7.0

Structural reform
This chapter sets out a proposed structural reform for changing roles and responsibilities under the service delivery framework. The reforms will improve the effectiveness of service delivered in remote and discrete communities by enabling local decision-making and ensuring that services are accountable to those most affected by their success or failure.

### Key points

- **The proposed structural reform has three key elements:**
  - transfer decision-making and accountability to regions and communities through formal agreement making processes
  - change the way funding and resourcing of communities occurs by shifting to long-term block funding and delivery of mainstream services through negotiated agreements
  - provide greater accountability through 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.
  - Authorising 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 need for structural reforms

The evidence presented to this inquiry indicates that the effectiveness of service delivery can be most improved by giving communities more control over the way services are delivered.

Until Aboriginal and Torres Strait Islander people are actively involved in the decisions that affect their lives, the problems that exist in the remote and discrete communities will never be solved—these communities will remain forever dependent on government funded service delivery, with the burden on taxpayers likely to increase over time.

Everyone agrees on the end goal, yet there remains a lack of consensus on how to move forward. In general, communities do not trust government to engage them in solution making, and government do not have confidence that communities are able to manage their own affairs.

To break this impasse, new mechanisms are required to ensure that Aboriginal and Torres Strait Islander people have meaningful opportunities to take control of the design and implementation of services in their communities. This will require that governments gradually pull back from directly commissioning service delivery, and instead focus their efforts on enabling communities to improve outcomes for themselves.

The structural reforms outlined in the chapter provide the mechanism to shift the governance arrangements for service delivery away from government and toward communities (Figure 41). The reforms increase control for Aboriginal and Torres Strait Islander people, but this also entails more responsibility for the effectiveness of services being provided, and outcomes being achieved in their communities.

**Figure 41 Flipping accountability and decision-making**

*The structural reforms transfer decision-making for service levels (within the constraints of the outcomes and funding set by government), service design and delivery to communities. Service providers would be accountable to the communities for day to day activities, while strong accountability mechanisms would be established between government and communities for managing service delivery and delivering outcomes.*
7.2 Heeding lessons from the past

A series of reviews have recommended more responsibility for service delivery should be devolved to Indigenous communities (Fitzgerald 2001, Crime and Misconduct Commission 2009, RAIDC 1991, Empowered Communities 2015, Australian Government 2014, NTRC 2017, Standing Committee on Aboriginal and Torres Strait Affairs 2004). However, there is little evidence that communities exert influence over the delivery of services. Governments have failed to fully commit to policies that devolve authority to communities, pulling back each time things do not go as planned. This failure to ‘let go’ has been primarily responsible for the ineffectiveness of previous reforms.

There have been numerous attempts at engaging communities in developing solutions through community planning and agreements (Box 7.1). However, without sufficient long-term commitment to devolve control over service delivery, these reforms failed to endure.

I agree that community planning leading to place-based agreements need to be a key part of the way forward. However, I would urge the Commission to consider carefully where previous attempts to proceed on this basis in remote Indigenous communities have failed, and to make sure that we have learned from these efforts and instead pursue planning that is genuinely participatory and community-led. (Dr Michael Limerick sub. DR5, p. 1)

If reform is to succeed, the key lessons from these previous attempts need to be listened to—the design of any process to provide communities with greater control over service delivery needs to be cognisant of the failings of the past, with mechanisms in place to deal with these issues. In particular, any reform need to ensure that:

- there are sufficient incentives for parties to enter into, and meet their agreed obligations (World Bank 2017)
- reforms are entered to in good faith, and reviewed periodically as lessons are learned (Rio Tinto 2016)
- there are effective dispute-resolution mechanisms in place (Fisher et al, 2011)
- change happens at a pace that suits community processes (Australian Government 2014)
- parties have sufficient authority to make change, and those most affected by any changes are likely to accept the agreed outcomes (Andrews 2017)
- sufficient capacity is established in government and communities to allow effective decision and agreement making (Aboriginal Affairs (NSW) 2012)
- good governance arrangements are established including those that effectively deal with local factionalism (Fisher et al, 2011).
Box 7.1 Key lesson from the past

There have been numerous accords, plans and agreements negotiated between Indigenous Australians and governments. Indeed, there is an entire database devoted to the examination of treaty and agreement making with indigenous Australians—the Agreements, Treaties and Negotiated Settlements project (University of Melbourne 2017). Four recent negotiated processes are provided below:

- In response to the 2001 Cape York Justice Study, Negotiation Tables involving community leaders and government were established to develop Community Action Plans. The approach had success in some locations, but depended on motivated Government Champions and lacked support for building community governance capacity\(^{18}\) for leading change (Dr Michael Limerick sub. DR5, p 2).

- Shared Responsibility Agreements (SRAs)—agreements made between communities and governments based around the concept of mutual obligation. Agreements were usually around single aspects of service delivery rather than a comprehensive framework. The most common complaints about the SRAs were that they often involved expensive and protracted negotiations over very small amounts of funding, and that the lack of enforceability or incentives meant that agreements were often not adhered to by either party (McCausland 2006). Sullivan (2005) argues that SRAs were an overly blunt instrument to address the complex issues underpinning social behaviours and failed to meet the need for long term, coordinated programs to address community dysfunction.

- Local Implementation Plans (LIPs)—community-level plans developed with local reference groups as part of the National Partnership Agreement on Remote Service Delivery. Although not formal agreements, the LIPs were to guide service delivery in each community. They achieved some success in improving community governance capacity, but were largely seen as a government-driven process that failed to adequately engage with, or provide sufficient accountability or control to communities—as a result they become little more than a bureaucratic process (Australian Government 2014).

- Community Accords—part of the broader welfare reform process, involving accords between communities and the Queensland Government. The accords provided little change to service delivery as they were never fully supported by government, or embedded in service delivery—this meant that resourcing and the commitment to engage in future agreement making faded as government priorities changed (Conversations with key stakeholders).

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\(^{18}\) Governance capacity in Indigenous communities appears to have increased substantially over the last decade (QAO 2016, discussions with key stakeholders)
7.3 The structural reforms

The structural reform proposal has three reform pillars:

- transfer decision-making and accountability towards the regions and communities
- change the way funding and resourcing of communities occurs, by shifting to long-term block funding and delivery of mainstream services through negotiated agreements
- increase accountability through independent oversight and reporting on progress and outcomes.

Each pillar is needed to shift decision making and accountability to communities. All three will need to be in place to give the reforms an opportunity to succeed—without them, communities will not be able to make effective decisions, accountability will be lacking, and the reforms will become yet another failed policy experiment.

Pillar 1 - Transfer decision-making and accountability

To make service providers more responsive to the needs of people living in remote and discrete communities, decision-making powers for the allocation of funding, the level of service delivery and how services are delivered, need to reside closer to those affected by service delivery. At the same time, the accountability mechanisms between service providers and communities need to be strengthened.

The primary tool for achieving this transfer of decision-making and accountability should be through formal agreements between Aboriginal and Torres Strait Islander communities and government (Figure 42).

Figure 42 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 ways these will be delivered*

Note: ‘Government’ in this diagram refers to the Queensland and Australian Governments.
These agreements should allow communities to play a much larger role in commissioning service delivery. Government should work with communities to determine the objectives and outcomes they would like to achieve through the resources provided to remote and discrete communities. Once these objectives and outcomes have been agreed, the ways in which they are to be achieved should be determined by those closest to the problem.

The scope of agreements would include all services delivered in communities, including mainstream and indigenous-specific services.

The Commission envisages that agreement-making will be underpinned by the establishment of community-level plans. These plans should identify community priorities aspirations, service gaps and community initiatives for improving service delivery, and would form the basis of formal agreements with government (Box 7.2).

### Box 7.2 Community plans

Under the recommended reforms, community-level planning would underpin the delivery of services in remote and discrete communities. These plans should be developed and owned by communities.

It is likely that the community plans will evolve over time; however, they might include the following:

- service delivery priorities
- identification of service gaps
- innovative ideas for addressing underlying issues (such as mental health or anti-social behaviours)
- timeframes and targets for the achievement of other community level outcomes
- methods for reporting on progress.

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.

Agreements provide the means through which community plans are enabled by providing a formal means for governments to commit to new ways of doing things. The agreements should specify:

- **principles**—these might include the way in which the agreement will operate and how 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
- **how mainstream services will be delivered into communities, including those delivered by government providers**
- **resourcing**—what funding will be made available to support the agreement

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19 Mainstream services are those services available to both Indigenous and non-Indigenous residents. They include services such as schools, policing and health care.
• 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

• incentives—these might include payments for the achievement of outcomes (such as incentive payments to communities on the achievement of key milestones or outcomes) or agreements to move to a subsequent stage of reform after certain milestones are reached

• obligations—what penalties will apply when either party fails to meet their obligations under the agreement

• duration of the agreement and methods for amending the agreement.

To facilitate the agreement making process, supporting institutions will need to be in place—formal, legal entities are needed to enter into agreements with government and to handle any resourcing associated with those agreements.

The Commission recommends that community-owned, authorising bodies be established as the legal entities to support decision making and accountability— their primary functions would be to support and empower community decision making and ensure that service delivery is accountable to communities (Figure 43). Authorising bodies may represent one or more communities, depending on circumstances and needs.

**Figure 43 Authorising bodies**

*The authorising body should be a community-owned body. The key function of the body is to provide the means through which community decisions are enacted. The body’s authority is derived through community participation and ownership, enacted through its representative structure. Government provides authority by delegating decision-making powers to the body and establishing strong accountability measures through the agreements with communities.*

The nature of the authorising body required to support the transfer of decision making to communities may not be the same for all communities, and may change over time.

Determining the best operational model for the authorising bodies will largely depend on the activities that are required to devolve decision-making to communities (Table 19), where stakeholders believe these functions best sit and the capacity of individual communities to manage these functions.
Table 19 Functions required to support community decision making and accountability

<table>
<thead>
<tr>
<th>Function</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining community priorities</td>
<td>Needs to be inclusive of all community perspectives, including the perspectives of women and young people. Democratic processes are likely to be important, and governance structures need to be established.</td>
</tr>
<tr>
<td>Negotiating agreements</td>
<td>Negotiations need to reflect community priorities and take account of all community perspective. Negotiating entities need to have sufficient capacity to negotiate with government.</td>
</tr>
<tr>
<td>Commissioning services</td>
<td>The ability to commission services and manage tenders will be a key aspect of the reform model. Opportunities for economies of scale or scope available through regional cooperation need be identified and taken advantage of.</td>
</tr>
<tr>
<td>Providing financial governance</td>
<td>An important aspect of the reform proposal is for communities to have greater access to block funding. This will require the institutions supporting reforms to have strong financial governance. Strong financial governance will also allow communities to be more financially innovative, such as by exploring alternative options for financing social housing.</td>
</tr>
<tr>
<td>Supporting innovation</td>
<td>Addressing the underlying issues of community disadvantage, creating economic opportunities and improving outcomes will require innovative, creative solutions. Innovation needs to be encouraged by bringing together the unique place-based perspectives of the remote and discrete communities and evidence and ideas from the outside world—innovation is supported by openness to new ideas and ways of doing things.</td>
</tr>
<tr>
<td>Monitoring progress</td>
<td>Adopting an approach that allows adaptive learning will be important for improving outcomes. This means the entities supporting community decision making will need to be able to access timely information and make sense of it. It also means that assessments of progress need to be free from bias, including from bias introduced by local factionalism or favouritism.</td>
</tr>
<tr>
<td>Reporting and compliance</td>
<td>To maintain accountability, Government will require regular reporting on governance (such as financial and other accountability) and on community and regional outcomes.</td>
</tr>
</tbody>
</table>

More detail on the establishment of the authorising bodies is provided later in this chapter. Some guidance on operational options is also provided.

Pillar 2 - Changing funding and resourcing arrangements

Key to the structural reform proposal is a change to the way communities are resourced. While some additional resources may be required to assist with transitioning, the proposal is not contingent on significant additional funding—funding for the reforms can, primarily, be sourced from doing things differently, rather than simply overlaying a new system on the old.

Achieving better returns on the large investment made by government requires a funding model that supports service delivery that is adaptive and responsive to the needs of individuals, and supports decision-making by communities.
The Commission proposes that this be achieved by ensuring that communities have a greater say in how resources are used. This means that government funding and resourcing of service delivery should support community decision-making.

Figure 44 summarises how the funding and resourcing arrangements would work. The Government determines the overall level of resourcing it is prepared to make available to a community. The way funds are used is the responsibility of the community, with decisions sanctioned through their authorising body in line with community plans. Mainstream services are coordinated through the agreements as discussed below.

**Figure 44 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.*

Note: ‘Government’ in this diagram refers to the Queensland and Australian Governments.

The funding reforms have three key components:

- **First**, a baseline of expenditure should be established for each community—this might include an average of expenditures over a suitable 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 communities through their authorising body.
• **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 communities. These plans would outline each community’s priorities and the progress that each community agrees to achieve over the course of a funding agreement. Where it is efficient to do so, community planning might be consolidated into region-level plans outlining the funding and provision of service levels into each community over the life of the agreement.

To facilitate the coordination of mainstream services, relevant government officers will need to have sufficiently delegated powers to enable them to negotiate with communities and to ensure agreements are enacted.

Any conditions, including reporting requirements for grant funding would be covered in the agreements.

Mainstream services should report to communities as negotiated in the agreements.

Funding agreements between the Queensland Government and communities should be long-term in nature and should be contingent on the successful negotiation of community plans. This would reduce uncertainty and promote long term investment in skills and infrastructure.

The conditions attached to any funding to communities and authorising 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.

**Pillar 3 - Improving accountability through independent oversight**

The agreements negotiated between government and communities would play a key role in establishing accountability. They should set expectations about the outcomes to be achieved, and who is responsible for achieving them, the level of resourcing to be provided and the way services will be delivered.

The agreements and community plans would also set out arrangements for monitoring and evaluation.

Communities should play a much more active role in the day to day monitoring and evaluation of service delivery. Government’s key focus should be on the outcomes it expects to be achieved in return for funding. The outcomes, and how they will be monitored and reported on, should be specified in the agreements. In return, government needs to commit to providing communities with timely, community-level community and/or regional agency data (such as school attendance data).

Agreements are only likely to work where parties are confident that both sides will uphold their side of the bargain. This requires a consistency of approach to establish trust, and sufficient incentives for all parties to maintain agreed positions. As noted by the World Bank.

> The incentives that actors have to comply with agreements are fundamental to enabling commitment in the policy arena. Credible commitment requires consistency in the face of changing circumstances. Incentives for actors to commit to agreements are thus crucial for effective policy design and implementation (World Bank 2017 p. 13)

While government has obvious mechanisms to hold communities accountable—such as incentive payments (or payment for outcomes) or through the threat of resuming control over service delivery—it is much harder for communities to hold governments to account if they do not uphold their end of the agreement.

Independent oversight of the agreements should be a key feature of any monitoring and evaluation framework (Figure 45). It can reassure communities that agreements will be honoured, and that reform progress will continue to track as expected. 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 have been delivered.
This will strengthen parties’ confidence in the agreements, and ensure accountability for the use of public funds.

**Figure 45 Independent oversight**

More detail on this evaluation framework and the importance and role of independent oversight body is provided in chapter 10. In summary, this body should provide oversight of matters including:

- the progress of structural reforms
- the outcomes being achieved in communities
- the provision of data and information to enable effective and innovative service delivery.

The independent body would collate and verify data about community-level outputs and outcomes. These data would largely be collected by the authorising bodies, although some of this data would also come from mainstream service providers.

The independent body will also need to collate and report expenditure information which, as discussed in Chapter 3, is currently unavailable to communities. This information will be important for monitoring the efficiency of service delivery. For example, the Cape York Institute proposes that agreements should include ‘productivity dividends’ where:

[Under EC [Empowered Communities] it is also suggested that more funding is not what is required, rather Indigenous people 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)]
Independent oversight and monitoring of expenditures and efficiencies would enable such arrangements to be included in agreements between government and communities. It would also help address stakeholder concerns about cost-shifting:

*The LGAQ is concerned to ensure that structural reform does not detract from the roles and responsibilities of the various tiers of government. Any additional workloads for councils must be funded to avoid the risk of cost shifting onto an already constrained tier of government.*

*The LGAQ recommends that a base line level of expenditure is established at the beginning of this structural reform process to act as a benchmark to avoid any cost shifting to communities during the reform process (LGAQ sub. DR12, p. 7)*

*Transparency of data – need to establish baseline of investment to ensure that there is no cost shifting and that performance and accountability data is shared and seen by all. (QCOSS sub. DR011, p. 3)*

### 7.4 How the structural reforms address performance

Table 20 summarises how the proposed structural reforms address the issues raised in Part A of this report. It does not 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 20 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>Greater use of block funding will reduce service 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 communities 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 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, although it would not provide authority over Queensland departments.</td>
</tr>
<tr>
<td>Short-term contracting and compliance burdens</td>
<td>The agreement between the Queensland Government and communities should be based around long-term funding models with a negotiated performance framework. Contracts with service providers, managed through authorising bodies should be more responsive to problems. As the community’s own funding should be based on a long-term funding framework, this enables communities to vary contract lengths to achieve outcomes.</td>
</tr>
<tr>
<td>Underlying problem</td>
<td>How the structural reform proposal addresses the problem</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</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. Input to community and regional planning will give communities greater voice. From the Queensland Government’s perspective, the agreement between the government and the authorising 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 agreements with communities should establish respective responsibilities, including the ongoing role of the Queensland Government in respect of the scope of activities transferred to each community’s authorising body. As the process of priorities is to be negotiated with communities, this facilitates the government stepping back to an enabling role. While the authorising bodies should be accountable for agreed outcomes, the government should similarly be accountable to the authorising bodies for its agreed responsibilities.</td>
</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 to the State through agreements, but the authorising body would have its own commissioning process for agreed responsibilities.</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. 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, are involved in developing solutions and making decisions.</td>
</tr>
<tr>
<td>A focus on symptoms rather than underlying causes</td>
<td>The setup of the independent authorising bodies, 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>Agreements with rewards for outcomes or can be used 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>
7.5 Establishing the authorising bodies

The establishment of the authorising bodies must be done in a way that allows for community participation and ownership, but must also balance the need to establish accountability and provide government with sufficient comfort that they can allow for an orderly transition to community control. A range of options could be used to establish and regulate the activities of authorising bodies, each with varying degrees of flexibility and community control (Table 21).

Table 21 Options for establishing and regulating Authorising bodies

<table>
<thead>
<tr>
<th>Option</th>
<th>Establishment</th>
<th>Accountability</th>
<th>Flexibility</th>
<th>Community control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory bodies</td>
<td>Defined in legislation.</td>
<td>Financial controls are established under the Statutory Body Financial Arrangements Act 1982, and through their enabling legislation. Statutory bodies must prepare annual financial statements and table these in parliament each year.</td>
<td>The functions, purposes and governing arrangements for statutory bodies are defined under their enabling legislation. Once established these are difficult to change.</td>
<td>Communities may see a statutory body as an arm of government. Community ownership is possible by establishing a governing body with community representation (either by election or by appointment). Restrictions on the persons eligible to serve on the board may apply.</td>
</tr>
<tr>
<td>Community owned Indigenous Corporations</td>
<td>Defined in company constitution.</td>
<td>Accountability established through agreements with the corporations. Financial accountability is governed under the Corporations (Aboriginal and Torres Strait Islander) Act 2006, with support and regulation through the Office of the Registrar of Indigenous Corporations.</td>
<td>The functions and purposes of the authorising bodies would be defined in their constitution. This can be changed over time.</td>
<td>High degree of community control. Community representation on a board—method of board appointment is established in constitution and may reflect traditional decision-making structures.</td>
</tr>
<tr>
<td>Community owned Indigenous Corporations with an accreditation body</td>
<td>Community owned bodies defined in company constitution. Accreditation body defined in legislation (can be assigned to an existing govt. entity).</td>
<td>As above, but legislation provides clear eligibility rules, how accreditation standards are maintained, and how compliance issues and disputes will be handled.</td>
<td>Provides flexibility in day to day operations, but clear guidance on expectations about standards, community representation, and other issues considered important.</td>
<td>Would allow communities to establish and own their authorising bodies, but with legislated requirements to maintain accreditation. Option for community representation on the board of the accreditation body.</td>
</tr>
</tbody>
</table>
Government and communities will need to negotiate the preferred model for establishing the authorising bodies that will best balance the core characteristics (such as community ownership) and achieve the transfer of decision-making and accountability. For example, an accreditation body provides a formal means through which government can establish the conditions on which they are prepared to recognise and negotiate with authorising bodies, while, at the same time, allowing communities to establish their authorising bodies at a pace that suits them. Some precedent for this approach has been established in the way the State regulates independent schools through the Education (Accreditation of Non-State Schools) Act 2017.

Regardless of how they are established, certain criteria must be satisfied before authorising bodies are recognised as having the authority to act on behalf of their respective communities.

Any decision-making body must be **representative** and have the **authority to represent the constituents** on whose behalf it is making decisions. This might mean that authorising bodies will need to have democratic mechanisms (such as elected board members) to ensure they are accountable to communities.

In the context of the remote and discrete Aboriginal and Torres Strait Islander communities, the representative structures might also need to consider the unique cultural contexts of each place as well as mechanisms to ensure all voices are adequately represented.

Another important consideration is the **ability to manage conflicts of interest**. Conflicts of interest skew decision-making by introducing additional considerations or loyalties that may lead to decision-making that is not in the best interests of communities. These conflicts of interest may be subtle or overt. At the extreme, conflicts of interest may lead to corruption, nepotism and favouritism, but conflicts may also result reduce efficiency where they influence decision makers by limiting the choices available to them.

Conflicts can be minimised by separating the potential source of conflict from the decision-making process. For example, it may be sensible to specify that the authorising bodies should not be involved in service delivery, which would conflict with their role in commissioning services.

Authorising bodies will need to be able to **support the most efficient use of resources**. Any proposed body must demonstrate that it can commission services and manage tenders. Consideration should be given to how authorising bodies could achieve efficiencies of scale and scope through regional or cooperative approaches.

Similarly, any proposed body needs to be **able to work with Australian, Queensland and local governments**. Improving the coordination of funding and service delivery across all levels of government is key to the success of this reform proposal.

Finally, proposed bodies would need to be able to **identify and promote innovative service delivery models**. The intent of the reforms is to allow greater flexibility in how services are delivered. This means that any entity involved in decision making about services must have the capacity to identify, assess and implement new ways of doing things. It also needs to harness the abilities of regional leaders and impartial ‘outsiders’.

Structural reform is not about creating more bureaucracy. Indeed, it should reduce bureaucracy, so that scarce government and community resources can be directed to higher value uses. The Torres Straight Island Regional Council’s (TSIRC) submission explains how this might happen:

> 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... It would be best to simply engage directly and fund us adequately to support this work. (sub. 12, p. 12)

Some functions of the statutory bodies are already being performed, either by government or in communities. The key to avoiding the creation of unnecessary bureaucracy is to ensure that these functions are not duplicated. This will mean that some functions currently being performed by government or community organisations will need to move into community control.

Councils (including those in the discrete communities) will continue to have an important role to play, both as a provider of services and in the expression of community voice (Box 7.3).
Box 7.3 Role of councils

Many functions described in the previous section could be performed by the Local Government (Councils) operating in the remote and discrete communities. Indeed, they are established statutory bodies, with established strong financial governance arrangements and have democratic representative structures.

Local councils, particularly those in the discrete communities, currently represent their communities in a range of forums and across a wide range of issues, and are actively involved in service provision.

However, there are barriers to councils assuming the role of an authorising body:

• Councils are service providers, engaged in a wide range of ‘doing’ activities, such as the provision of municipal and childcare services, and engage in a wide range of commercial activities. This creates potential conflicts of interest with the wider service commissioning role to be performed by authorising bodies.

• Because of a lack of alternatives, many councils in remote and discrete communities have had to take on a much wider range of responsibilities than are performed by councils in other regions. This stretches the capacity of these councils and impedes the exercise of their core functions. Taking on more responsibilities is only likely to worsen the situation.

• For the Indigenous councils, their role as trustees of township land may overly concentrate power in a single entity and create another potential conflict of interest. As noted by the Cape York Institute, this could create power imbalances that would only be worsened if the councils took on an even wider role in communities:

  Council as trustees are effectively placed as the gatekeeper of the creation of any other rights and interests in land in the town, such as the creation of a lease needed for a business…It also inevitably leads to allegations from those outside the ‘elite’ powerful circle of unfairness, favouritism and nepotism. (sub. DR015, p. 9)

• It has been recognised that the legislated governance arrangement for the councils do not reflect or represent all Indigenous interests (Limerick 2001, Legislation Review Committee 1991). As noted in the Cape York Justice Study (Fitzgerald 2001):

  There is an inherent disjuncture between family groups and governance structures—governance structures were laid over innately family-based social forms. ...For example, some communities have up to 20 different clan or language groups, yet the legislation is premised on a system of open elections by the community at large (typically for three, five or seven councillors)...The incompatibility of Indigenous social structures with the imposed model for community council adds to divisiveness and factionalism in ways that can, on one hand, hamper decisions making, and on the other, produce a select group of decision makers who may lack broad community support (p. 36).

Given the broad remit of the proposed reforms, deeper and more culturally appropriate mechanisms of community engagement are required than can be captured solely by the democratic processes set up for local government.
7.6 Establishing capacity

The structural reforms will be demanding for communities and for government. Many stakeholders noted this point; for example:

> the Queensland Government will need a strong transition plan to ensure skills, knowledge and experience are effectively transferred when decision-making and accountability is placed with communities. We also note communities will need continued and sustained support from government during and post transition processes. (Churches of Christ sub. DR8, p. 2)

For the reforms to succeed, government and community need the capacity to engage with the reforms. Capacity means more than just the ability or resources to get things done—it also means that actors have the authority to engage with reforms and that stakeholders accept the decision they make (Box 7.4).

Box 7.4 What is capacity?

Capacity is defined as the ability of individuals or organisations to perform specific functions, solve problems and set and achieve goals; that is, to get things done.

The community development literature offers some useful ideas on capacity building. Andrews et al. (2017) note that capacity is only enabled where there is:

- **Authority**—is there sufficient authority to make decisions or implement change? This includes political, legal, organisational and personal authority.
- **Acceptance**—do those who will be affected accept the decisions being made and the implications they might entail?
- **Ability**—is there sufficient ability to make decisions? This might include sufficient time, resources, skills and knowledge to support change.

The World Bank (2017) identifies three core activities that can enhance authority and acceptance:

- **Enable credible commitment**—Stakeholders need to be able to rely on the credibility of policies over time, so they can calibrate their behaviour accordingly. To embed this commitment, incentives are needed to ensure that all parties stand to lose if any party reneges on agreed arrangements. Evidence suggests that when the commitment to deals is not seen as credible, agreements fall by the wayside and contending parties walk away from the bargaining table.

- **Induce coordination**—Individual stakeholders need to believe that others will also act in ways consistent with desired outcomes. Investment and innovation are induced when individuals believe that others will also invest. Rules may be required to ensure individuals behave in certain ways.

- **Enhance cooperation**—Policy effectiveness requires cooperation of citizens, including those most affected by policies. This suggests that excluding those individuals from policy design is likely to weaken compliance and cause fragmentation. Perceptions about fairness are important, for example, if communities or individuals perceive that others are benefiting more than they are, they are less likely to cooperate with the systems they perceive as generating this unfairness. Similarly, individuals will only cooperate when they perceive there are some benefits for them from doing so (including the avoidance of penalties).
Local capacity needs to be established

Communities need the capacity to develop community plans, negotiate with government, make decisions about service delivery and monitor progress. In some communities, much of this capacity exists, but in others this capacity will need to be developed over time.

Capacity in many communities has been undermined by governments’ failure to actively engage local residents and Indigenous organisations in service delivery. As noted by Limerick:

...community governance capacity has been systematically undermined over the past two decades as the locus of decision-making has progressively become more removed from the community level and from community-controlled organisations have been shut out of tendering processes for program and service delivery. (sub. DR5, p. 3)

Once implemented, the structural reforms will help to build sustainable ongoing roles for the residents of remote and discrete communities. These ongoing roles will help to create incentives for local people to gain the skills and expertise to engage more actively in the delivery of services in their communities.

There will, however, be a transition period, during which communities lack the skills to fully engage with the structural reforms. Indeed, because of their small size, it is unlikely that communities will have the full range of skills to manage, negotiate and monitor the delivery of services.

The authorising bodies will have a key role to play in building and providing capacity. As noted in Fisher et al. (2011), this capacity will need to come from both ‘insiders’ and ‘outsiders’.

Local decision-making needs to be enacted by ensuring that the residents of communities hold the ultimate authority and accountability—authorising bodies will need to ensure that local people are deeply involved in decision making and have the skills and expertise to do this effectively.

However, skilled outsiders will also be needed. They will play a key role in bridging gaps in skills and expertise—and in passing these skills and expertise on to locals. Skilled outsiders are also likely to be important in ensuring that a wider diversity of perspectives and values can be brought to bear on the operation of the authorising authorities.

The operation of the authorising body, however, needs to be controlled by communities. Authorising bodies will need the freedom to be able to recruit from outside their communities, but the hiring choices of the organisation need to be controlled by residents. Skilled outsiders should not be appointed by government—they need to be trusted advisors for communities, not seen as a mechanism for government to exert control.

Access to timely and meaningful information is also needed to enable decision-making. Communities will need access to detailed local-level data if they are to be empowered to play an active role in directing service delivery. For government to have confidence in community decision-making, they too will require robust information on the outcomes occurring in communities.

The Government Statisticians Office should play a key role in data collation and dissemination, with oversight by an independent body. More detail on monitoring and evaluation, including data management, is provided in Chapter 10.
Government capacity needs to be developed

The reform proposal is reliant on government and communities having the capacity and capability to engage meaningfully with each other.

Limerick notes that a lack of government capacity has also been a crucial factor in holding back previous reform attempts:

There is a critical need for government to improve its own capability to work in different ways in Indigenous communities – partnering rather than dictating, facilitating and enabling community-driven approaches. This has remained a significant skill gap for government staff and has been a recurring theme in evaluations of why government initiatives for place-based and community-driven development have not succeeded in the past. (sub. no. 5, p. 4)

Building government capacity needs to be more than just making a commitment to cultural awareness training (although this may also be important).

It also involves ensuring that those on the ground working with communities have the authority to negotiate and make decisions on behalf of government. An evaluation of the NSW Local Decision-Making reforms found that the key factor that initially held back change was government’s lack of capacity to engage with communities (Aboriginal Affairs (NSW) 2012). A large contributing factor was that government officers did not have sufficient delegated powers to effectively engage with stakeholders.

Government also needs to rebuild trust with communities. Communities told us that they had little faith in government’s stated commitments to involve them in the design and delivery of services.

[We are] not confident that government will implement the recommendations as the QPC will suggest due to the track record on past reports. (Yarrabah Leaders Forum, sub DR14, p. 4)

Partnerships and agreements in remote Indigenous communities are built on trust (Fitzgerald 2001). Government needs to establish this by being reliable—following up over time on commitments—and demonstrating an open willingness to listen and share information. Trust between Indigenous residents and government is eroded when there is a constant stream of fly-in, fly-out departmental officials making brief visits to communities.

Government needs to find ways of facilitating mutual respect and trust, including by:

- taking the time to understand community concerns
- allowing community decision making processes time to occur
- allowing communities to make and learn from mistakes
- maintaining a constancy of staff who can represent government on cross-agency interests
- providing these staff with the power to discuss and negotiate service delivery with communities.

Capacity can be built in a number of ways, including through informal approaches such as mentoring, or through more formal training and development (Box 7.5).
Box 7.5 Some capacity building options

**Linkage programs**
Linkage programs between Indigenous organisations and the private and public sectors can assist with capacity building through the two-way transfer of knowledge and skills.

A successful example is Jawun, a small, not-for-profit organisation which leverages the capabilities of corporate and philanthropic Australia to support programs of change in Indigenous communities. Partners release individuals for secondment to Jawun to work with Indigenous people and organisations on a volunteer (pro bono) basis. Apart from the provision of skills, the exposure of Indigenous peoples to private sector ideas supports initiatives to redirect Indigenous affairs from a focus on social services delivery towards development (Jawun, 2015).

**Mentoring and support**
Mentoring is similar to the linkage programs described above, but may involve less formal approaches. Typically mentoring involves specialist or experienced staff passing on their skills and experience to others, typically through a one-on-one relationship. Mentoring is likely to be an important way of facilitating the transfer of responsibilities to community residents. An option is to mandate mentoring of local residents by fly-in fly-out staff in contract terms.

Some larger, better resourced organisations may also provide mentoring and support to Indigenous entities. This happens with a number of larger councils where mentoring approaches are used to help Indigenous councils to operate and maintain municipal infrastructure:

> Council supports implementing shared resource arrangements with smaller Councils. This will enable use of valuable specialist services to support communities. (Torres Shire Council sub. 7, p. 7)

> Together we can capitalise on the strengths and relationships that exist in our Gulf communities and begin to equalise capacity by partnering in the provision of municipal services and infrastructure. (Burke Shire Council sub. DR18, p. 5)

**Practical experience**
Many stakeholders complained about the disconnect between policy-making in 'George Street' and the realities in communities. Real understanding of community needs will only be built through practical experience, and is likely to require more permanence of staff on the ground than is currently the case.

**Training**
There are a range of formal training options that can aid capacity building, such as:

- The Aboriginal Family Wellbeing program led by James Cook University, with aims to empower communities and individuals to take control over their lives.

- University of Queensland’s Advanced Indigenous Development Program, which aims to build the capacity of staff to work in new and more enabling ways in Indigenous communities.

- The Office of the Registrar of Indigenous Corporations (ORIC) governance training for Indigenous corporations and registered community organisations.
7.7 A staged reform, not trials

Not all communities are ready to engage with reforms. Some have governance structures that are ready to engage with reforms immediately, while others have little established governance capacity outside of their local governments.

This means that it will not be possible to roll out reforms simultaneously into every community. Rather, reforms will need to be staged with those ready, transitioned first, and others to follow as capacity is established.

A standard option for government when trying something new is to establish pilot programs or trials. Under this approach, prior to large scale roll-out, a trial or demonstration stage is used to develop novel approaches and evaluate them early (Shergold 2015).

While this piloting approach is useful for many large-scale reforms, trials should not be used for the structural reforms.

The proposed reforms are long-term in nature, and, given the challenges associated with establishment, unlikely to achieve the rapid changes in outcomes that would be required to demonstrate success under a pilot program (Altman et al. 2008). Further, there are range of measurement difficulties that make it difficult to establish causality in remote Indigenous settings (Cobb-Clark 2013).

Trials are typically used to demonstrate the success or otherwise of novel approaches. The ideas underpinning the structural reforms are not new—the empowerment and active involvement of communities has been a foundation of almost every policy in Indigenous affairs over the last few decades.

Government also needs to be cognisant of the extent to which communities are fatigued by the constant shifting of reforms. This wariness comes from communities’ perceptions of previous reforms, where new initiatives were seen to be tried but rarely given time to succeed:

Every blackfella oughta be able to fly, there’s that many pilot programs out here. (Attributed to Alf Bamblett 1991, sourced from Brad Saunders 2017)

If the structural reforms are to succeed, government needs to make a long-term commitment to reform. As noted by QCOSS:

Change of this significance cannot happen overnight. The implementation process must recognise and accept the long-term view – this is reform that must be undertaken over lifetimes, not election and budget cycles. Again, communities have seen reform come and go, to achieve the buy in, a public and permanent commitment must be made and is required for the ongoing structural reform being recommended. (sub. DR11, p. 2)

As part of a long-term commitment by government, the LGAQ recommends that an early adopter approach be adopted:

LGAQ is concerned to ensure that when moving towards a new model of service delivery transition, arrangements should recognise that communities will vary in their capacity to engage with the reform process being proposed and therefore supports a staged approach to implementation.

The LGAQ recommends a staged transition process that allows the better positioned communities (“early adopter” communities) to progress at a faster pace to other communities. (LGAQ sub. DR12, p. 6)

Those communities that are ready to engage with the reforms, should be encouraged to do so. Those that are not yet ready need to be supported.

This staged approach suggests that there need to be strong mechanisms to keep the reforms on track over time—these are discussed in Chapter 10, where a framework for evaluating and monitoring the reforms is outlined in some detail.
7.8 The importance of regional, or cooperative approaches

Regional or cooperative approaches will be necessary, particularly where communities are not large enough to sustain a separate authorising body and maintain the capacity required to negotiate and administer agreements. However, regional approaches will not succeed unless they properly consider local interests. The importance of local authority was a common thread in many of the responses to the draft report, with stakeholders highlighting the importance of community decision-making, without unnecessary interference or bureaucratic overlay from government or a regional body:

*The Indigenous Leaders Forum (ILF) raised a concern about the reference to “transferring accountability and decision-making to regions”.*

*The ILF was clear that decision making should occur at the community level in line with the principle of subsidiarity. The ILF rejected the concept of the formation another level of bureaucracy at the regional level. They acknowledged and supported the concept of neighbouring communities working together to generate efficiencies. (LGAQ sub DR DR12, p 7)*

*I note that the report also indicates regional bodies could have a role in this process. I would urge some caution in how this is promoted as a solution, because there is considerable scepticism about regional Indigenous bodies amongst many remote Indigenous communities...This is not to dismiss the real practical advantages of regional approaches, which have been successfully invoked by Indigenous communities in some locations... However, be aware that a reform model that places too much prominence on regional bodies is likely to be greeted with significant scepticism in remote Indigenous communities. There needs to be considerable emphasis on how local communities may choose to organise themselves regionally to support place-based planning and development. But the power must still be seen to reside locally. (Dr Michael Limerick sub DR10, p 4)*

These concerns can be addressed by taking steps to ensure that the operation of the authorising bodies that represent multiple communities support local decision-making—for example by ensuring that authorising bodies’ charter support local concerns and representational structures ensure community ownership.

While there are always trade-offs, it is likely that the benefits of operational approaches that favour collaboration between communities are likely to outweigh any disadvantages:

- the bureaucratic costs associated with regional approaches need not be excessive (relative to the current system)
- there are opportunities to establish efficiencies of scope and scale that could not be obtained through a ‘local only’ approach
- regional or collective approaches are not incompatible with localism, and in fact, may be required to enable community voice in decision making and control\(^20\)
- some communities, either because of their small size, or because the Indigenous population does not have an existing focal point for establishing a community voice (particularly the non-discrete communities), would not be able to establish a viable, wholly local approach.

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\(^{20}\) For example, Fisher et al (2011) cite research which shows excessively localised approaches can lead to the rejection of outside influences. This undermines the ability of communities to generate solutions, which, in turn, encourages top down interventions to impose solutions.
Another important factor to consider is that some indigenous interests are not represented within the discrete communities and so may not be adequately represented in 'local only' approaches. Stakeholders raised concerns that these interests will need to be considered in any reforms:

*The terms of reference for the report are focused on communities which tends to suggest a focus on the old mission communities. Native Title however, has created significant rights and interest in land and returned some land to Traditional Owners in the form of Aboriginal Freehold. Community plans and regions should include this broader landscape in planning not simply focus on the old mission communities and DOGIT trust lands.* (Jim Turnour sub DR10, p. 2)

*In theory, these services should be able to quite effortlessly extend their operations to include Cloncurry Shire residents. In practice the geographical divide is too great and it is rare to see these agencies within Cloncurry Shire Council. The result is these agencies are not considered to be a part of the community and have limited understanding of local issues... Our experience is residents stop engaging with these agencies as they are not considered to be local, reliable or focussed on delivering specific outcomes.* (Cloncurry Shire Council sub DR9, p. 6)

ADA Australia and the ATSIDNQ encourage the Queensland Productivity Commission to consider the application of these reforms to communities in the South West regions of Queensland such as Augathella, Windorah, Thargomindah, and Cunnamulla. The Draft Report does not recognise these communities, despite these areas being classified as very remote, having significant Aboriginal populations and facing ongoing challenges in accessing essential services such as health and disability services. (ADA Australian and ATSIDNQ sub DR6, p 2)

Burke Shire Council (sub DR18) discussed the need to better consider these interests moving forward—the establishment of regional approaches will be important to allow these local interests to be considered in a post-reform model. They also note the benefits from greater cooperation between communities:

*Burke is also keen to investigate opportunities to share resources, knowledge and capacity in the area of governance with a particular focus on asset management. Like roadbuilding; sharing knowledge and systems in asset management makes sense and should result in improved capacity, reduced duplication and lower costs. Joint use of assets, and further shared services in other areas, are further opportunities to explore.* (Burke Shire Council sub DR18, p. 6)

Some communities already have regional representative structures in place. The Torres Strait Regional Authority is a statutory body that 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). The Commission is also cognisant of the work being led by the Cape York Institute to progress the Empowered Communities agenda with the Australian Government.

These existing initiatives should be built on where possible. For example, where work is already well-progressed on identifying mechanisms for establishing a community voice, these efforts should be recognised and built on. While existing capacity should be developed and built on, this is not to say that the current way of doing things should not change with the reform—existing mechanisms reflect the current policy framework and may not be optimal.
7.9 How might the structural reforms look in practice?

The institutional structures required to support the structural reforms outlined in this chapter need to be established with, and evolve from the existing structures already in place in many communities. This section provides examples of how communities might operate in a post-reform world—examples are provided for community representation, a wholly local approach and a regional approach.

Community-level representation

Community-level representation will be required to provide a focus for decision-making and planning for on-the-ground service delivery. The representative structures of communities vary considerably from place to place—this will need to be reflected in the way that the authorising bodies interact with communities. For example, Hopevale has established a community representative body which includes all 13 clan groups and works in partnership with service provider forums. Yarrabah, on the other hand, has a representative structure established around a leadership group auspiced by council with community members leading planning around service areas.

A possible operation model is provided in Figure 46. Under this model, a leadership group provides the community voice. Community members who have a specific interest work with service providers to develop priorities, identify service gaps and solutions. These are then combined to form a community plan.

The Authorising body’s role is to help the community to develop workable solutions, and to operationalise the community’s plan.

Figure 46 Community-level representation

Community-plans need to be established by communities. The ways in which communities engage in this process will vary from place to place. In the example provide below the authorising body auspices a leadership group who work with service providers to develop a workable community plan.

A case study, demonstrating how a hypothetical community might manage service delivery under the structural reforms, is provided in Box 7.6.
Regional operating models

The activities of the authorising bodies can be operationalised in many ways. This includes arrangements that operate locally, on a regional basis or through an alliance of geographically separate yet otherwise connected communities (Figure 47). Some activities might be undertaken in communities, while others are undertaken in a regional centre. Some activities might be tendered out or delegated, while others are undertaken within the statutory body.

**Box 7.6 Case study 1—local decision making**

Community Z works with its authorising body to develop a community plan. This plan identifies service gaps and community aspirations, and prioritises each. A range of initiatives are identified that the community believes can improve service delivery. The authorising body negotiates with government on how the aspirations for change identified in the community plan will be achieved. At the end of this process, an agreement is drawn up that:

- identifies the changes mainstream services (education, health etc) will make in community
- allocates untied funding for communities to run service delivery
- outlines the accountability measures government expects in return for resourcing the community.

Through its community plan, Community Z identifies a need to develop a diversionary program for young offenders. While elders in the community are keen to participate, they are unsure how to proceed, or where they will source the funds needed to establish the program. The authorising body facilitates the involvement of experts, and enables the development of a solution that has the support of the community.

The authorising body negotiates an agreement with government that specifies how the justice system (including the police) will support the diversionary program. The agreement includes incentive payments that will be made to the community for any young offenders that are kept out of detention. Funding for the program is sourced from the community’s funding pool, ensuring the program runs while it continues to have community support.

The authorising body operationalises the community’s plan by resourcing the diversionary service, monitoring its day to day activities and reporting progress back to community and government.
Figure 47 Options to best support community-level decision making and accountability

The best way to support community-level decision making and accountability will vary from place to place—and can include entirely local arrangements and arrangements that operate on a regional basis or through an alliance. In each, the community drives outcomes through their community plans.

Where and how these activities occur should reflect each community’s circumstances and requirements to best support and community-level decision making and accountability. These will vary from community to community and may not stay the same over time.

For some communities, it may make sense for the authorising body to operate at a local level. For example, the community may be large enough to sustain efficiencies and be geographically isolated from other communities. In this case, the authorising body would only work with a single community to establish a community plan and agreement with government. Even under these local-only arrangements, however, it may be sensible for some cooperative arrangements to be established with other communities—for example, it may make sense to establish a network to share ideas, advocate for issues or to share some back-office functions.

For other communities, it may make more sense for the authorising body to operate across a region or through an alliance—in many case it will simply not be efficient to establish separate authorising bodies in each community. In these cases, a regional or collective approach can improve outcomes for community and the group.

Whether authorising bodies operate locally or regionally, there should be no difference in the way that local perspectives are considered.

Two case studies are provided on the next page, which outline how local decision making is enabled under regional approaches.
Box 7.7 Case study 2—regional decision making

In region ABC, communities work through a single authorising body. The authorising body is managed by a board, comprising representatives from each community.

Across the region, each community develops a plan that outlines their community-specific aspirations for change. The authorising body works with communities to identify where there are commonalities and where a regional or collective approach can be most effective. A regional plan is created, identifying the region’s aspirations for change, including any community-specific aspirations.

The authorising body negotiates an agreement with government that specifies:

- how mainstream services will be provided into each community
- the amount of untied funding available to each community in the region
- the accountability measures government expects in return for resourcing the region.

Community A identifies that a recent crackdown has resulted in fines being issued to local people for minor traffic infringements that have had large unintended consequences (such as loss of employment). The community acknowledges that road safety and compliance with road rules is important, but would like to see better use of education campaigns, rather than such heavy-handed approaches.

The authorising body recognises that the issue is also impacting other communities. As part of the regional agreement with government, the authorising body negotiates an agreement that police will continue with spot checks across the region, but will issue warnings providing they can see that compliance has improved. Communities agree to roll out an education program, with each community contributing to the production of resources to support the program. This saves money since costs are shared across communities.

Box 7.8 Case study 3—regional cooperation

In region YYY, there are some communities that are large enough to sustain their own authorising bodies and choose to operate singularly, and others that choose to operate through a regional authorising body.

Across the region, it is identified that breast cancer screening is not occurring because it is prohibitively expensive for residents to travel to the nearest regional centre, and the Department of Health does not offer the service in communities.

All communities agree that breast cancer screening is a priority, but none, individually, has the resources to do anything about it. To overcome this, communities decide to pool funds to purchase a truck capable of transporting screening equipment from community to community. Agreements are made with the Department of Health to provide staff to support the initiative.
7.10 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.

Getting the implementation of reforms right will be challenging, but extremely important. There is a need to establish the capacity for government and communities to engage with the reforms. This needs to include resourcing and skill building, but just as important, is the requirement for government and communities to provide the authority for reforms to proceed.

There are risks, and the reforms will take time, but the proposed reforms are consistent with changes occurring nationally, and in other parts of Australia (see Appendix F).
Recommendation 2
The Queensland Government should transfer decision-making and accountability for service delivery to communities through formal agreements. These agreements should:

- specify the resourcing that will be provided to communities, including for mainstream service provision and for pooled grant funding
- provide communities with control and responsibility for service commissioning decisions
- set out the nature and delivery of government-provided mainstream services
- identify the outcomes expected to be achieved and how these will be measured
- provide communities with greater access to agency and other data
- strengthen incentives for the successful achievement of outcomes
- set out independent oversight of reforms, outcomes and agreements.

Recommendation 3
The Queensland Government should establish community-owned authorising bodies to provide authority to local decision making by:

- enabling and supporting communities to establish community plans
- formally enacting agreements between communities and government
- actioning community decisions.

The authorising bodies must:

- have appropriate representative structures that give them the authority to represent community voice
- be able to independently manage private and public funding
- have a sufficiently clear mandate that allows for the avoidance of conflicts of interest
- have the capacity to support the most efficient and effective use of resources.

The establishment of the authorising bodies should be done in consultation with communities.