SUMMARY REPORT

Service delivery in remote and discrete Aboriginal and Torres Strait Islander communities

2017
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Foreword

Around 20 per cent of Queensland’s Aboriginal and Torres Strait Islander population live in remote or discrete communities. Despite large expenditures by all governments, outcomes and opportunities in communities remain behind the rest of the state.

The Queensland Government asked the Commission to examine how the resources devoted to service delivery in remote and discrete Aboriginal and Torres Strait Islander communities can be best used to meet the needs of those communities.

We found that the system requires fundamental reform to work for communities and for government. To make material progress, the service delivery system needs change to provide the right incentives and better focus on economic and community development.

This final report sets out a reform proposal to enable the Queensland Government and communities to achieve real, long lasting and sustainable change. It includes a substantial and ambitious package of reforms—structural, service delivery and economic—to enable Aboriginal and Torres Strait Islander peoples to develop ways to improve outcomes for themselves. This will also require effective implementation to establish and embed this new approach.

The Commissioners would like to thank the people, organisations and communities that provided their views and participated in this inquiry. These inputs and insights helped to identify and explore issues, and ultimately strengthen our analysis and advice.

The Commissioners would also like to thank the staff who worked on this report—Kristy Bogaards, Matthew Clark, Brian Johnson, Bradley Saunders, Sid Shanks, Christine Tozer and Matthew Willett.

Bronwyn Fredericks  
Commissioner  
(Presiding Commissioner)

Kim Wood  
Principal Commissioner

December 2017
Key points

- Service delivery in remote and discrete communities is a complex ‘system’ of policy design, governance, funding and direct service provision, with responsibilities shared across all levels of government.

- The Queensland Government spends around $1.2 billion a year ($29,000 per person) on services to remote and discrete Aboriginal and Torres Strait Islander communities.

- Despite these expenditures, outcomes for Aboriginal and Torres Strait Islander people living in remote and discrete communities remain far behind the rest of the state, with most communities dependent on external resourcing.

- There is a strong commitment from government, service providers and communities to address the complex and longstanding issues facing remote and discrete communities, but the system they are operating under is fundamentally broken.

- There have been several past reform attempts, but they have not addressed the underlying incentives in the service delivery system that undermine outcomes and foster passive dependence.

- The key to achieving a sustained improvement is to enable Aboriginal and Torres Strait Islander communities to develop solutions for themselves.

- This means a change to the overall policy and service delivery architecture through three reforms:
  - structural reform to transfer accountability and decision-making to communities
  - service delivery reform to better focus on the needs of individuals and communities
  - economic reform to facilitate economic participation and community development.

- The reforms will need to be underpinned by:
  - capability and capacity building within government, service providers and communities to support a new way of doing things
  - independent oversight, as well as timely and transparent data collection and reporting to ensure performance and accountability.

- The potential benefits are large, both in terms of improving wellbeing in communities and the savings that could be directed towards activities communities value most highly.
The inquiry

In December 2016, the Queensland Government 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 and Torres Strait Islander peoples.

The terms of reference asked 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
- options to improve outcomes.

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. The breadth of services and issues mean that it has not been feasible to provide an in-depth assessment of every policy or program. 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.

Service delivery in remote and discrete communities can be considered as a service delivery ‘system’ that is delivered across multiple agencies and governments. This system includes policy design, governance, funding and direct service delivery.

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

- The Australian Government provides significant levels of funding to service providers and communities. Its focus is on economic participation, safe and supportive communities and health services.
- The Queensland Government is directly involved in service delivery, as a provider or through contracts with NGOs and other providers. It also administers grant funding. Its contribution is mainly in community safety, health, early childhood development, education and training, as well as social housing.
- 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.

The Commission is only able to make recommendations to the Queensland Government. While we have considered the entire service delivery system, the primary focus of the inquiry is on Queensland Government funded and provided services.
Consultation

The Commission operates on a public inquiry model, underpinned by open and transparent consultation. We undertook three rounds of public consultation, released a draft report (October 2017) and consulted with more than 500 stakeholders, including the Indigenous Councils, community leaders, service providers and government agencies. We visited or met with stakeholders from every discrete community.

The separate Consultation Summary Report provides detail on the consultation process and stakeholder views (Box 1).

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**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 TSIRC are Health, Education and the TSRA Rangers Program. All have staff and facilities on the ground in each community. All are integrated well into their communities and play a positive role in facilitating other services into communities. All are staffed by people living in the communities. (Torres Strait Island Regional Council sub. 12, p. 34)

**Stakeholders raised concerns about 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 (AIHW 2016). These definitions mean that some communities are both remote and discrete, but some discrete communities are not remote (for example, Yarrabah), and some remote communities are not discrete (for example, Coen).

Figure 1 Queensland’s remote and discrete communities

Note: Mainland discrete communities include Palm Island and Mornington Island

1 The Queensland Government defines an Indigenous discrete community differently as a community situated on land held as a deed of grant in trust (DOGIT).
Expenditure

There is limited information available about government expenditures in remote and discrete Aboriginal and Torres Strait Islander communities.

We estimated Queensland Government expenditures 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, the Queensland Government spent $1.2 billion on service delivery to remote and discrete Aboriginal and Torres Strait Islander communities in 2015-16. This equates to $29,000 for every person in these communities and accounts for 2.5 per cent of the $49 billion spent by the Queensland Government on service delivery across the state in that year.

High per capita expenditure on service delivery in the communities reflects both the high need (high service use intensity) and the high costs of service delivery in remote regions (Figure 2). Per capita expenditure on service delivery for Queensland’s remote and discrete communities is broadly consistent with (or lower than) the expenditure levels in similar communities in other jurisdictions.

Figure 2 Breakdown of per capita Queensland Government expenditures on Aboriginal and Torres Strait Islander persons—remote and discrete communities

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 (Table 1), provided by 46 different service providers. 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. There is no single measure of wellbeing in remote and discrete communities, and data is publicly available only for a group of partial indicators. However, the available indicators suggest that, in spite of the high levels of spending on government programs, wellbeing in communities remains far behind the rest of Queensland (Figure 3).

Figure 3 Selected outcome 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/000 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>

Note: reported offences against the person are presented as offence rates per 1000 people.

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, including 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).

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 has the highest level socioeconomic disadvantage of any local government area in Queensland.

Differences in the level of governance autonomy in communities may contribute to differences in outcomes. This is particularly evident in the Torres Strait, where, for historical reasons, governance autonomy has remained relatively high, and measured indicators are better than in other discrete communities. This finding is consistent with academic research on outcomes in Indigenous reserves in Canada and the United States.
How well is the system performing?

There are examples of beneficial programs

Programs that stakeholders identified as working well (Box 2) tended to be consistent with the broader evidence on ‘what works’ in Indigenous communities. These include services that:

• took care of root causes, rather than focusing on the symptoms
• adopted a developmental approach, including a strong sense of community ownership and control
• were people focused, and incorporated a ‘bottom-up’ approach to program design, decision making and service delivery that included community leadership and culture
• supported iterative learning and capacity building
• aligned with ‘place-based’ requirements, rather than jurisdictional, departmental or program boundaries.

Box 2: Successful services or programs identified by stakeholders

Aboriginal and Torres Strait Islander community controlled health organisations (ACCHOs)

• Provides 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 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.

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.

Return to country (RTC)

• Piloted by the Queensland Police Service to assist homeless people seeking to return home to communities. Participants were referred by Police Liaison Officers in the Cairns city area.
• Economic analysis indicated that RTC cost $135,831 and potentially saved $2.7 million due to avoided public service costs such as health and justice (2014 Australian dollars).

Sources: Panaretto et. al. 2014; TSIREC sub. 8; LGAQ sub. 14; Kinchin et. al. 2017.
But overall the system is not working well

Given the complex social issues facing communities—and uncertainties around solutions to these problems—it might be expected that policies and services may not always work as intended. However, evidence presented to the inquiry suggests that there is a broader problem, and that framework-level issues contribute to suboptimal outcomes.

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 fund 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 system is characterised by overlaps in roles and responsibilities, unclear lines of accountability and difficulties getting things done, particularly when the challenges associated with delivering services into remote locations are added to the mix.

Figure 4 The bureaucratic maze

Services are not as effective and efficient as they could be

Administration and compliance costs, as well as other inefficiencies, appear to account for a material portion of the funds spent in communities and undermine the achievement of positive outcomes.

During consultation, communities, service providers and government stakeholders identified examples of:

- infrastructure that was funded and constructed, but was either unable to be used, or unsuitable for use
- 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.

Note: To simplify, the map shows only a subset of the departments, authorities and NGOs involved in service delivery, design and coordination.
Grant funding and contracting arrangements undermine service delivery

Although grant funding and contracting arrangements aim to ensure accountability, manage risk and encourage competition, they do not appear to facilitate the outcomes they aim to achieve.

Short-term grant funding and methods of contracting lead to rigidity in program delivery (as opposed to focusing on the needs of the individuals or place) and high administration costs.

This contributes to uncertainty and is a barrier to long term planning, innovation and local capability building.

Evaluation of service delivery needs to be improved

Good and timely performance information supports successful program delivery. For services delivered by the Queensland government, there is insufficient 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. Stakeholders remain uninformed on the outcomes of evaluations they have been actively involved in and limited evidence and ‘lessons learned’ are available to improve service delivery or inform future programs.

The system creates a range of incentive problems

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 problems:

- poor or conflicting incentives—for government (there is a bias towards visible action), service providers (who need to maintain programs and funding) and service users (who are rewarded for welfare dependency)
- no or limited alignment between decision-making and accountability—dispersed responsibilities and short-term policy mean there is limited genuine accountability to service users, communities, government or taxpayers
- information gaps between policy makers, service providers and communities—mean that services may not match 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.

Policy is 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 attempts to patch up the existing service delivery model by filling gaps, improving coordination, and increasing funding.

Continuing this approach is unlikely to achieve substantial and lasting change.

More fundamental broader reforms are needed

A range of options 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?
The current system is not improving the wellbeing of those living in remote and discrete Aboriginal and Torres Strait Islander communities. Governments, communities and service providers expend large amounts of effort and resources, but the system creates poor incentives and accountability for outcomes and transparency are low.

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, and are empowered to take, economic and other opportunities
- 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 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. Independent oversight, as well as timely and transparent data and reporting, will be required to keep reforms on track and ensure accountability.

The reforms will be most successful where the Queensland and Australian Governments work together and jointly commit to change.

What are the benefits?
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. The Commission estimates the direct gains from reducing disadvantage at more than $500 million a year, in addition to a range of other economic and social benefits. For example, closing the gap on Indigenous unemployment by only one percentage point would increase gross state product (GSP) by more than $130 million.
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.

Reform 1 – A structural change

Successive attempts to embed greater community involvement in service delivery—through consultation and co-design, plans and joint commitments—have not been able to overcome the incentives inherent in the current system. Even where gains have been made, the system tends to quickly revert whenever obstacles arise.

To make material progress, a structural change to move decision-making model for service delivery closer to the people it serves is needed.

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
- allow service delivery to 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, government should set outcomes and accountabilities through formal 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 should include all services delivered in communities, covering:

- government-provided mainstream services, such as schools and policing, which are bound by legislative and other obligations
- Indigenous-specific and other services funded by the government.

To support these changes, a reallocation of responsibilities will be required, supported by appropriate risk management.

Agreements to support the 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.
Changes to roles and responsibilities

Some changes to the service delivery architecture will be required to enable the transfer of decision-making and accountability to communities.

To facilitate the transfer of decision making and accountability a formal, legal entity will need to be established to enable communities to enter into agreements with government and to handle any resourcing associated with those agreements—the Commission recommends that authorising bodies be set up to undertake these functions.

Authorising bodies

The authorising body should be a community-owned body, whose key function is to support and empower community decision-making. The body’s authority is derived through community participation and ownership, and government’s delegated decision-making powers. Accountability is established through the agreements between government and communities.

The establishment of the authorising bodies must be done in a way that allows for community ownership, and may require legislative support. The authorising bodies may represent one or more communities, depending on circumstances and needs. Regardless of how they are established, authorising bodies must have the capacity to support the most efficient and effective use of resources, avoid conflicts of interest, and enable innovation (including through exposure to outside influences and ideas) and efficiency (including opportunities for cooperative or regional approaches).
Under the structural reform, the authorising bodies would perform the following functions:

- enter into formal agreements with government on behalf of their communities
- work with communities to determine resourcing needs and priorities
- negotiate government-provided mainstream service provision to ensure that community plans are adhered to and that service provision to communities is appropriate
- commission other services to support community plans
- work with service providers and government to coordinate service delivery
- collate service provider data for communities and monitor progress against plans.

Government’s key role will need to shift from that of a provider/director to that of an enabler. The Queensland Government would:

- negotiate agreements with communities, including agreed principles and outcomes, funding levels and how performance will be measured
- deliver mainstream services as negotiated with communities
- maintain and develop state-wide policy and legislative frameworks.

The proposed model would fundamentally change the relationship between government, communities, and service providers. To keep the reforms on track and inform stakeholders on progress against outcomes, an independent body should be charged with reporting on:

- the progress of reforms, including progress on negotiating and implementing agreements
- whether outcomes in the communities are improving
- how well information and data are being provided and used to support improved service delivery.

The key to the structural reform is changing roles and responsibilities, not establishing more bureaucracy. Indeed, over time the structural reform should see a reduction in bureaucracy, so that scarce government and community resources can be directed to higher value uses.

In some cases, functions currently performed by government will need to move into community control. In other cases, existing bodies may perform some new functions post-reform. For example, the Torres Strait Regional Authority already assumes many of the functions of an authorising body. Oversight could be undertaken by an existing body, providing it is sufficiently independent from government.

It will be important to build on community strengths. The exercise of community decision-making needs to evolve from existing mechanisms, particularly those that provide authority to the exercise of community voice in each of the remote and discrete communities. 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.

The structural reforms are consistent with current Australian Government policy to empower Indigenous communities to be more involved in service delivery and design. Moving forward, it will be important to ensure that reforms are developed and implemented in partnership with the Australian Government.
Reforms to funding and resourcing

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

Existing grant funding should be pooled and provided on an ongoing basis, to reduce uncertainty and promote long term investment in skills and infrastructure. Decisions on how funds and resources are used to achieve the agreed outcomes would be undertaken by communities. This empowers communities to determine the best way for outcomes to be achieved.

The communities, through their authorising bodies, would take over responsibility for ensuring that those delivering services are responsive to individual needs and are held accountable if they fail to deliver. Over time, as success is demonstrated, mainstream service funding may be transferred to the funding pool.

Funding and resourcing arrangements

Funding and resourcing of services needs to support decision-making by communities and ensure that service delivery is accountable to communities.

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.
Reform 2 – Service delivery reform

Policy changes to improve service delivery

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 structural reform. Many build on existing successes.

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

**Rewards-based funding models**: such as social impact investment, can strengthen 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 that might be adapted to communities’ circumstances. Other reforms could focus on introducing incentives to move from welfare dependence to economic participation.

**Funder and co-purchasing roles**: 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 community participation in service delivery and development.

**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.

**Pooled and flexible funding**: pooled funding provides a mechanism to allow 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 such as untied grants and block funding would enable flexibility and long-term planning.

**Procurement policies and contracting**: reforms include building business capabilities to win tenders, and reforming contract evaluation criteria and extending contract lengths.

In seeking to achieve value-for-money, procurement processes and contracts should prioritise attributes of the service provider that contribute to achieving the outcomes sought, including effective 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.

**Case management initiatives**: more holistic assessment of the needs of individuals can improve service coordination, help to cut across agency silos, and ensure that services are more responsive to individual needs.

**Place-based approaches**: addressing problems at a local level by focusing on the collective problems of families and communities can improve community capacity and functioning. Policies can be varied and funded according to local needs, so that different approaches may be adapted in different localities.

**Demand-driven system of service delivery**: individuals and communities have greater control over the services provided compared with existing supplier-driven models of service delivery. Examples include vouchers or user accounts that allow users 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. That said, there may be some opportunities to adopt such an approach, or elements of the approach, in specific areas or for certain services.
Reform 3 – 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.

Consultations revealed a deep desire for greater economic opportunity. The reliance on government money is seen by many as creating perverse incentives which, in turn, discourage enterprise and perpetuate dependence on services delivered and funded by government. Dependence on others is the opposite of empowerment.

Economic development and employment expand the range of choices available to individuals and their families and improve economic and social outcomes.

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 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 by:

• Getting 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.

• Ensuring that the design of policy and services supports development, or at least does not impede it.

• Avoiding crowding out existing opportunities to provide goods and services (such as retail store ownership).

• Developing local capabilities to deliver and maintain infrastructure (for example, building roads and roads maintenance).

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

• Enabling community-led solutions to overcome the perverse incentives inherent in the service delivery system.

• Working with the Australian Government to address the incentives to take up employment, including improving the linkages between income support, the tax system, employment policies and government services.

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. All levels of government need to work together to develop a land tenure reform plan—one that allows for the resolution of outstanding issues including the completion of survey and title registration, statutory planning and other land administration matters.

This inquiry has only touched on many of the issues relating to economic and community development. Significant further work is required in this area.
Monitoring, evaluation and reporting

Evaluation of how well services are working is especially important in remote and discrete Aboriginal and Torres Strait Islander communities. In many of these places, residents have little choice about the services they access, and have limited ability to influence the way services are provided—this reduces incentives for providers to improve effectiveness or efficiency.

There are practical considerations that make evaluation difficult, including difficulties establishing causality and the long timeframes that are often required to achieve meaningful change. This means that even the most well-designed evaluations can leave themselves open to interpretation based on prior opinion, philosophy or politics.

A practical and informal evaluation approach, with more relevant and timely information provided to communities, will be most effective in developing solutions that work in a local context. Communities need to be involved in monitoring and evaluation, including the design of indicators of progress that are important to them.

A primary challenge is the absence of publicly available information to evaluate expenditure levels, performance and efficiency and effectiveness of programs. The absence of information means decision-making is rarely based on informed evidence and creates a perception that resources are poorly allocated.

To address these issues, there needs to be more transparent monitoring and reporting on expenditure, performance and outcomes. This will:

- 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.

A best-practice evaluation framework should be adopted that provides:

- a transparent assessment of reform progress
- independent reporting of outcomes
- access to information for all stakeholders
- confidence that the evaluation and monitoring will allow adaptive practice—lessons learned from failures need to be taken on board.

Independent oversight of this framework will be required to ensure that stakeholders have confidence in the reform process and that evaluation robust and impartial. These functions are best performed by an independent oversight body, at arm’s length from stakeholders.
Some service area issues

Stakeholders identified housing, community safety, education and training, health and municipal services as specific service areas that could be improved.

Common themes across these service delivery areas were the need for a greater focus on prevention and early intervention, better matching of service delivery to individual and community needs and the removal or regulatory or other barriers that impede the involvement of local residents in service delivery (Figure 5).

Communities need to be heavily involved in developing solutions to address these issues. Nevertheless, the Commission has identified a range of service-specific issues that require attention.

Figure 5 Common themes for improving service delivery design

![Common themes for improving service delivery design](image)

Individuals in discrete communities remain dependent on social housing, despite a desire for greater home ownership options (Figure 6). There is a need to give residents in these communities more ‘skin in the game’ by increasing individual and community control over tenancy and property management and enabling innovative financing options that would increase resident responsibility and ownership of housing stock. There is also a need to remove red tape associated with construction and maintenance that impedes communities’ ability to get things done.

The delivery of municipal services in remote and discrete communities can be improved though changes to funding that involves longer time frames and considers infrastructure whole-of-life costs. There is also a need to build local capability and continue support for the coordination of capital works.

Educational outcomes in remote and discrete communities continue to lag the rest of the state. Achieving long-term gains in communities is better supported through Indigenous approaches to early childhood education and schooling, and job-focused training that aligns with employer objectives.

Community safety outcomes are an order of magnitude worse than in the rest of the state and are the result of high unemployment, overcrowding, alcohol misuse and the breakdown of traditional roles and norm. To break this cycle, efforts need to be focused on prevention, addressing root causes, and removing the barriers to communities exercising greater input, responsibility and participation in solving community safety issues.

Expenditure and outcomes data suggest the return on investment in prevention is high. Expenditure estimates indicate that the majority of community safety expenditure is reactive. Over 70 per cent of expenditures could be saved if the level of intensity of use were normalised in the remote and discrete communities.

Improving health and wellbeing in remote and discrete communities is challenging, and will require that the complex underlying issues that cause poor mental and physical health outcomes be addressed. This can be best achieved through better support for community control of health services and through holistic programs. It is also important to better join up health services, and ensure that funding arrangements support this.
Implementation

The recommended reforms will fundamentally shift the way communities and government engage and do business. Carefully considered implementation is crucial to successfully deliver the reforms.

Beyond the reform architecture outlined above, key factors for implementation include:

- a clear commitment from the Queensland Government, with ministerial leadership to authorise and lead the reforms
- central agency management to drive whole-of-government change
- a joint community/government oversight committee to steer reforms
- an agreed implementation plan including roles, responsibilities and set timeframes
- steps to establish the reforms in legislation, policies, budget, delegations, forums, systems and processes
- ongoing, independent monitoring and reporting of progress.

Staged transition can enable early adopter communities to progress at a faster pace, while other communities are supported to build their readiness capacity. A staged approach can also allow for early wins that can be built on as experience and trust develop.

Government will need to delegate and adapt to its changing role. Departments and their representatives who are engaging with communities should have a clear understanding of community priorities, be committed to the new approach, and have sufficient delegation and authority to get things done.

Departments must be prepared to observe appropriate cultural and decision-making protocols, and to share information and data with communities. Enabling policies, funding mechanisms and methods of downward accountability will need to be in place.

Working with the Australian Government

To maximise the effectiveness of the reforms, the Queensland Government should seek to partner with the Australian Government, including to:

- collaborate, coordinate and advise through participation in the joint oversight committee
- provide outcomes, expenditure and services data at the community level
- streamline reporting and compliance arrangements for areas of shared responsibility
- pursue a joined-up approach through the alignment of policy, services and investment activities.
Recommendations

The Commission has developed recommendations 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 7–9), including for more effective use of Indigenous land holdings (recommendation 15)
- more effective and transparent monitoring and evaluation to allow adaptive practice and ensure the progress of reforms (recommendations 10–12)
- approaches for implementing the reforms (recommendations 13 and 14).

While the Commission has not assessed all areas of 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 home ownership options (recommendation 16)
- changes to support remote and Indigenous councils to more sustainably manage assets (recommendation 17)
- key areas in human service delivery for stakeholders to progress (recommendations 18–22).

The overarching reform proposal

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 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

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.

Policy and service delivery reform

Recommendation 4

The Queensland Government should implement policy, funding and service models that support longer-term developmental objectives and are responsive to the needs of Indigenous people, 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, with a risk-based approach to compliance and reporting obligations
• performance- or rewards-based funding models
• place-based and case management initiatives that cut across service delivery areas
• 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.
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.

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

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

• 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.

Recommendation 8

The Queensland Government should partner with the Australian Government to achieve a step-change in the incentives facing jobseekers to prepare for, seek and maintain employment. This includes investigating ways in which the income support system, and its integration with state service delivery, can be reformed to better incentivise employment and economic participation by residents in communities.

Recommendation 9

To assist with achieving the Queensland Government’s Indigenous employment target, agencies should be required to report publicly on progress in achieving the target, including their progress in preparing local Indigenous people to participate in local service delivery activities.

Reporting may cover the number of people being skilled, the number of jobs that have been transitioned to being filled by a community resident, and an estimate of the aggregate number of jobs in the community in service delivery positions filled by external employees.

Agencies should also review and report on training needs and barriers to employment resulting from increasing credentials and standards.

Monitoring and evaluation

Recommendation 10

The Queensland Government should establish baseline estimates of expenditures made in each of the discrete communities, and for remote regions. This should include the proportion of expenditure spent on indirect or ancillary functions.

Actual expenditures in each of the discrete communities and remote regions, including indirect or ancillary expenditures, should be estimated every two years and made publicly available to support transparency and decision-making.
Recommendation 11
The Queensland Government should commit to an evaluation and reporting framework that supports adaptive practice, facilitates accountability and empowers communities by providing them with timely, useful and relevant information. To support this framework, the government should:

• identify the outcomes communities are interested in tracking
• improve the availability of agency and other data to support local decision-making
• work with the Australian Bureau of Statistics to extend the coverage of existing surveys such as the National Aboriginal and Torres Strait Islander Social Survey
• develop evaluation strategies with communities for any new large reforms or programs, including how the findings will be shared with stakeholders
• make evaluation reports for services it funds, either directly or indirectly, publicly available in a timely way
• ensure that existing compliance requirements are necessary and proportionate to the level of funding and risk
• streamline reporting and compliance requirements for areas of shared responsibility with the Australian Government.

The Queensland Government Statistician’s Office should regularly collate and provide data to communities to support the evaluation framework.

Recommendation 12
The Queensland Government should assign an independent body to oversee and report on the operation of the Government’s evaluation framework for remote and discrete communities. The functions of the independent body should include regular, public monitoring and reporting on:

• progress of reforms to the service delivery system
• performance against the agreements between communities and government
• outcomes being achieved in communities, relative to established baseline estimates
• the extent to which compliance, monitoring and evaluation efforts are supporting innovation and improvements in service delivery.

These functions may be allocated to an existing organisation but should be established in legislation, and include appropriate expertise and Indigenous representation.

Implementation

Recommendation 13
To implement the reforms, the Queensland Government should:

• assign responsibility to a lead minister and central agency for implementing the reforms
• establish a joint community and government oversight committee to steer reforms
• finalise an implementation plan within six months that allows for the establishment of the Independent oversight body and authorising bodies, and provides a long-term road map for reform
• establish the reforms in legislation, policies, budget, delegations, systems and processes.
**Recommendation 14**

To maximise the effectiveness of the reforms, the Queensland Government should seek to partner with the Australian Government, including to:

- provide outcomes, expenditure and services data at the community level
- streamline reporting and compliance arrangements for areas of shared responsibility
- pursue a joined-up approach by aligning policy, services and investment activities, including through the reformed service delivery framework.

As an initial step, the Queensland Government should invite the Australian Government to join the implementation oversight committee (recommendation 13).

**Land tenure**

**Recommendation 15**

The Queensland Government should develop a land tenure reform plan that sets out a desired land administration system, with an associated roadmap for reform and timeframes for completion. The plan should:

- facilitate the conversion of Deed of Grant in Trust (DOGiT) land in townships to Aboriginal Freehold
- better align future transfers of land tenure under the Aboriginal Land Act and Torres Strait Island Land Act with existing native title interests
- provide avenues for existing land tenure and native title interests to be consolidated or integrated to align those interests
- facilitate the use of broad-based Indigenous Land Use Agreements (ILUAs) to resolve land tenure and native title interests to allow future economic development
- support the use of master planning and statutory planning schemes to better facilitate economic development
- consider how Indigenous land holding bodies can be supported to allow better decision making
- determine where the functions to support reforms should be allocated—including whether any functions to support the land administration system should be moved to community control
- consider the changes required to sustain a functioning rates system for Indigenous councils.

The plan should be developed with stakeholders, including the Australian Government, Indigenous Councils and Indigenous land holding bodies.

The Queensland Government should also:

- complete the survey and registration of land parcels currently in use (or planned to be used) in discrete communities
- avoid the use of project-specific ILUAs
- resolve outstanding ‘Katter’ leases.
Housing

Recommendation 16

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

• transition property and tenancy management to community control

• ensure that, where housing management is moved into community control, sufficient capacity is established, including funding for maintenance and tenancy management

• identify and remove unnecessary red tape from construction and maintenance practices

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

• explore providing support for home ownership by offering social housing stock to long-term tenants at low or zero cost

• examine ways to increase financing for home ownership, including home ownership models that support communal land ownership.

• work with the Australian Government to finalise an agreement on funding for social housing before 30 June 2018.

Municipal services

Recommendation 17

The Queensland Government should revise existing arrangements to ensure that:

• infrastructure funding allows for whole-of-life costs

• asset management plans are developed for all significant assets and funded appropriately

• funding arrangements allow for the coordination of capital works to facilitate equipment sharing and avoid ‘boom and bust’ cycles of economic activity

• greater long-term funding certainty is provided for infrastructure funding and maintenance

• there is greater support for local management and planning of municipal infrastructure, including support for training and mentoring

• local knowledge and expertise are used during infrastructure planning and construction

• legislation and policy enables an efficient rates base in the discrete Indigenous communities.

The Queensland Government should also enable councils to share resources and explore options to develop shared capability and services.
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 recommendations about specific services, but has identified some key action areas for stakeholders to progress.

Education and training

Recommendation 18
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

Recommendation 19
The Queensland Government should adopt a community-based approach to community safety that harnesses local resources, responsibility and capabilities. The government should:

• identify and implement opportunities for effective and efficient prevention initiatives, with specific consideration given to early childhood education and community based programs

• remove barriers to local involvement in the delivery of services, including by:
  – ensuring the requirements and processes for service delivery in communities do not impede local participation
  – ensuring that job specifications focus on outcomes required for those roles, and that screening requirements do not unnecessarily limit the participation of local community members.

Recommendation 20
In responding to the reviews of the blue card and foster care systems, the Queensland Government should:

• demonstrate that the safety benefits from any additional standards outweigh the associated costs and impacts

• prioritise the following aspects of the Aboriginal and Torres Strait Islander strategy outlined by the QFCC Blue Card review:
  – the provision of, and funding for, community based support for Working with Children Checks
  – the development of a role for local community organisations in the approval process for blue cards.

The future statutory review recommended by the QFCC should include an overall assessment of the costs and benefits of the blue card scheme against alternative options.
Recommendation 21
The Queensland Government should finalise the review of Alcohol Management Plans (AMPs) as a priority, with a focus on:

- the overall effectiveness and efficiency of AMPs (including whether their costs outweigh their benefits)
- devolving control of AMPs to communities
- supporting community decision making with timely information through which communities can measure the effectiveness of their strategies.

Health and wellbeing
Recommendation 22
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 and disabilities
- 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.