



Auditor-General for Australia



27 February 2019

Hon Warren Entsch MP  
Chair  
The Joint Standing Committee on Northern Australia  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

Dear Mr Entsch

**Inquiry into the Opportunities and Challenges of the Engagement of Traditional Owners in the Economic Development of Northern Australia**

The Australian National Audit Office (ANAO) published the following performance audit reports that you may find relevant to the Joint Standing Committee on Northern Australia's Inquiry into the Opportunities and Challenges of the Engagement of Traditional Owners in the Economic Development of Northern Australia.

- Report No. 20 2016-2017 [Effectiveness of the Governance of the Northern Land Council](#)
- Report No. 17 2018-2019 [Northern Australia Quarantine Strategy – Follow-on Audit](#)
- Report No. 27 of 2018-2019 [Closing the Gap](#)

Information about what the audits assessed, concluded and recommended is attached. The audit reports are available online at [www.anao.gov.au](http://www.anao.gov.au).

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing.

To arrange a briefing, please contact our External Relations area at [external.relations@anao.gov.au](mailto:external.relations@anao.gov.au).

Yours sincerely

A black rectangular box redacting the signature of Grant Hehir.

Grant Hehir

**Report No. 20 2016-2017 Effectiveness of the Governance of the Northern Land Council**, assessed the effectiveness of the governance of the Northern Land Council in fulfilling its responsibilities and obligations under the *Aboriginal Land Rights (Northern Territory) Act 1976*, *Native Title Act 1993* and *Public Governance, Performance and Accountability Act 2013*.

- The Northern Land Council is some two years into a wide-ranging reform agenda covering almost all aspects of the governance and administration of the council. While tangible improvements have been made to date to raise the standard of administration from a very low base, considerable work remains for the council to be administratively effective. Throughout the conduct of this audit, there was a notable energy and commitment from staff and managers to achieve the aims of the reforms over the longer term.
- The NLC is improving its processes for representing the interests of Aboriginal people in the region, but more remains to be done to demonstrate that these processes are effective. The NLC has yet to implement measures to assess the performance of the Full Council, Regional Councils and Executive Council and of council members, in engaging with NLC constituents and representing their rights and interests. A review and restructure of the Secretariat branch aims to streamline and improve its support for the operation of the council, with a branch plan and performance indicators recently developed.
- Subsequent to substantial criticisms about failed administrative processes, practices and controls, the NLC has commenced a range of initiatives to better support its functions and the delivery of services. These initiatives have included enhanced financial reporting capability and records management, and the establishment of a competent Audit Committee to oversee reforms across key corporate functions and policies. Some progress has been made in modernising the NLC's dysfunctional information and communications technology systems, with further improvements subject to available funding. Improvements in service delivery are supported by management and budget information that was not previously available to managers. The NLC could more effectively manage its reform agenda given the extent of the changes underway.
- The NLC is improving its planning in line with requirements under the *Public Governance, Performance and Accountability Act 2013*, but it is still some way from developing a robust set of qualitative and quantitative performance indicators. The NLC's planning and performance reporting cycle could be better supported by an update of the funding process administered by the Department of the Prime Minister and Cabinet, to align it with the Commonwealth Performance Framework. In engaging with the department and government, the lack of a shared understanding of the extent of the use of powers, and the roles and responsibilities of the NLC, the department and the responsible Minister has not supported a strong and productive relationship between the various parties.

The ANAO recommended that:

**Recommendation No. 1**

To support the administrative and strategic reforms underway, the Northern Land Council:

- a. develops and maintains an action plan to monitor the progress of reform initiatives and projects; and
- b. develops a communication strategy to inform staff of the changes.

**Recommendation No. 2**

The Department of the Prime Minister and Cabinet, in consultation with the Northern Land Council, reviews the process for the provision of operational and capital expenditure under s.64(1) of the *Aboriginal Land Rights (Northern Territory) Act 1976*, to develop a funding framework that:

- a. supports the council in achieving outcomes linked to its strategic and corporate plans, and is aligned with the *Public Governance, Performance and Accountability Act, 2013*;
- b. provides for appropriate guidance on what is required in the council's funding submissions, transparency as to how bids are assessed, and an explanation as to funding decisions; and
- c. allows for certainty, where results are achieved, for funding certain activities beyond the current year.

**Report No. 17 2018-2019 Northern Australia Quarantine Strategy – Follow-on**, assessed the extent to which the Department of Agriculture and Water Resources (Agriculture) has addressed the recommendations from ANAO Audit Report No. 46 of 2011–12, Administration of the Northern Australia Quarantine Strategy (NAQS).

The audit concluded that:

- The department is progressing but has not yet fully addressed the recommendations from the Auditor-General Report No. 46 of 2011–12 or the 2012 report of the JCPAA's review of Auditor-General Report No. 46.
- Through the implementation of the White Papers projects, the department is improving the effectiveness of its arrangements to record, monitor and report scientific surveillance activity and, in doing so, is addressing Recommendation No. 1 of Auditor-General Report No. 46 of 2011–12 and Recommendation No. 9 of the 2012 JCPAA report. To fully address the recommendations, the department should increase its level of assurance that surveillance activities conducted align to the risk prioritised in its target lists and risk areas.
- The department has begun to address Recommendation No. 2 of Auditor-General Report No. 46 of 2011–12 and Recommendation No. 8 of the JCPAA report. The reliability and management of border operation data has improved substantially, but the data is not systematically used to inform border management decisions and measure performance. The department does not have a risk-based approach to inspection rates and prioritising inspection activities in the Torres Strait.
- The department has not addressed key aspects of Recommendation No. 3 of Auditor-General Report No. 46 of 2011–12. The department has clearly articulated NAQS' objectives, but does not have a robust performance measurement framework to assess NAQS' progress against its objectives and its effectiveness.
- The department has established robust management structures to support the implementation of the biosecurity projects funded under the White Papers. As at October 2018, four of the six projects were tracking well against time and budget.

The ANAO recommended that:

**Recommendation no. 1**

The department periodically undertake a robust reconciliation process to verify that surveillance activities conducted each year aligned with the risks prioritised in the risk area profiles and target lists.

**Recommendation no. 2**

The department document a risk-based approach to inspections in the Torres Strait that describes the rate of inspections and how inspection activities should be prioritised.

**Recommendation no. 3**

The department develop a relevant, reliable and complete framework of measures to assess its performance in managing biosecurity risk in northern Australia.

**Report No. 27 of 2018-2019 *Closing the Gap*** assessed the effectiveness of arrangements for monitoring, evaluating and reporting progress towards Closing the Gap in Aboriginal and Torres Strait Islander disadvantage.

The audit concluded that:

- Arrangements for monitoring, evaluating and reporting progress towards Closing the Gap have been partially effective. Reporting on the high-level Closing the Gap targets has been maintained, but little work has been undertaken to monitor and evaluate the contribution of Australian Government programs towards achieving these targets.
- Governance arrangements established for monitoring progress towards Closing the Gap have been partially effective. While oversight has been maintained over the collation and reporting of data for the Closing the Gap targets, the overall effectiveness of the framework has been reduced by a lack of oversight of its implementation and limited stakeholder engagement. Reflecting this, the intergovernmental agreement that established the Closing the Gap framework has not been updated since 2012 and is out of date. In December 2018 COAG committed to establish a formal governance partnership with Aboriginal and Torres Strait Islander peoples by February 2019 and review the NIRA by mid-2019.
- Entities responsible for collating data and reporting against the Closing the Gap targets have established and maintained appropriate processes to manage the quality and timeliness of data. Reporting against the Closing the Gap targets has predominantly drawn on appropriate information, analysis and interpretation.
- Most Australian Government programs which reference the Closing the Gap framework were implemented in its first years, and there is alignment between current programs and elements of the framework. Arrangements for monitoring and evaluating the contribution of the Australian Government's programs to the Closing the Gap targets are not effective and do not provide an objective assessment of performance.

The ANAO recommended that:

**Recommendation no. 1**

The Australian Bureau of Statistics develop and implement procedures to systematically document quality assurance checks and internal approvals for data extracted for Closing the Gap reporting.

**Recommendation no.2**

The Department of the Prime Minister and Cabinet ensure the Australian Government action plan for the refreshed Closing the Gap framework clearly identifies the links between program inputs, outputs and outcomes and the framework's higher-level outcomes and targets.

**Recommendation no.3**

The Department of the Prime Minister and Cabinet establish arrangements to prepare an annual Australian Government Closing the Gap performance report that transparently and objectively reports on:

- the links between program-level expenditure and outputs and outcomes for Aboriginal and Torres Strait Islander peoples; and
- the contribution of programs towards Closing the Gap targets.