



# **HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT ISLANDER AFFAIRS**

**(Reference: Review of the Auditor-General's audit report No 6 of 1995-96 (CDEP))**

**CANBERRA**

**Thursday, 10 October 1996**

**(OFFICIAL HANSARD REPORT)**

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STANDING COMMITTEE ON ABORIGINAL AND TORRES STRAIT  
ISLANDER AFFAIRS

Members:

Mr Lieberman (Chair)

Mr Albanese	Mr Lloyd
Mr Campbell	Mr Marek
Mr Dondas	Mr Melham
Mr Entsch	Dr Nelson
Mr Holding	Mr Pyne
Mr Katter	Mr Quick
	Mr Tony Smith

Matter referred:

Review of the Auditor-General's audit report No. 6 of 1995-96 - performance audit - community development employment projects scheme: Aboriginal and Torres Strait Islander Commission.



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## WITNESSES

<b>ALLMARK, Mr Richard, State Manager, Aboriginal and Torres Strait Islander Commission, 100 Edward Street, Brisbane, Queensland . . . . .</b>	<b>23</b>
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<b>JOHNSTON, Ms Lisa Anne, CDEP Coordinator, Aboriginal and Torres Strait Islander Commission, 100 Edward Street, Brisbane, Queensland . . . . .</b>	<b>23</b>
<b>McMAHON, Mr Peter John, Deputy Director of Evaluation and Audit, Office of Evaluation and Audit, PO Box 17, Woden, Australian Capital Territory . . . . .</b>	<b>39</b>
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<b>MYERS, Mr Ian, Acting General Manager, Economic Division, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory . . . . .</b>	<b>3</b>
<b>O'RYAN, Mr Michael, Assistant General Manager, Employment, Education and Training Branch, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Austral- ian Capital Territory . . . . .</b>	<b>3</b>

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Present

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Mr Albanese	Mr Marek
Mr Dondas	Dr Nelson
Mr Entsch	Mr Pyne
Mr Holding	Mr Quick
Mr Lloyd	Mr Tony Smith

The committee met at 11.02 a.m.

Mr Lieberman took the chair.

**CHAIR**—Good morning, ladies and gentlemen, welcome to this inquiry. We will give you the opportunity to introduce yourselves shortly. As chair of the committee, I would like to make an opening statement. In doing so, I formally open this public meeting on the review of *Audit report No. 6 1995-96: Community development employment projects scheme: Aboriginal and Torres Strait Islander Commission*. Again, I welcome witnesses and any members of the public who may be present.

This is the first of a number of public hearings on this inquiry. Submissions have been received to date from the Aboriginal and Torres Strait Islander Commission, the Office of Evaluation and Audit and the Australian National Audit Office. The committee believes that the CDEP scheme is an important program. We welcome the opportunity to review Auditor-General's audit report No. 6. I would like to emphasise that this is not an inquiry into the operation of CDEP schemes per se—they have received a large number of reviews over the last few years—but an inquiry into the conduct and findings of the Auditor-General's performance audit with a view to making recommendations about how the audit process can be improved. The committee is also keen to examine the effects of the implementation of recommendations made by the Australian National Audit Office on the overall operation of the CDEP scheme. I now have pleasure in calling officers from the Aboriginal and Torres Strait Islander Commission central office to the table to give evidence.

[11.04 a.m.]

**BROWN, Mr Morris Daniel, Manager, CDEP Administration Section, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory**

**MYERS, Mr Ian, Acting General Manager, Economic Division, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory**

**O'RYAN, Mr Michael, Assistant General Manager, Employment, Education and Training Branch, Aboriginal and Torres Strait Islander Commission, PO Box 17, Woden, Australian Capital Territory**

**CHAIR**—All submissions received will be published as a separate volume of evidence. We have received your submission and thank you for it. Are there any corrections or amendments that you would like to make to it?

**Mr Myers**—We have no amendments or corrections to make. We wish to advise the committee that the Australian National Audit Office has released a draft follow-up report from the earlier report. We now have that for consideration and response.

**CHAIR**—I take it that you wish to make a statement in relation to the submission and that, in doing so, you will also make some statements in relation to that matter. Is that correct?

**Mr Myers**—We could make a statement. We were proposing to just respond to questions. If you would like us to make an introductory statement, we could certainly do that.

**CHAIR**—It is entirely a matter for you. If you do not wish to make a statement, we can go straight to questions. All of you should feel free to participate in any of the answers. Can you outline the benefits to ATSIC that flow from the ANAO undertaking these performance audits.

**Mr Myers**—The commission welcomes the ANAO and its various reports and inquiries that are conducted into commission activities. We find that the information they produce and the findings they come to are very useful within the commission as a management tool. It gives us an external vision of where they see things going within the commission. We certainly like to work very closely with the ANAO in terms of both the reviews that are conducted and the subsequent implementation of any recommendations that flow from them.

**CHAIR**—This is the first of two reviews. We understand that the second review will be received shortly. We understand that you have been cooperating very closely, as you always do, with the ANAO in respect of that matter. We undoubtedly will be seeing each other again in respect of the second matter. I would like you to offer the committee any suggestions you have as to ways in which the audit process can be improved or enhanced.

**Mr Brown**—We have two audit processes. We have the Office of Evaluation and Audit, headed by our director, Bill Miller. It conducts a series of audits each year. For the last three or four years, it has

conducted audits of CDEPs. We rate CDEPs as a high-risk program for audit purposes within the commission. There is a degree of cooperation as to what is audited in a particular year between the Office of Evaluation and Audit and the ANAO, particularly on what offices will be audited, so that there is no duplication of the audit process between the two organisations.

In this financial year, the EOA will put 130 person days into the auditing of the scheme. By pursuing an intensive system of audits of the scheme, we have been able to get a perspective from our side of how the scheme is operating and what deficiencies, if any, there are in our systems. We have been able to address them that way. Operating a scheme of this nature has been very useful to us from a management point of view in that we have the benefit of the audits that have been carried out.

**CHAIR**—For the sake of clarity, the report we are examining today made a total of 16 recommendations. Is that correct?

**Mr Brown**—That is correct.

**CHAIR**—I would like to focus, perhaps for the sake of clarity, on any of the recommendations that you do not agree with. Are there any at issue between you and the audit office at this stage?

**Mr Brown**—None of any great significance.

**CHAIR**—Is there anything you wish to draw our attention to in the recommendations that you believe would be impossible to implement, as far as you are able to make a judgment at this stage on that matter?

**Mr Brown**—No. Not really. Most of the recommendations, as you have commented, have been followed up in the phase two audit. As of a week ago, we had the exit interview for the phase two audit. The papers were delivered by the ANAO in the phase two audit. They indicate that we have been responsive in complying with the recommendations in this audit.

**CHAIR**—If you are concerned about any of the recommendations, you know that you are at liberty to inform the committee of that much. In fact, you are under a duty to do so. Are you happy with that?

**Mr Brown**—Yes.

**CHAIR**—Good. Are you confident that the implementation of the recommendations in the ANAO report will lead to the improved and better administration of the CDEP scheme?

**Mr Brown**—Yes.

**CHAIR**—Recommendations Nos 3 to 8 were specifically targeted at your central office administration. They cover a number of areas where ANAO believes that improvements could be made. Recommendation No. 3 on performance states:

. . . ATSIC develop performance indicators for the CDEP Scheme which clearly establish a link between program

objectives, strategies and outcomes.

In your submission, you state that you have revised the program objectives and performance indicators for 1995-96. Can you outline how you have revised your program objectives and performance indicators to improve CDEP performance information?

**Mr Brown**—We have made a minor adjustment to the program objectives. It is about providing part-time employment for participants in the scheme. We have a computerised system called Insight, which has been used as a program assessment monitoring tool for regional offices. It is now being hooked up into a national system. In that computerised system we have both mandatory and discretionary performance indicators, which are inserted by the project officer at the time the project is being assessed. Work is now being carried out on that system to allow the aggregation of performance data against performance indicators at the regional, state and central office levels. That system, in turn, is being linked into the CDEP manager system and into the commission's national database. Work on that is well advanced at this stage. It will give us the capacity that we have not had before for such a large program to have an automated performance data aggregation facility. We would expect that to be operational by the end of this financial year, on current predictions.

**Mr O'Ryan**—An additional comment I want to make is that, with the CDEP scheme, it is not so difficult a task to report on outputs from the program. It is more difficult to report on outcomes from the program because of the divergence of outcomes from the scheme and the different geographic locations that the scheme operates in. Whilst we often get anecdotal evidence from people like magistrates, shire councils and the like, who comment on the social benefits of the scheme, it is difficult to report on them. The performance indicators concentrate primarily on outputs from the scheme. We rely on evaluations like those of the ANAO in terms of the efficiency of the scheme and from the Centre for Aboriginal Economic Policy Research to be able to comment on outcomes from the scheme.

**Mr QUICK**—Who should drive the priorities? We have three levels of responsibility. Should it come from the regional office, which has the hands-on problem? It has been mentioned that the Cairns office operates in a difficult environment. Should they develop something that is effective and responsive for their needs, or should the Queensland state office drive it, or even the central office?

**Mr Brown**—In terms of performance indicators?

**Mr QUICK**—Yes. One problem is the huge difference between areas in Australia. Trying to have a national perspective on outcomes is very difficult. What might happen in a city in Tasmania bears no relationship to what is happening in remote areas in Queensland and Western Australia. Do we generate something that the ANAO is happy with at the grassroots level or at the middle stage—the state office—or should it be your responsibility at the central office?

**Mr Brown**—The performance indicators, both mandatory and discretionary, reflect a hierarchy of performance data. At the project level, there is a requirement that is appropriate to that project and that location. It is within the capacity of the project officer and the regional office to negotiate appropriate indicators and an agreement with the actual community for that specific project, thereby giving them a project performance measurement tool to work with in the community. You then move to the program level, where

we need to have an overall national view of the some of the outputs—at least of the program—to know in which way the program is moving and what trends are taking place nationally within the program. It is such a highly diverse program.

We also need an overall national perspective. The performance indicators, which we gather nationally, reflect what is happening on the national scene. A hierarchy of performance indicators accommodates the community level and the regional level, which is the scene that the project is operating in. There is also a need, from a national perspective and a policy perspective, to gather the macro indicators so that we know how the program is evolving.

**Mr QUICK**—The reason behind the question is whether we we need four levels of evaluation. Can we do away with one of those levels? It states at page (xii):  
There were two issues of concern identified in relation to planning. One of these is the number of different levels of planning for CDEP. There were also inconsistencies in the use of planning terms.  
Do we have too many levels? Some of us would argue that, of our three levels of government—state government, local government and Commonwealth government—we ought to let the Commonwealth dip out on various matters and give the money to the states so that the states can liaise with local governments. With the audit process and the evaluation of the planning, do you consider that we have too many levels that are complicating what the people at the grassroots level want to do, which is look after their needs and spend the money in the CDEP in order to get the outcomes that they see are beneficial for the people in their specific area?

**Mr Brown**—I will start at the bottom and move upwards. As part of the process, we have a work plan and budget for each project. That work plan reflects the communities' desires about what they want to do, what objectives they are trying to achieve and some targets to meet during the year relative to the expenditure that they are going to expend. That is purely a local, community, regional office function. The objectives can be as diverse as the program itself. That is done at the project level. The planning for that project is done at the community level. Regional and community plans are usually dovetailed into that. At the national level, we are not really concerned with what the indicators are at that level. Every project we have is different. Once you move up to the national scene, where there is a policy responsibility, we have an aggregation facility on the macro indicators to enable us to see which way the total program is moving.

**Mr Myers**—Our overall objective is to have one feed into the other so that they are not separate processes but they automatically produce the information which we extract at the national level so as to avoid duplication.

**Mr Brown**—It is driven at the project and regional office level. That is where it is driven.

**Mr QUICK**—If there are deficiencies to be sorted out, are they at the national office, state offices or at the regional or local offices?

**Mr Brown**—It is a central office responsibility to ensure that the mandatory indicators are appropriate to the objectives of the scheme.

**Mr TONY SMITH**—I notice in that same paragraph that the previous government allocated \$16.5 million to effect improvements in planning. That would go into the top, would it not?

**Mr Brown**—No. That money is provided to the states and regions to enable projects to be planned. It is not for national planning; it is for individual projects to facilitate proper project planning over a three- or four-year period, identifying the objectives of the community, what activities they want to become engaged in and the resource implications of that. It enables them to do a little forward planning.

**Mr TONY SMITH**—I notice that the last sentence is not terribly complimentary, in any event. It states:  
The funding has not yet been used for the purpose for which it was allocated.

**Mr Brown**—There was a process there. First, we have not made it mandatory. Past experience has shown that, unless there is a genuine community commitment to a planning process, they will plan because it is a bureaucratic requirement rather than because they have a desire to plan something and use the plan as a dynamic document for the ongoing management of their project. To enable that process to start required a significant amount of education and promotion at the community level. That in itself was a major task, which our field staff had to undertake. The take-up of those funds improved in the subsequent year. But it is a process whereby, to say that it is mandatory that it be done, invariably means that they will go through it because it is a bureaucratic requirement. Sustaining that process into the future would be doubtful unless there is a genuine community commitment to it.

**CHAIR**—Should not that genuine community commitment exist at all times anyway? Should it not be a prerequisite to giving approval to the project?

**Mr Brown**—The projects are already in train. These are projects that may have been operating since 1977 or 1978.

**CHAIR**—Should that not be a continuous thing?

**Mr Brown**—There is a prerequisite. We looked at that very closely, relative particularly to new projects that were coming on. The general consensus was that, where you are starting a new project, the participants are working through what it is all about and looking at their options. They are looking at what resources are available in that very early phase of the project. The administrative burden which is being carried by the project manager at the community level is so heavy in that first 12 months until the project settles down. Add in the burden of a detailed planning process on all those other things that have to happen and it becomes a task beyond the resources of most communities.

**Mr Myers**—Communities are required to develop plans for future years for grant applications. The planning processes are a much longer-term exercise. In other words, it is about where the community wants to go in the long term. Does it want to go down an economic path or an infrastructure path, where it might be providing local government-type services? Certainly as part of the funding process each individual community is required to think about what it will be doing with the money for that year and produce a work plan.

**Mr TONY SMITH**—Do I take it that you have no response to that last sentence of paragraph 7? In other words, are you saying that that is not at your level, that those funds were allocated to regional levels to coordinate planning and that, therefore, you do not have a response at your level to that comment? Is that what you are saying?

**Mr Brown**—Look at page 9 of our submission. We go to that point there.

**CHAIR**—Please read the opening sentence so that members can identify it.

**Mr Myers**—It is under the heading 'Comments general'. I will read it out. It states:  
The ANAO in Para 7 has commented that "the Government had provided \$16.5 m over four years through Working Nation for enhancements to the CDEP Scheme, with a central component being improvements in planning. This funding has not been used for the purpose for which it was allocated."

**CHAIR**—It is on page 21.

**Mr Myers**—Do you want me to continue reading it?

**CHAIR**—Unless members want it otherwise, we will let them read it.

**Mr TONY SMITH**—It looks like the head office received the money. Is that right?

**Mr Myers**—Yes.

**Mr TONY SMITH**—Then you distributed the money?

**Mr Myers**—Correct.

**Mr TONY SMITH**—I find that sentence from the ANAO report a little ambivalent. Is it that the funding has not been used, or is it that it has been used, but not for the purpose for which it was allocated?

**Mr Myers**—The simple way to describe it would be to say that the funds were received by the commission. The take-up rate at the community level during that first period was much slower than anticipated. We had to get our planning processes in place in terms of how to spend it. We were not forcing the process on individual communities. It was up to them to take up the planning process if they wanted to. As a result, we did not spend all the money on that activity during that period. We used it on CDEP related activities, but not on the planning process.

**CHAIR**—So the funds were on request?

**Mr Myers**—They were not imposed upon CDEP people.

**CHAIR**—ATSIC decided as a matter of policy that it would not impose this policy? It would publicise it, but not impose it?

**Mr Brown**—Certainly in that first year there was a concern about the education process at the community level. There was a concern about what the planning was all about and why.

**CHAIR**—I will not curtail questioning; members are free to continue on this line. I take it from that that phase two of the audit—this will be one of the difficulties of this inquiry—completes the discussion in respect of this fund?

**Mr Brown**—I think it does.

**CHAIR**—It may or may not. That is what I will take from that answer.

**Mr DONDAS**—You say that the CDEP is a high risk. What makes it a high risk?

**Mr Brown**—The amount of money that is flying through it. We rate various programs within ATSIC from a risk management point of view and for audit purposes. CDEP is rated as a high-risk program from the point of view of audit scrutiny.

**Mr DONDAS**—The Auditor's recommendation was that the schedule of major projects to review the CDEP and the project performance reviews be developed based on risk management and that appropriate reviews be undertaken. Will that not take the high risk out of it?

**Mr Brown**—We have two levels. We have a quality assurance package, which we have developed since this. It is an internal review of our procedures and our adherence to them. The reviews are based on how projects are regarded by regional managers in terms of risk. We have some very large projects as well as small projects. It does not remove the necessity for close audit scrutiny at all times. That is the standard we set ourselves.

**Mr DONDAS**—I am from the Northern Territory. There are CDEP programs there. You could have a particular program in force and then, because of the natural elements, the particular program could be washed out or equipment could be stranded and so on. Is that what you term as being a high risk? Could there be an organisation that has a program in place that is not doing anything about it and is just sticking their hand out at the end of the period?

**Mr Brown**—Certainly from the Northern Territory point of view—I am sure that you are aware of this—you can have a project which can be progressing very smoothly with good levels of accountability and achieving the desired outcomes. Somebody then leaves the community or the administrator moves on and there is a change in leadership; all those things happen. What can be a good project one day could be something you should be reviewing the next because of some change that has taken place in the community. That has been a problem in the Northern Territory, as I am sure you are aware, for many years.

**Mr HOLDING**—There is an inevitability about all this in the sense that you are coming from a mission impossible base. It is appropriate that you use words like 'quality assessment packages', but the fact is that, particularly in the case of remote communities, you are dealing with people who barely have functional English. The majority in the community have no English. Basically, they want funds to improve

their community facilities. In a sense, while the standards you set are not inappropriate in terms of the overall position of an audit office dealing with Commonwealth moneys, it is not just sorry times—it is the nature of the environment and the nature of the community.

Aboriginal communities, from my experience, basically want this money on the basis that it is a good idea to clean up the community and give people some jobs to do. At that stage, the very nature of the community makes lost some of the standards which in a sense you are obliged in audit to establish. I do not know how you are going to explain to some of these communities what a quality assurance package is. All they know is that there is a pile of dough there and that, if they do some work for it, they get it. Provided they can keep it up, it will flow. The difference in educational standards in some communities—some barely have functional English—means that you have an almost impossible task in applying the normal audit bases and procedures that you have developed over the years. In government and bureaucratic structures, everybody understands the language and what is required.

**CHAIR**—It is pretty hard to answer a question like that with a ‘yes’ or a ‘no’. Would someone like to have a go at it. It is a very valuable comment from my colleague.

**Mr O’Ryan**—The only comment I would like to make about that is that the quality assurance package Mr Brown was talking about applies to our regional office in the administration of projects. Our staff work with communities to ensure that they have every opportunity to comply with the commission grant procedures. Before a CDEP commences, there is a period of planning and training for about 12 months. They are provided with establishment funds and training funds and appropriate administrators in place to acquit the funds, et cetera. So it is not something—

**Mr HOLDING**—Who carries out that training?

**Mr O’Ryan**—The training is purchased. It is about whatever resources are available. That is a difficult proposition in remote places. The costs are often high in buying people to provide the training.

**Mr HOLDING**—When you buy people in, are they Aboriginal people or white people?

**Mr Brown**—They can be either. Before you can kick off a CDEP, it is pretty essential that you have the procedures for the payment of people.

**Mr HOLDING**—I am not saying that you do not have the procedures.

**Mr Brown**—That is what they do as part of the training. They set up the system within the community to manage the scheme. People are given basic training on how to do it. As you know, on the community there may be a community coordinator who will be the overseer. They have to train that person before you can kick off something this complex. Very often, they will seek outside help from accountants or other people to set up the systems. They will go and set it up and train people to operate in it.

**Mr PYNE**—The CDEP scheme is one of the more successful employment schemes in the whole government in terms of its support amongst the people who do the work, the community leaders who request

it and support it, the community generally, the indigenous community, politicians and the government, which sees that the CDEP means that people work and get some reward for doing so. It is good for the community. On the other side of the coin, the Australian National Audit Office requires certain levels of accountability. Clyde has touched on the difficulties that that presents ATSIC with. Government has to recognise on the one hand that the CDEP scheme is a positive and, on the other, that accountability needs to be put into place and that the ANAO needs to be listened to and, if possible, followed as much as it can be. What timetable have you established to implement the recommendations from the ANAO?

**Mr Myers**—I will answer that. We were working on quite a number of the areas which the ANAO touched on in its report anyway. We have already gone a significant way towards introducing most of the amendments. The draft follow-up report we have received from the ANAO is very complimentary in terms of the steps we have taken to fully or partially implement most of their recommendations. If you like, I can give you an idea of where we are with them.

**Mr TONY SMITH**—Do we have a copy of that?

**Mr O’Ryan**—The final report will not be produced until the end of this month. The reports we have are exit discussion papers, which we have discussed at exit interviews with the ANAO. They are not yet public documents.

**Mr TONY SMITH**—Is that what you are quoting from now?

**Mr Myers**—Yes. I was just going to refer to it, if the committee is comfortable with that. It gives an indication of where the ANAO sees we are in implementing it.

**CHAIR**—It is relevant as long as you try, so far as you are able, to confine your overall comments to the 16 recommendations. Otherwise, we will get into a little difficulty.

**Mr Myers**—I will paraphrase what they have said here. It states:  
Overall, the ANAO found that ATSIC had made significant progress in addressing the concerns raised in the Phase One Report. ATSIC has made substantial improvement at all levels in the administration of CDEP in a number of areas. These are summarised below:

- . operational plans had been developed for 1995-96 in all offices visited;
- . a strategy to improve the quality of performance indicators at the community level to provide meaningful information on outcomes was being implemented;

**Mr O’Ryan**—That applies to recommendation No. 3 in particular.

- Mr Myers**—It also states:
- . grant applications and assessments were being undertaken in accordance with the CDEP grant procedures;
  - . in the majority of cases Periodic Financial Statements (PFS) had been received, analysed and where appropriate feedback had been provided to the organisation;

- . spot checks and reviews had been undertaken in the majority of Regional Offices visited with a risk management approach being adopted to schedule the majority of the reviews undertaken;
- . the majority of State and Regional Offices visited have implemented a QA program and QA reviews were being undertaken.
- . CDEP Manager—  
that is our computer software system—  
was effectively implemented at the Community and Regional Offices level. InSight—  
which is our grant control procedures system—  
was being used across all Regional Offices to process grant applications and undertake assessments. Post implementation reviews had been undertaken for both CDEP Manager and InSight;
- . a mapping exercise for the CDEP procedures was undertaken at Central Office, which has assisted project staff in understanding the procedural requirements.
- . considerable effort has been directed towards the provision of training since the completion of Phase One of the audit. ATSIC has introduced a range of training initiatives such as ATSIC TV, Project Officers' Workshops, CDEP Notice Board and CDEP Conferences as a means of providing staff with the necessary training and support to assist them in their duties. Community organisations are also provided with assistance, most noticeably by Regional Office staff.

**Mr PYNE**—That is a very positive thing. You should be congratulated on it. The worst thing that could possibly happen out of the CDEP scheme is the bureaucracy of ATSIC being prejudiced to the actual project, which in itself is a very good project. I am glad to hear that that has happened.

**Mr QUICK**—I would like to tease out a little one of the key findings in paragraph 8 of the blue section of the report. It states:  
Little analysis of information collected from State and Regional Offices was undertaken by Central Office. It talks about reports serving no useful purpose if they are not analysed to identify areas in need of improvement and appropriate remedial action. What number of staff is involved in the central office when it comes to planning, which is the key issue? If you inadequately plan, what is the point in getting the money in the first place. In the last document you have been reading from, what response is there to that key finding in paragraph 8 about the ineffectual analysis of information by the central office? Link that back into the previous question I asked. What have you been doing to alleviate that?

**Mr Myers**—We receive reports from all regional offices about all projects. We do not have a common base on which to do an analysis. Until we are in a position to have mandatory indicators, where not only we have information from everybody but also a common reporting of information, it will be very hard to do a quality measurement of where the CDEP scheme is going.

**Mr QUICK**—What information do you require of people in the state and regional offices? What are the current requirements? How can you set program objectives and performance indicators if you have an ineffectual information collection system and then you guys do not take any notice of it?

**Mr Myers**—Go to our response to recommendation No. 3. You will see there that we have

implemented and revised mandatory performance indicators for all projects, which will then feed into a consistent national database. We have also at the local level introduced discretionary performance indicators. They are for the local needs and the measurement of local development. Local achievement can also be measured. Having in place a consistent set of performance reporting gives us that information.

**Mr QUICK**—My question goes to the analysis. You can have all the information under the sun—we could cover this table with it—but you do not have the number of staff to analyse it. Community organisations are running on a shoestring and are really on about outcomes. They do not give a toss about filling in forms, because that occurs further up the tree. They want to get the results on the board for the people in the community. What have you done as a central office to ensure that that is so? How many staff are involved in analysis to see whether what you are doing is really effective? What is the audit office saying about what you have done to set in train some effective analysis of the whole thing?

**Mr Brown**—Currently, there are two things happening within the office. We have a policy section as well as an administration section. A lot of the data we have collected is being used by the Office of Evaluation and Audit in their current impact evaluation, which is being done of the program. That is the first one that has been carried out in the last four years. The data we have has proved useful to them. Other departments, such as the Department of Health and Family Services, want to know what projects are doing, where it is all happening and the types of activities that they have been involved in. We have a policy review process in place at the moment. The data that has become available through the CDEP management system plus the data we have been able to collect from projects is also being used in that process. The data is not immediately being collected for collection sake. An analysis process is going on. Certainly between the impact evaluation and the policy review, what data we are able to collect is serving a useful purpose.

**Mr QUICK**—What response has there been to that key finding No. 8? Has the situation improved or gone backwards? If it has improved, what have you done to ensure that the state and regional offices are being taken notice of?

**Mr Myers**—At the time phase one was conducted, we did not have a CDEP policy section in central office. We had a section concentrating on the administration of CDEPs through the redistribution of existing staff in resources. We have now created a CDEP policy section, which gives us the capacity to do detailed analysis and forward planning.

**Mr QUICK**—How long was the CDEP in place before you got a policy section?

**Mr Myers**—Small 'p' policy was done by the administration section before we had a dedicated policy section. There has always been a limited capacity. Due to the workload pressures created by the CDEP scheme, its size and its complexity, it ends up being a process where most staff attention is directed towards the day-to-day administration of the program. This is the first time that we have had a dedicated capacity to concentrate on longer-term issues, longer-term planning and longer-term assessment.

**Mr QUICK**—Do you have a policy section in the central office, a policy section in the state office and a policy section in the regional offices?

**Mr Myers**—No. Only at the central office level.

**Mr QUICK**—Is that the most effective place to have it?

**Mr Myers**—Given that it is a program that represents one-third of the commission's budget, that it employs something in the order of 28,000 people Australia wide and that we have a board of commissioners whom we need to put policy to—it is the ultimate decision making process within our organisation—I would say that central office is the appropriate place for it.

**Mr LLOYD**—I return to recommendation No. 3. In your submission, you outline the performance indicators. You list the number of communities and their types, locations, numbers of individuals and the type of work they undertake. It all appears to be based very much on output rather than outcomes. That is indicated by the ANAO. Has there been any attempt to provide a measure of the outcomes rather than outputs along the lines of permanent employment? What benefits have been gained in job skills and that type of thing in your performance indicators?

**Mr Brown**—It is something we have battled with for a number of years because of the complexity and diversity of the program. The outcomes achieved in, for example, the Northern Territory might be quite different from the outcomes people are seeking to achieve in, for example, Wollongong. I agree with you that basically these are output indicators; I will make no argument about that. To evaluate the outcomes of a program as complex as this, we have relied on two things. The first is that major impact evaluations are currently being carried out by the Office of Evaluation and Audit in cooperation with us and through focused evaluations on particular aspects of the program. A considerable amount of research is also being done by CAPA on behalf of the commission relative to the scheme. Because of the complexity, most of these are output indicators. We are trying to obtain impact information through impact evaluation.

**Mr LLOYD**—With the analysis of any CDEP schemes that are particularly profitable or successful, is it possible that they could be used as a model somewhere down the track? I understand the diversity of the problem.

**Mr Brown**—There is a trend. You are quite right. You can have a best practice situation. For example, in Newcastle, we have a wonderful project which has no application to the Northern Territory; it is in a totally different situation. There is a networking, if you like, between projects. It has happened over the last 18 months to two years. Projects are talking to each other. We are currently investigating the Internet as another form of communication. Some of them are already on it and using it. Projects are talking to each other. Where they know there is a best practice which applies to their area, rather than talking to the bureaucracy, they are talking project to project. That is probably more valuable than talking to bureaucrats.

**Mr O'Ryan**—There has been an improvement in the mandatory performance indicators to 1996-97—this financial year—in the provision for narrative accounts of benefits, again from participating in the CDEPs. I mentioned before that we have narrative commentary from magistrates talking about lower incarceration rates and better social outcomes and the like. Last financial year, the commission asked that CDEP conferences be conducted in each state—there were two in some states—where both participants and administrators of CDEP organisations got together and talked about best practice, what they were doing

differently to others and lessons others could learn from their experience. That is something we are trying to encourage.

**Mr MAREK**—Were you aware of the scheme when it was operating in Woorabinda in Queensland?

**Mr O’Ryan**—Yes.

**Mr Brown**—Yes.

**Mr MAREK**—Do you have any particular reasons for why the system fell over there, owing to the fact that work had been put into training the people on how to use the scheme? Do you have any comment to make on that?

**Mr Brown**—The downfall of the scheme in Woorabinda was the result of poor management at the community level. There was possibly a lack of adequate planning and clear objectives. There was perhaps a lack of adequate community cohesion directed towards it. ATSIC at times has had great difficulty in monitoring programs and projects administered by the Queensland state government.

**Mr MAREK**—With that in mind, would you say that the people you employ to educate and train the people on how to run the scheme did not educate the people correctly in the implementation of the scheme?

**Mr Brown**—The project at Woorabinda was run by people employed by the Queensland state government. It is very difficult for ATSIC to walk into a Queensland state government organisation and say that they will train them unless they want to be trained. People come and go. Those people who were administering the scheme were Queensland state government employees.

**Mr MAREK**—In other words, they got the scheme, they ran it and it fell over because of a lack of checking up or popping in to see how the system was running? In other words, they were given the system, they were shown how to use it and they were left on their own; there was no follow-up. Is that what you are saying?

**Mr O’Ryan**—That is true. That is a lesson that ATSIC has learnt. Woorabinda fell over two or three years ago. That was a long time before operational planning became a key focus in ATSIC. It was a long time before operational planning funds were provided to assist communities to get better outcomes and better training et cetera. The Woorabinda lesson is something that ATSIC has learnt from. As Mr Brown has indicated, the particular difficulty in Queensland was dealing with the Queensland state government, running their affairs and telling them how they thought they should be run. Perhaps our state manager might want to comment on that. He is to appear here after us.

**Mr MAREK**—With that in mind, do you envisage that we should take control out of the state’s or ATSIC’s hands? What are you recommending that we do to get the scheme going in Woorabinda?

**Mr Brown**—We are attempting to assist Woorabinda to get up and going again.

**Mr MAREK**—They want it badly.

**Mr Brown**—They are very keen to get going again. We have provided them with some money to employ an outside consultant to look at the structure and the operation of the scheme in Woorabinda to set up something which is appropriate to that community. It would involve quite extensive community consultation with the future participants of the scheme. It would involve the Woorabinda Aboriginal Council and the administrators at Woorabinda. That planning is fairly well down the road now to the point where, I believe, they have a target date set to recommence the program.

We have projects which are suspended, as was Woorabinda. Once they are suspended, we do everything we can, where appropriate, to assist people to sort out whatever the original problems were and to get them back on their feet again.

**Mr MAREK**—I have one last question on it. Are you aware, then, that people were screaming for assistance years before it fell over? Were you aware that people were yelling that the scheme was not working properly and they were having problems and that they were asking for someone to come in and help?

**Mr Brown**—I am not aware of it. There again, I certainly was not around the scheme then, and neither was anybody who is sitting at this table.

**Mr MAREK**—I was not a member of parliament then. I live in the electorate of Capricornia. A lot of people there were saying that it was not working and that it was going to fall over. They were asking why nobody would listen to them. It went on and on. Some 12 months or two years later, the whole thing fell over. Even though people were screaming for assistance, nobody interviewed. That is something that needs to be looked at. These schemes are a great credit to society. We must have them. But we must have follow-up; it is as simple as that.

**CHAIR**—Are the performance reports that you do published and made available to all participants at state the regional levels?

**Mr Brown**—With the performance reports, the basic data is generated at the regional office level. It goes back to the community level.

**CHAIR**—When the report is published.

**Mr Brown**—Our annual report—

**CHAIR**—The individual performance reports for approved projects. Who receives a copy of them?

**Mr Brown**—The performance reports are a six-monthly requirement between the project and the regional office. It stops there.

**CHAIR**—Between the project and regional office and not the participants?

**Mr O’Ryan**—The project being the participants. The CDEP organisation runs the CDEP project.

**CHAIR**—What about head office?

**Mr Brown**—There is an aggregation facility. If the regional office wishes to get an overall look at its CDEP at a regional level, it can aggregate the data from all the regional CDEP. State office can do the same thing.

**CHAIR**—So unless someone requests it, it may be that many performance reports are not brought to the notice of all the players in the present hierarchy?

**Mr Brown**—The performance reports on projects are used basically for monitoring projects.

**CHAIR**—Exactly.

**Mr Brown**—The aggregated data is brought together on a national basis for national program purposes.

**CHAIR**—I understand that. But if an adverse report on a performance report on a particular project came into existence, there are no mechanisms for it to be brought to the notice of all the relevant players? Is it merely a chance situation that someone might request it?

**Mr Brown**—The delegations act on poor performance reports first and foremost with the regional manager, where remedial action can be taken or whatever has to be done.

**CHAIR**—I am not talking about remedial action. I am talking about bringing to the notice of relevant people performance reports, some of which may be adverse. There is no automatic mechanism to bring them to the notice of all the players. It could stay, for example, on the regional manager’s desk, to put a crude example to you. Is that possible?

**Mr O’Ryan**—I do not quite understand what you mean by ‘all the relevant players’. Are you getting at CDEP participants or the national program manager?

**CHAIR**—I am not getting at anyone. I am asking for your advice on what happens to performance reports. You have your head office, your regional office and your state office and you have the project. From what you have just told me, I understand that not all of them would receive a performance report, particularly if one were adverse. They would have to know about it and ask for it.

**Mr Brown**—At a national level, the program manager would be the person of last resort. The delegations are structured in such a way that the regional manager is the man who has to act on it. He has primary responsibility for it.

**CHAIR**—There is no automatic transference of a copy of the performance report. It would depend on the discretion of the regional manager. Is that what you are telling me?

**Mr Brown**—That is basically it.

**Mr QUICK**—How effective is that when are you developing national policy? Part of the information you require to develop an effective national policy sits at one of the levels far below the national office. How effective is that?

**Mr Brown**—At the national level, we have 273 projects. It is a decentralised system of administration. If a project is having serious problems and it is going to be de-funded or some remedial action has to be taken, that is a decision of the delegation, which rests with the regional manager, and the regional council, who have the responsibility to decide whether a project should be de-funded.

**Mr O’Ryan**—There is no possibility that an adverse report from the gathering of performance information about a project could possibly sit on a regional manager’s desk. A number of checks are in place to safeguard against that.

**Mr QUICK**—I know. But we are not necessarily talking about adverse reports. There might be some CDEP projects that are lighting the world on fire. Do they sit on the regional manager’s desk?

**Mr O’Ryan**—No.

**Mr QUICK**—There is that point about there being little analysis of information. Look at the Queensland state office. There is a problem there with the devolution of responsibilities. Of the regional offices it states:

. . . without such analysis, their value is considerably diminished. Feedback to communities on the results of this analysis is essential to improve the outcomes of the project and to strengthen the accountability process.

You have developed this whizzbang policy section, but there is not a mechanism to ensure that the grassroots positives and negatives are being reflected all the way through the system.

**Mr O’Ryan**—Mr Brown has explained that there is a facility to aggregate information to the national level. We can get that either across the board or we can get it by specific projects by pressing a button.

**CHAIR**—It is a request?

**Mr O’Ryan**—Yes. There are a number of times during a year, including in the preparation of the annual report and for Senate estimates and committees like this, where we can access that information. On a general day-to-day basis, the policy section in central office has the responsibility to analyse the outcomes of both projects and the program as a whole. That happens on a day-to-day basis. I have mentioned before that we have had CDEP conferences. We have outcomes from those CDEP conferences which tell us what the outputs, outcomes and benefits of the program are. We have the ANAO auditing the scheme and telling us what the outcomes are. The Office of Evaluation and Audit is doing performance evaluations. There is no question, in my view, that the CDEP scheme is one of the most scrutinised programs in terms of accountability and outputs and outcomes.

**Mr QUICK**—I am not arguing about that. Look at what the ANAO has said. There is a common

stream through it about a lack of analysis of information at all the three levels. Would you agree with that?

**Mr Myers**—As I said earlier, one of the problems we have had has been the inconsistent reporting in the past. In other words, if you have totally different sets of information coming in from different regions, it is hard to put that together at the national level or state level in any meaningful way. We are trying to get consistency in reporting against mandatory indicators which will give us a level of reporting and a level of measurement right across the nation, which has not been possible in the past.

**Mr DONDAS**—Look at page (ix) and paragraph 3. Then go to page (xviii) and recommendation No. 8. I see that both those points are interlinked in terms of the information you want. Recommendation No. 8 says about ATSIC central office should provide feedback to state and regional offices. Do you feel that that is covered in the answer to recommendation No. 3? It is in line with what you were talking about in terms of the ANAO recommendation that the central office provide the information. Do you think that has been covered in answer to recommendation No. 3? Is that why you did not agree to recommendation No. 8?

**Mr Myers**—Look at our submission to the committee. Under recommendation No. 8, we believed that the audit report failed to recognise that performance reports are provided by regional offices through the state offices once a year. We were saying that there was already in place a system of providing reports where we had difficulty with the content of the report itself being inconsistent.

**Mr DONDAS**—In there you say ‘see recommendation No. 3’. So you are saying that recommendation No. 3 really covers recommendation No. 8?

**Mr Brown**—The data originates from the regional office.

**Mr DONDAS**—You feel that you have been providing that information anyway under recommendation No. 3?

**Mr Myers**—It had been coming in, but it was inconsistent.

**Mr HOLDING**—My colleague mentioned the program you had at Woorabinda that fell over. Has there been an analysis of that? You have said that part of the problem was ATSIC directing officers of the Queensland government, who were presumably administering the community at a general level. To what extent is that followed up, whereby you say that it has happened in one case and you recognise it could happen in another case? To what extent is that brought to the attention of either the relevant minister so that these things can be discussed at a ministerial level, if necessary? If that is a problem which occurs in one community, it does not necessarily occur in another. On the other hand, it raises serious administrative problems which really have to be dealt with at the government-to-government level. It is about a Commonwealth program not being able to be implemented for a variety of reasons which really revolves around the capacity, intent or view of state bureaucrats.

**Mr Brown**—At the time of Woorabinda collapsing, there was a lot of to-ing and fro-ing between ATSIC and the state government and between our state office and the state government on those issues. The Woorabinda situation was probably somewhat unique at this time.

**Mr HOLDING**—It does not stop it being repeated in other areas.

**Mr O’Ryan**—Another difficulty is that the Australian Federal Police investigated circumstances involved in the Woorabinda collapse, including the collapse of the council there. It has only been earlier this year that the Federal Police advised that they will not be taking further action against staff involved in both ATSIC and the Queensland state government with regard to that issue. We are now examining whether administrative disciplinary action should be taken in respect of some staff. In a sense, it has almost been sub judice in terms of what we could do. You are right: it is an issue that we are looking to address. It has been a fundamental problem in Queensland in terms of the relationship between ATSIC and state government councils that have been administering CDEP programs. It is something that we want to have a close look at.

**CHAIR**—We have a scheduling problem. We have question time at 2 p.m. today. I have had some messages from my colleagues. I have not had a chance to consult them. Please feel free to offer any other suggestion. We would like to resume discussions and questions with you at another time. Obviously, there are a number of questions that members still wish to pursue. We have witnesses who have come down from Queensland. I do not want to incur extra expense in bringing them down again. You are going to lose the committee at 2 p.m. I suggest this course of action: I will adjourn, if members are agreeable—

**Mr MAREK**—I have one last question. Is there a report? Has there been an inquiry into Woorabinda? If so, can you bring it with you next time we meet. Can you submit it to all the people here. Can you submit it to the committee.

**CHAIR**—Do you want to take it on advice?

**Mr Myers**—I personally have not cited that report. I am not sure whether it is within the commission. We will take it on notice and find out for you.

**CHAIR**—It will be a question on notice. I thank you for your attendance.

[12.26 p.m.]

**ALLMARK, Mr Richard, State Manager, Aboriginal and Torres Strait Islander Commission, 100 Edward Street, Brisbane, Queensland**

**JOHNSTON, Ms Lisa Anne, CDEP Coordinator, Aboriginal and Torres Strait Islander Commission, 100 Edward Street, Brisbane, Queensland**

**CHAIR**—The committee prefers that all evidence be given in public. Should you at any stage wish to give any evidence in private, you may ask to do so and the committee will give consideration to your request. I remind all witnesses that these hearings are the legal proceedings of the parliament, so they warrant the same respect as proceedings of the House of Representatives itself. The giving of false or misleading evidence is a serious matter and may be regarded as a contempt of parliament. I assure all members here that this warning is given to all witnesses at all hearings. It is not selectively given. I say that so not to embarrass anyone. We have received your submission. Are there any corrections or amendments you would like to make to your submission?

**Mr Allmark**—No. We have no further additions to make to the submission which has come from our central office to the ANAO report.

**CHAIR**—You have no further statements to make in relation to it? Would you like to make some introductory remarks? If not, we can go straight to questions.

**Mr Allmark**—I think we should move straight to questions.

**CHAIR**—You are a man of action. Thank you. The process of audit is something that we are all very much involved in. I would like your comments, firstly, as to whether you believe there are real benefits that flow to your organisation from the ANAO's undertaking of these performance audits?

**Mr Allmark**—This audit has been of particular benefit to Queensland. The phase one part was done exclusively in my state office and in the Cairns regional office. We had the opportunity, following that exercise, of meeting with the ANAO people and discussing at some length their findings, which we found to be very helpful to us in the work that we have done in the last 12 months or so in trying to address some of those findings that related directly to us. It sharpened our focus on what we were doing with the CDEP scheme in the state. All in all, we felt it was a very worthwhile exercise.

**CHAIR**—As you have probably gathered from listening to the previous witnesses and questions from members, there is some concern as to the number of levels of people involved and whether that is the right model. Would you like to give us a brief overview of the way that the state office works and the role the state office has in relation to the CDEP, in particular. How has the shift in resources after the review of Daffen, that you would be very familiar with, changed the role of CDEP administration in the state office?

**Mr Allmark**—I would like to say at the outset that the shift of resources from Daffen was perhaps not as complete as we were all hoping it would be.

**CHAIR**—Enlighten us.

**Mr Allmark**—The established staffing levels for Queensland under Daffen were 225. We never got beyond 205 staff at any stage. We were never able to fully implement the Daffen report through resource restrictions. Having said that, we did, wherever possible, staff our regional offices, as we feel that is the cutting edge, that is where things happen and that is where our project work is carried out. We staff to the fullest extent possible our regional offices. In terms of the state office, we really have not seen any great advantage in the Daffen reforms. We have kept our state office essentially as it was pre-Daffen. The administration of CDEPs in the state relies on Ms Johnston and one other officer to cope with the newfound responsibilities of 30-odd projects and something like \$72 million. So it is a major exercise.

**CHAIR**—Briefly, what is its role? Take it from the origin of the submission and its getting to you from the region?

**Ms Johnston**—For a new project?

**CHAIR**—Yes. A new program.

**Ms Johnston**—It goes to the regional office. It would arise out of negotiations between the regional office and a community organisation to determine their interest, the number of people and whether they have the capacity to manage it. It would actually be handled at the regional level and then through to the regional council.

**CHAIR**—So when do you become involved?

**Ms Johnston**—In monitoring and trying to provide an interpretative role for policy and procedure. We are like a conduit between the regions and central office. For a time, we did not have that role. There were 60 offices around Australia sending their information to central office. So we have become a measure in the middle to lessen that load on them. We assist them with reviews. We try to take an overall state focus on what is going on. There are 35 regional councils and 30 regional offices.

**CHAIR**—Could one of the functions be eliminated? Could one of the organisational levels be eliminated? ‘Eliminated’ is a terrible word to use. Perhaps I should say ‘assigned to other more profitable tasks’.

**Mr Allmark**—The process could be rationalised.

**Mr LLOYD**—Say that the process could be rationalised.

**Mr Allmark**—As part of the Daffen review, there was the thought that central office should be more of a policy promoter than a project and program administrator. A lot of that role has shifted to the state offices. That has occurred in the last 12 to 15 months. As we said in our response to auditors in the phase one response, we are still coming to grips with what our role is. One thing that we have done in the past 12 months is try to focus on precisely what we will and will not do in the state office. We have come up with

an operational plan. The auditor in phase two still thinks there needs to be some finetuning to it. We would agree with that, particularly in terms of the outcomes of our planning processes. We think that we have got our key objectives reasonably well placed. If you wish, we could table that operational plan for you as it sits at the moment, bearing in mind that it needs some further finetuning.

**CHAIR**—I think it would be helpful, bearing in mind that it is a proposal not yet officially adopted. Is it under discussion; is that the status of it?

**Mr Allmark**—It is a little beyond ‘under discussion’. We have been operating with it for about six months. Some of the objectives and outcomes follow on from that. There is still finetuning required. As with any operational plan, we must tune it as we go along.

**Mr MAREK**—Is it a pilot program?

**Mr Allmark**—I do not think it is a pilot program. It is a plan which has been developed by Lisa and her people. That is what we are working towards.

**Mr QUICK**—You have two officers, 34 projects and about \$70-odd million in CDEP funds?

**Mr Allmark**—There are 30 projects.

**Mr QUICK**—Page 31 of the audit report states:

In July 1994, the Queensland State Office developed a ten-point strategy to address problems relating to CDEP administration. At the July 1995 conference it was acknowledged that the document was dated and in need of review to delete those aspects . . .

Is it the role of those two officers to develop the strategy? Do you have policy people within your office? If so, how many of them do you have?

**Mr Allmark**—They are the policy people.

**Mr QUICK**—They are the policy people for evaluation?

**Mr Allmark**—They are not involved in evaluation.

**Mr QUICK**—I do not know Queensland all that well. How many people do you have in your office in Queensland? What is the breakdown in administration, evaluation, policy analysis and CDEP project officers? Do you have that kind of information?

**Mr Allmark**—Without being bound to exactly the numbers, there are 43 within the state office. Of those, we have four policy teams of two officers each, making eight. With two in administrative support, that makes 10. We have 10 within policy areas. We have a further four in what we call staff development and support, which is our training and advisory section.

**Mr QUICK**—They are not responsible for training out in the CDEPs?

**Mr Allmark**—Not directly. They are responsible for the training of staff, essentially, and the regional councillors. There are three people in the executive area.

**Mr QUICK**—Two for the CDEPs?

**Mr Allmark**—They are part of the policy program.

**Mr QUICK**—That is 17. We need another 26.

**Mr Allmark**—Then there is the corporate services area, which is a larger group.

**Mr QUICK**—How many are there?

**Mr Allmark**—There would be 15 in corporate services. How are we going for numbers?

**Mr QUICK**—That is 32. We need another 12.

**Mr Allmark**—We have people in the native title section. There are five officers in the native title section.

**Mr QUICK**—How can you expect two people to run a multi-million dollar program? Is the allocation of priorities set by you or by the national office? Do they say that you have X dollars and you can sort it out yourself? Do they say you should have set priorities for staff development and training? Is corporate services the most important thing in the state?

**Mr Allmark**—We are given an allocation of funds for our staffing profiles. Those profiles are approved by the executive at the national level. They have just been reviewed. There has been some emphasis placed upon training and information technology. We are restricted, therefore, in the number of people that we can put into program policy areas. The level of workload that is coming into program and policy has not diminished.

**Mr QUICK**—I am trying to get a national perspective as well as what is happening in Queensland. You say that you have two officers, 30 projects and \$70-odd million in Queensland. Are you aware of what is happening in, for example, Western Australia and New South Wales? Two out of 43 is really mickey mouse. As I said to the central office, the central theme seems to be—to me, anyway—how you evaluate and plan and develop policy when you have all these levels of information collection that, from reading the report, seem to be ineffectual. How can two people, looking at the size of Queensland, with 34 projects, hope to develop not only an understanding of what is going on in those 34 projects but then evaluate and gather the information to your office? You have 15 in corporate services, so you have some resources there. It comes to this lady and her partner. Where does it go from there? Do we get rid of some of these levels in order to adequately fund better management and not expect two officers to handle 30-odd projects?

**Mr Allmark**—At this stage, we are not suggesting that the two officers are directly running those 30 CDEP projects. They are being administered directly at regional office and project officer level. The work

that Lisa and her group do is in the monitoring of the processes that are occurring there. They offer advice and support, particularly in program procedures and in new issues that arise. We establish a network of people throughout the state who feed into those information systems. Hopefully, we will achieve a better service throughout the state.

**Mr QUICK**—In the report, it says that the document was dated and needed to be reviewed. Was that the responsibility of Lisa Johnston and the other person to do that, or was that part of the responsibility of the corporate services people or the policy teams?

**Ms Johnston**—Immediately following the audit, we had a project officer conference, which they refer to. In that conference, we canvassed how relevant the current strategies were and what sort of issues we should be pursuing through that and the state management team forum. So it is not just us.

**Mr QUICK**—Prior to 1994, was there a strategy for CDEP administration in Queensland?

**Mr Allmark**—Prior to 1994, there was a direct link between regional offices and central office. The state office was not directly involved in project delivery.

**Mr QUICK**—How effective was that compared to what you propose?

**Mr Allmark**—It was the way that ATSIC was established in the first place. The levels of responsibility were to be from regional office to regional council, state office with commissioners, and central office with program managers and the board of commissioners. Following on from that, there was no direct link between our office and central office. We were almost ‘out of the loop’. They are some of the words we used in the audit. We are now back in the loop. From a monitoring and compliance aspect, that will be of assistance to us.

I want to pick up on a point we heard before lunch. Where officers receive reports of CDEPs which are in trouble, those reports come to us in state office. The regional managers are asked as a matter of policy to not keep us in the dark and to let us know what is going on. Our regional managers, as a matter of policy from our office, submit any adverse reports to us. First of all, we know what is happening. Secondly, if there is remedial action we can take before the final step of either suspending or terminating a CDEP, we may be able to put something in place to assist them.

**Mr QUICK**—So is the current system a lot better than the old one, where the state was bypassed?

**Mr Allmark**—We believe so.

**Mr QUICK**—If it were possible to strengthen your policy development area to the detriment of central office—which, according to the report, hardly ever analyses the information you send to it—would you like to see, because of the unique nature of each of the states of Australia and the need to develop state oriented CDEP programs which can relate to specific needs for each of those areas, perhaps double or treble the numbers to ensure that the CDEP programs in your state are far more effective and efficiently run?

**Mr Allmark**—As a state manager, I would have to say yes. I would need to temper that with the view that, given there are regional and state variations, there still needs to be some sort of common policy measures on a national basis.

**Mr QUICK**—Why do you say that? Relate Queensland to Western Australia in terms of isolation and geographical distance. Should it not be driven by the needs within the particular areas? I understand that we need to have a national focus. Can you tell me how many people are in the national policy area?

**Mr Allmark**—No. I could not tell you that.

**Mr QUICK**—You have no idea?

**Mr Allmark**—I have no idea.

**Mr QUICK**—When you pass your information on, you do not know who it is going to and the number of people who will have access to it?

**Mr Allmark**—No. I cannot tell you that.

**Mr QUICK**—Do you agree with the statement that the provision of a number of reports may create an excessive administrative burden and serve no useful purpose if they are not analysed?

**Mr Allmark**—That is a common cry by bureaucrats everywhere. We prepare reports for no particular reason.

**Mr QUICK**—If you are unaware of the number of policy people in the national office, and you are sending reports to them—

**Mr Allmark**—Does that necessarily impact upon the need for the report?

**Mr QUICK**—If we could bypass the national office and strengthen you, would you have a far more effective CDEP program?

**Mr Allmark**—No. The national office eventually prepares the report for parliament, which goes to our minister, who provides the funding to the CDEP. ATSIC in the past has been criticised for the lack of depth in its reporting to parliament. If we are going to weaken that—

**Mr QUICK**—I am not suggesting that we weaken it. If we strengthen your policy team in Queensland—

**Mr Allmark**—We would love to have our policy team strengthened, but perhaps not at the expense of the others.

**Mr QUICK**—The report that comes out of Queensland is far more beneficial for the national CDEP

program because it better reflects the aspirations and outcomes and policy objectives. Why can we not collate six individual state reports into one report on the CDEP nationally? Why do we have to go around the other way and have a national report, which, according to this report, is an inefficient system? Why can we not have six states and two territory reports bound up in one document? Each of them could highlight their deficiencies and lighthouse operations. At the moment, it is all consumed by the national office. You are not aware of how many people there are there. They may have 600 policy people there for all you know. All you know is that you have 10 and you are not operating effectively.

**Mr Allmark**—I do not have a comment about that. We would very much like to have additional resources. I do not know that those resources need to be at the expense of others.

**Mr QUICK**—When you talk to other state managers, do they say the same thing? Do you ever get to talk to them?

**Mr Allmark**—We are always saying the same thing about having lowly resourced we are.

**Mr QUICK**—So you would like to strengthen the states?

**Mr Allmark**—I would first like to strengthen the regions. Secondly, I would like to strengthen the state.

**CHAIR**—What you are really saying in broad terms is that the various functions of each office could perhaps be re-examined to see who does what and whether one should be left to do it and be trusted to do it for the whole mosaic.

**Mr Allmark**—Yes. I believe that that is occurring on an ongoing basis. There are conferences held during the year at which our state operatives meet with central office people and discuss issues like this. It happens on an ongoing basis.

**CHAIR**—There is lots of teamwork there. Lisa, you have pointed out that the regional office originates and does most of the evaluation work and eventually the implementation. I take it, therefore, that the regional office management and staff are, in many programs, involved from day one?

**Ms Johnston**—Yes.

**CHAIR**—As a result of that, they would become very much involved physically, mentally and intellectually in the program. Hypothetically, is there some danger that their objectivity might be clouded in measuring and reporting on performance because of their direct and personal involvement?

**Ms Johnston**—There could be that potential.

**CHAIR**—I am not asking you to level that accusation. I am looking at the audit performance measures and wondering whether there is any inherent weakness in the process.

**Ms Johnston**—There is that potential. One way we try to overcome that is to take people from a state office and people from another regional office to conduct a review. That tries to alleviate those sort of concerns.

**CHAIR**—In every case?

**Ms Johnston**—In most cases. If the project officer comes with us to do the review, he does not participate in the review but comes as a liaison person. He does not write the report.

**CHAIR**—When you say ‘review’, are you talking about an audit?

**Ms Johnston**—No. A major project review.

**CHAIR**—What is the difference between a major project review and an audit?

**Mr Allmark**—An audit is conducted either by the ANAO or by the Office of Evaluation and Audit. Major reviews are conducted by staff within the organisation.

**CHAIR**—Would they be reviewing the same thing, on many occasions? Would the audit staff be doing the same thing as your project review team?

**Mr Allmark**—No. The project review goes to the community, sits in the office of the community, works with them and conducts a much more thorough analysis. Communities do not receive audits directly from the ANAO or OEA. They have their own audit processes outside that.

**Mr MAREK**—How long have you both been in your present positions?

**Mr Allmark**—For 18 months.

**Ms Johnston**—For 18 months.

**Mr MAREK**—You are obviously aware of the problems that Woorabinda has had. We have heard statements that there may have been a lack of liaison between ATSIC and the state government. Would you like to comment on this. Are you aware that ATSIC, the state government and Woorabinda were having a problem? If so, why did you not step in and try to do something about it?

**Mr Allmark**—I have only been in this position for 18 months, but I have read fairly deeply about Woorabinda because of the ongoing investigations conducted into it. Woorabinda got into trouble essentially through a lack of ongoing financial resources to conduct the activities normally conducted by state government and local government people. The CDEP, against policy and guidelines, took up those state responsibilities and ran with them for another 12 months or two years. They were paying people like community police. They were paying people like sanitation engineers and things that are not part of the CDEP process. They had a very fine financial administrator, who unfortunately passed away. That is when the problems of Woorabinda CDEP really became evident.

**Mr MAREK**—People had been keeping the lid on it until that stage.

**Mr Allmark**—Yes. Since that time, there has been a much closer relationship between us and the state government, particularly at our level. There was a rescue package, where the state government allocated some substantial loan funds to Woorabinda to allow them to continue to operate. They put an administrator into the community. We put in grant controllers, which is what we do to ensure that our moneys are adequately looked after. There has been ongoing work between the agencies to try to resurrect Woorabinda.

I am perhaps not as confident as my colleagues that Woorabinda will be rescued. There is still a groundswell within the community that feels they do not perhaps have to follow the CDEP guidelines and procedures as closely as they need to. Until that recognition is within the community, it will be very difficult for us to allow the CDEP to recommence. Having said that, we have had a consultant working with them. It would end up as a separation of responsibility. There would be another corporate body set up distinct from the community council so that we can more clearly differentiate between state funding and our own. That is the way it would work if it gets up again. We are hopeful that it will. I am not confident that it will.

**Mr MAREK**—In your opening statement, you said that there was insufficient funding. Are you aware of what funding was being spent on? Have you looked to see what the money was spent on, to the point that they had run out of money? Are you aware that some people who rented houses had not paid rent up to the value of several thousands of dollars? Rather than take the rent, they decided to wipe the rent and start from scratch again. Are you aware that these are the sorts of problems that went on in Woorabinda?

**Mr Allmark**—These problems occur in communities all over Australia.

**Mr MAREK**—Are we doing something about it? Obviously you cannot kick people out because they have not paid their rent. Do they all shift into one house? You would have 30 or 40 people living in one house. That would not work. Are these sorts of things being looked into? Are inquiries being done on them? My concern is that we flag these problems and we see them going on, but they get brushed under the table and nothing gets done about them. Are we looking into them? Are we trying to fix them?

**Mr Allmark**—We have a policy of self-management in Aboriginal and Islander communities. Along with that comes responsibility for the actions of the community. If ATSIC were to go into a community and say that they were not clearly managing it, the premier and state government would want us to state what we were doing. Most of the responsibility for these areas, particularly the DOGITs,—deed of grant in trust areas—lies with the state governments. We do not have the capacity to go in and tell state governments what they should and should not be doing.

**Mr LLOYD**—I want to return to performance indicators. They seem to concentrate on the negativity, which obviously they should if things are going wrong with accountability. Do you think there is some benefit in examining some of the CDEP schemes that are working and successful? Where your role in the Queensland office is in disseminating that information back to central office, what sort of ability do you have to say that something is working or is successful? It is about working on the positives, if there are any, in certain schemes.

**Ms Johnston**—They get reported through our major review process. Recently, when we had a national meeting of central office people in the states, we spoke about the need to promote the positive aspects of the scheme. There have been newsletters of positive things that have gone on. As an organisation, we have tended to be so often reacting to criticism that you forget to look for the positives and promote them. It is definitely an issue that we as a group have spoken about.

**Mr LLOYD**—At this stage, there is no formal process in disseminating that information. I guess there is in the same way that the problems are disseminated back to the central office. But they tend to get buried.

**Ms Johnston**—Yes.

**Mr TONY SMITH**—How can anyone keep a lid on anything? Are you not supposed to monitor what is going on as far as the CDEP is concerned in these communities? Are they completely autonomous?

**Mr Allmark**—The communities are autonomous. They have very clear, laid-down procedures where they report financially to us. They produce quarterly financial statements, which need to be submitted within a certain time after the end of the quarter. There are also audited annual financial statements, which come to us. In the normal course of events with ATSIC funded organisations, that is due very shortly after the end of the first quarter. However, in Queensland, particularly with the major CDEP organisations, which are all on deed of grant in trust, the Queensland Auditor-General audits those communities. He does not report until February. The organisations get it in March. The organisations then pass that to us. In Queensland, with major communities and their CDEPs, the formal reporting mechanisms to us are six months behind the ATSIC requirement. There is nothing we can do about that. That is the way the Queensland government operates.

**Mr TONY SMITH**—That could be sorted out in cooperation with the Queensland minister, could it not? We do not have this. Is there a problem?

**Mr Allmark**—Yes. The problem is that we are not required to report until the end of the calendar year. All Queensland agencies are audited in the same fashion. To make a special change, we have approached the Auditor-General about that. He does not feel that it would warrant the legislative changes that are required. He thinks that we can make do with our quarterly financial statements, which are unaudited.

**Mr TONY SMITH**—So that is one of the problems that can lead to situations like Woorabinda?

**Mr Allmark**—We do not formally know the extent of a problem until nine months after the conclusion of the period, yes.

**Mr TONY SMITH**—I am interested in Cherbourg, because of my association with it over the years. How is the situation going in Cherbourg? Is the CDEP there well administered?

**Mr Allmark**—Cherbourg is a very complex community. There are obviously rumblings from family groups who are not favoured by the CDEP. They say that it is not operating as effectively as it could. By and large, the Cherbourg CDEP is one of the better administered CDEPs in Queensland.

**Mr TONY SMITH**—What is your office's engagement with Cherbourg? What sort of engagement do you have with Cherbourg?

**Mr Allmark**—As a monitoring body only, our regional office at Roma administers Cherbourg.

**Mr TONY SMITH**—You would have liaisons with the Roma office, would you?

**Mr Allmark**—Yes.

**Mr TONY SMITH**—What sort of liaison is that?

**Mr Allmark**—We get formal monthly reports from our regional officers that highlight any unusual events and difficulties they are having. They came to us on a formal monthly basis. We have informal discussions with our officers on a regular basis. We also have on a roughly two-monthly cycle what we call the state management team, which comprises me, the deputy state manager and program people within state office and each of the regional managers from around the country. That meets on a formal basis about every two months.

**Mr TONY SMITH**—You may take this on notice. I am very interested in the actual cost of delivery of these programs. What component of the budget for Queensland is spent on delivery before it gets to the coalface?

**Mr Allmark**—Of our administrative budget?

**Mr TONY SMITH**—Yes.

**Mr Allmark**—I would like to take that on notice.

**CHAIR**—The committee would be happy to receive a letter responding to that question. We ask that that letter be taken into account as part of your evidence. Is that satisfactory?

**Mr TONY SMITH**—Yes.

**Mr QUICK**—There has been a realisation in the provision of services for our aged and people with disabilities that we need to develop an effective, appropriate assessment procedure for the provision of services. It is interesting to note that the Office of Evaluation and Audit states on page 33: Anecdotal information on a select number of CDEP outcomes as reported in the ATSIC Annual Report can never be taken as representative of the overall impact or progress of the program. This clearly requires the careful and appropriate collection and analysis of standardised measures of program outcomes which take into consideration the contextual interpretation of such data.

That is bureaucratic jargon. Is there an evaluation document? If so, how many pages are in it?

**Mr Allmark**—For Queensland?

**Mr QUICK**—For Queensland.

**Mr Allmark**—There is not one.

**Mr QUICK**—Is there one in Western Australia or any of the other states? When you go to a CDEP at community X and you say you are going to do an evaluation of it, and you go through a number of questions, is there such a document?

**Mr Allmark**—That is the quality assurance package, which has been prepared. This forms part of our spot-checks and major reviews of CDEPs. It is of the project rather than the program.

**Mr QUICK**—How do we have a careful and appropriate collection and analysis of standardised measures of program outcomes?

**Mr Allmark**—Central office, us and everybody are wrestling with that issue at the moment to come up with precisely that.

**Mr QUICK**—So you have not developed it as part of your 10-point strategy in 1994? Whose responsibility should it be to develop a standardised method of collection and analysis of standardised measures of program outcomes?

**Mr Allmark**—It is part of our operational plan. We will be attempting to do that. There needs to be an aggregation of those outcomes on a national basis. Once again, we are comparing apples with mushrooms.

**Mr QUICK**—Are you not really concerned about what is happening in Queensland? You might not give a toss about what is happening in Kununurra, but what they are doing over there is what they specifically want and it relates to them. What you are doing at Weipa or at Mornington Island in Queensland with CDEPs is relevant to Queensland. Do we have this situation, as we have it in aged care, where we have all the states doing something completely different? For example, one frail aged person who is 84 is being assessed by 10 different people, and they are not talking to each other. At the moment, Queensland does its own thing. It is all anecdotal. Programs fall over because we do not have in place a set of procedures to say that they are going to evaluate the CDEPs in Queensland. We need a document that will enable us to effectively evaluate the CDEP programs in Queensland. Is that a dream?

**Mr Allmark**—No. That is our quality assurance package. You are going in to evaluate the effectiveness of a CDEP. You can go to each project.

**CHAIR**—That is in place now?

**Mr Allmark**—That is in place. That was developed nationally. It has been finetuned, certainly in our state. But that does not give you standardised report-back items of outcomes that can be aggregated nationally.

**Mr QUICK**—Why not?

**Mr Allmark**—We are talking about two different things. You are talking about compliance with

guidelines and procedures, et cetera, which is what our quality assurance package does. That goes in and says that the money has been spent, the schedules are right, this is being done and that is not being done. Does that of itself then tell us that this CDEP scheme has been successful or not?

**Mr QUICK**—Should there not be one document to say that the incidence of crime and incarceration has been successfully dealt with. The numbers of young people within the CDEP program in Mornington Island has fallen from 86 in 1995-96 to 17. The incidence of sexually transmitted diseases has fallen because of the health program, and youth suicide has fallen. This program has been running since 1977, which is nearly 20 years, and we are still putting in place mechanisms to properly evaluate it. We have state, national and regional levels. We still do not have a standardised format. We are talking about hundreds and hundreds of millions of dollars that are being poured into it. It worries me.

**Mr Allmark**—The results come from a whole range of programs, not just from the CDEPs.

**Mr QUICK**—I realise that.

**Mr Allmark**—We are talking about reducing incarceration rates and suicide, but that is not necessarily a direct outcome of the CDEPs or other programs that impinge upon that.

**Mr QUICK**—I know. Surely we could have some standardised collection and analysis of standardised measures of program outcomes. That takes into consideration a whole lot of things. ABS did a national survey in 1994 that had 15,700 respondents on a whole range of things. What has flown into CDEPs from the various stages as a result of that survey? There are some good CDEP projects out there, but we never hear about them. They are never highlighted in these reports. It is all negative.

**CHAIR**—This is a very valuable piece of dialogue. It would be helpful if the state office could supply members by letter with some sample documents of projects that have been up and running and some of the recorded outcomes on those projects. For example—I am oversimplifying it—one thing I would be overjoyed to learn would be that the number of people obtaining unsubsidised permanent employment, either full- or part-time, as a result of participating in a CDEP program was X. Does your documentation allow you to pick that up?

**Mr QUICK**—We would be interested in those sorts of things. We are not about knocking CDEPs. We would like to strengthen it as a result of this report so that we can enable you people, who are obviously doing the right thing in Queensland, to say that you need more than two people.

**Mr Allmark**—That sort of analysis is not being done at the moment.

**CHAIR**—Is that request possible in part delivery, if not full delivery?

**Mr Allmark**—In part delivery. We can certainly give you examples.

**CHAIR**—Give us just four.

**Mr QUICK**—I would like to get a copy of the evaluation documents that the communities have to use in order to provide you with some information. As a former teacher, I would be interested in what the procedure is and whether it is the same in Queensland as it is in Western Australia, Tasmania or anywhere else.

**Mr Allmark**—We could provide you with a representative of that.

**CHAIR**—Not too many.

**Dr NELSON**—My observation in areas where there is a CDEP program running well is that, generally, health indicators and other things are better. In a political sense, I do not see that the CDEP is likely to lead to full employment independent of government subsidy. The reality is that it never will. Hopefully, in many cases it will. But, in most, it will not. In the political environment, the most powerful argument we can mount in support of the CDEP scheme and expanding it is to see that it provides some improvement in self-esteem and the other things that flow from that. I am surprised to learn that, in a formal sense, that does not happen.

**CHAIR**—Another thing you may find is records of how many participants have gone on to further education and training, for example.

**Ms Johnston**—When we do our reviews, we interview as many participants as we can and ask them what they think about the program and what they see as its benefits, if they want it to continue, and why they want it to continue. That is where we get a lot of our sense about whether the communities like the program and want it to continue.

**CHAIR**—I have been doing a survey of a number of job training programs, such as skillshares, in regional organisations. One of the great frustrations in talking to those very marvellous, committed people is that very few of them have any idea of the actual outcomes of their efforts. There is no way of tracking what happens to those people who have been through their hands. You are not on your own. We would like to know what you have got. There being no further questions, we thank you for appearing. It has been very interesting to hear you. Could you read the title of the document that we will table. We will incorporate it as with the evidence.

**Mr Allmark**—It is entitled *Queensland operational plan 1995-96: Role of the Queensland CDEP Support Unit*.

**CHAIR**—That is tabled accordingly. Thank you for your appearance.

[1.17 p.m.]

**McMAHON, Mr Peter John, Deputy Director of Evaluation and Audit, Office of Evaluation and Audit, PO Box 17, Woden, Australian Capital Territory**

**MILLER, Mr William Edward, Director of Evaluation and Audit, Office of Evaluation and Audit, PO Box 17, Woden, Australian Capital Territory**

**CHAIR**—The committee prefers that all evidence be given in public. Should you at any time wish to give any evidence in private, you may ask to do so and the committee will be very happy to consider that request. You have made a submission to us dated 17 January 1996. We thank you for it. Are there any corrections or amendments that you would like to make to your submission?

**Mr Miller**—No.

**CHAIR**—Do you wish to make a statement in relation to the submission, or would you care to make some introductory remarks?

**Mr Miller**—I do not want to make a statement in relation to the submission. It is important for the committee to note that, since the report you are examining was issued, my office has conducted another audit of ATSIC's CDEP scheme. That audit was conducted on my behalf by the consulting firm of KPMG chartered accountants and was reported on by me to ATSIC in July this year. In addition, over the last 12 months, we have conducted 15 audits of ATSIC regional offices, and the CDEP scheme has been the focus of those audits. Hearing the committee talk in the last half hour about evaluation, perhaps I ought to mention that currently we are undertaking an evaluation of CDEP with a focus on urban CDEPs, particularly the employment opportunities that have come to ex-CDEP participants as a result of their involvement in that scheme.

**Mr QUICK**—At whose instigation?

**Mr Miller**—At my instigation in discussions with the commission itself. I am required by the ATSIC Act to evaluate and audit every program that ATSIC funds periodically.

**CHAIR**—Under section 75.

**Mr Miller**—That is right. This is our first evaluation of CDEP. There were other evaluation activities a few years ago. As I said, the focus on this is urban CDEPs, particularly the employment outcomes from them.

**CHAIR**—Do you have any interim reports?

**Mr Miller**—No, I do not. It is too early at this stage. It will probably be early next year—March or April—before we are finished. We are able to issue an interim report along the way as a first stage. At the moment, we are out and around Australia interviewing a vast majority of CDEP coordinators about their

impressions of the scheme and outcomes. The second stage, which will commence shortly, is trying to locate and survey ex-CDEP participants. We are being helped in the identification task at present by the CDEP coordinators. It is a very big job we are undertaking. It is too early to predict outcomes.

**CHAIR**—How many programs are there in Australia, approximately?

**Mr Miller**—CDEPs?

**CHAIR**—Yes. Projects.

**Mr Miller**—I am not sure.

**CHAIR**—It is a third of ATSIC's budget, is it not?

**Mr Miller**—It is about \$400 million. We are trying to survey, if we can, 500 ex-participants of the CDEP scheme; that is our aim.

**Mr QUICK**—How effective would our discussions today be in light of the fact that you are undertaking this vast project? Would it be sensible—I hate to be presumptuous—for us to make a report on this here? How effective would it be in light of future evidence that you are going to turn up as a result of a very impressive look at the whole CDEP scheme? You have made comments at this stage on this report. Obviously, as a result of this very in-depth survey, the comments that you make here might be totally different. I assume they would be. Once again, I am not trying to be presumptuous. This would be as a result of the information you are collecting, which has never been gathered anywhere else in Australia.

**Mr Miller**—No. This is a first. I hope that we will be successful. I hope that the data we are able to provide will be of great benefit not only to the commission but also to CDEP participants in schemes right around the country. There may well be very good models that come out of our examination which may be beneficial to various communities. We are hoping that this will be very valuable. Data is always difficult in the evaluation area in Aboriginal and Torres Strait Islander affairs. So far, we have had very good cooperation from CDEP coordinators and people whom we have spoken to within the system. There seems to be an eagerness to help and provide information and data to us.

**Mr LLOYD**—Will they be project specific in your survey and related to individual projects, or will it be an overall survey? Will you be able to identify which projects are working better or have better results?

**Mr Miller**—It will not be our intention to report on any individual and name a person. In terms of which projects are being funded and the benefits coming out of those, I expect that we will have information.

**CHAIR**—A categorisation.

**Mr Miller**—Yes. It may be very clear to participants that the information they provide to us will be treated confidentially and will only be accumulated.

**Mr QUICK**—Is it possible to get the aims and objectives of the study that you are undertaking?

**Mr Miller**—Most certainly. We would be very happy to provide that to you.

**CHAIR**—That could be provided and included in the evidence by letter. If you let us have that, we would be very happy.

**Mr QUICK**—You have probably been listening to some of the questions I have raised about different levels and whether we need to alter the structure. Will you be looking at those sorts of things? I quoted those couple of lines from your document several times over. Is part of that evaluation to ensure that the questions you raise are going to be sorted out?

**Mr Miller**—One thing we do in all our evaluation reports is to try to identify issues and make recommendations and suggestions. To the extent that we have still got concerns as time moves on, we will address those issues. A few years ago, on the audit side, we were looking at ATSIC's administration of the CDEP scheme every two years at the request of the commission itself. We have now changed that focus to every year. We are conducting a major audit that is looking at central office, state office and regional office actions and the links on a yearly basis now.

Since the report you are looking at, we have reported again in July this year. I am pleased to say that a lot of the issues raised by us before ANAO reported them—there was a commonality at that time—have been addressed. I want to say publicly that ATSIC has put a lot of work into trying to get that scheme right. There are still problems. I do not want to overstate the situation. There has been a lot of work at all levels of the organisation to address the issues that both my office and the ANAO have been raising.

**Mr QUICK**—So we cannot get a copy of that July report?

**Mr Miller**—I am happy to provide a copy of that report to the committee.

**CHAIR**—If the committee agrees, I will allow admission of it into evidence by the letter producing it. What is the name of it?

**Mr Miller**—It is called *Internal audit report: Community development employment projects (CDEP)*. It was prepared by KPMG on behalf of the Office of Evaluation and Audit in July 1996.

**Mr DONDAS**—Does that cover everything, or just one particular area?

**Mr Miller**—It examines offices around the country. It includes central office; the Western Australia state office; Perth regional office; the west Kimberley regional office; Queensland state office; Townsville regional office; the South Australian state office; the northern areas regional office, which includes Port Augusta; the Victorian state office; the Melbourne regional office; the Northern Territory state office; Nhulunbuy regional office; and the Alice Springs regional office. We have taken a sample at each of the three levels and reported on the basis of our findings and made recommendations.

**CHAIR**—That document is tabled. In view of its nature, importance and obvious interest to members, I foreshadow that the committee would like to examine the document. We invite you to return to give evidence at another convenient time on that aspect of the matter. Do you wish to add any other comments?

**Mr Miller**—No. I will leave it at that.

**CHAIR**—How many are employed in your unit?

**Mr Miller**—Currently, there are 24 approved positions within my office and 23 staff on board. I will break them up for you to give you some idea of the spread. There are three in the executive unit, which includes me, Mr McMahon and one assistant. There are seven in our audit area, 10 in our evaluation area, one in a special projects, and three in office management and support. The office management and support area is involved in overseeing our financial activities, staffing activities and engagement of consultants, which we use extensively as well.

**CHAIR**—They supplement your core. Primarily, the work that you do is under legislation and, under your charter, you can initiate it yourself or you can be directed by ATSIIC and/or the minister.

**Mr Miller**—I will explain that. In terms of my own power powers to initiate, I am required by the act to evaluate and audit the operations of the commission, including every office and program of the commission. My powers limit me to looking at commission activities. However, the minister and/or the commission can ask me to examine the operations of any organisation that ATSIIC funds, but only to the extent of ATSIIC funding of that organisation. For instance, if an organisation receives money from other than ATSIIC, I have no powers of intervention or involvement there whatsoever. But if the organisation receives funding from the commission itself, at the request of the minister or the commission, I can examine the way that money has been used.

**CHAIR**—Have you been with the unit since it was established?

**Mr Miller**—No. I was originally a general manager in the commission when the commission was established. I became the director of OEA in mid-December 1991. I have been there since then.

**CHAIR**—Are there any impediments that you have seen and observed that you would like addressed to enable your office to fully deliver a top-quality product?

**Mr Miller**—Not in terms of powers. The powers in the act are appropriate. I do not think it is appropriate that I should be able to make decisions to do whatever I like outside of commission operations. The minister or the commission can ask me to do those things. Within the operations of the commission proper, I have powers to go and look at anything and everything that I believe is appropriate. I am quite happy with the powers.

**CHAIR**—It was alleged that ATSIIC funds are being used increasingly to replace and pay for programs and projects that are the responsibility of the states, local government or the federal government. Would your charter enable you to independently report on and investigate them? Would you feel that you

could do that?

**Mr Miller**—I am not sure. I would need to think very carefully about that. I certainly could not initiate that sort of evaluation or audit. I am wondering whether I could do that if I were asked by the minister or the commission.

**CHAIR**—It has been alleged informally to me that over the years some other levels of government have been guilty of stepping out of programs that are normally the responsibility of state or local government when they become aware that ATSIC might have funds that could be channelled into those programs. Is there any way of monitoring and evaluating that phenomenon and bringing it to the notice of ATSIC and the parliament?

**Mr Miller**—A process exists at the moment that may be able to bring a focus to that issue.

**CHAIR**—In your unit?

**Mr Miller**—No. It is not in my unit. There is a requirement that there be a report to parliament each year. I am struggling for the name. I can certainly come back to the committee in my letter and give you the name. There is a report to parliament which attempts to pick up and report on all the activities of the Commonwealth across the extent of the bureaucracy. It is difficult to measure what those programs are delivering by way of outcomes. I understand that it also talks about what the states are doing and picks up issues there. That may be the appropriate forum to try to give a greater focus to that issue. I personally believe that ATSIC and its predecessors have had to pick up many issues that the states should have been picking up. If those federal bodies had not done so, Aboriginal and Torres Strait Islander people would have had even worse living conditions than they have today.

**Mr McMahon**—The title is *Social justice for indigenous Australians*, I think. That is the title of the report to parliament.

**CHAIR**—Members will be interested to get a copy of it. I know that I am. The report we are evaluating—audit report No. 6—is to be followed by a second report. You have given us a submission. Thank you for the detailed comments you have made. Are there any other aspects of the Auditor's report that you feel you will not be able to implement or support that we are not aware of from your submission?

**Mr Miller**—No. My recollection is that the recommendations that stem out of that report were very similar to recommendations made in a report dated 1994, which preceded that. Both reports focused on very similar issues. To that extent, we support ANAO in all their recommendations. That is the thrust of our submission. As I said, we have since moved on, as ANAO has to do further work. I think I can say with a degree of certainty that, since that report has been issued, there has been some substantial improvement. Some areas still require attention.

**CHAIR**—I have been given the impression—I am very new in this job, but very interested to learn—that the indigenous people of Australia feel that the scrutiny their programs receive is more than any other type of program funded by government. There is a feeling of disenchantment because of that. In this case, it

is fascinating to have you here talking to us—you being an audit body provided for under the legislation. This committee is looking at an audit of you, if you like, in some respects. Would you like to comment on that model? You have worked for the Australian government for a long time. Do you know of any other programs in the Australian government requiring this sort of special audit within their legislation and then an overall audit outside?

**Mr Miller**—No. I do not. To my knowledge, the model in the ATSI Act of establishing an Office of Evaluation and Audit under legislation with requirements to undertake certain activities, report in the way it does, be structured as it is and have powers to collect information is unique in Australian bureaucracy. I am talking federally and in terms of the states. I do not know of any other model like this. As best I know it, it is unique worldwide. I have not heard of anything in other countries that exists like it.

**CHAIR**—For example, local government in Australia receives directly and indirectly a vast amount of federal and state funding. There is no requirement to carry out specific audits of this nature and evaluations of their programs?

**Mr Miller**—Not established by legislation, as I understand it, the way my office is.

**CHAIR**—Obviously, the Australian National Audit Office has a role in auditing the payment of federal funds to state and local government.

**Mr Miller**—In the ATSI model, there are really two levels of legislative scrutiny. The ANAO is responsible under statute to audit the operations of every agency receiving funding from the Commonwealth. My office is established by legislation to specifically focus on ATSI. There are two legislative levels. I have no control—nor do I wish to have it—over ANAO's responsibility. They do their own thing, and rightly so.

**CHAIR**—I will not require you to answer it, because it is probably unfair. However, do you think the set-up is fair and warranted?

**Mr Miller**—You gave me a chance to say that I may not answer it. I would rather not.

**CHAIR**—Fair enough. That is why I gave you the escape.

**Dr NELSON**—You may not like to answer this question. I have found that health services, with the way they were funded, spent more time applying for funding and being audited than providing services. Given what you have just said, I understand that the special auditor, which the minister appointed to look at ATSI, found that 19 per cent of the organisations funded by ATSI were in serious breach of their grant conditions. If the auditing requirements are so stringent and unusually so, how do we end up in a situation like that? I realise that that is not specifically why you are here today. But, as a lay person in this area, it is something I have difficulty understanding.

**Mr Miller**—There is another level of audit that I perhaps need to explain. ATSI provides grants to organisations. Its rules require it to provide grants to incorporated organisations. For anyone who is interested in receiving money from the commission, they must seek incorporation. They can do that through a variety of

sources. There is the Commonwealth level, the registrar of Aboriginal corporations, which incorporates bodies, and the Australian Securities Commission. There are various bodies in each of the states to do that. Organisations such as football clubs and other organisations in the community incorporate in the same way. The common theme with those Aboriginal organisations and community organisations is that they are required by law to conduct their business in certain ways. They have to have membership, they have to hold meetings in a certain way and keep their books in a certain way. All of them have to be audited and submit financial statements.

In respect of organisations having to be audited annually, they have to do that if they are incorporated, whether or not they receive funding from ATSIC, the Department of Health and Family Services, the state government or whatever. It is a requirement of law simply to be incorporated and to act as an incorporated body. ATSIC does not do anything different from any other department. Most departments, to my understanding, provide funding to incorporated bodies because that gives them protection at law in the way the money is being used.

**Dr NELSON**—You would have to say that if another department, such as Defence, was doing that and we found that 9 per cent of the organisations being funded were in serious breach—I understand some of the recommendations from the special auditor are rather blunt—there would be a huge political outcry. You would not be surprised to see the minister having to give his position away. Politically, the minister would have to take the can for it. The way things seem to be shaping up, ATSIC, perhaps quite incorrectly, will take the blame over something for which it has little control. How does this situation develop? I have difficulty understanding it.

**Mr Miller**—I do not want to be seen to be patting ATSIC on the back for a statistic that says that 20 per cent of their organisations were in serious breach. Our audit reports over time have indicated concern about a number of organisations and the funding of them. You need to go beyond that statistic and find out what percentage of that 20 per cent or 19 per cent ATSIC was taking remedial action on, what that remedial action was and whether it was appropriate. The raw statistic standing like it is does not give the full story.

I personally know that all organisations, be they funded or not, in the finish were examined. All organisations that sought money were examined by the special auditor. There is a category in there that ATSIC may not have funded at all. I know that some organisations would have appeared in that 20 per cent. They were under a de-funding protocol already. With others, the commission was considering whether to fund them. I do not want to be seen to be supporting that statistic. In its raw sense, it is a damning statistic. Anyone who looks at it needs to go beyond it and see to what extent remedial action was in hand or being taken.

**CHAIR**—I would be interested to know what procedures were in place to detect it and whether we can feel satisfied that we have a system in place that is capable of performing well in that area.

**Mr Miller**—In my opinion, the real issue, when organisations do not comply with ATSIC's rules, is how quickly ATSIC moves to address the issue. I believe that the commission needs to move quickly and jointly with the organisation, if possible, to take corrective action and to make sure that the organisation is brought back on track very quickly. To do otherwise runs the risk that the services being provided by that

organisation will slip. Aboriginal people are the real losers in that situation.

**Dr NELSON**—Once this starts running, ATSIC will have to move fairly quickly in a political sense to explain the very reasonable arguments that you have just put up.

**Mr McMahan**—The focus of audit activity both from the ANAO and OEA is on ATSIC and its internal processes for program and project delivery. The focus of the special auditor was a significant extension in that it was on the organisations that were receiving the funds. The assertion that the OEA has to audit organisations in opposition to ATSIC's delivery of programs is very limited. It can only happen when the minister or the commission asks the director to conduct a special evaluation or audit on a particular aspect of the operations of an organisation.

**CHAIR**—Would you feel that there is some justification to broaden the scope? Do you think it is too limited?

**Mr McMahan**—In terms of our capacity to cope—

**CHAIR**—Separate from that.

**Mr McMahan**—There probably is some room for OEA to be able to, as of right, address some of the problems that occur in an organisation. Allegations have been made of mismanagement, corruption and those sorts of things. At the moment, both ATSIC and OEA are limited to examining matters made to a grant to that organisation. The legislation restricts us to the grant. The problems that emerge are often much wider than that. They go to all sorts of aspects of the operation of that organisation.

**CHAIR**—On behalf of the committee, I ask that you provide us with a letter expanding on that point. It will be received as part of the evidence. Ladies and gentlemen, I am mindful of the time. Some of the members have urgent commitments before question time starts. If you do not mind, and if members are happy, I will thank everyone for their attendance today and close this hearing. It may be necessary, following receipt of correspondence, to meet with you again. Thank you very much for your attendance today. I would like to acknowledge the contribution of secretariat staff; it has been appreciated. I especially thank Ms Humphries, who was responsible for putting together the material for the information of members today. It has been very good and much appreciated. I declare the meeting of this committee duly closed. Thank you for attending.

Resolved (on motion by Mr Lloyd):

That this committee authorises publication of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 1.50 p.m.**