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Reference: Auditor-General's reports Nos 4 to 26 (2007-08)

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JOINT STATUTORY
COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
Wednesday, 25 June 2008

Members: Ms Grierson (*Chair*), Mr Georgiou (*Deputy Chair*), Senators Mark Bishop, Chapman, Hogg, Lundy, Murray and Watson and Mr Baldwin, Mr Bevis, Mr Bradbury, Mr Butler, Ms King, Mr Morrison, Mr Neumann and Mr Robert

Members in attendance: Senators Bishop, Chapman, Hogg and Watson, and Mr Bradbury and Ms Grierson

Terms of reference for the inquiry:

To inquire into and report on:

Auditor-General's reports Nos 4 to 26 (2007-08)

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Committee met at 11.50 am

CAHILL, Mr Matt, Group Executive Director, Australian National Audit Office

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WILSON, Ms Serena, Acting Deputy Secretary, Department of the Prime Minister and Cabinet

CHAIR (Ms Grierson)—I open today's public hearing, which exams Audit Report No. 10 2007-08 *Whole of government Indigenous service delivery arrangements*. I welcome all the representatives from ANAO and the four departments before us and I ask participants to remember that only members of the committee can put questions to witnesses if this hearing is to constitute formal proceedings of the parliament and therefore attract parliamentary privilege. If other participants wish to raise issues for discussion, I would ask them to direct comments to the committee. It will not be possible for participants to directly respond to each other. Secondly, given the short time available today statements and comments by witnesses should be relevant and succinct wherever possible. I remind witnesses that the hearings are legal proceedings of the parliament and warrant the same respect as proceedings in the House and the Senate. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. The evidence given today will be recorded by Hansard and will attract parliamentary privilege. Do any of the witnesses present wish to make an opening statement before we proceed to questions?

Ms Hawgood—Yes, I do, on behalf of all agencies. I would like to thank the committee for the opportunity of appearing today. I welcome the prospect of discussing progress in Indigenous policy implementation. Firstly, I would like to note that the report's two recommendations were agreed by the Commonwealth agencies at the table as they were at the time of the report. Since the publication of the report there has been a significant change at the national level, with the election of the new government. The government has announced and is presently implementing changes in the Council of Australian Governments, COAG, process. The changes are significant for policy surrounding Indigenous disadvantage.

At its December 2007 and March 2008 meetings, COAG endorsed a range of targets aimed at closing the gap in Indigenous disadvantage. These are: within five years, there will be universal access to early learning for all four-year-olds, including access by all Indigenous four-year-olds in remote communities to a quality early childhood education program; within a decade, we will halve the gap in infant mortality, halve the gap in reading, writing and numeracy achievements by Indigenous children and halve the gap in employment outcomes for Indigenous Australians; within a generation, we will close the 17-year life expectancy gap and at least halve the gap for Indigenous students in year 12 or equivalent attainment rates.

On 5 April 2008 the Prime Minister made a public commitment to report annually to parliament on the progress the government has made in closing the gap between Indigenous and non-Indigenous Australians. The Prime Minister will make this report on the first working day of each parliamentary year. Both the Commonwealth government and its state and territory counterparts are committed to achieving the closing the gap targets. These targets provide a clear framework and reference point for both designing and analysing policy measures designed to overcome Indigenous disadvantage.

At its December COAG meeting, COAG established a new model of cooperation between its governments to underpin more effective working arrangements. It established seven working groups, four of which focus on Indigenous disadvantage. These working groups include: health and ageing; the productivity agenda, including education, skills, training and early childhood; housing; and Indigenous reform. Each working group is chaired by a cabinet minister, with senior departmental officials from the states and territories acting as deputies.

In addition to its direct work on the targets, this year the Working Group on Indigenous Reform will present four reform proposals on key areas of Indigenous affairs that need to be addressed. At the July COAG, a proposal on Indigenous early childhood development will be discussed. The remaining three reform proposals will be brought forward at the October COAG. These deal with: basic protective security from violence for Indigenous parents and children, remote service delivery and workforce planning, and economic participation and active welfare. In addition COAG has agreed to reforms of the Commonwealth-state funding arrangements through changes to Commonwealth specific purpose payments to clarify roles and responsibilities, reduce duplication and waste, and enhance accountability to the community. These issues are frequently cited as particularly relevant to ongoing problems within Indigenous administration across governments.

The Commonwealth and the states are also working together to develop a national framework for reporting expenditure on services to Indigenous Australians. It will comprise expenditure by all jurisdictions at both Commonwealth and state levels and will seek to include both Indigenous specific and mainstream spending. This framework will measure the cost-effectiveness of Indigenous programs as a means of informing better policymaking in Indigenous affairs.

Within the Commonwealth a number of whole-of-government arrangements and structures have remained in place. At the national level the Secretaries' Group on Indigenous Affairs continues its role of leading the whole-of-government work across Commonwealth agencies in relation to both the development of policy advice and the implementation of programs. It now provides advice to the Indigenous affairs committee of cabinet on whole-of-government issues in Indigenous affairs. The SES task force on Indigenous affairs has also stayed in place to provide

whole-of-government advice and support to the Secretaries' Group on Indigenous Affairs. More locally, Indigenous coordination centres, or ICCs, continue as the primary whole-of-government delivery mechanism for Indigenous programs at the regional and community level. These multi-agency organisations are currently operating in 30 locations around Australia. They work directly with local people to broker tailored solutions to needs drawing on both Indigenous specific and mainstream funding. In the Northern Territory Emergency Response, the role of the ICCs has been supplemented by government business managers working on the ground in remote communities.

That is the end of my short statement. We would be happy now to answer any questions.

CHAIR—Did you also say the ministerial task force still exists or has it taken a different format?

Ms Hawgood—It has taken a different form. It is now called the Indigenous affairs committee of cabinet.

CHAIR—Thank you for that presentation. Obviously, from that presentation, we are dealing with an audit report that looks at the issues regarding whole-of-government arrangements, and now you are talking to us about whole-of-government arrangements across the nation. That is going to be a further challenge. We will focus on the issues from this report. Audit Office, did you wish to make an opening statement?

Mr Cahill—For expediency purposes, I have provided the secretariat with a copy of our opening statement. It is very much consistent with the overall conclusions and the recommendations of the report. I am happy read to that if you like or pass that in for reference and table that for this committee.

CHAIR—We have that, yes. Firstly we will ask a member to move that the ANAO's opening statement be accepted.

Senator HOGG—Yes, I will move it.

CHAIR—Thank you—so moved and resolved. Did you wish to just make two or three points from that opening statement?

Mr Cahill—Sure, Chair. What we would like to say is firstly that the focus of the audit was very much about the accountability framework for Australian government agencies and whether or not it had been established to enable them to report against the government's objectives, outcomes and output statements performance, and whether funds had been reallocated to meet identified need. We are also, as you are aware from our briefing earlier, looking to examine whether there was effective collaboration and whether or not programs were designed to ensure that both Indigenous specific services and mainstream programs responded to the identified needs of Indigenous clients. As you are aware, Chair, we concluded that, while implementation of the government's policy objective was progressing, it was apparent there were opportunities to streamline the administrative arrangements supporting the delivery of services to Indigenous communities and regions; this was especially in the area of establishing collaborative arrangements to support effective service delivery and joint funding agreements.

We are also of the view that there was a need for there to be a stronger collective focus by the departments on performance against the priorities established by the government to help inform decisions relating to the effectiveness of the progress being made. The departments, we raised in the private hearing, have individually identified their activities in Indigenous affairs in their individual accountability documentation, but there was little performance information at the aggregate level to assess and inform progress against the three priority areas for action for whole-of-government.

I mentioned earlier that we had two recommendations. The first was very much focused on moving from policy development and priority setting to on-the-ground service delivery. We recommended that FaHCSIA as the lead agency develop a protocol to monitor—and, where appropriate, escalate for resolution—matters affecting the efficient and effective implementation of arrangements, including where multiple departments were involved in funding arrangements with Indigenous communities and service providers, and that Indigenous-specific and relevant mainstream programs be redesigned so that they could respond flexibly to Indigenous needs.

The second recommendation was very much focused on supporting and the development of a whole-of-government performance monitoring and reporting framework. We are of the view that there should be improvements, at a minimum, in individual departments better identifying their individual contributions to achieving the improvements in the intermediate outcomes. Secondly, they should collectively settle on an appropriate model for the presentation of public information on the performance of the departments for the information of ministers and the Australian parliament.

I mentioned earlier that, while the focus of the audit was on the implementation of the Indigenous affairs arrangements, the lessons learned through this audit, in our view, can provide insights that inform ongoing development in the administration of Indigenous affairs more generally, especially with the current initiatives.

Finally, I would like to acknowledge the cooperation of the departments in the conduct of this audit and, as I have mentioned, I have with me today the executive director who oversaw the audit.

CHAIR—Thank you. Obviously the program that you reviewed and the arrangements that were reviewed have certainly been changed. And we would hope that, as you just mentioned, Mr Cahill, the audit report has shaped those and influenced that new approach. It did seem from the audit report that the Audit Office found that little had been done to identify and address the risks and challenges associated with taking a whole-of-government approach on Indigenous service delivery—aside from some measures undertaken by DEST to form an Indigenous mainstreaming task force. So what strategies have now been developed to identify, document and treat the whole of government risks identified by departmental secretaries in this audit report? Specifically, has that been documented in any way?

I will start first by saying that the audit report made certain recommendations which you accepted. I would have hoped that you might have then looked at a risk appraisal and looked at the lessons learned, and that you might have documented those and therefore developed new approaches to identifying the risks of working together as a whole-of-government organisation.

Mr Lack—Would it help the agency's focus if I highlighted a couple of places in the audit where we do talk about those?

CHAIR—Thank you.

Mr Lack—It may help people to look at page 28, paragraph 65. As part of our work, we did speak to senior people in agencies. While those risks that are listed there had been considered, they had not really been documented and, in our understanding, treated. Risks that had been identified were that existing accountability arrangements for programs actually supported traditional vertical lines of accountability and were primarily designed for helping agencies to work independently, and then, to the extent that you are asking agencies to work across boundaries, appreciation of the skills and culture required to support that working across boundaries.

CHAIR—I would refer you to page 64 as well. There is a summary of key risks in successfully delivering whole-of-government Indigenous outcomes. I am very interested in the response from the departments to that risks summary and whether, for the new model, a new risk model was developed.

Ms Hawgood—Perhaps if I can answer in a general sense, and then I might hand over to one of my colleagues to talk about a tool that has been developed in this regard. Certainly the recommendations and views of the report were noted around the risk issues. The collaborative work of key agencies across the board continues to ensure that whole-of-government risks are effectively managed to support the achievement of the policy outcomes. Work on the development of an Australian government performance framework for Indigenous arrangements has been guided by a focus on policy outcomes, with the goal of understanding the interrelated nature of the interventions. Through the performance analysis, the effectiveness of risk management strategies will be demonstrated at a whole-of-government level. Additional governance scrutiny and monitoring mechanisms introduced by the government as part of the Indigenous affairs arrangements also support cross-portfolio risk management decision making. Whole-of-government arrangements in Indigenous affairs and their further development involve intensive and ongoing governance and scrutiny through the Secretaries' Group on Indigenous Affairs and its associated senior executive service task force on Indigenous affairs. In addition to that, there are mechanisms locally around what are called Australian government heads of agencies—so, state and territory managers of Commonwealth agencies—who meet regularly at a capital city level, and then the Indigenous coordination centre managers' forums, which are also cross-government bodies. The secretaries' group established a cross-agency working group which focused on the development of improved tools to manage the funding of services to Indigenous Australians, particularly where multiple agencies are involved. I will get my colleague to talk a little bit about those tools.

CHAIR—Yes. Is there someone here from the cross-agency working group?

Ms Moody—One of my branch heads chairs the cross-agency working group. It is basically looking from the funding perspective and the issues raised—including in the audit report—to do with what we usually term red tape. It tries to answer the question of how we make sense of multiple agencies and how we make that simple for service providers. There is work going on at the moment working with the agencies—and all of the major agencies are on that working

group—looking at, for instance, linking the risk to the amount of, for instance, the grant being provided so that we are not assigning the same sort of risk to a grant that is \$10,000 to an organisation that we do to a grant that is \$80,000 for an organisation.

On a practical, detailed funding level there is work going on trying to streamline those arrangements, including developing better performance indicators. For instance, even if there are multiple funding agreements—which we would like to remove—if they have identical performance indicators in them for service providers then it is quite straightforward. I am collecting one set of information and it makes all of my funding bodies happy. We are working through those at the moment.

CHAIR—So you are trying to standardise the information gathering and the reporting and monitoring system?

Ms Moody—Yes, and bringing risk more into play in those decisions about what the risk is for the Commonwealth and therefore what the commensurate requirement is that we should put on a service provider. We have ended up by saying that all grants have the same sort of framework around them. Clearly, in a risk management sense, with some grants, the nature of the grant and certainly the amount of the grant should be bigger determinants of the sort of requirements that go with it. On the ground, that is one way we are looking at risk, from a whole-of-Indigenous grant perspective.

CHAIR—One of the risks identified was that there is a lack of appreciation, skills and culture to support whole-of-government working. How are PM&C responding to the challenge of improving the skills of our Public Service and of our departments to work in a whole-of-government method?

Ms Wilson—It would be fair to say that that is happening on several fronts. Clearly, the secretaries group arrangements are very important there. The underpinning of that by the SES task force, which takes people at the branch head and division head or group manager level from across the service, supports the work of the secretaries group and feeds into the work of the secretaries group. So there are a large number of senior people across departments who are now galvanised around six very clear targets in Indigenous Affairs that have been agreed by COAG. There is a clarity of strategic intent and purpose and the government's goals. Most theories of organisational and cultural change will tell you that understanding intent and purpose is the first challenge that you need to manage.

Clearly in the risks here that were identified by the ANAO, there was some commentary on an inconsistent understanding of the Australian government reform agenda. There are a range of public servants working on the reform agenda in Indigenous Affairs, across COAG, where there are a number of cabinet ministers leading those working groups and there are tripartite arrangements across the SES supporting those working groups. There is an official's group within the Commonwealth that supports each minister as the chair in that working group, which has representatives from the relevant line agency and from the central agencies: Treasury and PM&C. So you have a large number of public servants all working to those six targets across this COAG agenda. So clarity of purpose is very important.

CHAIR—Can I just flesh that out a bit. Prior to the change of government, there were certainly agreed priorities, weren't there? The priorities from COAG and the then federal government were certainly agreed. But the shift does now seem to be to more specific targets.

Ms Wilson—That is correct.

CHAIR—How will having those specific targets to be met by specific times shape and influence the way you are achieving those targets by a specified time? It is a huge risk factor I would have thought you would want to put into your new model. How has that changed the way you have developed the models or approaches to the new program?

Ms Wilson—Perhaps if I could start and then colleagues may wish to chip in. It has required us to review the evidence base around the progress to date in these areas and what progress would be required to meet these targets, and to understand the key areas of intervention or activity that are required in perhaps a much more focused way than previously was the case. It has taken a lot of effort across the bureaucracy within the Commonwealth, but also in states and territories, reviewing the evidence base about progress in life expectancy, the key risk areas, what the current trajectory would be and what would be required to change the trajectory. Within the Working Group on Indigenous Reform, in particular, that reviewing of the evidence base has developed an ongoing resource that is available for use and is being utilised by all of the other working groups working in housing, in health and in productivity, which spans early childhood, schools, skills and workforce development and so forth. I think that that has been a really valuable piece of work that we have undertaken to understand what it would take to reach those targets and to provide, if you like, a very measurable focus on wanting to advance Indigenous affairs. That has been a very important piece of work in terms of getting clarity about the goals and understanding the path to achieving those goals and where actions and interventions will be required. That will guide the work across all of those COAG working groups and the Commonwealth's contribution to them.

CHAIR—Would someone else like to comment?

Ms Hawgood—Can I step back a little bit from the emerging work around the targets and perhaps just pick up on some of the specifics of the recommendations—again, around risk—and localise them a little bit by talking about some of the lessons learned that were picked up in the rollout and implementation of, perhaps, a couple of the major whole-of-government investments in the last 12 months.

CHAIR—I will always ask this at every hearing: were they documented and would you be happy to provide a copy of the 'Lessons learned' document? Should we put it on notice?

Ms Hawgood—I am happy to provide some comment on that, certainly. I was going to go to the Northern Territory emergency response and the Cape York welfare reform trials, where there has been very significant investment in both cases over the last 12 months and where, around the issues of whole-of-government participation, some new models have been put in place. In the Northern Territory emergency response, you are probably familiar with the role of the government business managers, who are located on the ground, as whole-of-government people. That was certainly a model that was about mitigating risks in terms of whole-of-government at the place where the investment hits the ground. Overlaying that was a multi-agency operations

centre. So there were specific governance arrangements put in place around the rollout of a very significant amount of funding in the Northern Territory that go to some of the issues that have been flagged in the report. Equally, in relation to the rollout of the Cape York welfare reform trials, which are an initiative involving both the Commonwealth and the state government, there have been multilayered governance arrangements put in place connecting the national, state and the regional people involved in that process; ongoing training of staff involved in the process on how to operate in a whole-of-government way and also how to broker flexible solutions; joining up grants; and looking at possible options for more or less pooled funding arrangements for some of the funding that will flow through. So, where there has been very significant whole-of-government investment within the last 12 months, some of the key principles that have been identified in the report have, I think, been picked up around some of those uses.

CHAIR—Based on the Cape York reform models—the effort put into the Cape York area? Is that right? It has come up in other reports that Cape York needed some particular attention in reforming its approaches.

Ms Hawgood—Yes.

Mr Greer—The report identifies one of the COAG trials, the Murdi Paaki trial, as a good example of what worked in that context. The department has captured those lessons of what worked and what did not and we are on the cusp of having those published in the IPAA journal this month. If we look at our experience in Murdi Paaki, what worked was high-level and long-term commitment. We knew, when we started the trial, that the change in relationship between government and Indigenous communities to one of a partnership would take a deal of time, energy and trust. That is why, from the very beginning, it was essential in projects like this to work hard to build trust at the highest level of governments.

Building productive relationships was another key lesson coming out of that process: government and its agencies and its people listening to what communities and people were saying. Similarly lessons included having the right people on the ground every day actually embedded in these areas, learning as we went along and continuously improving and updating that, the power of ideas locally in thinking outside of the box, and accepting that progress in many of these cases would be slow and steady. But what would we have done differently in Murdi Paaki had we had the opportunities? We would have invested earlier in community capacity building. We would probably have had a greater emphasis on data collection earlier in the project than we did and a stronger emphasis perhaps on cross-jurisdictional relationships. I think by the end of the month, or very early in July, an article called *Working differently to make a difference in Indigenous communities*, which is from our perspective and the perspective of our New South Wales Department of Education colleagues, as the lead agencies, will be made publicly available.

CHAIR—But that is not a cross-agency report, is it?

Mr Greer—No. This was picking up again on how we have picked up and built on some of the lessons out of what in fact were cross-agency interventions. Whilst the former DEST and the New South Wales department were the lead agencies, these were in fact cross-agency initiatives.

CHAIR—Part of the ANAO report's findings was that there was a lot of individual agency reporting, monitoring, evaluating and responding but that this had not been aggregated well. Would someone like to comment on new approaches to making sure there is some aggregated data? I suppose if it is going to be toward major targets, like life expectancy, across so many agencies that will have a bearing on that outcome, then aggregated results are going to be necessary.

Ms Wilson—Perhaps I can make some commentary about the role of the Cabinet Implementation Unit in monitoring and assessing implementation of whole-of-government initiatives. That extends from time to time, in the list of initiatives that they are monitoring, clearly to whole-of-government initiatives, which are more frequent in Indigenous affairs than in other areas. Based on their work with other agencies to improve the implementation of whole-of-government initiatives, they are soon to publish some guidelines on how to implement whole-of-government initiatives, taking into account the experience that there has been to date. Those guidelines will include guidance on how to assess, address and treat risks. There is work that has been captured by the Cabinet Implementation Unit which is resident within CIU but provides reporting to the cabinet about the implementation of initiatives, including whole-of-government initiatives.

The CIU already has a role in looking at COAG initiatives. As initiatives are agreed by COAG, they could come on to the Cabinet Implementation Unit's monitoring list and reporting list—they are reporting to cabinet on how well they are going. There is a level of governance there which brings together the implementation of key initiatives, assesses how they are going, provides advice to cabinet on where remediation might be required and is part of the accountability loop back about the implementation of whole-of-government initiatives.

In addition, you asked about staff understanding and knowledge of how to do whole-of-government work. The Australian Public Service Commission actually coordinates the delivery of whole-of-government training to all employees in Indigenous coordination centres. It also has a role in promoting understanding of Indigenous issues across Commonwealth agencies. So that is another tool that is available.

CHAIR—We will take that up at a later date. Before Senator Watson asks a question, would anyone else like to comment on that?

Ms Golightly—I would like to pick up on the comments made already by Ms Wilson, Ms Hawgood and, I think, you about having clarity of targets and quite specific targets. In running any program, that is an absolute essential in order to get people to understand what it is we are achieving. If you have people across the whole of the federal Public Service, plus all of the state public services and local governments, that clarity of objective is certainly very critical in making sure that everybody is working in a whole-of-governments way. That has made our life a bit easier in working with our colleagues in other departments and across jurisdictions. It is also helpful for staff. If you are working through your strategic plans, to your group plans, to your risk plans, down to even individual work plans, it makes that much easier to explain to people how they have to work in a whole-of-government way to achieve this particular target in this particular time frame. It makes it real for people, and I think that has been—

CHAIR—They would enjoy it as well.

Senator WATSON—I would like to start by saying that in taking on this very significant inquiry into the whole-of-government Indigenous service arrangements, the committee was very conscious that the normal approach adopted by the committee on strict adherence to accountability responsibilities would, in this inquiry, take time to evolve, particularly in relation to the on-ground document responsibilities, which were always, I thought, going to be difficult. Therefore, I perceive that the role of the Joint Committee of Public Accounts and Audit role really is to be seen as one of supporting each agency rather than what often outside people perceive it to be—as being the watchdog and ensuring that strict adherence always applies.

I think it is significant that so much has occurred—and you recognise this—since this audit report took place. I am thinking of the additional millions of dollars in resources that have been directed into this area; the increased ministerial focus, where we have a number of ministers being involved rather than just one; more investment in the delivery programs; and, significantly, at the top, the Prime Minister's decision to make an annual report to parliament on progress.

My question really comes back to an issue that the Audit Office believes is important; that is, mainstreaming. Although I recognise it be important and significant—and I thank the Audit Office for raising it—I wonder if it is more important than where departments themselves, in their own areas of expertise, have developed what I might indicate are best practice guidelines? Because of your specialisation and focus, would you like to comment on that? Can you see the issue I am trying to get at? I can see you each developing over the decades your own best practice in the delivery of services. I am a little bit worried that a concept of mainstreaming might diminish that role of yours because you have to move over to a different sort of approach. Would you like to comment?

Ms Hawgood—This may not be answering the question, so please interrupt me if that is the case. This concept of mainstreaming was largely about ensuring that, particularly in the move from an organisation like ATSIC, where so much of the funding that went to remote Indigenous communities and other places came from and was the responsibility of that organisation, all mainstream government departments running mainstream programs also took up responsibility for Indigenous people in the same way as they did for non-Indigenous people. Partly, as well, that was about ensuring that there were the same standards applied to how agencies delivered to Indigenous people and non-Indigenous people and getting the same standard of rigour around delivery of those programs. If I have understood your question, I have seen it as lifting to best practice within agencies the standard of delivery around both Indigenous and mainstream programs that also cover Indigenous people

Senator WATSON—I am not arguing against that at all. It is most desirable.

Ms Golightly—I think that is the point. It is making sure that both are available to Indigenous people and that they are not locked out of the mainstream programs and only receive the small amount of resources available for specialist programs. What we have seen work across our portfolio and others is a combination.

Senator WATSON—That was the whole philosophy, though, wasn't it—to bring the specialist agencies in to ensure that it was happening.

Ms Golightly—That is right.

Senator WATSON—So that was inherent in the concept. In terms of the concern raised in April 2004 by the then head of the department, Dr Shergold, about the management authority report, do you believe you are on the way to solving the biggest test, in that the rhetoric of connectivity has been marshalled into effective action for being responsible for implementing this bold experiment? He said that was the test in 1974. Do you believe that, as each agency, you have been able to say, ‘Yes, Dr Shergold, we have in our own way got this connectivity and matched that with effective action’?

Mr Greer—If I could again reflect on some experience in the then education department: I think the report identifies one of the mechanisms that we put in place to achieve that very end. Certainly, the way to get that connectivity within the portfolio was in fact to put in place an Indigenous-mainstream task force which worked quite diligently with mainstream program areas to make sure that all mainstream program areas were working harder to improve outcomes for Indigenous Australians. That got to the stage where every program area was required to put in place an Indigenous outcomes action plan for all mainstream DEST programs embedded in the department’s business planning and performance reporting arrangements. All of those program areas were to identify short-, medium- and long-term measures to increase access, participation and outcomes for Indigenous Australians. We captured that in the then department’s reconciliation action plan to be reported on in the annual report. That is one experience of how one agency was endeavouring to operationalise, I think, the connectivity tests that Dr Shergold was testing.

Senator WATSON—Can we hear from Mr Davies?

Mr Greer—The Health and Ageing portfolio actually echoes what you have just been hearing from my colleague. We have the Office for Aboriginal and Torres Strait Islander Health, obviously, which is a focal point, but we are very emphatic in all our processes, from business planning down to individual staff performance discussions, that Aboriginal and Torres Strait Islander health is everybody’s business. For example, in the Medicare Benefits Schedule and the Pharmaceutical Benefits Scheme, which are far and away the biggest programs we administer, we have seen a faster rate of increase in spending in those programs for Indigenous Australians than for non-Indigenous Australians. Again, echoing Ms Hawgood’s comment, it is not an either-or option. By advocating mainstreaming, it is not actually saying ‘Therefore there are no Indigenous specific programs.’ In fact, you could almost argue that there is an increase in focus and an increase in effort because we maintain that relentless focus through our Indigenous-specific programs through the office itself. Also, we are reinforcing that with significant efforts in those mainstream areas, and I think those increases in the MBS and PBS are very powerful. It is more than twice the rate of growth in MBS and PBS spending. There is still a shortfall—I am not denying that—but I think that does show what can be achieved by that focus on mainstreaming.

Senator WATSON—What about Prime Minister and Cabinet, because it was—

Ms Wilson—Well, I guess there are a couple of things that I would like to proffer as examples of the way in which mainstreaming is reflected. Firstly, internally within the Department of Prime Minister and Cabinet—whilst we have an Indigenous Policy Branch in the Social Policy Division, Indigenous policy is everybody’s business. It is the Health and Ageing Branch that advises on the extent to which health policy and measures will address the needs of Indigenous

people. Similarly, it is the Employment, Education and Skills branch that has responsibility for ensuring that policies that come forward for cabinet consideration have identified the contribution that they will make to addressing Indigenous disadvantage. We, if you like, have reflected the mainstreaming approach in our organisational arrangements. In terms of the COAG agenda, it is also very important to note—and this is, in fact, reflected in a heads of treasuries circular that went to all of the COAG working group on the new arrangements for the reform of specific purpose payments and the development of reform proposals that might become national partnerships in COAG—that every relevant working group was requested to specifically address the needs of Indigenous people and identify how, in revising statements of objectives, outcomes, outputs and performance measures for each specific purpose payment, Indigenous needs would be addressed.

The early work to this end will be considered by COAG in July and will come back in October, but every working group—for example, the Health and Ageing working group—has been charged with ensuring how, in both the base specific purpose payment, which would be the national health care agreements, and any reform proposals they will address the needs of Indigenous people and how that will be measured in terms of progress that is made. That is quite a powerful way of sending a directive to all of us in those working groups that we need to be confident that the Australian health care agreements will address Indigenous needs, that the education agreements—the schools agreement and the vocational training education agreement—will address the needs of Indigenous people and that the housing agreements will address the needs of Indigenous people and it will not be left to small, specific initiatives on the side to do the heavy lifting in terms of addressing Indigenous disadvantage.

Senator WATSON—In terms of a progress report, are you satisfied that that test of connectivity is being marshalled into effective action? Are you happy from where you sit at the pinnacle?

Ms Wilson—It is a work in progress but we have made a lot of progress. I do not think we could ever say we are satisfied because we have to acknowledge the gaps—

Senator WATSON—Still early days.

Ms Wilson—that still exist in the outcomes that Indigenous people experience in life expectancy, infant mortality, child mortality and so forth, which is why the targets have been chosen. But in the Australian Public Service at both the policy and the delivery levels we are all focused on how mainstream programs will address the needs of Indigenous people, and that goes from ensuring that there is cultural competence in the providers funded to deliver programs through to the outcomes and the measures ensuring that the experience and the benefits that Indigenous people receive from those programs are captured.

Senator WATSON—As an interim report, you are satisfied that reasonable progress is being made in terms this connectivity concept being marshalled into effective action?

Ms Wilson—We are making progress. I do not think I could say that we could rest on our laurels and be fully satisfied, Senator.

Ms Hawgood—I can add to that. When Peter Shergold made that comment, whole-of-government connectivity was a foreign concept in Indigenous affairs. It is fair to say that at the start the Public Service—because we were changing a huge machine that had operated in a particular way for many years—focused very much on the connectivity side. Although I agree with Ms Wilson that it is a work in progress and there are gaps, I think that has swung around; I think connectivity is now a normal part of business. The connectedness, the working across agencies, the working across groups within agencies, the spreading of responsibility and the imbedding of responsibility for Indigenous issues across agencies is no longer in just one branch or one group. That is now a normal part of everyday practice and the focus has well and truly swung around to how that connectivity now works in terms of action.

CHAIR—Can I pose a question arising from that? One of the tests is going to be: when the lead agency, which is FaHCSIA, decides that targets are not going to be reached because of a failure in a certain department, how are you going to intervene? I refer you to pages 74 and 75 of the audit report and the main recommendation, which is about developing a mechanism so that you can effectively intervene when a department is slipping back or whatever. Assuming the friendships and shared views are going to be so close, how are you going to intervene? What mechanism is there going to be so that the lead agency can give another agency a boot and say, ‘You’re slipping behind,’ or ‘You two departments are not working well enough together to achieve this,’ et cetera? Is there a mechanism? Or has it been established and agreed that the lead agency will lead and intervene when necessary to make changes and to provide the flexibility that is needed to get results?

Ms Hawgood—Across the Commonwealth, as you have heard, these targets will be partly the responsibility of state and territory governments, as well as the Commonwealth’s, to deliver. There will be a mix of responsibilities, and COAG will need to retain an overall governance role in relation to some of that.

CHAIR—That is going to be even harder and is going to need a better model or mechanism, isn’t it?

Ms Hawgood—Quite. But, within the Commonwealth, the Secretaries Group on Indigenous Affairs remains the leading group, the monitoring group and the group to which issues can be escalated if things are not proceeding as they should. So there is a mechanism for escalating through that process.

CHAIR—What is that mechanism? It is done at what level?

Ms Hawgood—It is done at all levels. I think one of your recommendations referred to a protocol for escalating issues when things were not happening in the way they should. That protocol was developed last year. I am happy to table a copy of that.

CHAIR—Good; that would be excellent.

Ms Hawgood—That sets out a mechanism for escalating issues, from the very local level at Indigenous coordination centres, where FaHCSIA staff are Indigenous coordination centre managers, lead agency managers, right up through the SES task force to the secretaries group. I am very happy to table a copy of that protocol.

CHAIR—Now that we do have more specific targets, I assume each department or agency breaks that down into how you get to those agencies. How far advanced are you in the work of how to get to a huge target like life expectancy? Will I eventually see an action plan linked to some strategies linked to this one output and outcome?

Ms Hawgood—That is what is intended. That work is developing at the moment through these working groups that have been set up by COAG, but the aim is to have a very transparent accountability process to come through COAG and be agreed to by all jurisdictions, and for the results of that to then be reported on in the parliament each year by the Prime Minister.

Ms Wilson—As well as the reform of the specific purpose payments and the development of new national partnerships, which will be governed by an overarching intergovernmental agreement that will be signed by all governments in the December COAG meeting, there will be a body, which has already been established, that will take on a more prominent role in terms of accountability and reporting: the COAG Reform Council. It will have a role in the publication of nationally comparable performance information for all jurisdictions in respect of those specific purpose payments and the national partnerships. That will include the independent assessment of predetermined milestones and performance benchmarks that have been agreed to. So there will be this independent body that will be reporting publicly on the extent to which the agreements that have been signed and the milestones that have been identified are being achieved.

CHAIR—It is going to be very difficult, with the time allowed and the number of members here, to get to the information we want. I would assume that you will accept our questions being sent to you.

Ms Wilson—Certainly.

CHAIR—I think it is important to take this down to the level that the Australian people are interested in. For example, with education there is the issue of retention rates—making sure Indigenous kids go on to complete secondary education. It will be someone's target but, in my experience with people out on the ground, if they cannot get kids to have a traineeship, some income and some relevance they have got no chance of keeping them there. How is that cross-departmental stuff going to happen?

Ms Golightly—Perhaps I could start and then hand to my colleague, Mr Greer, for the details. Certainly that task has been made easier by the MOG change following the election, which put education, employment and VET services together in the one department—the Department of Education, Employment and Workplace Relations.

CHAIR—How are you coping with that?

Ms Golightly—Well, it is a big job but we are getting there. That has made life a lot easier. It is easier to make those connections, and the ones that you just mentioned are absolutely essential. From international experience as well as our own, we know that kids will stay at school if they know what the end outcome is going to be and why it is better and all that sort of thing, and where they go to following completion of education. We have set up a number of mechanisms within the department, along the lines that we have already been talking about, to make sure that those connections are made, and it has certainly been a key focus of the

discussions in COAG and the discussions with our colleagues in the state departments. There have also been things like, for example, Minister O'Connor recently putting out a discussion paper on the new employment services system, and we have also been around the country with Minister Macklin looking at reforms of CDEP and of Indigenous programs generally.

CHAIR—So we are looking towards some flexibility here.

Ms Golightly—That is right. And all of those discussions and consultations have highlighted the need to connect with the education issues. We certainly know, from the early development work that we have done in setting out action plans for achieving both the education COAG goals—school retention, halving the gap et cetera—and the employment COAG goals, which includes halving the gap in 10 years, that those two things have to be connected. So, again, it would be impossible for us to reach those targets without being connected, and that has been the foundation of the work done so far.

CHAIR—Ms Hawgood, how do you see that combined learning, which is going to be so necessary, happening—to find approaches across departments that are new, that are effective, that are tested, that can be changed and modified quickly, and that respond?

Ms Golightly—I think at the highest level—and Mr Greer, who works on this on a daily basis, can add the detail—it means that when we are setting up our action plan for COAG we are discussing how each of the available programs, whether they be education, VET or employment, work together, and so people can see those linkages and then we make them happen.

CHAIR—So, Ms Hawgood, how are you going to feel confident that that is real?

Ms Hawgood—Partly because we will be integrally involved in that process and, again, the cross-agency mechanisms that we have got in place will, I think, help that process. We are not only, though, working through cross-agency mechanisms like the SES task force, where there is regular discussion about these issues, but also working on a bilateral or a trilateral basis. As Ms Golightly has mentioned, the employment services and the CDEP consultations which have just happened were done jointly across our agencies—

CHAIR—Yes, I know. But in Newcastle we received, I think, three hours notification. So those things do happen.

Ms Hawgood—Preparation of policy is now invariably being done cross-agency, so it is flowing down through the COAG process. But it is not just through the COAG process; it is also within the Commonwealth. I know that this is also happening, to a large extent, in many states and territories now as well. Cross-agency policy development is happening as a matter of course, and so those sorts of connections are being picked up, cross-checked et cetera in that process.

CHAIR—I will just make the comment—explaining the comment I made—that there was a combined department consultation. Notification was very poor. As a matter of fact I found out at four o'clock that afternoon that it had happened at nine o'clock that morning. I understand that when things are being rolled out very quickly these things happen. Salvaging those situations, getting the best out of them, is terribly important rather than pretending it might not have had any negative consequences—they do have negative consequences. But, Mr Greer, you want to—

Mr Greer—I want to pick up on Ms Hawgood's last comment that states and territories are working on this as well. All states and territories—certainly education ministers—and the Commonwealth have been signed up for some little while to a national collaborative action plan to lift Indigenous outcomes called the *Australian directions in Indigenous education 2005-2008*. That had in it five critical domains: early childhood, school leadership, quality teaching, school community partnerships, and pathways to and through. At the most recent MCEETYA meeting, MCEETYA agreed to continue that work and to synergise that work with the nominal COAG targets and so forth and there is already significant work being done across all jurisdictions to develop road maps that bring together the initial key domains with the COAG target areas. As I think colleagues were saying earlier, this is not just an issue of whole-of-governments, it really is whole-of-governments collectively seizing this opportunity.

CHAIR—We will submit those questions and we would appreciate some responses to them. The audit report itself has dealt very openly with some issues that have to be responded to if we are going to get whole-of-government approaches that are effective. But you have today given us some idea of just how many people are involved in this chain from your highest level that Ms Golightly talks about. The best actions at the highest level will not necessarily straight away translate to on the ground improvements. We do know how complex it is and certainly we wish you well in the new approaches that will be necessary. I give this example because, as a member of parliament, I thought I knew something about Indigenous affairs until I went to a remote community as part of this committee to look at legal services. The women of this committee were briefed separately to the male members of the committee; we were briefed by the women of the community. When we reunited on an aeroplane we knew two different communities. The gap was so different; it showed such profound ignorance of the real situation. As members of parliament who had spent some time there, you wonder sometimes that—if you did not have those experiences and the jolt that is necessary for you to understand that—if you do not understand, then nothing will change and perhaps that is one of the frustrations for decades in Indigenous service delivery. So anything you can do—agencies and departments—to better equip your own personnel at the highest level to understand what it is like at the lowest level is absolutely essential because when you think you know, you can be sure you do not know. We wish you well and thank you for your cooperation today.

Senator WATSON—I move that the protocol to be tabled by FaHCSIA be accepted as an exhibit.

Resolved (on motion by **Senator Watson**):

That this committee authorises publication, including publication on the parliamentary database, of the transcript of the evidence given before it at public hearing this day.

Committee adjourned at 12.59 pm