

Australian Government Coordination Arrangements for Indigenous Programs
(Audit Report No.8 2012-13)

National Partnership Agreement on Remote Service Delivery
(Audit Report No. 43 2011-12)

Capacity Development for Indigenous Service Delivery
(Audit Report No. 26 2011-12)

Opening Statement by Ian McPhee, Auditor-General

JCPAA, 6 February 2013

1. Chair, members of the Committee, achieving better social and economic outcomes for Australia's Aboriginal and Torres Strait Islander population has been a major area of attention for governments for many years now. On most measures, Aboriginal and Torres Strait Islander people experience social and economic disadvantage at levels greater than the rest of the population. Accordingly, in 2008, the Council of Australian Governments committed to closing the gap on Indigenous disadvantage and developed the National Indigenous Reform Agreement as the key policy framework to guide government efforts in this area.
2. Significant administrative effort and expenditure is involved in addressing Indigenous disadvantage. Direct expenditure on Indigenous-specific programs and services by the Australian Government exceeded \$4.2 billion in 2011–12. When the estimated expenditure arising from Indigenous access to mainstream services (services available to all Australians administered by all departments) is added, total Australian Government expenditure exceeds \$11.5 billion.¹

¹ SCRGSP (Steering Committee for the Review of Government Service Provision) 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra.

3. The administration of Indigenous affairs is characterised by a whole-of-government approach, with multiple Australian Government departments involved in delivering programs and services accessed by Indigenous people. The service delivery model relies on many different organisations to provide on-the-ground delivery of Indigenous programs and services. Non-government organisations form a large part of the service delivery model. In national partnership agreements, state and territory government agencies implement programs with Australian Government funding. Governments at state and territory level also have Indigenous policy and program responsibilities and in practice, therefore, Indigenous service provision occurs through departments at both the federal and state level.

4. In 2008 the Committee reviewed ANAO Audit Report No. 10 of 2007–08, *Whole of Government Indigenous Service Delivery Arrangements*. The Committee noted the challenges of adopting a whole-of-government approach to Indigenous service delivery but considered agencies must do more, especially in relation to managing risk. The Committee made three recommendations aimed at improving departments' whole-of-government approach to Indigenous affairs. The first recommendation directed at Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA), as the lead agency, related to identifying and addressing risks and challenges of delivery Indigenous services in a whole-of-government environment with a view to refining service delivery. The second recommendation, directed at FaHCSIA and the Department of Prime Minister and Cabinet (PMC), related to using the findings from the risk assessment to developing and delivering improved staff training within a whole-of-government context. The third recommendation, directed at FaHCSIA and PMC, related to developing and

publishing an action plan and strategies to support the output and outcome of improved Indigenous life expectancy.

5. The three recent ANAO audit reports that are the focus of the JCPAA's current review present an overarching picture of core features and challenges relating to the administration of Indigenous affairs. Report No. 8 of 2012–13 examined the way that FaHCSIA has undertaken its role as the lead Australian Government agency for Indigenous affairs, coordinating the efforts of Australian Government agencies and providing oversight of overall delivery. Report No. 43 of 2011–12 gave specific attention to the model of service delivery that has been established for remote communities and is being implemented through the National Partnership on Remote Service Delivery, while Report No. 26 of 2011–12 considered issues in relation to the use of Indigenous organisations by three Australian Government departments to deliver services to Indigenous people. Around one third of total Indigenous expenditure is administered through funding agreements with a large number of Indigenous organisations and the capacity of these organisations to deliver services is an important factor in achieving the overall outcomes sought by the Government.
6. The parallel delivery of mainstream and Indigenous-specific programs and services is a defining feature of the Australian Government's administrative approach to Indigenous affairs. Because multiple departments are involved in program policy and delivery, a well-defined lead agency role is important to ensure information is shared across agencies, to coordinate service delivery on the ground, to provide consolidated advice to the Government and to address any systemic issues in a timely manner. FaHCSIA has been the designated lead agency for Indigenous

Affairs since 2006 and administered approximately 31 per cent of Australian Government Indigenous specific expenditure in 2011–12.²

7. Acknowledging the complex environment within which Indigenous programs are delivered, Audit Report No. 8 of 2012–13 found that FaHCSIA had established structured arrangements for coordination between Australian Government agencies and was actively involved in arrangements with state and territory agencies. FaHCSIA has built good working relations with other agencies and its lead agency status was well recognised within the Australian Government. However, overall, the ANAO considered that FaHCSIA had been quite measured in its approach and tended to have focused its formal role on sharing information and experience between agencies. A more active approach by the department would assist in tangibly addressing some of the critical strategic issues in Indigenous affairs, such as: making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; and better integrating program delivery on the ground.
8. The ANAO made three recommendations to strengthen FaHCSIA's lead agency role. All recommendations were agreed by FaHCSIA. The first recommendation was aimed at refreshing the lead agency role itself and bringing a more strategic, results-orientation to the existing coordination arrangements. The second recommendation focussed on facilitating improvements in the way programs and services were delivered in remote and very remote areas while the third

2. Other departments responsible for administering significant expenditure on Indigenous specific programs and services are the Department of Health and Ageing (DoHA), the Department of Education, Employment and Workplace Relations (DEEWR), the Attorney-General's Department (AGD) and the Department of Sustainability, Environment, Water, Population and Communities (SEWPAC).

recommendation proposed ways to improve financial and performance reporting arrangements.

9. A key element of the National Indigenous Reform Agreement was to emphasise the importance of developing more integrated approaches to service delivery and of giving greater attention to coordinating programs within the Australian Government and across jurisdictional boundaries. The National Partnership Agreement on Remote Service Delivery (NPARSD) committed the Australian Government and the New South Wales, Queensland, South Australia, Western Australia and Northern Territory governments to implementing a new service delivery model that clearly identified service standards, roles and responsibilities and service delivery parameters to ensure that Indigenous Australians living in 29 selected remote communities received and actively participated in services to close the gap in Indigenous disadvantage.
10. The key elements of the NPARSD service delivery model include:
 - bilateral plans between the Australian Government and each relevant state/territory which identify priority communities, milestones, performance benchmarks and indicators for services;
 - baseline mapping of social and economic indicators, government investments, services and service gaps in each community;
 - the establishment of a Single Government Interface to coordinate services and simplify community engagement with government representatives; and
 - the development of Local Implementation Plans to identify the service delivery priorities agreed to by each community and governments.

11. The NPARSD involves funding of \$291.2 million over six financial years (2008–09 to 2013–14) with the Australian Government contributing \$187.7 million and the relevant states and the Northern Territory contributing a total of \$103.5 million. FaHCSIA, as the lead Australian Government agency for the National Partnership, received the full Australian Government contribution of \$187.7 million. In Audit Report No. 43 of 2011–12, the ANAO assessed the effectiveness of FaHCSIA’s management of the Australian Government’s responsibilities under the NPARSD.
12. The delivery of initiatives across multiple jurisdictions requires a high level of planning to effectively deliver on complex implementation commitments. Overall, FaHCSIA was effective in establishing a government presence in communities through the Single Government Interface and supporting administrative arrangements. However, difficulties in identifying service standards and comparator communities, and measuring change at the community level have left FaHCSIA with limited opportunity to objectively measure whether, as a result of the activities implemented through the NPARSD, government services have increased in number, are of a higher standard, or are better coordinated and simpler to access. The ANAO considered there would be benefit in further developing performance measurement approaches to examine changes in the provision of services at agreed intervals and made one recommendation aimed at monitoring changes in service provision. FaHCSIA agreed with this recommendation.
13. Indigenous organisations³ play an important role in the Australian Government’s overall service delivery model, especially in remote communities. In 2010–11, an estimated \$1.34 billion in grant funding was provided to Indigenous organisations

³ An organisation that is Indigenous controlled, based-in, or primarily serving, Indigenous communities, initiated by an Indigenous community or group, and/or governed by an Indigenous body. This includes organisations registered under the *Corporations (Aboriginal and Torres Strait Islander Act 2006)* (CATSI Act), as well as organisations registered under other legislation such as federal or state/territory corporations or co-operatives legislation.

through programs that are either Indigenous-specific or have a large Indigenous component administered by FaHCSIA, the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Health and Ageing (DoHA). Audit Report No. 26 of 2011–12 considered the extent to which FaHCSIA, DEEWR and DoHA sought to reduce service delivery risks posed by potential capacity constraints in Indigenous organisations.

14. The capacity of an individual organisation to deliver programs or services for which it is funded, and to the required standards, has a strong influence on its subsequent effectiveness in meeting the outcomes sought by government. In turn, at a wider sectoral level, the capacity of organisations to deliver programs and services will also influence the effectiveness of the overall delivery model used by the Australian Government, given the reliance on Indigenous organisations within that model. Where capacity constraints to service delivery exist, risks arise to the achievement of outcomes and require an appropriate response from government departments. For departments, there are two key approaches that can be undertaken to promote service delivery capacity—ensuring their administrative arrangements do not unduly impact on the utilisation of capacity for service delivery, and working actively with individual organisations to develop internal capacity.
15. The ANAO found that the three Australian Government departments had developed approaches to assessing risk associated with the service delivery capacity of organisations, but these approaches have tended to focus on identifying and treating risks that are internal to organisations, such as financial management, governance and reporting performance. Less attention was paid to the aspects of capacity that are influenced by the nature of government administrative frameworks such as the large numbers of Indigenous programs across departments, the high number of short-term

and small value funding agreements, and the amount of administration that is associated with individual funding agreements. There have been some efforts by the departments to support and enable capacity in organisations but given the longstanding nature of many constraints, overall progress has been slow and uneven.

16. The ANAO made three recommendations to better position the departments to address capacity issues in relation to Indigenous organisations. The first and second recommendations related to the three departments taking a longer-term view of service delivery outcomes and, where appropriate, factoring this into program administration arrangements. The third recommendation related to FaHCSIA leading the development of a specific capacity development strategy, and a supporting implementation approach across Australian Government departments, to address common capacity issues. Each of the departments agreed with recommendations one and two. The third recommendation, directed at FaHCSIA, was also agreed.
17. Effective program and service delivery is essential to address Indigenous disadvantage. The three reports address separate, but interlinked, aspects of the administrative framework supporting program and service delivery for Indigenous people. Common across the reports is the issue of coordination across departments in order to support the whole-of-government approach to Indigenous affairs and also the way administrative arrangements across departments influence the delivery of accessible and responsive services for communities. Overall, the key departments are making improvements in implementation arrangements to support the achievement of outcomes for Indigenous people and there have been important changes since the Committee last reviewed Indigenous service delivery arrangements, including the development of the National Indigenous Reform Agreement. However, there is still progress to made. To give full effect to the National Indigenous Reform Agreement,

there is room for agencies to be more proactive in coordinating service delivery arrangements to support integrated delivery arrangements and ultimately, improved outcomes for Indigenous communities.

18. I and the audit team will be happy to answer any questions the Committee may have.