort, participants had concerns about its longevity. In particular:

- There was concern that government representatives did not have the appropriate delegations to make decisions.
- There were no pooled funds for which innovative solutions could be developed.
- Participants were concerned that the process was insufficient to change the way government does business with Indigenous communities (Aboriginal Affairs (NSW) 2012).
The Torres Strait

The Torres Strait Regional Authority (TSRA) is a regional organisation that performs many of the same functions that would be performed by the Regional Bodies in our reform agenda—although the scope of activities and control over service delivery is significantly less than we envisage.

The board consists of 20 members who are elected very four years by their respective communities. The board determines the TRSA’s policies and budget allocations. The administrative arm of the organisation is comprised of staff who are Australian Government public servants. A CEO reports to and is appointed by the (Australian) Minister for Indigenous Affairs.

Although its activities are relatively constrained, it operates with a significant degree of autonomy:

*The TSRA is the only example of an Indigenous authority in Australia receiving a single direct appropriation in the form of a block grant to cover the entirety of its operations. There is a significant degree of autonomy and flexibility, compared with other funding modalities, allowing the TSRA to plan, self-govern resources, and monitor and evaluate outcomes, with one consolidated annual report. The single line appropriation of government revenue provides a far more streamlined administrative and reporting onus. The TSRA history is unique, and its fiscal relationship with the Commonwealth is best described as inter-governmental, similar in status to an Australian state or territory. (Moran et al. 2014, p.40)*

In 2009, the TSRA initiated a Service Delivery project, which worked with individual communities to map and identified service gaps across the Torres region (TSRA 2009). This mapping exercise was developed into community-level plans, with reporting on progress towards closing service gaps. The plans identify 1,619 service gaps or unmet community aspirations across the region and provide a ‘traffic light’ progress report against each service gap or community aspiration (ISD steering Committee 2012).

In the first four years of the 2009–2029 Regional Plan, 332 service gaps were closed, work on 671 was in progress, and 616 were under review with their respective communities (TSRA 2014).

Consultations with local service providers in the Torres Strait suggest that, in addition to its formal coordinating role, the TSRA also plays an important informal role in service coordination. For example, we heard stories from service providers of cases where the TSRA had been able to arrange funding for travel to cover shortfalls where travel arrangements had not been properly considered by agency central offices.

In 1997, a House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs conducted an inquiry into greater autonomy for Torres Strait Islanders. The committee recommended that:

- the Commonwealth negotiate the establishment of a joint statutory agency with the Queensland Government to represent all residents of the Torres Strait Area—a new body was to replace other bodies including the Island Coordinating Council, the TSRA and the Torres Shire Council
- the new authority be granted statutory functions to formulate policy and implement programs, take loans and establish and operate business as it sees fit, and to advise the Commonwealth and state governments on matters relating to the Torres Strait region
- the Queensland and Australian governments provide block grant funding, with the goal of devolving maximum authority to the new authority to determine the priorities for the allocation of funds
- the authority develop programs to enhance the economic development of the Torres Strait, including training and apprenticeship programs (House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs 1997).
Cape York

A strong leadership culture is developing in Cape York, through the Cape York Institute, but also through the remote and discrete Aboriginal and Torres Strait Islander communities themselves.

Cape York Institute plays an important role in the Cape, both as an advocate for change as well as in the development of practical solutions, such as their Cape York Leaders Program, which aims to build the confidence and leadership skills of people across Cape York.

The Institute is also leading the progression of the Empowered Communities reform proposal across the Cape and is working with communities to develop local representation. At the time of writing, the Commission is aware of at least two communities where local representation has been established.

7.5 Conclusion

The structural reforms proposed in this chapter are designed to institutionalise many of the approaches to service delivery in Indigenous settings that have been shown to work. In particular, the reforms aim to embed the involvement of communities in the services that affect them through the transfer decision making and accountability. These changes should be accompanied by changes to the way communities are funded and resourced, with independent oversight and transparent reporting of progress.

There are risks, and there will be a range of implementation issues to consider, but the proposed reforms are consistent with reforms occurring nationally, and in other parts of Australia.
Draft recommendation 2

The Queensland Government should reform roles, responsibilities and funding of service delivery. The structural reforms will require:

- communities and regional bodies to develop community plans outlining needs and priorities, identify funding priorities and negotiate mainstream service delivery
- government and regional bodies to enter an agreement specifying the outcomes expected to be achieved and the way in which mainstream services will be provided to communities
- government to identify and pool grant funding to transfer under the agreement
- an independent body to report outcomes and monitor reform progress.

Draft recommendation 3

To implement structural reforms, the Queensland Government should:

- assign central responsibility within government for implementing the reforms—an implementation plan should be developed in consultation with communities within six months
- identify at least two regions where reforms can be implemented—consideration should be given to an expression of interest process
- prepare an agreement outlining the objectives, principles, governance, funding and outcomes being sought
- assign an independent body, with appropriate expertise and Indigenous representation, to evaluate and report on progress and outcomes
- identify government functions that could be transferred to regional bodies.
Directions for policy reform

8.0

Directions for policy reform
This chapter sets out a number of reform directions to improve the effectiveness and efficiency of services, and better meet the requirements of discrete and remote communities.

### Key points

- To achieve better outcomes, government needs to broaden the tools it uses, increase its focus on facilitating others and to emphasise wealth creation over the cycle of servicing need.

- Building community and public sector capabilities is critical to improving service delivery and to successfully progressing recommended reforms. Ongoing support will be needed to ensure reforms deliver intended outcomes.

- Governments need to choose policy instruments that better support development. Funding model reforms that shift the government’s role to ‘funder and co-purchaser’, rather than ‘funder, purchaser and direct provider of services’, would support a developmental approach.

- A user-driven system of service delivery, where individuals have vouchers or user accounts to choose the services that best fit their needs, could result in more effective, efficient services in some cases.

- Funding reforms that enable flexibility and long-term planning, such as untied grants, pooled funding, block funding and extended average contract lengths, should be supported.

- Performance-based funding models can provide stronger incentives for service delivery improvement, while providing the flexibility to innovate. Use of these models could be expanded, pending the evaluation outcomes of existing pilots.

- Procurement policies and contracting reforms that prioritise desired outcomes are needed, where such outcomes include culturally appropriate services, community engagement and governance, collaboration and coordination, employment and training of local and/or Indigenous staff.

- Scope appears to exist for extending the use of policy tools (for example, Social Benefit Bonds) and organisation models (for example, Aboriginal Community Controlled Health Organisations) to better support holistic service delivery.

- Place-based and case management initiatives cutting across policy areas and levels of government can enable an effective response to community-specific needs.

- Community and regional bodies or Negotiation Tables can provide a forum for community engagement in the prioritisation and co-design of services, and for developing place-based approaches.
The effectiveness and efficiency of service delivery is a product of the choices made by governments and others concerning the governance arrangements, policies and funding models in place (Figure 48). However, those choices over many decades have also affected both local conditions and the level of demand for services. More fundamentally, service delivery performance is a product of how the relationship between Indigenous people and governments is conceptualised, which shapes the rationale for government policy interventions and the nature of those interventions.

Service delivery reforms should address the root causes of challenges faced by communities, support community empowerment and incentivise development. Models that take a bottom-up approach—such as demand-driven and place-based services—put a stronger focus on delivering outcomes for users, and assist resources to flow to higher-value uses. Iterative learning and capacity building is supported by flexible approaches that devolve decision-making and the control of resources to communities and community-controlled organisations.

While a particular policy tool might be used under various governance or institutional arrangements, and while a particular policy might be funded under different models, governance, policy and funding are often closely connected.

Figure 48 Overview of the directions for policy and service delivery reform
8.1 Changes in approach are required

For development and service delivery outcomes to improve, the relationship between people living in communities and governments needs to be reconceptualised. This will affect how problems are perceived and what the respective roles are of individuals, families, communities, councils, and the Queensland and Australian governments in achieving sustained improvements in standards of living.

Central to this change is a recognition that improved service provision is unlikely to solve the underlying problems in communities. Economic development is critical to addressing social problems (see Chapter 9).

The role that government has taken on over decades is the role of service provider and the primary ‘fixer’ of problems in communities, while Indigenous people have often played a passive role. The failure of this approach and some of the reasons why it has failed are discussed in Chapter 5.

An enabling perspective helps Indigenous enterprises and people stand up and take responsibility for their own communities—a critical requirement for real change to occur.

A shift to government as 'enabler'

There is support in communities for the role of government to change so that it supports or enables community-driven change. It is not the role of government to identify and fix problems in communities. Communities themselves will do that. However, they may need support, for example, in the form of continued funding, the provision of expertise and the transfer of skills. They may need governments to work with them to change legislation and regulations, or to alter programs.

Moving beyond the rhetoric of 'enabling', the shift implies significant and difficult change:

This requires a radical shift not just in responsibilities, but in behaviours and attitudes of the key partners. Indigenous reform leaders are expected to step up and assume the lead role in driving challenging reforms . . . Government partners, on the other hand, need to take a step back and participate in support of Indigenous leaders and their place-based development agendas. This does not mean that government takes a passive role. Government is an active partner. Its representatives come with valuable knowledge, experience and responsibilities that the other partners do not have.

The role of enabler ... requires an ability to listen and understand what is being proposed from outside government—to create the environment in which Indigenous people can act as the senior partner in negotiations and to drive outcomes, and initially at least, a preparedness to help bridge knowledge and capability gaps if they exist. It requires a capacity to recognise good strategies and proposals developed by others and a willingness to actively look for ways to add value, to make government work as it should in support of good reform ideas. It may mean tackling government silos and blockages to pave the way, identifying funding sources, garnering support from key agencies. (Empowered Communities 2015, p. 41)

Such a change will extend across communities, providers and government:

A recurring feature of evaluations of government programs and strategies with community-driven elements is that the challenge is not just in the capacity of Indigenous communities to lead and manage development, but in the capacity of governments themselves to facilitate effective community development processes. (Limerick & Sutton 2013 p. 49)

Shifting to an enabling role also means that government increasingly withdraws from a direct service provision role (discussed further below). There are many different paths for this change, but the objective is to move to a state where a much larger proportion of the local population have the capabilities and opportunity to participate in service provision and employment within their own community, and decision-making authority resides more at the local or regional level.
The benefits to government from taking an enabling role include:

- Service delivery can be more readily adjusted to local contexts so that the service better achieves its intended outcomes.
- Along with supporting communities in building capabilities, an enabling role better supports economic and community development leading to a lower prevalence of health and social problems that require intensive service delivery.
- It may help manage risk as an enabling role goes hand in hand with government providing the space for communities to take greater responsibility. Better management of risk can help reduce some of the public pressures that lead to, for example, the frequent changing of programs (Chapter 5).

8.2 Building capabilities and ongoing support

The reforms discussed in this chapter are intended to empower individuals, so that they can transform their future. Achieving the reforms will require that communities and government agencies are supported so that they can effectively participate in designing and delivering the transformation.

Governance capabilities and other skills that need to be further developed include:

- leadership and management skills
- general governance and administration skills
- project management
- managing for performance
- literacy and numeracy.

Experience overseas emphasises the importance of investing in Indigenous governance capacity (Bauman et al. 2015; Empowered Communities 2015; Tsey et al. 2012). Ongoing government support—including human, financial and physical resources—has also been highlighted as a precondition for success by the Steering Committee for the Review of Government Service Provision (SCRGSP 2016a).

Consultation and submissions highlighted a need to build capability and capacity in the government and service provider sectors, as well as community controlled organisations. For example:

> Recognising and harnessing existing community capacity and leadership, and properly resourcing and supporting remote and discrete Aboriginal and Torres Strait Islander communities in planning, designing, delivering and evaluating service delivery is integral to developing a service system shaped by, and oriented towards, the aspirations and needs of local communities. (QCOSS sub. 18, p. 5)

Also:

> [It is recommended that the] Queensland Government build capacity of local workforce and organisations on our islands to deliver services by:

- Shifting to a “local first” model of grant funding so that organisations based elsewhere (Thursday Island, Cairns, Brisbane) do not automatically receive funding to deliver services in our region.
- Working in partnership with TSIRC and local partner organisations to build the skill and knowledge base of local workforce.
- Identifying barriers (legislative, required skills/knowledge/qualifications) to local employment and developing medium-to-long term strategies with TSIRC and local partner organisations to address such barriers. (TSIRC sub. 12, p. 22)

Cultural capability of the government sector is essential to engage effectively with communities to ensure their perspectives and needs are reflected in policy, service delivery, and in the workplace. For example:

[A]gencies need to be culturally capable to successfully partner with other governments and non-government organisations in service delivery and partner with the community for better outcomes … means increasing cultural leadership, capacity building and cultural capability of how services are delivered. (Queensland Government sub. 27, p. 16)

In providing support to communities and the bureaucracy to implement reforms, many existing sources for training are available. A small sample includes:

- Within the public sector—training is provided under the Department of Aboriginal and Torres Strait Islander Partnerships' whole-of-government Cultural Capability Framework and consistent agency frameworks (Queensland Government sub. 27, p. 20).

- Councils—governance training takes place through DILGP.

- Community organisations—the Office of the Registrar of Indigenous Corporations (ORIC) provides governance training to Indigenous businesses and registered community organisations, and land councils and Prescribed Body Corporates (PBCs) undertake capability building programs.

- Educational institutions—capability programs are offered, such as the University of Queensland's Advanced Indigenous Development Approaches.

There are also linkage programs between Indigenous organisations and the private and public sectors, such as Jawun, that can assist with capability building through the two-way transfer of knowledge and skills.

In implementing proposed reforms, the government will need to consider whether existing training options are sufficient for the task, and whether those options are resourced appropriately.

The importance of building community and public sector capabilities is a theme that runs through the recommendations in this report.

**Seeking further views**

Does the range of training options available for communities and the public sector sufficiently match what is needed?

What impediments exist to access formal training programs and other methods for building capabilities?

Do mechanisms for building capabilities need to be better resourced?
8.3 Community voice and engagement

A developmental approach informed by communities’ priorities will enable a more efficient allocation of resources to their highest-value use. Central to a developmental approach is the idea 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. A relationships focus is needed, taking a ‘bottom-up’ approach to program design and decision-making that incorporates community ownership and leadership (Hunt 2016).

A review of engagement in regional Queensland recognised distinctions between engagement by government and engagement by communities, ranging from government informing and community observing, through to communities finding their own solutions (empowerment) (Chappell n.d., in Thorpe et al. 2016, pp. 7–8). The spectrum of engagement is illustrated in Figure 49. Real engagement at the ‘empowering’ end of the spectrum would support a developmental approach.

Figure 49 Spectrum of engagement

A key theme identified by stakeholders was that consultation was too rushed and did not engage with recipients of services:

Many Woorabinda residents, however, believe they are not being serviced adequately by visiting services funded to assist their community. The issue is compounded by the fact that local residents have no input into program design to ensure local cultural expectations are met, and no involvement in ongoing decision making. (Woorabinda Aboriginal and Torres Strait Islander Corporation for Social and Emotional Wellbeing and Health sub. 5, p. 2)

Indigenous communities are relationship driven, locals need to know and trust you. Building relationships takes time to establish. The emphasis needs to be on outreach and prevention ... in building community ownership of our health future. (The CEO, Lockhart River Aboriginal Shire Council, sub. 14, p. 9)

Consultation was frequently ad hoc rather than ongoing, limited to certain groups or service providers, and communities were rarely informed of the progress against agreed action items or the outcomes. As a result, the same issues were often discussed repeatedly without progress against identified priorities.

Real engagement with community ensures that decisions are made locally by the people most directly affected by them. This enables approaches tailored to the local situation and realities on the ground (Chaney 2012), including place-based responses that are integrated and cross-sectoral.

Recognised success factors for effective engagement include a shared vision; shared responsibility; inclusiveness; sustainability; mutual respect; building capacity; appropriate timeframe; integrity; awareness; and improved coordination (Chappell n.d., in Thorpe et al. 2016, pp. 7–8). An effective mechanism for engagement with communities would prioritise these characteristics, and work within the networked, dispersed nature of Indigenous governance.
8.4 Choosing policy instruments that support development

When a government considers intervening in a market or in people’s lives to achieve a certain objective it faces choices on how to intervene. At a broad level, three types of policy instruments are available:

- **Laws and regulations**—may prohibit an activity or action; they also influence the incentives to undertake certain activities or actions.
- **Interventions through altering prices**—for example, taxes alter the level of prices (costs).
- **Expenditure policies**—which can entail the direct provision of a service or the purchasing of a service to be delivered. Expenditure policies involve appropriations under budget processes.

Within each of these types of interventions, many design options are available to governments. The choice of how to intervene, and the details of design, which are often complex, can have a large bearing on whether policy achieves its objectives or whether it unintentionally contributes to problems in communities.

Policy choices involve trade-offs. In weighing the pros and cons of various ways of achieving a certain objective, greater weight needs to be given to the long-term implications of the policy choice on economic and community development.

**Ownership of assets**

Consistent with an enabling role and the need to support the development of local capabilities, the government should choose policy instruments that minimise the degree of direct control over the activity or service.

When a government makes an investment in an asset in a community—businesses or fixed assets, such as facilities—it determines the full range of characteristics of the asset, including:

- the timing of the delivery of the asset
- location of the asset
- the service capacity of the asset
- all other service characteristics of the asset
- the tenure of the land that the asset is built on.

In broad economic terms, the investment means that government determines the capital structure of the economy or community. While investment may be needed, investment plans not determined by the market or driven from the local level run the risk of distorting development. Community consultation may or may not have occurred on which services provided by the asset are needed in the community and the characteristics of those services. Where consultation has occurred, community input may or may not have influenced decisions.

When the government owns an asset, it controls the asset. The government has a responsibility to taxpayers to ensure that their investment achieves value for money and is maintained properly.\(^\text{14}\) Ownership also means control over future capital investments that modify or extend the capabilities of the asset, whether through public or private means. Even where a government leases an asset, the arrangements will invariably be complex and enforce a large degree of control over the asset.

Investing in a business and running a business, and investing in and maintaining large capital assets, requires significant skill. For example, the procurement process for delivering infrastructure, such as a health facility, requires a great deal of knowledge—from how to finance capital investments, to designing facilities, to project management skills, risk management, and designing whole-of-life asset maintenance plans. These skills are maintained within the public sector, or the public sector contracts them to external organisations (which are usually not Indigenous organisations).

Government ownership and control deny communities opportunities to develop these skills and does not nurture a culture in communities of individual or community action.

Significant assets owned by the Queensland Government in communities include:

- retail stores, including the equipment used to fit out the store
- health care facilities and equipment used to provide primary and other health care services
- school facilities
- social housing.

In the case of primary health care services, there has been a long-term commitment in Queensland and nationally to transfer control of services to communities. Progress has been made in this direction, albeit slowly, with the ownership of existing assets (for example, facilities), an important issue in the transfer process. Where Aboriginal Community Controlled Health Organisations (ACCHOs) are increasingly involved in service delivery, governments have assisted with the provision of facilities by assisting with funding. In social housing, some jurisdictions (for example, Victoria) are transferring control of the housing stock to Indigenous organisations. In retail stores, Queensland is the only jurisdiction that continues to own stores in communities. Background on social housing, retail stores and the primary health care transfer process is provided in the sections below. Retail stores are discussed further in Chapter 9.

The choice to intervene through ownership of fixed assets with long lives means that government is in for the ‘long haul’. There are very few cases of the Queensland Government transferring the ownership of assets to private entities in communities or community organisations. Because of the longevity of assets and the reluctance to withdraw from ownership once investments are made, investing in and owning assets is an inflexible policy tool. Further, if capital investment is not optimal to community needs, then the mistakes made have lasting impacts on communities.

**Housing**

Various overseas and Australian jurisdictions are attempting to improve outcomes in Indigenous communities by transferring or extending control to communities of the services provided by assets. For example, the Victorian Government has begun a process of removing the first mortgage it holds over social housing assets owned by Aboriginal Community Controlled Organisations (ACCOs) (Box 8.1). The removal of the first mortgage will give greater flexibility to ACCOs in the management of Aboriginal housing. In addition, the Victorian Government is transferring title and ownership to more than 1,500 properties to Aboriginal Housing Victoria (AHV).

In Queensland, rather than devolving greater control over housing to communities, the NPARIH process has effectively extended state government control (discussed in Chapter 12).
Box 8.1 Victorian Aboriginal housing

Removal of first mortgage over housing held by ACCOs
The Victorian Government is piloting a program that will ensure Aboriginal Controlled Community Organisations (ACCOs) have full control of their assets and have the autonomy to grow and plan for the future. This pilot is the first step in a program to remove first mortgages held by the Minister for Aboriginal Affairs for 30 Aboriginal organisations.

Aboriginal Housing Victoria (AHV) and the Bendigo and District Aboriginal Co-operative are the first organisations to trial the program and will receive $50,000 grants to develop a business case for the removal of the first mortgage over their properties.

The program will see the removal of first mortgages following specific requirements being met, including financial stability and a sound governance history.

In Victoria, Aboriginal organisations currently own 59 properties, over which the Minister for Aboriginal Affairs holds a first mortgage. The first mortgages were generally applied as part of the funding agreement that allowed the organisations to purchase the properties.

Whilst the organisations are the legal owners of the property, the existence of the first mortgage prevents them from utilising the capital to build a better future.

Title and ownership transfer
AHV provides housing services to Aboriginal Victorians through its management of more than 1,500 properties and until July 2016 owned a modest number of those properties, with the Victorian Government owning the rest.

From July 2016, the government began transferring the titles and ownership of its properties to AHV through a staged process, with about 500 properties transferred at each stage.

Using administrative data from AHV’s information management systems, AHV, the Melbourne Social Equity Institute and the University of Melbourne’s Faculty of Business and Economics are comparing property characteristics and tenant outcomes before and after each stage of title transfers, as well as separately for properties that do and do not transfer. The data are being used to investigate whether the devolution of ownership of housing assets from the government to a private Aboriginal community organisation improves the quality of those assets and leads to better tenant outcomes.


Retail stores
Communities have long expressed concern over government ownership of retail stores in communities and a preference for other ownership models. Only in Queensland does the government continue to own retail stores in Indigenous communities.

The Queensland Government owns retail stores through Community Enterprise Queensland (CEQ) (Box 8.2). CEQ was formed through a merging of stores trading under the name of IBIS (Islanders Board of Industry and Service) and DATSIP Retail Stores. CEQ is a Queensland Government statutory body with responsibility for commercial enterprises in Aboriginal and Torres Strait Islander communities, currently primarily in retailing. It has an independent board with its head office in Cairns.
Government ownership of retail stores monopolises retail trading in many communities and impedes the development of a business culture, perpetuating the problem that little happens in communities that does not have the hand of government upon it (either the Australian, Queensland or local government). There is a history of privately run stores and community stores performing poorly, and there is concern about a repeat of these problems should government not continue to exercise control over stores and the resulting impacts on a reliable supply of quality food in communities. However, governments can influence the provision of reliable and quality food supplies in other ways. These issues are discussed further in Chapter 9.

Box 8.2 Government-owned stores: Queensland compared with other states

Community Enterprise Queensland

On 1 September 2016, the name of the Island Industries Board (IBIS) changed to Community Enterprise Queensland (CEQ). CEQ was formed through a merging of retail stores trading under the name of IBIS and Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) Retail Stores. Both sets of stores are now managed by CEQ. CEQ is a Queensland Government statutory body with responsibility for commercial enterprises in Aboriginal and Torres Strait Islander communities, currently primarily in retailing. CEQ operates under an independent board.

In the Torres Strait and Northern Peninsula Area, CEQ continues to trade as IBIS. The IBIS operational hub is in Cairns. IBIS operates two supermarkets, 16 convenience stores, a service station and a hardware store.

The DATSIP operates Retail Stores in six very remote communities: Woorabinda; Palm Island; Lockhart River; Pormpuraaw; Kowanyama; and Doomadgee.

Retail Stores and IBIS provide a range of food, drinks, furniture and bedding, white goods and small appliances, mobile phones and phone credits, and other household products. The range of goods depends on the size of the store.

Western Australia

The state government does not own retail stores in Indigenous communities. There have been situations where the government has stepped in and has been involved in arrangements to re-establish a store and transfer it back to local ownership.15

Northern Territory

The Northern Territory Government does not own retail stores in Indigenous communities. Five regional Shires own community stores as assets under the local government reforms (Victoria-Daly, Roper Gulf, East Arnhem, West Arnhem and MacDonnell) with these stores managed by ALPA. Retail stores in the Northern Territory are owned by communities or land corporations, privately or under a joint-ownership model. ALPA and Outback Stores are contracted in many cases by communities to manage or assist with managing the stores.

Sources: House of Representatives 2009; DATSIP 2016.

Primary health care

In Queensland and nationally, the process for transferring primary health care services to community control has been long and is ongoing (Box 8.3). Canada is further advanced along this path:

*Over past decades, Australian and Canadian Indigenous primary healthcare policies have focused on supporting community controlled Indigenous health organisations. After more than 20 years of sustained effort, over 89% of eligible communities in Canada are currently engaged in the planning, management and provision of community controlled health services. In Australia, policy commitment to community control has also been in place for more than 25 years, but implementation has been complicated by unrealistic timelines, underdeveloped change management processes, inflexible funding agreements and distrust.* (Lavoie & Dwyer 2016, p. 453)

Greater community control means government and other health stakeholders engaging with the community to enable greater involvement in the planning, development, management and delivery of health services, to reflect local community priorities and aspirations. The degree of community control and the form that it takes vary by community.

Yarrabah was the first community in Queensland to transition its primary health care services to a community control arrangement. Gurriny Yealamucka Health Services Aboriginal Corporation (GYHS) operates primary health care, including general practice services, with the Queensland Government health service offering emergency, dialysis, dental and specialist outreach services. The Yarrabah health centre is owned by the Cairns and Hinterland Hospital and Health Service (CHHHS). Under current arrangements, a sub-lease is in place between the CHHHS and Gurriny Yealamucka Health Services Aboriginal Corporation (as the lessee) for the use of building space.

Gurriny uses the Yarrabah health centre as its base to deliver services under its community-controlled model of care. This arrangement is unique to Yarrabah, and the arrangements for the management of capital in other transition locations will be individual to each community, and dependent upon negotiations between the parties involved.¹⁶

Apunipima operates in Cape York within a hybrid primary health care system. By 2014, Apunipima had:

*achieved significant growth to become a major provider and partner in the delivery of PHC to the Aboriginal communities of Cape York. However, the commitment to full community control of Cape York PHC services had not been realised. In all communities other than Mossman Gorge, a hybrid PHC system operates, with attendant problems in service coordination and pressure on working relationships.* (Dwyer et al. 2015, p. 5)

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¹⁶ Consultation with the Department of Health, 28 July 2017.
Box 8.3 Queensland transfer of primary health care to community control

In Cape York, Apunipima was established in 1994, with the Cape York Institute recommending in 2005 that Apunipima take on the delivery of primary health care services for Aboriginal communities in the Cape. The Australian Government, Queensland Government and Apunipima signed a Deed of Commitment in August 2006, with a target date for full implementation of community control by June 2011.

In 2010, the Queensland Government released Making Tracks toward closing the gap in health outcomes for Indigenous Queenslanders by 2033 – Policy and Accountability Framework. At the heart of this policy are trust, respect and community control. The predominant form of Aboriginal and Torres Strait Islander community control in Australia, and Queensland, is the Aboriginal and Torres Strait Islander Community Controlled Health Organisation (ACCHO) managing and delivering health services, but community control can take other forms such as community-controlled funds purchasing primary health care services from other providers.

International and national research and experience have shown the following:

- In any population, but specifically disadvantaged populations, improving access to primary health care is critical for improving health outcomes.
- Community involvement in the design and delivery of primary health care services is a key factor in improving access to primary health care.
- Canada, the United States and New Zealand have taken a systematic approach to increase community control and have seen improvements in Indigenous health indicators.

In Queensland, the transfer of primary health care services to ACCHOs is guided by the idea that communities are responsible for their health services at a level that is commensurate with their abilities and aspirations.

In 2011, the Queensland Aboriginal and Islander Health Council (QAIHC) released Pathways to Community Control as a blueprint for transfer to community control in remote and regional Queensland. In the first instance, these communities are in Cape York, Torres Strait, The Gulf, Palm Island and Yarrabah. In 2011, the Queensland Government released a draft strategic policy framework for the transfer of primary health care services to greater community control, but the policy was never finalised.

Sources: Queensland Government 2011a, 2011b, 2010; Dwyer et al. 2015.

Going forward, the transfer process in the Cape is:

In January 2017, the Boards of the Torres and Cape HHS and the regional Aboriginal and Torres Strait Islander Community Controlled organisation, Apunipima Cape York Health Council, jointly agreed to a Transition Action Plan for Cape York. The Transition Action Plan sees services progressively transitioning in Aurukun from 1 July 2017, with further work to continue around the opportunity for transition in up to four other communities in the future. Once in place, the new arrangements will enable a single comprehensive and integrated primarily healthcare model of care in each community, with Apunipima as the lead provider of primary healthcare services. (Queensland Government sub. 27, p. 11)
Government as funder and co-purchaser

The delivery of a service can be broken down into three distinct roles:

- who funds or finances the service
- who purchases the service
- who delivers the service.

For some services, government fulfils all three roles. For example, in the case of primary schools, the Queensland Government is the funder (with funding also coming from the Australian Government), the Queensland Government purchases the provision of education services from the Department of Education, and the Department of Education delivers the service (at least in most communities).

Due to reforms over the last few decades, governments have been withdrawing from the role of provider for some services (for example, employment-matching or brokering services), while maintaining a funding and purchasing role. The different roles and the trend towards more agency contracting of the delivery of services is illustrated in Figure 50.

**Figure 50 Funder, purchaser and provider reforms**

Notes: A prime contractor model involves a commissioning approach where a government contract is awarded to a high-level organisation that has the responsibility of organising and managing a group of subcontractors/providers often called the supply chain. In more traditional purchaser/provider models, government purchases services that are delivered by either not-for-profit or for-profit providers. The prime contractor model introduces a new entity into the purchasing arrangements, which involves a not-for-profit or a for-profit organisation taking on a role as purchaser/manager of public services. This creates a three-tier approach, government as funder, a not-for-profit as purchaser (the prime contractor), and services purchased from not-for-profit, for-profit and/or government agencies as providers (O’Flynn 2014, p. 6).

Source: Based on Empowered Communities 2015, p. 67.
The trend of government withdrawing from the provider role in favour of contracting the provision of services is consistent with the following ideas:

- Communities need to take more responsibility for the provision of services and be less reliant on governments (a less ‘passive’ service delivery model).

- Through participation in service delivery, community organisations can enhance their capabilities over time.

However, while these reforms have shown benefits, there have also been problems. Communities and NGOs have been critical of contestability reforms. The underlying problem is not the model as such (that is, the withdrawing from the provider role in favour of agency contacting), but how contracting processes have been conducted in practice. In particular, it is argued that the outcomes of tender processes have favoured NGOs over community-based organisations.

Communities said that tender evaluations are not achieving desired outcomes in terms of value for money. In their view, the desired service outcomes are often not being achieved by NGOs, largely related to the problems of delivering services when cultural capability and local context matter. This suggests that if NGOs are winning tenders largely based on their cost competitiveness, then the ‘real’ cost of NGO tenders is higher.

Both the Queensland and Australian governments’ procurement principles are intended to be holistic (taking account of a broad concept of costs and benefits). However, in practice, tender evaluations may focus more narrowly on the specific outcomes sought by the delivery of the service. Where those outcomes are not achieved, contract monitoring processes should identify the failure. If NGO service delivery is not achieving the intended outcomes, this should be reflected in losing future tenders.

Achieving the right balance in service delivery tender outcomes means balancing the benefits of cost-efficient service delivery with the longer-term benefits of community development through stronger and capable community organisations.

The fragmented funding space (Chapter 5) has also drawn criticism. Entities letting contracts include multiple agencies at multiple levels of government. In addition, any individual agency may have several service tenders. Service providers may also receive funding from private sources.

While the overall direction of the funding model reforms is consistent with the evidence on what should work and what community-led initiatives and consultations have strongly indicated as the preferred way forward, improvements should be made in the areas of:

- increasingly involving communities directly in the purchaser role as co-purchasers
- tender evaluation criteria and processes that likely mean that there is some re-balancing of tender outcomes towards long term value for communities
- greater accountability of service providers to communities.

Devolved and flexible funding models

The degree of devolution in funding models has implications for local capability building:

> Devolution is no panacea; indeed, given the diversity of context, and the difficulties of backing innovative grant systems with the level of support that has proven necessary elsewhere, it is reasonable to expect some failure. But experience elsewhere also shows that seeing such contexts only through the lens of risk, deficit and chronic governance failure will most certainly undermine the prospect of local capability or accountability developing—ultimately undermining the possibility of improved outcomes for Indigenous people. (Moran et al. 2014, p. 47)

Different funding models or instruments can support devolved decision-making and/or provide greater flexibility in resource allocation:
• general revenue assistance (general purpose grants)—local governments receive general revenue assistance payments which provide them with funding for core council services. Indigenous councils also receive SGFA funding in lieu of council rates. The grants to Queensland councils and a number of similar Northern Territory councils constitute the only examples in Australia of general-purpose grants to Indigenous organisations (Moran et al. 2014, p. 13)

• ‘tied’ funding—funding can be provided for specific purposes, or to achieve specific outcomes, for example, National Partnership Agreements

• pooled funding—involve attempts to coordinate government spending across portfolios and jurisdictions into a combined or flexible funding pool. Once funds are pooled, the payment mechanism may be in the form of a block grant or some other payment structure

• annuity approach—takes the pooled funding model further by also pooling across time (Box 8.4)

• block funding—where an organisation is funded through a single grant with a single reporting framework to fulfil its core governance functions. Block funding can be provided via an untied general-purpose grant, or it can be provided through a tied specific-purpose grant. General revenue assistance to councils is also a form of block funding.

Box 8.4 An annuity approach

An annuity approach is essentially a funding agreement over a very long term, which includes an incentive mechanism. It can provide incentives for improved performance and can provide regional bodies and/or communities with significantly increased flexibility to allocate resources and implement development agendas.

In terms of flexibility, an annuity approach relies on the pooling of funding across services and over time and the establishment of a fund or trust from which a future stream of cash flows (the annuity) is determined. For example, in the hypothetical situation that the net flow of resources to communities was known at a point in time then estimates could be made of the net present value of the stream of flows over time, and this amount could be deposited in a trust fund. Communities would receive funding from the trust fund according to an agreed stream of cash flows. Any agreement between the Queensland Government and the managers of the trust fund would set out needed governance and accountability arrangements. Performance would be specified based on an outcomes-based approach. Communities or their regional representatives would have significant flexibility in how services were delivered and outcomes achieved.

The incentive mechanism would be that the annuity declines over time towards some target level of per capita funding, say, the average of per capita funding provided to remote non-Indigenous communities. This would provide a strong incentive to achieve real outcomes, thereby reducing the level of ‘need’ for service delivery, and for service delivery methods to improve over time. The annuity might be set constant for some time to allow adjustments to occur before beginning to decline.

The annuity approach could be applied in specific policy areas rather than across the totality of funding to communities.

Another advantage of the approach is that it provides greater certainty of funding, as the model is all about a focus on a long-term funding profile. It also provides a clear objective or funding ‘end-point’ consistent with the Closing the Gap.
From a review of international evidence, Moran et al. (2014) identified characteristics that appear to create enabling conditions for improved governance and performance (Table 19). The funding and governance arrangements for Indigenous councils and the TSRA performed well against the characteristics. On most characteristics, Indigenous councils and the TSRA were assessed as fully or mostly corresponding. Weaknesses were in the areas of:

- performance indicators—not being well-negotiated with the funded organisation
- funding mechanisms—generally not being conditional on primary downward accountability mechanisms to the organisation’s constituency
- governance structures—culturally and contextually appropriate structures not being supported within the funding framework

### Table 19 Funding characteristics supportive of improved governance and funding performance

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Qld LGAs</th>
<th>TSRA</th>
<th>Characteristic</th>
<th>Qld LGAs</th>
<th>TSRA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisation linked to a clearly defined territorial jurisdiction</td>
<td>Fully</td>
<td>Fully</td>
<td>Minimum requirements/standards specified to access the grant</td>
<td>Mostly</td>
<td>Mostly</td>
</tr>
<tr>
<td>Organisation linked to clearly defined jurisdiction according to a service delivery mandate</td>
<td>Fully</td>
<td>Fully</td>
<td>Culturally and contextually appropriate governance structures supported</td>
<td>Partially</td>
<td>Mostly</td>
</tr>
<tr>
<td>Funding provided in a block form, with acquittal and reporting requirements built around the organisation (rather than the grant)</td>
<td>Mostly</td>
<td>Fully</td>
<td>Capabilities supported for organisation to achieve minimum governance and service delivery performance standards</td>
<td>Mostly</td>
<td>Partially</td>
</tr>
<tr>
<td>Funding secure for the medium term (3–5 years)</td>
<td>Fully</td>
<td>Fully</td>
<td>Devolution actively risk-managed through ongoing government engagement</td>
<td>Mostly</td>
<td>Partially</td>
</tr>
<tr>
<td>Discretion devolved to the local level for budgeting, planning and decision making</td>
<td>Mostly</td>
<td>Fully</td>
<td>Core governance functions explicitly fund</td>
<td>Mostly</td>
<td>Fully</td>
</tr>
<tr>
<td>Performance indicators negotiated that are within the reasonable influence of the funded organisation</td>
<td>Partially</td>
<td>Mostly</td>
<td>Funding conditional on downward accountability mechanisms</td>
<td>Partially</td>
<td>Partially</td>
</tr>
<tr>
<td>Incentives for improved governance and/or service delivery performance</td>
<td>Mostly</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: Moran et al. 2014, p. 38*.
Consistent with the characteristics in Table 19 and the funding problems discussed in Chapter 5, funding arrangements should continue to move in a direction that provides greater flexibility to communities and service providers and supports pooling of resources (in part, to help overcome the problem of fragmentation).

Contracting reforms

The Australian Productivity Commission is undertaking an inquiry which includes making recommendations to improve arrangements for planning, evaluation, contracting and feedback systems for services provided in remote Indigenous communities. The key recommendations from the draft report are provided in Box 8.5.

Box 8.5 Commissioning practices for services in remote Indigenous communities

The Australian Productivity Commission is conducting a concurrent inquiry into human services in remote Indigenous communities. Its draft report makes the following recommendations to improve commissioning practices:

- longer contract terms: increase default contract lengths to 10 years, with some ability to vary contract lengths, and with provisions that provide adequate safeguards to allow governments to remove providers in cases of serious failure. This will allow adequate time for service providers to establish their operations, have a period of stability in service delivery and for handover before the conclusion of the contract (when a new provider is selected)

- skills transfer: commissioning processes should have a strong focus on the transfer of skills and capacity to people and organisations in communities

- take account of the attributes of service providers: selection processes should take account of the attributes of service providers that contribute to achieving the outcomes sought, including culturally appropriate service provision, community engagement and governance, collaboration and coordination with existing service providers and community bodies, and employment and training of local and/or Indigenous staff.

Support was given for:

- expanding community voice in program design and decision-making

- place-based approaches to service delivery. It was noted that many reforms have attempted to put these principles into practice, that place-based approaches can be resource-intensive, and that they require major changes in the way governments traditionally work with limited success. Overall, it was considered that there was scope for greater use of the approach, but that the approach is not practical everywhere.


Based on our review of the literature and our consultations, this inquiry supports the direction of the Australian Productivity Commission's draft recommendations. The draft recommendation on expanding community voice throughout the policy or commissioning cycle, and the support for place-based approaches to service delivery, are important themes for this inquiry report.

These reforms should help address a range of problems discussed in Chapter 5, including:
• reducing the compliance burden and uncertainty that arises from short-term contracting arrangements, combined with the fragmentation of funding sources

• re-balancing tender outcomes towards greater participation in service delivery by community organisations, where this results in improved long-term and broad community outcomes

• supporting improved information to design and decision-making processes so that services can be improved over time.

8.5 From supply- to demand-oriented models of service delivery

Empowerment and what is meant by ‘consumer’

There is broad support at the community level as well as in recent inquiries for demand-oriented or -driven reforms (Box 8.6). Demand-driven reforms include terms such as, ‘consumer’- or ‘user’-based reforms. These terms can have negative connotations in some of the Indigenous literature and dialogue. However, there is a misunderstanding of what is meant by policy approaches that use these terms.

Box 8.6 Community views on the need for demand driven models

The current funding regime in Indigenous affairs is almost entirely supply-driven. Public funds are centrally directed by Canberra, Darwin and so on, to address the huge array of Indigenous need in a too-often indiscriminate and incoherent way—with very little regard to the views of Indigenous people about their development needs, and no direct feedback loop that results in improved service delivery. It is not a demand-driven system. It is a supply-driven system that shows signs of having been captured by the suppliers.

In addition to ensuring that the purchaser of services is more often the Indigenous consumer of those services, allowing for purchasing decisions to happen closer to the ground (for example, through a decision-making board) will create greater opportunity to draw on local knowledge to target available resources at place-based priorities.

Source: Empowered Communities 2015, p. 52 and 66.

Consumer-oriented reforms over previous decades sought to focus attention on the ‘consumer’ as opposed to focusing policy on the ‘producer’. These reforms were in response to decades of protectionist industry policy that sought to ‘assist’ businesses, often to the detriment of citizens. Reforms put businesses under greater competitive pressure, with the explicit intention of providing stronger incentives for businesses to focus on, and respond to, the needs of consumers (that is, Australian citizens who purchase (consume) a good or service).

In market relationships, an unsatisfied customer can choose to spend their money elsewhere. ‘Customers’ can penalise poorly performing businesses by denying them their custom. The ability to ‘deny custom’ puts power in the hands of consumers and penalises businesses who take them for granted, or who are simply not able to deliver what people want.

In service provision to communities, the services provided, the qualities of the service, its timeliness and so on, are largely driven by producers (service providers). An Aboriginal or Torres Strait Islander person (the customer) has little ability to influence the quality of the service.

All consumer, user, or contestability reforms are fundamentally about re-balancing the relationship between suppliers (producers) and users of the service.
Compared to demand-driven models, supplier-driven models centralise authority over resource allocation decisions, including what types of services are provided and who gets them. Therefore, supplier-driven models can increase conflicts between groups of people in a community as they vie for influence over who benefits from the limited pie of funding available.

Demand-oriented reforms to funding arrangements can be an important element of empowering Aboriginal and Torres Strait Islanders in their relationships with service providers and governments.

**Types of demand driven models**

**Community engagement as a form of a demand-driven model**

One of the benefits of real community engagement is that it can help provide information on the type of services that are valued, the characteristics of those services, and the relative values placed on alternatives. Therefore, community engagement reforms represent one way in which to increase the ability of the demand-side to influence the services supplied.

However, consultation, even done well, is not a replacement for the real shift that occurs through devolving control over expenditure. It is only when people have to fund and make decisions on how to spend money that real preferences and opportunity costs are tested and revealed. Attempts to better coordinate centralised service delivery are a poor substitute for the coordination that occurs in demand-driven models operating more like normal markets.

**User-driven models with funding direct to the individual**

One approach to increasing the role of demand in guiding service delivery is to transfer resources directly to individuals living in communities, rather than funding agencies to deliver services.

Several instruments could be used, including:

- **voucher systems**—government can provide vouchers to individuals or families for the purchase of specific services. Restrictions can be imposed, such as, the vouchers are only redeemable by organisations that are accredited suppliers. Vouchers are a flexible mechanism that could be used for many different types of services (Box 8.7)

- **individual or family accounts**—government can make deposits to individual or family accounts earmarked for specific purposes. An overseas example in the education space is Education Savings Accounts (ESAs). Under ESAs, a family receives a deposit of public funds into government-authorised savings accounts with restricted, but multiple, uses. Those funds—often distributed to families via debit card—can cover private school tuition and fees, online learning programs, private tutoring, community college costs, higher education expenses and other approved customised learning services and materials

- **tax credit and deduction approaches**—the tax system can be used to refund all or part of monies spent on specific services. Assuming an individual or family has the financial resources to pay for a service up-front, a credit or deduction can later be received through the personal income tax system.

These types of approaches would help individuals choose services that best fit their needs and better align incentives between those who provide services and those who receive them.

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17 See [https://www.edchoice.org/school-choice/types-of-school-choice/](https://www.edchoice.org/school-choice/types-of-school-choice/).
Box 8.7 The role of vouchers

Empowered Communities

In the ideal case, the purchaser should be the consumer in order to lead to more rational decision-making and use of funds. If, for example, this were the case in relation to the construction of new housing in remote areas, more rational decisions would be made about delivery. No one would want to pay $500,000 or more for the cost of the houses in these locations, yet this is roughly the cost to government and the taxpayer of housing being built under the $5.5 billion investment in remote Indigenous social housing under the National Partnership Agreement for Remote Indigenous Housing.

In order that the purchaser of services could be the Indigenous consumer more often, the use of a voucher system should be considered wherever possible. These vouchers could be for individuals or households—for example, to replace existing Indigenous Business Australia home loan subsidies. In this way, rather than having to rely on a monopoly government lender to access a subsidised home loan service, Indigenous people could access their home loan subsidy as a voucher, so that it is portable and can be used to help them access finance through mainstream banks (in the same way that the first home owner grant was portable, for example).

This would increase the purchasing power of the Indigenous consumer and remove the monopoly of government as both purchaser and provider of the Indigenous home loan subsidy. It would also establish mainstream banks in the position of lender; these banks will provide a reality check about the scope for private sector lending on leases on Aboriginal land and the new or additional policy responses that may be needed to ensure that titles are transferable.

The Forrest Review

The Forrest Review recommended that, in order to create job-specific employer-directed training, the Commonwealth, state and territory governments, as joint regulators and funders, introduce vouchers for employers redeemable at education providers to replace all funding for the vocational education and training system, particularly the TAFE system.

Vouchers were seen as a mechanism that could be used to address the problem that the VET system is a supplier-driven system and is not providing the training needed to assist Indigenous people into real jobs. The proposal was to have a voucher-based system in which the funding is tied to the individual Indigenous person based on need, and in which the voucher can only be redeemed by the training provider once the employer has referred the job seeker to them.

Sources: Empowered Communities 2015, p. 66; Forrest 2014, p. 161.

However, the principal limitation on this approach is the small scale of communities, which means that there is often limited scope for alternative suppliers to be financially viable when operating within the same product market for a good or service. Putting money in the hands of people gives power when there is choice. But, if there is only one viable supplier in the community, then there is no choice.

On the other hand, even in this case, while there may be only one viable supplier of a service in town, a community resident can choose to spend the money on an alternative good or service (if the funding arrangement permits such choice). So, local residents are able to exercise a degree of discipline even on a monopoly supplier when they have the financial resources to reject the service and deny funding to the supplier (at least in the case of non-critical services).
Further, the perception that there is limited scope in the practical application of user-driven demand models in smaller discrete communities is not necessarily accurate. Market responses and innovativeness (that is, the actions of individuals motivated to voluntarily solve problems and achieve change) cannot be predicted. This means that how things might be done differently when power is devolved cannot be determined by a centralised authority.

Where there is limited choice in a community, putting money in the hands of people receiving services may still result in benefits in terms of supporting their ability to develop the capacity to responsibly manage funds; and providing greater funding transparency, particularly in that individuals gain a greater awareness of the level of funding required to provide services. Under supplier-driven service models, people may see service as a ‘free good’, even though they are costly to governments and taxpayers to provide.

Local councils and/or community organisations as an intermediary

As an alternative to providing financial resources directly to individuals, funds can be directed to representative community organisations who then act as a purchaser on behalf of a group of residents demanding a service. Where there is only one viable supplier, the aggregation of funding gives some degree of purchasing power to residents (there is a re-balancing of power towards those whom the service is intended to serve).

8.6 Aligning incentives

Accountability, transparency and performance monitoring

There is significant interest in communities in improving the accountability of governments and service providers to communities. Government themselves also share this interest.

There is little evidence of any improvements in downward accountability to communities:

Reforms introduced since the late 1990s and entrenched by successive governments have failed one critical test. Public finance management arrangements should enable, rather than limit, the domain of substantive political representation and the accountability of territorial authorities to the constituents in their jurisdiction. Vertical accountability upwards to the source of funds is important, but this should not come at the cost of primary accountability, downwards to constituents. Public finance systems need to foster accountabilities between Indigenous political leaders and their organisations responsible for delivering services, and likewise, promote relationships between Indigenous organisations and Indigenous citizens based on agreements about rights, obligations and responsibilities of both parties. (Moran et al. 2014, p. 42).

Increasing transparency in funding and the outcomes achieved can help communities apply pressure for services to be improved. Likewise, increased upward accountability to governments can help governments achieve better outcomes from their commissioning of services.

Some of the requirements for improved accountability and transparency, include:

- basic data on service provision and the level of expenditures made publicly available
- community involvement through the policy cycle, including in performance management
- improved performance management systems, which in many cases means actual or better implementation of the intention of existing policies (for example, outcomes-based funding and performance management (Box 8.8).
Box 8.8 The need for improved performance management reporting

In Queensland, public sector entities must comply with the requirements for monitoring and reporting non-financial performance information set down in legislation and in the Queensland Performance Management Framework (PMF).

The Queensland Audit Office (QAO) 2014 undertook a review of the monitoring and reporting performance of agencies, including reporting on effectiveness and efficiency as part of agency accountability obligations.

The QAO found that reforms to agency Service Delivery Statements (SDS) had yet to deliver on their promise to support accountability and inform policy development and implementation. The service standards reported by the majority of departments and service areas fell well short of being direct measures of the efficiency or the effectiveness of the services they deliver.

It found that the weaknesses in the suite of non-financial performance information used in some departments is evidence of a lack of commitment by executive and senior management to performance monitoring and reporting. These departments also were less likely to have any other external reporting imperatives apply to them, such as the Report on Government Services (ROGS), or reporting requirements under a national partnership agreement.

These two common missing elements—management commitment and externally imposed reporting imperatives—established a clear dichotomy between the better practice departments and those lagging in this area. In this respect, requiring departments to publish audited performance statements in their annual reports to complement their audited financial statements would serve to consolidate the recent reforms.

Source: QAO 2014.

Performance-based service delivery models being piloted

Performance-based service delivery models include outcomes-based funding models and policy instruments that provide a financial incentive to recipients of government funding, which rewards them for good performance in service delivery.

There is broad community acknowledgement of the need for funding to be more closely linked to performance. Communities want mechanisms that support improved accountability:

> As government-funded service providers exist on the public purse, so like the rest of us they must be prepared to be paid on results. Certainly the practice of simply funding process, without putting payment at risk and rewarding results, must stop. Publishing outcomes for public benefit is therefore essential. (Forrest 2014, p. 10)

Performance-based models can better align the incentives facing suppliers with the needs of those receiving services, and with the needs of funders to ensure value for money in purchasing services.

The Queensland Government is undertaking several service delivery pilots that have the characteristics of performance-based funding models. For example, Queensland Treasury has recently coordinated the introduction of Social Benefit Bonds (SBBs) in Queensland.
An SBB is an outcomes-based arrangement involving the government, private investors, potentially a financial intermediary, and a service provider. While an SBB can take many forms, there must be an intentional, pre-determined social impact as an outcome of the investment. An SBB involves:

- private investors providing the initial capital to cover the cost of delivering a service (or an intervention) by a service provider to improve or deliver a defined social outcome
- service provision or intervention that is aimed at early intervention or prevention to avoid or limit the severity of the social issue for the people in the target population
- the government paying private investors their principal investment and a financial return if the agreed social outcome has been achieved and verified, at the end of the contracted period (which can be 5 to 10 years) (Queensland Treasury 2015, p. 1).

SBBs can increase investment in early intervention and prevention, which, if effective, can reduce future demand for acute and crisis services and free up public funds for other priorities. SBBs have the potential to support innovations in service delivery by being focused on results, not on prescribing a specific service—enabling service providers and investors to be flexible in designing new services or interventions.

Three SBBs have been awarded and are being used as pilots in Queensland (Box 8.9), with the NEWPIN pilot having a focus on Indigenous families. The NEWPIN pilot will be located in Cairns, with two other locations to be determined. Some features of the Queensland NEWPIN pilot include:

- Approximately 200 parents with 560 eligible children will be referred to the program over five years. The majority of participating families will be Aboriginal families.
- An estimated 230 children will be reunified with their parent(s) based on a reunification rate of 41.5 per cent.
- An estimated 140 incremental reunifications will occur above the counterfactual reunification rate of 16.5 per cent.
- Collectively, it is estimated that over 1,000 years of out-of-home care (OOHC) will be avoided.
- State savings (financial) generated from reductions in OOHC are estimated at $58 million.
- Further benefits will be flowing from positive outcomes for participating parents and children.
- $26.5 million will be paid to UnitingCare Queensland under the terms of the Implementation Agreement.
Box 8.9 Queensland Social Benefit Bonds pilots

In 2017, the Queensland Government launched three social benefit bonds.

**Newpin**

The Newpin (New Parent Infant Network) program reunifies children living in out of home care with their families. It is hoped that around two-and-a-half times more children will be reunited with their families than would occur in the absence of the Newpin program. The program will be run by UnitingCare Queensland (UCQ) in three regions.

The Newpin program is based on the model that underpins the NSW Newpin SBB, and will focus on working primarily with Aboriginal and Torres Strait Islander families. It is an 18-month centre-based program that has been designed to strengthen family engagement, and has an established track record in successfully ensuring that more children can live safely with their families.

Payments will be made to UCQ by the Queensland Government based on the incremental number of children successfully reunited with their families. The level of these payments will be reflected in the investment returns generated by the Qld Newpin SBB.

**Reducing reoffending rates for young Queenslanders**

An Implementation Agreement was signed on 31 May 2017 by the Queensland Government and service provider, Life Without Barriers, for Queensland’s second SBB pilot. Up to 600 young people, 10–16 years old, who have been determined to have ‘high to very high’ risk of reoffending, will be referred to the program by Youth Justice over five years. This Multi-Systemic-Therapy program will work with the family unit to deliver improved family functioning and parenting skills, higher rates of school participation and reduced substance abuse. The service is also based on the premise that early intervention can reduce both severity and duration of future offending behaviour. The service is expected to commence late 2017 in two locations—in north and south Brisbane.

**Young people at risk of homelessness**

The YouthCONNECT program, to be run by Churches of Christ in Queensland, is the Queensland Government’s third SBB pilot. It is intended to support young people aged 15 to 25 who are exiting or have exited statutory care and are homeless or are at risk of homelessness. The program supports the development of better coping skills to improve life outcomes and sustain long-term health and wellbeing into adulthood, building resilience and ultimately reducing the risk of future homelessness. Two services will be operating in Queensland by late 2017, one in south east Queensland and the other in Townsville.

Sources: Queensland Treasury 2015; Social Ventures Australia 2017.

There are a range of potential benefits of SBBs (Table 20), including that they can support the delivery of wrap-around services that would normally require significant coordination across agencies.
### Table 20 Potential benefits of Social Investment (Benefit) Bonds

<table>
<thead>
<tr>
<th>Potential benefit</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>Crowd in private funding</td>
<td>SBBs crowd in funding from the same private investors that typically contribute to social services through grants, and/or impact bonds bring in new and different types of investors, which adds to the total amount of private funding for social services.</td>
</tr>
<tr>
<td>Prioritise prevention</td>
<td>SBBs tend to focus on funding preventive services, rather than the traditional remedial interventions. Preventive services are services that reduce or eliminate negative social outcomes and potentially high remediation costs for both the public and private sectors in the longer term.</td>
</tr>
<tr>
<td>Reduce risk for government</td>
<td>Since governments pay for services only when outcomes are achieved, they can avoid several types of risk that they might otherwise be exposed to. These risks include budget management risk, or paying for services without getting the outcomes they hope to achieve, risks associated with innovative approaches that have not been tested, as well as risks associated with taking promising pilot or small-scale programs to scale. Governments are typically reluctant to take these risks, which leads to limited innovation in public services funded through the traditional budget process. By shifting the risk to the investor and paying only when outcomes are attained, public funds can become instruments for innovative solutions without the risk.</td>
</tr>
<tr>
<td>Shift focus to outcomes</td>
<td>SBBs encourage key stakeholders to focus on the achievement of social outcomes. Outcomes are identified by the stakeholders, and the SBB contract incentivizes the achievement of those outcomes by paying for success. This differs greatly from the bulk of social service financing and provision, which often does not consider how effective programs are in delivering outcomes. Even when they do look at performance, it is often related to outputs as opposed to outcomes. With this emphasis on outcomes comes not just a focus on what matters but also transparency in government procurement of service providers.</td>
</tr>
<tr>
<td>Foster innovation in delivery</td>
<td>SBBs can facilitate the introduction of new ways to provide services from the start of an intervention, support a better ability to innovate and adapt along the way, better apply innovations from elsewhere (help diffuse new ways of providing services).</td>
</tr>
<tr>
<td>Drive performance management</td>
<td>SBBs might drive improved performance management, which in turn leads to the achievement of outcomes. SBBs bring in private sector expertise in performance management and release non-profits from the hold of rigid government contracts. This ability for adaptation, together with the pay-for-success contract, leads to the delivery of outcomes.</td>
</tr>
<tr>
<td>Stimulate collaboration</td>
<td>SBBs might stimulate collaboration across stakeholders through fostering cooperation across different types of players in the public and private spheres, and/or through breaking down silos and bringing together players from across government agencies.</td>
</tr>
<tr>
<td>Sustain impact</td>
<td>SBBs might better produce sustained impacts through: providing for multiyear contracting, which differs from the typical short-term contracting used by agencies, allowing for more continuous and reliable services; providing a demonstration effect of the benefits of preventive services which can foster longer-term government commitment to this social challenge; and supporting a major shift in how governments view performance management, achievement of outcomes, and the development of monitoring and evaluation systems.</td>
</tr>
</tbody>
</table>

Source: Gustafsson-Wright et al. 2015.
However, while SBBs may have the potential for these benefits, they may not be achieved in practice. Gustafsson-Wright et al. (2015) discuss counter-arguments and evidence to each of the potential benefits listed in the table. Some of the criticisms include:

- SBBs involve complex contractual arrangements and multiple stakeholders. The real transfer of risk can be unclear (see Disley et al. 2011, The Economist 2012).
- SBBs involve high administrative and compliance costs for all parties involved.

Given the complexity of arrangements and other advantages external NGOs tend to have in tender processes, it is likely that external NGOs will dominate competitive tender outcomes for the provision of an SBB service mainly servicing Indigenous people. However, as the market for SBBs grows in Australia, this may not be the case. SBBs could also be used under a more devolved funding framework.

Hudson (sub. 21, p. 4) noted that ‘[s]ocial 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’ (based on Edmiston and Nicholls 2017).

As SBBs are still relatively new, the evidence on whether or not they are a useful policy tool is accumulating.

### 8.7 Support for ‘holistic’ service delivery

**Coordinated services**

Coordinated services can reduce complexity and enhance service quality (Flaxman et al. 2009). By facilitating referrals and cooperation between services, coordination can ‘improve the connections between services or between people and services to improve outcomes for individuals, families, communities and societies’ (Leigh 2008).

Coordination might take place at the personal, organisation, community or regional level—for example, integrated, case-management and place-based services.

**Case managed and integrated services**

Integrated service delivery involves service agencies working together to collaborate and coordinate their support, services and interventions to clients. They generally focus on clients, or client target groups, who have complex needs requiring services from a number of agencies. At the personal or organisation level, services can be integrated in a case-managed or holistic response. Linkage of Indigenous individuals and families with services and providers can be assisted by involving Indigenous staff, who often have the advantage of pre-existing contacts, local knowledge and established, trusting relationships (Bainbridge et al. 2015; Chaney 2012).

Child and Family Centres are an example of integrated early childhood, parenting and family support, and child and maternal health services for Aboriginal and/or Torres Strait Islander children and their families. Strait Start provides integrated early childhood services in remote areas of the Torres Strait (Box 8.10).
Box 8.10 Strait Start

Strait Start is:

- a locally developed early childhood education program for children from birth to pre-prep
- delivered in communities by trained community members.

It supports development of children’s motor and cognitive skills, language and literacy, general knowledge, social and emotional development, independence and self-efficacy.

Much of the significant improvement in the number of developmentally vulnerable children in the Torres Strait has been attributed to the Strait Start program. The program has strengthened community support structures and helped build the confidence of adults in their role as parents.

Strait Start is further discussed in chapter 14.

Wraparound services and case management are examples of integrated services. Wraparound services work to address multiple factors through collaboration of family members, other natural supports and service providers to develop an individualised plan of care, implement this plan, and evaluate success over time. The Cape York Wellbeing Centres are an example of a wraparound services to assist individuals and their families by addressing issues such as drug and alcohol misuse, gambling, family violence and mental health and wellbeing. Case-management approaches can bring together family, community and integrated services to provide preventive support to offenders (Box 8.11).

Box 8.11 Prisoner Throughcare services

Prisoner Throughcare services:

- are delivered by Aboriginal and Torres Strait Islander Legal Service, a community-based organisation established to provide professional and culturally competent legal services
- aim to reduce recidivism and incarceration rates by supporting prisoners (pre- and post-release) through the delivery of intensive case management (throughcare) services
- target clients who are considered at high risk of reoffending, and work in collaboration with stakeholders including family and community members.

Throughcare data and client satisfaction surveys indicate a responsive, effective program.


Place-based development approaches

Place-based service delivery models revolve around each community, and can cut across boundaries of jurisdictions, departments or programs. They involve cross-sectoral participation in the design of community services, tailored to the local situation and realities on the ground (Chaney 2012; QCOSS 2013). An effective place-based approach gives greater priority to community-led-and-owned needs assessment and planning, decision-making and accountability.
A place-based focus emphasises what is needed within a community, and can build a community’s capacity to identify and develop responses to issues. QCOSS highlighted that:

> Recognising and harnessing existing community capacity and leadership, and properly resourcing and supporting remote and discrete Aboriginal and Torres Strait Islander communities in planning, designing, delivering and evaluating service delivery is integral to developing a service system shaped by, and oriented towards, the aspirations and needs of local communities. (sub. 18, p. 2)

A key challenge of place-based models is balancing community ownership with the bringing in of outside expertise. For the Palm Island Community Company (PICC):

> the single most critical challenge for implementing a PICC-like organisation is how to maintain and build a sense of community ownership of the organisation at the same time as bringing in the outside expertise (in the form of board members and managers) that will assist with good governance, strategic direction, mentoring and capacity-building in the community. (Limerick 2011, p. 8)

PICC was established as a partnership between the Queensland Government, the Palm Island Council and the local community (Box 8.12). An independent board of directors was established, combining experienced non-Indigenous professionals and local community leaders. This model was chosen to balance the objectives of good governance, strategic direction, financial stewardship and mentoring and capacity building capabilities.

**Box 8.12 Palm Island Community Company (PICC)**

**Background**

PICC was formed in 2008, in response to concerns about a crisis in governance and service delivery in Palm Island. The company model created a partnership between the state, the council and the community, while balancing requirements of accountability, flexibility and independence.

PICC delivers community-driven programs aimed at supporting and strengthening the social, cultural and economic fabric of the Palm Island community. PICC programs include family support hub, disability services, Community Justice Group, Safe Haven services, PICC Safe House, Children and Family Centre, Diversion services, and Women’s services.

PICC also operates a number of retail shopping businesses including a bakery, mechanic and community retail shop. PICC employs around 92 local Aboriginal and Torres Strait Islander people (85 per cent PICC workforce).

**Review of progress**

A review in 2011 concluded that PICC had established a solid foundation for sustainable improvements in the delivery of services on Palm Island. Core features underpinning the success of the PICC are:

- a formalised partnership between government, the local Council and the community
- an independent board of directors able to provide good governance, strategic direction, financial stewardship, mentoring and capacity building
- a professional management structure able to provide guidance, mentoring and intensive capacity-building to local service coordinators and staff
- a service delivery model that coordinates related services for families, women and young people.

*Source: Limerick 2011.*
An extension of the SBB and ACCHO models to other policy areas?

The purpose of the SBB pilots is to test whether SBBs help improve service provision, including to Indigenous communities. If the pilots are successful, SBB funding could be scaled up and applied more broadly.

The Aboriginal community-controlled services sector has grown since the 1970s. Now, many community-controlled organisations deliver services for their communities in areas such as health, housing, community and welfare services. Aboriginal Community Controlled Health Organisations (ACCHOs) exemplify a successful community controlled model (Box 8.13). With commensurate and secure funding arrangements, ACCHOs are an effective model for governments to rethink the way they work with Indigenous communities.

Box 8.13 Aboriginal Community Controlled Health Organisations (ACCHO)

An ACCHO is a primary health care service initiated and operated by the local Aboriginal community. It delivers holistic, comprehensive and culturally appropriate health care to the community, through a local elected Board of Management.

Health services (ACCHSs) adopt an integrated primary health care model that is in keeping with the philosophy of Aboriginal community control and the holistic view of health.

ACCHSs have been found to reduce unintentional racism and barriers to access to health care. Primary health care data show ACCHSs are consistently improving performance in key performance on best-practice care indicators, and demonstrate superior performance to mainstream general practice.

ACCHSs are recognised as key strategic sites for Aboriginal community development through employment, education of staff, engagement, empowerment and social action.

Queensland has 28 ACCHOs, which are registered with the National Aboriginal Community Controlled Health Organisation.

Sources: Panaretto et al. 2014.

Should the PICC model be replicated in other communities?

The PICC model has features that make it an attractive model for delivering services in discrete communities (discussed above). Concerns with this type of model include the scope of PICC operations, making the company in many ways a large monopoly service provider. For some of the services it provides, there is an alternative service provider, but compared to a model in which range of independent community organisations provide services, the model significantly concentrates power in the community. This is reinforced by the concentration of power in council hands—in all discrete communities—and the absence of significant private sector activity.

Consultations also raised concerns about the scope of PICC activities expanding to commercial enterprises (the bakery and auto-mechanics). These businesses were in financial difficulty and PICC had the resources to step in and ensure service continuity. The issue is then more of whether there is an exit strategy so that PICC continues to focus on core service delivery responsibilities.

Previous attempts in Australia to roll out models that have been successful in one community to other communities have often been unsuccessful. As indicated above, the PICC model involves trade-offs; the circumstances in other communities could lead to different choices being made. Therefore, any process of changing the model of service delivery in other communities would need to closely involve those communities, as they will be best placed to know what aspects of PICC could work and what aspects might not.
8.8 Conclusion

The recommended directions for policy reform support the empowering of Aboriginal and Torres Strait Islander peoples by giving them a greater voice in the services delivered in their communities. They redefine the role of government to more of an enabling role.

The reforms promote greater transparency, accountability and alignment of incentives as a means of achieving improvements in service delivery outcomes. They support increased use of performance-based and place-based instruments and approaches where these are viable options.

These reforms could reduce the prevalence of problems that require intensive services in the longer term. The reforms should improve the effectiveness and efficiency of service delivery for those services that will continue to be required. Therefore, governments should achieve better value for money and communities should see outcomes more in line with their expectations.

The reforms are consistent with the thrust of reforms in the following chapter on economic development. They support both capability building at a local level and an incentive framework more aligned to community development needs.

The recommendations provide a focus around which bipartisan support can be built. Given the chopping and changing nature of Indigenous policy reforms, it is important that efforts are put into building a consensus around the reforms before agreeing and implementing changes.

Draft recommendation 4

The Queensland Government should implement policy, funding and service models that place people at the centre of service delivery, including:

- service models where individuals retain control and responsibility, for example, demand-driven models and user choice
- community-controlled service delivery
- funding reforms that provide flexibility and autonomy, such as pooled funding, untied grants, block funding and extended contract lengths, and adopt a risk-based approach to compliance and reporting obligations
- performance-based funding models
- place-based and case management initiatives that cut across service delivery areas
- negotiation tables or forums for community engagement and decision-making
- approaches that support and enable the governance capacities of Indigenous organisations and individuals.

These instruments will apply to a wide range of service delivery, but need to be used where they are most likely to be effective.

Draft recommendation 5

Where the Queensland Government contracts for service delivery, it should incorporate longer contract terms and requirements for skills transfer to communities; and evaluate bidding organisations' ability to support capability building in communities and the outcomes sought.
Draft recommendation 6

The Queensland Government should continue to shift from a provider role to a funding and purchaser role. Agencies should increasingly seek to involve communities in purchasing as an active participant.
9.0 Economic and community development
This chapter highlights the importance of economic and community development for improving the living standards of Aboriginal and Torres Strait Islander people. Main themes of the chapter are:

- linkages between economic development and service delivery
- changes in thinking that are required to support development
- the role of government in development and getting framework conditions right
- a number of important issues affecting development that were highlighted in the inquiry’s consultation process.

**Key points**

- The lack of economic development and opportunity is an underlying driver of community dysfunction and ongoing strong reliance on government support.

- Development is needed to drive the creation and accumulation of wealth within communities, providing employment and reducing welfare dependency and associated problems.

- Discrete communities were artificially established and did not evolve based on local economic opportunities and comparative advantages. However, the potential for development may be greater than current conditions suggest, as many prerequisites for development have long been absent.

- The approach to the relationship between Aboriginal and Torres Strait Islander people and government needs to change. The role of government needs to shift from service provider or ‘fixer of problems’ to ’enabler’.

- Given the challenges of development, when a policy is designed (including service delivery policies), an important consideration should be that the scope of the policy should support development, or at least not impede it.

- Government should not intervene in communities in a way that displaces or crowds out local investment in, and ownership and control of, commercial activities, including retail stores.

- Economic development and growth of a private sector will provide jobs in communities, but this will take time. More immediately, the Queensland Government can have an influence on local employment through the demand for labour created by its own service delivery activities.
Economic and community development is needed to drive the creation and accumulation of wealth within communities, thereby improving both economic and social outcomes through providing employment and reducing welfare dependency and its associated problems.

This chapter is not intended to be a comprehensive analysis of the current state of local economic conditions affecting communities, their potential for development, or the various ways in which government policies intentionally or unintentionally impact on development. Instead, the chapter examines a number of economic development issues that have been raised as part of this inquiry, in particular:

- adverse incentives created through state-funded provision of services
- how policy choices can unintentionally crowd-out investment and development
- local employment in service provision.

Other issues with strong linkages to development are discussed elsewhere and include:

- land tenure (covered in chapter 11)
- education and training (covered in chapter 14).

The Commission acknowledges that the Queensland Government does not have significant policy levers in a number of important areas influencing the supply of labour, or in linkages between the supply of labour and the demand for labour. The Australian Government controls income tax policies, income support payments and, in the main, the industrial relations system. This gives it a very large degree of control over the problem of the incentives facing Indigenous people to move from welfare dependence, or even temporary income support, to paid employment. Australian Government policy also dominates the market for job placement or matching services and other labour market programs through Job Services Australia (JSA) and the Communities Development Programme (CDP).

The Commission is aware that Australian Government labour market programs have come under heavy criticism for failing Indigenous people (for example, see Forrest 2014).

### 9.1 Why development is important for service delivery

**Aspiration for change**

Consultations have revealed a deep desire amongst Aboriginal and Torres Strait Islander people for greater economic opportunity. The lack of opportunity is seen as a fundamental underlying driver of community dysfunction and ongoing reliance on government support. The reliance on government money is seen by many as resulting in a range of perverse incentives which, in turn, discourage enterprise and perpetuate ongoing dependence on services delivered and funded by government.

Economic development reduces the dependence of Aboriginal and Torres Strait Islander people on governments for their livelihood. Greater independence or freedom expands the range of choices available to individuals and their families, including the range and quality of services available.

A lack of economic opportunity is evident in the discrete communities. Cherbourg, a discrete Aboriginal community with a population of around 1,300 people, provides an example. It is located 6 kilometres from Murgon in the South Burnett region of Queensland. Murgon, a town of just over 2,000 people, has a commercial precinct, with a number of cafes, a shopping centre, hardware store, chemist and a range of other businesses providing services to the community. Cherbourg does not have a main street. There are no shops, other than a very small takeaway store, and the only services are those that are government funded.
Quantity and efficiency of service provision

Expenditure on services to discrete and remote communities is a function of the quantity of services and the average cost of providing those services.

Successful service delivery reforms directly affect expenditure primarily through raising the efficiency of service provision. For example, reforms might involve services being delivered at lower cost while achieving the same outcomes, or it might involve the same level of expenditures, but services that better achieve their objectives or better meet the needs of Aboriginal and Torres Strait Islander people.

Economic development, on the other hand, has an indirect effect on service provision and mainly influences government expenditures by reducing demand. Access to economic development and employment opportunities are associated with improved well-being, and self-esteem (SCRGSP 2016), which in turn reduce demand for services. At the same time, economic development and wealth creation increases the sustainability of communities and reduces reliance on externally provided funding.

Economic development will also have some influence on the cost of service provision through impacts on the efficiency with which services are provided (Figure 51).

Figure 51 Economic development and service delivery programs

Note: The figure depicts the financial cost to government and taxpayers and not a broader economic concept of costs. A larger arrow indicates the main mechanism through which the cost of service provision is affected.


9.2 Changing the approach

The relationship between people living in communities and governments needs to be reconceptualised. A re-framed relationship will affect how problems are perceived and the role of individuals, families, communities, councils, the Queensland Government and the Australian Government in achieving improvements in standards of living.

Central to this change is a recognition that improved service provision will not solve the underlying problems in communities. Development is central to the long-term objective of reducing social problems.

Improved service provision will not solve the underlying problems

Providing services at lower cost, or providing services which better achieve targeted outcomes, does not address the underlying drivers of service demand.

Without economic development, communities will remain heavily welfare-dependent and continue to live with the negative impacts of dependency. To a significant extent, this outcome depends on the choices of the those who live within the communities. However, policies at all levels of government also have a large impact on the future viability and welfare of discrete communities.

Many government policies with the objective of alleviating hardship are in place. Income support payments assist with buying food, paying utility bills, and so on. But these policies change the incentives which influence the choices (where they are available) made by individuals and communities. For example, in terms of self-reliance, taking responsibility for one's actions, investing in one's own capabilities or the capabilities of children, deciding where to live and behaviours which affect the individual, family and community.

Economic development is central to addressing social problems

Economic development is a necessary condition for significantly improved living standards. Without economic development, improvement in social outcomes will remain limited and cultural heritage will be threatened:

Until the Indigenous people of Cape York can largely generate their own incomes they will be dependent on income transfers, where someone else takes all of the rights and responsibilities to make decisions and take actions on behalf of a relatively powerless people. Economic development is therefore closely linked to self-determination... The reason for emphasising the importance of economic development is not that the economy is more important than cultural and social issues. It is that without economic advancement, Indigenous Australians are more likely to lose their heritage and identity. (Pearson 2005a, p. 4)

In a local newsletter, the Mayor of Lockhart River Aboriginal Shire Council wrote:

I think the biggest challenge for us, in Lockhart, is to get children to school. And the other challenge is, when kids finish school, to get them into a job. That's probably our two biggest challenges. (LRASC 2016, p. 4)

Significant effort has been expended to provide local Indigenous people with jobs in government-funded services in their communities; but there remains a lack of local economic development and private sector job creation, which is also needed to expand employment opportunities over the longer term.
More wealth creation

Existing policies are overwhelmingly characterised by a focus on distributing resources and the cycle of servicing 'need'. Much of what happens in communities occurs in the 'public sphere'. Significant growth in the private sphere (sector) and the community voluntary sector is needed, in absolute terms and relative to the size of the public sphere.

Remote and discrete communities rely very heavily on funding provided from outside the community for services provided within the community. This makes them dependent on the decisions and preferences of those providing the resources, and primarily means dependence on governments acting as an agent for taxpayers.

Dependence on others—the opposite of empowerment—can be reduced if Aboriginal and Torres Strait Islander people living in remote and discrete communities can have greater opportunities to generate their own wealth.

While the problems in communities have been evident for decades, the weight of policy effort and resources remains directed squarely at (largely passive) service delivery. There are encouraging signs, however. Recent community-led initiatives and some initiatives within governments are putting greater emphasis on economic opportunity and development.

Box 9.1 Draft finding

The development of policy and decision-making processes need to embed a number of changes in approach:

- a recognition that improved service delivery will not significantly reduce the underlying problems
- a greater focus on wealth creation and the pursuit of opportunity
- Indigenous people becoming responsible for their own and their family's welfare
- a shift in the role of government, to more of an enabling role.
9.3 Viability and service delivery costs

This inquiry does not comment on the long-term viability of individual communities. However, the concept of viability and the implications for service provision and resourcing decisions are briefly discussed.

Deliberations regarding community viability raise challenging issues, and involve a wider range of factors than considered below. As discussed in previous chapters, the costs of providing services to remote and discrete communities are high, and may not always work in the long-term interests of these communities.

The question of viability may be viewed in terms of various considerations, including the ability of traditional country to provide healing or coping mechanisms for Indigenous peoples (Moran 2009). Viability can also be considered using a simple model which defines viability along two dimensions:

- an acceptable level of wellbeing—which should be set primarily by those living in the communities, but which should also consider reference to the broader population
- an acceptable level of outside support—primarily determined by political decision-making processes in the Queensland Government and Australian Government (Cape York Institute 2005).

The lower the level of required outside support, and the higher the level of wellbeing, the more a community is economically viable.

Where communities are not viable, but populations remain in communities, the cost of service provision will remain high. Where communities are not viable, and populations adjust down to a more sustainable level, service provision costs will decline. An important factor determining whether populations adjust or not, is decisions about the ongoing provision of services, as service provision can provide incentives to remain in communities even when there are no jobs available.

Where communities have the potential to be viable, and this potential is gradually realised, service provision costs driven by the problems of welfare dependence and social dysfunction will decline. On the other hand, as wealth increases in a community, demand for services can also increase—for example, the demand for higher quality education and housing. Even in this case, the financing task for governments can reduce, as economic activity and wealth creation in the communities contribute to government revenues through taxes.

Greater public acceptance of resource transfers to support viability is more likely if:

- there is a clear long-term objective or 'end-game'
- the public could see that progress is being made
- there are clear lines of accountability for the resources consumed in providing services.
9.4 Role for government in economic development

Discrete communities were artificially established and did not evolve based on local economic opportunities and comparative advantages. For improvements in living standards of communities to occur, development needs to be driven from the local level and from individuals and institutions acting outside of government (Box 9.2).

Box 9.2 Community-led development principles

Key conditions required for genuine community-driven development to thrive include the following:

• development being community-driven in order to best meet community (as opposed to government) priorities and in order to be sustained over a period of time longer than government policy and funding cycles

• a whole-of-portfolio approach featuring a holistic suite of integrated projects, as opposed to a fragmented and isolated program-focused approach

• integrated partnerships involving the complementary efforts of multiple, diverse stakeholders at the community level

• systems to support a community-driven approach, in particular, those that address the problems of: the lack of skills or cultural sensitivity of government staff to effectively engage Indigenous communities; inadequate timeframes for community capacity building; funding cycles that do not permit long-term planning; inflexible funding frameworks that curtail community initiative; unreasonably burdensome compliance requirements; reporting frameworks that elevate outputs over capacity-building outcomes; and competitive funding processes that favour large NGOs over community organisations and deter service providers from working collaboratively

• the tension between government expectations and objectives (often framed in terms of managerial considerations of outputs and cost effectiveness) versus community goals and expectations around capacity-building, participation and community control.

Source: Limerick & Sutton 2013, pp. 52–53.

There are some key areas where Queensland Government policy is very important for development, particularly in relation to the broad range of policies that constitute the 'economic framework'. In this space, the Australian Government also has a large role to play.

There is a risk that greater government involvement in development, beyond getting the economic framework right, could be counterproductive. New development policies could easily lead to unintended consequences, impacting negatively on the momentum that appears to be building behind private and community-led development initiatives.
Getting the economic framework right

Institutions and government policies establish the broad economic framework in which people and businesses make choices and act. Getting the economic framework right is necessary to support investment and growth.

Framework institutions and policies have broad-ranging impacts across many people, businesses, industries, communities and regions. Some of the types of institutions and policies usually considered when discussing the economic framework are listed in Box 9.3.

Box 9.3 Economic framework institutions and policies

Economic framework institutions and policies typically include those that:

- establish and protect property rights, such as, an efficient land tenure system (see Chapter 11)
- raise taxes
- influence the rewards from undertaking investments which improve an individual's capabilities
- influence the rewards to businesses from undertaking investments in capital, improvements to production processes and the development of new goods and services
- govern institutions and how economic activity is organised within and externally to the institution
- affect the processes of saving, financial intermediation and linking savings to investment opportunities
- influence the role of competition in providing incentives for improved performance
- support the reallocation of resources between businesses and industries
- influence the creation, diffusion and application of knowledge.

In 2005, the Cape York Institute released a report that set out the conditions needed for development on the Cape (Table 21). At the time, there were major shortfalls in each of the conditions. Consultations indicate that these shortfalls also apply to non-Cape communities. In the intervening 12 years, there has been progress on some prerequisites or framework conditions, such as in relation to land tenure (although more remains to be done). However, consultations indicated that some problems may have become more 'locked-in' (see the discussion concerning NPARIH in Chapter 12).
Table 21 Conditions for development

<table>
<thead>
<tr>
<th>Prerequisite</th>
<th>2005 status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentives for people to benefit from work</td>
<td>Welfare payments dilute incentives to work and study; obligations from family members can result in high effective tax rates; income management issues.</td>
</tr>
<tr>
<td>Incentives for people to be educated and healthy</td>
<td>Low levels of health and education infrastructure and service delivery; low returns on education.</td>
</tr>
<tr>
<td>Good governance</td>
<td>Governance and capacity issues of community councils; councils involved in many business-related activities.</td>
</tr>
<tr>
<td>Access to financial capital to build assets</td>
<td>Banking facilities virtually non-existent.</td>
</tr>
<tr>
<td>Good infrastructure</td>
<td>Areas are very remote; access to markets difficult and expensive.</td>
</tr>
<tr>
<td>Social capital/order (respect, trust, accountability, enforcement of law)</td>
<td>Law and order issues and social capital deficiencies.</td>
</tr>
<tr>
<td>Protection of property (legal protection of individual ownership)</td>
<td>Current communal land structures make individual land use difficult and hard to use as collateral; home ownership virtually non-existent.</td>
</tr>
</tbody>
</table>

Source: Cape York Institute 2005; Pearson 2005b.

Facilitating change

Economic development, or economic and productivity growth, requires change. Doing the same things in the same ways will not result in greater economic participation, services being provided more cost effectively, services better tailored to local needs, or a reduction in the need for some services.

The need for growth in the private and community spheres, relative to the public sphere, involves a deepening of the ecosystem of institutions in communities—private businesses and community organisations. It involves changes in the allocation of resources and an increase in wealth-generating activity. However, there are impediments to change and development:

- The role of local councils—consultations raised concerns about the broad scope of council activities and councils’ influence over development in communities (for example, through the DOGIT arrangements and through involvement in commercial enterprises). The way in which programs are delivered and the financial flows involving councils, combined with the financial pressures councils are under, can provide incentives to make choices that may not be consistent with the long-term needs of development (Chapter 13).

- Regulation and access to resources—new industries are needed in and around communities for communities to be sustainable. However, regulations can impede development, or make the costs of development so prohibitive that opportunities are never realised. For example, for agriculture to develop on the Cape, there needs to be a willingness to permit clearing and create new water licences. In the case of CYP’s attempt to build a timber industry, while there is a good potential supply of logs from Indigenous land on Cape York for the next 50 years, this supply is very vulnerable to regulatory change (for example, new environmental regulations).
Support for the pursuit of opportunity

Development requires a mindset which seeks out opportunity. To identify and pursue opportunities requires individual initiative and belief in one's ability to succeed.

Nurturing a culture which pursues opportunities also encompasses opportunities to improve local living conditions in other ways apart from economic development, such as through a healthier culture of voluntary participation in communities.

Both capabilities and incentives matter for the pursuit of opportunity and they are often interrelated. The 'system' needs to be more highly incentivised to make the changes required to improve living conditions in the longer term. This can happen by increasing the returns or rewards to:

- investments in human capital, such as education and training
- changes that improve service provision
- institutions supportive of economic development, for example, by better aligning financial incentives with the requirements of development
- business investment, including through reducing the risk of investment (for example, reducing sovereign risk in communities associated with uncertainty of tenure)
- economic participation, for example, the decision to supply labour and transition from dependence on income support payments to employment
- changes in personal behaviours.

A greater share of resources directed through government policies needs to assist individuals to move towards greater self-reliance by promoting economic growth at the local level. Stronger local economies over the longer term will provide the revenue base for service provision so that communities will be less dependent on external grants.

Progress in Indigenous business development

Achieving economic development and wealth creation means the ongoing development of an Indigenous private sector. Specifically, it means getting to the point where more people in remote and discrete communities are engaged in private enterprise as owners or employees, and are engaged in voluntary activities in their communities. It means a smaller proportion of activity in communities is part of the process of external grants, public administration and service delivery.

There is significant potential for Indigenous business development and it appears that positive momentum is being built, with strong growth in the number of Indigenous businesses (Hunter 2013). A House of Representatives inquiry into Indigenous business development found support for a growing Indigenous business sector:

> Whether as individuals or community based enterprises, Indigenous people are increasingly seeking business opportunities. Some of this pressure may come from demographic shifts. Indigenous people are a young and growing population—more than 60 per cent are under the age of 25 years. They have a future focus on raising families, education, housing and jobs. Indigenous business mentors also report an entrepreneurial attitude among young Indigenous people: explaining that they have ‘very little fear about going out and taking risk. (House of Representatives 2008, p. 11)

A recent article in The Deal Magazine, included in a special issue, 'The new agenda: celebrating Indigenous success', stated:
It’s boom time for Indigenous business, as positive procurement policies and growing corporate involvement encourage a new generation to engage with commerce. (Fitzpatrick 2017, p. 11)

The magazine issue included many stories of successful Indigenous enterprises and provided a strong sense that Indigenous people and communities are not waiting around any longer for governments to fix the problems for them, but are seeing the future as being determined by their own efforts, for example:

Just one of a range of community development programs run to strict business governance models through the Alice Springs-based Central Land Council, WETT has directed $18 million over the past decade into training, boarding school placement, student excursion and other educational activities that leverage resources ownership into community gains ... WETT founder Barbara Napangardi Martin, from Yuendumu, likens the approach to holding a protective umbrella over Indigenous policy-making, “It’s a metaphor where government ideas are like the rain, and all those ideas are changing all the time, but with the umbrella we can keep our good ideas underneath, so the government can’t ruin them”. (Fitzpatrick 2017, p. 12)

However, national trends may not be a good indicator of what is happening in Queensland’s remote and discrete communities:

Most Indigenous entrepreneurs or self-employed business people are in the south-east corner of Australia, where Indigenous education outcomes are better and where there is greater demand for goods and services ... Interestingly, the most successful Indigenous businesses, from a financial perspective at least, tend to be those that operate outside of Indigenous communities. (Hudson 2016b, pp. 4–5)

Challenges for Indigenous business development

The creation and survival of an Indigenous business involves many challenges. Some are common to any business, and some are more specific to an Indigenous business. Stanley (2002) explores issues that impact the success of Indigenous business, including some which relate to culture:

- Most communities have ultimate goals for their businesses which are not the maximisation of profit. These typically include employment and training, autonomy, cultural maintenance and development, and caring for their land.
- The Indigenous style of decision-making is non-authoritarian and consensus-based and this results in business decisions being made slowly.

There are alternative perspectives on what is 'traditional' Indigenous culture and whether it is compatible with the requirements of a modern market economy:

[The anthropologist, Stanner,] said the Dreaming and the market are mutually exclusive – in his eyes we were the people who would crumble at the touch of the modern world, would lose our culture and our identify if we engaged with the market. Well, none of us here today believe that. We are proof that we can walk in the Dreaming and walk in the market. We have to tell a story of success, to embrace success, to move beyond the darkness of our history even while not forgetting the struggle of those who continue to languish. (Stan Grant as quoted by Fitzpatrick 2017, p. 11)

Tensions between traditional values and social arrangements and participation in the mainstream economy can include:

- tensions between immediate sharing and individual accumulation within Aboriginal cultures
- loyalty to kin versus impartiality to all (arguably, this is not a unique feature of Indigenous communities or businesses)
• individual autonomy and the authoritarian practices of the school and workplace
• individual advancement and remaining at one with the community
• exploiting land and living with it (Pearson 2005b, pp. 8–9).

While there are challenges, development is needed for the overall welfare of discrete communities, including maintenance and protection of culture. Communities with much social dysfunction are unlikely to be communities with a thriving culture.

Failure as part of a process of learning

When an Indigenous business fails, it is important that a development or learning perspective is adopted if some form of policy response is being considered.

Business failure is part of a process of learning for both Indigenous and non-Indigenous businesses. An example is the recent closure of the Hope Vale banana farm, pending re-organisation (Box 9.4). The experience has provided lessons that informed other enterprise efforts on the Cape, such as, Cape York Timber.

Cape York Timber, established in 2013, produces high-quality Australian hardwood while providing Indigenous employment and training. Cape York Timber harvests on Indigenous properties and is a profitable 100 per cent Indigenous-owned business. Cape York Timber is trying to build an industry (or rebuild one that used to exist).

Learning from the banana farm experience, Cape York Timber has an explicit commercial objective with the intention of being a viable business in competitive timber markets. External management expertise was brought in from the Victorian timber industry with the longer-term objective of transferring knowledge and skills to local Indigenous management.

Box 9.4 The Hope Vale banana farm

The Hope Vale banana farm was a 80 hectare banana plantation established on already cleared land. The project was initiated through the Hope Vale Aboriginal Shire Council and Dole Australia Pty Ltd with support from both the Australian and Queensland governments. The first stage of the farm was completed in 2012. Training and industry qualifications were also made available through CDEP to locals to construct the 302 mega-litre irrigation dam that supports the banana farm.

The farm has ceased trading and is insolvent pending re-organisation. Consultations indicated that some barriers to the successful operation of the farm were:

• conflicting commercial and non-commercial objectives, for example, whether the farm was meant to be a commercial enterprise or a training farm where training expenditure was more than could be justified for the commercial operation of the farm
  – if a commercial enterprise, insufficient plantation scale to sell in open, competitive markets
  – if a training farm, no appropriate external funding sources to subsidise (pay for) non-commercial activities
• management by 'committee' with too many players involved
• lack of management expertise.
In 2014, the plantation was hit by cyclone Ita which destroyed nearly 90 per cent of its crops. A report for Jawun stated:

*Production and income never recovered and the farm has not turned over a profit since, with most effort spent on cleaning and maintenance. A relatively inexperienced management and the modest skills of the local workforce made recovery, already a huge task, even harder. Then in March 2016 the farm’s industry partner and 25% shareholder Dole Australia (local subsidiary of global fruit and vegetable giant Dole Food Company), closed all Australian operations and discontinued its operational involvement at the farm. This ended an arrangement whereby Dole Australia provided operational expertise to the farm and purchased all fruit produced at an agreed price through an offtake agreement. (Jawun 2016, p. 1)*

The same expectations apply to Indigenous employees here as to employees at a commercial enterprise; investments in training are made based on the same requirements as those that hold in any successful timber enterprise.

The need for a more commercial footing appears to be what is planned for a restructured banana farm:

*Cape York Enterprises, with possible support from Jawun secondees, will oversee future restructuring of the farm. This includes winding up the existing legal entity, overseeing its transfer back to Hope Vale Foundation, designing and implementing a strong operational model, and securing additional funding. A farming contractor will be engaged for a ‘clean up’ process, experienced management will be appointed, and a skilled local labour force will be developed over time. Negotiations are planned with an industry partner regarding a marketing agreement and provision of consultancy service. (Jawun 2016, p. 2)*

Displacing and crowd-out investment opportunities

Government policies can accidentally displace or crowd-out investment opportunities, including opportunities to invest in, own and operate businesses in communities. When this occurs, a valuable opportunity to learn and build capabilities is foregone. Given that few economic opportunities currently exist in many communities, it is important that government does not displace those that do exist, and allows for new opportunities to be captured.

This has not always been the case—government ownership of retail stores provides a case study to illustrate issues of displacement and crowding-out.

The Queensland Government, through the statutory body Community Enterprise Queensland (CEQ), owns some retail stores in discrete and remote communities. CEQ’s stated aims are to provide communities where they operate with a ‘range of food, drinks and household items essential for a healthy life, at a fair price’ (DATSIP 2016).

Government ownership of retail stores in communities is rationalised on the basis that there is too great a risk that, without government involvement, the store will fail, and the community’s food supplies will suffer. Partly, this perception is related to the commercial difficulties with owning a operating a store in remote communities:

- The remoteness of communities means goods need to be transported long distances, with unreliable infrastructure, resulting in high freight costs.
- The small size of most communities means that scale economies are not achieved, for example, in transport costs or store operations, and it may be difficult to recruit staff.
• Climatic conditions, combined with long transport distances, can affect the quality of food delivered, particularly perishable goods.

• Reliable refrigeration can be a problem in remote communities where there are regular power outages, problems with back-up diesel sources, and/or where communities are reliant on outside mechanics to fix refrigerators and freezers (ABC News 2015; House of Representatives 2009; Hudson 2010).

Partly, however, government ownership is also justified on the basis that there is a ‘a need to improve the health of Indigenous people in remote Australia by addressing nutrition-related health problems [and] unreliable food supplies’.¹⁸ In a 2009 inquiry into remote Aboriginal and Torres Strait community stores, a House of Representatives report stated:

_It is the Government’s role to ensure that Aboriginal and Torres Strait Islander people along with non-Indigenous Australians living in remote areas of Australia have access to a secure food supply and services that are adequate to support their health and well-being._ (House of Representatives 2009, p. 1)

The objective of improving health outcomes is an important issue (discussed in Chapter 16). However, it is not clear that government must own stores to support improvements in health in communities or to ensure security of food supplies. Consideration needs to be given to whether there are:

• any adverse impacts from government ownership; and/or

• other ways of achieving the same outcomes.

The key risk is that Government ownership and control diminishes local-level responsibility and can impede the development of a culture of individual/community action and enterprise.

By choosing to own retail stores, government monopolises the retail market (for example, it is usually the only grocer in town, given the size of the market). It directly displaces the business that would otherwise provide the same product categories. This means that it directly displaces what could otherwise be an Indigenous-run business (either a local Indigenous business or an Indigenous business operating across communities).

Government ownership can crowd out investments in other markets, or crowd out investments which have not yet occurred:

_The goal should be to try and normalise these communities, not add to their dependence on government... Although the Outback Stores initiative may be useful in addressing poor management practices and reducing uneconomic cultural practices, it has also resulted in some unfortunate and unintended consequences._

_The $77 million of government funding that has gone into Outback Stores has created an unequal playing field and made it harder for independent community stores to keep operating. Government involvement and subsidies to Outback Stores will make it less economically attractive for communities to run their own stores or to explore alternative methods of obtaining fresh fruit and vegetables, such as growing it themselves._ (Hudson 2010, p. 1)

Government-owned stores may use their position of monopolist in one market to expand their product range into other product markets, driving existing local businesses out of business. For example, stakeholders raised concerns that the CEQ store in one community might expand into the provision of prepared fast food and drive out of business the locally owned fish and chip shop.

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Whether concerns about displacement and crowding-out are perceived or actual, comparably sized 'mainstream' communities have a much healthier retail sector and have an active business community. While only one of a range of determinants of the problem, government ownership of stores contributes to a stagnant business culture in remote and discrete communities.

A secondary concern commonly cited with government owned entities, is that they tend to be expensive (usually due to inefficiency) and do not have incentives to meet the wants of consumers. These concerns were reflected by stakeholders, with concerns about food costs and quality. As noted by the Legislative Assembly in 2005:

*There is considerable disquiet in the [Palm Island] community regarding government ownership of the retail store and private ownership by organisations from the mainland of other services provided to the community such as the air, ferry and barge services. This is seen to reduce employment opportunities, take profits which otherwise would be invested back into the community and, in the case of the retail store, unnecessarily increase the cost of living.* (Legislative Assembly of Queensland 2005, p. 8)

To achieve a reliable supply of quality food, there are a range of alternative policies to ownership and control, including licensing regimes, contracting-in external management expertise and subsidy policies. Where a government wishes to subsidise the provision of a particular good or service, the government can provide an explicit subsidy appropriated through budget processes.

A network of stores offers some advantages compared to small, independent local stores (for example, backoffice scale economies, buying power and external expertise in the management of retail stores). However, it is not government ownership that delivers these benefits as they are available under any ownership/governance structure. Alternative models capable of capturing the benefit of a network of stores, while not damaging the development of an Indigenous business culture and individual capabilities, include:

- cooperative arrangements19
- communities contracting in retail store management expertise, or backbone support, from other Indigenous organisations, such as, ALPA (Box 9.5) or Outback Stores.

This conception of the 'role' of government displays the problem whereby government assumes responsibility for something that should be an individual, local or market responsibility. In contrast, if the role of government is envisioned as enabling change, then the policies which follow will often be quite different.

Once responsibility is viewed as residing with the individual and the community, then it becomes clear that, for improvements in standards of living to occur over time, Indigenous people must be capable. Capabilities are only built through a process of learning, which takes time and usually involves failure.

Under an enabling role, the consideration of the merits of a policy would give greater weight to the risk of unintended consequences associated with government intervention reducing the capabilities of Aboriginal and Torres Strait Islander people.

So, in considering a policy response to the problems of the reliable provision of quality food and linkages to poor health outcomes, and assuming the local community wants some form of policy response, government could choose policy instruments that address the problems, but do not contribute to or perpetuate other, often underlying, problems.

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Calls for government to remove itself from the ownership and management of retail stores in communities are neither new or solely from communities. For example, recommendation 12 of the Legislative Assembly of Queensland Palm Island Select Committee Report in 2005 stated, 'The Minister for Aboriginal and Torres Strait Islander Policy should pursue transferring ownership and management of the Palm Island retail store from Government to an entity capable of demonstrating appropriate capacity, pricing policies, product selection, local employment policies and profit investment'.

Working with communities, the Queensland Government should develop an exit strategy from the ownership and control of retail stores.

Box 9.5 Retail stores in remote Indigenous communities—alternative approaches

Arnhem Land Progress Aboriginal Corporation (ALPA)

ALPA is an Indigenous corporation providing retail, employment and community services across the Northern Territory (NT), Cape York and the Torres Strait. It has 27 stores with 8 stores located in Far North Queensland operating as Island & Cape Retail Enterprises Store Committees. The stores are operated as ’member’ stores or ‘consulting’ stores where ALPA has been brought in to assist a local community.

The committee’s role is to support the store managers, Yolŋu supervisors and store workers in resolving local issues that arise in relation to the store. The Committee is also a conduit for feedback from the community in regards to store matters such as range or trading hours.

The store committee is responsible for managing the Molu Rrupiya Gungayunamirr (Special purpose money for the people) or Community Benefit Funds allocated to their community by the Board of Directors based on store performance. The use of these funds raises important issues of governance and the need to comply with taxation laws and the rules of the Corporation, including the Store Committee Guidelines.

ALPA has worked with a number of indigenous suppliers to supply clothing products for stores; for example, Queensland businesses KLT Culture and Bundarra have been used.

ALPA’s retail consulting arm ‘Australian Retail Consultants’ provides retail services (for example, helps stores improve their management, provides relief management, and on-the-job training), finance and accounting services, and shop-fitting services.

In July 2015, ALPA was instrumental in handing back a local store to the traditional owners at Gunbalanya (Oenpelli) community. The store had been owned by the West Arnhem Shire since 2008. ALPA previously operated the store for the Shire and also helped to establish the Adjumarllarl Aboriginal Corporation representing the local traditional owners in 2012. With ALPA’s relationship with the West Arnhem Shire and the Adjumarllarl Aboriginal corporation, ALPA was able to work with both parties to ensure the best outcome for the store and the local traditional owners.

ALPA also operates Australian Retail Technology which provides the backbone supporting delivery of our technical retail operations across our network (including shop fit-outs, POS (Point of Sale) system installations, back office and Time Target systems, CCTV installations, ROS4U online shopping kiosks and fibre optic cable installation, plus Helpdesk support across over 50 sites in the NT, Queensland and South Australia).

Source: ALPA 2016.
9.5 Employment

Overview of employment policies

A range of Queensland Government policies impact on the supply-side of labour markets, such as the following priorities under the Moving Ahead strategy:

• Build a more skilled and diverse workforce: actions to improve training and upskilling are intended to assist with increasing workforce participation, improve productivity and create opportunities for growth.

• Focus on youth and plan for success: actions in recognition of the need to prioritise the improvement of economic participation outcomes for young Aboriginal and Torres Strait Islander Queenslanders.

• Overcome barriers and realise opportunities to completion: actions to target barriers to economic participation, and support individuals to ensure they gain the maximum benefit from available opportunities (Box 9.6).

Box 9.6 'Moving Ahead' strategy and other initiatives

'Moving Ahead'

Moving Ahead is the new whole-of-government strategy to improve economic participation outcomes for Aboriginal and Torres Strait Islander Queenslanders. Moving Ahead includes 27 actions to drive specific improvements in economic participation outcomes.

Moving Ahead Priority 1. Build a more skilled and diverse workforce

Support Queenslanders who are underutilised or underemployed in the labour market, as well as building the skills of young people, Aboriginal people and Torres Strait Islander people, people with disability, mature-age job seekers, women re-entering the workforce, and people from culturally and linguistically diverse backgrounds, and assist into work through a suite of targeted skills and training programs delivered through the Skilling Queenslanders for Work initiative.

Provide funding to 2017–18 to support the Indigenous Vocational Education Training (VET) Partnerships to enable funding for projects to assist Aboriginal people and Torres Strait Islander people, that require support, to train for a real employment outcome, which is linked to local industry need and identified skills gaps.

Moving Ahead Priority 2. Focus on youth and plan for success

Improve student transitions to further education, training and employment, through the Youth Employment Program to engage with Year 12 students; provide assistance and support in the year after Year 12 including provision of job readiness training, and pre- and post-employment support; and engage with local businesses and community organisations to identify/link candidates with real jobs.

Continue implementation of the Solid Pathways Program to improve the tertiary pathways, aspirations and outcomes for high-performing Aboriginal and Torres Strait Islander students, and provide academic extension activities. Assist Aboriginal and Torres Strait Islander students to develop the skills and knowledge for jobs of the future, through support of the Digital Careers Program.
Moving Ahead Priority 5. Overcome barriers and realise opportunities to completion

Increase the economic opportunities available to Aboriginal and Torres Strait Islander communities through the resolution of land administration matters and strengthened coordination of capital works projects to increase local skill development, improve local economic opportunities and resolve land legacy issues (Department of Aboriginal and Torres Strait Islander Partnerships).

Support Indigenous communities to deliver learning to drive programs through the ongoing delivery of the Indigenous Driver Licensing Program (Department of Transport and Main Roads).

Continue to manage the Employment and Education Housing Program to remove housing as a barrier to employment (Department of Housing and Public Works).

Other Queensland Government programs

Other Queensland Government programs include:

- The Youth Employment Program (YEP): YEP is an employment support program for young Aboriginal and Torres Strait Islander people who are finishing high school and looking for work or considering further education. Aboriginal and Torres Strait Islander people with a Certificate III or higher, who are not supported by a job agency, can also be supported through YEP. DATSIP staff help youth with choice of career; link to job vacancies; connect to culturally capable services; with pre-employment support such preparing resumes and for job interviews; support for any life challenges that make it difficult to find work; and access training opportunities.

- SkillingQueenslanders for Work (SQW): provides training, skills development and paid traineeship opportunities. Since 2015, 10 projects worth $962,200 to 199 Indigenous people have been funded.

- SQW First Start: the program provides funding to Indigenous councils for traineeships. The program has awarded $625,000 to councils to employ 50 young people or disadvantaged jobseekers into a 12-month traineeship.

- Economic Development Queensland (EDQ) regional liveability strategies: EDQ has been working with the Palm Island and Yarrabah communities on a range of projects intended to generate employment opportunities, economic and community development, and enhance liveability in the communities.

sources: Queensland Government sub. 27; DATSIP 2016; DATSIP n.d.

Increasing local participation in service delivery

The poor employment outcomes in most communities is partly a result of the lack of economic development reducing the demand for labour, combined with populations not moving to where jobs are available. Economic development and growth of a private sector will provide jobs in communities, but this will take time.

Financial incentives to work are weak and this leads to available jobs going unfilled. Consultations during this inquiry provided a number of examples where well paying advertised jobs received no applicants. However, the scale of this problem is unclear, and it is highly influenced by Australian Government policy.20

20 Gray & Hunter 2016 argue that evidence shows that the number of jobs are increasing in remote areas, and that Indigenous Australians have been shown to take up work opportunities when they become available.
More immediately, the Queensland Government can have an influence on local employment through the demand for labour created by its own service delivery activities. Where government directly delivers services in communities, it has the ability to influence the number of jobs filled by local Indigenous people through agency employment policies. Where government purchases the delivery of services, it can influence local employment through contract conditions.

Increasing Indigenous employment in the services delivered in communities was part of the National Partnership Agreement on Indigenous Economic Participation (Box 9.7). As this is still an important issue for communities, the agreement either did not achieve its objectives, or it made progress, but there is more to be done.21

**Box 9.7 National Partnership Agreement on Indigenous Economic Participation**

The National Partnership Agreement on Indigenous Economic Participation expired on 30 June 2013. The National Partnership Agreement on Indigenous Economic Participation supported the target set by the Council of Australian Governments to halve the gap in employment outcomes between Aboriginal and Torres Strait Islander peoples and non-Aboriginal and Torres Strait Islander peoples within 10 years. The agreement aimed to:
- create properly paid, sustainable jobs in government service delivery
- strengthen government procurement policies to maximise Aboriginal and Torres Strait Islander employment
- incorporate Indigenous workforce strategies into major Council of Australian Governments reforms
- increase public-sector Aboriginal and Torres Strait Islander employment and career development.

Source: COAG 2008.

There is significant concern in communities about the role of external NGOs in delivering contracted services. Much of this concern appears directed towards Australian Government policy, for example, Job Services Australia providers and changes from CDEP to CDP. These changes are argued to have had the opposite effect of supporting the development of capable community organisations.22 While external NGOs also provide local employment, they may provide less local employment than community-based organisations. The criteria used to evaluate supply bids and award contracts may undervalue the longer-term benefits of local community organisations’ participation in service delivery, and the better employment outcomes that would be achieved.

Agencies should seek to provide or commission services as cost-effectively as possible within a longer-term framework of achieving value for money. Agencies will often face a choice between contracting outside labour to provide a service within a community versus hiring a community resident.

21 ANAO 2011 assessed the Australian Government’s performance under the National Jobs Creation Package and the NT Jobs Package which aimed to create around 2000 sustainable jobs across Australia in employment areas previously subsidised through CDEP activities. The report found that a significant number of jobs had been created with the majority of jobs created through funding arrangements with small, non-government, Indigenous community organisations.

Communities expressed concerns about fly-in, fly-out or drive-in, drive-out employment displacing local community employment. It is not clear how much progress agencies have made in ensuring that local employment is hired where possible. However, this needs to be balanced against the reality that many communities, because of their small population bases, do not have the level of demand required for people with specialist skills to live locally. Bringing these skills to the community provides a valuable service.

That said, reliance on outside labour appears to be greater than can be justified by the need for specialist skills; labour could be available locally with improved investment in training.

Consultations for this inquiry raised concerns about the ratcheting-up of labour market standards or credentials and the effect this can have on the incentives for continued participation in employment, and/or re-entry to the labour force.

Stakeholders also expressed concerns about the impact on local employment of government programs delivered to specific timeframes and to meet specific targets (for example, Closing the Gap targets). The imperative to deliver a project or services to meet a tight timeframe can alter the costs and benefits of hiring local labour versus contracting in labour. Contracted-in labour often involves existing relationships between providers and agencies and known capabilities, whereas hiring local labour might involve investments to build capabilities either through formal training or on-the-job training. Apart from the extra funding that may be necessary to support investments in local capabilities, the choice to use local labour might introduce additional risk to the project as a result of both cost and timing considerations.

To rebalance the equation more in favour of the employment of local labour in delivering projects and services, government should ensure that the process of establishing targets and timeframes accommodates the needs of local Indigenous people to participate fully. This may include, for example, adjustments to funding to support investments in skills development, and longer delivery timeframes. The contracting reforms discussed by the Productivity Commission (PC 2017a) and proposed in Chapter 8 will also support improved local employment outcomes.

Improved transparency in contracting would assist both communities and agencies. For example, publishing service delivery contract details to show the proportion of labour costs spent on fly-in, fly-out and drive-in, drive-out labour would improve information on the scale of the issue. Improved transparency might help identify project or service delivery issues that would lead to improved local employment outcomes if they were addressed.

### 9.6 Conclusion

Getting the economic framework right requires changes in policy. But, major expenditure programs to support economic development are unlikely to be effective (excluding consideration of economic (physical) infrastructure), and may be counterproductive.

Active policies to support development run the same types of risk as has been realised in government service provision. The provision of services, including those to alleviate hardship, resulted in unintended consequences by creating conditions that led to a permanent and growing 'need' for further service delivery. Top-down active development policies may have similar unintentional impacts.

Progress appears to be happening outside government, led by private and community initiatives. Assisting or enabling those private and community initiatives should be the focus of policy, along with establishing some basic prerequisite conditions for development.

The proposed new institutional arrangements have a useful mechanism for guiding any efforts to promote development in the Community Plans.
Draft recommendation 7

To enable economic and community development, the Queensland Government should:

- remove impediments to Indigenous community private sector activity, including divesting itself of assets that have the potential to displace or crowd out individual or local initiative and investment opportunities, such as retail stores
- review and report on agency progress to increase Indigenous employment in service delivery to communities. This should include a review of training needs and barriers to employment resulting from increasing credentials and standards
- make the growth of an Indigenous private sector in and around communities an explicit objective of policy and central to designing economic development policies and service delivery programs.
Evaluation

10.0 Evaluation
The terms of reference for this inquiry asked us to investigate and report on a framework for, and best practice approaches to, evaluating the effectiveness and efficiency of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities. After assessing the evidence, the Commission has concluded that existing frameworks, such as the Queensland Government’s program evaluation guidelines, provide sufficient guidance for evaluation. Rather than a new evaluation framework, what is required is a change in the service delivery framework that will better support effective evaluation.

This chapter discusses these issues and makes recommendations to improve the culture and effectiveness of evaluation. It should be read in conjunction with the reform proposal outlined in Chapter 7.

**Key points**

- Evaluation is especially important in remote and discrete Aboriginal and Torres Strait Islander communities, since many of these communities are dominated by government-funded service delivery, giving residents little choice about the services they access, and reducing market incentives to improve effectiveness or efficiency.

- Existing Queensland Government frameworks provide sufficient guidance for conducting evaluation.

- Compliance and reporting arrangements could be more open and effective. Many grants have high compliance costs that are unrelated to risk or the quantum of grant monies provided.

- Evaluation is rarely a part of program commissioning, tends to focus on outputs rather than outcomes, and does not appear to support adaptive practice—in some cases, evaluation has lacked sufficient transparency to enable communities and service providers to engage in adaptive practice.

- Many evaluations focus on a single aspect of service delivery and could add more value—holistic interventions are required to solve the complex issues affecting remote and discrete Aboriginal and Torres Strait Islander communities and this should be reflected in the evaluation design.

- There are practical considerations that make evaluation difficult in remote communities, including difficulties establishing causality and the long timeframes to achieve change. Even the most well-designed evaluations can leave themselves open to interpretation based on prior opinion, philosophy or politics.

- The structural reforms discussed in previous chapters will help to underpin and incentivise evaluation, since agreed expectations about outcomes, and how these are to be measured, should be set out in agreements between government and communities.

- Communities need to be involved in monitoring and evaluation, including the design of indicators of progress that are important to them.

- Regular, transparent information on progress, expenditures and evaluation of service delivery is required to encourage adaptive practice and a service delivery model that provides value for money.

- Monitoring and evaluation need to be underpinned by independent oversight.
10.1 Why evaluate?

Evaluation is an essential component of service delivery, particularly where services are delivered by government (Muir & Bennett 2014). It provides a systematic mechanism for collecting information and using this data to understand what is working and what is not. It can help to assist stakeholders to track progress as programs are rolled out, to determine if a program is achieving the outcomes it was designed to accomplish, if it remains the best policy response and whether the program is delivering value for money:

*Evaluation matters. Too often it has been an afterthought ... seen as an optional luxury for well-funded programmes, or done only if a donor requires it. This must now change, so that the role of evaluation is understood as an opportunity for organisational and individual learning, to improve performance and accountability for results, and to build our capacity for understanding why some programmes and initiatives work, and why others do not.* (WHO 2013, p. v)

There are a number of reasons why evaluation may be especially important in the context of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities.

The high cost of service delivery, combined with relatively higher needs of Aboriginal and Torres Strait Islanders living in remote regions, mean that mistakes in service delivery can be costly. This is likely to be exacerbated by the fact that service delivery occurs in remote areas where mistakes may be hidden from general view—as a result, there may be significant, and costly lags before mistakes are identified and rectified, unless appropriate evaluation mechanisms are in place.

Evaluation can help to ensure accountability to both the users and funders (the taxpayer) of services delivered in communities.

Importantly, in many remote Aboriginal and Torres Strait Islander communities, residents have little choice when it comes to service provision as there is generally only a single government funded service provider. In the absence of user choice, there is little incentive for service providers to achieve high levels of performance or keep up with the latest developments. In this case, rigorous program evaluations may provide an important mechanism for ensuring services are accountable to users.

Governments spend large sums of money addressing the high levels of disadvantage in Queensland’s remote and discrete communities. To ensure accountability to taxpayers, independent evaluations can provide an important mechanism for ensuring that this money is being used well and for the purposes it was intended.

10.2 Methods for evaluating

Evaluation can be undertaken in a number of forms, with varying levels of complexity and expense.

Three commonly described approaches for program evaluation are discussed in government guidelines (Gertler et al. 2011; NSW Government 2016; Queensland Treasury 2014):

- **Process evaluation**—is the service implemented, is it being delivered and is it reaching the people as it was intended?
- **Effectiveness (or impact) evaluation**—is the service achieving the outcomes it intended to achieve?
- **Efficiency evaluation**—is the program efficient (are there better ways of providing the service) and does it provide value for money (do the benefits outweigh the costs)?
Figure 52 Program logic—from needs to outcomes, evaluation can assess any or all of the components of a program as well as the outcomes the program is seeking

Program logic:

Need/Issue: Educational attainment rates are very low

Inputs:
- Funding
- Staffing
- Vehicles
- Materials

Activities:
- Operate a pick up service
- Educate parents
- Culturally sensitive curriculum

Outputs:
- Service is being used
- Students attending school
- Community happy with service

Outcomes: Educational attainment increases

A **process evaluation** is the simplest of the three approaches and focuses on the inputs (staff, equipment, expenditures) and outputs (customers served, services provided). A process evaluation can assess the adequacy of service delivery mechanisms, management practices and the acceptability or suitability of services to stakeholders.

In many cases a process evaluation may provide sufficient evidence for success, particularly where a course of action has been shown to lead to successful outcomes elsewhere. For example, a process evaluation may enable a program manager to adapt a successful program to local circumstances.

An **effectiveness (or impact) evaluation** focuses on outcomes. This type of evaluation is more complex, since it needs to establish a causal link between the program and any changes to outcomes—this requires consideration of what would have occurred as a result of the program, in comparison to what would have happened in the absence of the program (the counterfactual).

An **efficiency evaluation** provides information on the extent to which a program is efficient and provides value for money. Efficiency may relate to whether the program is being delivered at the lowest possible cost, the program is delivered to the area of greatest need, and whether the program has continued to improve over time (for example, by keeping up to date with technological advancements). An efficiency evaluation may also take a broader scope and attempt to determine if the program provides a positive social return (the benefits of the program outweigh the costs) and whether better returns could be generated by spending the money on other things.

There has been a growing push for evaluations to focus on the achievement of improvements in outcomes for the people they service rather than simply focusing on outputs (Gertler et al. 2011). While there is a general consensus that measuring outcomes is desirable, there is some debate amongst practitioners as to whether this is practical, particularly in the context of Indigenous affairs (Altman et al. 2008; Cobb-Clark 2013; Guenther et al. 2009; Hudson 2017; James 2012).

At a roundtable discussion on evaluation of Indigenous policies, hosted by the Productivity Commission in 2012, many participants felt that evaluation should identify what works and why, and that the continuation of program funding should be questioned if outcomes could not be conclusively demonstrated. Others, however, stated that this was unrealistic and that problems in the underlying system architecture that make it difficult to isolate a program’s outcomes do not mean that a program it not worthwhile (PC 2012).
10.3 Best practice in program evaluation

The World Health Organisation (WHO 2013) identifies five key principles for effective evaluation:

- **Impartiality**—the absence of bias in process. Impartiality contributes to the credibility of the evaluation and allows the formation of credible findings.

- **Independence**—freedom from the control or undue influence of others, including from policy makers and program participants. This should not exclude program participants, as they have an important role to play in any evaluation. Rather, evaluators must be free to draw their own conclusions from the evidence available to them.

- **Utility**—the requirement that findings are relevant and useful to stakeholders. This includes that reports should be accessible to stakeholders, available for public access and that there is systematic follow-up of recommendations.

- **Quality**—the appropriate and accurate use of evaluation criteria, the impartial presentation and use of evidence and coherence between findings, conclusions and recommendations.

- **Transparency**—the requirement that stakeholders are aware of the purpose and objectives of the evaluation, the methods of evaluation and the purpose to which the findings will be applied. In practical terms, this means that the evaluation should ensure continuous consultation and involvement with stakeholders, that reporting is complete and made public, unless it is not in the interests of service recipients.

Deborah Cobb-Clark from the Melbourne Institute of Applied Economic and Social Research argues that increasing transparency and a much wider dissemination of results is central to raising the standards on program evaluation (Cobb-Clark 2013). She draws parallels with the successes achieved in the health sector from increased transparency and argues that a higher level of openness:

- increases pressure on evaluators to lift their game
- allows evaluations to be assessed against sound scientific principles so that judgements can be made about which to weight more heavily and which to ignore
- provides opportunities for informed debate on the issues facing Indigenous communities
- increases the chances for sound decision-making.

The literature suggests evaluation needs to be incorporated into programs, rather than occurring as a separate process, or even afterthought (James 2012). Best practice requires that planning should start during program design, and where required, baseline data should be collected prior to implementation. After the program has commenced, there should be ongoing feedback between the evaluation and the program, to refine the collection of data, improve program design and to drive continual improvement (Chaney 2012) (see Box 10.1).

Mayne (2010) and Stewart (2014) argue further that for evaluation to be effective, a culture of evaluation needs to be established—this includes leadership by example, visible and consistent support for evaluation, decisions routinely informed by results, honest mistakes tolerated and learned from and evaluation being adequately resourced and funded. Mayne (2010) acknowledges the difficulties this typically presents for government:
Where this involves organizations led by ministers, a question not really addressed is how to get politicians to support an evaluative culture, especially given their frequent predilection for controls when things go wrong, and concerns about waste and mismanagement. Obviously, forms of education might help, as might the availability of empirical evidence when needing to defend programs. I suspect also that evidence that adequate controls are in place would be needed, as well as evidence on results ... Building an evaluative culture at the political level remains uncharted territory! (Mayne 2010, p. 22)

**Box 10.1 Queensland Government guidelines**

The Queensland Government maintains guidelines for program evaluation (Queensland Treasury 2014). These guidelines outline the broad principles expected for evaluations for programs (including services) funded by the state, and set out standards that should be used for planning, implementing and managing these evaluations.

The guidelines take a practical approach to evaluation, and advise that the evaluation approach (process, effectiveness or efficiency) used should suit the circumstances, including the size of the program being evaluated, the risks involved and the stage of program delivery.

The guidelines are voluntary, and there is no formal mechanism for supporting organisations seeking to conduct evaluations of service delivery.

They do not provide any specific guidance for evaluations in an Indigenous or remote community setting.

**Figure 53 The evaluation process—Queensland Government program evaluation guidelines**

There is a growing recognition that evaluation approaches are not one-size-fits-all and that a number of issues need to be considered when conducting evaluations in remote Indigenous settings (Figure 54). Best practice approaches for evaluation in an Indigenous perspective might include:

- involving local people in the design and implementation of policy—evaluation is just another step in policy design and implementation and should also involve the residents of Aboriginal and Torres Strait Islander communities (James 2012)

- engaging local Indigenous researchers—the use of local people increases acceptance and trust, ensures surveys make sense in a local context, and gains access to the views of people who are not normally asked for their perspectives (Price et al. 2012)

- ensuring that evaluations are culturally competent—the culture-based assumptions of both those doing the evaluating and those being evaluated are fully understood and accounted for (Chouinard & Cousins 2007)

- ensuring that the outcomes of an evaluation are accessible and useful to communities and local organisations—effective evaluations should act as catalysts for instigating change by empowering communities (Price et al. 2012; Taylor 2006).

**Figure 54 The four R’s framework for research with Indigenous communities**

![The four R’s framework for research with Indigenous communities](image)

*Source: Adapted from Markiewicz 2012.*
Box 10.2 Participatory Action Research (PAR)

PAR approaches may offer opportunities for improving evaluation and including participants in designing solutions for complex problems. PAR is not a one-size-fits-all approach, but is built on the central tenet that all participants, including service users, should be engaged in every aspect of evaluation from defining the problem, gathering and analysing data, to preparing recommendations (McGarvey 2007).

Dudgeon et al (2017) describe the use of PAR in 11 communities in remote communities in Western Australia as part of the National Empowerment Project (NEP). The NEP is an innovative Aboriginal-led project built around the use of PAR to give communities a voice, to design strategies for promoting well-being and building resilience, and for supporting change processes at both the individual and community level.

The authors suggest that the PAR approach played an important role in achieving real outcomes through building capacity and capability for individuals to take charge of their lives and support their communities.

This project gives a voice to communities in identifying the factors impacting on their social and emotional well-being and supporting them to see themselves as agents of social change. (Dudgeon et al. 2017, p. 10)

Hudson (2017, p. 19) provides some cautionary advice on PAR, citing research showing that, although involving local people can have positive impacts, it can also result in programs being controlled by local elites, which means more disadvantaged members of the community miss out.
10.4 Limitations and challenges

Data collections are never perfect

The way that information and data are collected, used and presented can have real impacts on Aboriginal and Torres Strait Islander communities. Data are used to shape debate and influence policy decisions, identify areas of greatest need and direct resourcing, and allow monitoring of progress over time (Biddle 2014).

Data that are used well provide a robust evidence base that can help ensure that policies are well designed and that resourcing is going to the right things (Banks 2009). However, data collections that are poorly designed, poorly understood, incomplete or used incorrectly can distort decision-making and lead to inefficient or wrong outcomes.

As discussed in Chapter 4, publicly available data on Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities provide only a partial picture of the outcomes occurring in these communities, and how these have changed over time. This means that those influencing decision making (including the media and general public who may influence the political process) do not have access to the complete story about the progress being made in discrete communities.

This may be exacerbated if the reported outcome measures do not represent the needs or wishes of Aboriginal and Torres Strait Islander people, increasing the chances that unwanted interventions may be imposed onto communities.

Data or information is often unavailable to stakeholders

Existing data are often difficult to access. This may occur because evaluation can threaten programs and personnel—as a result, affected people may seek to protect themselves by limiting or denying access to data (James 2012). Similarly, agencies may be loath to release data for fear of political ramifications.

Even where there are no deliberate attempts to obstruct access to data, there can be difficulties for third parties to gain access to administrative data, either because the data are not collated centrally (for example, where expenditures are spread across multiple agencies) or approval processes cause excessive delays.

Where data are held centrally, often custodians are not free to release this data to others (including to other departments) without the agreement of the agency custodians. This can create lengthy delays for evaluators and may have an impact on the quality of the evaluation.

Little data or information is in the hands of Aboriginal and Torres Strait Islander people

The outcomes of interest to remote and discrete Aboriginal and Torres Strait Islander communities can be very different to the outcomes of interest to governments (Biddle 2014). This can lead to a disconnect between policy formation and the achievement of progress in improving community wellbeing on the ground. It is now widely accepted that effective policy and program design needs to be led by (or at least informed by) Indigenous people rather than government (PC 2012).

Enabling this kind of community-led decision-making can only happen when communities have access to the kinds of information in a form that is useful to them (Biddle 2014). As discussed in previous chapters, communities have access to limited data, and have little control over the collection, use and presentation of data.
Evaluations may not provide clear answers

It should be acknowledged that there are real difficulties with measuring outcomes and/or attributing success (or failure) to a single intervention. While the same issues affect all evaluation, they are accentuated in remote and discrete Aboriginal and Torres Strait Islander communities.

One reason for this is that many of the outcomes that program or services are trying to achieve may involve very long timeframes—for example, it has been estimated that it will take over 100 years to close many of the gaps in Indigenous disadvantage currently being targeted by federal and state initiatives (Altman et al. 2008). Although it may be possible to undertake some form of process evaluation (where the evaluation is concerned with measuring outputs, such as numbers of patients seen) early on in the life of a program, understanding how a program effects outcomes may not be possible within the timeframes demanded by the political cycle.

A second reason is that it may be difficult to establish causation in remote and discrete communities. Cobb-Clark (2013) identifies five factors that are specific to Indigenous communities that make evaluation of outcomes particularly problematic:

- For cultural, historic and political reasons Indigenous communities may be unique—this makes it challenging to define a meaningful control group against which to measure outcomes.
- It can be difficult to assess outcomes at the individual level because of extended, fluid family structures and cultural norms for resource-sharing.
- The highly political nature of Indigenous policy means it can be difficult to have a scientific process for random selection for treatment.
- The myriad of interventions likely to be occurring within communities at a given point in time means that it is difficult to single out a particular program or control for differences between communities.
- Many data sources are unsuitable as they do not have sufficient numbers of Indigenous respondents for analysis.

These issues may mean that in many cases attempting to measure progress towards the achievement of outcomes would be counterproductive. At best it could waste valuable resources and, at worst, may lead to funding being cut or programs modified because of a perceived lack of progress (Chaney 2012). Guenther et al. (2009) disagree with an assessment that outcomes cannot be measured, arguing that complex programs in remote Indigenous settings can be assessed, but that the measures of success are not necessarily numerical or easily fit government reporting requirements.

Stakeholders expressed concern that the ambiguity inherent in even the most rigorously conducted evaluations carries the risk that they can be misused:

> [T]he answer to the problems that afflict our children, families and our places will not be found ... even through the most conscientious application of the rhetoric about the need for more rigorous evaluation, application and adaption of ‘what works’ evidence or ‘best practice’ approaches. Indigenous communities are not laboratory environments, and the science of evaluation in such complex settings is not as precise as much of the rhetoric may suggest ... in such cases, even impact evaluations using the best quasi experimental design, leave themselves open to still be used on the basis of opinion, philosophy or politics. (CYI sub. 26. p. 23)

A more pragmatic approach may well be required that acknowledges the process of by ‘muddling along’ and learning-by-doing, rather than following a prescriptive policy agenda (Chaney 2012; Moran 2016). Adopting this more pragmatic approach to evaluation may well mean that current approaches need to be adapted to allow greater flexibility of service delivery approaches.
Box 10.3 Appraisals of evaluation in remote Indigenous settings

The literature suggests that evaluation efforts have not been as effective as they should be. This is not because evaluation cannot be effective, but rather, the system in which evaluation occurs does not allow for learnings to be taken on board and for service delivery to engage in adaptive practice.

The positive examples of evaluation which come to mind relate to corporations rather than government. I sit on the board of a provider which works in government schools, but with external funding coming from the private sector, mainly miners. We are regularly independently evaluated and have non-government funding relationships that extend over more than 15 years. Our funders are interested in learning as we go. They participate in the management of each individual project and, so far, have extended their support as we learn from what we are doing ... This sort of evaluation leading to action makes sense

Miners, with their experience of project management, better understand taking responsibility for managing towards a long-term outcome, dealing with complexities and problems as they arise. You learn from mistakes, stop doing things that are unproductive and actively look for what will work. You do what needs to be done to achieve the objective. (Chaney 2012, pp. 60–61)

The challenge then for Indigenous affairs policy is how to take the current ad-hoc standards of ‘muddling’ or ‘gaming’ in practice, to a more proactive and transparent alignment with policy. This would require administrative mechanisms to be built around local organisations rather than external grants.

The nature of Indigenous development is flawed and fluid. Mistakes will be made and resources will be captured by elites, much as it occurs in mainstream local government. There will be capability gaps and, at times, corruption. But if the systems are designed around these weaknesses alone, then the result will be less space for capacity and innovation to grow. (Moran 2016, p. 195)

We have titled this report ‘Don’t let’s lose another good idea’ as a reflection of the concern that just as the evidence is emerging that something is working well, there will be a repeat of the old pattern of dispensing with a good initiative and trying something new. The review team urges that the lessons from this initiative are understood as being extremely relevant today and that the growing confidence of Indigenous communities in the SRA process is recognised and built upon. (Morgan Disney 2007, p. 7)

Many – perhaps even all – public policy evaluations in Australia are conducted under exactly these [political] sort of constraints. However, while it may be possible to ‘rescue’ some semblance of an evaluation strategy with very clever lateral thinking, it is critical to realise that in the end we may not have actually learned very much. Often ‘better than nothing’ passes for ‘good enough’, leaving us as uninformed as ever, despite having spent millions (or even tens of millions) of dollars on the evaluation exercise. (Cobb-Clark 2013, p. 85)
10.5 Measuring wellbeing

The end goal of government expenditures on service delivery is to improve the wellbeing of those who receive the services, either directly or indirectly. There is no single measure of wellbeing in remote and discrete communities and limited data is available for a group of partial indicators.

It is widely recognised that Indigenous people’s perceptions and understandings of wellbeing extend beyond, and often conflict with, many of the indicators currently adopted by reporting frameworks (ABS 2001; OECD 2011; Taylor 2006). The United Nations’ workshop on Indigenous Peoples and Indicators of Wellbeing concluded with a series of forceful statements on the need for more rights based indicators, including control over land and resources, equal participation in decision-making, preservation of culture and control over development processes (United Nations 2006).

In an Australian context, Les Malezer, from the National Congress of Australia’s First Peoples (Malezer 2012, p. 75) provides a series of measures that Aboriginal and Torres Strait Islander people may be interested in:

- political development (governance and leadership)
- property rights (ownership of land and resources)
- cultural security (exercise of responsibility over territories)
- heritage protection (language and indigenous knowledge)
- economic growth (lands and resources)
- social cohesion (positive reinforcement of identity, supportive families and communities and local decision-making).

Given the difficulties with attributing outcomes to any single service or program (discussed in the previous section), and the issues raised here about the need to consider Indigenous perspectives, it would be appropriate to measure progress against broader and more holistic measures of wellbeing than are being used in the current, limited reporting on outcomes in communities (Limerick 2009). Wellbeing measures have been widely used to track and report on progress in Indigenous communities around the world (Box 10.4).

Box 10.4 Approaches to community wellbeing

Wellbeing measures take a broader view of progress than typical economic indicators such as GDP or employment and usually combine a number of economic and social indicators into a single easily tracked measure (ABS 2001). They normally use a range of social indicators, such as health, social cohesion and economic status, that matter to the individuals or communities concerned.

A number of approaches have been adopted across different jurisdictions, however, most measures use relatively simple metrics that are collected on a regular basis (such as through the Census or through regular social surveys). Some of these are considered below.

**OECD Wellbeing Indicators**—a compendium of indicators that the OECD considers as important measures of wellbeing (OECD 2011). Indicators include measures relating to material living conditions (income and wealth, jobs and earnings and housing) and quality of life (health status, work and life balance, education and skills, civic engagement and governance, social connections, environmental quality, personal security and subjective wellbeing).
Unlike many other well-being indicators, the OECD does not provide a single index measure of wellbeing as this would require each indicator to be weighted to reflect the relative desires of the individuals residing in each jurisdiction.

**The Canadian Community Wellbeing Index (CWB)**—a measure of the standard of living and quality of life for all Canadian communities, including First Nations. The index is produced by Indigenous and Northern Affairs Canada (INAC).

A community's CWB index score is a single number that can range from a low of zero to a high of 100. It is composed of data on income, education, housing conditions and labour force activity (Flanagan and Beauregard 2013). The CWB is also reasonably simple, allowing indices to be constructed for around 85% of First Nation communities in Canada.

**United Nation’s Development Programme’s Human Development Index (HDI)**—the HDI was created on the understanding that people and their capabilities should be the ultimate criteria for measuring the development of a country, not economic growth alone. It combines three key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living.

A long and healthy life is measured by life expectancy at birth, knowledge is measured by years of schooling for adults aged 25 years and over and by expected years of schooling for children of school entering age, and standard of living is measured by gross national income per capita (Anand & Sen 1994).

The HDI simplifies and captures only part of what human development means, however its simplicity means that it can be easily constructed, with long time series available for many countries.

**Social Progress Index (SPI)**—a measure of social progress developed by the non-profit sector as a response to the over-reliance on economic indicators. The index excludes any economic variables (but aims to complement existing economic measures) and focuses on outcomes rather than inputs.

The index was developed with technical guidance from Michael Porter and is based on a range of social and environmental indicators based on three dimensions of social progress: basic human needs, foundations of wellbeing, and opportunity. The index is constructed by aggregating 53 separate indicators, where these are available (Stern et al. 2016).

While the SPI is a more comprehensive measure of wellbeing it is more complex to construct than the measures discussed above. The complexity and availability of data may also introduce a level of subjectivity that could make the index more controversial than other, more straightforward indices.

**Growth and Empowerment Measure (GEM)**—the GEM was developed as a tool to measure the progress that various interventions were having on empowerment. It seeks to measure people’s perspectives of their psycho-social wellbeing and empowerment at the individual, family and organisational level (Haswell et al. 2010).

The GEM was developed collaboratively between researchers and Aboriginal residents from Alice Springs, Yarrabah and Cairns. It collects background information, such as age and gender, and asks respondents to complete an emotional empowerment scale and a number of empowerment scenarios. The GEM has been adapted to ensure cultural relevance.
10.6 Current practice

Our (incomplete) review of evaluations conducted in the context of remote and discrete Indigenous communities in Australia suggests that most evaluations are process evaluations. Those that attempt to demonstrate progress towards outcomes are rare; those that successfully demonstrate progress are even rarer. We are not aware of any evaluations that have successfully demonstrated the efficiency of service delivery in an Indigenous context.

Despite the obvious need for evaluation and the enormous amounts of public monies spent on services in Australia’s remote and discrete communities, it is a common complaint that there is little proper evaluation of these programs (DOFD 2010; Hudson 2016b; SCRGSP 2016a). Biddle (2014) argues that this goes beyond program evaluation, stating there is a general lack of information and data available to communities, service providers and decision-makers.

Although it is clear that evaluations of Indigenous programs and services are insufficient to paint a clear picture of what works and what does not, it is not obvious that this deficiency reflects a lack of evaluation effort on the ground. While we have not undertaken a comprehensive review of the evaluations completed in Australia, it appears that a significant amount of time, energy and money is spent on evaluation in Indigenous affairs. As an example, a search across the Australian Institute of Health and Welfare’s Closing the Gap Clearinghouse Research and Evaluation Register reveals 1,249 evaluation studies. Our tentative view is that the proportionate effort spent on evaluation in the Indigenous space is similar to the effort spent in the evaluation of social services in the general community.

The current approaches to monitoring and evaluation of Indigenous programs and services do not appear to consistently drive improved program performance. This may be an issue of implementation rather than of the evaluation framework.

10.7 Stakeholder views

Most stakeholders said that they see very little of the regular reporting from service providers. For them, this is a problem, because in their view service providers may manipulate data to suit reporting requirements. Stakeholders thought government should ask communities how they perceive service delivery.

*What is required is 360 degree evaluation. However, the reality is, government doesn’t want to be evaluated.* (Stakeholder meeting, Cherbourg)

Stakeholders also told us that there is little relationship between the level of risk or funding amounts and the reporting requirements associated with grant funding. Many stakeholders told us that they spend enormous amounts of time and effort on reporting for little obvious reason.

*Within departments there can be wide variation in the onerousness of grant conditions; with one being a low burden on Council and another high. ... current flexibility within Departments to set grant conditions is resulting in inconsistent processes at the delivery level for Council. We are in a position with some grants, such as the Department of Communities, $18,818 HACC grant where the cost and resources required to administer the grant makes the service delivery on the ground almost negligible ... Consideration should be given to scaling levels of reporting dependent on recipient’s financial standing. Council has had unqualified audits for three consecutive years, an indicator of sound financial management, and low risk within our organisation.* (TSIRC sub. 12, pp. 17–18)
Reporting requirements which focus on output reporting, do not provide the information required to report on the outcomes or longer-term impact achieved by an organisation. Additionally, reporting requirements which focus on capturing the number of minutes spent with a client may account for ‘Service Hour’ reporting, but does not account for the quality and level of a service provided. (ICAN sub. 17, p. 12)

At times it is clear that funding bodies place more emphasis on funding compliance than actual service delivery outcomes. Often compliance issues raised with the organisation are of a minor nature such as a query over the percentage allocation of funding to individual cost codes within a service budget. Responding to such queries is time consuming and repetitive, and the requests are often generated by Departmental staff with limited understanding of the operations of an NGO (PICC sub. 29, p. 8)

The requirement to source grant funding from multiple sources adds large compliance burdens to reporting. Exacerbating this, funding for services often must be sourced from two different levels of government, each with different reporting requirements.

Where dual funding occurs across State and Federal programs, it would produce far better outcomes on the ground if the State and Federal governments invested up-front in working together to develop and streamline reporting requirements. The failure to do so has significant impacts on productivity and service delivery on the ground. (TRIRC sub. 12, p. 39)

While the difficulties inherent in evaluation may make it difficult to measure outcomes, stakeholders have consistently told us that reporting typically focuses on the wrong things.

Many program or project evaluations only look at the output level and do not assess the level of benefit to the community, organisation or region.

There is little evidence of either measurement or evaluation of activities being undertaken by stakeholders in the region to determine whether these are having a real impact on the level of disadvantage being experienced or demonstrating a return on investment for funding bodies. (TRSA sub. 22, p. 3)

The reporting requirements are particularly unhelpful for organisations such as PICC as they do not capture the broad nature of the work and outputs/outcomes achieved as a consequence of the organisation working holistically within the community. (PICC sub. 29, p. 9)

While there are some good examples of program evaluation in Queensland, much evaluation work and information is not disclosed to stakeholders. This is perhaps best illustrated in the most recent evaluations of the Welfare Reforms (see case study, Box 10.6), but it also happens with smaller programs.

There is very little evidence available around program evaluation and reporting. When asked, service providers say that “the council or community are not entitled to access this information – that it is confidential” and that they are only required to provide this to their funding agency. Government agencies have also been reluctant in the past to provide information about funding levels or real time data on program progress. (LGAQ sub. 14, p. 40)

Stakeholders also consistently raised the issue of funding for service delivery being insufficient to cover evaluation.
Many stakeholders wanted more independent oversight of evaluation and data. For example:

* A central independent body to coordinate and oversee evaluation in Aboriginal and Torres Strait Islander communities is an interesting suggestion. If done well, this may reduce the evaluation burden on communities (by identifying and avoiding duplication), build Aboriginal and Torres Strait Islander Evaluation capacity, and deliver on promises to co-design evaluations with community and provide feedback about findings. It could also be a mechanism to continuously collect outcome data common to many services and programs, and minimise the data required for individual evaluations. (Anon.)

The TRSA went one step further suggesting there needs to be independent assessment of reporting and outcomes:

* There is also a need to establish an Indigenous Ombudsman Office in Queensland to ensure there is an independent umpire to make sure targets and outcomes are met by all stakeholders delivering services in the region. (TRSA sub. 22, p.3)

This is a view shared by some academics. Cobb-Clark calls for the establishment of an independent, arms-length body to oversee all evaluation undertaken on behalf of government (like the Reserve Bank):

* Unfortunately, our current system generally produces poor-quality evaluations that in the end do not tell us very much. Often evaluations are conducted within the very agencies responsible for meeting program objectives. When external evaluators are used, it is common for the government to insist that the results not be published. In short, the results of these evaluations are typically not independent, transparent or widely distributed. ... All of this is inconsistent with the move to evidence-based policy and undermines our ability to deliver on closing the Indigenous gap, raising educational achievement, and reducing social exclusion. (Cobb-Clark 2013, p. 90)
Box 10.5 Case study—monitoring reporting in the Torres Strait

Torres Strait Island Regional Council (TSIRC) has 15 sets of infrastructure to supply drinking water to its 15 communities. Drinking Water Quality Management Plans are required for each individual system. The result is that, while a small remote council of 5,000 residents, the TSIRC is completing almost eight times the reporting of large well-resourced councils such as Cairns Regional Council.

TSIRC find that this reporting is not of much benefit, as it is too cumbersome to keep up to date and does not add value to service provision or asset management. The limited staff and engineering consultants are spending valuable time reviewing, auditing and updating drinking water quality management plans which could be better spent solving problems with operations and writing grant applications for much-needed funds.

Because TSIRC faces fines if these reports are not submitted in a timely manner, it is forced to allocate resources towards completing them. This in turn means that there is not that human resources focused on resolving the issues on the ground. We then need to hire engineering consultants to assist in completing compliance reports, at considerable cost.

A shift in the approach to compliance in Departments such as DEWS and DEHP is essential. The one-size-fits-all, inflexible and punitive response does not work to achieve outcomes for TSIRC’s communities and it is not solution-oriented.

Source: TSIRC sub. 12 p. 39-40.

Box 10.6 Evaluation of the Welfare Reforms

The Welfare Reforms grew out of a partnership between the Cape York Institute, the Australian Government, the Queensland Government and the Cape York communities of Aurukun, Coen, Hope Vale and Mossman Gorge. The welfare reforms were built on the premise that the welfare system had created welfare passivity in remote Indigenous communities, undermining self-reliance and promoting dependence and dysfunction (Cape York Institute 2007).

Comprehensive welfare reforms were trialled in the four communities from 2008 and extended to Doomadgee in 2014. An evaluation framework, developed with the partners to the reforms, formed an essential part of the trials (FaHCSIA 2012). An initial evaluation found that, although the reforms had not been in place long enough to achieve their intended outcomes, they reflected a level of progress not evident in other reform programs in Queensland’s remote Indigenous communities, having significantly improved governance in participating communities (FaHCSIA 2012).

In 2012, the Australian Government commissioned a review of the wellbeing centres associated with the reforms. It found that the centres had achieved significant success in helping individuals through an immediate crisis, and had some success in achieving sustained positive behavioural change, although this was yet to translate into sustained, consistent and clearly observable improvements in outcomes at the community level (HOI 2014).

In the 2015–16 Budget the Queensland Government announced an additional $28.6 million over four years and $8 million a year ongoing to continue welfare reform. It also commissioned an investment review of the program to date. The review was not made publicly available, consultation was limited, and stakeholders told us they were not provided with copies of the review.
10.8 Moving forward to a new model

The current approach to evaluation and monitoring of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities is not working as well as it could. A lack of effective evaluation is holding back the design and delivery of services that work, and service delivery remains largely unaccountable to the communities it should be serving.

To some extent, the deficiencies of evaluation outlined in the previous sections can be applied to service delivery more broadly. Many of the same issues that apply to remote and discrete Aboriginal and Torres Strait Islander communities—such as a lack of funding for evaluation, a failure to build evaluation into program design and a lack of transparency—also apply to many government-provided or-funded service delivery across Australia. However, the lack of evaluation has disproportionately large impacts in remote and discrete Aboriginal and Torres Strait Islander communities, who are almost completely reliant on externally funded and delivered programs, and are far removed from decision-making processes that happen in agency head offices.

A new approach to evaluation should support and empower communities to be active participants in developing the solutions that will work for them.

Monitoring and evaluation must support reforms to devolve responsibility and decision making

An evaluation framework must enable and foster local decision-making, and encourage adaptive practice (including learning from failure). For this to occur, evaluation, including reporting and compliance activities, should support the needs of communities rather than just government. This is not to say that an evaluation framework does not need to provide accountability for taxpayer’s money—it does—but there should be greater consideration for how evaluation can improve information provision to the communities, individuals and stakeholders that are best placed to make day-to-day decisions about how services are delivered.

Currently, communities have access to very little information, and reporting and compliance exercises are almost solely directed to government. Community stakeholders have told us they find it hard to find even the most basic of information—such as which services have been funded in their communities and what they are supposed to be delivering—let alone information on the performance of these services.

Any new model for compliance and monitoring as envisaged in the Commission’s reform proposal must include much greater support for the provision of information to communities than exists today.
Transparency

As noted previously in the chapter, transparency is often identified as one of the keys to best practice in evaluation, but it is not always one of the hallmarks of monitoring and evaluation of government-funded service delivery in Queensland.

Currently, service providers report to and are monitored by government. The focus needs to shift to the individuals and communities using services. The reforms proposed in Chapter 7 will achieve this outcome for the participating communities. For other communities, there must be a much greater commitment from government to provide information to communities. This should occur wherever possible using commissioning models that put communities at the centre of service delivery (as outlined in Chapter 8). Reporting requirements should be negotiated with communities and be included into service contracts with service providers.

Existing data, including non-confidential agency information, need to be readily available to communities and other stakeholders in a form that is timely, appropriate and useful. To support this, a commitment should be made to:

- regular reporting of outcome and expenditure information to communities—to be negotiated between government and communities
- periodic, public release of information on progress and expenditures in remote and discrete Aboriginal and Torres Strait Islander communities.

Practical approaches

In moving to a new approach for evaluating service delivery, the practical limitations discussed in this chapter need to be considered—these limitations mean that there is no single best way to conduct evaluation, and that there needs to be a greater focus on suites of programs rather than evaluations of single programs or services.

The Palm Island Community Council argues that:

> Rather than ad-hoc program specific evaluations, regular (3-5 year) cycles of evaluation are needed that evaluate a package of programs directed to a specific problem or outcome. (PICC sub. 29, p. 10)

This practical approach must support adaptive practice:

> 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. (CIS sub. 21, p. 7)

This means that the emphasis of evaluation needs to shift—programs that have a robust program logic need to be given time to succeed and to learn from failure. Programs should be cut only when it can be demonstrated that they are not working and that there are obvious alternatives available that are more likely to succeed. Where there is ambiguity, benefit of the doubt should be given to continuation.
Given the small size of many communities, the focus of evaluation needs to be on the longer run. While it will remain important to track and report progress regularly, short-term changes to outcome data often provide meaningless measures of progress because of statistical noise.

The government should commit to:

- working with all stakeholders to develop evaluation strategies for any new major reform or program, including how the results of evaluation will be funded and shared with stakeholders
- the timely and public release of evaluation reports for services it funds, either directly or indirectly.

### Comprehensive measures of progress

Measuring progress is subjective—many of the readily available indicators of success, such as Year 12 attainment rates, may not be useful or relevant as measures of progress in remote and discrete Aboriginal and Torres Strait Islander communities. A focus on these partial measures may encourage service providers to engage in behaviours that do little to improve outcomes for remote and discrete Aboriginal and Torres Strait Islander communities—for example, Year 12 attainment rates could be improved by imposing penalties on non-attendance, but may do nothing to change the quality of education needed to improve learning outcomes.

More comprehensive indicators are required to assess wellbeing. These indicators need to be designed and measured with the involvement of the people living in remote and discrete Aboriginal and Torres Strait Islander communities—the only way of ensuring that these measures capture the things important to communities.

Importantly, a more comprehensive suite of measures is required to ensure that service delivery is providing value for money. A focus on partial indicators that do not really measure progress can mislead decision-making and cause costly program revisions.

To move to a better model, government will need to enable the collation of data that:

- are of interest to remote and discrete Aboriginal and Torres Strait Islander communities
- measure progress in a more complete way—which might include the measurement of community governance or other measures of capacity, and may need to better establish a baseline against which progress can be measured.

Rather than doing this in isolation, government needs to find ways of working with communities—this requires a delegation of decision-making and accountability to communities.

The Commission notes that the Australian Bureau of Statistics (ABS) National Aboriginal and Torres Strait Islander Social Survey covers a range of social indicators that could form a more comprehensive picture of community wellbeing. As discussed in Chapter 7, consideration could be given to working with the ABS to extend the sample size of this survey, to provide a more complete picture of progress in remote and discrete communities.

### Independent oversight

As discussed in this chapter, a common complaint is that evaluations are often undertaken, but the learnings from these evaluations are ignored, or decisions to shift or change funding are made before evaluation findings are completed (Morgan Disney 2007). If these complaints are to be overcome, any new approach needs to ensure that evaluations are de-politicised and that evaluation can be used to support and identify good service delivery practices—this will require an approach that is at arms-length from government.

Further, enabling many of the actions described above will take time. Ensuring these actions stay on track will require an independent and transparent assessment of progress.
Complementing the recommendations outlined in Chapter 7, an independent oversight body should be charged with:

- reporting on progress of an agreed reform agenda (including for evaluation)
- reporting on expenditures and outcomes in remote and discrete Aboriginal and Torres Strait Islander communities every two years.

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**Recommendation 8**

The Queensland Government should publish expenditures made by the state in communities, including the proportion spent on indirect or ancillary functions—these should be reported every one to two years to support transparency and decision-making.

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**Recommendation 9**

The Queensland Government should commit to an evaluation and reporting framework. This framework should support adaptive practice, facilitate accountability and empower communities by providing them with timely, useful and relevant information. To support this framework, the government should assign an independent body to:

- consult with Indigenous communities to identify the outcomes they are interested in tracking
- publish an analysis of progress of reforms and outcomes in communities every two years
- compile agency data and make this available to communities and other relevant stakeholders on a timely basis
- act as a clearinghouse for all evaluations of service delivery in communities.

The Queensland Government Statistician’s Office may collect and provide outcomes data to support this function.
Part C: Key service delivery issues
Part C of the report outlines key service delivery issues

Part C is set out as follows:

- Chapter eleven considers land tenure, use and administration issues.
- Chapter twelve assesses issues around the ownership, construction and maintenance of the housing stock, and possible reforms.
- Chapter thirteen outlines the role of municipal services and infrastructure, and considers possible funding models.
- Chapter fourteen surveys education and training issues, focusing on significant issues impacting the communities.
- Chapter fifteen considers issues related to community safety, including the relative role of prevention and reaction services, alcohol, and community involvement.
- Chapter sixteen provides an overview of health and wellbeing in the communities, and examines some key service delivery issues influencing health outcomes.
11.0
Land tenure
The terms of reference for this inquiry ask the Commission to report on ways to achieve better outcomes in the remote and discrete communities. This chapter discusses elements of the land administration system that could be improved to better facilitate service delivery and enable economic and community development.

Key points

- Aboriginal and Torres Strait Islander people in the remote and discrete communities have large and growing land holdings—if remote communities are to move away from a reliance on externally provided services, they will need to be able to better and more easily use these land assets.

- History has left a patchwork of tenure arrangements and resource rights, particularly in Cape York, which has constrained economic activity and limited home ownership opportunities.

- Much progress has been made to remove these constraints and enable Aboriginal and Torres Strait Islander communities to use their land assets. However, significant work remains to be done.

- Separate native title interests overlay tenure across most remote and discrete communities. The resolution of competing interests is critical to enable land use.

- Indigenous councils remain trustees over township land in the discrete communities, which may cause conflicts of interest and constrain economic activity.

- While capacity is emerging amongst Indigenous land holding bodies, they often lack the capability to effectively negotiate economic and/or community development opportunities.

- Statutory planning schemes that overlook future development prospects can hinder communities taking advantage of economic and community development opportunities.

- While many land tenure issues are beyond the scope of this inquiry, consideration should be given to:
  - giving more recognition to the importance of enabling land for economic and community development
  - building the capacity of land holding bodies
  - completing cadastral surveys across all discrete communities
  - resolving the ‘Katter’ leases
  - consolidating tenure and native title interests
  - completing the conversion of DOGIT land to Aboriginal Freehold
  - resourcing land bodies to manage land for public good outcomes
  - moving key functions responsible for resolving tenure issues to community control.
11.1 Current status

Why land tenure is important

The ability for individuals to use, transfer and borrow against land assets is a key feature of successful modern economies (Rodrik 2000). For much of the land controlled by Aboriginal and Torres Strait Islander people living in remote and discrete communities, this ability, until recently, has been absent:

*Governments continue to spend large amounts of taxpayer funds for extremely modest results. They are not addressing core problems. Until private property rights—private housing and private business—are introduced, governments will continue to spin their wheels.* (Hughes et al. 2010)

*It is clear that a major reason why social and economic participation in remote and discrete Aboriginal and Torres Strait Islander communities is much lower, and government delivery levels are much higher and more difficult than on other parts of the Queensland is because of the failings of the land administration system in these communities. This dysfunction is also directly linked to what many Indigenous leaders have described as the ‘structural disempowerment’ of Indigenous people living in discrete communities.* (Cape York Land Council sub. 20, p. 3)

In most parts of the state where economic activity occurs, land tenure arrangements are relatively straightforward—freehold and leasehold crown land provides defined individual property rights, and allow these rights to be freely traded in an open market. In the main, property boundaries have been gazetted and ownership is clear. These arrangements establish secure individual property rights that facilitate economic activities such as grazing, cropping and tourism ventures, and encourage home ownership and a private rental market in remote areas.

In most of the remote and discrete Aboriginal and Torres Strait Islander communities, tenure arrangements have not been this clear—in discrete communities, up until 2008, there were no legal mechanisms to allow any form of individual property right, including the ability to own a home or establish a business (Limerick 2012).

Land tenure is also important for service delivery. Under current Australian law, any permanent fixtures on land are the property of the landholder (Crabtree et al. 2012). In the discrete communities, land is owned collectively by residents, with Indigenous councils acting as trustee. Service providers and tenure holders both need tenure arrangements that provide surety for their ongoing activities and interests.

Current tenure arrangements

While Indigenous Queenslanders can purchase ordinary freehold or leasehold land, most landholdings by Aboriginal and Torres Strait Islander people in remote and discrete communities is Aboriginal freehold or land held in trust.

The laws governing Aboriginal freehold land are established under the Queensland *Aboriginal Land Act 1991 (ALA)* and *Torres Strait Islander Act 1991 (TSLA).* These Acts allow for the grant of inalienable freehold title to Land Trusts and Corporations for the broader Indigenous group—that is, land is held collectively and cannot be sold, mortgaged or transferred.

The ALA and TSLA allow land to be used for economic purposes; however, the resource rights associated with tenure vary from location to location.

As of 2017, the state has transferred almost six million hectares of land in remote areas—mostly on Cape York—to Aboriginal Freehold (DNRM 2017) (Figure 56, p. 237). The Commission understands from discussions with the Remote Indigenous Land and Infrastructure Program Office (RILIPLO) and Cape York Land Council that most transfers of land were made to Land Trusts.
In the discrete townships, the predominant form of land tenure is a Deed of Grant in Trust (DOGIT) where the council holds land tenure on behalf of all residents. The ALA and TSLA provided a specific provision for the government to transfer DOGIT land to Aboriginal Freehold, but the Commission understands that this is yet to occur in most discrete communities.

The ALA and TSILA allow for the creation of 99-year leases in a simple, flexible framework without ministerial approval. These leases can only be granted or transferred to non-Indigenous people under certain circumstances. Leasing of DOGIT land is also governed by the ALA and TSILA.

The *Aboriginal and Torres Strait Islander (providing Freehold) Amendment Act 2014* amended the ALA and the TSILA to provide for the conversion of town areas in discrete communities to ordinary freehold. Once granted, this would allow the land to be sold or transferred to any party, including non-Indigenous people. However, as noted by Terrill (2015), the conversion to freehold is likely to be challenging (and expensive), since it would involve the extinguishment of any native title interests. This may be a disincentive—the Commission understands that there has been little interest in pursuing conversion of land to ordinary freehold in the discrete communities.

Native title coexists with land tenure, a further complicating factor

Native title confers certain rights to traditional owners of land, where these rights have not previously been extinguished and an ongoing connection to land can be established (Native Title Tribunal 2010). The rights conferred by native title vary and may include the right to possess and occupy an area to the exclusion of others (exclusive possession)—generally only recognised where land has not been previously utilised or is already held by Indigenous Australians.

Native title coexists with land tenure and the interests may be held by different parties. For example, native title exists over most discrete townships; however, the tenure is held as DOGIT by council on behalf of all residents. The residents of discrete communities may have no traditional connection to the land, but are likely to be descended from people who had been settled there for historical reasons. The holders of native title are traditional owners, who may or may not reside in the community.

Indigenous land and native title are not mutually exclusive with economic development, and many successful developments on Aboriginal land coexist with native title interests (COAG 2015, p. 23). This is consistent with the view of stakeholders the Commission spoke with.

There is an opportunity to do more to support land owners and native title holders in leveraging their respective interests to promote economic development. Enabling activity on jointly held land requires the negotiation of an Indigenous Land Use Agreement (ILUA), which sets out the conditions (including any compensation measures) by which native title holders will allow any future acts that may interfere with any rights conferred through their native title interests. However, the evidence is that these negotiations can be expensive and protracted.

Cape York has particularly challenging land tenure

Cape York requires some special mention. It has a large Indigenous population and a large proportion of Queensland’s discrete communities are situated here.

It has some particularly difficult land tenure challenges, both because of the wide range of tenure types and the fact that native title rights have been, or are being established—across Cape York, 90 per cent of the land area is subject to a native title claim (National Native Title Tribunal 2017, see Figure 57, p. 236). Where it has been determined, most of the Cape York native title area is exclusive native title, meaning that traditional owners control access to land.
The land administration system

The land administration system (LAS) determines the ability of Aboriginal and Torres Strait Islander people to effectively use their land assets (Box 11.1). Currently, the land administration system is excessively complex making the resolution of land tenure issues a difficult and lengthy process.

**Box 11.1 Land administration system in the communities**

The land administration system (LAS) allows for the creation of legally secure and certain interests in land and is essential for using and managing interests in land.

Land administration is a broad topic and involves the interaction of many interdependent parts—nevertheless, the LAS facing remote and discrete Aboriginal and Torres Strait Islander communities is more complicated than in the rest of the state.

Legislation covering land use is covered in at least seven separate State and Commonwealth Acts (four of which are Indigenous-specific):

- *Land Act 1994*
- *Land Title Act 1994*
- *Planning Act 2016*
- *Aboriginal Land Act 1991*
- *Torres Strait Islander Land Act 1991*
- *Aboriginal and Torres Strait Islander Land Holding Act 2013*
- *Native Title Act 1993.*

Much of the land under Aboriginal and Torres Strait Islander control is also subject to range of conservation and heritage controls, including provisions of the:

- *Vegetation Management Act 1999*
- *Nature Conservation Act 1992*
- *Water Act 2000*
- *Mineral Resources Act 1989*
- *Aboriginal Cultural Heritage Act 2003*
- *Cape York Peninsula Heritage Act 2007*
Communal versus individual property rights

Communal property rights can impede economic development and wealth creation in the communities, and result in tension between the interests of traditional owners and long-term residents. Access to land for economic activities needs to be balanced with the maintenance of cultural capacity through tenure security. These issues are further explored in Box 11.2.

Box 11.2 Are individual property rights important?

Hughes et al. 2010 argue that communal property rights are an impediment to home ownership and economic development in remote communities. They argue that common land tenures and collective management have discouraged entrepreneurship and individual responsibility, and entrenched community dysfunction. They conclude that this has led to the low levels of productivity, economic activity and high levels of government dependence evident in discrete communities.

The authors consider a normalisation of tenure arrangements as key to changing outcomes in Indigenous communities, arguing that individual property rights are key to kick-starting economic development and business activity. Home ownership is seen as a pathway to wealth creation, and the authors advocate giving title to long term social housing tenants at no cost, in combination with tenure reforms aimed at generating individual property rights.

Critiques of collective tenures have also argued that these systems constrain democracy. Ascribing leadership to only those able to prove an unbroken traditional use of their land excludes those from outside the group, even if they have a legitimate interest for historical reasons—this may be a real issue for the many residents of Queensland’s discrete communities who are not traditional owners of the land, but whose ancestors may have been forcibly settled in these communities.

Further, communal governance arrangements are more likely to suffer from partisanship or nepotism, and tend to distribute benefits to the select favourite clique. This is further exacerbated by collective decision-making restricting the scope for individual action and risk-taking.

Others, such as Small and Sheehan 2008 support using a rights-based framework—access to land and security of tenure is regarded as a means to achieve human rights, including cultural rights that may restrict the activity of individuals. While using land for economic activities is not excluded, the emphasis is maintenance of cultural capacity through tenure security.

This view would appear to agree with the views of most Indigenous spokespeople. Noel Pearson, a prominent advocate for private ownership rights, is clear in his support for land rights, stating that communalism is ‘the very basis of Aboriginal Culture’ (cited in Bradfield 2005).

However, Pearson is also clear that collectivist tenures need to work with modern economies:

> Private ownership is a real issue for Indigenous reform and development. Communal land tenure works for hunter-gatherer economies but modern economies depend on property rights. There is a clash between the cultural imperatives of communal tenure and the development imperatives of private tenure. (Pearson 2007)

> The stultifying communalism of Aboriginal communities is the product of our bureaucratic dealings with the state rather than a true reflection of our ancient traditions. Until Aboriginal communities break out of the strictures of collectivism and free individuals and
Significant progress has been made

Until recently, the land administration in the discrete communities was almost non-existent. Cadastral surveys had not been conducted, meaning it was impossible to identify individual land parcels in communities—as a result, public infrastructure, including roads and housing, were often constructed without thought for property boundaries (Moran 2016).

Significant progress has been made in improving land administration in the discrete communities, largely led by the work undertaken by the Remote Indigenous Land and Infrastructure Program Office (RILIPO) (Box 11.3).

Box 11.3 Remote Indigenous Land and Infrastructure Program Office

In 2009, the Queensland Government began a process to drive changes to land administration and town planning to enable long-term leases for home-ownership and economic investment. This process was managed by the Remote Indigenous Land and Infrastructure Program Office (RILIPO), an office of the Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP). Unlike in other jurisdictions, RILIPO has been successful in moving the planning landscape in Queensland discrete communities towards normalcy (Forrest 2014). Actions include:

- undertaking cadastral surveys of the land to define property boundaries
- completing road encroachment surveys
- conducting lot surveys and state government asset surveys
- facilitated the implementation of town planning schemes in 14 communities, with two others nearing completion
- completing development applications and other administrative work to enable long-term leases to be executed
- resolving outstanding title issues on blocks of land (although the 'Katter Leases' remain largely unresolved).

RILIPO also coordinates infrastructure development and native title compliance in the communities, including Indigenous Land Use Agreements (ILUAs) between native title holders and other parties.

11.2 Key issues and challenges

Stakeholders tell us that much is still required to improve land administration

Although there have been significant gains in resolving native title issues, completing surveys over townships and the transfer of land to Aboriginal Freehold title, stakeholders told us significant work remains to be done to remove impediments, to allow greater land use for economic development and to facilitate home ownership.

Stakeholders have raised concerns that land administration is not meeting the needs of Aboriginal and Torres Strait Islander people living in remote and discrete communities:

*It is clear that the LAS is dysfunctional in Cape York ILGAs and other remote and discrete Aboriginal and Torres Strait Islander communities, and it lags far behind the standard of LAS services that the rest of Queensland enjoys and depends on to successfully enable social and economic participation.*

*(Cape York Land Council sub. 20, p. 3)*

Partly, these concerns relate to a lack of a clear plan for moving forward:

*The LGAQ has resolutely advocated for an overarching plan for land tenure reform in Queensland’s Indigenous local government areas. The LGAQ, and its seventeen (17) Indigenous local government members, recognise that appropriate land tenure underpins and enables regional economic growth and community advancement.*

*Ultimately, without a certain and secure land administration framework, Queensland’s discrete Indigenous communities will continue to be reliant on grant funding and external service delivery.*

*(LGAQ sub. 14, p. 35)*

The concerns of stakeholders may be exacerbated by a perception that government action to reform land administration arrangements in communities has been driven by government rather than community priorities. For example, actions to conduct cadastral surveys in discrete communities were largely seen as being precipitated by a need to secure tenure and progress housing construction under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) rather than as a response to long-standing complaints from community.

However, there were also concerns about slow progress and a lack of consultation:

*We already have complex land tenure arrangements in the Torres Strait, and history has shown (as with the unresolved ‘Katter’ Land Holding Act leases) that insufficient processes leave a divisive legacy which can have significant impacts on community wellbeing.*

*It is vital that departments, and their contractors, obtain all necessary Native Title approvals before bringing plant, equipment and supplies to sites. Too often this fails to occur, resulting in breaches of requirements under cultural heritage and Native Title legislation, and causes understandable anger and distress for affected community members (and adverse impacts on Council’s relationships)*

*(TSIRC sub. 12, p. 30)*

Stakeholders also told us that, although significant progress has been made recently with surveying town areas in discrete communities, many land users still do not have a registered interest in land (that is, the lot is yet to be surveyed and registered).
The land administration system constrains the ability of Indigenous land holders to capture market opportunities

The Commission has not assessed the extent to which market opportunities may be available to Aboriginal and Torres Strait Islander land holders residing in remote discrete communities. However, a range of challenges exist, including:

- large distances to market
- insufficient infrastructure, including roads and telecommunications
- high costs of doing business
- difficulties recruiting specialist staff.

Despite these difficulties, the literature suggests that there are economic development opportunities that are not being harnessed (Altman 2001; Cape York Institute 2005; Forrest 2014). These might include eco-services and land management, customary or hybrid economy products, mining, forestry or other commercial ventures (SCRGSP 2016a).

What is clear, is that market opportunities in remote locations are currently rare, so when new opportunities arise they need to be quickly harnessed by Indigenous organisations—this is hampered by slow and costly land approvals and tenure resolution processes.

A confusing array of tenure types exist in remote Indigenous land holdings

The Commission has been advised that there is a complex array of tenure types in remote and discrete Aboriginal and Torres Strait Islander communities:

Some of the regions greatest challenges include ... land tenure complexity due to Native Title in 14 of our 15 communities (with Hammond Island still being at claim stage) and a patchwork of land tenure models implemented over many generations. (TSIRC sub. 12, p. 6)

This would appear to create unnecessary confusion and cost:

Land tenures in ILGAs include Deed of Grant in Trust (DOGIT), Aboriginal freehold, Aboriginal freehold lease, Land Holding Act ('Katter') lease, Aboriginal reserve, Reserve for Departmental and Other purposes, USL, road reserve, and fee simple freehold. Each of these tenures includes a unique set of rights and interests, and are held by a variety of parties. The mix and proportion of tenures varies in every ILGA and is especially variable within town areas. The mix of rights and resources provided by the various tenures, quite often in adjoining or adjacent lots in a small community, creates confusion and uncertainty for people wanting to engage and invest in enterprise. Alternatively, because of land administration issues, the rights and interests associated with various tenures are ignored and the land is used for purposes inconsistent with the purpose of the tenure, which creates further confusion and conflict. (Cape York Land Council sub. 20, attachment A)

Yarrabah Shire Council notes that tenure issues make it challenging for council to accommodate service providers and places large burden on their stretched resources:

These parties all have their own leasing team or solicitors who require lease terms and have internal policy relating to tenure security ... these often do not account for the specific requirements of the Aboriginal Land Act 1991, or are intensely bureaucratic in their execution. These place unnecessary strain on Council resources ... it also eats in to the overall funding allocated for the given project. (Yarrabah Shire Council sub. 11, p. 14)
There are also long-standing issues with leases issued under the *Aborigines and Torres Strait Islanders (Land Holding) Act 1985* (the 'Katter' leases). More than 200 lease applications were approved under the Act—providing applicants with entitlement to a long-term lease—but have not been finalised. In many cases the original applicant has since deceased, and resolution needs to occur with the beneficiaries of their estate.

The introduction of the ALA in 1991 has created issues for the Katter leases, effectively putting them in limbo (Queensland Government 2016b). These technical issues were resolved with the passage of the *Land Holding Act 2013*, but many of the practical issues remain unresolved. Katter leases are further discussed in chapter 12 (Housing).

**Progress on conversion of DOGIT to Aboriginal Freehold**

The ALA (section 91) requires the state to transfer DOGIT land to freehold 'as soon as practicable'. The Commission understands that this would involve the transfer of land tenure to an Indigenous Corporation, but this is yet to occur.

One reason this transfer has not occurred is that there are unresolved issues related to the transfer of infrastructure constructed on DOGIT land. Under Australian law, most permanent fixtures on land are considered to be the property of the tenure holder (Crabtree et al. 2012). This means that any transfer of DOGIT land to an Indigenous Corporation would also involve the transfer of these assets.

Currently, the Commission understands that government infrastructure is held by Indigenous councils without leasing arrangements (the exception is housing recently transferred to 40-year leases)—governments may be hesitant to change this, since legislation affords some comfort while councils remain trustees of land assets.

Councils also own and manage a large number of assets that would be transferred under any shift to Aboriginal Freehold tenure. They also stand to lose significant lease revenue—for example, the Queensland Government currently pays lease fees of $2,800 for each home to Indigenous councils in lieu of rates (from personal correspondence with DPHW officers).

The Commission understands that it is possible to address these issues through leasing arrangements, although this may not be straightforward.

**Key issues might include:**

- reaching agreement between any new land holding body and infrastructure 'owners' about the terms of lease agreements
- identifying any legislative impediments—for example, social housing managed by the state would appear to not be rateable; therefore, councils would not have an immediate source of revenue to replace leasing revenue currently paid by the state.

**Communal ownership can make it difficult to create a bankable interest in land**

Lending and investment allows individuals and businesses to build in the assets they own and enables the pursuit of economic opportunity, such as home ownership or start-up funds to initiate a small business.

Loans with banks generally need to be secured with an asset so that if a borrower defaults, the bank can sell the asset and recoup its debt. The inalienability and communal nature of land interests including native title and Aboriginal land mean that these land interests are not readily 'bankable' (Crabtree et al. 2012).

Under the ALA and TSILA, bankable assets can theoretically be created through the issuing of long-term leases. These long-term leases can preserve the underlying communal title, while creating a transferable interest which can be used as collateral for a loan (COAG 2015). However, to issue a transferable lease, the native title interests of traditional owners first need to be addressed.
Native title and tenure interests are difficult to resolve

As discussed earlier, native title interests can be addressed through an ILUA which sets out agreed activities allowed on land holdings, including any compensation arrangements for future acts which impede native title interests (see Box 11.4). The ease by which an ILUA can be settled will likely depend on the extent to which there is an alignment between the future interests of the tenure holder and those of the native title holder.

Creating incentives that align the interests and native title holders is likely to be a key to unlocking the potential of Queensland remote Indigenous land holdings—given the claims currently in progress, it is likely that native title will coexist with other interest for almost all of Cape York (National Native Title Tribunal 2017).

A Senior Officers Working Group report to COAG (COAG 2015) noted emerging concerns about land tenure resolution and suggested that a way forward was to invest both native title and tenure interests in the same body. This view was shared by some stakeholders; however, there were concerns that recent conversion of crown and DOGIT lands to Aboriginal Freehold had not sufficiently considered how native title and tenure interests could be aligned.

The Cape York Land Council (sub. 11, attachment A) expressed concerns that recent land transfer arrangements—where Aboriginal land tenures are being granted to Land Trusts, while native title interests are being determined by separate PBCs—are hindering development:

> Whilst native title determinations and tenure transfers to Aboriginal ownership in land trusts are strongly supported, issues have arisen in some ILGAs where separate Indigenous corporations have been established to hold different rights and interests in the same area of land. This arrangement is cause for further confusion and conflict in communities, and presents significant obstacles to social and economic participation and government service delivery.

These concerns were echoed by the Cape York Institute:

> The dual role of council as local government, and Land Trustee, also constrains development by stifling local entrepreneurial effort by setting up the council and the PBC for complex negotiations and conflicts over land. Where native title exists over land for which the Council is Trustee, there are interests held in the same land managed by two separate indigenous organisations—the PBC and the council—which inevitably leads to tension. (sub. 26, p. 16)
Box 11.4 Indigenous Land Use Agreements (ILUAs)

An ILUA is a negotiated agreement between native title groups and other parties (such as governments, pastoralists and mining companies) about the use and management of land and waters.

ILUAs may cover many different things, such as the conditions upon which activities effecting native title maybe carried out, arrangements for cultural heritage inspections and the avoidance of damage to cultural heritage, compensation to native title holders for the loss of native title rights, the way in which the exercise of native title rights may be carried out, and protocols for future negotiations concerning Future Acts.

When the National Native Title Tribunal registers an ILUA, it becomes binding for all of the native titleholders, for the group concerned.

In the course of advancing a native title claim, it is often necessary to negotiate various ILUAs with respondent parties—land councils and RILIPO may provide assistance to develop the ILUA and to settle the legal wording of the agreement.

It is possible that ILUAs can be developed in relation to land that is not under claim but this is unusual.

All ILUAs require an authorisation meeting (community meeting) to approve of and authorise the signing of the ILUA by the applicants on behalf of the claim group. Land councils and RILIPO may facilitate and arrange these types of meetings for the ILUAs it has been involved in developing.

In its role as the Cape York native title representative body, Cape York Land Council (CYLC) facilitates the negotiation and registration of ILUAs. Some recent ILUA activity of the CYLC includes:

**Mapoon Township Community Development ILUA (finalised 2015–16):**
- Anticipates the likely future development in the town area, including home ownership.
- Provides simplified processes and compensation formulas for native title consent for those acts.
- Enables development in Mapoon that is easier, quicker and less expensive for all parties.

**Peninsula Developmental Road (under negotiation):**
- Significant opportunities are being negotiated as part of the ILUA, including contracting of Cape York Aboriginal companies for the road upgrade and ensuring employment of Cape York Aboriginal people by other contracted companies.
- It is expected to realise economic and employment benefits over several years.

**Sandstone East Aggregate ILUA (signed 2016):**
- It transferred 54,510 hectares of land as Aboriginal freehold to the ownership of its Traditional Owners.
- Some of the land will be declared as a jointly managed National Park.
- The remainder will be available for economic uses such as grazing, tourism and other uses as Traditional Owners see fit.

*Source: Native Title Tribunal 2016; North Queensland Land Council 2017.*
Some stakeholders are concerned that Indigenous Councils holding land tenure creates conflicts of interest and stifles economic activity

There are concerns that allowing Indigenous Councils to hold land tenure places too much power in a single body:

*If you are a community member wanting to obtain a lease on town land in your community to set up a business, the price and process by which you obtain such as lease from council is likely to be highly uncertain, dependent on politics and your own personal standing with council, and the time taken to resolve will also depend on the capacity of the council involved. Having council as the trustee, puts them in the role of gatekeeper with complete control over whether any entrepreneurial effort can occur if it requires a lease in town. (CYI sub. 26, p. 16)*

The position of Indigenous councils on this matter is not clear, and the Commission is seeking further views on this matter. Nevertheless, several councils have noted that they would like to be able to focus on their core responsibilities rather than being responsible for all community activity. The Commission also notes that the Torres Strait Islander Regional Council has deferred all trustee decision-making to individual island communities.

**Statutory plans have constrained land use**

Stakeholders have raised concerns that recent statutory plans have been developed without sufficient consideration for land suitable for economic activity—as a result, much land has been zoned as being suitable for conservation and environmental management use purposes. This is evident in the Aurukun Planning Scheme (Figure 55), which shows that all land area in the community, apart from the immediate township, has been zoned as for conservation and environmental management. Other planning regimes, such as those imposed through the Cape York Regional Plan, can add additional layers of land use regulation or restriction.

Stakeholders indicated that restrictive planning schemes, combined with the high cost of negotiating with native title interest holders, can make it prohibitively expensive to utilise land resources for economic development, effectively putting land out of reach of all but government and large corporations. Overly bureaucratic processes exacerbate the problem (Box 11.5). This has led to some communities seeking to change planning schemes—during consultation, a Prescribed Body Corporate (PBC) told us it has had to seek funding to develop a master plan and seek amendments to the planning scheme only recently developed for Yarrabah.
Figure 55 Aurukun Planning Scheme

Source: Aurukun Shire Council 2014, p. 133.
Box 11.5 Case study—home ownership leasing in Yarrabah

Yarrabah Shire Council provided the following example, which illustrates the difficulties it has encountered in trying to negotiate a home ownership lease for a community resident who has money in the Public Trustee of Queensland:

a) In 2015, Council as trustee received an expression of interest for a home ownership lease for a client of the Queensland Public Trust (client).

b) The client is homeless and required tenure over land the community culturally and historically acknowledge belongs to him, which required formalisation through a 99-year home ownership lease. This was approved by Council.

c) In September 2015, the Public Trust was provided with an Agreement to Lease and all relevant details to finalise a home ownership lease for the client in response to their request for that information, to release $4,000 for the land payment.

d) On the 14th October, the Public Trustee required further costings and details, the contact in Council who could provide those costings was given to the Public Trustee.

e) On the 8th March next year, after the Council officer returned from Maternity leave, an update was requested from the Public Trust about the case status.

f) On the 11 April, a response was received from Public trust that the Trust Officer had left. She stated that she was unable to give an update and requested an overview.

g) 13th February 2017, the Trust Officer Council. This information had been offered or provided 12 months earlier. However, all information was provided in full again.

h) In response to an email from the client’s Worklink officer, who had enquired about the status of the lease – given the client was still homeless and quite distressed – further contact was made to the Trust Officer on the 16th May 2017 asking if she could update on this case. The response was simply, ‘Not at the moment’.

i) It has been nearly two years since the initial contract was given to the Public Trust to finalise to enable the client to have a home. This matter is still unresolved and with the Public Trust to finalise.

j) The client is still homeless.

Source: Yarrabah Shire Council sub 11, p. 8.
11.3 Potential solutions

Given land tenure issues are much broader than the scope of this inquiry, any changes would need to undergo a full technical and legal assessment before adopting any solutions. However, a number of options could be considered—the Commission is seeking further views prior to the finalisation of recommendations to government.

Recognise the importance of a land tenure system that works for Aboriginal and Torres Strait Islander people

While the Commission acknowledges the work being done by RILIPO, a more strategic approach could be considered. For example, the government’s strategic policy for increasing economic participation—the Moving Ahead strategy (DATSIP 2016d)—makes no mention of land tenure issues or how the large Indigenous land holdings might facilitate economic development.

Build the capacity of Indigenous bodies to better utilise land assets

Extensive legislative and technical expertise is required to maximise opportunities from land interests. While there is a recognition that this capacity is growing amongst Indigenous organisations, work remains to be done. Regional bodies need to be sufficiently resourced to provide technical, governance and other support for Indigenous organisations managing land interests. The Commission understands that RILIPO has sought additional budget allocations to undertake this work. However, some consideration should be given to who is best placed to manage these functions. For example, it is possible that communities would be better served if some functions were under community control.

The Commission notes that land councils are currently providing capacity support for tenure resolution, even though this may be outside of their original charter of operations. Stakeholders had mixed views about whether this was working effectively. Consideration should be given to whether land councils are best placed to provide this support or whether these functions could be consolidated into the regional bodies discussed in Chapter 8.

Consolidate tenure arrangements

Government should ensure that work being done to undertake cadastral surveys in discrete communities is completed—this would mean that each parcel of land being used for, or planning to be used for, a discrete purpose is surveyed and registered as a lot, and the parties with an interest in each lot are recorded on the Land Title Register.

All stakeholders should consider whether benefits would result from merging native title and tenure interests, and, if so, what mechanisms might best encourage merging native title PBCs and land trusts into single entities where this would facilitate better and more efficient use of land.

Consideration needs to be given to how the interests of both native title holders and persons with an historical interest could be brought together—the Commission notes that, while there was general agreement amongst stakeholders that holding both native title and tenure interests in a single body would make it easier for land dealings to occur, there was no consensus on how this could be achieved or whether this was possible in practice.
Consolidate efforts

Broad-based ILUAs provide an opportunity to resolve native title:

A process ILUA provides simple, inexpensive and quick processes for the consideration of native title consent for a range of future acts, including leasing of land and associated developments and a cultural heritage management process for development. (Cape York Land Council sub. 20, p. 4)

The Commission understands that RILIPO has been active in facilitating the development of town ILUAs, but that these are yet to be completed. The Commission would like to better understand who is best placed to undertake these functions, including whether these functions could move to community control.

The Commission also recommends that the government commit to avoiding the use of project-specific ILUAs wherever possible, as this will avoid duplication and waste—this may require projects working to community timeframes rather than those demanded by government processes.

Complete conversion of DOGIT land to Aboriginal Freehold

Government could commit to completing the conversion of DOGIT land to Aboriginal Freehold. A timeframe for this should be negotiated with key stakeholders.

Ensure that communities are enabled to proceed with development opportunities

Government could work with communities to fully assess land values, determine appropriate uses and ensure these are captured properly in statutory-compliant planning schemes. The Commission commends current Queensland Government action to work with communities to develop forward-looking planning strategies (Queensland Government sub. 27, p. 13). This work may need to be driven more by Indigenous stakeholders. Consideration should be given to what role regional bodies may play in enabling better statutory planning under the broader reform agenda.

Economic opportunity

Where Indigenous corporations agree to manage land for public-good environmental outcomes, consideration should be given to how these bodies are resourced to provide these outcomes.

Ensure Indigenous involvement in implementing changes

To achieve change, there will need to be cooperation between agencies, councils and Indigenous land holding entities. In the reform regions, regional bodies could work with these parties to develop an action plan that outlines actions, responsibilities and timeframes.
Seeking further views

The Commission is seeking further views on how the administration of land in communities could be improved. In particular:

- Are there functions in the land administration system that would be better placed under community control—for example, would there be benefits from moving some of the functions currently performed by RILIPO to community control?
- What arrangements might assist the merging of native title and land tenure interests?
- What impediments are there to moving DOGIT land to Aboriginal Freehold and how can these be overcome?
- How can funding from the Australian Government be harnessed to better support Aboriginal and Torres Strait Islander people to use Indigenous land holdings?

Draft recommendation 10

The Queensland Government should progress land tenure reform and establish a plan that sets out a roadmap and timeframes. The plan should consider how:

- land tenure and native title interests can be consolidated or integrated to provide more rapid resolution of differences
- broad-based Indigenous Land Use Agreements (ILUAs) can be used to facilitate the resolution of land tenure and native title interests
- existing planning schemes can be modified to better facilitate future economic development
- the functions to support these actions should be allocated—including whether any functions should be moved to community control
- Deed of Grant in Trust (DOGIT) land in townships should be converted to Aboriginal Freehold
- to complete the survey and registration of land parcels currently in use (or planned to be used) in discrete communities
- to build the capacity of Indigenous land holding bodies.
Figure 56 Land transferred to Aboriginal Freehold

MAP 3

Transferred Land under the
Aboriginal Land Act 1991 and the
Torres Strait Islander Land Act 1991
as at 1 February 2015

Legend:
- Major Towns / Cities
- Local Government Areas
- Cape York Peninsula Region
- Major Roads

Queensland Productivity Commission
Figure 57 Native title claims - Cape York region

Source: National Native Title Tribunal, 2017.
This chapter explores issues associated with the provision of social housing in remote and discrete Aboriginal and Torres Strait Islander communities. The issues presented in this chapter are also related to many of the issues presented in the chapter examining land tenure, even though that chapter mainly deals with the use of land for home ownership.

Key points

- Remote and discrete Aboriginal and Torres Strait Islander communities suffer from very high levels of overcrowding.

- There is a very high dependency on social housing in discrete communities—this is largely the result of historical policies.

- There has been no commitment from the Australian government to funding for housing past 2018. The need for subsidies in the communities will remain for the foreseeable future.

- Many of the social housing tenancy and maintenance functions previously performed by community organisations and councils have been transferred and mainstreamed through the Department of Housing and Public Works (DHPW).

- Stakeholders have raised concerns that the new arrangements are overly bureaucratic, inefficient and inappropriate for remote settings. This is supported by evaluations.

- Similar concerns have been raised about new construction that is coordinated by Building Asset Services (BAS).

- Some stakeholders have also raised concerns about the suitability of housing design, questioning its suitability for Indigenous residents in remote and discrete communities.

- Arrangements under the National Partnership Agreement on Remote Indigenous Housing (NPARIH) appear to have created incentives that have worked to entrench council as holders of land tenure in discrete communities.

- Social housing also creates a range of perverse incentives that may discourage the uptake of economic opportunity, entrench disadvantage and discourage travel for medical treatment.

- Solutions are not simple, but may include:
  - the active involvement of Aboriginal and Torres Strait Islander people in property and tenancy management
  - the removal of red tape associated with construction and maintenance
  - more cautious use of procurement policy
  - the use of innovative funding mechanisms that increase residents ‘skin in the game’.

- Currently, social housing is made available for home ownership based on replacement costs rather than market value. Significant home ownership (and wealth creation) opportunities could be created through the transfer of existing social housing stock to long-term tenants at zero (or low) cost.
12.1 Current status

Remote and discrete communities are characterised by high levels of overcrowding

Across all remote and discrete Aboriginal and Torres Strait Islander communities, the latest Census\textsuperscript{23} data (ABC 2017) show that 22 per cent of indigenous households were overcrowded, a figure much higher than the Queensland average rate for all households (5 per cent).

The rate of overcrowding varies considerably between communities. Rates of overcrowding are much higher in the discrete communities (31 per cent), with some communities experiencing extremely high rates. For example, close to 50 per cent of all households in Yarrabah are overcrowded (ABS 2016a).

Official estimates may significantly understate the true level of overcrowding in Indigenous households (see Box 12.2).

Housing built under the National Partnership Agreement for Remote Indigenous Housing (NPARIH) would appear to have made significant inroads to addressing overcrowding. Using a slightly different measure than above, the Commission estimates that overcrowding rates across all remote and discrete communities have fallen from 40 per cent in 2006 to around 27 per cent in 2016, but remain much higher than the Queensland average rate for all households (5 per cent).

High levels of overcrowding are associated with negative effects on health, family relationships and children’s education:

• Health can be negatively affected if houses are not appropriately designed for the number of residents, and inadequate bathroom, kitchen and laundry facilities can make it difficult to control the spread of infectious disease (Hall et al. 2017).

• Learning and cognitive development in children are negatively affected by crowding, particularly if there is insufficient space in which to study without disruption (SCRGSP 2016, p.10.3).

• Insufficient control over living space has been shown to increase domestic tension and can increase the chance of domestic violence (SCRGSP 2016, p.10.3).

As demonstrated by the most recent rates of overcrowding, significant unmet demand for housing remains in the remote and discrete communities. While the Commission has not assessed this need, stakeholders have said this is a significant concern.

The Local Government Association of Queensland (sub. 14, p. 33) estimates that a further 1,800 to 2,000 new homes will be required to meet current demand. Yarrabah Shire Council (sub. 11, p. 21) has conducted a review of their housing needs which found that 700 new houses need to be built to bring overcrowding levels in line with those in mainstream communities.

\textsuperscript{23} Some caution needs to be exercised with Census data, since it significantly undercounts the Indigenous population. For example, a recent estimate suggests the 2016 Census will undercount the Indigenous population by 17.5 per cent (ABC 2017).
Funding for NPARIH\textsuperscript{24} is due to end on 30 June 2018. The Australian Government has committed $245 million to remote Indigenous housing in Queensland, with a target of 335 new builds, over the period 2016–18 (DPMC 2016). Although this funding will help address overcrowding rates, it will not be sufficient to bring rates in line with the rest of the state.

At the time of writing, no agreement is in place to continue funding for new construction of housing in remote and discrete Aboriginal and Torres Strait Islander communities.

\begin{center}
\textbf{Box 12.1 What works—NSW Housing for Health Program}
\end{center}

The Housing for Health Program was initially developed in the late 1980s by a small group called HealthHabitat, and still operates today. The program is based around research that found improving essential health hardware (fixing a leaking toilet, ensuring working hot water for washing, having somewhere to wash children, reducing dust, etc.) could lead to improvements in health status and reduce the risk of disease and injury.

The program works with communities and trains local staff to work with technical specialists to inspect, test and repair household fixtures. Only fixtures that have been related to health outcomes are targeted, and works are prioritised in terms of their evidence-based health benefit. The program encourages the use of local tradespeople to carry out specialist works (electrical and plumbing).

The program operates on a small budget—between 1998 and 2009, $10 million was allocated to the program (some small amounts of additional funding was attracted over the same period).

An evaluation conducted in 2010 found that 9,528 people had benefited from the program, with over 51,700 items fixed. Those who received the Housing for Health intervention had a significantly reduced rate of hospital separations—around 40 per cent less than for the rest of the rural NSW Aboriginal population who did not receive the intervention.

\textit{Source: NSW Health 2010.}

\textsuperscript{24} As of 1 July 2016, the National Partnership on Remote Housing (NPRH) replaced NPARIH. NPRH has refocused outcomes on improved housing sustainability and Indigenous business and employment opportunities (DPMC 2016a).
Box 12.2 Assessing housing need—Yarrabah case study

Housing need is linked to levels of overcrowding. Most indicators of overcrowding (including the Census) are based on the Canadian Occupancy Standard (AIHW 2012). The standard states:

- There should be no more than two persons per bedroom.
- Children younger than five years of age, of different sexes, may reasonably share a bedroom.
- Children five years of age or older, of opposite sex, should have separate bedrooms.
- Children younger than 18 years of age, and of the same sex, may reasonably share a bedroom.
- Single household members 18 years or older should have a separate bedroom, as should parents or couples.

Census data show that almost half of Indigenous households in Yarrabah are overcrowded, around 10 times the rate for all Queensland households (around 5 per cent). Although the official rate of overcrowding is very high, it may significantly understate the true rate of overcrowding.

Using unpublished data from the Department of Public Works and Housing (DHPW 2017), official population statistics (QGSO 2016) and data from the 2016 Census, the Commission estimates that the average occupancy rate for Yarrabah is around two persons per bedroom.

Yarrabah Council’s submission (sub. 11, p. 20), suggests that there are significantly higher levels of overcrowding in Yarrabah than are suggested by official data. The submission suggests that the population of Yarrabah may be as high as 4,400 people, much higher than official estimates. If this figure is correct, this would mean that there are more than three people for every bedroom in Yarrabah—around a third higher than suggested by the official data.

This underestimation occurs because the ABS Census excludes Aboriginal visitors when calculating household size—yet, residential mobility is high amongst Aboriginal communities and long-term visitors are common (Memmott et al. 2013).

High dependency on social housing

Almost all housing in the discrete communities is social housing (Table 22). In 2011, over 90 per cent of households in discrete communities lived in social housing. This is not necessarily by choice—in discrete communities, a lack of individual title means that there is little opportunity for private rental markets to operate, and historically, there has been no opportunity for home ownership—up until 2008, it was not legally possible for a resident in a discrete Aboriginal and Torres Strait Islander community to own their own home, and until a few years ago, cadastral surveys had not been conducted to identify individual lots (DATSIP 2017, Habibis et al. 2016).

The Queensland Government’s RICIPO has played a significant role in addressing many of these issues; however, there are still a number of outstanding concerns (see Chapter 11, Land tenure).
Home ownership rates are very low in discrete communities. In 2011, less than 2 per cent of households in mainland discrete communities lived in a home they owned. Outside of the discrete communities, home ownership rates are much higher, with 34 per cent of Indigenous households living in their own home. In remote communities, only 28 per cent live in social housing.

**Table 22 Tenure types, Indigenous households, 2011**

<table>
<thead>
<tr>
<th>Tenure type</th>
<th>Torres discrete (%)</th>
<th>Mainland discrete (%)</th>
<th>Other remote (%)</th>
<th>Rest of Queensland (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own home</td>
<td>8</td>
<td>2</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Rented—social housing</td>
<td>81</td>
<td>95</td>
<td>28</td>
<td>18</td>
</tr>
<tr>
<td>Rented—private</td>
<td>9</td>
<td>2</td>
<td>31</td>
<td>41</td>
</tr>
<tr>
<td>Rented—not stated</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Other or not applicable</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: ABS 2011.

Housing services have moved to state control

Responsibility for the construction and management of social housing was initially provided to Indigenous councils following their establishment in the 1980s. Prior to this, housing had been administered by the state or by the former Missions.

Habibas et al. (2013) argue that Indigenous councils inherited housing stock that was in poor condition and overcrowded, and had been poorly managed, and that the transfer of management responsibility failed to adequately provide any system of tenancy management, housing policies and procedures for the training of staff.

In 2007, the Australian and state governments entered into the NPARIH. Under these arrangements, most social housing was moved from community control to state control through the creation and signing of 40-year leases over social housing land—the Indigenous councils became lessors, and the state the managers of new and existing social housing (DPMC 2016, Habibis et al. 2016). The intention of this policy change was to secure government-funded assets, and to normalise property and tenancy management in discrete communities (from personal communication by DPWH officers).

By 2017, the majority of social housing in discrete communities was under the control of DPWH (Table 23). The exceptions are Yarrabah and Cherbourg (who are not classified as remote and are therefore not eligible for funding under NPARIH) and the Torres Shire Council (who resisted the transfer of their social housing stock).

Following the introduction of NPARIH, tenancy management, such as rent setting, arrears management, allocations and eligibility came under state control with rules follow standardised public housing policy (Habibis et al. 2016).

**Table 23 Social housing management in the discrete communities, 2017**

<table>
<thead>
<tr>
<th>Manager</th>
<th>Number of houses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>3196</td>
</tr>
<tr>
<td>Community</td>
<td>1722</td>
</tr>
<tr>
<td>Total</td>
<td>4918</td>
</tr>
</tbody>
</table>

Source: DHPW 2017.
12.2 Issues and challenges

Reliance on government subsidies

Demand for housing in the remote and discrete communities is likely to remain high for the foreseeable future:

- The natural rate of population growth in remote and discrete Aboriginal and Torres Strait Islander communities is significantly higher than for the population in the rest of the state. Currently, the discrete communities have high rates of out-migration—it is not clear to what extent the shortage of housing in these communities encourages this, or if there are other factors, such as moving for employment opportunities, that are responsible.

- Many Aboriginal and Torres Strait Islander people living outside of the discrete communities would like to return to their communities but cannot due to a shortage of housing—Yarrabah Shire Council, for example, estimate that there is significant unmet demand for housing, with many individuals living in Cairns due to housing shortages in Yarrabah.

While a range of things can be done to improve housing in communities, it is likely that the communities will remain reliant on public subsidies for the foreseeable future:

- There is currently very little private rental market activity in remote communities and almost none in discrete communities.

- Banks are hesitant to provide loans for home ownership in remote and discrete communities because construction costs are high, incomes are low and markets are shallow (ANZ 2007, Crabtree et al. 2012).

- Construction costs in remote areas are very high and harsh weather conditions may result in high rates of depreciation (Szava et al. 2007).

- Existing residents have limited experience with home ownership (Memmott et al. 2009).

Property and tenancy arrangements are a work in progress

Rents are set as a proportion of income up to the market rent. In the remote and discrete communities, maximum rents are set using benchmark market rents from Burketown (from personal communication by a DPHW officer). Under this model, maximum rents are very low (Table 24).

Although rent arrears in most communities are reasonably high\(^25\), the majority (83 per cent) of households have no or only very minor arrears The Commission was unable to determine if the move to state management improved rent collection; however, conversations with Department staff suggest rental arrears have fallen significantly since rent collection was mainstreamed.

**Table 24 Rents in DPWH-managed housing in discrete Aboriginal and Torres Strait Islander communities**

<table>
<thead>
<tr>
<th>Number of properties</th>
<th>Average rent payable</th>
<th>Average market rent on tenancy</th>
<th>Average subsidy</th>
<th>Properties in arrears</th>
<th>Average arrears</th>
</tr>
</thead>
<tbody>
<tr>
<td>2988</td>
<td>$116.35</td>
<td>$124.24</td>
<td>$8.41</td>
<td>668</td>
<td>$380.40</td>
</tr>
</tbody>
</table>

Source: DHPW 2017.

\(^{25}\) While 17 per cent of residents are 4 weeks or more in arrears, these arrears do not make a significant contribution to the net cost of service delivery.
Evaluation of changes to housing management by Habibas et al. (2016) found that the NPARIH reforms were able to provide some improvements to tenancy management. However, these positive effects were most evident in jurisdictions that had utilised a hybrid tenancy management model where the state had worked to build capacity rather than take control. The authors found that, for the Queensland communities reviewed, changes to tenancy management had been less successful, with little change in tenants' perceptions of change and relatively low levels of satisfactions around tenancy management arrangements.

Stakeholders have raised some concerns that government was not well positioned to manage tenancies in remote communities:

*Hence raise questions about government scrutiny and poor monitoring that effect housing tenancy abuse which disadvantage others on waiting list to live in a structure of homelessness and overcrowding.* (NWQICSS sub. 23, p. 8)

**Property and tenancy management costs appear high**

Although the Commission was not able to determine the total cost of managing social housing stock in communities, it appears that costs associated with tenancy management arrangements are high. 

NPARIH funding data show that over the last three years of the reforms, funding for property and tenancy management reforms accounted for $404 million, or 32 per cent of all NPARIH funding (Table 25).

**Table 25 NPARIH funding to the states and the Northern Territory, 2011–2018, $ million**

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital works</td>
<td>716</td>
<td>205</td>
<td>402</td>
<td>308</td>
<td>240</td>
<td>232</td>
<td>215</td>
<td>3,226</td>
</tr>
<tr>
<td>Employment-related accommodation</td>
<td>15</td>
<td>5</td>
<td>20</td>
<td>21</td>
<td>25</td>
<td>44</td>
<td>18</td>
<td>186</td>
</tr>
<tr>
<td>Property and tenancy management</td>
<td>63</td>
<td>94</td>
<td>114</td>
<td>126</td>
<td>124</td>
<td>153</td>
<td>113</td>
<td>932</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>794</td>
<td>303</td>
<td>536</td>
<td>455</td>
<td>388</td>
<td>428</td>
<td>346</td>
<td>4,684</td>
</tr>
</tbody>
</table>

*Note: Totals include expenditures from 2008 to 2018. Source: DPMC 2016.*

While we have not been able to allocate all Queensland Government expenditures on property and tenancy management to the remote and discrete Aboriginal and Torres Strait Islander communities, data from DATSIP show that these are large in the communities where data are available. For example, data show that in 2015–16, over $400,000 was allocated to tenancy management in Hope Vale—a community with 226 state-managed houses. These costs cover staff employment, office costs, accommodation and travel, but exclude maintenance costs (from personal communication by a DPWH officer).

The expenses associated with tenancy and property management, maintenance and lease payments to councils mean that the state currently does not recover operational costs from rent (nor capital costs). In Hope Vale, after tenancy management costs ($400,000) and fees to the trustee ($570,000) are deducted from rents payable (around $1.2 million per annum), there is little left to cover maintenance costs.
Maintenance arrangements could be more efficient

In line with the mainstreaming of tenancy management, the arrangements for maintenance were also moved in line with public housing standards. This would appear to have resulted in a system that is both inefficient and culturally inappropriate.

*Maintenance is the aspect of the model that works least well in the case study communities. A high level of dissatisfaction from tenants and other stakeholders was evident regarding maintenance arrangements. A variety of concerns were reported: blue phones often don’t work or tenants are reluctant to use them for a range of reasons including delays getting through, language barriers and the call centre operators not understanding the remote community context…...Tenant complaints about delays in repairs and maintenance as maintenance budgets are stretched and it is increasingly only urgent health and safety issues that is undertaken. Tenants also complain about not receiving information about maintenance, including maintenance contractors arriving without notice … Stakeholders also raised concerns about the efficiency and cost of repairs and maintenance due to the duplication of effort and cost where the Building Assets Services, council and private contractors are all involved. (Habibis et al. 2016, p.58)*

These concerns were echoed by many stakeholders, particularly regarding the way that maintenance is reported:

*The principal means of reporting maintenance issues for social housing is via “BluePhones” in each community which connect directly to a BAS call centre in South East Queensland. Call centre staff frequently lack awareness of the existence, location and culture of the Torres Strait. When this lack of cultural awareness is combined with the fact that English is the 2nd or 3rd language of many callers, it makes the system very difficult for community members to navigate. Tenants frequently report having made multiple reports of maintenance requirements with no feedback or work completed. This in turn impacts on rental collection rates, as tenants cease paying rent with the belief that they are not required to pay rent until maintenance is completed. (TSIRC sub. 12, p. 29)*

This is not a new issue and was raised by stakeholders when the reforms were first implemented.

*I am sure that there are no blue phones anywhere still extant in the former Soviet Union. The last holdouts of bureaucratic socialism on the planet live under the name of housing reform in remote indigenous communities. (Pearson 2010)*

Stakeholders also raised concerns about inefficiencies in the way that maintenance works happen, particularly the relationship with Building Asset Services (BAS). TSIRC (sub. 12, p. 27) identifies a number of inefficiencies in the current system, including in the way that works are priced, scoped and inspected. These include:

- The level of bureaucracy is high, with multiple layers of approvals meaning that often approvals for works are not granted until well until the financial year; therefore, works have to be completed quickly, exacerbating the difficulties associated with remote works.
- Scoping errors lead to houses being scheduled for upgrade, while they have recently been upgraded, while others in need of upgrading are ignored.
- Inspections to verify work has been completed is undertaken by fly-in, fly-out BAS staff, when this could be done using existing local qualified residents for less cost.
- A lack of holistic planning meaning BAS staff need to fly in and out on a regular basis, when this could be done in a single trip.
Construction arrangements appear to be excessively burdensome and may not be delivering the housing that is needed

There are some concerns that the current approach to planning and design is not delivering the right housing outcomes for remote and discrete communities:

- Poor design of housing settlement and planning, require more transparency and active input from an inclusive approach that provide much needed desire for community to have input into planning a design that give prior informed consent. (NWQICSS sub. 23, p. 8)

- Housing needs to respond to the market rather than rely on historical approaches to housing in Indigenous communities. It has been proven time and time again that the current design parameters fail in Yarrabah. Houses are being work out prior to the end of their useful life because they are an inappropriate design ... the standard departmental design policy is totally inappropriate for community style living ... The current design policy is therefore outdated and culturally insensitive and would never survive if Yarrabah people had the same choices as if they could engage in the free market. (YSC sub. 11, Annexure D, p. 5)

TSIRC (sub. 12, p. 29) also raised concerns that the process for design and approval processes for the construction of new dwellings are overly bureaucratic, does not comply with industry standards and creates unnecessary delays. They state that this occurs because under the current arrangements BAS is required to review completed design drawings prior to review, despite there being design guidelines in place. TSIRC suggest that a design contractor should be able to submit certification for their architect confirming that the completed design complies with the New Housing Design Guidelines, in line with industry standards.

These issues are not new. A review conducted in 2008 that included remote communities in Queensland identified significant liveability problems relate to a lack of concern for ‘core cultural issues’, a general lack of liveability in internal and external spaces and the ineffective management of the housing process (Fien et al. 2008, p. 1).

The social housing system has created a range of perverse incentives

Social housing creates inefficiencies

As social housing is not owned individually, it can result in a moral hazard problem—this occurs because individuals are not responsible for the costs of repairs and hence have no incentives to care for housing. This can increase the cost of housing provision by making repairs more frequent and/or reducing the lifespan of housing—the cost of which is currently worn by public housing authorities.

In a similar vein, a lack of a ‘say’ in the management of one’s housing has been associated with tenant wellbeing and taking better care for housing (Kraatz et al. 2015, p. 36). This is related to a ‘tragedies of the commons’ problem where a lack of individual property rights means individuals have few incentives to care for property.

A reliance on social housing erodes social norms

A key complaint about the social housing system in discrete communities is that it works to erode positive social norms particularly those norms relating to individual responsibility (for example, see Cape York Institute 2007).

*Housing in Aboriginal communities is central to the problem of passive welfare. (Pearson 2010)*

This erosion of norms occurs because people living in communities are heavily reliant on social housing and the current system requires very little in return, apart from paying a small contribution to the cost of running the system. Rather than taking an active role in the management of housing, Indigenous communities have become passive recipients of externally managed housing.
Habibis et al. 2013 examined interactions between the state, Indigenous citizens and Indigenous governance structures. This research emphasised the importance of cultural conditionality in Indigenous housing arrangements and found:

> These accounts provide a consistent narrative that when the state attempts to position Indigenous people according to its own norms and expectations it leaves a legacy of distrust and cynicism. Undifferentiated expectations about what constitutes ‘good citizenship’ and insufficient attention to the capacity of populations to meet such expectations risk generating apathy and resistance amongst target populations resulting in ‘lose-lose’ policy outcomes. (Habibis et al. 2013, p. 4)

Schuele and Ellerman (2017) go further and argue that imposing inappropriate housing solutions on Indigenous people creates an environment of apathy and lack of care, which in turn encourages the growth of a range of social problems. They cite examples from the Americas, and highlight how different approaches to housing in Aurukun and Mapoon have led to very different outcomes.

**Tenancy rules seem to create disincentives to work**

As noted in Cape York Institute’s assessment of the economic viability of Cape York communities, a high degree of mobility is likely to be required if the residents of discrete communities are to take up employment opportunities (Cape York Institute 2005).

Tenancy rules, combined with housing shortages and a lack of a private rental market (see Chapter 11) mean that community members have few incentives to leave communities for work since they may face losing housing they have waited years to attain. As noted by the Torres Strait Island Regional Council:

> There are families not on the waiting list who hold professional and trade qualifications and cannot return to the Torres Strait due to lack of housing. Similarly, there are highly skilled people living in the Torres Strait who are ready to leave due to overcrowding. Our housing situation therefore also acts as a barrier to building capacity in the region by preventing highly skilled Torres Strait Islanders returning home, and forcing people to leave due to overcrowding. Lack of housing hinders mobility into and out of the Torres Strait and so also impacts on the development and retention of skills and experience in the region. (TSIRC sub. 12, attachment 3, p. 16)

The low rents on offer in social housing can also leave people worse off if they move to take up work. As noted in the Forrest review, this problem is exacerbated in remote communities where moving not only means leaving kin, it also is most likely to entail taking up a low-skilled and low paying job, leaving families financially worse off after rents are accounted for (Forrest 2014).

**The system can discourage people to seek treatment and cause social disharmony**

Grant et al. 2017 noted that the prevalence of disability was high amongst remote Indigenous populations, housing with disabled residents often lacked relevant amenities and these residents were often unaware of or did not understand processes for enabling even basic modifications. The authors found that these issues meant residents often had to leave community, at great personal cost.

The current tenancy management arrangements for social housing may exacerbate things:

> Those accessing rehabilitation are expected to transfer their Centrelink funds through to pay for their stay. This can mean that a potential rehab client cannot retain their community based housing which they may have had to wait months or even years to secure. (Hannan sub. 24, p. 2)

> There are also Islanders who have been bought down form the Torres Strait for health care that the Torres Strait does not have living in self containing holiday units, some for over five years, … Most are on disability income or pension. Some still pay rent to property on their own communities fearing losing them. This then chock housing availability in remote communities. (Pau Enterprises sub. 19, p. 4)
Some stakeholders raised concerns that the shortage of housing was resulting in perverse behaviours in order to secure a home:

*DFV [Domestic and family violence] is also an item of currency that is manipulated to secure immediate housing in other settlements to accommodate personal gratification -fuelling anger and rejection of those in need of accommodation who will have to extend their waiting period whilst in limbo of homelessness and overcrowding. (NWQICSS sub. 23, p. 8)*

Others considered that social housing eligibility rules create problems:

*Single men are unlikely to be granted social housing as families are the priority. This means single men permeate the housing occupied by families. Single men are often those that disrupt houses through their alcohol consumption. This is why children are scared at night and tired at school. A single men’s quarters (with some shared facilities) could be an economically viable way to house large numbers of individuals and alleviate this social stress on families. (Hannan sub. 24, p. 1)*

**Incentives may crowd out private sector activity**

Under current arrangements, Indigenous councils have been encouraged to undertake maintenance works and housing construction. While this has resulted in the creation of local employment opportunities, it may also have crowded out opportunities for developing a private market.

This has occurred because, under current funding arrangements, councils need to undertake commercial works to fill large revenue gaps. There is evidence that Indigenous councils are addressing fiscal sustainability issues by undertaking construction works on behalf of DPWH. For example, TSIRC (sub. 12, attachment p. 4) shows that around 46 per cent of its revenue is sourced from recoverable works, primarily undertaken by the council’s in-house Building Services Unit on social housing:

*Under this program, councils have built capacity and capability over the past 5 years to become Principle Contractors, maximising the amount of government funding that stays within Indigenous communities through the employment of local building crews and through the use of local service providers. In 2017-18 over 70% of houses will be built by Indigenous councils acting as principal contractors, up from 10%, 5 years ago.*

*Lockhart River Aboriginal Shire Council is a good example of this in practice. This financial year they expect to show a profit to council of just under $1 million from key projects like NPARIH, allowing council to re-invest in programs in response to identified community need or to leverage additional grants. (LGAQ sub. 14, p. 33)*

While council ability to undertake building works helps to retain income in remote communities, it is possible that it also crowds out other private activities and discourages individuals to start up their own businesses. It would appear that councils are undertaking this work, at least in part, because they face significant shortfalls in income to meet their basic service delivery requirements:

*We have to operate commercially in order to cross subsidise government funding levels of key services and to self-fund key community and cultural programs. We have year on year shortfalls in funding provided by government for core municipal services. (CEO of Lockhart River, LGAQ sub. 14, p. 33)*
12.3 Possible solutions

Aboriginal and Torres Strait Islander people need to be actively involved in property and tenancy management

The Commission’s assessment of the evidence suggests that the NPARIH reforms have achieved an increase in housing stock—which has gone some way to address the chronic levels of overcrowding in the discrete communities—and has made some progress in achieving a normalisation of tenancy arrangements. However, this has come at a cost, both in financial terms and in terms of the lost opportunity to develop community capability. Arguably, a better outcome may have been achieved if some degree of effort had been put into developing the capacity and capability of communities, rather than subsuming tenancy and property management into state control.

Some issues relating to the management and construction of housing in communities stem from a system that does not include or empower Indigenous people to participate in, and develop the solutions. Improving things requires a movement away from a centrally managed approach:

*Our research adds to the existing evidence base that where housing is delivered by Indigenous people much can be achieved to improve Indigenous housing outcomes. But despite this, and a policy context that encourage Indigenous involvement in housing delivery little has been done to increase the size of the Indigenous community housing sector. There is an urgent need for governments to support capacity building of Indigenous community organisations so that they can compete in the community housing provider sector. (UTAS sub. 1, p. 2)*

This suggests that an important solution may be to find ways to move social housing out of state control and into the hands of an appropriate Indigenous organisation. Care needs to be exercised in how this is done. Change needs to be managed so that capabilities are developed in communities and any gains that have been made under the NPARIH reforms are not lost.

Lessons from the past suggest that capacity needs to be established in community organisations prior to the transition of social housing into community control. Under the wider reform agenda outlined in Chapter 7, regional bodies will have an important role to play in this regard.

There may be a need to allow greater flexibility in the way that tenancies are managed. This needs to include Indigenous perspectives on living (Habibis et al. 2013) and might include alternative rent setting systems—for example, prior to the NPARIH, some Indigenous councils moved to a levy system in lieu of rents, as this was seen as a more equitable and efficient way of collecting rent (Limerick 2012).

Red tape associated with construction and maintenance needs to be removed

As discussed in this chapter, stakeholder feedback suggests that the arrangements for contracting maintenance and construction works are excessively bureaucratic.

The broader reforms proposed in Chapter 7 will help to resolve many of these issues by bringing contracting of works under community control. For example, if social housing stock moves to community control, there is no reason why the managing body cannot also contract maintenance works and construction directly if this is desired and the capacity exists. As discussed in Chapter 8 (structural reform), these issues should be solved by negotiation between communities and the state.

During the transition to any new arrangements, the state could review the processes through which it contracts work, taking into account the concerns raised by stakeholders.
As a start, the state could remove arbitrary times for completion dates relating to maintenance and construction work. End-of-financial-year completion dates appear to serve no purpose other than to meet agency acquittal needs, and exacerbate delivery pressures in remote settings. Further, slower timeframes allow greater community involvement, helping to build capacity and employment (Box 12.3).

A longer-term focus on funding would help address this issue—providing multi-year funding and delivery cycles (5–10 years) would better facilitate training needs and avoid the creation of boom and bust conditions in remote and discrete Aboriginal and Torres Strait Islander communities.

Box 12.3 Community engagement—Bynoe Community Advancement Cooperative Society (CACS), Normanton, Qld

Bynoe CACS, an Indigenous organisation, and an external mainstream contractor were each contracted to construct four to five houses in the Normanton region. Each delivered housing that was similar in terms of cost and quality (after 10 years there was no noticeable difference between the houses).

The key difference was that Bynoe chose to use local training and employment, while the external contractor did not. Bynoe took around twice as long to construct the housing, and was able to train workers, resulting in ongoing employment for community members in repairs and maintenance programs.

While Bynoe’s pre-existing strong governance structures was key to the success of the construction program, the organisation’s internal governance structures were strengthened through the procurement process.

Table 26 Outcomes from a community-controlled construction project

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Number of houses</th>
<th>Start date</th>
<th>Completion date</th>
<th>Unit cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>External contractor</td>
<td>5</td>
<td>21-11-1997</td>
<td>03-08-1998</td>
<td>$184,140</td>
</tr>
<tr>
<td>Bynoe CACS</td>
<td>4</td>
<td>27-02-1998</td>
<td>25-09-1999</td>
<td>$176,475</td>
</tr>
</tbody>
</table>

Source: Davidson et al. 2011, pp. 44–57.
A cautionary approach may be required in relation to social housing procurement

While preferential procurement policies can be very successful in generating local employment and capacity (Pholeros & Phibbs 2012), they can also have unintended consequences. In the discrete communities, social housing procurement policies that favour Indigenous councils may crowd out the ability of individuals to engage in private sector activity (such as starting up a maintenance business).

Alternatively, where an Indigenous council is the only body capable of engaging in this work, there may be few other opportunities to capture the returns to economic activity in communities.

The current funding arrangements for Indigenous councils, however, exacerbates the situation, and place councils in the awkward position where they are obliged to crowd out other activity in order to fund basic municipal services.

Funding arrangements for councils are discussed in Chapter 13.

Communities and individuals need ‘skin in the game’—this will require innovative approaches

To address many of the perverse incentives associated with externally provided social housing, residents of remote and discrete communities need to be actively involved in the management and construction of housing. This will be difficult to achieve while housing in a community is centrally managed by the state.

There are many ways that community residents can increase their ‘skin in the game’.

One option is to increase the levels of home ownership (Hughes et al. 2010). While there is some debate about the extent to which home ownership is a suitable instrument for remote Indigenous communities (SCRGSP 2016a), studies have shown that there are high levels of desire for, and understanding of, home ownership (Memmott et al. 2009; Moran et al. 2002). However, the same studies showed that expectations about ownership were different than in mainstream communities, with Indigenous community members stating a preference for inter-generational asset building and housing security, rather than a desire for economic benefits per se.

Data also provide some support for this view—home ownership rates have increased steadily in the non-discrete communities, where there are few impediments to home ownership, but have not changed in the discrete communities where the impediments to ownership are much higher (Table 27).

### Table 27 Indigenous home ownership rates in remote and discrete communities

<table>
<thead>
<tr>
<th>Year</th>
<th>Discrete communities</th>
<th>Other remote communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>4.0 %</td>
<td>27.7 %</td>
</tr>
<tr>
<td>2011</td>
<td>3.4 %</td>
<td>34.0 %</td>
</tr>
<tr>
<td>2016</td>
<td>3.9 %</td>
<td>37.8 %</td>
</tr>
</tbody>
</table>

While there has been significant progress in making land available for home ownership in the discrete communities (see Chapter 11), a number of impediments remain:

- Construction costs are high and incomes are low.
- Banks may be unwilling to lend.
- Land is held communally.
- Residents may be hesitant to open communities up to outsiders making local markets very shallow.

Despite these constraints, there are several ways in which greater home ownership could be encouraged in the discrete communities:

- Changing rent policies to encourage well-paid local residents to move into home ownership.
- Offering existing long-term tenants the option of moving to home ownership at low or zero cost (Hughes et al. 2010).
- Exploring alternatives to direct home ownership that provide similar benefits—Crabtree et al. 2012 suggest that community land trusts have been used extensively overseas and may offer opportunities for Indigenous housing.
- Alternative financing options, where the state provides subsidies for loans instead of directly funding housing, may also offer solutions (see Box 12.4)

While these options may provide opportunities for local residents, the options are unlikely to be successful or cost-effective where they are initiated by the state. Success is more likely to be achieved where communities demonstrate a commitment and desire for change, and are heavily involved in developing solutions (Moran et al. 2002).

Past experience also suggests that solutions need to developed within communities rather than from outside (Box 12.5).

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**Box 12.4 The Kāinga Whenua Program—enabling home ownership on Māori land**

The Kāinga Whenua loan scheme is an initiative between Kiwibank and Housing New Zealand. The scheme aims to make it easier to borrow and construct dwellings on land with communal ownership.

Loans are provided for housing only if the land is already owned communally. Because of this, there are certain requirements on the housing to ensure it is a mobile fixture—buildings must be on wooden piles, be single-storey and have road access. This allows a newly constructed house to be used as collateral, and helps to minimise risk for lenders.

Applicants can loan up to $200,000 and must meet eligibility requirements. Interest rates are set at market rates. Under the scheme, Kiwibank operates as the exclusive lender and Housing New Zealand acts as Guarantor.

*Source: Housing New Zealand, 2016.*
12.4 Homelessness

It is difficult to determine the extent of homelessness in the remote and discrete communities covered by this inquiry. Not only are there limited data on homelessness, but the definition of homelessness is not clear, as many Indigenous people dwelling in public places may not consider themselves homeless and may not require physical accommodation services (AIHW 2011a).

Nevertheless, the data show that while homelessness rates are significantly higher amongst Indigenous populations than non-Indigenous populations (AIHW 2011a), homelessness is significantly less prevalent in remote regions than in regional and urban areas (ABS 2016a).

Although homelessness is lower in remote areas, there appears to be strong links between lack of services in remote regions and homelessness experienced in regional centres:

> It is important to recognise the flow on effect on surrounding local government areas when activities and services within indigenous communities are underperforming or suffering from a lack of appropriate resources. In the case of the Cairns community, this results in persons from Cape communities being forced to relocate either temporarily or permanently to Cairns because of a lack of sustainable lifestyle and services in their community ... when services have failed to provide robust return to country programs, community members have become dislocated and substandard living arrangements have been adopted including rough sleeping and overcrowding. (Cairns Regional Council sub. 3, p. 1)

Solutions to homelessness may need to include education and assistance to Aboriginal and Torres Strait Islanders migrating to urban areas—either temporarily for health or justice purposes, or permanently for economic or family reasons:
Pau Enterprises do not want to only provide a housing solution to the Torres Strait Islander migration but a migration program to educate Islander migrants how to live in an urban setting, the services available, the opportunities, how their skills can be valuable to the Cairns community, be involved in the Cairns communities, understanding finance, budgeting, investment and social and civic responsibilities. (Pau Enterprises sub. 19, p. 4)

Box 12.6 What works—Return to Country Program

An increase in the number of Indigenous homeless people in Cairns prompted the Queensland Police Force to commence a pilot return to country program. The program was designed to assist homeless people who were voluntarily seeking to return to their home communities in Cape York, but could not afford to do so.

The Central Queensland University undertook a study to assess the running costs of the program and evaluate its net economic benefit.

The 'return to country' model, was first trialled in Alice Springs. It facilitates transport and health checks and coordinates subsidised airfares to participants' home communities. The Cairns return to country model also made sure there was adequate housing when a participant returned to their home community.

The total cost of the program was estimated at $135,831, or $970 per participant. By assisting 140 individuals, the program potentially saved $2.7 million worth of health and justice services.

The program shows that relatively simple, low-cost programs can generate significant savings and facilitate psychological wellbeing and social cohesion for Aboriginal and Torres Strait Islander people and their communities.

Source: Kinchin et al. 2016.

Draft recommendation 11

To provide better support for housing, the Queensland Government and communities should:

- identify ways to transition property and tenancy management to community control
- assess construction and maintenance practices to identify and remove unnecessary red tape
- change construction and maintenance procurement policies so that they do not impede the development of private activity in communities
- explore providing support for home ownership by offering social housing stock to long-term tenants
- examine innovative ways of increasing financing for home ownership, including home ownership models that support communal land ownership.
Municipal services and infrastructure

13.0

Municipal services and infrastructure
Councils in remote and discrete Aboriginal and Torres Strait Islander communities provide a range of essential services including roads, water, waste removal and sewage services. These essential services underpin healthy communities.

This chapter discusses some of the key challenges in delivering these services. Many issues, particularly those relating to funding, apply to local government more broadly, and therefore may require broader consideration than is required within the scope of this inquiry.

**Key points**

- Councils are responsible for municipal service delivery, including roads, water, sewerage and waste removal.
- Services are dependent on complex and long-lived infrastructure that requires ongoing maintenance and renewal.
- Effective municipal services—water, sewerage and waste management—are essential for maintaining health outcomes.
- Councils in remote and discrete communities struggle to sustainably finance service delivery.
  - This is largely because communities have few taxable resources and per capita infrastructure costs are high.
  - Attracting and retaining staff is difficult and construction costs are higher than in the rest of the state.
- Councils supplement revenues by undertaking commercial activities—these capture rents for the community and provide employment, but may hinder the growth of private activity.
- Revenue shortfalls are made up through grants, which reduces flexibility, makes planning difficult and may introduce inefficiencies.
- Infrastructure funding does not adequately consider life cycle costs:
  - This is not unique to remote and discrete Aboriginal and Torres Strait Islander communities, but it has disproportionate impacts on these communities.
  - Current funding arrangements do not incentivise life cycle planning.
- Solutions are not straight forward and may require broader system reform that is beyond the scope of this inquiry. However, some potential solutions are:
  - better consideration for whole-of-life infrastructure costs
  - the development of a grants and subsidies framework that provides greater long-term funding certainty
  - identifying impediments to training of local people to better manage assets
  - improving coordination of capital works to achieve cost savings
  - greater involvement of local expertise in decision-making regarding asset planning.
13.1 Current status

Councils are responsible for delivering municipal services in the discrete communities

The delivery of municipal services including water, sewerage, waste disposal and roads are the responsibility of local governments. These services necessitate that councils manage complex long-lived assets, most of which they own and control (QAO 2016).

For most councils, the provision of municipal services and the management of the capital assets form their predominant activities. For the Indigenous communities, however, councils perform a much wider range of functions, which may include:

- housing
- early childhood services
- employment programs
- economic development (while all councils do this to some extent, the lack of private economic activity places the council as the primary source of employment)
- other social services, where there are no providers.

It is now widely recognised that Indigenous councils in remote areas have, historically, been burdened with too wide an array of services, without sufficient assistance to build the capacity to deliver (AG 2014). This has undermined the capacity of Indigenous councils, particularly when family and kin attachments are a part of the equation:

> An Aboriginal council is one of the most challenging governance environments. Leaders and staff are faced with profound levels of community disadvantage, a bewildering and disempowering bureaucratic framework, and at times, suffocating personal pressure arising from family and kinship obligations. (Limerick 2009)

The capacity of Indigenous Councils has grown significantly. Although declining government grant funding in recent years has put stress on Indigenous councils (QAO 2016, p. 48), the overall governance capacity of councils appears to be improving. For example, audit results for Indigenous councils are strong. In 2015–16, over 90 per cent of councils received unqualified audit results, up from less than 50 per cent in 2004–05 (data provided in consultations with DILGP).

Effective municipal service delivery is linked to health outcomes

Effective municipal services are essential for maintaining health outcomes:

- A clean, adequate and reliable water supply is required for drink cooking and washing.
- A functioning sewerage system is required to prevent sewage from contaminating water and food supplies.
- An adequate waste disposal system is required to prevent the spread of disease.

The 2016 Overcoming Disadvantage report highlights the impact that poor environmental health can have on health outcomes—it found that the death rate for Aboriginal and Torres Strait Islander people from diseases associated with poor environmental health was 1.8 times the non-Indigenous rate over the period 2003–07 and 1.7 times the non-Indigenous rate in both 2008–12 and 2012–14 (SCRGSP 2016a).
While there are no comparable data for remoteness, concerns have been raised that infrastructure in remote and discrete Aboriginal and Torres Strait Islander communities does not meet the standard that would be expected in non-Indigenous communities (DSS 2013, p. 29).

Hall et al. (2017) also note that the use of poorly treated or unpalatable water can result in a preference for sugared drinks, with flow on impacts on health outcomes.

**Remote and discrete councils have insufficient revenue to cover service delivery**

Indigenous and other councils in remote communities control many billions of dollars of assets—the Torres Strait Islander Regional Council, alone, has over $1.1 billion of assets on its books, including around $500 million of social housing (TSIRC sub. 12, attachment 1, p. 6).

For councils to retain existing service levels, these assets need to be maintained and then replaced at the end of their useful lives. There are concerns about the ability of local governments to generate sufficient revenues to recover capital, maintenance and operating costs over the lifecycle for their assets. This concern is not limited to Indigenous councils—a recent review conducted by LGAQ found:

> There is a long history of poor financial sustainability outcomes in Local Government. In recent times, no less than thirteen State and national based inquiries into Local Government financial sustainability have been undertaken, with the general conclusions being that the Local Government sector is financially stressed, with anywhere from one third to 50% of Local Governments deemed to be unsustainable, weak or distressed. (LGAQ 2013, p. iii)

The Queensland Audit Office found that 39 of the 77 Queensland Councils forecast deficits for 2015–16, with 24 of these forecasting deficits for the next 10 years (QAO 2016). Figure 58 provides forecast operating positions for all councils—while many councils are showing deficits, Indigenous councils have, and are forecast to show, significantly larger deficits than other council types.

**Figure 58 Operating surplus by council segment**

![Graph showing operating surplus by council segment](image)

*Note: The shaded area reflects QAQ's target area for operating surpluses.*  
*Source: QAQ 2016.*
The situation is exacerbated in remote communities where tax bases and economic opportunities are currently low. This has led to concerns about the sustainability of a number of communities:

Torres Shire Council faces a range of unique circumstances compared to other Indigenous communities. Approximately 37 State and Federal Government agencies are housed on Thursday Island and, under the rating scheme, are not required to pay council rates, placing a burden on council for the delivery of core services. Torres Shire Council is classed as a non-Indigenous council and does not receive the same level of subsidies as other Indigenous Councils – a shortfall of around $2.5–$3 million per annum. Council credits that these two factors alone have the potential to lead to the council being placed into administration within the next four years. (LGAQ sub. 14, p. 18)

The 2017–18 Queensland Budget provided for $120 million over four years for Indigenous councils to address infrastructure needs, following a review of water, wastewater and solid waste assets. The review found there were issues arising from a lack of regular and appropriate operations and maintenance practices, reducing the anticipated lifespan of assets and creating potential health issues (Queensland Government sub. 27, p. 14).

**Capital works programs provide important economic opportunities**

For many remote and discrete Aboriginal and Torres Strait Islander communities, capital works programs may provide one of the few opportunities for employment and development of private sector activity.

Harnessing the opportunities presented by capital works programs can be challenging. By their nature, capital works programs are lumpy—expenditures are generally large, infrequent, and may require specialist skills and equipment, meaning it can be difficult to provide work or training opportunities for locals.

Despite these challenges, government (through the Remote Indigenous Land and Infrastructure Program Office) and Indigenous councils have been relatively successful at developing employment opportunities from capital works programs, particularly those relating to housing construction.

Following concerns raised by councils, DATSIP established an infrastructure and coordination group that works with agencies to stage construction works (Queensland Government sub. 27, p. 14). Stakeholders have told us that the staging of construction works has enabled a steadier stream of work across the discrete communities, allowing local people to take up training and apprenticeship positions, knowing there is sufficient work to allow completion.

While this has helped, the LGAQ submission raises ongoing concerns about the fact that government delivery timeframes can mean that capacity building does not occur:

In 2016 there was a shift in focus for the Housing program to embrace Indigenous employment and local business engagement as program outcomes. This change set up a tension between the state government’s need to deliver a specific number of houses within a defined period of time and the requirement to maximise the number of locals employed and in training. Indigenous Councils clear preference was to extend contracted timelines slightly in order for local apprentices to complete their trade qualifications. (LGAQ sub. 14, p. 20)
13.2 Key issues and challenges

Remote communities are heavily reliant on public infrastructure

The remote locations and challenges of delivering service into remote and discrete communities mean that populations are more reliant on public infrastructure than in less remote areas.

Partly this is due to isolation. The community of Doomadgee for example, is totally reliant on the single road that connects it to the rest of the world (Box 13.1). In the Torres Strait, geographically isolated small communities have much higher infrastructure costs per capita than in other parts of the state—the Torres Strait Island Regional Council estimates its infrastructure costs are around 10 times the per capita costs of mainland councils (TSIRC sub. 12, attachment 1, p. 7).

High reliance on public infrastructure, is also exacerbated by a low level of market activity in remote and discrete communities. In most Indigenous communities, for example, councils have large housing portfolios on their books, since there is no private housing market in these communities.26

Infrastructure funding does not cover or properly consider life cycle costs

Infrastructure assets—such as roads, pipes, or major recreation facilities—require ongoing maintenance to ensure councils maintain their condition and can use them for as long as possible. These costs should be factored into funding decisions.

The QAO (2016) notes that this rarely occurs. In an audit of select councils it found:

- Most councils did not adequately plan for whole of life costs.
- More than half cannot afford to maintain assets in a satisfactory condition.
- Few councils had up-to-date or accurate asset management plans and there was a lack of reliable data on asset condition.
- A large proportion of councils would not be able to renew significant assets prior to the end of their useful lives.

One key factor behind these failures was that funding bodies and councils did not adequately factor in life cycle costs at the time of funding, meaning that councils were often left with assets they could not afford to maintain (see Box 13.2). This can be exacerbated by the fragmentation of financing provided through state and federal infrastructure funding.

These factors were not unique to Indigenous councils, nor to councils especially (Productivity Commission 2014). However, it is likely that these factors are exacerbated in remote and discrete communities because of the high reliance on public infrastructure and the low revenue bases of these communities.

26 Although, for those that have entered into 40-year leases with government, maintenance and upgrades are now the responsibility of the Department of Housing and Public Works.
Box 13.1 Case study—Doomadgee

Doomadgee is a discrete Aboriginal community located approximately 500 km north of Mt Isa in the Gulf of Carpentaria. Its population of around 1,400 people are predominantly Indigenous (QGSO 2016a).

Doomadgee is connected to Burketown (approximately 140 km away) via the Doomadgee East Road. Various sections of this road are under the control of the Burke and Doomadgee Shire Councils. Neither council has sufficient funds to upgrade the road and they told the Commission they spend significant funds maintaining the road as best they can.

Most wet seasons the road floods, leaving the resident of Doomadgee completely cut off from the rest of the world for several months of the year. The only option to leave or enter the community at these times is by air, which can be prohibitively expensive for residents.

The picture above shows how Doomadgee East Road disappears into a lake at the Gregory River even during minor flooding—keeping Doomadgee isolated when most other communities are accessible.

*Source: Burke Shire Council sub. 25, p. 7.*
Box 13.2 Case study—implications of building assets without consideration for whole of life costs

The Queensland Audit Office Forecasting Long-term Sustainability report provides a hypothetical example of a council upgrading a swimming pool without due consideration for the whole-of-life-cycle costs.

It describes how a council enters into an arrangement to renew an old swimming pool. No business case was prepared for the pool; thus, no consideration was given to:

- what the operational costs of the new pool would be
- how these costs would be funded.

As a result, the council exposes itself to a high level of risk.

This is similar to stories the Commission heard from stakeholders.

For example, the Aurukun Aboriginal Shire Council determined last year that it could no longer afford to operate and maintain the local pool and was looking to repurpose it so it is not an ongoing drain on council resources. Given that swimming pools have been linked with significant health and social benefits, the inability of the council to meet the operational costs of running the pool is likely to have ramifications for the community.

Sources: QAO 2016; LGAQ sub. 14, p. 37; Hannan sub. 24, p. 1.
Indigenous and remote councils have low tax revenue bases

Unlike their counterparts in the rest of the state, Indigenous and remote councils generate little revenue from rates and other charges (Figure 59).

**Figure 59 Indigenous and remote region councils are reliant on grants and sales income**

![Graph showing revenue sources for different regions](image)

*Source: QAO, 2016.*

For Indigenous councils, this lack of tax revenue is largely because they operate on largely unrateable communal title land and are limited in their ability to raise revenue from general council rates. This is compounded by the fact that weak local economies limit the development of other tax bases.

Indigenous councils currently levy lease fees on social housing stock which is roughly equivalent to rates revenue (Limerick 2012), although this could change if DOGIT land is transferred to Indigenous freehold, as required under the Aboriginal Land Act 1991 and the Torres Strait Island Land Act 1991 (see Chapter 11).

While Indigenous councils have the unique ability to levy a poll tax on residents under the Local Government Act 2009 (section 100), this may be difficult to implement in practice and has only been used in the past as a tool for replacing rent collections (Limerick 2012).

Remote councils face similar challenges—although they have a rates base, they have small populations with lower than average incomes, and high infrastructure costs per capita.

Low tax bases mean that Indigenous and remote councils are reliant on other forms of revenue—predominantly grants and sales income.
Box 13.3 Grants to remote and discrete councils

Councils in remote and discrete parts of the state rely on a range of grant funding to maintain their operations. These include:

- Financial Assistance Grants (FAGs)—provided by the Australian Government and consisting of two components:
  - a general purpose component, which is distributed between the states and territories according to population
  - an identified road component, which is distributed to the states and territories according to fixed historical shares.

- Indigenous Local Government Sustainability Fund—provides funding to assist Indigenous councils to increase their capacity, capability and sustainability. The program has a budget allocation of just over $8 million over the period 2016–18, and is to be distributed equally between the 16 Indigenous councils.

- Indigenous Economic Development Grant—a Queensland Government initiative to help alleviate the impact of Community Development Employment Project (CDEP) reforms. Indigenous councils were allocated between $80,000 and $160,000 in 2016–17.

- State Government Financial Aid (SGFA) program—ongoing financial contributions made to Indigenous councils in lieu of rates. Just over $30 million was allocated to the 16 councils in 2016–17. The SFGA was frozen in 2012–13 and has declined in real terms since then.

- Revenue replacement program—part of the Queensland Government’s harm reduction strategy, provided to councils which divested or surrendered profitable general liquor licenses. Just over $3 million was allocated in 2016–17.

- Works for Queensland program—a $400 million program over 2016–19 to support local government outside of South East Queensland to undertake job-creating maintenance and minor infrastructure projects.

- Indigenous Water Infrastructure program—$120 million provided over four years to provide fit-for-place, fit-for-purpose water infrastructure for Indigenous councils.

Councils can and do seek funding from a range of other ad hoc or ongoing grant programs.
A reliance on grant funding reduces flexibility and control, and makes planning difficult

With reliance on external funding comes greater dependence on that funding, and that invariably means less control, flexibility and independence (Moran et al. 2014).

The low levels of revenue under their control restrict a council’s flexibility to influence future financial performance by varying revenues, and impede its ability to strategically plan for the long-term. A high reliance on external funding restricts a council’s ability to renew its asset base when needed and affects its service delivery (QAO 2016, p. 48).

\[
\text{Funding arrangements play an important role in determining the effectiveness and efficiency of service delivery. Varying degrees of funding continuity, flexibility, and fragmentation influence the ability to plan and deliver services efficiently. It can build, or undermine, local capacity and governance, in turn helping or hindering the mechanisms for effective service delivery. (LGAQ sub. 14, p. 24)}
\]

Dependence on external grants means that Indigenous councils are highly vulnerable to changes in government policy and program funding levels, highlighting the importance of a stable grant funding regime, which has not been achieved in recent years (LGAQ sub. 14, p. 27, Box 13.4).

Infrastructure may not meet the needs of Indigenous communities

Stakeholders raised concerns that some of the infrastructure solutions imposed on remote and discrete Aboriginal and Torres Strait Islander communities have not been suitable:

\[
\text{Many of the infrastructure solutions have been developed by external consultants or contractors that design industry standard solutions that are not necessarily fit-for-purpose for the community. Key to this challenge is the limited pool of staff available to operate the systems. (LGAQ sub. 14, p. 17)}
\]

Partly, this may be due to how infrastructure projects have been planned and implemented, particularly when there has been insufficient consideration for community capacity or concerns:

\[
\text{Historically there have been significant issues with how projects submitted under the Major Infrastructure Project (MIP) fund were prioritised and implemented, with insufficient input from TSIRC.}
\]

\[
\text{These issues resulted in infrastructure which were not fit for place and purpose and has higher ongoing operational and maintenance costs than preferable alternatives There may be insufficient capacity to manage and maintain infrastructure assets in all communities.}
\]

\[
\text{We are still not actively involved in prioritising the funding for our own communities. Costings estimated by the consultant engaged by MIP are underestimated, relative to contract costs determined on tenders. This has been a persistent problem with the MIP program and results in insufficient funds to deliver MIP projects. (TSIRC sub. 12, p. 16)}
\]
Box 13.4 Uncertainty in council funding

When grants are cut unexpectedly, frozen, or not indexed, councils’ ability to deliver services to their communities suffer. In recent years, sources of uncertainty in council funding have included:

- loss of CDEP funding, which was partially replaced by Indigenous Economic Development Grants
- loss of Municipal and Essential Services (MUNs) funding from the Australian Government when full responsibility for delivering municipal services was transitioned to state governments
- cessation of indexation of SFGA grants from 2012 to 2013—LGAQ estimates this has left Indigenous councils worse off by around $20 million per annum
- cessation of indexation of FAGs from 2013 to 2014—LGAQ estimates this resulted in an effective $6.3 million cut to Indigenous councils. The May 2017 Federal Budget announced that the freeze would end in 2017–18.

The LGAQ estimates that these cuts to funding have resulted in a 21 per cent cut to staffing levels across Indigenous councils.

Source: LGAQ sub. 14.

Box 13.5 Impact of funding cuts on Cherbourg Aboriginal Shire Council

State Government Financial Aid (SGFA) funding makes up around 14 per cent of Cherbourg Aboriginal Shire Council revenues. In 2012–13, the base line SGFA funding for Cherbourg was $1.695 million. In all the years since, SGFA funding has been lower than this, due to government policy and funding changes.

In the same year (2013–14), the Cherbourg Aboriginal Shire Council lost its CDEP and MUNs funding due to Australian Government policy changes. These funding cuts equated to a total loss in revenue in the 2013–14 financial year of $1.512 million, or around 12.5 per cent of their total revenue.

This resulted in a 29 per cent cut in full-time staff and a drop-in service delivery in the areas of parks and gardens, painting, local café, and farm projects. The Cherbourg Aboriginal Shire Council has had to seek alternate revenue streams ($7 million building program) to cross-subsidise base line service delivery.

Applying the Council Cost Index increases for the past four years shows that the Cherbourg Aboriginal Shire Council, in relation to SGFA funding alone, is actually $980,348 worse off in real terms than in 2012–13.

Source: LGAQ sub. 14, p. 29.
Interactions between government and councils could be improved

Like other areas of service delivery, stakeholders have raised concerns about the way that compliance and monitoring occurs and whether it could be more productive:

> TSIRC have failing sewerage infrastructure on a number of its 15 islands due principally to a lack of funding to maintain/renew its 1.1B asset base. The Department of Environment and Heritage Protection (DEHP) Compliance section has issued compliance notices to TSIRC to fix issues in line with legislative requirements. These letters threaten fines and require TSIRC to respond to them.

> This pattern of writing letters backwards and forwards is counter-productive, consuming staff time and resources which would be better spent sourcing funding and delivering projects to rectify infrastructure issues outside TSIRC’s control

> ... Staff within DEHP Compliance seem to lack understanding regarding how long it takes to source funding and deliver projects to rectify issues, expecting faster resolution of issues than what is physically possible given TSIRC’s small engineering team, remote environment, and a lack of funding.

> A solution would be for DEHP to assist with sourcing funding to rectify issues with infrastructure and provide on the ground training to upskill sewer operators. Nothing will be resolved without funding to take the necessary remedial actions, therefore this is the first step. (TSIRC sub. 12, p. 31)

Council revenue raising may crowd out private activity

To meet revenue shortfalls, Indigenous councils undertake commercial activity, particularly housing construction and maintenance—sales revenue now contributes over 20 per cent of all revenue for Indigenous communities (QAO 2016).

For some Indigenous councils, revenue from commercial activity has become the largest source of revenues. For example, recoverable works (construction) make up 46 per cent of total revenue for the Torres Strait Regional Council (TSIRC sub. 12, attachment 12, p. 4).

> We have to operate commercially in order to cross subsidise government funding levels of key services and to self-fund key community and cultural programs. We have year on year shortfalls in funding provided by government for core municipal services. (CEO of Lockhart River, LGAQ sub. 14, p. 33)

As discussed in Chapter 11, stakeholders have raised concerns that these commercial operations are effectively monopolies that crowd out private sector activity.

There are no short-term fixes

The state government introduced a general rating scheme for Indigenous councils which took effect from 1 July 2017. However, this is not expected to significantly change the fiscal position of councils:

> Indigenous councils that have already undertaken a land identification process, the first step to progress a general rating scheme, highlight a significantly restricted number of rateable properties. For example, Lockhart River Aboriginal Shire Council area has eight (8) rateable properties and Woorabinda Aboriginal Shire Council area has only one (1) rateable property ... The cost of administering a general rating scheme, combined with the limited number of rateable properties and the fee associated with the Valuer-General, will far outweigh the income generated through rates. Indigenous council reliance on government funding (SGFA and FAGs) will continue for at least 10 years into the foreseeable future ... (LGAQ sub. 14, p. 34)
Further, if, as required by legislation, DOGIT land is transferred to Aboriginal Freehold, consideration will need to be given to how current lease fee arrangements for social housing can be replaced (see Chapter 11). One option would be to replace lease fees with general rates; however, this may require legislative change, since social housing is currently rate-exempt (Table 28).

Table 28 Rateable land in discrete communities

<table>
<thead>
<tr>
<th>Land type</th>
<th>Rateable</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social housing on 40-year leases to State</td>
<td>No</td>
<td>Specific exemption for public housing</td>
</tr>
<tr>
<td>99-year leases to individual for home ownership</td>
<td>Yes</td>
<td>Privately occupied residential land</td>
</tr>
<tr>
<td>30-year lease to individual for commercial operation</td>
<td>Yes</td>
<td>Privately occupied commercial land</td>
</tr>
<tr>
<td>Council house tenanted by community resident or employee</td>
<td>No</td>
<td>Council-occupied or -managed land is exempt</td>
</tr>
<tr>
<td>Exclusive lease from council to not for profit organisation providing community services</td>
<td>No</td>
<td>Not residential or commercial, therefore exempt</td>
</tr>
<tr>
<td>Land granted in freehold to individual by trustee</td>
<td>Yes</td>
<td>Freehold land</td>
</tr>
</tbody>
</table>

Source: DILGP, 2015.

Difficulties attracting qualified staff exacerbate sustainability

The operation and maintenance of infrastructure required to deliver municipal services may require specialist staff. It can be difficult and expensive to attract and retain these staff to remote locations (LGAQ 2013).

Stakeholders have raised concerns that the lack of qualified staff is also compromising the ability of remote and discrete Aboriginal and Torres Strait Islander communities to maintain facilities:

*Despite the improvement in waste water services, there has been evidence of poor maintenance of wastewater treatment facilities. (University of Queensland sub. 28, attachment 1, p. 15)*

Stakeholders also noted that changes to standards present particular problems for remote communities, since they may not have the capacity to respond as quickly as mainstream communities:

*The transition towards higher standards, without appropriate financial and training support poses a challenge for Indigenous councils. The inclusion of Indigenous councils in forums where management decisions about water and sewerage services are made is important to ensure they are adequately supported to provide a sustainable water and sewerage service to their communities. (LGAQ sub. 14, p. 18)*

The Commission notes that the 2017–18 State Budget allocated $120 million to Indigenous communities to improve the delivery of water infrastructure. It is unclear what funding has been made available to address capacity issues.
13.3 Potential solutions

The issues presented in this chapter are not unique to Aboriginal and Torres Strait communities. Many of these apply to all councils, regardless of whether they are in remote parts of the state or have a high proportion of Indigenous residents.

Many of the issues raised also touch on broader issues of governance, and could apply to any assessment of public infrastructure funding.

Nevertheless, the consequences of poor infrastructure investments in remote and discrete Aboriginal and Torres Strait Islander communities have the potential to have disproportionate effects on service delivery and outcomes.

The Commission has considered how the issues raised by stakeholders may be addressed, but, given the broad scope of this inquiry and the resources and time available, has been not able to arrive at definitive solutions. Further, some of the issues raised by stakeholder may need to be considered in the broader context of funding for local governments and for public infrastructure—this is outside the scope of this inquiry.

Infrastructure funding needs to consider whole-of-life costs

A failure to consider whole-of-life costs risks burdening communities with infrastructure they cannot maintain. More mature discussion must take place about the funds governments are prepared to invest in remote and discrete Aboriginal and Torres Strait Islander communities and the infrastructure levels this funding can realistically support.

Councils could assist by preparing asset management plans and ensuring that planning better considers life cycle costs. However, unless funding decisions are made with these considerations in mind, there will be little incentive for councils to undertake better asset management planning.

Consideration could be given to ensuring that any infrastructure funding includes an annual provision for asset maintenance:

To ensure the sustainability of service delivery, Indigenous Councils would like to see future grant funding for new infrastructure include an annual provision for ongoing maintenance over the useful life of the asset. If the State government invested more money now in asset maintenance the useful life of assets could be extended, deferring the high cost of asset replacement. (LGAQ sub. 14, p. 37)

Incentives created by funding arrangements

As discussed in this chapter, the impact of insufficient funding on the operation of municipal services, with consequential impacts on health outcomes, may put councils in the position where they need to crowd out private sector activities to remain viable.

Stakeholders have requested the Queensland Government to restore indexation to SFGA grants; however, this, alone is unlikely to solve the financial sustainability issues facing Indigenous councils.

Currently, sustainability issues are addressed through ad hoc infrastructure funding, such as the $120 million Indigenous Councils Infrastructure Program (Qld Government sub. 27, p. 14). This does not help councils plan and may encourage suboptimal investments in remote communities. A better approach may be to develop long-term investment plans based around the needs of these communities.

Under the broader reform proposal, these negotiations could be part of any agreements made between government and Indigenous communities.
Improve the viability of remote and discrete Aboriginal and Torres Strait Islander communities

Actions that could be taken to improve the viability of remote and discrete Aboriginal and Torres Strait Islander communities include:

• ensuring greater funding certainty to remote and discrete councils

• developing capacity by identifying impediments to training local residents to manage infrastructure assets

• funding to better assess the condition of existing assets and for the development of effective asset management plans

• ensuring that local knowledge is better utilised when infrastructure assets are planned and constructed

• reducing council costs by better coordinating construction works—Doomadgee Shire Council noted that heavy machinery mobilised into remote communities could be better coordinated to minimise costs (Burke Shire Council sub. 25, p. 2)

• considering the use of other means to raise funds, including the option of using poll taxes or user charges.

Councils need to drive the discussions to improve the efficiency of infrastructure and municipal service delivery, and agreements need to be developed with government for how any changes will be implemented.

Non-Indigenous councils need to be included

Non-Indigenous councils in remote areas face many of the same challenges as the Indigenous councils and many have a high proportion of Indigenous residents. Many of these councils need to be included in discussions since:

• there is a risk that Aboriginal and Torres Strait Islander people in these communities will suffer effects from an unsustainable municipal service delivery model

• these councils may have expertise they can share.
Draft recommendation 12

To achieve better support for municipal services in communities, reforms should:

• ensure infrastructure funding allows for whole-of-life costs for community assets
• develop asset management plans for existing assets
• develop a funding model that provides greater long-term funding certainty and sustainability
• enable local management of municipal infrastructure, including support for training
• coordinate capital works to facilitate equipment sharing and avoid ‘boom and bust’ cycles of economic activity
• leverage mechanisms to ensure local knowledge and expertise is used during infrastructure planning and construction.
14.0

Education and training
Education is a key pathway to improved health, social and economic outcomes for individuals, their families and communities, and society more broadly.

This chapter provides an overview of education and training in communities, and examines some key service delivery issues influencing students’ opportunities to learn. The Commission has not undertaken a full review of education and training; rather, the findings reflect a focus on significant issues impacting the communities.

Key points

Challenges and opportunities for education in communities include:

- High levels of developmental vulnerability among young children, uncoordinated early childhood and family support services and gaps that make access difficult.

- NAPLAN results and Year 12 attainment are lower for Indigenous students in remote areas.

- Higher levels of special needs and psychosocial distress among children in the communities make learning difficult and are precursors for a wide range of adverse outcomes.

- Strengths of Indigenous children include a close connection to their identity, land, language and culture; listening, recounting and memorization skills; experience in learning and using more than one language and/or dialect; independence and a strong sense of caring for younger ones; and resilience, with hope and dreams for the future.

- School-based issues relate to inadequate and inappropriate schooling processes, unpreparedness for teaching a cross-cultural, bilingual situation; a reliance on deficit explanations of low academic achievement; and a lack of Indigenous parental/community involvement in the schooling process.

- Broader issues such as poor housing and health care, inter-generational unemployment, and parents with low literacy affect families’ capacity to support their children’s schooling.

- Many students must relocate to attend secondary school—they face cultural barriers, homesickness, and a lack of access to Indigenous teachers and support people. Education that works for all students is needed, including alternative models for re-engaging remote-living secondary students.

- Indigenous young people are less likely to have the skills to participate in the workforce. Barriers to access, attendance and achievement need to be addressed to overcome non-completion of secondary school and/or not transitioning through to higher education, training or employment.

- The employment rate of Indigenous people increases with level of education. Those completing tertiary education have employment outcomes on par with non-Indigenous.

What is working:

- Indigenous approaches to early childhood, school and training services.

- An industry-led VET partnership, closely aligned between workforce development initiatives and employer objectives; addressing impediments to training, and delivering culturally appropriate, jobs-focused training; is achieving almost full completion rates, compared to mainstream delivery (15%).
14.1 Education

Getting a good education, and doing well at school in a broader social sense, is widely acknowledged to underpin a healthy and prosperous future. Benefits to the individual and the wider community flow on to other areas including health and wellbeing, employment and justice (Boughton & Beetsone 2017; Silburn 2014).

Improving outcomes and beyond-school prospects for remote and discrete students are influenced by multiple challenges and opportunities (Halsey n.d., p. 10). Aboriginal and Torres Strait Islander children in Queensland are:

more likely to be disadvantaged, removed from their families, absent from school, experiencing violence, racism and trauma, substance addiction, and to have a disability or mental illness, among other contribution factors. (Amnesty International sub. 13, p. 1)

Indigenous students are recognised to bring unique strengths to their learning experience, such as:

• knowledge and close connection to their identity, land, language and culture
• listening, recounting and memorisation skills developed through engaging in oral traditions
• social, interpersonal and respectful relationship capabilities, developed through a strong understanding of kinship, family connections and other social contacts
• communication experiences in learning and using more than one language and/or dialect, including code switching skills between home language and Standard Australian English
• high levels of independence at a young age and a strong sense of caring for younger ones
• high levels of resilience, with hopes and dreams for their own future and that of their peers, community and children (DET 2016, p. 5).

A strength-based approach that re-thinks ways to build on these capabilities is likely to be more productive than simply concentrating on ‘the problems’ (DET 2016; Halsey n.d., p. 7).

The following discussion draws on data and literature, stakeholder views and experiences of other jurisdictions. It presents a high-level view of student outcomes, and considers how well the current system addresses factors that influence students’ ability to learn and their options and opportunities when they leave school:

• early childhood development
• teacher quality and retention
• language, culture and the curriculum
• health, wellbeing and special needs
• transitions.

High-level outcomes

In Queensland in 2016, 93 per cent of Indigenous children were enrolled in a preschool program of 15 hours or more (recommended minimum), though actual attendance was significantly less (ABS 2016 in Shaw et al., 2017). Remote and very remote preschools account for 18 per cent of Queensland’s Indigenous pre-schoolers—attendance at these preschools is generally lower, ranging between 75 and 95 per cent in 2015 (AEDC 2015).
As discussed in Chapter 3, NAPLAN results are lower for Indigenous students, and the difference increases with remoteness. For example, the proportion of Year 3 Indigenous students in remote Queensland who achieved above the national minimum standards, compared to non-Indigenous students, were:

- reading: 73 per cent (96 per cent non-Indigenous)
- writing: 80 per cent (98 per cent non-Indigenous)
- numeracy: 76 per cent (97 per cent non-Indigenous).

Results are similar for Years 5 and 9.

The gap in apparent retention rates between Aboriginal and Torres Strait Islander and non-Indigenous students of 16.6 percentage points in 2016 (across Queensland) has improved from 21.4 percentage points in 2012 (QAO 2017, p. 5). Almost all Aboriginal and Torres Strait Islander students who graduated from Year 12 in a state school achieved a Year 12 certificate (QAO 2017, p. 3).

**Early childhood development**

Experiences in the early years (age 0–6) affect the structural and functional development of a child’s brain, with long-term consequences (TSIREC sub. 8, p. 17). Community data profiles of the Australian Early Developmental Index (AEDI)—collected in 2009, 2012 and 2015—illustrate a consistent gap between the development of young children in some of the remote and discrete communities and other Australian children. For example, the AEDI profile for the Torres region showed that across all domains young children were up to twice as likely to be identified as developmentally vulnerable or at risk compared with national norms (TSIREC sub. 8, p. 17). AEDI profiles for several of the remote and discrete communities are at Table 29.
**Table 29  Percentage of children developmentally vulnerable in 2015**

<table>
<thead>
<tr>
<th></th>
<th>Physical health and wellbeing*</th>
<th>Social competence</th>
<th>Emotional maturity</th>
<th>Language and cognitive skills</th>
<th>Communication skills and general knowledge</th>
<th>Vulnerable on one or more domains</th>
<th>Vulnerable on two or more domains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>9.7</td>
<td>9.9</td>
<td>8.4</td>
<td>6.5</td>
<td>8.5</td>
<td>22.0</td>
<td>11.2</td>
</tr>
<tr>
<td>Queensland</td>
<td>12.4</td>
<td>12.4</td>
<td>10.1</td>
<td>8.0</td>
<td>10.5</td>
<td>26.1</td>
<td>14.0</td>
</tr>
<tr>
<td>Yarrabah</td>
<td>13.7</td>
<td>5.9</td>
<td>7.8</td>
<td>3.9</td>
<td>11.8</td>
<td>23.5</td>
<td>13.7</td>
</tr>
<tr>
<td>Torres</td>
<td>14.5</td>
<td>25.8</td>
<td>19.5</td>
<td>18.8</td>
<td>11.7</td>
<td>42.6</td>
<td>25.4</td>
</tr>
<tr>
<td>Palm Island</td>
<td>13.2</td>
<td>18.4</td>
<td>10.5</td>
<td>18.4</td>
<td>47.4</td>
<td>63.2</td>
<td>23.7</td>
</tr>
<tr>
<td>Mossman Gorge</td>
<td>15.8</td>
<td>13.2</td>
<td>13.2</td>
<td>23.7</td>
<td>31.6</td>
<td>39.5</td>
<td>26.3</td>
</tr>
<tr>
<td>Hope Vale</td>
<td>60.0</td>
<td>46.7</td>
<td>0</td>
<td>33.3</td>
<td>73.3</td>
<td>N/A</td>
<td>66.7</td>
</tr>
<tr>
<td>Doomadgee</td>
<td>86.4</td>
<td>22.7</td>
<td>40.9</td>
<td>50.0</td>
<td>22.7</td>
<td>290</td>
<td>59.1</td>
</tr>
<tr>
<td>Mornington Island</td>
<td>17.6</td>
<td>23.5</td>
<td>11.8</td>
<td>17.6</td>
<td>5.9</td>
<td>35.3</td>
<td>29.4</td>
</tr>
</tbody>
</table>

* Results for children with chronic special needs are not included in the results. If there are a certain number of questions not answered by teachers, these children do not contribute to the domain analysis.

# AEDC data collection is greater than or equal to 60 per cent and less than 80 per cent of the ABS five-year-old population; interpret with caution.

Profiles are not available for all communities due to too few teachers or children to display.

Source: AEDC, 2015.
Early childhood services

Quality early childhood programs are recognised to improve cognitive, language and social skills development, helping to close gaps in knowledge and ability before they become more difficult and costly to address.

*Investing in early childhood education for disadvantaged children is an important component of a strategy for developing skills that help people thrive and society prosper* (Heckman, in DET 2016, p. 10).

The benefits of quality early childhood education in achieving improved life outcomes—and savings in welfare and justice costs over the long term—were established in the Perry Preschool Project (Box 14.1).

**Box 14.1 Perry Preschool Project**

**The program**
- Preschool was provided each weekday morning in 2.5 hour sessions.
- Children were taught by certified public school teachers with at least a bachelor's degree.
- Average child–teacher ratio was 6:1.
- The curriculum emphasised active learning. The children were engaged in decision-making and problem-solving, and planned, carried out and reviewed activities with support from adults.
- Teachers provided a weekly 1.5-hour home visit to each mother and child, designed to involve the mother in the educational process and help implement the preschool curriculum at home.
- Program cost was approximately $11,300 per child over the school year (2007 dollars).

**Evidence of effectiveness**

The program was evaluated in one randomised controlled trial of 128 children—64 in the intervention group that received the preschool program, and 64 in the control group that did not.

- At age 27, the preschool group had completed on average one year more of schooling, spent 1.3 fewer years in special education services, and achieved a 44 per cent higher high school graduation rate. There were 50 per cent fewer teen pregnancies on average.
- At age 40, the preschool group were 46 per cent less likely to have served time in jail or prison, and had a 33 per cent lower arrest rate for violent crimes. They averaged a 42 per cent higher median monthly income, and were 26 per cent less likely to have received welfare in the past 10 years.

*Source: CEBP 2015.*

Various early childhood education and family support services are delivered to communities. These are funded by the Queensland and Australian governments, as outlined in Box 14.2.
Box 14.2 Services delivered to remote and discrete communities

**Children and Family Centres (CFCs) (funded by Queensland Government)**
- CFCs provide integrated early childhood, parenting and family support, and child and maternal health services for children aged up to eight years of age and their families.
- Nine remote and discrete locations include Doomadgee, Mornington Island, Mount Isa, Palm Island.
- Integrated services are operated by eight non-government organisations and one Indigenous Council.

**Ready Together: Remote Early Years Transition project (funded by Australian Government)**
- The project supports children’s transition from home to early years services and then on to school.
- Taking a community-focused approach, the program is run in Doomadgee, Mornington Island, Mount Isa and Palm Island.

**Pre-prep programs**
- Early childhood education and care available to children 3 ½ to 4 ½ years of age for 15 hours per week.
- Four are operated by Indigenous councils in Hopevale, Napranum, Woorabinda and Wujal Wujal.
- State schools deliver pre-prep across 30 other remote and discrete communities.
- Cape York Aboriginal Australian Academy delivers pre-prep at the Coen and Hope Vale campuses.
- ‘Strait Start’ is delivered through Tagai State College.

**Long day care centres**
- Indigenous councils operate five services: Aurukun, Badu Island, Doomadgee, Hopevale, Napranum.

**Remote Kindy Pilot (commenced in Term 2, 2016)**
- The kindergarten program is provided in a composite class with other school children, to 38 remote state schools.
- Options for the future of the pilot scheme will be informed by an impact assessment and feedback.

**Sources:** Queensland Government sub. 27, pp. 7–8; DET 2017.

Aboriginal and Torres Strait Islander leadership in planning, developing and delivering early childhood education and care (ECEC) services is key to address cultural competence and create a feeling of belonging (DET 2016, p. 9). The degree of Indigenous involvement in remote and discrete ECEC services varies from programs delivered by non-Indigenous, non-government organisations, through to those delivered by state schools, Indigenous councils, and Indigenous organisations. The Strait Start program is an example of an early childhood education program developed and delivered by community members (Box 14.3).
Box 14.3 Case study—Strait Start

The program

• An early childhood education program for children from birth to pre-prep, supporting children’s motor skills development, language and literacy, cognitive development, general knowledge, social and emotional development, independence and self-efficacy.

• Developed in the Torres Strait and is staffed by trained community members.

• Services currently operate in 8 communities for 2 hours, 5 days per week.

• Through a Memorandum of Understanding, Tagai State College funds all wages and operates, while TSIREC funds training and supervision.

Outcomes

• The number of developmentally vulnerable children in the Torres Strait reduced from almost 60 per cent in 2009 to 35.8 per cent in 2012 (Australian Early Development Index data).

• The TSIREC reports that school staff, local community leaders, parents and governments have attributed much of this improvement to the Strait Start program.

• It illustrates the effectiveness of community capacity building—investing in locally developed programs that are delivered in communities by trained community members.

• Strait Start has also been credited for strengthening community support structures and building families’ confidence in their role as parents.

Source: TSIREC sub. 8, pp. 19–24.

Current Queensland Government strategies to build the capacity and capabilities of the ECEC workforce in remote communities include:

• providing relevant professional development, mentoring and support for Aboriginal and Torres Strait Islander educators

• supporting educators in communities to gain early childhood qualifications through the Indigenous remote support coordination project (DET 2016, p. 10).

Issues

In comparison with their non-Indigenous peers, data indicate that families of young children in remote and discrete Aboriginal and Torres Strait Islander communities are less likely to engage with early childhood education and care services (AEDC 2015). In its submission to the inquiry, the Torres Strait Islanders’ Regional Education Council (TSIREC) highlighted gaps and uncoordinated service delivery to parents, families and young children across the Torres Strait. Several crisis intervention services and programs are operating in isolation and target only certain communities or parent groups. An overview of early childhood services in the Torres Strait is provided at Box 14.4.
There is an opportunity to better align early childhood and family support services to priorities identified by the communities—thereby delivering improved outcomes and better value for the investment made.

Attendance at school

Data show that Australia-wide, school attendance rates for Indigenous children are similar to those for non-Indigenous children in the 3–5-year age group. However, attendance rates of Indigenous children decline by age—attendance rates for Indigenous 17-year-olds were 36 per cent compared to 66 per cent for non-Indigenous (2006 Census). Remoteness also impacts on attendance—only 29 per cent of Indigenous children in remote areas were attending school by the time they were 17 years old, compared to 44 per cent in major cities (ABS 2006b).

Many factors create the preconditions for low school attendance, including family, school and teacher attributes, and underlying community issues such as inadequate housing and health care and inter-generational unemployment (Bourke et al. 2000; Silburn 2014).

School and community factors found to influence attendance rates are outlined in Box 14.5.
Box 14.5 School and community factors influencing attendance rates

**School-based factors** have been identified to be key in relation to the non-attendance, low achievement and non-completion of Indigenous students:

- inadequacies in and inappropriateness of the schooling process itself
- inadequate pre- and in-service training of teachers and their unpreparedness for teaching in a cross-cultural, bilingual situation
- poor teacher/student relationships
- teacher attitudes, expectations and a tendency to rely on deficit explanations of low levels of academic achievement
- a significant lack of Indigenous parental/community involvement in the schooling process.

There are several **community factors** to be considered when tackling attendance rates:

- high ratios of children to adults; younger parents and parents with low levels of school education
- the small percentage of adults in the community who speak English
- geographic remoteness, and level of housing overcrowding.

Sources: TSIREC sub. 8; Bourke et al. 2000, p. 3; Silburn 2014; Silburn et al. 2014.

**Importance of adult literacy**

Families are children's first educators, and continue to influence their learning and development during the school years and beyond (DET 2016, p. 19). Parents with low literacy levels may struggle to support their children at school, including reading to children; being able to understand and respond to school notes; taking part in parent–teacher meetings; and advocating for their children when they are having trouble at school. Research shows that children who are least likely to attend school regularly and do well are those who grow up in a household where few adults, if any, have had a good education (Boughton & Beetson 2017). The 'Yes, I Can!' Aboriginal adult literacy campaigns have brought positive change to communities in western New South Wales (Box 14.6).
Teacher quality and retention

Quality teachers benefit those students who depend the most on school for positive life outcomes; however, attracting and retaining the best teachers for remote schools is a challenge (Halsey, n.d. p. 24; Rice et al. 2017). Teachers working with Indigenous students in remote/very remote schools are likely to be less experienced, more likely to have spent less than five years in their current schools, and report low levels of specialised training in Indigenous education, with less than a third reporting pre-training or in-service training (Luke et al. 2013, p. 6).

Poor cultural competency and an understanding of how communities function were factors raised by stakeholders, who said they:

- desire strong consideration to ensure cultural competency; improve staff broad knowledge around aboriginal community functionality; need to improve working relationship with all tiers of education to support relevant educational structures that provide intense support to local community teachers and staff ... prepare staff about expectations, values, local trends and or essential needs including the effect of the environmental disparity that has strong association with a systemic cycle of mental health problems associated with the Doomadgee Aboriginal community. (NWQICSS sub. 23, p. 6)

Higher staff turnover impacts negatively on learning outcomes (Halsey n.d., p. 26). The average length of service (teaching) in the remote and discrete communities is 11.6 years, compared to around 15 years in cities and inner regional areas of Australia. Teacher turnover rates are high at 21.6 per cent on average across the communities (2016), compared to 6.5–8.3 per cent in cities and inner regional areas of Australia (DET 2017).

Strategies to attract and retain better prepared teachers are outlined in Box 14.7.

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**Box 14.6 'Yes, I Can!' Aboriginal adult literacy campaigns**

- 'Yes, I Can!' Aboriginal adult literacy campaigns are based on the premise that the most effective way to get more kids reading and writing is to give their parents those same skills.
- Developed in Cuba and since used in 30 countries, 'Yes, I Can!' campaigns have been running in western New South Wales since 2012, in partnership with the University of New England.
- Completion rates are over 65 per cent—five times higher than Indigenous students’ completion rates for formal, accredited Foundations Skills courses run through the national VET system.
- A local school principal said:

  More parents are talking to me about school and asking for their kids to be given homework. Our pre-schoolers are using the library more, too. It’s been a great thing for the community: it’s given the adults who did miss out on their schooling a chance to catch up and have a way to relate to their children.

- 'Yes, I Can!' is taught in the community, by community members, with a non-formal community education approach.
- A longitudinal study of the impact of 'Yes, I Can!' is underway.

*Source: Boughton & Beetson 2017.*
Box 14.7 Attracting and retaining better prepared teachers

What works

- increasing the number of Aboriginal and Torres Strait Islander educators, which fosters student engagement and improves educational outcomes
- pre-service teacher experience, such as a practice placement in a remote Indigenous school
- tailored courses to prepare teachers—for example, the National Exceptional Teaching in Disadvantaged Schools program selects high-quality teacher trainees, and provides them with targeted coursework and practice placements in disadvantaged schools. Of these trainees, 90 per cent go on to accept a teaching job in a disadvantaged school
- recruiting quality principals—effective teachers value good school leadership and seek to move away from schools where this is lacking. Effective principals are also better at identifying quality staff and assisting teachers’ professional development.

What does not work

- Prescriptive curriculum—‘teacher-proof’ curricula are likely to drive out those teachers most able to improve student learning.

Aboriginal and Torres Strait Islander teachers

Aboriginal and Torres Strait Islander teachers and staff members are recognised as supporting a culturally inclusive curriculum. Indigenous teachers’ understanding of culture and preferred learning styles can enrich the school experience for Aboriginal and Torres Strait Islander students and support them to achieve success at school (Buckskin 2016; Crawford and Biddle 2017).

Strategies to attract more Indigenous teachers and support their completion of initial teacher education call for effective engagement and retention strategies by faculties and schools of education (Buckskin 2016). A successful NSW Department of Education campaign is outlined in Box 14.8.

Box 14.8 Join our Mob

Join our Mob is a NSW Government campaign to attract more Indigenous teachers. It includes:

- a scholarship program supporting 80 Aboriginal and Torres Strait Islander people to train as teachers
- a guarantee of an appointment in a preferred location on graduation
- targeted career attraction campaigns with a highly visible message, found to be most effective
- university career attraction campaigns, social media and other online channels, used to promote teaching as a career of choice.

Source: Johnson et al. 2016.
There are currently 612 Aboriginal and Torres Strait Islander teachers in Queensland state schools, comprising 1.4 per cent of all teachers (DET 2016, p. 22). Schools in the remote and discrete communities have on average 15.3 per cent Indigenous teachers and 31.6 per cent Indigenous educators in non-teaching positions. While this is positive, the data does not reflect the Indigenous populations of the regions in which teachers are based, and the total number of Indigenous teachers is proportionately well below parity with the broader population. A program that contributes to the number of Aboriginal and Torres Strait Islander teachers in Queensland schools is outlined in Box 14.9.

**Box 14.9 Remote Area Teacher Education Program**

- The program was established in 1990.
- It supports greater access to higher education for Aboriginal and Torres Strait Islander people as well as increasing the number of Indigenous teachers in Queensland schools.
- Over 167 students have graduated through James Cook University.
- Over 1,000 Vocational Education and Training qualifications in education have been completed.


**Language, culture and the curriculum**

Research suggests that awareness and respect of culture and language are factors behind the gap and inequality in outcomes (Luke et al. 2013; Shaw et al. 2017). Education that is not inclusive of one’s social, cultural and economic values is disempowering, and the disconnect raises questions in students’ minds as to the purpose and value of education—‘am I learning so I can leave my community, am I learning so I can stay locally, or am I learning so I have a real choice about what I do?’ (Halsey n.d., p. 21).

There are links between recognition and use of first language and cultural knowledge, and student identity, wellbeing and education outcomes (Disbray 2017). Research shows that many concepts are best learned in the language that the learner understands. Mastery in first language supports second language learning, literacy and academic achievement.

_Schools teaching and instructing in English alone ... develops a failure syndrome for many children as they return home at the end of the school day often unable to remember what was taught that day – which causes them to become depressed._ (Wild & Anderson 2007, p. 147)

Testing regimes delivered in the English language create a barrier to some students. Where teachers are not permitted or are unable to translate questions into the child’s first language, their true knowledge of a subject like maths cannot be properly assessed (Salleh 2017).

Approaches that promote a culturally responsive school environment are outlined in Box 14.10.
Box 14.10 Cultural responsiveness

A culturally responsive approach has the following characteristics:

- a dual language approach supported with trained English language teachers and structured English as an Additional Language or Dialect programs
- flexibility for schools to interpret and implement the curriculum in a way that better meets the needs and interests of students, supported by the necessary authority and resources
- learning content that is engaging, accessible and culturally responsive, with a school culture that supports this and builds on high expectations for all students
- efforts to empower, support and engage Aboriginal and Torres Strait Islander students to enhance their own learning capacity, while also building and sustaining teacher capacity
- coherent and localised approaches to evidence-based literacy and numeracy teaching
- a profound understanding of the importance of school-community partnerships.

Sources: Fogarty 2012; Halsey n.d., p. 22.

Enabling a culturally responsive school environment

School can be an alienating experience for young Aboriginal and Torres Strait Islanders when there are no senior family members around and no teachers speaking familiar languages. Including the presence, languages and authority of parents and elders in schooling can improve attendance rates and the commitment of parents to working collaborative together (Christie, 2014).

A more culturally responsive school environment can be enabled by involving Indigenous students, their families and communities in all aspects of developing and driving schooling solutions, particularly at the local community level. An independent review into regional, rural and remote education observed that:

When a community and its school work together, especially in what seem to be difficult social and demographic context, education happens in many new ways … creating opportunities to build school, family and community relationships are very important to improving the core business of a school—teaching and learning. (Halsey n.d., p. 28)

The Torres Strait Island Regional Council (sub. 12, p. 34) highlighted the consistent and valued education services provided in their communities:

[All] have staff and facilities on the ground in each community. All are integrated well into their communities and play a positive role in facilitating other services into communities. All are staffed by people living in the communities.

Cultural recognition in schools

The Australian Curriculum sets expectations for what all Australian students should be taught, regardless of where they live or the background from which they come. The Queensland Government is free to deliver the Australian Curriculum in ways that are best suited to the students in local schools, including curriculum development and implementation, course accreditation, student assessment and certification (Halsey n.d., pp. 11, 19).
The Queensland Department of Education and Training (DET) provides guidance on approaches to cultural recognition in schools, and recognises the importance of empowering communities in the Advancing Aboriginal and Torres Strait Islander education and training action plan. However, the take-up and effectiveness of community involvement and cultural recognition in schools is not measured, reducing the ability to monitor progress for the Closing the Gap targets (QAO 2017, pp. 4, 7).

**Independent schools**

The Independent Public Schools (IPS) initiative provides schools with greater autonomy in decision-making and increased capacity to work in new ways to maximise learning outcomes. Independent schools have greater flexibility to tailor the curriculum to directly suit the needs of their students. Taigai State College in the Torres Strait is an IPS seeing improved student outcomes. The Cape York Aboriginal Australian Academy (the Academy) is led by an independent board in a formal agreement with DET (Box 14.11).

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**Box 14.11 Independent Aboriginal and Torres Strait Islander schools**

**Taigai State College**

- The college delivers 'YUMI’ Education across 17 discrete communities for clients from birth to adulthood.

- YUMI prioritises the whole child—their academic, social, emotional, cultural and physical needs—by embedding the inherent value of languages, culture and history into teaching and learning.

- In 2015, Tagai State College achieved 100 per cent QCE and VET completion rates, maintained an improved attendance rate of 88 per cent, and improved achievement in reading and numeracy across Years 1 to 9.

The college works in partnership with the TSIREC to:

- promote 8 campuses that provide Strait Start, a Montessori program for early learners aimed at children 0–3 years old

- deliver a traditional language in all P–3 classrooms

- partner with FNQTAFE to enable students to access university via the VET pathway.

**Cape York Aboriginal Australian Academy (the Academy)—Coen and Hope Vale primary schools**

- The Academy incorporates five domains focused on closing the early childhood development gap; Direction Instruction of English literacy and numeracy; extracurricular programs; culture and traditional language instruction; case-managed school readiness, attendance, parental involvement and health.

- Overall student attendance rate is 81 per cent (2016).

- The number of students at grade level in Reading and Numeracy has improved steadily since 2013. Years 3 and 5 results are close to or above statistically similar schools in 7 out of 10 domains (2016).

*Sources: CYAAA 2016; ‘My School’ 2017; TSC 2015.*
Health, wellbeing and special needs

Health factors, particularly disability and high levels of psychological distress, have a direct impact on Indigenous students (Nelson et al. 2016; Shaw et al. 2017). Indigenous Australians are 1.7 times more likely to have a disability, of which preventable hearing loss is a major problem. An estimated 79 per cent of Indigenous students tested across urban and remote centres had an educationally significant hearing disability, which affects language development and eventually school attendance. To compare, the World Health Organisation defines a rate higher than 4 per cent of otitis media—the main cause of hearing loss in children—as unacceptable (Shaw et al. 2017).

Socio-economic disadvantage and poor health outcomes in communities are known risk factors for students’ learning, development and wellbeing (PC 2016a). These factors play out in a higher concentration of special needs. For example, a 2014–15 assessment of students’ cognitive, social and emotional status in three Cape York communities found raised levels of intellectual impairment (Nelson et al. 2016, p. 20). Roughly one quarter of students reportedly met the criteria for diagnosis of intellectual impairment and subsequent Education Queensland verification, in two of the three locations. A further 42 per cent were within the borderline intelligence category (Nelson et al. 2016, p. 20). The results highlight a need for appropriate strategies to optimise education and development outcomes for these students.

High levels of trauma, self-harm and suicide in the Cape York and Torres Strait communities place a burden of mental health problems and stress on Indigenous children (TKI, 2012). For example, a study of remote Indigenous Cape York students relocating to boarding schools found that 77.5 per cent knew someone who had suicided in the last year. Responses indicated 60 per cent had levels of psychological distress in the high to very high categories (Nelson et al., 2016). These findings indicate the need for trauma-informed education practices to enable students to achieve an education and contribute fully in society (CQUUniversity sub. 9, p. 1).

Unmet special needs make learning difficult. A Cape York teacher observed that:

*Some of these kids are too stressed to learn. Heaps of the kids just have total meltdowns, or they might act like zombies sometimes. It’s like they are cognitively overloaded just dealing with what’s going on at home and in the community. Yet the system doesn’t want to know about that. We are just meant to focus on literacy and numeracy, and if you’re lucky you might get support for Intellectual Impairment, but we don’t even try and grapple with things like Post Traumatic Stress Disorder ... the system doesn’t want to hear about it’ (Nelson et al., 2016, p. 16).*

Studies have shown that early conduct problems have far-reaching implications for later development. Conduct problems frequently co-occur with increased risks of attention deficit hyperactivity disorder, early onset alcohol and substance abuse, school suspension and dropout, teen pregnancy and mental disorders. Childhood conduct problems are precursors of a range of adverse outcomes including crime, imprisonment, mental health problems, suicidal behaviours and physical health problems (Advisory Group, 2009, pp. 5–6). Prevention, treatment and management of conduct problems improve outcomes for the child and society more broadly.

**Queensland Government responses to special needs**

Queensland Government current and proposed disability supports are outlined in Box 14.12.
Box 14.12 Special needs support arrangements

**Deadly Ears program:** The Queensland Government provides a multi-sector response to address middle ear disease and associated hearing loss among Aboriginal and Torres Strait Islander children through the Deadly Ears program.

**Current disability support:** DET has conducted extensive assessment and verification work with students in Cape York in recent years. In 2016, the Department engaged LifeStyle Therapies and Training Solutions allied health services to provide comprehensive psychology, occupational therapy, and speech therapy support, tailored to meet the complex needs of these isolated communities.

**Proposed:** A cross-agency working group to identify additional interventions and facilitate coordinated service delivery to support children with complex social and emotional behaviours is proposed in the draft action plan *Advancing Aboriginal and Torres Strait Islander education and training*.

Sources: DET 2016, p. 20; Queensland Government sub. 27, p. 12.

**Issues**

Concerns have been raised in submissions about gaps in identification, assessment and support for children with special needs (Box 14.13).

Box 14.13 Gaps in identification and response to special needs

**Identification:**

*One teacher indicated she was working with a girl who turned 17 recently, whose family had described her as 'simple', and who had attended a state school in the community over a period of seven years, as well as attending a boarding school. Her attendance and achievement history were poor. As it turns out, the student is profoundly deaf but until now was undiagnosed.*

The same teacher commented:

*Identification and verification is 'quite random, in remote communities it is done using fly-in fly-out expertise, and if a student is not at school that day or has chronic attendance issues, they don't get seen."

**Assessment and support:**

*In Queensland there is no systematic response within Queensland Education to identify and respond to social and emotional disorders such as Post Traumatic Stress Disorder and Conduct Disorder, even in our remote and discrete communities where the indicators make plain that we are well and truly 'on-notice' that these will be high-risk, high-prevalence populations.*

A Cape York teacher observed:

*There are big gaps even if you get an assessment through. The system can’t deal with co-morbid conditions. You are forced to choose which one you get support for. It’s not like you get 10 hours of support for this issue and 12 for that, you have to choose which.*

Sources: CYI sub. 26, p. 8; Nelson et al. 2016, pp. 15–16.
There is an opportunity to better respond to special needs by establishing and using a person-centred outcomes framework as the basis for needs assessment and service planning (PC 2017a).

Transitions

Transition to boarding school

Many students from remote communities throughout Queensland must relocate to attend secondary school, due to limited or no options in their community. Of these, around 500 leave their families and communities each year to attend boarding schools.

Being away from family and community presents challenges for Indigenous boarding students. Conflicting feelings between wanting a good future and wanting to maintain their identity are often the reason for Indigenous students dropping out of boarding school. Students experience homesickness, and feel disconnected with family, culture and identity when they return home (Rogers 2017; Rogers & Biddle 2017).

The Queensland Government provides Transition Support Services (TSS) to students and families from some Cape York communities to transition to boarding school. TSS also provides in-school support to these students and a number from communities in the Northern Peninsula Area at boarding schools and residential facilities throughout Queensland. TSS supports student adjustment, orientation, and ongoing stay at boarding schools (CQUniversity sub. 9, p. 4; NWQICSS sub. 23, p. 18).

In the Torres Strait, at least 500 secondary-school-age students living in remote island communities must relocate to attend secondary school on Thursday Island or mainland Australia. In its submission to the inquiry, the Torres Strait Islanders’ Regional Education Council raised concerns that:

\\[
\text{despite an obvious and persistent need, no government-funded services has been provided to support secondary school-aged students from the Torres Strait, their families or destination schools to ensure the successful transition to and completion of secondary school. (TSIREC sub. 8, p. 9).}
\\]

Research\(^{27}\) has found that attending boarding school works well for some students, but is challenging for others. A high proportion of students who had been disengaged from boarding school had very high levels of psychosocial distress and were particularly vulnerable. Opportunities were identified for improving educational outcomes for remote Indigenous students without suitable secondary school options in their community (Box 14.14).

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**Box 14.14 Findings from the Resilience Study**

The research conducted by TSS and the CQ University Resilience Study team provided evidence of remote Indigenous student experiences, and recommended the following actions:

- targeted preparation for primary students who are likely to be transitioning to boarding school, from the end of Year 4 / beginning of Year 5, as part of the Education Queensland curriculum
- linking boarding schools and communities to foster better engagement and understanding
- exploring alternative models of education for re-engaging remote Indigenous secondary students, and delivery of models of education that work for all students.

*Source: CQ University sub. 9, p. 8.*

\(^{27}\) The 5-year Resilience Study was developed by the Centre for Indigenous Health Equity Research, Central Queensland University, in partnership with TSS in response to identified self-harm and suicide risk for transitioning students.
Transition to further education, training and employment

The gap in apparent retention rates of 16.6 percentage points in 2016 (across Queensland) has reduced from 21.4 percentage points in 2012, but the number of students leaving school before the end of Year 12 remains high. Various initiatives are in place to lift attainment rates and facilitate the transition to further education, training and employment (Box 14.15).

Box 14.15 Supporting students in the senior school years

Clontarf Foundation

- support for Indigenous male students to remain engaged in school through participation in sport
- premised on the belief that failure to experience achievement when young, coupled with a position of under-privilege can lead to alienation, anger and more serious consequences
- delivered through a network of football academies established in partnership with local schools
- students supported with mentoring and counselling on a range of behavioural and lifestyle issues by a locally based Clontarf staff member, while the school caters for their educational needs
- funded by the Australian and state governments and the private sector.

Senior Education and Training (SET) plans

- support all students to complete Year 12 and achieve a Queensland Certificate of Education (QCE)
- map out a plan of action—through the SET plan, completed in year 10—for the student’s education and training
- help the student to enrol in the subjects they need to achieve their career goals
- a Department of Education and Training initiative.

Queensland Certificate of Education (QCE) attainment project

- an individual case management approach to support students to attain the QCE
- has proven effective, with most of those who do complete the senior phase of schooling now attaining Year 12 certification
- a Department of Education and Training initiative.

Youth Employment Program

- supports Indigenous students to successfully go from schools into training or employment pathways
- has found job placements for 2,661 post-Year 12 people, since starting in 2015
- restricted to engagement with students in term 3, Year 12
- a Department of Aboriginal and Torres Strait Islander Partnerships initiative.

Issues

A recent Queensland Audit Office (QAO) review of the Queensland Government initiatives found that while attainment rates of those who complete senior years had been lifted, more could be done to support students’ engagement and achievement. Key issues were:

- State schools are not regularly reviewing whether all senior students have a SET plan, and in 2016, an estimated one third of Year 12 students did not (QAO 2017, pp. 6–7).

- Information on regional job opportunities for Aboriginal and Torres Strait Islander students is not being provided to schools, parents and students, to assist with the completion of students’ SET plans.

- The number of Community Education Counsellors has not kept pace with the increase in Indigenous students in Year 11 and 12, and staff have concerns about the time available to undertake intensive case management (QAO 2017, pp. 3–6).

- Coverage of the Youth Employment Program is unable to be maximised due to being restricted to engagement with Year 12 students in term 3 only.

Concerns about gaps in support for high risk teens were raised by the Barambah Local Justice Group:

*The students at the Rodeo School are high risk, most vulnerable and most disconnected in the community. They are the ones that are regularly before the courts and in and out of detention due to poor support at home and a dysfunctional upbringing. Although the school is classified as “Private”, they are not like regular private schools where rich parents are paying high fees for their child’s education. The students do not pay any fees and they often miss out on programs like the Clontarf Program which can only be delivered to public school kids and the kids from the Rodeo School and Silver Lining miss out. There is nothing fair about the way funding is allocated.*

*(Barambah Local Justice Group sub. 2, p. 9)*

There is an opportunity for better outcomes from current investments by targeting support to the key transition phases. Informed by community needs assessment, appropriate responses could better prepare, support and involve students and their families in the transition to boarding school. Delivery models of education that work for all students are needed, including alternative models for re-engaging remote living secondary students.

Supporting a broader student base

The Australian Indigenous Mentoring Experience successfully supports a broad base of Indigenous students to remain engaged in school and transition to further education, training and employment (Box 14.16).
Training

The relatively low rates of employment among Aboriginal and Torres Strait Islanders contributes to poorer economic and social outcomes (QAO 2017, p. 2). There is a direct relationship between employment and level of education—research has shown that the percentage of the Indigenous population aged 15–64 years in employment increases with increasing level of education. The difference was reasonably consistent across gender, degree of remoteness and time (Crawford & Biddle 2017).

Box 14.16 Australian Indigenous Mentoring Experience case study

The Australian Indigenous Mentoring Experience (AiME) Program aims to address the high proportion of Aboriginal and/or Torres Strait Islander high school students not completing secondary school and/or not transitioning through to university, further study or employment at the same rate as their non-Indigenous peers.

The AiME program

- It started in 2005 and is delivered by an Indigenous Corporation, in urban and regional areas.
- It is based on recruitment of university students as mentors, who provide advice and personal support to Aboriginal and Torres Strait Islander school mentees from Years 7 to 12.
- It delivers support services related to Indigenous youth education and mentoring, school retention and transition into university, further education or employment.
- There are three delivery modes: targeted courses; tutor squad; and one-on-one coaching, career support and post-school transition.
- More than 50 per cent of AiME staff are Indigenous. Indigenous facilitators deliver the program to the Indigenous high school students attending the program.

Evaluation findings

- The program reached its objective of encouraging better school grade progression rates.
- The different program delivery modes have comparable outcomes.
- AiME students performed better than Indigenous students around the country, and reached levels of school performance close to their non-Indigenous peers.
- The program had a positive impact on resilience, employment and earnings.
- The AiME program generates $7 in benefits for every $1 of cost.

Funding and delivery

- AiME is funded from various revenue streams including in-kind; university partners; corporate partnerships; family donations and philanthropic partners; government grants; and individual donations. Partner universities in Queensland include Central Queensland University, University of the Sunshine Coast, Griffith University, Bond University, Southern Cross University.

High-level outcomes

The Queensland Government submission to this inquiry noted that Aboriginal and Torres Strait Islander young people in communities are significantly less likely to have the skills or training to participate in the workforce, with only one in two in the 20–24 years age group having attained a Year 12 (or equivalent) education. This compares to nearly two-thirds of all Indigenous Queenslanders and more than 4 out of every 5 non-Indigenous Queenslanders in the age cohort attaining Year 12 or equivalent (Queensland Government sub. 27, p. 5).

More Indigenous Australians participate in some form of government-funded Vocational Education and Training (VET). While their qualification levels are lower, there is a broad upward trend—the percentage of Aboriginal and Torres Strait Islander people aged 15–64 years who had a Certificate III or higher-level qualification increased substantially from 15 per cent in 2002 to 34 per cent in 2014–15 (Crawford & Biddle 2017).

Indigenous employment after training was lower, partly due to fewer opportunities in rural and remote areas, where many Indigenous students live (Rothman et al. 2013; Shaw et al. 2017).

Participation of Indigenous students at university almost doubled from 2006 to 2015, though less than half completed their studies. Employment outcomes for Indigenous students that graduated from higher-level education (2016) are on par with non-Indigenous (Shaw et al. 2017).

Current Queensland Government initiatives

In 2015–16, approximately $10.4 million was invested to support people in discrete communities to access VET and complete formal qualifications, including:

- 1,910 students to gain qualifications through the Certificate 3 Guarantee and Higher Level Skills programs
- 278 apprentices and trainees to complete qualifications while learning skills at work
- training places and pathways to employment for 750 participants in 17 Indigenous councils plus five councils with high Indigenous populations under the Indigenous VET Partnership initiative for the LGAQ.

The Skilling Queenslanders for Work (SQW) program provides training, skills development and paid traineeship opportunities. Since 2015, 10 projects worth $962,200 have been approved across the discrete communities, involving 199 Aboriginal and Torres Strait Islander people. Indigenous councils have been awarded $625,000 under the SQW First Start program to employ 50 young people or disadvantaged jobseekers in a 12-month traineeship (Queensland Government sub. 27, p. 14).

What is working well

Employment rates in remote areas increase with the level of qualification, and are improving over time (Table 30).

Table 30 Employment rate, Indigenous people aged 15–64, Queensland remote areas

<table>
<thead>
<tr>
<th>Qualification level</th>
<th>2002 (%)</th>
<th>2014–15 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma or higher</td>
<td>67</td>
<td>81</td>
</tr>
<tr>
<td>Certificate III or IV</td>
<td>57</td>
<td>60</td>
</tr>
<tr>
<td>Certificate I or II</td>
<td>35</td>
<td>41</td>
</tr>
<tr>
<td>No post-school qualification</td>
<td>15</td>
<td>24</td>
</tr>
</tbody>
</table>

Source: Crawford & Biddle, 2017.
A VET partnership with the Local Government Association of Queensland (LGAQ) (Box 14.17) exemplifies a collaborative approach between trainers and employers (Indigenous councils). The industry-led process has trained 1,200 people and raised VET completion rates to over 95 per cent (from 15 per cent in 2012, under delivery by Registered Training Organisations). The training is tied to employment outcomes allows locals to take over job functions previously undertaken by external contractors.

Box 14.17 VET partnership with LGAQ

In 2012, the Indigenous Leaders Forum identified the need to build capacity across their workforce to ensure that they could meet their obligations as a local government authority. A program was developed by LGAQ in partnership with the state government.

The aim of the project was to:

- establish an industry driven, fully contestable process responsive to the needs of each council
- identify council workforce capacity and capability issues/needs—current and future
- facilitate a collaborative cross government agency approach to addressing workforce requirements
- ensure closer alignment between workforce development initiatives and council objectives
- identify and address any impediments to training
- manage and deliver culturally appropriate, jobs-focused training.

Councils chose training to ensure that their employees:

- had requisite skills (Environmental Health Workers, Animal Management Workers)
- held current licences / tickets requirements (Plant Operators, Traffic Controllers)
- were formally trained in the technical aspects of their work
- met relevant national certification requirements (water operators)
- had skill levels in line with any legislative requirements (Early Child Care and Aged Care Workers).

As at May 2017 this program is achieving 99 per cent completion rate. It has lifted qualification levels in communities and improved the workforce capacity of Indigenous councils.


Issues

The Cape York and Torres Strait regions have relatively larger percentages of the Indigenous population with a Certificate I or II as their highest educational qualification (15–64 years, in 2011), compared to the eastern seaboard and cities (Crawford & Biddle 2017).

Difficulties in gaining a trade in remote areas have been raised, for example:

Tradespeople visit for short projects and employment of local persons is not feasible for them.
Likewise the weekly TAFE requirements do not suit the situation. (Hannan sub. 24, p. 3)

To build workforce capacity, initiatives need to build long term local employment and support local workers to gain the necessary skills and higher qualifications. For example, TSIRC supported:
Shifting to a 'local first' model of grant funding so that organisations based elsewhere (Thursday Island Cairns, Brisbane) do not automatically receive funding to deliver services in our region

Working in partnership with TSIRC and local partner organisations to build the skill and knowledge base of local workforce

Identifying barriers (legislative, required skills/knowledge/qualifications) to local employment and developing medium-to-long term strategies with TSIRC and local partner organisations to address such barriers. (TSIRC sub. 12, p. 8)

Closing the gap outcomes can be greatly enhanced with improved educational and employment opportunities in communities. A collaborative approach is needed including:

- TAFE attendance requirements tailored to better suit remote living students
- VET delivery that is aligned with industry need and tied to employment outcomes
- paying attention to cultural appropriateness
- providing practical and mentoring supports to trainees and apprentices.

### 14.3 Conclusion

Outcomes and beyond-school prospects for remote and discrete Aboriginal and Torres Strait Islander students are influenced by multiple challenges and possibilities. While some progress is being made, there is an opportunity to change commissioning practices to better meet the needs of communities, families and students.

Table 31 outlines what happens under the current commissioning model.

**Table 31 Current commissioning model**

<table>
<thead>
<tr>
<th>Commissioning phase</th>
<th>What happens now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population needs assessment and market analysis</td>
<td>There is limited assessment of needs at the community, family or student level. It is not clear how well current education services are meeting population needs.</td>
</tr>
<tr>
<td>Service design</td>
<td>Education services are designed centrally with limited adaptation to specific community, family and student needs. The level of cultural engagement by schools is not monitored. Mainstream training services are not always responsive to outcomes.</td>
</tr>
<tr>
<td>Selecting providers and contracting</td>
<td>Providers are commissioned by the Australian and Queensland governments. A selection of providers can overlook characteristics that might be of benefit to communities.</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>High-level reporting includes NAPLAN, attendance and QCE attainment level. There is no reporting on the extent that special needs are met, levels of cultural integration of schools, or how well individual education and training needs are met.</td>
</tr>
</tbody>
</table>

The recommended approach (below) is intended to improve accessibility and better integrate early childhood education and family support services, supporting better development outcomes for young children in the communities.
Strategies that focus on school, community and interagency factors can increase engagement in learning and therefore school retention over the longer term. Improving levels of adult literacy in communities would enable families to better support school education, with flow-on benefits to health, employment and justice.

Greater engagement of families and communities, including elders and past students, would assist schools to lift their cultural responsiveness, and develop a supportive atmosphere for Indigenous students. Learning and developmental outcomes of children with special needs and experiencing psychosocial distress would be better supported with trauma-informed education practices and appropriate supports.

More attention needs to be paid to target underlying barriers to access, attendance and achievement in overcoming non-completion of secondary school and/or not transitioning through to higher education, training or employment. Closing the gap of life outcomes can be enhanced with a more collaborative approach between government, industry and communities to improve training and employment opportunities in communities.

Draft recommendation 13

All stakeholders should address opportunities to improve education and training services through:

- a greater focus on prevention, including through early childhood development and family supports, and identifying and responding to special needs

- individual and community input to priorities, design and delivery of services, addressing:
  - family, school and community preconditions for low school attendance
  - underlying barriers to retention and achievement
  - difficulties with transition and re-engagement of secondary students living remotely

- reform of vocational education and training (VET) funding and delivery to directly align with student and industry needs, and employment opportunities.
Community safety
Community safety describes a set of behaviours that compromise the wellbeing of communities by harming the children, people, families and the relationships within them. These behaviours, of neglect, abuse and violence, reflect multiple underlying causes that are difficult to resolve and generate ongoing costs to victims, perpetrators and communities.

This chapter provides a brief overview of community safety issues in communities and identifies options to improve service delivery.

**Key points**

- The costs of violence, abuse and neglect flow from their impact on victims and perpetrators through to future generations, and the wider community. Interventions should be judged on their ability to reduce those costs relative to the direct costs of the intervention.

- Remote and discrete communities differ in the extent and nature of their incidence of violence and child safety breaches and, accordingly, their intensity of service use and need.

- Examination of the QPC’s experimental expenditure estimates indicate that most of the expenditure in community safety ($442 million) is reactive, with a small remainder for prevention. Just over half of total expenditure would be reduced if the level of intensity of use were normalised in the remote and discrete communities.

- The ongoing challenge is finding the right balance between prevention strategies and safety responses (such as policing). The expenditure information and consensus suggest that effective prevention remains under-utilised.

- The government has responded to several inquiries relating to community safety, and recently to the *Not Now Not Ever*, and the *Taking Responsibility* inquiries, and has sought to tailor these responses to the challenges within Aboriginal and Torres Strait Islander communities.

- These challenges are well understood by government and service delivery providers. However, enforcement/community conflict is recurring, requests keep being voiced, and the disconnect between the services provided and the community they serve continues.

- Options to improve community safety involve many of the broader changes outlined in this report. A related theme is that participation or local employment is hampered by job requirements, whether imposed by the funder, the deliverer or regulation. There is an opportunity to better use local expertise if the government could reduce regulatory barriers and providers could adjust their delivery models.
15.1 Introduction

Several recent inquiries have reviewed community safety in Queensland. The Taking Responsibility report (otherwise known as the Carmody report) and the Not Now, Not Ever report together provide well over a thousand pages of analysis, consultation, and 261 recommendations that have been accepted by the Queensland Government almost in their entirety (Queensland Child Protection Commission of Inquiry 2013; Special Taskforce on Domestic and Family Violence 2015). This chapter focuses on service delivery issues for community safety in remote and discrete Aboriginal and Torres Strait Islander communities.

The chapter briefly summarises indicators for community safety in remote and discrete Aboriginal and Torres Strait Island communities and identifies opportunities for improving service delivery. The first opportunity, to shift to a focus on prevention, is well recognised. The second is to provide opportunities for greater local involvement as part of local solutions. The third is to use the review of Alcohol Management Plans to engage communities, government and providers in the outcome those plans were originally designed to achieve—a reduction in alcohol-related violence and neglect.

Community safety is an area where the reform proposals outlined in Part B of this report provide significant opportunities to improve outcomes. This is primarily because of the multifaceted nature of the issues and the role that engagement has in prevention. In addition to the benefits of creating responsiveness and improved monitoring, the reform proposal unlocks the greater application of local knowledge to local problems.

15.2 The nature of violence and neglect

The causes of violence can be divided into three groups—precipitating events, situational factors and underlying causes.

Underlying causes include unemployment, overcrowding (which is also a situational factor), intergenerational trauma (repeated patterns of dispossession and dependence), and the breakdown and devaluing of traditional roles and cultural practices. These underlying causes contribute to situational factors such as anger, conflict (with partners, and within the family and the wider community) and mental health issues; they also feed self-abusive and other-abusive patterns (violence, sexual abuse, drug and alcohol misuse). Precipitating events include jealousy, perceived threats or slight, reduced inhibition (alcohol), and peer pressure.

Additional factors include:

- Generational impacts—human behaviour is shaped by long-term development processes. Children who learn that violence works in families, among peers, in the media and in communities may have a greater potential to behave violently as adults.

- Complex interactions—proclivity to learned violence differs between individuals, and other developmental processes may protect or worsen susceptibility to violent behaviour. Violence arises from complex interactions among the individual’s psychosocial development, their neurological and hormonal differences and social processes, making it difficult to identify primary causes.

- Community and national effects—studies indicate that violent socialisation significantly varies across different contexts, and this contextual effect accounts for a significant proportion of the variation in youth violence. The view that violence and incarceration has become a ‘rite of passage’ for Indigenous youth is an example of this effect.

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28 Six recommendations from the Taking Responsibility inquiry were accepted in principle.
The impact on victims will depend on the nature of the event(s) of violence or neglect (for example physical, emotional, psychological) and offsetting protective factors. The literature identifies one consequence of the resulting trauma that is important to note and is likely to apply at a family and community level where trauma is widespread:

*The personal experience of feeling traumatised is an underlying barrier to change since trauma and powerlessness typically run hand in hand. The literature indicates that trauma is an event which renders a person helpless (Freud 1926). A traumatised person experiences paralysis, becomes overwhelmed, immobilised and withdrawn. (Kardiner & Spiegel 1947; Krystal 1971; Horowitz 1992). The whole apparatus for concerted, coordinated and purposeful activity is smashed. (Kardiner & Spiegel 1947). (Stanley et al. 2003, p. 6)*

The implication is that change can be difficult to self-initiate. A catalyst for change may be required in communities with a high burden of trauma.

**15.3 The costs of violence, neglect and abuse, and the benefits of interventions**

From a policy viewpoint, the costs arising from violence (and neglect or abuse) include the costs of injury (hospital costs), the consequential costs in terms of time for treatment, and any disability (temporary or permanent) in terms of reduced productivity (on a job, in the community, for the family or personal activities). Costs also include pain and suffering, the impacts on personal development and behavioural pathways, educational attainment, through to employment, and the subsequent propensity for further violence or abusive behaviours. Some of these impacts are also incurred by the perpetrator. The benefits of reduced violence are the elimination of these costs.

Table 32 provides a summary of costs and who bears those costs from a study of Australian domestic violence by Access Economics (2004). It presents only proportions to indicate the relative size and impact of costs. These impacts are relevant for determining the return to initiatives that reduce the incidence of violence.

**Table 32 Who pays for domestic violence**

<table>
<thead>
<tr>
<th>Affected group</th>
<th>Nature of costs</th>
<th>Proportion of total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victim</td>
<td>Largely pain and suffering (41 per cent) and premature mortality, and reduced family resources (14 per cent)*</td>
<td>50</td>
</tr>
<tr>
<td>Perpetrator</td>
<td>Lost productivity</td>
<td>7</td>
</tr>
<tr>
<td>Children</td>
<td>Reduced family resources</td>
<td>10</td>
</tr>
<tr>
<td>Employers</td>
<td>Lost production</td>
<td>2</td>
</tr>
<tr>
<td>Friends and family</td>
<td>Minor transfers</td>
<td>–</td>
</tr>
<tr>
<td>Government (state and federal)</td>
<td>Transfers for income assistance, health costs, homelessness and justice system costs</td>
<td>16</td>
</tr>
<tr>
<td>Community</td>
<td>Health, support services, transfers and second generation effects</td>
<td>15</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>

* The percentages (41 and 14 per cent) apply to the total, not to victim costs only. Transfers from the government reduce the sum of victim costs to 50 per cent.

Note: The total costs estimated in 2002–03 were $8.1 billion for Australia.

A broad distinction between prevention and reactive services is made in this chapter. Expenditure on policing is considered mainly reactive, although the presence of patrols, for example, can have a preventative effect. In reality there is a continuum from early interventions through to those that reduce the impact upon victims. Initiatives should be judged on their cost–benefit ratio. The reactive end of the spectrum is much easier to identify and target, and is often the focus of activity. The returns to earlier interventions, and preventative services, though harder to identify, are likely to be higher. Increasing their use will save on the use of reactive services. This is the basis for justice reinvestment initiatives that are identified in this chapter.

15.4 Community safety outcomes

Table 33 provides a snapshot of summary statistics on community safety. Overall, they indicate rates of incidence in communities that are in the order of 10 times higher than comparable non–Indigenous Queensland rates (the Ratio column). No additional analysis of underlying factors or trends has been made.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Result</th>
<th>Ratio</th>
<th>Notes</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Child safety (0–17 years)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Substantiated harm</td>
<td>21.8</td>
<td>6.6</td>
<td>(a)</td>
<td>2015–16</td>
</tr>
<tr>
<td></td>
<td>28.7</td>
<td>8.7</td>
<td>(b)</td>
<td>2014–15</td>
</tr>
<tr>
<td>Care and protection orders</td>
<td>44.8</td>
<td>8.4</td>
<td>(a)</td>
<td>2015–16</td>
</tr>
<tr>
<td></td>
<td>11.9</td>
<td>4.1</td>
<td>(b)</td>
<td>2014–15</td>
</tr>
<tr>
<td>Out of home care</td>
<td>40.6</td>
<td>8.5</td>
<td>(a)</td>
<td>2015–16</td>
</tr>
<tr>
<td>Violence</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reported offences against the person</td>
<td>62.6</td>
<td>10.4</td>
<td>(b)</td>
<td>2014–15</td>
</tr>
<tr>
<td>Episodes of care for assault-rated conditions</td>
<td>15.1</td>
<td>12.5</td>
<td>(b)</td>
<td>2014–15</td>
</tr>
<tr>
<td>Domestic and family violence incidents</td>
<td>189.8</td>
<td>12.2</td>
<td>(c)</td>
<td>2014</td>
</tr>
<tr>
<td>Protection orders</td>
<td>56.0</td>
<td>13.0</td>
<td>(c)</td>
<td>2014</td>
</tr>
<tr>
<td>Justice system</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adult imprisonment rate</td>
<td>16.3</td>
<td>10.5</td>
<td>(d)</td>
<td>2016</td>
</tr>
<tr>
<td>Daily detention, 10–17-year-olds</td>
<td>3.0</td>
<td>22.4</td>
<td>(e)</td>
<td>2014–15</td>
</tr>
<tr>
<td>Daily community based supervision, 10–17-year-olds</td>
<td>18.9</td>
<td>15.6</td>
<td>(e)</td>
<td>2014–15</td>
</tr>
</tbody>
</table>

Sources: (a) PC 2017b; (b) QPC estimates for discrete Indigenous communities included in DATSIP 2016; (c) QPC estimates based on ten LGAs with the greatest incidence of domestic violence incidents and protection orders as reported in DPC 2016; (d) ABS 2016c; (e) PC 2017c.
Community safety outcomes in the communities

Table 34 provides a summary breakdown of available indicators and the Queensland comparison rate.

The table indicates that communities differ significantly in their rates of incidence. The Torres Strait Island communities have relatively low incidence rates across both sets of measures. Generally, communities with more violence tend to have more child safety issues. There can be significant variation between years for the child protection measures, especially in smaller communities.

Table 34 Violence and child safety indicators, 2014–15 (rate per 1,000 persons)

<table>
<thead>
<tr>
<th>Community</th>
<th>(1) Offences against the person</th>
<th>(2) Episode of care for assault</th>
<th>(3) Substantiated notification of harm (child)</th>
<th>(4) Finalised child protection orders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population &gt; 2000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palm Island*</td>
<td>103.2</td>
<td>20.6</td>
<td>24.4</td>
<td>32.6</td>
</tr>
<tr>
<td>Yarrabah*</td>
<td>45.8</td>
<td>10.0</td>
<td>10.2</td>
<td>11.1</td>
</tr>
<tr>
<td>Northern Peninsula Area*</td>
<td>33.8</td>
<td>8.6</td>
<td>9.9</td>
<td>8.9</td>
</tr>
<tr>
<td>Torres Strait Region</td>
<td>25.4</td>
<td>1.0</td>
<td>14.4</td>
<td>4.4</td>
</tr>
<tr>
<td><strong>Population &lt;2000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kowanyama*</td>
<td>138.7</td>
<td>31.1</td>
<td>53.3</td>
<td>n.p.</td>
</tr>
<tr>
<td>Woorabinda*</td>
<td>125.7</td>
<td>19.0</td>
<td>38.6</td>
<td>16.5</td>
</tr>
<tr>
<td>Doomadgee*</td>
<td>114.0</td>
<td>12.2</td>
<td>53.8</td>
<td>n.p.</td>
</tr>
<tr>
<td>Mornington Island*</td>
<td>107.1</td>
<td>14.7</td>
<td>79.4</td>
<td>n.p.</td>
</tr>
<tr>
<td>Aurukun*</td>
<td>102.1</td>
<td>40.4</td>
<td>45.9</td>
<td>47.5</td>
</tr>
<tr>
<td>Cherbourg*</td>
<td>62.7</td>
<td>37.2</td>
<td>23.3</td>
<td>226.8</td>
</tr>
<tr>
<td>Hope Vale*</td>
<td>32.9</td>
<td>31.1</td>
<td>74.4</td>
<td>50.6</td>
</tr>
<tr>
<td><strong>Population &lt; 1000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mossman Gorge</td>
<td>111.1</td>
<td>40.4</td>
<td>166.7</td>
<td>266.7</td>
</tr>
<tr>
<td>Pormpuraaw*</td>
<td>109.4</td>
<td>17.8</td>
<td>47.4</td>
<td>33.2</td>
</tr>
<tr>
<td>Coen</td>
<td>93.7</td>
<td>12.1</td>
<td>n.p.</td>
<td>n.p.</td>
</tr>
<tr>
<td>Napranum*</td>
<td>63.6</td>
<td>32.9</td>
<td>30.2</td>
<td>n.p.</td>
</tr>
<tr>
<td>Lockhart River*</td>
<td>44.4</td>
<td>22.2</td>
<td>82.7</td>
<td>52.6</td>
</tr>
<tr>
<td>Mapoon*</td>
<td>44.4</td>
<td>27.3</td>
<td>n.p.</td>
<td>87.0</td>
</tr>
<tr>
<td>Wujal Wujal*</td>
<td>30.9</td>
<td>20.6</td>
<td>0.0</td>
<td>n.p.</td>
</tr>
<tr>
<td>Queensland</td>
<td>6.0</td>
<td>1.2</td>
<td>5.3</td>
<td>2.9</td>
</tr>
</tbody>
</table>

* Communities under an Alcohol Management Plan (see section 15.7).
Incidence per 1,000 persons for columns 1 and 2, and per 1,000 persons (aged 0–17 years) for columns 3 and 4. Not published (n.p.) where fewer than 5 children measured. Note that substantiated notifications of harm and finalised protection orders relate to different cohorts and are not directly comparable.

Source: DATSIP 2016.
15.5 Expenditure on community safety

The experimental expenditure estimates set out in Chapter 3 suggest that annually $443 million (2012–13) is devoted to community safety in the communities. This comprises $230 million in public order and safety and $200 million in community support and welfare. The remaining estimate for recreation and culture of $12 million is also included in some of the totals discussed below. Table 35 provides a breakdown of these estimates.

The single largest item within the $230 million spent on public order and safety is police services ($134 million), followed by facility-based detention ($33 million), courts ($23 million) and community-based services ($19 million).

The $200 million estimated for community support and welfare is made up of protection and support services ($125 million), general family and youth support services ($32 million) and welfare services for people with a disability ($27 million).

Table 35 Community safety expenditure estimates, 2012–13

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>$million</th>
<th>Per cent</th>
<th>Reactive $million</th>
<th>Mainstream $million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public order and safety</td>
<td>230</td>
<td>52</td>
<td>134</td>
<td>225</td>
</tr>
<tr>
<td>— police services</td>
<td>134</td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— courts</td>
<td>23</td>
<td>5</td>
<td>23</td>
<td></td>
</tr>
<tr>
<td>— facility based detention</td>
<td>33</td>
<td>7</td>
<td>33</td>
<td></td>
</tr>
<tr>
<td>— community based services</td>
<td>19</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community support and welfare</td>
<td>200</td>
<td>45</td>
<td>125</td>
<td>172</td>
</tr>
<tr>
<td>— protection and support services</td>
<td>125</td>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>— general family and support services</td>
<td>32</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>— disability services</td>
<td>27</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation and culture</td>
<td>12</td>
<td>3</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>443</td>
<td>100</td>
<td>315</td>
<td>407</td>
</tr>
</tbody>
</table>

Due to small amounts, mainstream expenditures are reported at the higher level only. Subtotals may not add up since, not all components are reported.

Source: QPC estimates.

A conservative estimate of reactive expenditures comprises police services, courts, detention facilities and community protection and support services. The total of $315 million is 71 per cent of total expenditure. Much of the community-based services ($19 million) and general family and support services ($32 million) may also be reactive, particularly when they provide services to victims.

The estimated mix of mainstream services and Indigenous-specific services is $407 million (92 per cent) and $36 million (8 per cent)—not reported in the table, respectively. There is little evidence to draw conclusions about the quality of this expenditure.

The experimental estimates in Chapter 3 also indicate that just over one half ($244 million) of the total $443 million expenditure is due to the intensity of services used in the communities. This estimate is based on the incidence of violence and child safety incidents in the communities. There is significant potential for reducing community safety expenditure by normalising levels of service. This potential does not account for the flow-on impacts to reduced health expenditure and improved education and employment outcomes.
The statewide expenditure mix

Service provision in health and community safety is often described as a three-layer pyramid, with a base of primary services (such as community-wide measures), then secondary services that target at-risk individuals or groups, and tertiary services that mitigate, quarantine, rehabilitate or heal the impact of the illness or behaviour. Tertiary services are typically more expensive, and for community safety include police, court and corrections. The costs of service delivery per client tend to rise as you 'climb the pyramid'.

As part of the response to Not Now, Not Ever, DPC commissioned an audit of domestic violence services as a tool to help assess gaps (DPC 2016). The audit estimated total Queensland funding for domestic violence at $104.8 million. This estimate excludes QPS responses, previously estimated at $47 million using a different method to the audit. The audit also included Commonwealth funding (53 percent of the $104.8 million). Given the differences in method and time period no attempt has been made to reconcile this estimate with the expenditure analysis in Chapter 3 and Table 35 above.

The emphasis on reactive services in expenditure is also seen at the statewide level. The audit found that 42 per cent of the $104.8 million was for legal services, 31 per cent for homelessness services, and 17 per cent for counselling support programs. Of this total of 90 per cent, the audit concluded:

Most of the services provided are directed at delivering post-crisis responses with only a few service providers focussing on early intervention or prevention services. (DPC 2016, p. 31)

The regional breakdown of the audit analysis provides a limited view of the communities of this inquiry. In the analysis of gaps the audit indicated that the Cape region had a significantly higher level of servicing per person ($209,428) than the statewide level ($7,405). The services in the Cape were homelessness and family violence services, and were primarily reactive services.

The areas for improvement identified in the audit are summarised in Box 15.1.

Box 15.1 Domestic violence: areas for improvement

The audit of domestic violence services was based on an analysis of expenditure, demand (incidents), and surveys of government and non-government providers. The main areas for improvement were:

- the need for changes to funding arrangements to provide more funding to meet increased demand and for funding contracts to focus more on outcomes
- provision of a more holistic approach for dealing with both victims and perpetrators across the entire system from police, courts, through to emergency responses and providing ongoing support to victims
- better information systems and data sharing to support integrated service delivery and help build the evidence base.


15.6 Recent government responses on community safety

The 2017–18 Budget implements responses to Not Now, Not Ever and the Taking Responsibility reports, which both recommended additional spending on prevention. The budget includes $150 million for Aboriginal and Torres Strait Islander Family Wellbeing Services to be delivered by Aboriginal and Torres Strait Islander community-controlled organisations.
Box 15.2 summarises the government's Our Way strategy. The strategy was developed in response to the Taking Responsibility report, in conjunction with Family Matters, a national peak body representing Aboriginal and Torres Strait Islander child safety organisations.

**Box 15.2 The Our Way strategy at a glance**

The Queensland Government has created the Our Way strategy in response to the Taking Responsibility Inquiry. The strategy includes the following elements:

*Our vision is that all Aboriginal and Torres Strait Islander children and young people in Queensland grow up safe and cared for in family, community and culture.*

*Our target is to close the gap in life outcomes for Aboriginal and Torres Strait Islander children and families and eliminate the disproportionate representation of Aboriginal and Torres Strait Islander children in the child protection system by 2037 for Aboriginal and Torres Strait Islander children to thrive.*

*The outcome we want to achieve is that Aboriginal and Torres Strait Islander children experience parity across the following (wellbeing domains): safety, health, culture and connections, mental health and wellbeing, home and environment, learning and skills, empowerment, and economic wellbeing.*

The building blocks are:

- All families enjoy access to quality, culturally safe universal and targeted services necessary to thrive
- Aboriginal and Torres Strait Islander peoples and organisations participate in and have control over decisions that affect their children
- Law, policy and practice in child and family welfare are culturally safe and responsive
- Governments and community services are accountable to Aboriginal and Torres Strait Islander peoples.

The enablers for the strategy are: focus on the child; enable self-determination; take a holistic and life-course approach; address trauma and enable healing; shift and balance investment; create partnerships; empower parents, families and communities; set high expectations and positive norms; recognise culture as a protective factor, share power, responsibility and accountability, provide accessible and coordinated services; innovate, build evidence and adjust.


In response to Not Now, Not Ever, the government has adopted a Domestic and Family Violence Prevention Strategy. The key objective for the strategy is that all Queenslanders live safely in their own homes and children can grow and develop in safe and secure environments. The strategy will be implemented through a series of three-year action plans. One of the initiatives in the action plan is an Integrated Services Response Trial over three sites, one of which is Cherbourg (the other sites are Mount Isa and Logan/Beenleigh). The trial includes the development of a common risk assessment and safety management framework and tools to support multi-agency intervention models responding to high-risk cases.
Key themes in community safety services

Previous reviews and the consultation processes associated with them have suggested the following themes in system performance for the communities:

• Over the past 20 years there has been a shift towards standardising services, often dictated by centralisation, or supply-side imperatives. This describes a general approach in policing and the criminal system.

• Reactive services tend to grab resources because they demand immediate attention.

• Responses to overflowing tensions have been ad hoc and reactive, which have created a mix of structures within communities.

• There has been a move to increased NGO provision, which reflects the intersection of grant availability and provider ability. These services may not align to the needs of communities and may not 'bridge' well into remote communities.

• There are difficulties in continuity of service.

• The growth of community controlled organisations and recognition of their advantages in engagement are important factors.

• There has been a continued emphasis on consultation, but of variable quality.²⁹

A further theme has been the need for greater coordination and case-based approaches to address the multiple factors that affect behavioural pathways. The two primary methods for coordination currently used in community safety are:

• lead-agency-based coordination (for example, the Integrated Response Services Trial)

• case management coordination (for example, the Community Justice Groups and the Family Responsibility Commissioners).

Neither approach is necessarily a panacea. For example, the Family Responsibility Commissioner highlights problems when the coordinator has limited ability to influence the availability of services (FRC 2015).

15.7 Opportunities for improving community safety

This section focuses on opportunities to:

• expand expenditure on effective prevention. There is a large body of evidence that effective prevention programs 'more than pay for themselves'. The key issue is successfully implementing such programs in the communities

• deregulate and free up local capacity to contribute to improving community safety

• shift responsibility for Alcohol Management Plans and the violence they attempt to deal with to communities. This can provide a means for engaging the community, government and service providers on a fundamental safety responsibility.

²⁹ The Barambah Local Justice Group (sub. 2, p. 2) indicated its disappointment at the level of consultation and that local community Elders were not included in the High Risk Team chosen for Cherbourg.
A greater focus on treating the 'cause' rather than the 'symptoms'

The expenditure estimates for community safety indicate a heavy bias to reactive services, such as policing, courts and corrections, and child safety. These expenditures reflect the intensity of use seen in outcomes. There was a consistent message from submissions and roundtable discussions that greater preventative services were required. TSIREC (sub. 8) notes the benefits between early childhood interventions in health and education having a positive effect on development and reducing the need for later interventions:

Scientific note: Not only does school attendance have an impact on positive life outcomes, limited school participation is associated with a greater chance of dropping out of school and may lead to a cycle of disruptive behaviour. (TSIREC sub. 8, p. 7)

There is clear evidence that effective prevention programs work. Table 36 summarises cost–benefit results for prevention programs that have been rigorously evaluated. In the first example of the Perry Preschool Program, reduced crime was not the primary target. This reinforces the contribution health and education make to reduced involvement with the justice system. While the sample is relatively small, across successful programs, those with earlier interventions generate greater returns.

**Table 36 Cost–benefit analysis of prevention programs**

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
<th>Cost–benefit results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perry Preschool Program</td>
<td>Provided in Michigan (1962), this preschool program focused on making life-course development gains for disadvantaged children. Outcomes were a reduced incidence of crime and subsequent justice costs up to the age of 40 years (at last assessment).</td>
<td>$16 return to society for every $1 spent. $11.31 was in the form of reduced crime related costs.</td>
</tr>
<tr>
<td>Mendota Juvenile Treatment Centre Wisconsin</td>
<td>Specialised intensive cognitive and behavioural mental health treatment. The project involved a 2.5-year program, with 4.5 years of follow-up. Recidivism was half that of the control group and one-third for violent re-offending. The additional cost for treatment was $7,014 per person.</td>
<td>Cost-benefit ratio of $7.18 for every $1 spent. Benefits of recidivism only—no other benefits were included (such as improved employment prospects).</td>
</tr>
<tr>
<td>Madison County Youth Court, Mississippi</td>
<td>This involved two trials of (1) regular probation and parole interventions comprising face-to-face meetings, and regular contact with parents/guardians, and (2) additional cognitive behavioural therapy (CBT) for both juveniles and parents.</td>
<td>The CBT program generated $1.96 return for every $1 spent (recidivism only). Program 1 did not generate significant differences.</td>
</tr>
<tr>
<td>Anchorage Wellness Court, Alaska</td>
<td>Substance abuse treatment involving moral recognition therapy, recovery meetings, employment and financial coaching, substance abuse monitoring, and case management.</td>
<td>$3.44 for every $1 spent (24-month window), falling to $1.25 after 40 months. Recidivism only.</td>
</tr>
<tr>
<td>Multnomah county drug court</td>
<td>Alternative courts for drug related offending that include drug dependence treatment. The court was less costly to administer than regular court processes.</td>
<td>Savings of administration and recidivism of $3,770 per participant.</td>
</tr>
</tbody>
</table>
Connecticut in-prison substance abuse treatment

Four tier (T) treatment program for alcohol and drug problems. Recidivism measurement at 12 and 24 months. $5.74 (T4), $3.18 (T3) and $1.79 (T2) for each $1 spent.

Chicago Child-Parent Centres

Three programs providing education and family support to low income children aged three to nine years (1) preschool age (2) school age and (3) extended. Outcomes measured to age 21 for juvenile offending and education outcomes. $7.14 (P1), $1.66 (P2) and $6.11 (P3) for every $1 spent.

Military Corrective Training, UK.

Military-based programs for juvenile offenders. $1.02 for every $1 spent.

Drug Court Program, Victoria

Use of Drug Treatment Orders that provide treatment and supervision and custodial sentences (suspended to allow for treatment). $5.81 for every $1 spent.

Source: Dossetor 2011.

One of the recent government initiatives in juvenile offending is the Transition to Success (T2S) program, which is an alternative education and vocational training program delivered by highly-trained youth workers in a local community setting. The program evaluation, using the Standardised Program Evaluation Protocol (SPEP), indicated the program is highly successful, with up to 70 per cent of participants either with no or only minor reoffending (within the evaluation timeframe). More serious reoffending (24 percent) was committed within the first four weeks of the course, with post-course reoffending of 4 per cent. The program is currently offered in Aurukun, Cairns and 10 other Queensland locations.

One important conclusion from the work on SPEP is that programs can be successfully transferred to other cultural settings, but a critical ingredient in successful translation is engagement (Lipsey 2016). Local communities have a strong comparative advantage in providing engagement resources. This was recognised in the Taking Responsibility report and has seen a switch to delivery of child safety supports in Aboriginal and Torres Strait Islander communities through community-controlled organisations. Opportunities for increasing local participation are outlined below.

Another prevention program is Project Booyah. The project received $7.365 million over five years to run the program in Cairns, Townsville, Mount Isa, Rockhampton, Redcliffe/Caboolture, Pine Rivers, Redlands, Logan and the Gold Coast. A summary of the program is included in Box 15.3. A key issue for further adoption is how well such initiatives might translate to remote and discrete communities.
Box 15.3 Project Booyah

Project Booyah is an early intervention program that aims to holistically address a young person’s disengagement from their family, community and education to ultimately reduce and prevent their involvement in anti-social behaviour, substance misuse, self-harm and/or crime. The project provides participants with:

- an adventure based learning experience to develop team building and leadership
- health checks and health workshops
- literacy and numeracy, health and fitness training
- scholarship for Certificate II in Hospitality
- social and skill development training
- community interventions
- mentoring and case management.

QPS is the coordinating agency, and partners are the Police Citizens Youth Welfare Association, Department of Justice and Attorney-General, the Department of Education and Training, TAFE and Queensland Health. Businesses also provide support through work experience placements and financial support.

The program originally started on the Gold Coast in 2011. The project won the Gold Award in the police-led category of the 2016 Australian Crime and Violence Prevention Awards, and the QPS Commissioners Award for Excellence. In 2015, it won the Premier’s Industry Collaboration Award at the Queensland Training Awards. Several other states are trialling the project.


Justice Reinvestment

The Justice Reinvestment approach involves trading future reduction in criminal system costs against prevention programs. The Local Government Association of Queensland (sub. 14, p. 21) summarise the approach as follows:

*if one young person stays in the community for one year instead of being locked up, the government will save close to $500,000. Justice Re-Investment suggests that these savings can be redirected into communities to implement more of the strategies outlined in their plan. This concept aims to keep young Indigenous people out of prison by giving communities the resources they need to find local solutions to local problems, making communities stronger and safer.*

Given the long timeframes involved in the returns to programs, making the switch from reactive to prevention services creates a funding gap. The Maranguka Justice Reinvestment project in NSW is in the early stages of measurement and identifying initiatives for funding. While philanthropy is funding the initial set up of the project, the issue of funding the developed initiatives is yet to be resolved. The key frameworks being used in the project are set out in Box 15.4.
Box 15.4 Collective Impact Framework and Justice Reinvestment

**Collective Impact** is a framework to tackle deeply entrenched and complex social problems. The approach is based on a belief that no single policy, government department, organisation or program can tackle or solve increasingly complex social problems. It calls for stakeholders to abandon their own agenda for a common agreed agenda, sharing measurement and aligning effort. Collective Impact initiatives have a centralised infrastructure or backbone organisation to help focus stakeholder efforts behind the agenda.

The five key elements are:

- a common agenda, which involves a shared understanding of the problem and a joint approach to solving it through agreed actions
- collecting data and measuring results consistently across all the participants for alignment and accountability
- a plan of action that outlines and coordinates mutually reinforcing activities for each participant
- open and continuous communication to build trust, assure mutual objectives, and create common motivation.
- a backbone organisation to serve the entire initiative and coordinate participating organisations and agencies.

**Justice Reinvestment** is a data-driven approach to improve community safety, reduce corrections and related criminal justice spending, and reinvest savings in strategies that decrease crime and strengthen communities. It comprises four phases:

- mapping and analysis of demographic and justice data
- development of options
- implementation
- evaluation.

Both Collective Impact and Justice Reinvestment approaches have been adopted for the Maranguka Justice Reinvestment Project in Bourke (NSW).


An example of a Queensland reinvestment fund is the DATSIP pilot social reinvestment fund for Aboriginal and Torres Strait Islander communities. The aim of the fund is to encourage community led initiatives. The fund provides seed funding, milestone payments and incentive payments for achieving measured outcomes (see Chapter 8). The fund is available for a broad range of initiatives, and could provide a model for community safety funding.
Another approach for funding prevention is the use of social benefit bonds (SBBs). In theory, the government can establish a future target outcome and agree to pay an amount conditional on the target being achieved. For example, the government might suggest a bond to reduce domestic violence by half in ten years, at which time it would pay $100 million. Those who can implement and achieve the target have an incentive to purchase the bond as long as they can achieve the bond goal at less than $100 million. Theoretically, such bonds fund prevention and do so at least cost (competitors ensure the price paid for the bond reflect the best savings to be made in achieving the goal).

SBBs tend to be employed where:

- the government is already contracting out services (so the government already has some information on the technology of service provision)
- service inputs are complex, but outcomes are easy to measure, such as homelessness, returning children from foster care and prison recidivism
- the services are not normally core government services, such as job training for prisoners, rather than law enforcement (Gustafsson-Wright et al. 2015).

The Queensland Government has announced three SBBs. The first three Queensland SBBs are aimed at returning children from out-of-home care to parents, and reducing youth reoffending and youth homelessness. These impact bonds differ from the theoretical example in important ways but illustrate the general principle of non-government funding and service provision being applied to social problems that have a future payback. SBBs are discussed in Chapter 8.

One of these bonds has been agreed with Uniting Care to establish Newpin (New Parent Infant Network). The focus is on reuniting OOHC children to their families. One of three centres is located in Cairns. The target is to service 557 children, and reunify 41.5 per cent of those children with their families. The current reunification rate is 16.5 per cent. Newpin has been operating in NSW, and provides a residency where parents and their children are supported to create a caring family environment and learn parenting skills.

The government also announced on 31 May 2017 a second Social Benefit Bond (SSB) focused on youth reoffending. The Reoffending Bond delivers a multi-systemic therapy (MST) service to young people (10–16-year-olds) in south east Queensland. The program provides intensive therapy and behaviour management training and also seeks to address family and community factors that influence chronic and violent offenders.

The two funding mechanisms of bonds and contestable funds are promising approaches. However, further work is required to assess how either might be applied to ensure the promise of prevention initiatives, and how that might apply to the communities. In particular, it is unclear how much of the potential gain comes from clearly setting outcomes, ongoing measurement, and associated accountability, as opposed to the additional incentives, monitoring and risk sharing that private investors can bring through bond funding (Edmiston & Nicholls 2017).

Deregulate and free up local capacity to contribute to improved community safety

This section considers evidence and opportunities on reducing barriers to community involvement in community safety roles. The barriers relate specifically to Blue Cards and criminal convictions and allowing for greater local participation with a view to increasing service engagement. The latter includes a need to restrain demands for higher occupational requirements.

Blue Card and criminal convictions

Blue Cards are required under the Working with Children (Risk Management & Screening) Act 2000 (Qld). Several issues have been raised in relation to Blue Card requirements:
• Some submissions considered that non-child-related offences prevented some suitable candidates from jobs—such as groundsman/cleaner or community health worker (Hannan sub. 24), and volunteer patrols (DTMR sub. 6).

• The requirement for suitable identification to obtain a Blue Card is not always readily available for some family and community members.

• Blue Card requirements for OOHC raise a barrier to kinship options. Blue Cards are required by all adults usually residing in the household, raising the threshold for suitability.

In September 2017, the government released reviews of the Blue Card and foster care systems (The Queensland Family and Child Commission reports, *Keeping Queensland's children more than safe: Review of the blue card system* and *Review of the foster care system*). Those reports identify the issues mentioned above and include recommendations for Aboriginal and Torres Strait Islander communities. The reports and their recommendations will be considered further in the Commission’s final report.

An evaluation of Community Justice Groups (CJG) recommended new program guidelines which include clear safeguards regarding the nomination of new members with criminal histories (KPMG 2010, p. 6). A possible option is to investigate setting a lower time limit before breaches of AMPs (or categories of breach) become spent convictions.

**Increasing local service opportunities**

Cultural awareness and safety has been identified as an issue with current service delivery processes. This affects service effectiveness by reducing levels of trust and creating a barrier to accessing services.

Submissions and consultations identified several opportunities for local involvement. Examples include:

- grounds-persons, health service coordinators, school support officers and night patrols (Hannan sub. 24, YASC sub. 24)
- providing support to education services, such as morning breakfast, or walking buses to collect children for school
- various mentoring roles. Mentoring can be a means for providing support where clan differences within communities would otherwise reduce trust and service effectiveness
- cultural advisors. More advanced technical services can be delivered with the aid of local advisers who focus on cultural issues and monitor interventions to ensure they are culturally safe (Just Reinvest NSW 2013).

**Ensuring requirements do not restrict opportunity**

One of the trends identified in the delivery of community safety (section 15.2) was a move to standardise service delivery. It was identified as one of the reasons for eliminating community police and creating the role of Police Liaison Officer which came under QPS control (CMC Indigenous Policing Inquiry 2007). Another related driver has been a need for departments to establish arm’s-length quality control of non-government service providers by specifying qualifications and processes. These settings can limit local service opportunities.

The need to increase the quality of services can lead governments to introduce additional standards that unnecessarily raise the costs of care and create barriers to employing lesser qualified workers. While credentials and standards generally aim to ensure a minimum quality of services, they do not guarantee it and can have the unintended consequence of excluding local workers with an appropriate skill base to perform roles.

Departments need to remain vigilant to regulatory creep that can stifle innovation and opportunity.
The Commission did receive feedback that the skills requirements to fill some service provider positions were overly high. There may also be opportunities for aspects of service delivery to be redesigned to allow for local roles that benefit from their continuous community-based presence, cultural awareness and local knowledge.

These roles can provide a basis for local community members to gain work experience, and work-ready skills. They may also lead to pathways for positions with greater responsibility and training. It is also clear that lifting skillsets can be achieved by carefully developing and delivering training. An example is the SafeKIDS service run by Actforkids that operates in Aurukun, Kowanyam, Napranum, Prompuraww and Doomadgee. The safe house in Doomadgee will transition to the control and management of the traditional owners.

Deregulation requires the government to shift some of the risk for outcomes back to communities. The government would still be required to provide a backstop, via QPS and statutory interventions. However, the level of incidence in the communities indicates that there are significant opportunities to improve outcomes.

Alcohol Management Plans

Alcohol is a key situational issue for the violence in the communities. Over two-thirds (68 per cent) of Aboriginal and Torres Strait Islanders who experienced physical violence indicated that alcohol or other substances contributed to the most recent incident. This amount rises to 76 per cent in remote areas (ABS 2016b). The Family Wellbeing evaluation identifies:

\[T\]he epidemic of substance abuse is not just one of the many factors contributing to the poor health and early deaths for indigenous people in the Cape, it is the central factor. (Tsey et al. 2006, p. 8)

In addition to the costs to the criminal justice system, alcohol misuse impacts the health system, productivity, number of road accidents and mortality (Manning et al. 2013). Foetal Alcohol Spectrum Disorder (FASD) provides further impetus to tackle alcohol misuse in pregnancy. FASD has long-term developmental effects and impacts child safety outcomes (see Chapter 16 on Health).

Alcohol Management Plans were originally introduced in 2002 across 19 remote communities. The current status of the Alcohol Management Plans and the rate of breaches of the restrictions are set out in Table 37.
### Table 37 Alcohol Management Plan restrictions and breaches by community, 2014–15

<table>
<thead>
<tr>
<th>Restriction</th>
<th>Communities (breaches per 1,000 persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero carriage limit—no alcohol, home brew or home brew equipment is allowed.</td>
<td>Aurukun* (47.5), Kowanyama (294.2), Lockhart River (20.4), Mornington Shire* (367.1), Napranum (110.3), Pormpuraaw* (45.1), Woorabinda (205.6), Wujal Wujal (309.3)</td>
</tr>
<tr>
<td>11.25 litres (1 carton of 30 cans) of light or midstrength beer.</td>
<td>Palm Island* (89.4), Cherbourg (226.8)</td>
</tr>
<tr>
<td>11.25 litres (1 carton of 30 cans) of light or midstrength beer or 750 ml (1 bottle) of non-fortified wine.</td>
<td>Yarrabah (75.5), Hope Vale* (81.3)</td>
</tr>
<tr>
<td>2 litres of non-fortified wine and either 11.25 litres (1 carton of 30 cans) of any strength beer, or 9 litres of pre-mixed spirits (1 carton of 24 cans).</td>
<td>Northern Peninsula Area* (7.1)</td>
</tr>
<tr>
<td>22.5 litres (2 carton of 30 cans) of light or midstrength beer—no home brew or home brew equipment is allowed.</td>
<td>Doomadgee (68.8)</td>
</tr>
<tr>
<td>2 litres of non-fortified wine, and either 11.25 litres (1 carton of 30 cans) of light or midstrength beer and 9 litres of pre-mixed spirits; or 33.75 litres (3 cartons) of light or midstrength beer.</td>
<td>Mapoon (nil)</td>
</tr>
</tbody>
</table>

*Alcohol restrictions do not apply at licensed premises operating in the community. However, specific licence conditions limiting the amount, type, and availability of alcohol apply to each premises.

Source: DATSIP 2016.

The Queensland Government has been involved in an extended review of AMPs since 2012. In 2015, a majority of the communities indicated they wished to relax the restrictions (Napranum, Kowanyama, Pormpuraaw and the five communities of the NPA, Mornington Island and Palm Island). Those who did not want to see the restrictions lifted included Aurukun and Wujal Wujal (McKenna & Elk 2016).

AMPs are an example of how a targeted policy can have both intended and unintended consequences. Impacts identified include:

- a reduction in hospitalisations from assault in the five years following the restrictions (Cape York Institute 2013)
- positive effects initially following the introduction of AMPs, but with a reduction in effectiveness as illicit drinking and supply increased in response (Clough, in LGAQ sub. 14)
- the diversion of QPS resources to policing the restrictions and reducing their ability to undertake preventative policing (LGAQ sub. 14)
- an increase in the rate of criminal convictions (for AMP offences) and accordingly, contact with the justice system
- creation of illegal trade in sly grog, with high prices and covert consumption further encouraging binge drinking (both high alcohol content and swift consumption reduce the risk of detection)
• illicit trade in alcohol combined with driving, increasing the risk of serious road incidents
• increases in the consumption of illegal substitute drugs (such as ice, marijuana and kava)
• increases in the production of homebrew, in particular on Mornington Island (see high rates of breaches in Table 37), which has resulted in health risks from high alcohol and sugar content (with impacts on diabetes sufferers)
• encouragement of migration from dry to permitted drinking communities
• uncertainty and negative effects on tourism (Donald 2003).

The Mornington council met with state and federal officials in 2015 to discuss the homebrew issue and reintroducing legal alcohol (Schwartz 2015). The council’s plan calls for:
• a change in legislation to amend current AMP
• strengthening the AMP committee so they can play a more rigorous role in community consultation
• developing a terms of reference for AMP consultation
• applying for a carriage limit (8 mid-strength cans or 1 litre of wine) per person per day
• establish a bottle shop and applying for exemption/application for licence
• ongoing review and monitoring with a view to a community club licence/hotel licence
• discussion of personal access to alcohol being conditional on child school attendance, 'looking after the house', and not being involved with the courts.

In their report on a survey of Queensland communities subject to AMPs, Clough et al. 2017 find that respondents were equally divided on whether an AMP had a favourable impact on making children safer in the community, making people safer, reducing violence against women, changing the level of violence, or making the community a better place to live. A majority believe school attendance has improved (66 per cent), and that people have become more aware of the harmful effects of alcohol/drinking since the AMP (71 per cent).

There is more agreement on the unfavourable impacts of the AMP, including causing people to get fined/criminal records and convictions (90 per cent), increased use of cannabis (69 per cent), more binge drinking (73 per cent), discrimination being created (77 per cent) and reduced alcohol availability (58 per cent).

The report suggests that a way forward would be to use:

*Deliberative democracy based approaches to develop suites of remedial evidence based strategies, combined with community inspired ideas would be appropriate to address the past lack of consultation with affected communities. (Clough et al. 2017, p.12)*

There is positive feedback on the role of licenced premises that have personal drinking restrictions, thereby normalising alcohol consumption and applying peer pressure on acceptable behaviour (Betts 2017).

The Taking Responsibility report (2013, p. xxxvi) noted that AMPs should be relaxed only where there are demonstrated improvements in child safety and domestic violence indicators. The Queensland Government submission to this inquiry indicates that finalising the review is a priority but that the outcomes that led to the policy, such as domestic and family violence, and school attendance, remain issues.

There is an opportunity to use community engagement on their AMPs to create a dialogue and action on alcohol related violence. Communities could draw on a robust process, such as the Collective Impact process set out in Box 15.4, to inform decision-making on AMPs and to address alcohol-related violence and neglect.
15.8 Conclusion

Community safety has a significant impact on individual, family, and community wellbeing. Prevention initiatives are relatively underdeveloped and under-resourced. Identifying and funding successful prevention initiatives is a challenge, but the social impact and justice reinvest trials highlight the importance of focusing on performance and measuring outcomes and progress. On top of these general challenges, are the additional challenges of designing for more entrenched problems within the communities and engaging those within them. There is a need to ensure local communities have a role in the services and can participate in their delivery. The reform proposal features are aligned with these needs.

Draft recommendation 14

To achieve better community safety outcomes, all stakeholders should progress opportunities to:

- increase investment in effective and efficient prevention initiatives
- enable community resources, responsibility and capabilities to address community safety problems, including by:
  - balancing the safety objectives of Blue Card requirements against their impact on kin care and community safety roles
  - using local knowledge and capability to improve community safety, while resisting regulatory creep through process and occupational requirements
- change community alcohol management plans (AMPs) through:
  - community ownership of the plans and any supporting activities/services
  - opening up the options for communities to control and normalise alcohol consumption
  - ensuring proposals to change an AMP include a data collection plan that draws together police, health and education information
  - considering the Collective Impact Approach for addressing AMPs and their target outcomes.
16.0 Health and wellbeing
This chapter provides an overview of health and wellbeing in the communities, and examines some key service delivery issues influencing health outcomes. The Commission has not undertaken a full review of health and wellbeing services—rather, the findings reflect a focus on significant issues impacting on remote and discrete Aboriginal and Torres Strait Islander communities.

Key points

- Indigenous people in remote areas of Queensland experience a burden of disease and injury 2.4 times the non-Indigenous rate—mainly chronic disease, mental disorders and intentional injuries.

- Aboriginal and Torres Strait Islanders have a holistic understanding of life and health, which includes physical and mental health and other factors such as cultural, spiritual and social wellbeing.

- Socioeconomic determinants (education, income, overcrowding), racism and discrimination play a significant role in the health gap, along with behavioural and environmental risk factors.

- The health system is a multifaceted network of services and settings, involving a variety of public and non-government providers, funding arrangements, participants and regulatory mechanisms.

System issues

- The ‘silo’ approach to service delivery is problematic for communities. It is difficult to ensure services are adequate, appropriate, coordinated and not unnecessarily duplicated, and meet community priorities and user needs.

- Mainstream mental health services do not meet the differing cultural needs of Indigenous people, who view social and emotional wellbeing incorporating individuals, their families and communities.

- Providers and institutions are not well-equipped to respond effectively to the distress Stolen Generations might experience by meeting these services, often agents of harm from their past.

- Anecdotally, Foetal Alcohol Spectrum Disorder is prevalent, and access to diagnosis limited.

- Access to healthcare can be problematic—issues include ineffective, nil or confusing referral pathways, lower screening rates and limited access to rehabilitation centres. There are significant gaps in the Indigenous health workforce.

What is working

- Aboriginal and Torres Strait Islander community-controlled health services provide effective, culturally appropriate and multidisciplinary models of comprehensive primary healthcare.

- Family Wellbeing is an example of a cultural healing program that has been found to increase the capacity of participants to exert greater control over their health and wellbeing.
16.1 High-level outcomes

Aboriginal and Torres Strait Islanders experience more ill-health and disability than non-Indigenous Queenslanders and are more likely to die at a young age. This disparity is known as the ‘health gap’.

Aboriginal and Torres Strait Islander Queenslanders living in remote and very remote areas experience a burden of disease and injury 2.4 times the non-Indigenous rates, compared to those living in major cities (1.9 times) (QH 2017a, p. 13).

In remote areas, the largest broad cause contributors to disease and injury burden in 2011 were chronic disease, mental disorders, suicide and self-inflicted injuries. Diabetes was the leading specific cause of burden of disease and injury, followed by ischaemic heart disease, anxiety and depression, chronic obstructive pulmonary disease, and suicide and self-inflicted injuries (QH 2017b, p. 28). Compared to the Queensland non-Indigenous rate of burden, Aboriginal and Torres Strait Islander people living in remote areas experienced 3.5 times more than expected injuries, and four times the rate of communicable diseases, maternal and neonatal conditions (QH 2017b, p. 81).

Chronic disease

Chronic diseases accounted for the greatest burden of disease of remote living Aboriginal and Torres Strait Islanders in Queensland; diabetes and ischaemic heart disease, and chronic obstructive pulmonary disease were the most prevalent. These are non-communicable diseases that evidence has demonstrated could be better prevented and managed in remote locations. Remote living Aboriginal and Torres Strait Islander people display increased levels of contributing health risk factors, and also have poorer access to the primary care services through which these chronic conditions can be addressed (NRHA Inc n.d., p. 1).

Chronic disease risk factors

Addressing the range of health risks that contribute to the development of chronic disease is a challenge (NRHA Inc n.d., p. 1). Known health risk factors include smoking, drinking and other drugs, family dysfunction, inactivity, poor health literacy, passive welfare, economic and employment disadvantage, gambling, and physical environmental factors including inadequate housing, overcrowding, inadequate food storage and cooking facilities and inadequate public health infrastructure. These can contribute to high rates of injury, obesity, poor nutrition, preventable infections, high STI rates, and low personal resilience—resulting in chronic disease and other poor health outcomes (Tsey et al. 2006, p. 24). People in remote areas have poorer oral health, which has also been linked to a greater risk of developing cardiovascular disease, diabetes and respiratory illnesses (NRHA Inc n.d., p. 2).

Reducing exposure to behavioural and physical risk factors could reduce the burden of disease and injury in Queensland’s Aboriginal Torres Strait Islander people by up to 37 per cent (QH 2017a, p. 11). For example, more than half of the diabetes, cardiovascular disease and cancer burden (75 per cent, 68 per cent and 50 per cent respectively) could be avoided through the elimination of selected risk factors including obesity, smoking, and physical inactivity.

Mental disorders

Together, mental disorders and intentional injuries including suicide and self-harm were the second greatest contributors to disease and injury burden in remote areas (2011), particularly among adolescents and young adults. According to the 2016 Overcoming Indigenous Disadvantage report, wellbeing and resilience problems of young Indigenous people have seen no improvement—these include family violence, psychosocial distress, hospitalisations for self-harm and juvenile detention (SCRGSP 2016 in CQUniversity sub. 7).

Australia’s Indigenous men have the highest rate of suicide in the world—of this group, the most prevalent rates of suicide manifest in the Cape York and Torres Strait communities (CYI sub. 26, p. 4).
The impacts of mental health and wellbeing issues are felt at the community and individual levels:

*especially when it comes to dealing with a systemic core problem of socio-economic disparity and 'mental health crisis' that is prevalent in remote and discrete communities ... the composition of chronic infestation is enshrouded within an invisible film of complex trauma that is filtered through the networks of community settlement bringing a scourge of a silent epidemic that is spreading with no real form of crisis management that is creating social disharmony and dysfunction within our society especially across the greater Mount Isa & Gulf regions. (NWQICSS sub. 23, p. 6)*

A study of treated psychotic disorders in the Indigenous populations of Cape York and the Torres Strait found a higher prevalence in the Aboriginal population (2.05 per cent) than in the Torres Strait (0.95 per cent). Male Aboriginal Australians were found to bear the greatest burden of psychosis in these populations. High rates of alcohol and cannabis use were found, and comorbid intellectual disability was common (Hunter et al. 2012).

There is an opportunity to achieve better community and individual outcomes through effective prevention, early intervention and an appropriate response to psychotic disorders.

### 16.2 Factors affecting health service delivery

#### Economic and social determinants of health

Between one-third to half of the health gap between Indigenous and non-Indigenous Australians is estimated to be attributable to social determinants (AHMAC 2015), meaning that much of the work to improve health inequities and inequalities lies beyond the health sector. For example, chronic disease is best addressed ‘upstream’ before it has the chance to develop, with a focus on determinants of health including the social and physical environments (Tsey et al. 2006, p. 24).

Increased disadvantage in more remote areas suggests that social determinants would have an even greater impact on health outcomes. Poorer access to services, medications and healthy food sources due to environmental, geographical and cultural factors contribute to higher rates of disease and injury burden in remote parts of Queensland (QH 2017a, p. 13). Households are more likely to be overcrowded, and services such as sewerage, and facilities for food preparation and washing, are more likely not to be working (NRHA Inc n.d., p. 8). Employment and incomes tend to be lower, impacting on the ability of remote living Indigenous people to access health and community services, including transport and communication (NRHA Inc n.d., p. 8).

Health and wellbeing issues are compounded by the effects on the Stolen Generations and their immediate family and descendants. This group:

*are around 50 per cent more likely to have been charged by police, 30 per cent less likely to report being in good health, 15 per cent more likely to consume alcohol at risky levels and 10 per cent less likely to be employed compared to other Indigenous people in Australia (Anderson & Tilton 2017, p. 19)*
A holistic view of health and wellbeing

Aboriginal and Torres Strait Islander people have a holistic view of health that includes physical health, mental health, and other factors such as cultural, spiritual and social wellbeing. The wellbeing of communities and families is as important as that of individuals (QMHC 2016, p. 6).

Social and emotional wellbeing and empowerment are key components of a holistic view of health. Social and emotional wellbeing can be defined as:

being resilient, being and feeling culturally safe, having and realising aspirations and being satisfied with life (QMHC, 2016, p. 6)

Social and emotional wellbeing is a significant protective factor against the worst impacts of stressful life events. It protects against some mental illnesses, suicide and problematic alcohol and other drug use, and supports recovery. Social and emotional wellbeing improves life outcomes including educational, employment and economic participation, physical health and mental health (QMHC 2016, p. 6).

Empowerment involves people assuming control and mastery over their lives in the context of their social and political environment. Recognised by the World Health Organisation as a viable strategy for improving individual and community health outcomes and quality of life, empowerment must be promoted across all service areas if success is to be possible (Wallerstein, in Tsey et al. 2006, pp. 10–12).

A key lesson from the COAG Indigenous community coordination trials and the Northern Territory Emergency Response is that engagement with Indigenous Communities is essential to achieve measurable improvements in economic, health and social indicators. (SCRGSP 2009, p. 71)
16.3 The health system

The World Health Organisation describes a health system as ‘all the activities whose primary purpose is to promote, restore and/or maintain health’ (WHO 2000, p. vii). The major types of health care include primary and secondary care (Box 16.2).

Box 16.2 Primary and secondary health care

**Primary health care** includes activities ranging from health promotion, prevention and early intervention to the treatment of acute conditions, and management of chronic conditions.

**Secondary care** encompasses medical services provided by a facility (such as a hospital) or a specialist, upon referral by a primary care physician.

*Source: AIHW 2014, p. 2.1*

Health services to rural and remote Aboriginal and Torres Strait communities are a complex arrangement of providers, funding, and regulatory mechanisms. Services range from public health and preventive services in the community, to emergency services, hospital-based treatment, rehabilitation and palliative care. Organisations and health professionals involved in providing health services include medical practitioners, nurses, allied and other health professionals, hospitals, clinics, pharmacies, and public and private agencies (AIHW 2014, p. 2.1). All levels of government, as well as non-government sectors, are involved in planning and delivery of services to communities (AIHW 2014, p. 2.0). An overview is provided at Box 16.3.

A good health system is one that ‘delivers quality services to all people, when and where they need them’ (WHO 2015). However, stakeholders have advised that the effectiveness, efficiency and equity of health services for communities is hampered by duplication and gaps, inappropriate service delivery models, and a mismatch with community priorities. Access is hampered by cultural and language barriers, lower levels of service availability, and distance. These issues are discussed in the following section.
Box 16.3 Health system roles and responsibilities

**Australian Government** funds and commissions:
- universal public health insurance (Medicare), subsidising medical services and pharmaceuticals
- population health programs, community health services, health and medical research
- jointly funds public hospitals; Aboriginal and Torres Strait Islander health services
- outreach health programs including chronic disease, hearing, optometry (CheckUP).

**Queensland Government:**
- manages and jointly funds public hospitals; delivers and commissions primary health care services
- funds and delivers chronic disease prevention and management services (including dental services) through community health centres, public hospitals (outpatient units, outreach programs, inpatient services) and Aboriginal Community Controlled Health Services.

**Local governments deliver:**
- community-based health and home care services; public health and health promotion activities including immunisation services
- environmental health-related services (for example, water and sanitation services, food inspection).

**Community controlled health organisations:**
- culturally appropriate and multi-disciplinary models of comprehensive primary healthcare, with a social and emotional wellbeing focus and a view of the individual as part of the family and community
- services include Indigenous health practitioners, outreach midwives, podiatrists, audioligists, physiotherapists, dietitians and nutritionists, diabetes nurse educators, paediatricians and GPs.

**Apunipima Cape York Health Council:**
- the largest remote community controlled health organisation in Queensland, delivering comprehensive primary health care services to 11 Cape York communities
- delivers integrated wellbeing and primary health care services.

**Royal Flying Doctor Service:**
- general practitioner care in remote and very remote locations
- grant funded by the Australian Government—does not bill Medicare.

**Private sector:**
- private hospitals; medical practices; pharmacies; allied health services
- limited presence in the remote and discrete communities.

*Sources: AIHW 2014, p. 2.1; QH 2015; Tsey et al. 2006, p. 9.*
Duplication and gaps

Communities have multiple local, state and Australian government providers visiting to provide specific services. For example, in Coen—a small community of around 400 people—there are two primary health care facilities less than 100 metres apart ‘two separate buildings, each separately staffed, delivering primary health services and using separate patient records in one small community’ (CYP sub. 26, p. 9). A lack of coordination and communication between services gives rise to issues including duplication and gaps in service delivery, sub-optimal referral pathways, and no shared tracking of outcomes. CheckUP provided an example that typified broad concerns:

(CheckUP) ... facilitated a stakeholder meeting between a local discrete Aboriginal and Torres Strait Islander community medical centre, the local HHS facility, the State run Healthy Hearing program, a Commonwealth Hearing program, the regional HHS tertiary hospital ENT service and CheckUP’s funded visiting audiologist. Although all of these providers were linked together in their goal to improve the hearing health of Aboriginal and Torres Strait Islanders, some providers were not aware that there were other services visiting, or of the range of services currently being provided. They were also not aware that they were able or how they could refer to others; not aware that their own referral criteria could restrict external organisations’ access; were servicing some groups multiple times while other groups inadequately; and finally there was no shared database or way of tracking whether patients entering the system were progressing through to achieve an outcome. One provider commented that they had waited five years for a meeting like this to occur. (CheckUP sub. 10, p. 9)

Gap: suicide prevention

Submissions to this inquiry suggest a mismatch between services and community priorities, such as addressing the root causes of suicide. For example, concerns raised about Doomadgee mentioned:

suicide and criminal activity are disproportionate amongst youth in Doomadgee ... there is ‘nothing for them to do’—with no facilities or effective programs; and that the solution is on-country education programs that have previously been proposed but not support or funded ... concern that funding is spent on a plethora of duplicated externally provided services, rather than capacity building and employment opportunities within the local Indigenous community. (Burke Shire Council sub. 25, p. 1)

In Yarrabah:

suicide prevention funding which employed staff in Yarrabah was reallocated to Lifeline, and is now absorbed into their overarching funding. Previous local support has been replaced by the 1800 phone number which is insufficient and unacceptable for Yarrabah’s specific and highly acute needs. (YASC sub. 11, p. 10)

Suicide is a significant health challenge in communities. The Aboriginal and Torres Strait Islander Suicide Prevention Evaluation Project identified potential success factors for Indigenous suicide prevention programs, led by communities (Box 16.4).
Box 16.4 Community led suicide prevention programs

Primordial prevention:
- addressing community challenges, poverty, social determinants of health
- cultural elements—building identity, SEWB, healing
- alcohol/drug use reduction.

Primary prevention:
- gatekeeper training—Indigenous-specific
- awareness-raising programs about suicide risk—use of DVDs with no assumption of literacy.

Young people:
- peer-to-peer mentoring, and education and leadership on suicide prevention
- programs to engage/divert, including sport
- connecting to culture/country/Elders.

Clinical elements:
- access to counsellors/mental health support—24/7 availability
- awareness of critical risk periods and responsiveness at those times
- crisis response teams after a suicide/postvention31.

Community leadership/cultural framework:
- community empowerment, development, ownership—community-specific responses
- involvement of Elders
- cultural framework.

Provider:
- partnerships with community organisations and ACCHOs
- employment of community members/peer workforce.

Source: ATSISPEP 2016, p. 3.

31 A postvention is an intervention conducted after a suicide, largely taking the form of support for the bereaved (family, friends, professionals and peers).
Gap: Disabilities and Foetal Alcohol Spectrum Disorder

Concerns have been raised by stakeholders to this inquiry about gaps in the diagnosis of disabilities and delivery of disability services. Aboriginal and Torres Strait Islander people have substantially higher rates of disability than non-Indigenous Australians (AIHW, 2011). However, many living in remote communities are reluctant to identify as having a disability and may not receive the services they need. Remoteness further impacts on the availability of disability support services (Griffis 2012; Queensland Government sub. 27, p. 5).

Foetal Alcohol Spectrum Disorder (FASD) is an umbrella term used to describe a range of impacts caused by exposure to alcohol in the womb. The consequences vary along a spectrum of disabilities including physical, cognitive, intellectual, learning, behavioural, social and executive functioning disabilities, and problems with communication, motor skills, attention and memory. Concerns about the prevalence of FASD in the remote and discrete communities were raised in submissions. For example:

Amnesty International has heard repeatedly from communities, service providers and government about limited access to diagnosis for FASD. The effects that this has on ATSI [Indigenous] children, particularly as an identified contributing factor towards the overrepresentation in the justice system, must be taken into consideration in the delivery of services in remote and discrete Indigenous communities. (Amnesty International Australia sub. 13, p. 3)

The need for some form of antenatal intervention was canvassed:

FASD is prevalent in remote Aboriginal communities. Some form of ante-natal intervention is warranted. Current legislation does not provide services any opportunity for intervention in situations where pregnant mothers-to-be are clearly consuming alcohol at levels harmful to the unborn foetus. At what point does this activity constitute knowledgeable and avoidable harm such that some loss of liberty is warranted. Consideration could be given to prioritising family rehabilitation for families with expectant mothers at venues such as the Cape York Family Centre near Cooktown. (Hannan sub. 24)

FASD can have a number of adverse, life-long consequences including inappropriate sexual behaviour, crime, psychiatric problems and alcohol and drug abuse. Lack of early diagnosis (before 12 years of age) has been indicated as one of the strongest correlations of adverse outcomes (Streissguth et al. 2004).

The prevention of FASD can improve mental health of children including intellectual, cognitive and learning abilities, speech and language, and behaviour and emotional wellbeing. This requires working with communities to inform and underpin interventions with an understanding of the complexities of alcohol consumption during pregnancy. Early detection of FASD to prevent secondary disabilities such as mental health problems and chronic diseases is also important.

What works: Community health assessment

Remote and discrete Aboriginal and Torres Strait Islander communities are highly diverse, suggesting a one-size-fits-all approach is unlikely to be successful. A way to manage this is for local people to be engaged in the development of measures so that they reflect local needs and characteristics. Good information is needed about the current health status of the community, and factors that will influence that health status, to effectively plan and prioritise services. An assessment of a community’s health can help the community to work with professional organisations and service providers in prioritising appropriate prevention activities and response services. Community health assessments are described in Box 16.5.
A partnership approach informed by a community health assessment can address existing problems in an effective and prioritised way that makes the best, most cost-effective health choices possible (CDCP 2013, p. 1).

**Box 16.5 Community health assessment**

A community health assessment is a process of community engagement including:
- collection and interpretation of data on health outcomes, correlates and determinants
- identification of health disparities
- identification of resources that can be used to address priority needs.

The assessment is informed by a common set of health status metrics to:
- facilitate comparisons across populations
- promote collaboration between organisations conducting assessments
- assist in establishing a shared understanding of the factors that influence health
- help to galvanise residents to work collaboratively to improve community health.

*Source: CDCP 2013, p. 1.*

Draft findings

To achieve real health and wellbeing improvements in communities, a more localised planning and delivery approach is needed. Community health assessments would enable better planning of health services, reduce duplication and enable gaps to be identified and addressed. Effective prioritisation of services would make more cost-effective health choices possible.
Accessibility

Access to primary health care is critical for improving health outcomes. Mortality data suggests that in remote areas, fewer chronic diseases are detected before advanced presentation, representing significant inequality in access to appropriate and timely diagnostic and treatment services (NRHA Inc n.d., p. 1). Issues with access to health care lead to poorer health outcomes as diagnosis and management of conditions is delayed.

*When Indigenous people are diagnosed with cancer, it’s usually late stage cancer, which means survival rates are lower. Screening rates are a lot lower for Indigenous people.* (Dr Al-Yaman, in Hunter & Gordon 2017)

Models of health care are needed that maximise participation by Aboriginal and Torres Strait Islander people. Even though remote living Aboriginal and Torres Strait Islander people suffer a burden of disease 2.4 times greater than the non-Indigenous Queensland population, their access to many services is significantly lower than for the general population (QAIHC 2011, p. 9). The accessibility of health services to communities is influenced by the effectiveness of the health workforce, the level of involvement of communities in planning and program design and delivery, and the degree to which services are effectively integrated (Queensland Health 2015, p. 9).

Health workforce

Organisations delivering services in remote areas have specific workforce challenges, including attracting and retaining people with the skills and experience needed to deliver complex services, connectivity and access to training (Queensland Government sub. 27, p. 9). Because of workforce shortages across many health professional groups in remote and discrete communities, people are frequently unable to access the health care they need at the time they need it—if at all. Combined with greater health need and socioeconomic disadvantage, poorer access to primary care leads to increases in hospitalisations that might have otherwise been preventable.

Workforce disadvantage has two aspects—the relatively small number of Indigenous people in the health workforce and the shortages of workers, particularly health professionals. An overview of the health workforce and issues of shortages in remote communities is at Box 16.6.
Box 16.6 Health workforce

General practitioners (GPs)
- GPs in very remote areas are half the number per capita compared to major cities.
- Remote GPs work longer hours and perform a broader range of tasks due to fewer other health professionals being available.
- Limited access to quality and timely primary care through a local GP leads to a higher prevalence of chronic disease.

Nurses
- They are often the first point of contact for a range of primary care functions that would normally be provided by GPs, specialists and allied health professionals.
- They are often the sole primary care provider in the community.
- Nurses are frequently required to extend their skills due to the diverse health needs of their community and the lack of any other form of health personnel support.

Aboriginal health workers
- They comprise only 1.4 per cent of the health workforce, while Aboriginal and Torres Strait Islander people make up 3.5 per cent of the population (Qld).
- They are often the first point of contact in the primary care setting.
- The health workers are critical and integral to ensuring culturally appropriate, effective health services.

Allied health professionals
- They play a vital role in the prevention and management of chronic disease.
- Examples of these professionals are dietitians, diabetes educators, exercise physiologists.
- There are less than half the number of allied health professionals in remote/very remote areas compared to major cities.

Dental professionals
- Dentists, dental hygienists, dental therapists, dental prosthetists and oral health therapists are classified as dental professionals.
- People living in remote/very remote areas have significantly poorer oral health and limited access to dental services—around one-third the number of dentists compared to major cities.
- Poorer oral health has been linked to a greater risk of developing cardiovascular disease, diabetes and respiratory illnesses.

The need to 'train and recognise an Indigenous health workforce and a workforce for Indigenous health, and up-skill our health workforce to provide culturally appropriate services' has been identified by the Health and Hospitals Reform Commission (QAIHC 2011, p. 19). It is also recognised that existing training does not support health and mental health providers and institutions such as aged-care facilities to respond effectively to the increasing distress Stolen Generations and their descendants might experience by coming into contact with these services, often agents of harm from their past (Anderson & Tilton 2017, p. 30).

Greater Indigenous representation in the health workforce would go a long way to solving these issues. Indigenous health workers are recognised to be immensely important to the health and wellbeing of Aboriginal and Torres Strait Islander people and their communities. Their significance to the engagement of communities in their own primary health care is recognised nationally and internationally (QAIHC 2011, p. 10). Substantial gaps in Indigenous participation in the health workforce pose a major challenge to achieving health outcomes.

**What works—increase the workforce capacity**

The National Rural Health Alliance has identified innovative chronic disease prevention and management programs being trialled or run in rural Australia that could complement initiatives to increase workforce capacity. For example, upskilling local staff, usually nurses so that they were able to provide pulmonary rehabilitation to local patients was found to be effective—rural and remote patients with chronic lung disease were able to access treatment previously unavailable to them, and patient outcomes were improved (NRHA Inc n.d., p. 16).

Significant health benefits also stand to be gained through interventions outside the health system. For example, involving Aboriginal people in land management has been found to improve health outcomes and reduce the costs of primary care. After adjusting for relevant sociodemographic factors and health behaviours, it was found that Aboriginal people involved in land management had significantly less chance of developing diabetes, kidney disease and high blood pressure (NRHA Inc n.d., p. 17).

**Draft findings**

Accessibility and effectiveness of health services can be improved by attracting and retaining an effective health workforce, and creating career pathways for Aboriginal and Torres Strait Islander health staff. Initiatives to grow and support the Aboriginal and Torres Strait Islander health workforce are vital to efforts to reduce disadvantage.

**Community control and integration of services**

Aboriginal and Torres Strait Islanders in remote and discrete communities have complex health needs. They need to access multiple services in a wide range of areas including health, housing and community supports. The Commission has heard that having to retell their story to multiple service providers and workers is difficult, and creates barriers to access and effective service delivery. Some services do not wish to collaborate with others, for example by referral, due to concerns regarding access to funding. These issues would be assisted by communities working together with services and as part of the decision-making, including when funding is provided. Services could better work together in a collaborative approach that puts the needs of the service user at the centre (QMHC 2016, p. 13).
Tsey et al. highlight that preventive health care is about self-determination and so must be community-based and owned (Tsey et al., 2006, p. 24). Increased community control in the design, delivery and monitoring of primary health care services is recognised to be a key factor for improving Indigenous health indicators. Culturally effective programs designed and delivered by the local community have demonstrated improved uptake and outcomes. By accessing more primary health care services, communities achieve better prevention, early intervention and management of health conditions, fewer preventable hospital admissions and long-term health gains (Queensland Government, 2011, p. 7).

**Aboriginal and Torres Strait Islander Community Controlled Health Organisations**

Aboriginal Community Controlled Health Organisations (ACCHOs) have demonstrated the effectiveness of the community-controlled model (Box 16.7).

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**Box 16.7 Aboriginal Community Controlled Health Organisations**

More than 150 ACCHOs across Australia are responsible for managing and delivering comprehensive and culturally appropriate primary health services to their communities. The ACCHO model of integrated care is in keeping with the philosophy of Aboriginal holistic health.

An assessment of the Aboriginal community controlled health services found they have reduced unintentional racism and barriers to access to health care, and are progressively improving individual health outcomes for Aboriginal people.

Primary health care data show the ACCHOs are consistently improving performance in key performance on best-practice care indicators, and demonstrate superior performance to mainstream general practice.

ACCHOs also play a substantial role in training the medical workforce and employing Aboriginal people.

ACCHOs are funded by the Commonwealth through the Medical Benefits Scheme and block grant funding, though they have faced a loss of funding for their policy role which is seen to be a critical element of their success.

With commensurate and secure funding arrangements, ACCHOs are an effective model for all levels of government to re-think the way they work with Indigenous communities.

_Source: DPMC 2015; Panaretto et al. 2014._

ACCHOs play a critical role in supporting community decision making, participation and engagement in health care. This is fundamental to effective primary health care and ensures that services are provided to meet community needs in a holistic and culturally appropriate way (QAIHC 2011, p. 28). The model of care is team-based more so than general practitioner-focused. Care is patient-and-family-focused, with significant physician input and integration with allied health specialists, mental health professionals and community services (Panaretto et al. 2014, p. 649). Broader benefits of community controlled health services include greater local participation in the health workforce, and improved self-determination and empowerment of Aboriginal and Torres Strait Islander people and communities.
Currently, Apunipima Cape York Health Council provides community controlled primary health care to 11 Cape York communities. Apunipima ACCHO services include Aboriginal and Torres Strait Islander Health Practitioners, outreach midwives, podiatrists, audiologists, physiotherapists, dietitians and nutritionists, diabetes nurse educators, paediatricians and general practitioners (ACYHC sub. 4, p. 1). The Queensland Government is also progressing the transition of Queensland Health delivered primary healthcare services to community control arrangements. For example, Gurriny Yealamucka (Yarrabah) was the first community in Queensland to transition its primary health care services to a community control arrangement, becoming the lead provider of all primary healthcare services, with the Cairns and Hinterland Hospital and Health Service continuing to offer emergency services in the community. Services in other communities including Aurukun are in the process of being transitioned to community control (Queensland Government sub. 27, p. 11).

Mainstream service—Deadly Ears

Mainstream programs vary in their accessibility to communities. The Deadly Ears program delivers culturally effective hearing and ear health services for Aboriginal and Torres Strait Islander children (Box 16.8).

**Box 16.8 Deadly Ears**

Deadly Ears is the Queensland statewide Aboriginal and Torres Strait Islander child ear health program. Its aim is to reduce the high rates of conductive hearing loss attributable to middle ear disease among Aboriginal and Torres Strait Islander children.

The program operates in 12 rural and remote communities in Queensland, and is delivered by four teams:

- a health promotion team which works with each community to promote good ears and hearing
- a workforce development team which trains and supports health staff and the community to better detect middle ear disease
- an allied health team which works with the community to limit the impacts of ear disease on child development
- an ENT outreach team which treats kids' ears for different types of middle ear disease.


Deadly Ears is delivered by state-run hospital and health services in close collaboration with the local community (Queensland Health, 2015, p. 9). It has been recognised as an exemplary program that tackles ear disease by integrating prevention, screening and diagnosis, and medical treatment programs, with scheduled follow-up of affected children (Hill 2012).

Draft findings

Complex health needs require access to multiple services in a wide range of areas including health, housing and community supports. Increased community control in the planning, design, implementation and monitoring of health care services, and better integration of required services, are key factors for improving Indigenous health indicators.
Mental health care accessibility

In contrast to the success of Deadly Ears, there are issues with the accessibility of some mainstream mental health services. Barriers include inappropriate models of care, and a lack of clear funding processes for preferred community-controlled, culturally capable models of care (Anderson & Tilton 2017, p. 43). Issues regarding mental health services accessibility were raised by the Lockhart River Aboriginal Shire Council (LGAQ sub. 14, p. 8).

Box 16.9 Accessibility of mental health services

The CEO of Lockhart River Aboriginal Shire Council believes there are problems with accessibility and raises the issue of a mental health counselling service where the three practitioners fly in on a Monday and fly out on a Friday. Their office is located within public view near to the local store.

The CEO indicated:

*To be effective mental health counsellors you need to mix with and get to understand the community … where the risks might lie … you need to get out of the office and do the vital outreach needed for a vibrant health service … not sit in an office and wait for community members to come to you … people feel shamed and don’t want to be seen entering the office.*

He also raised the concept of 'efficiency dividend', questioning the cost of fly in, fly out counsellors (for example, $1,100 return airfare per person every week) and asking at what point in time it becomes more efficient to fund a full-time mental health counsellor living within the community.

*Lockhart River Aboriginal Shire Council has experienced significant trauma, a suicide, rape, and domestic violence in recent months, and needs a commitment to “on the ground” service provision. Mental health issues do not just arise on Tuesday to Thursday of each week. This community has been traumatised and needs support.*

*Source: LGAQ sub. 14.*
Mental health care for Aboriginal and Torres Strait Islanders need to address social and emotional wellbeing. The National Centre for Family Wellbeing describes wellbeing as:

*The concept of social and emotional wellbeing (SEWB) merges the population health paradigm and an Indigenous Australian worldview in which spirituality is recognised as a key element of health. SEWB is premised on Indigenous views of health as holistic, involving spiritual, social, emotional, cultural, physical and mental wellbeing, and issues related to land and way of life. It supports the view that Indigenous health inevitably relates to colonisation, history, racism and social factors, all of which need to be addressed as part of effective service delivery.* (NCFW sub. 16, p. 1)

Examples of SEWB protective factors include:

- cultural continuity, self-determination and community control, good mental health and wellbeing, social support, resilience, problem solving skills and strategies for coping with stress. (NCFW sub. 16, p. 2)

Risk factors include:

- cultural or religious conflicts, no social support networks, at risk mental status, recent interpersonal crisis, loss or trauma, family breakdown, child custody issues, influence of alcohol or drugs, difficulty accessing help; financial difficulties, unemployment, legal prosecution, illness. (NCFW sub. 16, p. 2)

Early intervention and management of mental health and substance use are critical to prevent exacerbation of symptoms (Queensland Health 2017b, p. 31). Yet it is recognised that the provision of mental health services for Aboriginal and Torres Strait Islander people is both inadequate and inappropriate (NMHC 2012, in Dudgeon et al. 2014, p. 2). Conventional mental health services may not fully meet the Aboriginal and Torres Strait Islanders’ holistic view of health and wellbeing, incorporating differing cultural values and needs than the mainstream (Queensland Health 2017b, p. 31). This means that even where mental health services are physically available in a community, the level of access by Aboriginal and Torres Strait Islanders is unlikely to reflect the level of need (Queensland Health 2017b, p. 31).

The accessibility of rehabilitation services was also raised as an issue:

*Rehabilitation centres are difficult to access. Centres servicing Cape York are in Yarrabah and Townsville and this requires a long and expensive journey. Also the removal from country impacts the individual emotionally. A rehab centre located more centrally on Cape York and near bushland rather than the trappings of large cities would have benefit …* (Hannan sub. 24)

**What works—mental health and wellbeing**

Effective strategies to strengthen the mental health and wellbeing of Aboriginal and Torres Strait Islander people are identified by Dudgeon et al. Important program features include:

- a holistic approach
- a focus on recovery and healing from stress and trauma
- a means of empowering people to regain a sense of control and mastery over their lives
- strategies that are Indigenous-led, family-focused, culturally responsive, and context-specific
- interdisciplinary approaches that provide outreach services and transport
- partnerships with the Aboriginal Community Controlled Health Services sector and local communities (Dudgeon et al. 2014, p. 2).

Characteristics of mental health programs that work are at Box 16.10.
Box 16.10 Characteristics of mental health programs that work

Programs that show promising results for Indigenous social and emotional wellbeing are those that encourage self-determination and community governance, reconnection and community life, and restoration and community resilience.

- Important features include a holistic approach; focus on recovery and healing; empowering people to regain a sense of control and mastery over their lives; strategies that are Indigenous-led, family-focused, culturally responsive, and context-specific; interdisciplinary approaches that provide outreach services and transport; partnerships with ACCHOs and local communities.

- There is evidence that both mainstream and Indigenous-specific programs and services that adhere to principles of engagement, access, integration and accountability are more effective.

- Programs that involve Indigenous families and communities in developing, implementing and evaluating programs tend to foster a more culturally responsive and safe environment for users.

- Engaging in cultural activities is an indicator of positive cultural identity that is associated with better mental health among Indigenous Australians.


Health and wellbeing services that are designed and delivered either in a real partnership with communities, or wholly by communities, have been demonstrated to effectively improve the social and emotional wellbeing of Aboriginal and Torres Strait Islanders. Models demonstrated to be effective include the Cape York Wellbeing Centres, integration of wellbeing and primary health care services, and the Family Wellbeing Program.

Cape York Wellbeing Centres

Jointly funded by the Australian and Queensland Governments, the Wellbeing Centres (WBCs) were established to contribute to the change in behavioural and social norms, through culturally appropriate services that assist individuals and their families to maintain or return to positive social and emotional wellbeing.

The WBCs focus on issues such as drug and alcohol misuse, gambling, mental health and wellbeing, and family violence. Activities are guided by Local Advisory Groups, local staff members, Elders and other community stakeholders to reflect the specific community needs. An evaluation commissioned by the Australian Government found that the WBCs had a clinically and statistically significant positive effect on the mental health on their clients. Anecdotally, individual change was having a positive effect on some families within the communities (Health Outcomes International 2014).

However, the evaluation noted ‘there can be no quick fix to rectify challenges that have been decades in the making’. It was considered unlikely that sustained significant change would be observed at the community level unless there was another significant positive enabler of change in the communities, for example the availability of employment.

The evaluation report recommended that Cape York social and emotional wellbeing services be integrated within a primary health care setting, to improve service delivery and client referral, reducing service duplication and improving performance monitoring (Health Outcomes International 2014).
Integrated Social and Emotional Wellbeing and Primary Care model (Apunipima)

The Apunipima Cape York Health Council has integrated social and emotional wellbeing with primary health care in their service delivery model. The community-controlled health service aims to empower Cape York people by providing culturally competent, comprehensive primary health care through Aboriginal and Torres Strait Islander led services that promote and support the social, emotional, spiritual and cultural needs of individuals, families and communities. The integrated approach is consistent with recommendations of the Evaluation of Cape York Wellbeing Centres Final Evaluation Report (Health Outcomes International 2014).

Family Wellbeing Program

The Family Wellbeing Program (FWB) was initially started in 1998 in South Australia by a group from the Stolen Generations. It has been adapted by the Apunipima Cape York Health Council to meet the specific needs of Cape York communities. FWB is premised on the concept that efforts to close the gaps should start with personal development and capacity enhancement (Lowitja Institute 2015). Participants learn a range of practical techniques that can be applied to everyday living and develop the confidence to address their personal, family and community wellbeing.

Efficacy of the FWB program has been established in an evaluation by the University of Queensland and James Cook University. Most participants were better able to manage change, support others and remain focused on the future:

> we can help them now, we’ve got the strength back – some of it.
> [FWB]... helps you understand yourself you know to take one thing at a time – you can’t just take a big sledge hammer and smash the rock. You’ve got to chip away be chipping away at it. It’s the same in life. FWB will help you to understand that. (Tsey et al. 2006, pp. 37–38)

Positive individual, family and community outcomes were identified, with improvements in domestic violence, alcohol and drug abuse, suicide prevention, school absenteeism, education, welfare dependence and employment. Health and wellbeing improvements included diet, physical activity, alcohol and smoking.

Draft findings

Improving Indigenous wellbeing means tackling more than just physical illness—initiatives to grow and support the social and emotional wellbeing and mental health of Indigenous communities are vital to efforts to reduce Indigenous disadvantage.

Mental health programs should take account of Indigenous values, lifestyles, aspirations, family and differing needs and capacities of Indigenous people in diverse economic and social circumstances.

Models of service delivery that integrate social and emotional wellbeing services in a primary health care setting are consistent with a holistic view of health. Integration may improve service delivery and client referral, reduce service duplication and improving performance monitoring.
## 16.4 Conclusion

Up to half of the health gap between Indigenous and non-Indigenous Australians is estimated to be attributable to social determinants, meaning that much of the work to improve health inequities lies beyond the health sector. Closing the health gap requires simultaneous effort to address socioeconomic determinants of health including housing, education and employment. While some progress is being made, there is an opportunity to change practices to better meet the needs of communities, families and individuals.

### Table 38 Current commissioning model

<table>
<thead>
<tr>
<th>Commission phase</th>
<th>What happens now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population needs assessment and market analysis</td>
<td>There is limited assessment of needs at the community, family or individual level. This gives rise to duplication and gaps in service delivery and poor outcomes. In particular, stakeholders have highlighted gaps in responses to suicide, disabilities and Foetal Alcohol Syndrome Disorder.</td>
</tr>
<tr>
<td>Service design</td>
<td>A lack of user focus and community input to the design and integration of services makes the system difficult to navigate and results in suboptimal outcomes. Mental health services reflect mainstream design and are not meeting the cultural needs of Aboriginal and Torres Strait Islander people. The ACCHOs deliver an integrated model of health and wellbeing services.</td>
</tr>
<tr>
<td>Selecting providers and contracting</td>
<td>Providers are commissioned by the Australian and Queensland governments, without reference to a community health needs assessment. This results in fragmentation of funding and misalignment with community priorities. Selection of providers can overlook characteristics that might be of benefit to communities. The number of Indigenous health workers is proportionately well below parity with the broader population.</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>There are gaps in the monitoring of some key issues facing communities including disabilities, psychosis and Foetal Alcohol Syndrome Disorder. There is limited community input into the evaluation of services.</td>
</tr>
</tbody>
</table>

A localised planning and delivery approach is more likely to achieve health and wellbeing improvements. There is an opportunity to develop an effective health strategy by working with communities to assess community health needs. Community health assessments would enable better planning of health services, reduce duplication and enable gaps to be identified and addressed. Effective prioritisation of services would make more cost-effective health choices possible.

Aboriginal and Torres Strait Islanders can have complex health needs that require access to multiple services in a range of areas including health, housing and community supports. Services could be better integrated to improve service delivery and client referral, reduce duplication and improve performance monitoring. Increased collaboration between government and non-government service providers would also promote better integration of services, for example, by improving transition care arrangements such as discharge planning, transfer of patient records and follow-up care.
Improving Indigenous wellbeing means tackling more than just physical illness. Accessibility and effectiveness of health services can be improved with models of service delivery that include social and emotional wellbeing services in a primary health care setting. The Aboriginal and Torres Strait Islander Community Controlled Health Organisations exemplify an effective model. The Commission notes that several Queensland Health primary health care services are being transitioned to community control in these communities.

Cultural accessibility of services can be enhanced by attracting and retaining an effective workforce, with career pathways for Aboriginal and Torres Strait Islander staff.

**Draft recommendation 15**

All stakeholders should address opportunities to improve health and wellbeing services through:

- a greater focus on prevention and early intervention, including strategies to address:
  - socioeconomic determinants of health
  - suicide
  - Foetal Alcohol Syndrome Disorder—prevalence assessment and prevention strategies
  - disabilities—prevalence assessment and early intervention
- individual and community input to prioritise, design and deliver services, based on data-informed community health assessments to address:
  - accessibility, cultural appropriateness and effectiveness
  - attraction and retention of an effective health workforce, including growing and supporting the Aboriginal and Torres Strait Islander health workforce
  - better integration of services through increased collaboration with non-government health service providers (particularly Aboriginal Community Controlled Health Organisations (ACCHOs)) and improved transition care arrangements
  - improved pathways and access to mental health and substance services
  - gaps in responses to suicide, disabilities and Foetal Alcohol Syndrome Disorder.
Appendix A: Terms of reference

Inquiry into service delivery in Indigenous communities

In accordance with section 23 of the Queensland Productivity Commission Act 2015, I hereby direct the Commission to undertake an inquiry into service delivery in remote and discrete Aboriginal and Torres Strait Islander communities.

Background

The Queensland Government invests significantly in Aboriginal and Torres Strait Islander communities delivering policies, programs and services across areas such as child and family services, health, education and training, employment, housing, community safety, native title, and land management.

The Government’s objective is to increase social and economic participation and achieve service outcomes that meet the needs of Aboriginal and Torres Strait Islander communities by ensuring that high quality services are delivered in a culturally capable, timely, affordable, efficient and effective manner.

The focus of the inquiry is to identify how available resources can be best used to support the achievement of this objective, and improve outcomes for remote and discrete Aboriginal and Torres Strait Islander communities.

As well as a quantitative assessment of investment, the inquiry will benefit from the Commission’s expertise in undertaking in-depth consultation with Aboriginal peoples, Torres Strait Islander peoples and other stakeholders to inform a qualitative assessment of service delivery and outcomes for remote and discrete Aboriginal and Torres Strait Islander communities. The inquiry should also consider the experience of other jurisdictions, and available literature.

Scope

The Commission is requested to undertake an inquiry into service delivery in Queensland’s remote and discrete Aboriginal and Torres Strait Islander communities in undertaking the inquiry, the Commission should investigate and report on:

- The levels and patterns of government investment in services to remote and discrete Aboriginal and Torres Strait Islander communities in Queensland, including key drivers of expenditures and how these have, and are likely to, change over time;

- Interactions between investments made by State, Commonwealth, and local governments, as well as the private sector, including the role of third party service providers;

- The range of service delivery programs in remote and discrete Aboriginal and Torres Strait Islander communities, whether programs are related to response, management and/or prevention and early intervention, and whether there is duplication or a lack of coordination across programs;

- Best practice approaches for evaluating the effectiveness and efficiency of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities. This should include a program evaluation framework that can be used to assess the effectiveness and efficiency of service delivery in remote and discrete Aboriginal and Torres Strait Islander communities, and inform future Government investment;

- An evaluation of the design and delivery of existing Government services, including whether services are based on good practice, are co-designed with communities, delivered in a culturally capable way, and maximise opportunities for building local skills and jobs. Where appropriate, case studies may be used to demonstrate if, and how, existing services are supporting improved outcomes for remote and discrete Aboriginal and Torres Strait Islander communities;
• The identification of investment practices and/or services and programs that are likely to be most effective in improving outcomes for remote and discrete Aboriginal and Torres Strait Islander communities, and the key characteristics of those programs;

• Comparisons with relevant services delivered in other jurisdictions, or other benchmarks from available literature; and

• Recommendations to improve the effectiveness and efficiency of Queensland Government investments and services in achieving social, cultural, economic, and environmental outcomes in remote and discrete Aboriginal and Torres Strait Islander communities.

Consultation

In accordance with section 25 of the Queensland Productivity Commission Act 2015, the Commission must undertake public consultation in relation to the Inquiry. This should include in-depth consultation with remote and discrete Aboriginal and Torres Strait Islander communities and other key stakeholders.

Reporting

The Commission is required to publish a Draft Report for consultation by 31 August 2017.

The Final Report must be provided to Government by 30 November 2017.

HON. CURTIS PITT MP
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships
Minister for Sport

Amended reporting timeframes

The Commission is required to publish a Draft Report for consultation by 15 October 2017.

The Final Report must be provided to Government by 22 December 2017.
# Appendix B: Submissions

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<td>II-001</td>
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<tr>
<td>Barambah Local Justice Group</td>
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</tr>
<tr>
<td>Cairns Regional Council</td>
<td>II-003</td>
</tr>
<tr>
<td>Apunipima Cape York Health Council</td>
<td>II-004</td>
</tr>
<tr>
<td>Woorabinda Aboriginal and Torres Strait Islander Corp for Social &amp; Emotional Wellbeing and Health</td>
<td>II-005</td>
</tr>
<tr>
<td>Department of Transport and Main Roads</td>
<td>II-006</td>
</tr>
<tr>
<td>Janya McCalman (CQ University), Ross Andrews (Mayor, Yarrabah Council), Ruth Fagan (Transition Manager, Gurriny Yealamucka Health Service, Yarrabah)</td>
<td>II-007</td>
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<tr>
<td>Torres Strait Islanders’ Regional Education Council (TSIREC)</td>
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<td>Indigenous Consumer Assistance Network (ICAN)</td>
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<td>The Centre for Independent Studies (CIS)</td>
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<td>Torres Strait Regional Authority (TSRA)</td>
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<td>Royal Flying Doctor Service (RFDS)</td>
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<td>Queensland Government</td>
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<tr>
<td>School of Public Health – The University of Queensland</td>
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<tr>
<td>Palm Island Community Company</td>
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## Appendix C: Consultations

### Roundtables

The Commission held five roundtables during its consultations in Cairns, Cherbourg, Mt Isa, Palm Island and Torres Strait.

### Consultations and visits

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<td>Department of Infrastructure, Local Government and Planning</td>
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<td>Hope Vale and Cooktown tour</td>
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Appendix D: Remote communities
## Appendix E: List of discrete communities

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### Community Estimated residential population

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<th>Community</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Badu Island</td>
<td>854</td>
</tr>
<tr>
<td>Boigu Island</td>
<td>227</td>
</tr>
<tr>
<td>Dauan Island</td>
<td>142</td>
</tr>
<tr>
<td>Erub (Darnley) Island</td>
<td>410</td>
</tr>
<tr>
<td>Hammond Island</td>
<td>249</td>
</tr>
<tr>
<td>Iama (Yam) Island</td>
<td>345</td>
</tr>
<tr>
<td>Kubin (Moa Island)</td>
<td>176</td>
</tr>
<tr>
<td>Mabuiag Island</td>
<td>283</td>
</tr>
<tr>
<td>Mer (Murray) Island</td>
<td>399</td>
</tr>
<tr>
<td>Poruma (Coconut) Island</td>
<td>163</td>
</tr>
<tr>
<td>Saibai Island</td>
<td>521</td>
</tr>
<tr>
<td>St Pauls (Moa Island)</td>
<td>281</td>
</tr>
<tr>
<td>Ugar (Stephens) Island</td>
<td>53</td>
</tr>
<tr>
<td>Warraber Island</td>
<td>274</td>
</tr>
<tr>
<td>Yorke Island</td>
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<tr>
<td>Total Torres Strait Islands</td>
<td>4635</td>
</tr>
<tr>
<td>Woorabinda</td>
<td>1001</td>
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<tr>
<td>Wujal Wual</td>
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<tr>
<td>Coen</td>
<td>366</td>
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<td>Mossman Gorge</td>
<td>98</td>
</tr>
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<td>Yarrabah</td>
<td>2686</td>
</tr>
</tbody>
</table>

Note: The list of discrete communities excludes some outstations, which may or may not have permanent populations.

Source: (QGSO, 2016)
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