SUMMARY REPORT

Service delivery in remote and discrete Aboriginal and Torres Strait Islander communities
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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 www.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 Queensland Government in December 2017
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 1 provides a small sample of stakeholder views.
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).

### Key stakeholders

<table>
<thead>
<tr>
<th>COMMUNITIES</th>
<th>SERVICE PROVIDERS</th>
<th>REPRESENTATIVE GROUPS</th>
<th>OTHER INTERESTED GROUPS</th>
<th>GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>Within-community</td>
<td>Peak bodies</td>
<td>Universities</td>
<td>Australian</td>
</tr>
<tr>
<td>Councils</td>
<td></td>
<td></td>
<td></td>
<td>Queensland</td>
</tr>
<tr>
<td>Businesses</td>
<td>Out-of-community</td>
<td>Advocacy groups</td>
<td>Research organisations</td>
<td>Local</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

- more than 80 meetings
- 29 written submissions
- 5 roundtables
- 5 community visits
Box 1: 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 TSIIRC 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 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>
</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>

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**

<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>


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 2) 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
- be 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 2 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.

**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).

**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.

*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.

Figure 4 A stylised map of service delivery

Note: To simplify, this map shows only a subset of the departments and authorities and non-government organisations involved in service delivery, design and coordination.
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.
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 2) 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.

**Box 2 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.

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

1 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

2 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.

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?

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?

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.

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?