

[PROOF]



COMMONWEALTH OF AUSTRALIA

# JOINT COMMITTEE OF PUBLIC ACCOUNTS

**Reference: Review of financial reporting requirements for Aboriginal and Island local  
government councils**

CANBERRA

Thursday, 14 August 1997

(PROOF HANSARD REPORT)

CONDITION OF DISTRIBUTION

This is an uncorrected proof of evidence taken before the Committee  
and it is made available under the condition that it is recognised as such.

CANBERRA

## JOINT COMMITTEE OF PUBLIC ACCOUNTS

### Members

Mr Somlyay (Chair)

Mr Griffin (Vice-Chair)

Senator Crowley	Mr Anthony
Senator Gibson	Mr Beddall
Senator Hogg	Mr Broadbent
Senator Short	Mr Laurie Ferguson
Senator Watson	Mr Fitzgibbon
	Mr Georgiou
	Mrs Stone
	Mr Vaile

The Joint Committee of Public Accounts (JCPA) shall inquire into and report on the financial accountability requirements faced by Aboriginal and Torres Strait Island local government councils in their dealings with Commonwealth and State funding agencies. In its inquiry, the JCPA shall pay particular attention to:

- (a) the nature of and differences between the Commonwealth and State financial accountability requirements; and
- (b) the scope for rationalising or harmonising the financial accountability requirements

Given that the Queensland Auditor-General has drawn attention to inconsistencies between Commonwealth and state financial accountability requirements for Queensland Aboriginal and Island Councils on several occasions, the JCPA shall work jointly with the Queensland Parliament's Public Accounts Committee to examine the impact of these requirements on Aboriginal and Island Councils in that state.

### CONDITION OF DISTRIBUTION

This is an uncorrected proof of evidence taken before the Committee. It is made available under the condition that it is recognised as such.



**WITNESSES**

<b>ALLMARK, Mr Richard, State Manager (Queensland), Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606</b> .....	<b>33</b>
<b>MASEYK, Ms Sylvia Dorothy, Assistant Manager, Continuous Improvement, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606</b> .....	<b>33</b>
<b>McDOUGALL, Mr Ross, Manager, Grant Procedures Implementation Team, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606</b> .....	<b>33</b>
<b>O'CONNELL, Ms Lynette Margaret-Ann, Assistant General Manager, Information Technology and Client Support Branch, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606</b> .....	<b>33</b>
<b>SCHNIERER, Mr Peter Noel, General Manager, Corporate Services Division, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606</b> .....	<b>33</b>

JOINT COMMITTEE OF PUBLIC ACCOUNTS  
AND  
QUEENSLAND PUBLIC ACCOUNTS COMMITTEE

*Review of financial reporting requirements for Aboriginal and Island local government  
councils*

CANBERRA

Thursday, 14 August 1997

Present

Mr Somlyay (Chair)

Senator Hogg

Mr Beddall

Mr Griffin

Mr Woolmer (Queensland Chair)

Mr Grice

Mr Hayward

Observers

Australian National Audit Office : Ms Noela Hawke

Mr Doug Lennie

Department of Finance: Mr Neville Jackson

Committee commenced at 10.08 a.m.

Mr Somlyay took the chair.

**ALLMARK, Mr Richard, State Manager (Queensland), Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606**

**MASEYK, Ms Sylvia Dorothy, Assistant Manager, Continuous Improvement, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606**

**McDOUGALL, Mr Ross, Manager, Grant Procedures Implementation Team, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606**

**O'CONNELL, Ms Lynette Margaret-Ann, Assistant General Manager, Information Technology and Client Support Branch, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606**

**SCHNIERER, Mr Peter Noel, General Manager, Corporate Services Division, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory 2606**

**CHAIR**—I welcome everybody here this morning for the third public hearing conducted by the Joint Committee of Public Accounts and the Queensland Public Accounts Committee for the joint review of the financial reporting requirements of the Queensland Aboriginal councils and Torres Strait Islander councils. The committees have just completed inspections of Queensland Aboriginal councils and Torres Strait Islander councils, a program which involved visiting and meeting some 32 councils. The committee has held discussions with the councils on the difficulties they were experiencing in their accountability obligations.

Today we will be taking evidence from the Aboriginal and Torres Strait Islander Commission, ATSIC, about its draft grant procedures. The committees are of the view that ATSIC's review of its grant application and acquittal procedures is a positive development. The committees look forward to ATSIC's comments on how these new procedures will assist councils in meeting their needs and obligations, while at the same time ensuring that the scarce resources of both the Queensland and Commonwealth governments are appropriately used and accounted for.

I remind you that the hearings today are legal proceedings of the parliament and warrant the same respect as proceedings of the House itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of the parliament. The evidence given today will be recorded by *Hansard* and will attract parliamentary privilege.

I refer any members of the press who are present to a committee statement about the broadcasting of proceedings. In particular, I draw the media's attention to the need to

report fairly and accurately the proceedings of the committee. Copies of the committee's statement are available from the secretariat. Observers here today are Mr Doug Lennie and Ms Noela Hawke from the Australian National Audit Office and Mr Neville Jackson from the Department of Finance. Mr Schnierer, would you like to make an opening statement to the committee about the guidelines?

**Mr Schnierer**—Thank you, Mr Chairman. It will be a short two-part presentation by Ms O'Connell and me. I am just going to set the general scene from our perspective. Then we will proceed into the philosophical framework and some of the detailed issues that I think the committee is interested in looking at.

Just to recap a little bit, we are in the process of finalising our new grant procedures and are now starting to put in place our administrative processes in terms of implementation and looking at how we are going to train staff, community organisations and the community in general about the new procedures.

**CHAIR**—You are happy for this to be done in public, aren't you, the discussion on the draft guidelines?

**Mr Schnierer**—Yes. We are pushing ahead with this implementation program at this point because we are very keen to have the new procedures implemented as soon as possible. The earliest that we can have them implemented is for the 1998-99 financial year. This means that we have to do our gearing up and the like in the next four to six months, so that we can get relevant information out to potential grantees and to our staff and get that whole process geared up from the community level.

I will just to go over some of the general points, which we have covered before, to help us set the context a bit: two of the major reasons why we embarked on this process include, most importantly, ATSIC's overall commitment to improving the quality of our service delivery to Aboriginal and Torres Strait Islander people in communities. One way in which we can do that is by improving our administrative processes and procedures and making them as straightforward and accessible as possible so that we can make the delivery of our grants as cost-efficient and effective as we possibly can.

The second reason is that these procedures have been quite a controversial part of our administrative framework for many years and have changed over the years. That change has tended to be incremental and marginal, ending up in a huge thick document. It has become pretty fairly cumbersome for new staff and particularly for organisations to navigate around this document when they were trying to access our funds and to follow through in their grant responsibilities. Over a long period of time these procedures have been subject to change.

Last year we had a process through the government's appointment of the special auditor who brought to us in sharp relief some of those problems and spelt them out fairly

clearly for us in a series of recommendations. In very broad terms, those recommendations concerned pushing us on the need for those procedures to take a more outcomes oriented approach and to get the balance better between outcomes measurement and reporting, and moving away from reporting which is based on financial administration and management of the organisation.

The special auditor also recommended that we should be streamlining and simplifying those procedures as far as we could. In order to get an objective input to that process, we have engaged an external consultant. A project team with a steering committee has been set up with outside bodies involved in it. In particular, the Australian National Audit Office has been very helpful in making sure of the direction that we have taken.

One of the key things we wanted to make sure that these new procedures would measure up to is industry best practice, and particularly best practice in grants administration. In that process, we have found the ANAO's work on administration of grants in the APS a very useful guide in setting the direction for us. In addition, we made sure that our consultant looked at a range of procedures in other Commonwealth and state agencies from which he was required to distil some sort of idea of the—for want of a better description—industry benchmark to this area.

Obviously, with our funding through state and territory governments, we are mindful that we need to ensure our links and processes are effective and appropriate in those situations. That is why we wanted to get the consultant to draw on some of that experience from the states. In very broad terms, the new procedures are a less prescriptive framework to underpin a new philosophical approach to our service delivery. I will hand over now to Ms O'Connell who is going to run you through the basic philosophical points.

**Ms O'Connell**—There are three areas of key conceptual or philosophic change between our existing procedures and these new proposed procedures. I just want to briefly outline those areas of conceptual change.

First, there is a definite intention for the procedures to focus more overtly on the actual outcomes of the grant and, through that, recognise that the ultimate clients for ATSIC are the Aboriginal and Torres Strait Islander people. In part, we have achieved that through modifying the area of acquittance. Instead of just an emphasis on financial acquittance, we have balanced that with an emphasis on acquitting based on outcomes. Also geared elsewhere throughout the new procedures is that changed focus to look at the outcomes, not just what the inputs are.

The second area is that the concept of holism is introduced. In this context, holism means that grantee organisations are asked to think of and describe their proposed client services as a whole rather than as a series of separate activities. In the past under our existing procedures, ATSIC has largely operated by receiving a number of grants from a



particular community organisation and assessing those on an individual basis. We are now moving to a basis of asking for a single submission from an organisation that will cover all of the activities and services that they intend to deliver.

The principle of holism is that it will translate into a single submission for all activity for which the organisations seek ATSIC's support. It is intended that this principle will normally result in a single letter of offer per organisation. There may be times when there may be multiple letters of offer but, largely, the principle is a single letter of offer per organisation. For this approach to really work, there needs to be something of a mind-set change by all parties: certainly by ATSIC's staff but also by client organisations in looking at the services that they deliver as a whole.

That concept of holism is constrained somewhat by our existing program structure, because we need to report based on our program structure. Whilst we may attempt as much as possible to implement holism with the grantee organisation, we still need to be able to account in terms of the funding based on our program structure. So we still need a level of detail that outlines exactly what areas of service delivery certain funds were used in.

The third main area of conceptual change is the introduction of a risk management regime. That risk management regime has largely been implemented in the assessment area where a risk assessment is done of the organisation as a service deliverer. The purpose of that approach is largely twofold: first, to attach a risk evaluation to each applicant or grantee organisation, which can then be reflected in the sort of monitoring and reporting requirements, so that those monitoring and reporting requirements can be tailored to the risk assessment and, second, to contribute to good and consistent decision making throughout the commission.

In order to implement the new procedures, Peter mentioned that we are looking for an implementation in the 1998-99 grant round, which starts at the end of this calendar year when we call for submissions. Clearly, staff and clients need to be familiarised with the new conceptual framework and with the practical implications of the new procedures. A major effort is presently under way to develop training materials to meet the needs of three main target audiences; that is, our grantee organisations, our ATSIC regional councils and also our staff. Meanwhile, we are also paying attention to putting together an information kit for prospective applicants, which will contain material to assist them in putting forward a submission.

In the documentation that was provided to the committee, as well as a copy of the proposed new grants procedures I provided a three-page outline of the key areas of change from the existing procedures to the new procedures. The key areas of change are outlined against the particular elements of the process in a grants submission. You might find that useful in looking at the differences between our existing grants procedures and the proposed new grants procedures. Thank you.

**Mr Schnierer**—That is our presentation.

**CHAIR**—I suppose the main focus of this inquiry is to look at the requirements at a state and federal level and at what confusion this causes in communities having to comply with two different sets of rules. One thing that would be common to most areas we have visited is that we find various agencies just do not talk to each other: state government departments do not talk to each other, and we are told that ATSIC does not talk to various state government departments who have got interests and are trying to carry out similar activities. The whole question of communications is very important in this process.

Now we are going to have grants provided by the Commonwealth on an outcomes basis, but that is not the way that the state government will require accountability and reporting. Can you see that this might cause problems in communities in complying with the Commonwealth requirements? Is this going to make it more complicated or less, or does it not matter to the Commonwealth?

**Mr Schnierer**—It certainly matters to the Commonwealth, and to ATSIC in particular, the level of administrative effort that we require of organisations, because we are very aware of the need to make sure that the running costs of running organisations are not blown out with unnecessary administration costs. We believe that our emphasis on outcomes is the way to go because we think that we need to be able to prove not only to the government of the day and to the parliament in general but also to our own ultimate clients, the communities, the achievements that ATSIC is making with our resources and from that the broader tax paying public in general. One of the major political perspectives put on ATSIC over the last few years is: what do taxpayers get for their dollar investment in ATSIC? We are trying to respond as much as we can to that pressure and, more importantly, we think it is a better way to go in terms of trying to show the planning and the development that is needed within a community.

Unless we can see where outcomes are happening or are at least trying to measure those outcomes, then we do not have a base to build on when looking at the quantity and quality of housing that is in a place and when determining where our next round of funding is to be targeted. We believe we have a limited budget; we have to make sure that it is targeted, planned and delivered in the most effective way. For us to look at how we are headed, we need to base that on an idea of what we have achieved and what we intend to achieve, and try to move in that direction.

I hope that the communities funded through ATSIC will appreciate that approach, because they will be able to see the funds coming into the community. We will be requiring organisations to account for what they achieve through those funds. We are very comfortable with that, and I think communities will be comfortable with that.

If we go into some of the other issues involved in the risk management approach

and how that can free up some of the administration on the organisations if they are low risk organisations, then there is an opportunity for organisations to be able to take on a longer time frame in terms of planning and development and for them to be more clearly accountable to their communities.

**Mr GRIFFIN**—Just to pick up on that issue: I agree that this is the approach that needs to be taken; but I have concerns as to how well it can be implemented because I think it is a big effort. Could someone run us through that risk management issue and how it is intended to actually work?

**Mr McDougall**—I can run you through that. The risk assessment will be done on the organisation as a whole rather than on the individual activities that that organisation is going to operate. The philosophy behind it is to determine an overall rating for that organisation—whether it be high, medium or low—and then to put in place an appropriate management strategy to manage the level of risk. So the two need to be matched together.

**Mr GRIFFIN**—On that, how are you going to make those judgments in the first place as to what rating a particular organisation gets?

**Mr McDougall**—I think it will be done very largely on the knowledge of the past performance of that organisation by staff, including regional council representation, within the individual office where the funding is being sought.

**Mr GRIFFIN**—On that issue: from what I have seen when going around some of the councils in Queensland, there appeared to be a situation where quite often a council had a history of going quite well and then, for various reasons, a problem would occur. One thing that concerned me a bit was just how quickly those problems were being spotted and remedial action therefore being taken. How will that fit in with your risk assessment approach?

**Mr McDougall**—The risk assessment is done looking at a number of factors. They include the value of the proposed funding to the particular organisation, the effect on the community if something went wrong with that organisation and the potential impact it could have back on the government, the minister and ATSIC if it went wrong. Those factors would be looked at as a whole to determine that risk. But, obviously, that risk assessment is done at a particular point in time. Then, given the risk that has been determined, the management of that would include ongoing reassessment of the organisation so that if some key factors change within that organisation—there may be staff resignations or whatever—that can affect the risk; so it is not a static thing.

**Mr BEDDALL**—There was quite a view amongst a lot of councils that, because of the issues you raised about the pressure on ministers every time someone raises an issue about Aboriginal funding, they are actually now more accountable than any other organisation on earth and they think that is unfair. In particular not all of the communities

are isolated, some are quite close to normal broad based communities and they feel it is not fair that they are more accountable than the local councils are. They think that, even though they are elected by their communities, they are not perceived to have the confidence of government funding bodies that other organisations would get.

Will your procedures be flexible enough to quickly acknowledge not only the problems but also the fact that people have got it right again? Because quite a few of the qualified audits that we heard about were actually disputes rather than qualified audits, and we have quite a few examples of why they probably should not have even been qualified. Will the new procedures give that flexibility not only to put a council under the microscope but also to take it out again?

**Mr McDougall**—Absolutely. The initial assessment of the risk is obviously based on factors that exist at that point in time. It may be that that particular organisation does not have in place suitable staff to account for their money. Maybe a week later or a month later they may employ staff who will change their risk. Employing suitably qualified staff is one of the factors that would be constantly looked at by staff during the period of the grant.

**Mr BEDDALL**—At Woorabinda yesterday we were told that a grant controller is in place and has been since 1994. The cost of that is \$120,000 a year. The grants controlled are about \$1.5 million. The grant controller will be based in Brisbane and virtually there is no cross-relationship. How often would that sort of thing be reviewed? Who determines whether the grant controller is no longer needed—the grant controller or someone else?

**Mr Allmark**—Essentially the grant controller would report to our regional office that he felt things were at the stage where his duties could be released. Then in consultation with the regional manager and the regional council the grant controller would be removed. The point that Aboriginal communities feel that they are more accountable than anybody else is a very real one, we believe. But it does not get away from the fact that we have a history in a number of communities of things suddenly going wrong.

I take an earlier point from Mr Griffin about the length of time it takes to establish that things have gone wrong. Woorabinda is a particular case in point. There was anecdotal evidence that things were not going right at the time but until you get the clear-cut evidence from audit process we are not in any position to take action on those matters.

I think the new grant procedures are going to enable probably more flexibility in that area. One of the tools that we no longer have to be quick enough to identify problems in communities is the capacity of our field staff to visit on a regular basis. We no longer have that capacity to have staff in regular contact. You can look at a set of dry figures and things would appear to be okay. It is not until you get on the ground, talk to people and see what is going on that alarm bells start ringing in project officers' minds.

**Mr WOOLMER**—The point was made that this new risk model has been developed in relation with some consultants. Using the example of Woorabinda, you just said that there is not enough interaction and you wait until the audit cycle comes around to identify that something is wrong. Is there a mechanism in place in the ATSIC processes where those project officers who are on the ground highlight some issues?

We have been to many communities. It does not take very much scratching on the surface to figure out that things need to change in some of them. Some of the ATSIC people are waiting until the next audit cycle to either prove that something has happened or is not happening knowing that it is veering off course. To me somebody should be putting their hand up now saying, 'We need some assistance in here.' Someone should look at these organisations.

The other issue that I would like to talk about is the development of who says that a community fits a particular profile. Some of the communities we have been to are not very complimentary about ATSIC. It is all to do with internal politicking and personalities and all different types of issues. Who at that local level makes those assessments? We have found that there are two and three sides to stories.

**Mr Schnierer**—That is a common problem where the communities that we are talking about are terribly under resourced and ATSIC is really a supplementary funder that does not have all the resources to answer all the needs that people have. That is always going to be a cause for major friction and will always be translated into some sort of political dimension between ATSIC and that community. We come in with that background. It is often hostile for ATSIC in that situation.

We have an act which covers all areas of concern but we have a funding program that stretches across a very small number of those things. We are not saying that we should fund everything. What we are saying is very much what some of the people were talking about earlier in relation to the need for communication and coordination between agencies. That is something that ATSIC has strived to do over the years in a number of forums, particularly through the Ministerial Council for Aboriginal and Torres Strait Islander Affairs and the new arrangements for people that we have been trying to work out with state government. At a broad level that has to come into play.

The politics at a local community level is complicated. It is more complicated in some ways for Aboriginal communities than other communities because of the uniqueness of our social and cultural structures within the community. In that situation our officers, who are often not from that community who do not know the ebbs and flows of the politics in that community, are brought in and we need to get them up to speed as quickly as possible.

One of the problems we have is a cyclical problem. We have created such a huge complicated grant process for all organisations and expect our staff to implement it in

every organisation for every grant down to the smallest grant. We are trying to break away from that. We are trying to give a little more flexibility so that our regional managers can have a serious, comprehensive, detailed look at the risk across his or her region and make some management judgment about where the resources are to be allocated in terms of the staffing and the critical organisations.

In this process, and you would have picked this up I am sure, ATSIC needs to be very careful in terms of how we act in these situations. Our community is growing more litigious by the day in terms of our actions and the scrutiny that they bring to us via the parliaments and the courts. If you think our staff are a little tentative some of that is because they nearly have to be lawyers in some situations to be able to handle particular conflict situations.

What we are trying to do here is bring in a little more flexibility and target the organisations that do need the support. We hope from that process managers will have a little more flexibility in terms of the staffing, to get people out in the community interacting with the community. We hope to build on our relationship, and we need to work at it, with regional councils and work with our own regional councils to make contact out in the community to find out those sorts of things.

The problem we have is that people in communities have to stand up and give us something official for us to be able to do something. It is difficult for us to act on rumour and anonymous complaints. We get ourselves into that whole other minefield which I just hinted at. That is something we have to be careful about. Our aim is to empower communities and to respect their role in determining their direction. We have been trying for a long time now to get that balance right. It gets tied up in a political kind of dimension which makes it very hard for bureaucrats to deal with.

**Mr BEDDALL**—I want to come back to the grant controller because that is a really good example of how something that could be of assistance to a community is perceived by the community as a hindrance, particularly to Woorabinda. Woorabinda's grant controller is in Brisbane. We have been to other communities where the grant controller is on the ground. Whether they were just there when we were there who knows? But they were actually on the ground.

What they say at Woorabinda is that their grant controller is in Brisbane and everything is run from there. They are not empowered to make decisions. They have to make commitments and the grant controller will make a decision about whether that fits the guidelines. They think that a grant controller, someone who is paid that amount of money, should at least spend some of the time on the ground in the community so the community gets something out of that so they do not need the grant controller again. They are saying in this particular case that they do not get any feedback.

**Mr Schnierer**—The model of the grant controller that you are talking about is a

fairly standard one that we have used for quite a while now. I am happy to say that we are looking at other ways grant controllers can have a more constructive role in terms of shaping the managing organisation and trying to assist them develop skills. A number of our states have broadened the role of the grant controller away from that necessary administrative role you are talking about to start imparting some of the skills and knowledge across the community. We do not want the grant controllers in there any longer than is necessary. It conflicts with what I just said in terms of having self-determining communities and organisations. Fundamentally, we would want them to move on as quickly as possible. You are describing a fairly typical grant controller arrangement that we have had in the past.

**Mr GRIFFIN**—I think the grant controller in Woorabinda spends about half a day to a day there each month as a maximum. So is that in itself quite typical? My recollection of the places I visited where there had been grant controllers in the past was that they were normally on deck. So it is quite typical for grant controllers to be hundreds of miles away?

**Mr Schnierer**—For some remote communities the answer has to be yes. I am talking in broad terms. If you want to talk about the specifics of situations, you have to take into account the set up of the organisation and who was available when the tender was put out and all those sorts of things.

**Mr McDougall**—It is quite often a logistic problem. You have a community that is hundreds of kilometres away from a major centre and quite often they do not have any form of accommodation for the grant controller to be on site. Obviously that person has to have a residence to live in and usually that does not exist.

**Mr GRIFFIN**—I understand what you mean there but we are talking about a situation where grant controllers are quite expensive. It is an important job and they have responsibilities there. Although I take the view that you are correct in that in some communities there is not accommodation available, I also say that in a lot of the ones we visited accommodation was available of a standard which was reasonable. With the sort of money that is being paid for grant controllers, I think the organisation itself is missing out on value for money with respect to what can be achieved by the assistance of a grant controller. When you are paying that sort of dough I would be surprised if you could not get people who were prepared to go in for a reasonable period of time on a regular basis.

**Mr McDougall**—For some grant controllers who are engaged that does happen. Before the grant controller is engaged terms of reference are drawn up in consultation between ATSIC and the community concerned to determine in what manner the grant controller will operate. In some of the ones I have been associated with it has been written into the terms of reference that the grant controller shall live on site obviously if accommodation is available.

**Mr BEDDALL**—If you look at the list of communities, the councils have been through remarkable changes in the last elections. Very few councils got re-elected. That is fairly typical of local government. In some of them quite significant changes were made and people are trying to empower themselves. They are wearing in some ways the odium from a previous administration. It is not only an issue of they are there. It is the amount of support a new council gets. That is all part of that risk management strategy. How much responsibility does ATSIC think it has to ensure that the people on the ground, the councils elected by those people, have the competency to actually administer themselves? Is there an overall view that ATSIC has about education and training towards local councils in particular?

**Mr Schnierer**—It so happens that we are proceeding to the next board meeting with a proposal for a national training program on organisations, management and skills. We are linking part of that to our process by training them about grant procedures. We see a need there. Over the years some things have had to be tightened up due to the cutbacks that have been happening. Unfortunately, that is one of the areas.

Now it is very much back on our agenda, particularly because we are coming along with a new set of procedures but, more importantly, our procedures require a certain level of threshold knowledge of basic corporate government issues in relation to administration and management. We see a longer term program need there and a proposal is being put to our board meeting next week to pull that up. We are not the only ones who are responsible for the councils. Again, we get back to communication and coordination with other agencies and whether we can pool the training resources that people have available to do those sorts of things.

**Mr WOOLMER**—To take that a step further, you say that you are going to finalise training and put it to your board. That is in a very short period of time. Have there been any discussions with the Coopers & Lybrands and Price Waterhouses? Price Waterhouse is currently contracted by the state to deliver training to all the island communities. Coopers are doing a three-module training program through all of the Aboriginal communities. We were in the Torres Strait and TSRA say that they are working in conjunction with Price Waterhouse and the ICC and the ACC. Have they all been brought in on this?

**Mr Schnierer**—I cannot guarantee that all of them have. At this point what we are doing is working through our state managers to develop a state based strategy for training, not only for the organisation but for our staff. We are looking for advice from our state managers on who are appropriate trainers in the various states and how training should be delivered. Should we do it in-house or outsource it? There is a strong leaning towards the outsourcing road. Some of those people may be being picked up. We are also insisting that they have proven experience and skills in training indigenous people. It is a specific area of expertise that needs to be addressed.



**Mr Allmark**—We have not been involved in Price Waterhouse because they are doing the TSRA which we are not connected with at this time. We have not been working with the other group on the basis that DOGIT communities are a state government responsibility. We do develop, as far as we can, training modules for our communities for ATSIC grant procedures and ATSIC grants and conditions. The principle of those is CDEP. We have done a lot of work with CDEP training for organisations over the past few years. We have not been directly involved with the training of staff or councillors on DOGIT councils.

**Mr WOOLMER**—So we have the scenario at the moment where all the communities have a three-module package that is being developed as standard training by Coopers & Lybrand. They have finished delivering module one to every community. September is the start of the roll-out of module two, which is about general responsibilities of being councillors, financial compliance issues, et cetera. Now ATSIC is coming up with another standard package as well. Do you think there should be some coordination?

**Mr Allmark**—Certainly there should be.

**Mr WOOLMER**—Price has just done the same thing in all the islands. They are sending people out to every island community and they stay for one or two days and run through all the clerks and all the councillors.

**Mr Schnierer**—I would hope that their approach helps us build that threshold of basic skills and knowledge. There is a basic set of skills and knowledge we would be drawing from. Our consultants would be drawing from a similar pool as the others. The connection can be made and we will look at it. We do come along with some differences in terms of our processes, but that is what we will be looking at in relation to training. Hopefully, they will build upon similar kinds of principles in relation to management of projects and organisations.

**Mr GRIFFIN**—On that issue, within Queensland how many communities are identified and funded by ATSIC? Are we talking about, in terms of Aboriginal communities and DOGIT councils, 17 or 18?

**Mr Allmark**—In terms of DOGIT communities?

**Mr GRIFFIN**—No, in terms of total communities.

**Mr Allmark**—I could not tell you off the top of my head.

**Mr GRIFFIN**—Ballpark?

**Mr Allmark**—150.

**Mr GRIFFIN**—I think we have to put the DOGIT communities in perspective with respect to the entire role ATSIC plays within Queensland, as an example, and then go to the question of elsewhere. I stress that it would be a good thing, if it has not happened, for state managers to be asked to consider the question of what training is being down through state authorities. I realise it is a nightmare trying to get coordination at that sort of level. There is a bit of reinventing the wheel possibly occurring in aspects of communities that you are responsible for. It may well be that some of that can be saved. There may even be some scope for looking at joint funding of training development. I think it is something for you to take on board and have a look at.

**Mr Schnierer**—Can I suggest that it is a two-way street and hopefully the same message can go back to the people managing those programs to offer ATSIC to become involved. If people say, ‘We are going off to train the DOGIT communities,’ off they go. We cannot stop the Queensland state government doing that. It might be useful if they say, ‘ATSIC, let’s sit down and have a look at this.’ That would help facilitate the contact. That is one of the fundamental problems of the communication that we talked about earlier.

**Mr GRIFFIN**—I totally agree with you and if they were here I would be saying the same thing to them.

**Mr Allmark**—We had a joint meeting not so long back with the Office of Aboriginal and Torres Strait Islander Affairs as to how we would go about things in communities. If the state through Coopers is skilling up the community administrations and we are specifically looking at our grant procedures and specifics of grant then I think the two are complementary.

**Mr BEDDALL**—Can I raise the issue of where the Commonwealth money does go to DOGIT communities in a real sense and that is through CDEP? There have been a number of problems with the program right through the communities, although there is a great deal of support for the programs. Some communities are much stronger than others. If you do not turn up you do not get paid in some of those communities, particularly the island communities. There seemed to us that there had been a number of CDEPs suspended. What happens then is a new Aboriginal corporation is formed.

In many instances, the people who formed the corporations were the people who had caused the problems in the first place. One particular community said that the previous council which they had replaced was to run the new CDEP program. Is there some way to look at the competency of the people who are going to run it or does the program just have to get up and run? The community I am talking about is Palm Island. They said that the previous council, which they all got rid of, is now running the new CDEP program.

**CHAIR**—The CDEP program there also had a fishing trawler. The ballpark figure

was about \$400,000. That has been sitting there since October last year and just rusting. Nobody has been near it. What happens to a marine engine if you just leave it in the water and do not turn it over? That is not helping anybody. What happens to the assets of the suspended CDEP programs?

**Mr Allmark**—In Palm Island's case the assets remain with the Palm Island Council. Palm is a particularly unfortunate situation, we believe. The internal politics of Palm are well known to everybody. It has the potential to be one of the best CDEP programs in Queensland without a doubt. It has a captive market so to speak. People are discrete in the community. It has the potential to be a tremendous program. All it needs is the will within the community to join together to do it and a driver. It needs some driver to do it.

As you know, we are planning to reintroduce Palm Island in October. There was a new organisation established. That does have some connection with the old council but not by any means to the full extent. We are hopeful. Part of our process there is to put some training funds in which does skill up the administration of the CDEP before we crank them up to be full-scale, something like 250 by hopefully 1 July.

**Mr ANTHONY**—I think you should take on board that particular example Mr Chairman raised whilst you are trying to put through these guidelines to become more outcome focused in that respect. In that example not only was there duplication of state money and ATSIC money but there was even a variation in building of houses. A house would cost \$30,000 more if ATSIC was funding it. There seemed to be a close analogy that where the project consultant was involved there were fairly large cost overruns. I think that is something you ought to have a look at on Palm Island.

**Mr GRICE**—What will happen to the trawler?

**Mr Allmark**—Mr Grice, we hope it is not totally beyond repair. The last word we had was that it has to be pumped out every second day. I think that was the agreement.

**Mr GRIFFIN**—That is happening? It is being pumped out every second day?

**Mr Allmark**—Yes.

**Mr GRIFFIN**—That is different to what we were told.

**Mr Allmark**—There are steering problems and all sorts of things. Unfortunately, it is not an isolated incident when it comes to fishing vessels and things of that type. There is no particular mechanism whereby ATSIC can, in the CDEP scheme, regain those assets. If a CDEP was to be terminated rather than suspended, because the suspension is the hope we can resurrect it and get it on its feet again, then under our act we can reclaim assets which have been funded through the program.

**Mr HAYWARD**—Can I ask a question to Ms O’Connell? It is to do with the new grant procedures. I am interested in this notion of risk assessment that you are talking about. How will that work in a practical sense? Just so I understand it, will the level of risk assessment determine whether or not someone, some group or community gets a grant and/or the level of the grant that they receive?

**Ms O’Connell**—To start with, the basis of our risk assessment is based on some recent Commonwealth guidelines in relation to managing risk in the Australian Public Service. In that I refer to this booklet published by the Management Advisory Board on guidelines for managing risk in the Australian Public Service. Our risk assessment is based on those Commonwealth-wide guidelines.

In terms of the impact of the risk assessment, the risk assessment directly influences the sort of monitoring regime that is put in place if a grant is funded. There are three key areas which will influence that monitoring. The first is field visits. I think someone earlier raised the question of ATSIC staff sensing that something might be wrong and what can we do when we sense something might be wrong. That way of sensing is normally our field visits. In the new procedures we place a little more credence on the field visits through having written reports as a result of field visits and following up on action. The risk assessment goes to influence the whole range of monitoring techniques.

Another area is the financial statements. In the past we have had almost mandatory quarterly financial statements with the exception that sometimes it is monthly if the organisation poses a risk. This allows a little more freedom in a sense of moving to perhaps six monthly submission of financial statements based on the risk assessment. Another area is largely the capacity for major reviews. From time to time we do a major review of organisations. That is, in part, influenced by the risk assessment. It is also, in part, influenced by the size of the grant and so on. It goes to influence a whole range of monitoring techniques that we use.

**Mr HAYWARD**—Again, just so that I understand this: the level of risk as determined does not determine whether or not you get a grant or the size of the grant; what it determines is the level of monitoring that will be involved with it.

**Ms O’Connell**—Perhaps Ross can talk in a little more detail about that aspect.

**Senator HOGG**—Just before he does, I have a similar question: if they are assumed to have a high risk, does that then mean that there will be intervention to ensure that the project goes ahead, or will the project be dropped?

**Ms O’Connell**—Broadly—before I hand over to Ross—the risk assessment is not just in terms of looking at the organisation and its risk; it is also a matter of looking at the service to be provided and making an assessment of the importance of that service. Therefore, you could end up with a situation where the service to be provided is extremely important to the community, that there may be a sole service provider, but that that service

provider—in terms of the grantee organisation—might be considered a high risk organisation.

In those instances, as a result of that assessment, as I have said, we may well put different monitoring regimes in place; we may provide other sorts of assistance or controls, or whatever may be necessary, to ensure that the service still gets delivered, even though it might be from a high risk service provider. But perhaps Ross might talk a little more about that.

**Mr McDougall**—The determination of the level of risk in it itself would not preclude an organisation from being funded. It merely guides us in the techniques of management of that risk that must be put in place. So just because it is a high risk does not cut it out.

**Mr HAYWARD**—Therefore, monitoring obviously has some cost to it.

**Mr McDougall**—Yes.

**Mr HAYWARD**—Who is funding that: ATSIC as an organisation; or the grant receiving body, or whatever it is?

**Mr McDougall**—It puts some onus on the organisation receiving the funds in that the risk might be regarded as high and one of the monitoring processes may be the requirement for them to provide monthly reporting. That could be seen as being somewhat of an imposition in terms of cost on the organisation. However, it could also be argued that, for the organisation to be effectively managing their affairs, they would be producing financial reports on a monthly basis anyway, if not more often, in order to effectively manage.

There is also a cost to ATSIC in terms of our administration in that, if you determine that it is high risk and would require, say, fortnightly visitations by a project officer to assist that community, it obviously has a higher cost implication to ATSIC than an organisation that is a low risk which possibly would only require a visit by a field officer once a quarter.

**Mr WOOLMER**—Do you think, or are you hoping that, that will be received as an incentive basis; or do you think it might run the risk of being seen as a sort of punitive type approach as well? Most of the communities that were well managed said, ‘Well, hang on, we run our books fine, we do a good job, we deliver services to our communities. But we never get any recognition for that. But the communities down the road are in an awful mess, some of them do not even have books to present, yet they still get their funding anyway.’

**Mr Schnierer**—Hopefully, this will provide our manager on the spot with greater

flexibility, for example, with quarterly financial statements and a little bit of loosening up there. Hopefully, that will be a step away from where we are now where all of them are required to do it, whether they are good or bad. That sets up the situation you are talking about. Our manager now can make some judgement on the low risk organisations as to how many financial statements they provide and how many, and on what basis, intrusive visits will be made from project officers, so they can get on with their business. Hopefully, this thing of the incentive we see as being appreciated and taken up.

**Ms O'Connell**—Complementary to that is the relationship with the size of the grant. Our monitoring regime at the moment is basically the same, no matter the size of the grant. This now introduces, in part, the real risk assessment being the size of the grant and the flexibility to adopt an appropriate monitoring regime based on the risk of the assessment of the organisation, the size of the grant and the services delivered.

**Mr BEDDALL**—How much liaison is going on between you and the state government? They said that the biggest problem they have is a grant for \$4,000 for crisis accommodation where every second day someone is on the phone wanting accountability.

**Mr Allmark**—A state grant?

**Mr BEDDALL**—A state grant.

**Mr Allmark**—Yes.

**Mr BEDDALL**—Do you now talk to the state departments that deliver these services also and say, 'Let's have a common approach to this'? Their auditor does not do performance audits. So, as long as you fill all the boxes in, they get a tick. If you get one box wrong, you do not get a tick but you still might be a good council. How much coordination is going on between your organisation and state government agencies?

**Mr Allmark**—At the present time with that issue, very little. Obviously we seek from the Auditor-General a bit more information than he gives us. But that has not been forthcoming—and we would like to see it.

There is an initiative at the moment from the Department of Premier and Cabinet about changing the manner in which they go about funding, particularly to DOGITs, about which we are rather excited. We think it has tremendous potential for all of us to work together. I could go into some detail about it if you wish, but probably now is not the time.

That initiative will involve ATSIC in the initial planning stages of projects beyond ours, beyond state instrumentalities. It covers state, federal and local government inputs to a community. They are developing, at the present stage, a trial process to go into four communities in the coming financial year. We are hopeful that that mechanism, if it

works—and it has the potential to do so—will overcome a lot of the problems we have been having with lack of communication.

**Mr GRIFFIN**—If you have additional information on those issues, we would be very happy to receive it.

**Mr BEDDALL**—This is just to let you know that things are not all bad: your Townsville regional office said that they had had a very good relationship with the office of the Premier based in Townsville, and that has worked very well.

**Mr Allmark**—We have good relations with a number of the agencies.

**Mr WOOLMER**—I want to explore this a little further in that it is a point which is being brought out in most of the communities we have visited: they are dealing either with TSRA or ATSIC, and then they are dealing with a raft of state government departments. Ms O'Connell, as to your second point with this holistic community based approach, I would expect you to be receiving considerable wish lists from communities, or whatever, which will cut right across health, housing, roads, sewerage, water—all those things.

Have you planned to sit down with the state departments when you get those plans, or will you take them off the TMPs which were done up in the island communities? What is the mechanism for state involvement? Is there a planned process there?

**Ms O'Connell**—My reference to the holistic approach in my introductory comments meant a holistic approach to the ATSIC funding provided. So that would be within the constraint of the funding available to ATSIC—so not for education or health services.

In the past ATSIC has looked at its funding as individual sort of program-by-program items within ATSIC. You may have an organisation that has a number of grants just from ATSIC. So that holism about which I was talking is meant as reflecting within the ATSIC funding regime. Peter might want to add a little about the other planning processes that come into play.

**Mr Schnierer**—I think the mechanism of most relevance to what you are talking of would be our regional council planning process. That has been around for quite a while but may not have been used as much as we would like in terms of being a basis for interaction with the three levels of government. We need to look at that pretty much in terms of 'the regional council plans are the regional council plans'. Bureaucrats in Canberra have difficulty guiding regional councils in terms of that planning process, but they are seen very much as being within the context or framework of our act.

How we envisage regional councils becomes a focus point in terms of covering all

of the needs, social and economic, across the ATSIC region and that being the basis upon which they can move forward as the political arm in terms of the regional council, in terms of their interaction with government at the political level and the basis for our staff to interact at the regional level with the administration of state and local government. For us, that is our focus point. If there is another comprehensive kind of approach coming along with those, we do need to look at the linkages that can be developed there and make sure, again, that we are not re-inventing the wheel in planning, which we may have been doing in the past under grant administration.

**Mr ANTHONY**—One of the concerns I have—and the new grants procedures that you are outlining are the way to go—is that, basically, you have an implementation date next year. I assume that you would have test run this model with some of the land councils, because so much duplication is coming through from a state basis and a federal basis. I think the holism approach is a good approach—and I assume that is just one pipeline.

However, there is the housing example. A successful project may be ATSIC funding for a certain amount of houses. You look for that outcome, and you get it, but the cost is 30 to 40 per cent more than with state funding. If you take this path, I think it is absolutely essential that there be a very open dialogue with your state counterparts to get the maximum value for the buck, and also that there be this holism approach to get some type of consistency with state agencies. And I am sure that there is a willingness now from both sides of government to achieve that result; if not, further angst will be caused. Also, there is still no training—even though we have addressed that issue in most of these places—to adopt these new guidelines which are meant to be simpler.

**Mr GRIFFIN**—I think though that the question of the 30 to 40 per cent you have mentioned related to one particular community; it was not all the communities. Also, it related more to the question of a tendering process at that particular community and how they worked it out. So I do not think that is a general issue, as such. The co-ordination is a general issue—I would agree with that. But I believe that that particular instance is not a general issue.

**CHAIR**—You have acknowledged that it is going to take considerable training and a cultural change to get people to be outcome focused. How much training is being done in ATSIC at the Canberra regional state level for them to become outcome focused? It is a culture change within ATSIC and the APS altogether. Can it be done by the beginning of the financial year next year?

**Mr Schnierer**—On outcomes, there is certainly a lot of work that we have to do, because we are trying to create a cultural change within an organisation which has had a long history of doing business the way we have been doing it, stretching way back before ATSIC. So the history of where we are coming from goes back over seven or maybe 10 years. So we need to deal with a long history there.



But we also need to bear in mind that in our part of the equation ATSIC only plays a limited role in the terms of achieving the overall outcomes in relation to social and economic changes in a community. We do not believe that we have all the resources to do it. Also, we believe that the three levels of government along with ATSIC should be, in a coordinated way, bringing that forward. So there are many other issues of that sort of which people need to be aware and trained in, in terms of bringing about the outcomes that we need.

Getting down to the specific projects and program outcomes and outputs that we measure, we have just made a huge investment in that we have established a new program performance monitoring reporting system which requires mandatory reporting on core indicators. It is based on what we call our 'insight system' which brings together that data for us. We have never before had this sort of technology available to collate from the project level to the national level.

That is in place now, and that has been a huge change we have brought about and put in place over the last 12 months. It needs to be built on—there is no doubt about that. Also, we still need to transfer that knowledge and the commitment to reporting on project indicators to some of our staff and also out to the communities, and to the organisations in particular, to make sure that they know of their responsibility to show what their outputs and outcomes are for the services they are delivering in their communities.

**CHAIR**—But the need for training within ATSIC and outside of ATSIC, and for members of parliament, to understand performance indicators and outcomes.

**Mr Schnierer**—It is very much in our interest that we do have a holistic view of who needs to be trained in outcomes, because we believe that ATSIC, unfairly, is held responsible for poor indigenous health, poor indigenous housing and poor indigenous education, and whatever, in Australia. That is a point that we need to make—that ATSIC is just one of a number players in this whole situation that needs to get its act together and be able to provide harder information for government and communities

**Mr GRIFFIN**—Unfortunately the name of ATSIC suggests that basically you are the whole box and dice.

### Short adjournment

**Mr GRIFFIN**—During the break, I was talking with Mr Allmark about this issue: when talking about Aboriginal communities, in Queensland in particular we are actually looking at a situation where the DOGIT communities form about 25 per cent of the total population—

**Mr Allmark**—Yes.

**Mr GRIFFIN**—and, when talking about actual community entities, they are an even smaller percentage in the overall sense.

**Mr Allmark**—Yes.

**Mr GRIFFIN**—and that the issues are sometimes quite different. Could we just look at that a bit more? My feeling is that, with DOGIT communities, essentially there is a more formal structure. So, in those circumstances, state and federal issues are probably starker. Could you comment on that at all?

**Mr Allmark**—Yes. The governing councils of DOGITs operate under legislation, whereas the bulk of Aboriginal communities are incorporated either through the Australian Securities Commission or through the Aboriginal Councils and Association Act, which is a Commonwealth act. In a number of communities where you may have 20 or 30 Aboriginal people as the total population of a town, they have a very loose association; they may not even be incorporated.

The difficulties there are compounded in how they get service delivery to Aboriginal people in those communities. Some work directly with state governments, and are very successful at it. Some of the communities that we could point to, perhaps to the west of Brisbane—places like Charleville and Cunnamulla—do not seem to have any problem getting services, and that probably has something to do with the personalities who live in them. But they go directly to state government agencies and get their services that way. So there are marked differences between what occurs on DOGITs and what occurs with the bulk of Aboriginal people in Queensland.

**CHAIR**—Why is that?

**Mr Allmark**—The discreteness of DOGIT communities, their size and the structures which they have in place.

**Mr GRIFFIN**—Which, in itself, produces another complication for ATSIC in terms of the whole question of coordination and service delivery—because you are looking at the question not only nationally where there are national issues but also of state based issues; there is the situation also within the state of Queensland where there are very different types of communities governed by a different set of legislative approaches which, again, have implications in terms of the way you work through the maze.

**Mr Allmark**—And, in terms of the way we are going to be implementing the new grant procedures, we have to do that with each of those tiny little organisations, not only with the DOGITs.

**Mr GRIFFIN**—On the question of federal government coordination, issues were raised at one or two communities about DEET in particular, and also possibly the

Department of Health and Family Services, having programs funding delivery and ATSIC also providing complementary services which impact on those same areas, and there being a lack of coordination or understanding and communication between federal agencies around what is occurring. This happened particularly at one community, whose name escapes me.

There was the question there of ATSIC funding under, I think, one program—and it might have been Palm Island—in relation to a motel; there was the question of funding from ATSIC and then there was the question of funding for training from DEETYA. It was a situation where it was apparent there had not been discussions across the two agencies about what was occurring. I have related that as an example.

I would take the view that ATSIC is the principal body that is, and ought be, responsible for the question of indigenous organisation and funding. Do you find that other federal agencies let you know about what they are doing in particular communities and that there is coordination, or do you find that there is difficulty in getting that coordination?

**Mr Allmark**—On a general level, or in Queensland generally?

**Mr Schnierer**—I can talk very briefly on the general situation. Obviously at the national level ATSIC is the all-covering, all-encompassing body in terms of covering all of the issues in a particular community. However, DEETYA is a department of state and headed up by their own minister, and they will make their decisions as they see necessary.

ATSIC is available for co-ordination, consultation and liaison. We have a longstanding relationship with DEET. We have transferred programs between each other. We are setting up new programs now about which we talk to them as to how they will be set up, and those sorts of things. But as to the sort of coordination and communication we need to establish, there is always some way to go in that we could always do better; I think we could become closer.

**Mr GRIFFIN**—How do you think that should happen? Have you any suggestions about how that could happen?

**Mr Schnierer**—I have to say that I am starting to get out of my policy responsibilities here. Basically, I think we have to look at each of our own national planning processes and what we see as being the priorities. We have to look at how we consult with each other. Personally I think, from DEETYA's point of view, they are taking more advantage of us, particularly of our elected arm in terms of their ability to be represented and for community views as to what should be happening in education, and those sorts of things.

A lot of work has been happening at that level, particularly at the ministerial level.

Our minister has invited Minister Vanstone to visit and has accepted invitations to talk to the board, and so on, as have various other ministers. So those connections are being made at that ministerial level, and they are being made as quickly as they can be. But with a new government, it takes a while for all of those things to be put in place. It is pretty well under way now, of course. That then has the ripple effect, and we hope that that ripple effect brings people at the state and regional level much closer together.

**Ms O'Connell**—Just to give a few other examples at the more general level: when we did the review of our existing grants procedures, we looked at a whole range of other grants procedures that other agencies use, some of which we may link with in terms of end delivery on the ground of services. We looked at some Commonwealth and different state departments there as well. Specifically, we looked at DEETYA and the Department of Health and Family Services.

But another separate example—for which I do not have policy responsibility but, if I can, I will mention it briefly—is that we have a new business program called the business initiative program, which has linked more closely with the Commonwealth DEETYA in terms of developing its framework and using some of the existing programs and support arrangements in DEETYA, such as the NEIS program—and that is built in as part of the ATSIC scheme. That is one example of where it has worked. I still say that there is more room for better coordination.

**Mr GRIFFIN**—Could I get a comment from Mr Allmark on the question of what is actually happening in Queensland at the moment.

**Mr Allmark**—At state level, we have maintained formal arrangements with DEETYA both at a senior level and at a more junior level. Those formal meetings take place every couple of months, or at least quarterly. However, they do tend to be a bit reactive. That is what has happened rather than what is going to happen.

At regional level, it varies from office to office, depending upon the people who are there and whether those services are there. For instance, in Roma, which is one of our regional offices, we are the only Commonwealth agency. There is no other Commonwealth agency in Roma. Those linkages are then difficult. In places like Townsville, which is the major centre for DEET up there and Aboriginal program directories in Townsville, that tends to work quite well.

**Mr GRIFFIN**—The example I mentioned before was actually in Palm Island, so it was Townsville where there appeared to be a situation where—at least we were told—ATSIC and DEET were both effectively providing funds for a particular initiative. The circumstances were that certainly ATSIC, we were led to believe, were not aware of the question of that DEETYA involvement. That is a simplification of what happened. I do not think we have time today to go through the detail there, but it did raise an issue about the question of that on-the-ground coordination.

It also raised the question of, when we talk about outcomes with the circumstances as in this case, if we say, 'Here is an outcome which is a good idea,' whether in fact we are maximising the potential across funding bodies to actually achieve an outcome. Also, when you are talking about accountability, whether in fact there is unnecessary confusion about the question of who is accountable to whom for what in the circumstance of the delivery of an outcome. So I would ask you to have a look at that situation, if you could.

**Mr BEDDALL**—Could I just intercede because Mr Griffin may not have seen the documentation I saw. There was some confusion by the ATSIC officials—they were going from memory. The particular project was a motel that was to be built. In the application form there was no provision for wages. The wages were always going to come from new work opportunities, so it was always intended that DEETYA would supply those wages because otherwise it was an application that did not have any wages.

**Mr GRIFFIN**—That is why I said there was some confusion about what we were actually told on the day as well with respect to that. So I just ask you to have a look at that question and whether that is a more general issue.

**Mr Schnierer**—We do a lot of joint funding with DEET in terms of projects, and it is a question of the actual elements of the projects that we are funding. Sometimes I think the confusion adds to the criticism of duplicative funding when we need to have a mix of funding to make sure something happens. I am sensing that it might have been they were funding a separate element from us.

**Mr GRIFFIN**—That is why I say I think there was some confusion. The confusion I got on the ground was actually from aspects of what we were told by ATSIC officials in Townsville over two meetings on the one day.

**CHAIR**—That is your own people who were not really sure of what actually had happened.

**Mr Schnierer**—Of what DEET were doing?

**CHAIR**—Yes.

**Mr GRIFFIN**—Just how it fitted in. I am not saying it is not a good idea that in fact there is not that joint funding arrangement around the question of delivering of particular objectives. Obviously, when there may only be enough in one budget to achieve X, if you can use other sources of funding, you can achieve something more. That is not a bad thing at all. It is a good thing. But the question is whether the coordination around that can be improved or whether it is okay.

**Mr ANTHONY**—It raises a point that you started with, and it comes back to outcomes—your money and DEETYA money. How do we evaluate that outcome if

different Commonwealth agencies are providing funding to certain projects?

**Mr Schnierer**—There is also a timing problem there in terms of when the decision is made to allocate funds. Sometimes they may be getting a positive indication from ATSIIC and that is used as a leverage on DEET. They get into those sorts of games. So it is very important for us to straighten out the coordination problem in terms of when decisions are made so that people can get a decision on the whole project at one point in time.

**Mr BEDDALL**—They are different outcomes. One outcome was to train people and give them employment from DEETYA; the other outcome was to provide accommodation on the island for people who came to do things. But they are completely different outcomes.

**CHAIR**—That raises a question: how do you know when you are measuring your outcomes that you are not measuring something that has been partly funded by the state?

**Mr Schnierer**—This is a major challenge for us, and it gets us back to the definition of outcomes. Some of the examples that have been mentioned—and I do not mean to be disrespectful—sound like outputs to me rather than outcomes. When we talk about outcomes, we are talking about broad things like the social health of the community. When we talk about outputs, we are talking about the number of people in the job. Getting the attribution of what you are contributing to the outcome is another major step that we have to—

**CHAIR**—Mr Hayward was a health minister. I said to him before, ‘How do you measure an outcome?’ He said, ‘You possibly have to look at infant mortality rates, death rates or whatever.’ Then how do you separate whether it is Commonwealth or state? How do you then measure outcomes at the Commonwealth level—separate the two? You may not have an answer.

**Mr Schnierer**—I do not have a conclusive answer now. I think there is a lot of debate that has to go on in terms of those sorts of things being settled between the three levels of government, particularly on health matters because each level of government has a role in primary health care. It is not just something that bedevils ATSIIC.

**CHAIR**—Do you see an advantage if the state of Queensland also moved to outcome budgeting?

**Mr Schnierer**—Absolutely, I think it would be of great assistance in terms of our being able to talk the same language between ourselves and also to our clients, and in the end get the sorts of quality services that they want and need. So, yes.

**CHAIR**—Do you find it easier in New South Wales and Victoria where they have

moved to outcome budgeting?

**Mr Schnierer**—I really could not comment on that at this point because it is early days of moving in that direction. Wherever the communication on these things can be improved—and I do not just mean that in a sort of superficial talking kind of way; we are talking about outcomes and being serious about it—that has to be the way we should go. It gets us to a common understanding of the principles involved. Practices are going to vary, and we need to become more consistent there as well. But we do not seem to get the principles right between the various sectors that are involved.

**Mr WOOLMER**—Do you need to separate them all? We are sitting here discussing the merit of assessing qualitative issues and how we are going to worry about doing it. Surely, if we could improve the health of a community, that is more important than worrying about this esoteric argument of whether or not we can claim 40 per cent of the responsibility or 20 per cent. Who cares! As long as the people are better off, the services are provided, they are getting what they want, the taxpayers are not throwing good money after bad and the standard of living, the benefits and the services to the communities are improved, who really cares?

**Mr Allmark**—I think the key to that is integrated, coordinated planning of all service delivery agencies.

**Mr GRIFFIN**—When you have limited resources, the circumstances are that issues like that are important. The intention is always the outcome, but then you go into arguments about federal-state funding and the question of actually getting outcomes. In the first place, you are going to have a question of actual constitutional responsibilities and how that actually operates.

Although that might all be stuff which basically we would rather not be bedevilled by, the fact is that, under the federal system we have, we are bedevilled by it and, therefore, it is an issue. When you are talking about getting those outcomes, if you do not resolve those sorts of issues or have a clear understanding of where you are going with them, you will not get those sorts of outcomes.

**CHAIR**—It is not uncommon that when unemployment falls it is a state responsibility, but when unemployment goes up it is a federal responsibility.

**Mr Schnierer**—We are trying to do our best delivery.

**Mr WOOLMER**—I like the idea of the outcomes approach. It has to be about improving the lot of the people at the receiving end.

**CHAIR**—And make sure they receive it.

**Mr WOOLMER**—And getting the dollars out to the people in a way that is going to improve their lifestyles, their health and their education. For example—and we do not want to go over it anecdotally—there are the roads in Bamaga. Bamaga is a dust bowl. All the kids have asthmatic and respiratory problems because the whole place turns into a dust bowl when it is dry. The state just said, ‘Let’s go. We’re just going to go and seal all the roads.’ They are doing it now. I believe—I am not 100 per cent certain—they have been funded before to seal the roads and it never happened. This time the state has just gone in and funded it.

The public works committee of the state has just done an infrastructure report on the Cape York area. In it they talk about roads, sewerage, water provision services, health services, bridges—all areas. I will ensure that that gets sent down to you, if you have not received a copy of it, because it actually has a matrix in the back of it as well of all the reporting relationships. There are about 60 separate lines—it just looks like a mess—between all of the different authorities. It is basically about capital infrastructure on the Cape. It has a whole list of recommendations, and there is a determination to get on with it now.

**Mr Allmark**—I would really appreciate a copy of that because that is crucial to the sort of work we are trying to do there.

**Mr HAYWARD**—Can I ask a question of Ms O’Connell, and it comes back to the risk assessment issues that we were talking about before. It has been concluded that is obviously a cost towards monitoring of a particular program. I am interested to know, if a particular grant is to be made to a community or group, what percentage of that grant are you prepared to spend on monitoring? Where does it end? How much are you prepared to spend?

**Ms O’Connell**—We do not have a flat percentage that we say that we use to administer.

**Mr HAYWARD**—What is the worst example you can think of where a grant was given to someone, in the monitoring process of this new one—you have not actually done this new one, but let us look in history—how much are you prepared to spend in the cost of monitoring a particular grant?

**Ms O’Connell**—We are actually looking at the detail of the administration of grants in response to the broad ANAO report on the performance and administration of grants across the Commonwealth where one of the questions goes to the costs of administering grants. We can give broad figures on the cost of administering grants across ATSIC.

**Mr HAYWARD**—I said ‘monitoring’. Do you mean the same thing when you say ‘administering’?



**Ms O'Connell**—Monitoring is only a subset of administering grants. The real essential difference is that with our present procedures you have the same basic monitoring regime no matter the size of the grant.

If you want to look at the worst example, we could take our smallest grant in terms of the value of that grant and then the monitoring regime that is in place for that, which consists of the quarterly financial statements that are reported on, field visits and whether or not there has been a major review, although that is unlikely if it is a very small grant. So we could look at the total costs of doing that in a worst case based on the existing procedures.

The point I would like to make is that, with the new procedures, the idea is that the monitoring and, therefore, the cost of the monitoring is tailored to both the size of the grant and the organisation and their capacity to manage it.

**Mr HAYWARD**—And surely the level of risk—that is what risk assessment is about, is it not? As the level of risk goes up, surely proportionately the amount that you spend on monitoring goes up as well?

**Ms O'Connell**—That is right.

**Mr HAYWARD**—Given that previously you said that you would not knock a grant off because of its level of risk, how much would you spend on monitoring for a particular grant, or has that not been sorted through yet?

**Ms O'Connell**—To give you precise costs, I would have to take that on notice and get back to you on that, but it would consist of the elements of field visits by staff and the provision by the organisation of their financial statements. It is also dependent on whether we would do a major review or not of that particular organisation.

**Mr BEDDALL**—I will take Mr Hayward's point one step further. Does there come a time when the high cost of administering a grant stops you giving a grant? If the grant was for \$100,000 and it cost you \$100,000 to monitor and administer, would that be too much?

**Ms O'Connell**—The other question that comes into play in the risk assessment is not just the risk of the organisation but the actual importance of the service to be provided. That is the other key thing that is on the matrix, if you like. There is the risk of the organisation in delivering the service, but then there is the value of the service to be provided—that is, the essentiality of the service. Is it provision of water and sewerage services, or is it some other form of grant in which the service is not as essential?

**Mr HAYWARD**—I picked that up in your earlier evidence. I thought you made it clear that, provided it is essential, whatever the risk is, it would never be stopped on the

level of risk, but you would compensate the degree of risk by increasing the monitoring process. I am trying to find out just how high you will increase the monitoring process based on the level of risk. Given that this is the new grant procedures, surely someone has thought of that.

**Mr McDougall**—We are losing sight of one of the important things—that is, we must take into consideration the outcome from the particular grant. Whilst we do not put a monetary value on the management of a particular grant, when we talk of the holistic approach to it, we also must consider the service that is being provided to the community. Obviously, if you have a \$5 million grant to an organisation that is of high risk, the management of that in terms of dollars would be a lot less on a percentage basis than the management of a \$10,000 high risk organisation.

**CHAIR**—That does not come out of the program funding, does it?

**Mr McDougall**—No. It comes out of our administrative allocation, not the program allocation.

**CHAIR**—Do I understand it correctly that, at the moment, everybody gets that high level of monitoring?

**Ms O'Connell**—Yes.

**Mr McDougall**—There is some degree of change. Under the current grant procedures, there is a small amount of leeway in terms of monitoring requirements but, by and large, right across the whole of Australia, organisations are on quarterly monitoring.

**CHAIR**—The purpose of risk management is to reduce the cost of monitoring and measure it against risk.

**Mr McDougall**—It is to try to marry the two together to equate the management with the risk.

**Mr ANTHONY**—The other part of the equation of this holistic approach, which I think Ms O'Connell outlined this morning, is that instead of having 50 separate grants it could be one going to a council. It is then obviously up to them to manage that, assuming they have been ticked off having low risk. Is that correct?

**Ms O'Connell**—Yes, that is correct.

**Mr McDougall**—That is certainly correct.

**Mr ANTHONY**—That is the ultimate point you want to get to?

**Mr McDougall**—The ultimate point to get to is to have all the organisations as a low risk.

**Mr ANTHONY**—Low risk also means fewer application forms. It means one pipeline of money.

**Mr McDougall**—You have got to quite a key point. Because we are cutting down on our prescriptive grant procedures, it means that we will possibly reduce, or we should reduce, the cost of administration in terms of some of the activities that we currently do which will allow us to spend more time and, ultimately, more money on a lot of the physical monitoring—the field visits by staff—which can be quite expensive. But at the moment a lot of their effort is spent in assessing the copious amounts of paperwork that we require organisations to give to us.

**Mr GRIFFIN**—I just want to change the subject to coordination with respect to the state—I think we have done risk management to death. The question of coordination with the state has been referred to a bit today, but we have not gone into much detail on it. Could Mr Allmark comment on the question of coordination issues with state government agencies within Queensland?

**Mr Allmark**—At state level, we have regular meetings with both the Department of Local Government and Planning and the Department of Works and Housing. We work very closely together with those two departments. At regional level, the coordination tends to be more ad hoc. As a project is getting under way or is being planned, the coordination takes place.

It is not formalised beyond our involvement with a group called the Joint Ministerial Advisory Committee, and we do have membership on that committee. In the pilot study I referred to before for a whole of government approach to things, it is proposed that ATSIC would have formal, albeit ex officio, membership of the top committee of that, which is a committee of directors-general of relevant departments. I have been invited to be on that committee as an ex officio member. Ultimately, we would prefer that to be someone from our elected arm, but we are getting to the point where it is more formalised than it has been in the past.

**Mr GRIFFIN**—Looking at housing as an example, and obviously it is a key issue in terms of the communities, as I understand it both ATSIC and also the state provide funds for housing provision. Has anyone looked at the question of whether in fact it is possible to develop an approach where decisions are taken jointly around the question of that pool of money so that there is a commonality approach being taken around the question of housing provision? I know that is a big issue in itself but, in terms of getting that sort of agreement across state and federal, has that been looked at at all?

**Mr Allmark**—Yes, it has. A couple of years back we got to the stage where we

were about to enter into a memorandum of understanding in relation to coordination of housing and related infrastructure. That has fallen off the plate for the moment. We are working at trying to get that back into place, but that has been overtaken by this whole of government approach which goes beyond simply housing and infrastructure.

**Mr GRIFFIN**—Why did it fall off the plate?

**Mr Allmark**—There was an election.

**Mr Schnierer**—It might be worth exploring the specific thing Richard was involved in—that is, getting a bilateral agreement between the NT government and ATSIC over housing. So that is the model that we look to and hope to extend to other governments. We want to get into those arrangements. It might be worth exploring that.

**Mr Allmark**—That was a good exercise. Ross has had some more recent input to that than I have as to how it has worked. I was involved in the implementation of that, or getting the thing to the stage where it was signed off between ATSIC and the Northern Territory government. I was then moved across to Queensland at about the time it started to work. I do not think it has worked 100 per cent smoothly, but it has been a good effort. That was essentially the model that we were trying to look at in Queensland.

We got to the stage of involving the departments and getting some heads, and we had had some response from cabinet about that. But, as I say, it has now been overtaken by something which probably has a greater impact. If we can get to this whole of government approach to things, we are confident that it is going to go way beyond simply housing and infrastructure.

**Mr WOOLMER**—I just want to get your feedback on a particular issue. The audit process at the moment seems to be the benchmark which is used in the communities. We produce nice little graphs whether they are unqualified, qualified or disclaimed. That seems to be the ‘they’re doing okay’ or ‘they’re doing bad’. Some people are getting unqualified audits or clean audits—and the community might still be in a mess—simply because they know that they are in a mess and can prove it—they have the receipts, et cetera—whereas others are running very well and get qualifications because we are looking at it from a purely financial point of view.

Under your holistic outcomes risk management approach, how are you going to measure the success of the changes that you are suggesting you are going to use, given the restrictions that currently exist in the Queensland Audit Office’s approach, if we are just going to use financial auditors? A number of the communities have complained to us that, from a Queensland point of view, we even sublet it out to some of the private firms who send a 24-year-old, first-year graduate person in to do the audit. That person is in and out in a day and it is seen as a punishment. One person even admitted to a local person it was the first time they had ever done an audit, and this was on an outback island. How will

you measure that in the future, given that situation? Our guys just look at the finances.

**Mr Schnierer**—Is this how we are going to measure the implementation of our grant procedures? If you go onto the outcomes in a broader sense, ATSIC will continue to do what we do now in terms of outcomes across Australia. We rely heavily on objective information from ABS and the specific indigenous national survey it provides and whatever other research we organise through places like the ANU and the CAEPR centre there.

So we do a lot of work in terms of trying to get our view, first of all, of what the needs are and what outcomes are achieved over a period of time. When you are talking about those social indicators, that is a sort of starting point for us. All of that can now be broken right down very close to the community level, but certainly to states and regions.

In the broad sense of outcomes, in relation to the implementation of our procedures and how that helps people in their audit process, we will obviously be looking forward to fewer qualified audits on organisations coming through. Eventually, we will be looking at fewer problems in terms of organisations in difficulty and, hopefully, more organisations, if not all of them, in the low risk category over the course of events.

It is going to take us one, two, maybe three years before we can really bed in the training, the skills and the awareness that is needed to go through those processes, but we have to practically walk people through the process over the next six months. Over the cycle of the whole grant, in terms of our monitoring their performance, our receiving their reports and our analysing the reports, you are well into the next financial year. It is a cyclic thing. There is a rolling on, and it will take us some time to get a handle on how effective they are being.

**Ms O'Connell**—To add to that, it would certainly be useful in our context if other sources of funding also looked at outcomes and made an attempt to measure that.

**Mr WOOLMER**—I understand we have a cash based accounting system and our guys are going to go in there and look at the individual communities and make sure that the dollars, the cents and the receipts add up. That is still not going to give you any relativity between communities and outcomes either. You are not going to be able to use that cash basis to measure the success.

**Mr Schnierer**—That is why we have our program performance monitoring system and a set of core mandatory indicators.

**Mr WOOLMER**—You sound like you are working for Treasury now. This is what I get from the Queensland Treasury.

**Mr Schnierer**—Sorry. I have not got to the point of being able to break that down

myself. My understanding is that we do now require housing organisations to report on what they actually produce—and maybe we can provide a briefing to you on our monitoring reporting system. It is not just the financial side of it; they actually have to tell us what they produce.

Another classic one for us is legal services—how many clients are actually dealt with, not how many trips overseas they go on representing indigenous interests. We are trying to say, ‘Deal with the criminal.’ We are trying to get them to move away from civil matters and go to criminal matters. So we want the emphasis on their performance indicators to be about the number of criminal matters they deal with. So there is a change happening there, and it might be useful to provide some more information on that at some later stage.

**Mr GRICE**—I will just go back to a more basic step. You have obviously attempted to reduce your costings there and to simplify the grant procedures. I know you are aware that there has been criticism of the percentage of money that actually hits the coalface from the amount that goes into the top. With these things that we have been talking about, do you have a target that you are aiming at to raise the percentage of money that hits the coalface? If so, what is it?

**Mr Schnierer**—It depends on what level we are looking at. At a national level, we try to minimise our running costs as much as possible. I think we have had that under 14 per cent for quite a while now. We think that is a fairly good outcome, but we do not necessarily impose that on organisations in terms of their running costs because we are not the only ones funding those organisations. Obviously there is funding from the Queensland government and other sources as well.

So they have to attribute within those organisations right now how much they actually put into these sorts of processes. It is very difficult for us to do. We probably could get to broad figures about what are their overall running costs, but we do not have a figure that we are trying to force them down to. Maybe we need to sharpen that up.

**Mr GRICE**—I take the point of where you are suggesting these areas are being improved, where these areas can be improved, where these implementations will improve, that sort of thing. With an organisation of your size and a budget of your size, if you have an overall task goal to get the money to the coalface to this level—

**CHAIR**—What would be best practice in the Commonwealth and agencies for running costs? What is the benchmark?

**Mr GRIFFIN**—How long is a piece of string?

**CHAIR**—Not long.

**Mr Schnierer**—It can vary. We draw our figure from what we think others do, but we are a unique organisation. It is difficult to compare because we have an elected arm which requires running costs as well. So our running costs are comprised of the administrative and the elected arm. So, once you take the elected arm out of the 13 per cent or 14 per cent that I was talking about, I think we are very responsible in terms of that level.

**CHAIR**—Compared with other agencies?

**Mr Schnierer**—Yes. Others might be able to better comment on that than me in terms of best practice in the Commonwealth, but I think we have pretty well screwed it down as far as we can.

**Ms O'Connell**—It is probably one of the closest studies I have seen as a percentage of running costs. As Peter said, we are trading under 14 per cent, and that includes running costs for the elected arm. So I make the point that that is not the cost of administering grants or of monitoring; that is the entire running cost of ATSIC, including the elected arm.

There were some studies in the New South Wales government on running costs which were produced as part of the Commonwealth government looking at best practice and benchmarking approximately about 12 months or so ago. They have done quite a comprehensive study on overall running costs, in particular focusing on overall costs of corporate services. I think they were projecting costs that ranged in the vicinity of something like nine per cent to 19 per cent, but it was very highly dependent on which particular agency it was within that department.

**Mr Schnierer**—The other point too about our running costs in terms of the administrative side of the organisation is that we are not just monitoring and administering projects, even though we have a fairly significant program bucket, if you like. The work of the elected arm is obviously supported by that same group of people in each of the particular regional offices that they are in. So there is a flow-on effect in terms of the support that happens there.

As well, our field officers are not just monitoring projects all the time. They have to go out and liaise with communities and do other things in terms of what is going on in relation to ATSIC's directions—for example, setting up new policy directions and dealing with emerging issues like native title and all that. There are a lot of costs involved in that which is not fairly reflected in my saying a straight out figure like 14 per cent.

**Mr GRICE**—So the answer essentially is that, while you are attempting to streamline and make all of your arms and areas more efficient, you do not have an overall goal?

**Mr Schnierer**—No, we do have an overall goal. We have traditionally tried to keep it under that 13 per cent or 14 per cent figure. We feel comfortable that that is not too far out of what happens at the Commonwealth level.

**Mr WOOLMER**—A lot of other people get involved in the delivery of service, though, as well. Whilst internally your percentage figure might be around 14 per cent, to get the dollars into the ground to do things there is a lot of ticking in the boxes. We had an example—I think it was at Cherbourg yesterday—where there was a \$600,000-odd grant to do a particular project, but they had to get three or four extra architects and surveyors to do something different again and again and they spent \$160,000 of their grant.

**Mr GRIFFIN**—No, it was not out of the grant; it was additional. They had a grant of X dollars, which was for housing, and ATSIC had to pick up the tab on project management beyond that. So it was not part of their actual grant; it was part of their administrative costs.

**Mr WOOLMER**—They complained that the extra money could have been spent building more houses.

**Mr GRIFFIN**—Basically they were saying that, if there had not been those costs, they could have been given the extra money in order to produce more housing.

**Senator HOGG**—Another two houses out of the additional costs.

**Mr WOOLMER**—Complying with all the groups.

**Mr Schnierer**—I think the point was made earlier by Mr Beddall that it comes out of the same bucket. We try to keep it under that 14 per cent not just to stay in touch with the Commonwealth benchmark, if you like; we are serious about making sure that as much of the funds as possible are in the program bucket. We are there to try to get services to the community.

ATSIC internally, particularly from the elected arm, has two levels of scrutiny in terms of ATSIC's formulation of its budget. Our budget gets ticked off by our board. We have a board of 19 people who look at it and they put the running cost bucket under scrutiny as well because they also want program things to be delivered. We support that. It is a bit hard for a public servant to argue with credibility that we are trying to put it down, but that is very much the case in ATSIC. People are trying to maximise the amount of program dollars. The board does have discretion over how high the running cost level is, but we try to push it down as low as possible.

**CHAIR**—What does the system of efficiency dividends mean for ATSIC?



**Mr Schnierer**—It means we are like all Commonwealth agencies. Over the course of those efficiency dividends, that has meant we have had to continually tighten up annually. That is continuing, as I understand it. It is something we have to look at, and that is why there is this new streamlining of the procedures and allowing managers in the field and managers at other levels a little bit more flexibility in terms of targeting their management resources to be able to cope with the reducing level of staff salary dollars that they have to apply to the full range of responsibilities.

**Mr GRIFFIN**—Is it true to say, though, that one of the things that has suffered, if you like, as that wind down has occurred has been the question of field officers?

**Mr Schnierer**—Being a central office person, I would like to say, ‘Definitely, absolutely no,’ but obviously managers out in the field have had to look at the priorities and deal with that.

**Mr GRIFFIN**—Mr Allmark might be better off answering that one.

**Mr Allmark**—That is true. It depends how close you want to get to the field. Obviously, we could do with far more field staff.

**Mr GRIFFIN**—Are there fewer field staff now than there were five years ago?

**Mr Allmark**—Yes.

**Mr GRIFFIN**—When you talk about the question of administration costs, there is also a question about that fine line between administration and the impact it can have on service delivery. So, when we talk about a drop in administration costs, we may in fact also be looking at where that drop in administration costs has possibly led to a drop in actual service delivery because the two are linked. That is the point I am making.

**CHAIR**—Are there any more questions? In examining the transcript of today, if there are any areas we need clarification on, we will contact you in writing and we can communicate that way.

It is proposed that we issue a paper on the progress of this so far—an issues paper—after which we propose to have a round table hearing in Brisbane. I think it is easier to get you to go to Brisbane than to bring eight departments down here. So we will be in communication with you on that last wind-up hearing that we need to have. Is there anything else that you people want to ask before I close the hearing?

**Mr Schnierer**—I do not know if you can clarify what the round table is going to try to achieve, but we need to know. At one point I understood it was going to be about the group deciding that they were going to make these changes to this and that. If that is the case, we need to be clear about who we have to send in terms of authority. I do not

know whether that is going to be that easy.

**CHAIR**—It is a case of drawing all the issues together and having a round table discussion. We will not really know until we have the issues paper.

**Mr GRIFFIN**—I think the secretariat will need to get in touch with you about that closer to the day.

**CHAIR**—We are looking at 9 September for that discussion and then reporting to parliament as quickly as we can after that.

**Mr Schnierer**—You will have the question to answer about whether you want us to make sure the elected arm is part of our team, or whatever.

**Mr GRIFFIN**—I think it would be good if it was, personally.

Resolved (on motion by Mr Griffin):

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

**CHAIR**—On behalf of the committee, I would like to thank the witnesses who have given evidence to the public hearing today. I thank *Hansard*. I declare this public meeting closed.

**Committee adjourned at 12.15 p.m.**