

The Auditor-General  
Audit Report No.8 2012-13  
Performance Audit

# **Australian Government Coordination Arrangements for Indigenous Programs**

Department of Families, Housing, Community  
Services and Indigenous Affairs

Australian National Audit Office

© Commonwealth of Australia 2012

ISSN 1036-7632

ISBN 0 642 81281 0 (Print)

ISBN 0 642 81280 2 (On-line)

Except for the content in this document supplied by third parties, the Australian National Audit Office logo, the Commonwealth Coat of Arms, and any material protected by a trade mark, this document is licensed by the Australian National Audit Office for use under the terms of a Creative Commons Attribution-NonCommercial-NoDerivatives 3.0 Australia licence. To view a copy of this licence, visit

<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>

You are free to copy and communicate the document in its current form for non-commercial purposes, as long as you attribute the document to the Australian National Audit Office and abide by the other licence terms. You may not alter or adapt the work in any way.

Permission to use material for which the copyright is owned by a third party must be sought from the relevant copyright owner. As far as practicable, such material will be clearly labelled.

For terms of use of the Commonwealth Coat of Arms, visit It's an Honour at <http://www.itsanhonour.gov.au/coat-arms/index.cfm>.

Requests and inquiries concerning reproduction and rights should be addressed to:

Executive Director  
Corporate Management Branch  
Australian National Audit Office  
19 National Circuit  
BARTON ACT 2600

Or via email:

[webmaster@anao.gov.au](mailto:webmaster@anao.gov.au)





Canberra ACT  
24 October 2012

Dear Mr President  
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Families, Housing, Community Services and Indigenous Affairs in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit, and the accompanying brochure, to the Parliament. The report is titled *Australian Government Coordination Arrangements for Indigenous Programs*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

Ian McPhee  
Auditor-General

The Honourable the President of the Senate  
The Honourable the Speaker of the House of Representatives  
Parliament House  
Canberra ACT

## AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office (ANAO). The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits, financial statement audits and assurance reviews of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Australian Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:  
**The Publications Manager**  
**Australian National Audit Office**  
**GPO Box 707**  
**Canberra ACT 2601**

**Telephone:** (02) 6203 7505  
**Fax:** (02) 6203 7519  
**Email:** [webmaster@anao.gov.au](mailto:webmaster@anao.gov.au)

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

### **Audit Team**

Jo Hall  
Elizabeth Wedgwood  
Dr Andrew Pope

# Contents

Abbreviations.....	7
Glossary .....	8
<b>Summary and Recommendations .....</b>	<b>11</b>
Summary.....	13
Introduction .....	13
Audit objectives and criteria .....	18
Overall conclusion.....	18
Key findings by chapter.....	21
Summary of agency response .....	27
Recommendations .....	28
<b>Audit Findings .....</b>	<b>31</b>
1. Introduction .....	33
Background .....	33
Policy goals for Indigenous affairs .....	37
Lead agency and coordination requirements in Indigenous affairs .....	39
Recent reviews of Indigenous program coordination.....	41
The audit .....	43
2. Coordination Arrangements .....	44
Introduction .....	44
FaHCSIA’s lead agency role and authority.....	45
Australian Government coordination structures for Indigenous programs .....	48
Overarching Bilateral Indigenous Plans.....	56
Monitoring the effectiveness of coordination arrangements .....	57
Conclusions.....	61
Recommendation No. 1 .....	63
3. Service Delivery .....	64
Introduction .....	64
Service delivery coordination arrangements.....	64
Accessibility and effectiveness of mainstream programs for Indigenous people .....	68
Integrating service delivery .....	74
Program delivery arrangements.....	77
Conclusions.....	82
Recommendation No. 2 .....	84
4. Oversight of Expenditure and Performance.....	85
Introduction .....	85

Monitoring overall expenditure.....	85
Reporting overall performance across the Australian Government.....	94
Conclusions.....	97
Recommendation No. 3 .....	99
<b>Appendices .....</b>	<b>101</b>
Appendix 1: Agency Response .....	103
Appendix 2: Commonwealth and New South Wales Government Agreements and Initiatives.....	105
Appendix 3: Wilcannia: Commonwealth and NSW Government Indigenous Activities.....	112
Index.....	114
Series Titles.....	116
Current Better Practice Guides .....	117
<b>Tables</b>	
Table 1.1 Advantages and disadvantages of coordination .....	40
Table 2.1 Portfolio Budget Statement description of FaHCSIA's lead agency role in Indigenous affairs 2006 to 2012 .....	46
Table 3.1 Integrated service delivery models.....	77
Table 4.1 Australian Government Indigenous Expenditure 2008 to 2012.....	89
<b>Figures</b>	
Figure 2.1 Indigenous affairs governance structure February 2012.....	49
Figure 2.3 Spectrum of engagement strategies .....	59
Figure 3.1 FaHCSIA examples of service integration.....	79
Figure 4.1 Total Indigenous expenditure by building block 2010–11 .....	93

## Abbreviations

---

ATSIC	Aboriginal and Torres Strait Islander Commission
AGIE	Australian Government Indigenous Expenditure
AusAID	Australian Agency for International Development
BDS	Budget Development Sub-Committee
CIRG	Commonwealth Indigenous Reform Group
DoFD	Department of Finance and Deregulation
ECFIA	Executive Coordination Forum on Indigenous Affairs
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
ICC	Indigenous Coordination Centre
NIRA	National Indigenous Reform Agreement (Closing the Gap)
NPP	New Policy Proposal
OBIP	Overarching Bilateral Indigenous Plan
OIPC	Office of Indigenous Policy Coordination
ROC	Regional Operations Centre
SCoSP	Secretaries' Committee on Social Policy
SGIA	Secretaries' Group on Indigenous Affairs
SIBS	Single Indigenous Budget Submission
WGIR	Working Group on Indigenous Reform

## Glossary

---

Australian Government direct expenditure	Expenditure on programs that is paid directly from an Australian government agency to individuals, non-government service providers or local governments.
Closing the Gap	<p>Closing the Gap is an agreement by all Australian governments to improve the lives of Indigenous Australians, and in particular provide a better future for Indigenous children. All governments have agreed to a strategy to achieve the six Closing the Gap targets, which are to:</p> <ul style="list-style-type: none"><li>• close the life-expectancy gap within a generation;</li><li>• halve the gap in mortality rates for Indigenous children under five within a decade;</li><li>• ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years;</li><li>• halve the gap in reading, writing and numeracy achievements for children within a decade;</li><li>• halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020; and</li><li>• halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.</li></ul>
Indigenous-specific programs	Programs that are targeted at Indigenous Australians.
Line agency	A government agency with responsibilities for policy and programs in a particular area of policy, for example the Department of Health and Ageing.



Mainstream programs	Programs that are for Indigenous and non-Indigenous Australians
National Indigenous Reform Agreement	Overarching agreement between the Australian and state and territory governments to give effect to the Closing the Gap policy commitment. The NIRA is supported by a series of bilateral agreements with each state and territory government, and a range of national partnership agreements.
Single Indigenous Budget Submission	A budget document that details new policy proposals for Indigenous expenditure for decision by Cabinet. The Single Indigenous Budget Submission is intended to encourage a strategic approach to the development of government policies and programs relevant to Closing the Gap.



# Summary and Recommendations



# Summary

---

## Introduction

1. Addressing the deeply entrenched nature of disadvantage faced by Australia's Indigenous people compared to Australia's non-Indigenous people is a key priority of the Australian Government. Achieving sustainable improvements in the lives of Indigenous people has been slow; while some progress has been made in employment, educational attainment, child mortality and home ownership for Indigenous Australians, most measures of Indigenous disadvantage have shown limited improvements or have deteriorated since systematic measurements began in 2002.<sup>1</sup> The Government has acknowledged that previous, business-as-usual approaches to addressing Indigenous disadvantage have not worked and new approaches that address the particular circumstances of Indigenous people are needed.<sup>2</sup>

2. Indigenous disadvantage occurs across a range of different policy areas, such as health, early childhood development and housing, and requires action to be taken, often in concert, by line agencies responsible for implementing government policy in different areas. It is also the case that governments at both the federal level and the state and territory level have Indigenous policy and program responsibilities. In practice, therefore, Indigenous service provision occurs through multiple layers of government, with services being delivered by a complex network of implementation partners that include Australian Government agencies, state and territory government agencies, local governments and non-government service provider organisations. Working effectively across organisational and jurisdictional boundaries is currently one of the most significant issues in public administration, and is recognised in the overarching reform agenda of the

---

<sup>1</sup> Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: key indicators 2011*, Productivity Commission, Canberra, 2011, p. iii and COAG Reform Council, *Indigenous reform 2010–11: Comparing performance across Australia*, COAG Reform Council, Sydney, 2012, p. 4.

<sup>2</sup> See for example Hansard, Rudd K, *Apology to Australia's Indigenous Peoples*, 13 February 2008, p. 170, and *Closing the Gap: Prime Minister's Report 2012*, p. 3.

Australian public service and also by the Commonwealth's Financial Accountability Review.<sup>3</sup>

3. Because multiple agencies are involved in program policy and delivery in Indigenous affairs, a well-defined lead agency role is important to ensure information is shared across agencies, to coordinate service delivery on the ground, to provide consolidated advice to the Government and to address any systemic performance issues in a timely manner. In the Australian Government, a lead agency may have various roles, but a broad oversight role to assess whether implementation progress and results are meeting the Government's objectives for Indigenous programs is central to informing both policies and delivery models. Being able to maintain a strategic focus and line of sight between individual programs and expected outcomes for Indigenous people is a key feature of such a role. Creating structured, workable arrangements, with sufficient authority and clarity of purpose for the lead agency to undertake its role without diluting the accountabilities of other agencies involved, is a challenging but important element of effectiveness.

## Background

4. Prior to 2004, Indigenous program delivery occurred through line agencies, particularly health and education, and through the Aboriginal and Torres Strait Islander Commission (ATSIC) and its associated agencies. When ATSIC was abolished in 2004, responsibility for all Indigenous programs and services was given to line agencies. These agencies were required to deliver Indigenous-specific programs and ensure that their mainstream programs (programs available to all Australians) were accessible to Indigenous people through a collaborative approach between agencies. Coordination was recognised as a key element of the new approach and was to be driven by a lead agency through the Office of Indigenous Policy Coordination (OIPC), originally established within the then Department of Immigration and Multicultural and Indigenous Affairs in 2004. OIPC's functions included being the primary source of advice on Indigenous issues to the Government,

---

<sup>3</sup> The reform agenda for the Australian public service recognises the need to deliver services in closer partnership with states, territories and local governments (Advisory Group on the Reform of Government Administration, *Ahead of the Game: Blueprint for Reform of Australian Government Administration*, March 2010, p. 36). See also Department of Finance and Deregulation, *Is Less More? Towards Better Commonwealth Performance*, discussion paper, Commonwealth of Australia, March 2012, pp. 27–41.

coordinating and driving whole-of-government innovative policy development and service delivery across the Australian Government, and overseeing relations with state and territory governments on Indigenous issues.

5. In 2006, the Department of Families, Community Services and Indigenous Affairs (FaCSIA, now FaHCSIA) became the lead agency for Indigenous affairs. The OIPC was transferred and its functions absorbed into the department's organisational structure. In the 2012–13 Portfolio Budget Statement FaHCSIA is described as:

the lead agency in the Australian Government for Indigenous affairs, [which] coordinates the Australian Government's contribution to the Closing the Gap strategy agreed by the Council of Australian Governments (COAG) in 2008.<sup>4</sup>

In 2011 there were 210 Indigenous-specific programs and sub-programs identified by the Australian Government as making a contribution to closing the gap in Indigenous disadvantage. These are administered by more than 40 different agencies across 17 portfolios.

6. Major reforms to financial relations between the Australian Government and the states and territories were introduced during 2008, aimed at improving the effectiveness and quality of government services by reducing Commonwealth prescriptions on service delivery by the states and territories and clarifying roles and responsibilities. As part of these reforms, COAG introduced six National Agreements to guide the Australian Government, states and territories in the delivery of services: one of these agreements was the National Indigenous Reform Agreement (Closing the Gap) (NIRA) which includes the National Integrated Strategy for achieving six national targets, known as the Closing the Gap targets. These are to:

- close the life-expectancy gap within a generation;
- halve the gap in mortality rates for Indigenous children under five within a decade;

---

<sup>4</sup> Families, Housing, Community Services and Indigenous Affairs, *Portfolio Budget Statement 2012*, FaHCSIA, Canberra, p. 121. FaHCSIA's website also notes that FaHCSIA is the lead Australian Government agency on Closing the Gap. <[www.fahcsia.gov.au/our-responsibilities/indigenous-australians/overview](http://www.fahcsia.gov.au/our-responsibilities/indigenous-australians/overview)> [accessed 20 August 2012.]

- ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years;
- halve the gap in reading, writing and numeracy achievements for children within a decade;
- halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020; and
- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

7. The Closing the Gap targets are underpinned by seven interlinked action areas or 'building blocks'. The building blocks are early childhood, schooling, health, economic participation, healthy homes, safe communities and governance and leadership. The approach taken in the NIRA is to concentrate action within building blocks while recognising that improvements in one building block are heavily reliant on improvements in others and that efforts need to be taken forward in a coordinated manner. Importantly, the NIRA recognises the role of all levels of government in helping to achieve the Closing the Gap outcomes. Accordingly, the NIRA reinforces the coordination imperative for Indigenous programs, calling for 'an unprecedented level of cooperation and coordination between the Commonwealth and the State and Territory Governments'.

8. This integrated approach agreed by governments is further explained in the NIRA's integration principle<sup>5</sup>, which elaborates on the need for collaboration between and within governments and their agencies at all levels, and funded service providers, to effectively coordinate and integrate programs and services between governments and between services. In addition, governments acknowledged in the NIRA the need to undertake key system changes and a coordinated approach to mainstream service delivery to improve the take up of services by Indigenous people and the outcomes from these programs for Indigenous Australians. Without detracting from the responsibilities of line agencies to deliver Indigenous programs effectively, promoting the application of the integration principle across the different line

---

<sup>5</sup> The integration principle is one of the NIRA's six Service Delivery Principles for programs and services for Indigenous Australians, which are intended to guide the design and delivery of both Indigenous-specific and mainstream government programs and services.



agencies and leading a coordinated effort to improve accessibility and effectiveness of mainstream programs for Indigenous people would be central elements of coordination facilitated by the responsible lead agency.

9. Australian Government expenditure on Indigenous programs is administered by Australian Government agencies, and delivered either through funding agreements for particular activities with non-government organisations (including for profit and not-for-profit organisations) and local government, or through direct services to individuals. State and territory government agencies also deliver programs and services for Indigenous people, with funding sourced in part from the Australian Government. State and territory agencies typically deliver programs and services for Indigenous people through separate funding agreements with non-government organisations, directly to individuals or through local government. As a result, the overall funding arrangements are complex, especially when viewed from the perspective of the beneficiary.

10. Estimates of government expenditure on Indigenous programs and services have been compiled under two different approaches. Since 2005, each Australian Government agency has been required to report Indigenous expenditure, known as Australian Government Indigenous Expenditure (AGIE), in the Portfolio Budget Statements. Total AGIE was estimated at \$4.2 billion in 2011–12, spread across 17 portfolios. AGIE, however, does not provide a full picture of Indigenous expenditure as it excludes most Australian Government mainstream expenditure and expenditure by the states and territories. In 2010, for the first time, an estimate of all Indigenous expenditure (both Indigenous-specific and mainstream expenditure by all governments) was published for COAG in the *Indigenous Expenditure Report*. The second *Indigenous Expenditure Report* was published in 2012. Total Indigenous expenditure (2010–11) was estimated to be \$25.4 billion, of which \$11.5 billion was delivered by Australian Government agencies.<sup>6</sup> Of this \$11.5 billion, 72 per cent (\$8.3 billion) is mainstream expenditure and 28 per cent (\$3.2 billion) is Indigenous-specific expenditure.

---

<sup>6</sup> Steering Committee for the Review of Government Service Provision 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra, p. 2. This report emphasises that the estimates of mainstream expenditure are subject to many data quality and methodological challenges.

## Audit objectives and criteria

11. The objective of the audit was to assess the effectiveness of FaHCSIA's performance of its lead agency role in coordinating whole-of-government commitments to closing the gap in Indigenous disadvantage. The ANAO considered:

- the degree to which FaHCSIA's lead agency role is clearly articulated and supported by structured arrangements;
- the effectiveness of the coordination arrangements in facilitating better integration in the delivery of services on the ground; and
- FaHCSIA's role in monitoring and reporting overall performance and commitments.

12. The ANAO examined documentation, analysed financial information, and interviewed FaHCSIA staff and staff from other agencies involved in coordination, including the Departments of the Prime Minister and Cabinet; Finance and Deregulation; Health and Ageing; Education, Employment and Workplace Relations; Attorney-General's and Human Services. The ANAO also observed several formal coordination meetings and interviewed state office and Indigenous Coordination Centre staff in Brisbane, Perth and Sydney.

## Overall conclusion

13. Indigenous disadvantage occurs across a range of social and economic dimensions and is recognised as having multiple determinants which cannot be fully addressed by any one area of government, or by a business-as-usual approach to policy and program delivery. Accordingly, the Australian Government seeks to address disadvantage through the collaborative or joined up efforts of a range of government agencies using both Indigenous-specific programs and mainstream programs. Services to address Indigenous disadvantage are delivered through a variety of means by different Australian Government agencies, state and territory agencies, local governments and non-government service provider organisations. The large number of programs and delivery partners, and the several thousand associated funding agreements, highlight the importance of well-developed coordination arrangements to ensure the overall effort is most effectively targeted and efficiently delivered. In this respect, active coordination or collaboration helps to integrate services across the complex delivery arrangements and inform strategic decisions on government policy and funding priorities.

14. The arrangements for the lead agency of Indigenous affairs were established in 2004 with the creation of the Office of Indigenous Policy Coordination, which was to focus on coordinating and driving whole-of-government innovative policy development and service delivery across the Australian Government as well as to oversee relations with the states and territories on Indigenous matters. In this context, and following OIPC's transfer to FaHCSIA in 2006, FaHCSIA has established structured arrangements for coordination between Australian Government agencies and is actively involved in arrangements with state and territory agencies.

15. These arrangements include a central structure of committees within the Australian Government to provide for overall governance of Australian Government commitments to the Closing the Gap targets. The committee structure extends across jurisdictions to help progress reforms and to coordinate between the Australian Government agencies and state and territory agencies. Also across jurisdictions, Overarching Bilateral Indigenous Plans have been established to guide the high-level coordination arrangements for policy and service delivery between Australian Government agencies and state and territory agencies. At the level of service delivery, FaHCSIA maintains 25 Indigenous Coordination Centres (ICCs) located in urban, regional and rural Australia as well as FaHCSIA offices in every state and territory. Additional coordination structures, which largely mirror these structures, are in place in some states and territories for implementing specific initiatives such as the National Partnership on Remote Service Delivery.<sup>7</sup>

16. FaHCSIA has built good working relations with other agencies and FaHCSIA's lead agency status is well recognised within the Australian Government. However, overall, FaHCSIA has been quite measured in its approach and focused its formal role on sharing information and experience between agencies, and has not been strongly proactive in exercising its lead agency role. This is particularly the case when viewed against the expectations established in 2004 with the creation of the Office of Indigenous Policy Coordination discussed in paragraph 14. A more active approach by the

---

<sup>7</sup> This national partnership was the subject of ANAO Audit Report No. 43 2011–12 *National Partnership Agreement on Remote Service Delivery*. Key coordination structures in New South Wales, Western Australia, South Australia, Queensland and the Northern Territory include cross-jurisdictional Boards of Management, bilateral implementation plans, Regional Operations Centres and the establishment of Government Business Managers in communities.

department is required to tangibly address some of the critical strategic issues in Indigenous affairs, such as: making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; and better integrating program delivery on the ground.

17. FaHCSIA has been the lead agency for Indigenous affairs since 2006. The lead agency role could usefully be refreshed to recognise the changed financial relations between the Australian Government and the states and territories resulting from the COAG reforms, the commitments made in the NIRA and ongoing reforms to service delivery in the Australian Government.<sup>8</sup> To better drive towards the outcomes and timeframes sought by the Government, it is timely for FaHCSIA, as the agency best placed to oversee the whole picture of Indigenous programming, to consider, in consultation with other key agencies, options for a more strategic lead agency role that has a stronger performance orientation, with advice to government as appropriate.<sup>9</sup>

18. The audit has highlighted there is scope for improving the effectiveness of the coordination arrangements to get greater traction on longstanding issues in Indigenous affairs. In its response to the audit report (see paragraphs 35, 36 and Appendix 1), FaHCSIA has noted that it has already put in place strengthened arrangements to provide a greater focus on issues of strategic importance for Commonwealth agencies. The initial steps taken by FaHCSIA to increase the strategic focus of its coordination efforts are important and will need to be sustained and supported over time. In light of the audit findings, the ANAO has made three recommendations to strengthen the lead agency role. The first recommendation is aimed at updating FaHCSIA's lead agency role and bringing a more strategic, results orientation to the governance committees, building on recent steps being taken in this area. The second focuses on facilitating improvements in integrated delivery of services and programs in remote and very remote areas. The final recommendation proposes ways to improve financial and performance reporting arrangements.

---

<sup>8</sup> FaHCSIA's internal audit report *Closing the Gap Agenda*, completed in May 2010, advised among its recommendations that FaHCSIA formalise its lead agency roles and responsibilities.

<sup>9</sup> A major government report in 2010 also called for a renewed commitment to 'a coordinated, whole-of-government approach to the delivery of programs and services to Indigenous people', Department of Finance and Deregulation, *Strategic Review of Indigenous Expenditure*, DoFD, Canberra, 2010, p. 289.

## Key findings by chapter

### Coordination arrangements (Chapter 2)

19. Implementing the National Indigenous Reform Agreement requires collaboration between Australian Government agencies and across jurisdictional boundaries. As lead agency, FaHCSIA chairs 14 of the 16 cross-agency and cross-jurisdictional committees and working groups to coordinate policy and the implementation of Indigenous programs, and has put in place comprehensive arrangements to service these committees. One of the key committees is the Executive Coordination Forum on Indigenous Affairs (ECFIA), chaired by the FaHCSIA Secretary and which until recently had deputy secretary membership from 13 agencies. The committee and working group arrangements have been successful in sharing information across agencies and building working relationships between FaHCSIA and other agencies. FaHCSIA's chairing and secretariat responsibilities for the committees, including five cross-jurisdictional working groups and the Commonwealth Indigenous Reform Group (CIRG) which supports the work of ECFIA, result in FaHCSIA being well positioned to influence the work of the committees and working groups.

20. In general FaHCSIA has not sought to assign specific results to the work of particular Australian Government cross-agency committees and uses them primarily to share information among agencies. While information sharing is a useful role, there are opportunities to address more tangibly some of the critical performance issues in Indigenous affairs, such as: making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; or integrating program delivery on the ground.

21. ECFIA and CIRG agendas have tended to be full and wide-ranging and focused on information items rather than on addressing strategic level issues. Consequently, there is limited time during meetings for strategic discussion of proposals for resolving priority issues of whole-of-government concern. ECFIA and CIRG meeting papers have often been distributed to participating agencies with short lead times for the participating agencies to develop considered positions before attending meetings. Deputy secretaries have frequently been substituted by less senior staff at ECFIA meetings, and the ability of the meetings to make strategic decisions has been lessened.

22. In 2012, FaHCSIA is seeking to make ECFIA a more strategically focused forum. It has consolidated the membership with fewer agencies represented only by senior levels and proposed a forward work program that focuses on priority policy issues for proactive consideration by ECFIA. With the committee arrangements well established and relationships built, the coordination arrangements among other committees could now be more focused on achieving specific results.

23. The arrangements for the lead agency of Indigenous affairs were established in 2004 with the creation of the Office of Indigenous Policy Coordination which was to focus on coordinating and driving whole-of-government innovative policy development and service delivery across the Australian Government as well as overseeing relations with the states and territories on Indigenous matters. In this context, and following OIPC's transfer to FaHCSIA in 2006, FaHCSIA has established structured arrangements for coordination between Australian Government agencies and is actively involved in arrangements with state and territory agencies. Overall, FaHCSIA has been quite measured in its approach and focused its formal role on sharing information and experience between agencies and has not been strongly proactive in exercising its lead agency role. This is particularly the case when viewed against the expectations established in 2004 with the creation of the Office of Indigenous Policy Coordination. After six years of FaHCSIA as lead agency, the role itself is also in need of refreshing to recognise the COAG reform agenda has progressed relations between the Australian Government and the states and territories and the commitments made in the NIRA. It is timely for FaHCSIA to consider, in consultation with other key agencies, options for a more strategic lead agency role that has a stronger performance orientation, with advice to government as appropriate.

### **Service delivery (Chapter 3)**

24. Indigenous people generally experience greater disadvantage than non-Indigenous people and a range of complex issues have an impact on their wellbeing. Typically, an individual service cannot respond directly to the multiple issues experienced. This situation is exacerbated in remote and very remote areas, which are physically isolated from major service centres. Linking services, for example through referrals or informal interagency networks, can help consumers to navigate fragmented and complex service systems, but gaps and duplication in services are still likely and there is potential for competition for resources between providers. More integrated service delivery is needed to

manage such gaps, duplication and inconsistencies in service provision and to allow for programs and services to be connected across the building blocks, where relevant.

**25.** The National Indigenous Reform Agreement emphasises the need to move towards more collaborative and integrated program delivery of Indigenous programs. The large numbers of Australian Government programs mean that coordinated service delivery on the ground is both necessary and a challenge. In 2011 there were 210 Indigenous-specific programs and sub-programs across 17 Australian Government portfolios. Programs are usually implemented using funding agreements with different delivery partners which results in very high numbers of activities being implemented by multiple government agencies and non-government providers. Besides making the coordination of activities difficult, the large number of funding agreements also places a heavy compliance burden on service provider organisations. The administrative work generated by multiple funding agreements takes service provider staff time away from implementing activities, including linking activities with those of other service providers. This problem is especially relevant for small organisations including the many Indigenous organisations that play a critical role, particularly in remote areas.<sup>10</sup>

**26.** In recognition of the need to coordinate the delivery of programs and services on the ground, the Indigenous Coordination Centre (ICC) model was developed in 2004 and 2005. This model aimed to collocate Australian Government agency staff in 30 ICCs in remote, regional and urban areas to provide a 'one stop shop' for whole-of-government delivery of mainstream and Indigenous-specific services to Indigenous communities. Other local coordination structures have also been developed in some areas, such as the Government Business Managers, who operate in a small selection of remote communities and Regional Operation Centres that were developed for the National Partnership on Remote Service Delivery.<sup>11</sup>

**27.** ICCs are now staffed mostly by FaHCSIA staff. FaHCSIA has undertaken several reviews of the ICC model since 2007, which have indicated

---

<sup>10</sup> This issue is examined in ANAO Audit Report No. 26 2011–12 *Capacity Development for Indigenous Service Delivery*, pp. 19–22.

<sup>11</sup> See footnote 7.

uncertainty over the role of ICCs. In March 2012, FaHCSIA considered a revised role for its network of staff in the states and territories, including the ICCs. The proposed changes are likely to begin a process of useful reform towards improving engagement with Indigenous people and more responsive planning, especially in remote areas. However, work is still required to clarify how services and programs will actually be provided in a more integrated and collaborative manner between the levels of governments and between services.

**28.** While there are a number of efforts by FaHCSIA staff to better integrate service delivery on the ground, and the design of major initiatives like the National Partnership on Remote Service Delivery and reforms to remote employment services<sup>12</sup> is intended to better integrate services, overall, coordination efforts are not generally resulting in more integrated delivery of services to Indigenous people, as envisaged in the NIRA, and fragmentation of activities on the ground remains an issue. There would be merit in FaHCSIA renewing the focus on steps that can be taken to better integrate services on the ground.

**29.** Achieving the Closing the Gap targets is dependent on improvements in the quality of the mainstream services for the 75 per cent of Indigenous Australians who live in urban and regional areas—a point noted also by the *Strategic Review of Indigenous Expenditure*.<sup>13</sup> Progress in advancing reforms to mainstream programs to make them more accessible and effective for Indigenous people has been slow. ECFIA's forward work program for 2012–13 includes a focus on the design and delivery of mainstream programs with respect to their contribution to Closing the Gap in Indigenous disadvantage. Recognising that there is a broader suite of reforms across the public service in relation to service delivery, FaHCSIA will need to fully engage as these reforms evolve to bring Indigenous program experience to bear and ensure that the issues of accessibility and effectiveness for Indigenous people are adequately addressed. In remote and very remote areas where Indigenous people form a higher proportion of the population than in regional and urban

---

<sup>12</sup> On 26 April 2012, the Minister for Indigenous Employment and Economic Development announced the merger of Job Services Australia, the Disability Employment Services, the Community Development Employment Projects and the Indigenous Employment Program into a single integrated service for 65 communities.

<sup>13</sup> Department of Finance and Deregulation, op. cit., p. 11.



areas and rely heavily on Indigenous-specific services and programs, FaHCSIA should actively lead collaboration across Australian Government agencies to change agencies' practices and, where necessary, reform the service delivery arrangements to better integrate the delivery of services and programs for Indigenous people. As a key body in the coordination arrangements, it would be expected that ECFIA would be closely involved in this process.

#### **Oversight of expenditure and performance (Chapter 4)**

30. An important role of the lead agency in Indigenous affairs is oversight of Australian Government contributions, including oversight of financial commitments, as well as ensuring that Australian Government efforts are contributing to outcomes that will, in turn, contribute to the Closing the Gap targets. Being able to maintain a strategic focus and line of sight between individual activities and intermediate outcomes within the action areas or building blocks is a key feature of such a role.

31. FaHCSIA monitors expenditure through the preparation of the *Indigenous Budget Statement* and by collating Australian Government Indigenous Expenditure (AGIE) figures, reported by individual agencies in Portfolio Budget Statements. These two processes report on different items of expenditure and neither process gives a complete picture of Australian Government Indigenous expenditure. As a result, FaHCSIA is not tracking, monitoring and reporting on the full picture of Indigenous expenditure through either of these means. There is considerable scope for the department to enhance its financial reporting and take a more strategic oversight role in monitoring expenditure, for example in making more use of analysis of the *Indigenous Expenditure Report*<sup>14</sup> to inform decisions on funding priorities. Although not without data quality and methodological challenges, the *Indigenous Expenditure Report* is the only one of the current financial reports that will be possible over time to reconcile with published government financial statistics.

---

<sup>14</sup> Two *Indigenous Expenditure Reports* have been produced for COAG, in 2012 and 2010, providing an estimate of all Indigenous expenditure (both Indigenous-specific and mainstream expenditure by all governments). See for example, Steering Committee for the Review of Government Service Provision 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra.

32. In terms of overseeing performance, the COAG Reform Council has the task of assessing and publicly reporting on the performance of governments against the Closing the Gap targets and the National Partnerships directly associated with the NIRA. To this end, three reports have been prepared since 2010. The high-level Closing the Gap outcomes are difficult to track annually, partly because of data difficulties and partly because significant changes at this level are unlikely to show over short time frames. While COAG is responsible for public reporting under the NIRA, under the federal financial relations arrangements FaHCSIA is expected to keep their minister informed of outcomes and policy developments under the NIRA.<sup>15</sup>

33. Since 2010, FaHCSIA has coordinated the preparation of regular reports to the Government on the implementation of the Australian Government's Indigenous programs. These reports cover a set of activities that is not easily reconciled with the AGIE, the *Indigenous Budget Statement* or the *Indigenous Expenditure Report*. More value from performance reporting could be realised if the rationale for selecting programs to report was more clearly aligned with financial monitoring and reporting.

34. FaHCSIA's reporting provides advice to government on the extent to which the nominated programs are being implemented as planned and milestones are being met. The last two reports have indicated that most commitments are 'on track' for implementation within agreed time frames. FaHCSIA's reporting seeks to provide government with information on risks to timely implementation and the action ECFIA is taking to address these risks. However, the reporting is not designed to assess the impacts, consequences or intermediate outcomes of implementation or progress towards the Closing the Gap targets. In its current form the reporting does not provide an accessible summary of progress and report preparation is a time consuming, resource intensive process. The reports could adopt a more strategic role to identify and report on intermediate outcomes of a more limited set of priority initiatives likely to have the biggest impact in achieving the Closing the Gap targets, and draw out the key issues and related remedial action.

---

<sup>15</sup> The Treasury, Federal Finances Circular No. 2009/03, 3 April 2009, p. 5.

## Summary of agency response

**35.** *FaHCSIA welcomes the ANAO audit report on Australian Government Coordination Arrangements for Indigenous Programs. As the report makes clear, working effectively across organisational and jurisdictional boundaries is currently one of the most significant issues in public administration. FaHCSIA remains strongly committed to working with other Commonwealth agencies and state and territory governments to help close the gap on Indigenous disadvantage for Indigenous Australians*

**36.** *The Department has already put in place strengthened arrangements to provide a greater focus on issues of strategic importance for Commonwealth agencies. FaHCSIA also notes the critical role that the major policy and program delivery agencies and the central agencies play in collaborating and supporting FaHCSIA's lead agency role.*

## Recommendations

---

### Recommendation No. 1

#### Paragraph 2.48

In order to achieve the collaboration needed for implementing the National Indigenous Reform Agreement (NIRA), the ANAO recommends that FaHCSIA review its current coordination role in the light of the priorities of the Closing the Gap agenda and advise the Government of options for an updated lead agency role that reflects the NIRA arrangements and includes priority results to be achieved through the coordination arrangements.

**FaHCSIA's response:** Agreed

### Recommendation No. 2

#### Paragraph 3.50

In order to better integrate the delivery of Indigenous programs and services between and across government agencies and non-government service providers in remote and very remote areas, the ANAO recommends that FaHCSIA, in consultation with relevant agencies and in the context of broader delivery reforms, actively promote relevant changes in agencies' practices and, where necessary, seek agreement from the Government for delivery reforms.

**FaHCSIA's response:** Agreed

**Recommendation  
No. 3**

**Paragraph 4.37**

In order to better inform the Australian Government of its contributions to outcomes helping to close the gap in Indigenous disadvantage and to inform strategic decisions in relation to expenditure, the ANAO recommends that FaHCSIA include a greater focus on outcomes in its overall reporting and enhance its financial oversight of mainstream and Indigenous-specific Australian Government Indigenous expenditure.

**FaHCSIA's response:** Agreed



# Audit Findings





# 1. Introduction

---

*This chapter describes the recent history of Australian Government coordination arrangements for Indigenous affairs and the lead agency responsibilities, including the current arrangements for working collaboratively across different levels of government and non-government service providers to close the gap in Indigenous disadvantage. The audit approach is also outlined.*

## Background

**1.1** Addressing the deeply entrenched nature of disadvantage faced by Australia's Indigenous people compared to Australia's non-Indigenous people is a key priority of the Australian Government. Achieving high-level outcomes has been slow; while some improvements have been measured in employment, educational attainment, child mortality and home ownership for Indigenous Australians, the majority of indicators of Indigenous disadvantage have shown limited improvements or have deteriorated since systematic measurements began in 2002.<sup>16</sup>

**1.2** Indigenous disadvantage occurs across a range of different policy areas, such as health, early childhood development and housing, and requires action to be taken, often in concert, by line agencies responsible for these different policy areas. It is also the case that governments at both the federal level and the state and territory level have Indigenous policy and program responsibilities. In practice, therefore, Indigenous service provision occurs through multiple layers of government, with services being delivered by a complex network of implementation partners that include Australian Government agencies, state and territory government agencies, local governments and non-government service provider organisations.

**1.3** The Government has stated that previous, business-as-usual approaches to addressing Indigenous disadvantage have not worked and new approaches that address the particular circumstances of Indigenous people are

---

<sup>16</sup> Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: key indicators 2011*, Productivity Commission, Canberra, 2011, p. iii and COAG Reform Council, *Indigenous reform 2010–11: Comparing performance across Australia*, COAG Reform Council, Sydney, 2012, p. 4.

needed.<sup>17</sup> In general, Indigenous people experience greater disadvantage and have greater needs than non-Indigenous people and, for geographic, cultural and economic reasons, mainstream services are less accessible and are less effective for them.<sup>18</sup> Geographically, in 2006, 25 per cent of Australia's 517 000 Indigenous Australians<sup>19</sup> lived in remote and very remote Australia, in areas difficult for mainstream government programs to reach. In regional and urban areas, the remaining 75 per cent of Indigenous Australians are less likely than non-Indigenous Australians to access or gain the full benefit from mainstream programs mainly because of economic and cultural differences.

**1.4** Prior to 2004, Indigenous program delivery occurred through line agencies, particularly health and education, and through the Aboriginal and Torres Strait Islander Commission (ATSIC) and associated agencies. When ATSIC was abolished in 2004, responsibility for all Indigenous programs and services was given to line agencies. These agencies were required to deliver Indigenous-specific programs and ensure that their mainstream programs (programs available to all Australians) were accessible to Indigenous people through a collaborative approach between agencies. Coordination was recognised as a key element of the new approach and was to be driven by a lead agency through the Office of Indigenous Policy Coordination (OIPC), originally established within the then Department of Immigration and Multicultural and Indigenous affairs on 1 July 2004, with the following functions:

- to be the primary source of advice on Indigenous issues to the Minister responsible for Indigenous affairs;
- to coordinate and drive whole-of-government innovative policy development and service delivery across the Australian Government;
- to develop new ways of engaging directly with Indigenous Australians at the regional and local level, including through:

---

<sup>17</sup> See for example Hansard, Rudd K, *Apology to Australia's Indigenous Peoples*, 13 February 2008, p. 170, and the *Closing the Gap: Prime Minister's Report 2012*, p. 3.

<sup>18</sup> Council of Australian Governments, *National Indigenous Reform Agreement (Closing the Gap)*, COAG, Canberra, 2008, pp. B52–3.

<sup>19</sup> The Australian Bureau of Statistics, estimates there are 548 000 Indigenous Australians in the 2011 Census.

- Shared Responsibility Agreements at community/clan/family level, and
- Regional Partnership Agreements (where there is local interest) to customise and shape government interventions in a region.
- to broker relations with state and territory governments on Indigenous issues;
- to evaluate and report on the performance of government programs and services for Indigenous people to inform policy review and development;
- to communicate Australian Government policy directions to Indigenous people and the community generally; and
- to manage a number of Indigenous programs and transitional services arising from the abolition of the Aboriginal and Torres Strait Islander Commission and Aboriginal and Torres Strait Islander Services.<sup>20</sup>

**1.5** The changes to the administrative arrangements for Indigenous affairs were supported by the endorsement by COAG of the National Framework for Delivering Services to Indigenous Australians in 2004. The framework committed all Australian government jurisdictions to achieving better outcomes for Indigenous Australians, improving the delivery of services, building greater opportunities and helping Indigenous families and individuals to become self-sufficient. This included ‘harnessing the mainstream’, including ensuring that mainstream services were accessible to Indigenous people and complemented by Indigenous-specific programs, as well as streamlining service delivery and addressing jurisdictional overlap.

**1.6** These actions were part of a broader move toward ‘whole-of-government’ approaches to government service delivery in Australia. Whole-of-government was defined in a report by the Management Advisory Committee on connecting government as ‘public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues’.<sup>21</sup> The report, released at the time the

---

<sup>20</sup> Department of Immigration and Multicultural and Indigenous affairs, *Annual Report 2004–05*, output 3.1.

<sup>21</sup> Management Advisory Committee of the Australian Public Service, *Connecting Government: whole-of-government responses to Australia’s priority challenges*, 2004, p. 4.

new Indigenous administrative arrangements were announced in 2004, was clearly linked to Indigenous affairs. In launching the report, the then Secretary of the Department of the Prime Minister and Cabinet noted:

Now comes the biggest test of whether the rhetoric of connectivity can be marshalled into effective action. The Australian Government is about to embark on a bold experiment in implementing a whole-of-government approach to policy development and delivery...and the embrace of a quite different approach to the administration of Indigenous-specific programmes and services.<sup>22</sup>

**1.7** In 2006, the Department of Families, Community Services and Indigenous Affairs (FaCSIA, now FaHCSIA) became the lead agency for Indigenous affairs. The OIPC was transferred and its functions absorbed into the department's organisational structure. In the 2012–13 Portfolio Budget Statement FaHCSIA is described as:

the lead agency in the Australian Government for Indigenous affairs, [which] coordinates the Australian Government's contribution to the Closing the Gap strategy agreed by the Council of Australian Governments (COAG) in 2008.<sup>23</sup>

In 2011 there were 210 Indigenous-specific programs and sub-programs identified by the Australian Government as making a contribution to closing the gap in Indigenous disadvantage.<sup>24</sup> These are administered by more than 40 different agencies across 17 portfolios.

**1.8** Since 2005, each Australian Government agency has been required to report Indigenous expenditure in Portfolio Budget Statements, known as Australian Government Indigenous Expenditure (AGIE). Total AGIE was estimated at \$4.2 billion in 2011–12, spread across the 17 portfolios. The three departments with the largest Indigenous expenditures are FaHCSIA (31 per

---

<sup>22</sup> Shergold, P, speech to launch *Connecting Government: whole-of-government responses to Australia's priority challenges*, April 2004.

<sup>23</sup> Families, Housing, Community Services and Indigenous affairs, *Portfolio Budget Statement 2012*, FaHCSIA, Canberra, p. 121. FaHCSIA's website also notes that FaHCSIA is the lead Australian Government agency on Closing the Gap. [www.fahcsia.gov.au/our-responsibilities/indigenous-australians/overview](http://www.fahcsia.gov.au/our-responsibilities/indigenous-australians/overview), accessed 20 August 2012.

<sup>24</sup> In 2011–12, there were 101 programs, 109 program components (sub-programs) and 104 service components included in Australian Government Indigenous Expenditure, noting however that under the general guidance of the Department of Finance and Deregulation, FaHCSIA has to work with each agency's definitions of program, component or service.

cent<sup>25</sup> in 2011–12), Health and Ageing (24 per cent) and Education, Employment and Workplace Relations (18 per cent). Other departments with significant programming include Attorney-General's and Human Services.

**1.9** AGIE, however, does not provide a full picture of overall Indigenous expenditure as it excludes most Australian Government mainstream expenditure and expenditure by the states and territories. In 2010, for the first time, an estimate of all Indigenous expenditure (both Indigenous-specific and mainstream expenditure by all governments) was published for COAG in the *Indigenous Expenditure Report*. The second *Indigenous Expenditure Report* was published in 2012. Total Indigenous expenditure (2010–11) was estimated to be \$25.4 billion, of which \$11.5 billion was Australian Government direct expenditure.<sup>26</sup> Of this \$11.5 billion, 72 per cent (\$8.3 billion) is mainstream expenditure and 28 per cent (\$3.2 billion) is Indigenous-specific expenditure. The different ways of measuring Indigenous expenditure are discussed in Chapter 4.

## Policy goals for Indigenous affairs

**1.10** Major reforms to financial relations between the Australian Government and the states and territories were introduced during 2008, aimed at improving the effectiveness and quality of government services by reducing Commonwealth prescriptions on service delivery by the states and territories and clarifying roles and responsibilities. As part of these reforms, COAG introduced six National Agreements to guide the Australian Government, states and territories in the delivery of services across a particular sector: one of these agreements was the National Indigenous Reform Agreement (Closing the Gap) (NIRA) which includes the National Integrated Strategy for achieving six national targets, known as the Closing the Gap targets. These are to:

- close the life-expectancy gap within a generation;

---

<sup>25</sup> The calculation of this percentage excludes FaHCSIA transfer payments of \$448 million to its portfolio agencies Aboriginal Hostels Limited, Indigenous Business Australia, Indigenous Land Corporation and Torres Strait Regional Authority, but includes payment of \$150 million into the Aboriginals Benefit Account as royalty equivalent monies, calculated from royalties paid to Government from mining on Aboriginal land in the Northern Territory.

<sup>26</sup> Steering Committee for the Review of Government Service Provision 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra, p. 2. This report emphasises that the estimates of mainstream expenditure are subject to many data quality and methodological challenges.

- halve the gap in mortality rates for Indigenous children under five within a decade;
- ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years;
- halve the gap in reading, writing and numeracy achievements for children within a decade;
- halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020; and
- halve the gap in employment outcomes between Indigenous and non-Indigenous Australians within a decade.

**1.11** The Closing the Gap targets are underpinned by seven interlinked action areas or ‘building blocks’. The building blocks are early childhood, schooling, health, economic participation, healthy homes, safe communities and governance and leadership. The approach taken in the NIRA is to concentrate action within building blocks while recognising that improvements in one building block are heavily reliant on improvements in others and that efforts need to be taken forward in a coordinated manner. Importantly, the NIRA recognises the role of all levels of government in helping to achieve the Closing the Gap outcomes. Accordingly, the NIRA reinforces the coordination imperative for Indigenous programs, calling for ‘an unprecedented level of cooperation and coordination between the Commonwealth and the State and Territory Governments’.<sup>27</sup>

**1.12** This integrated approach agreed by governments is further explained in the NIRA’s six Service Delivery Principles for programs and services for Indigenous Australians, which are intended to guide the design and delivery of both Indigenous-specific and mainstream government programs and services (see box).

---

<sup>27</sup> Council of Australian Governments, *National Indigenous Reform Agreement (Closing the Gap)*, COAG, Canberra, 2008, p. A18.

### Service Delivery Principles for Programs and Services for Indigenous Australians

**Priority principle:** Programs and services should contribute to Closing the Gap by meeting the targets endorsed by COAG while being appropriate to local needs.

**Indigenous engagement principle:** Engagement with Indigenous men, women and children and communities should be central to the design and delivery of programs and services.

**Sustainability principle:** Programs and services should be directed and resourced over an adequate period of time to meet the COAG targets.

**Access principle:** Programs and services should be physically and culturally accessible to Indigenous people recognising the diversity of urban, regional and remote needs.

**Integration principle:** There should be collaboration between and within government at all levels and their agencies to effectively coordinate programs and services.

**Accountability principle:** Programs and services should have regular and transparent performance monitoring, review and evaluation.

**1.13** The integration principle elaborates on the need for collaboration between and within governments and their agencies at all levels, and funded service providers, to effectively coordinate and integrate programs and services between governments and between services. Without detracting from the responsibilities of line agencies to deliver Indigenous programs effectively, promoting the application of the integration principle across the different line agencies is a central element of coordination by the responsible lead agency.

**1.14** Through the integration principle and elsewhere, the NIRA reinforces the coordination imperative for Indigenous programs. However, it does not significantly change the coordination arrangements established under the previous government with the functions of the Office of Indigenous Policy Coordination invested in a lead agency.

### Lead agency and coordination requirements in Indigenous affairs

**1.15** The main purpose for coordination between government agencies is to achieve results that could not have been achieved by any one of the agencies working alone. Coordination across different government agencies is difficult because each agency is accountable to its own ministers and different

operating cultures are often difficult to bring together.<sup>28</sup> Accordingly, there are various risks to coordination, as well as benefits, as illustrated in Table 1.1.

**Table 1.1**

**Advantages and disadvantages of coordination**

Benefits/ Advantages	Costs/ Disadvantages
<ul style="list-style-type: none"> <li>• a potentially better result for the population or entity of interest;</li> <li>• helping to convey 'big picture' strategic issues (e.g. sustainable development) which are not captured by agency objectives;</li> <li>• helping to realise synergies and maximise the cost effectiveness of policy and/or service delivery;</li> <li>• exploiting economies of scale (e.g. sharing of IT facilities, data and information, property);</li> <li>• bringing together organisations or key staff whose co-operation could prove beneficial in other areas;</li> <li>• improving customer focus and thus the quality and user-friendliness of services;</li> <li>• assisting prioritisation, resolution of potential conflicts and trade-off decision-making; and</li> <li>• developing goodwill with other agencies that are likely to be critical to future successes.</li> </ul>	<ul style="list-style-type: none"> <li>• less clear lines of accountability for policy development and service delivery;</li> <li>• longer decision-making processes;</li> <li>• greater difficulty in measuring effectiveness and determining impact, because of the need to develop and maintain more sophisticated performance measurement systems;</li> <li>• direct and indirect costs of management and staff time spent establishing and sustaining joint working arrangements;</li> <li>• organisational and transitional costs of introducing joint approaches and structures; and</li> <li>• can lead towards consensus and the "lowest common denominator" at the expense of making tougher decisions about trade-offs to get better results for the public.</li> </ul>

Source: New Zealand State Services Commission

**1.16** In the Australian Government, a lead agency may have various roles, but a broad oversight role to assess whether implementation progress, expenditure and results are meeting the Government's objectives for Indigenous programs is central to informing both policies and delivery models. In Indigenous affairs, a well developed lead agency role can help to:

---

<sup>28</sup> This issue of accountability in joined-up arrangements for policy development, program design and service delivery is currently being considered in a discussion paper as part of the Commonwealth Financial Accountability Review: Department of Finance and Deregulation, *Is Less More? Towards Better Commonwealth Performance*, Commonwealth of Australia, March 2012, pp. 35–9. This issue is not confined to Australia—chapter 9 of the December 2002 Report of the Auditor General of Canada, *Modernizing Accountability in the Public Sector*, p. 15, for example, explores different kinds of accountability relationships.



drive common changes in agencies' practices; ensure information and experience is shared across agencies; coordinate service delivery on the ground; and provide consolidated advice to the Government. Creating structured, workable arrangements, with sufficient authority for the lead agency to undertake its role without diluting the accountabilities of the sectoral agencies, are important elements of effectiveness. Due to the delivery arrangements in place for Indigenous affairs, coordination arrangements are relevant at an overall governance level within the Australian Government, at a cross-jurisdictional level between Australian Government agencies and state and territory agencies, and at the level of service delivery.

**1.17** In Indigenous affairs, the coordination task should focus on critical cross-cutting areas that require the cooperation of other agencies, as opposed to sector-specific areas that will be managed by the specialist line agency. The critical cross-cutting issues in Indigenous affairs include areas such as: integrating program delivery on the ground; making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; or prioritising and sequencing programs across sectors. There should also be clear mechanisms for escalating issues to ministers to allow for their timely resolution, in order to reduce any barriers that inhibit program performance in achieving the outcomes agreed to by government.

**1.18** This audit focuses on how effectively FaHCSIA is leading whole-of-government coordination across three areas: the formal coordination structures and arrangements; at the point of service delivery; and in monitoring performance and commitments.

## Recent reviews of Indigenous program coordination

**1.19** In October 2007 the ANAO audit *Whole-of-government Indigenous Service Delivery Arrangements* assessed how four key departments: Education, Science and Training; Employment and Workplace Relations; Families, Community Services and Indigenous Affairs; and Health and Ageing were implementing the Government's policy objective for Indigenous service delivery. The audit noted there were opportunities to streamline the administrative arrangements supporting the delivery of services to Indigenous communities. It also promoted a stronger focus on collective performance by departments against the priorities established by the Government. Specific areas identified for improvement included:

- implementation of the Indigenous administrative arrangements and the role of a lead agency;
- whole-of-government governance and accountability arrangements;
- collaborative efforts to support effective service delivery including the development of joint funding agreements; and
- programmes responding flexibly to Indigenous need.<sup>29</sup>

The audit also noted the importance of an ongoing focus on the cultural change required across government, for example to promote alignment and use common systems.

**1.20** In 2009, the Joint Committee of Public Accounts and Audit reviewed the ANAO's audit report *Whole-of-government Indigenous Service Delivery Arrangements* and made a number of recommendations in addition to those proposed by the ANAO. One recommendation related to the need for FaHCSIA to document and address the risks and challenges of working in a whole-of-government context. FaHCSIA accepted the recommendation that:

FaHCSIA as lead agency in Indigenous service delivery identify, document and address the risk and challenges of delivering Indigenous services in a whole-of-government context with a view to refining and improving service delivery.<sup>30</sup>

**1.21** In February 2010, the Department of Finance and Deregulation finalised its report on a major *Strategic Review of Indigenous Expenditure*. This report outlined 115 recommendations, including calling for a renewed commitment to 'a coordinated, whole-of-government approach to the delivery of programs and services to Indigenous people.'<sup>31</sup>

**1.22** FaHCSIA's internal audit report *Closing the Gap Agenda*, completed in May 2010, advised among its recommendations that FaHCSIA formalise its lead agency roles and responsibilities.

---

<sup>29</sup> ANAO Audit Report No.10 2007–08 *Whole-of-government Indigenous Service Delivery Arrangements*, p. 20.

<sup>30</sup> Commonwealth of Australia, Joint Committee of Public Accounts and Audit, Report 414, *Review of Auditor-General's Reports tabled between August 2007 and August 2008*, Canberra, 2009, p. 18.

<sup>31</sup> Department of Finance and Deregulation, *Strategic Review of Indigenous Expenditure*, DoFD, Canberra, 2010, p. 289.

## The audit

**1.23** The objective of the audit was to assess the effectiveness of FaHCSIA's performance of its lead agency role in coordinating whole-of-government commitments to closing the gap in Indigenous disadvantage.

**1.24** In order to address the audit objective, the ANAO considered the following areas:

- the degree to which FaHCSIA's lead agency role is clearly articulated and supported by structured arrangements;
- the effectiveness of the coordination arrangements in facilitating better integration in the delivery of services on the ground; and
- FaHCSIA's role in monitoring and reporting overall performance and commitments.

**1.25** The ANAO examined documentation, analysed financial information, and interviewed FaHCSIA staff and staff from other agencies involved in coordination, including the Departments of the Prime Minister and Cabinet; Finance and Deregulation; Health and Ageing; Education, Employment and Workplace Relations; Attorney-General's and Human Services. The ANAO also observed several formal coordination meetings and interviewed state office and Indigenous Coordination Centre staff in Brisbane, Perth and Sydney.

**1.26** The audit was conducted in accordance with the ANAO Auditing Standards at a cost of \$457 373.

**1.27** This audit focuses by chapter on three areas where the lead agency coordination role is particularly relevant. Chapter 2 examines FaHCSIA's lead agency role and authority and considers the effectiveness of the Indigenous affairs governance structure and the Overarching Bilateral Indigenous Plans in undertaking this role. It considers the Single Indigenous Budget Submission, as a major coordination process, and also discusses monitoring the effectiveness of the coordination arrangements. Chapter 3 discusses the effectiveness of the coordination arrangements in facilitating more integrated delivery of services and programs and improved accessibility and effectiveness of mainstream programs for Indigenous people. Finally, Chapter 4 considers FaHCSIA's lead agency role relative to monitoring financial information and reporting overall performance to government.

## 2. Coordination Arrangements

---

*This chapter examines FaHCSIA's lead agency role and authority and considers the effectiveness of the Indigenous affairs governance structure and the Overarching Bilateral Indigenous Plans in undertaking this role. It considers the Single Indigenous Budget Submission, as a major coordination process, and also discusses monitoring the effectiveness of the coordination arrangements.*

### Introduction

**2.1** Because multiple agencies are involved in program policy and delivery in Indigenous affairs, a well-defined lead agency role is important to ensure information is shared across agencies, to coordinate service delivery on the ground, to provide consolidated advice to the Government and to address any systemic performance issues in a timely manner. In the Australian Government, a lead agency may have various roles, but a broad oversight role to assess whether implementation progress and results are meeting the Government's objectives for Indigenous programs is central to informing both policies and delivery models. Being able to maintain a strategic focus and line of sight between individual programs and expected outcomes for Indigenous people is a key feature of such a role. Creating structured, workable arrangements, with sufficient authority and clarity of purpose for the lead agency to undertake its role without diluting the accountabilities of other agencies involved, is a challenging but important element of effectiveness.

**2.2** This chapter considers FaHCSIA's lead agency role and authority to perform that role. It examines some of the coordination arrangements for Indigenous programs led by FaHCSIA. These coordination arrangements include a central structure of committees within the Australian Government to provide for overall governance of Australian Government commitments to the Closing the Gap targets. A major coordination process undertaken by these committees is the development of the Single Indigenous Budget Submission, which is considered in detail.

**2.3** The committee structure extends across jurisdictions to help progress reforms and to coordinate between the Australian Government agencies and state and territory agencies. Also across jurisdictions, Overarching Bilateral Indigenous Plans have been established to guide the high-level coordination arrangements for policy and service delivery between Australian Government agencies and state and territory agencies. At the level of service delivery,

FaHCSIA maintains 25 Indigenous Coordination Centres located in urban, regional and rural Australia as well as FaHCSIA state offices in every state and territory. The Indigenous Coordination Centre arrangements are considered in detail in Chapter 3 as they directly relate to service delivery.

## **FaHCSIA's lead agency role and authority**

**2.4** The transfer of the Office of Indigenous Policy Coordination (OIPC) to FaHCSIA (then FaCSIA) in 2006 gave the department responsibility and authority in relation to Indigenous affairs to, among other functions, coordinate and drive whole-of-government innovative policy development and service delivery across the Australian Government. Table 2.1 illustrates the various ways in which FaHCSIA's lead agency role in Indigenous affairs has been represented through Portfolio Budget Statements since it assumed responsibility in 2006. The 2012 statement is more explicit about FaHCSIA's role within the Australian Government and less explicit about its role with the states and territories. Over the years the emphasis on coordinating service delivery has also become less prominent than the emphasis on coordinating policy advice.

**Table 2.1**

**Portfolio Budget Statement description of FaHCSIA’s lead agency role in Indigenous affairs 2006 to 2012**

Year	Description of lead agency role
2012	FaHCSIA provides whole-of-government coordination and policy advice and supports implementation of COAG’s National Indigenous Reform Agreement ...FaHCSIA is the lead agency in the Australian Government for Indigenous affairs, and coordinates the Australian Government’s contribution to the Closing the Gap strategy agreed by the Council of Australian Governments (COAG) in 2008.
2011	FaHCSIA is the lead agency responsible for coordinating whole-of-government commitments to close the gap in Indigenous disadvantage and provides whole-of-government leadership, coordination and policy advice.
2010	As the lead agency in Indigenous affairs, FaHCSIA is responsible for whole-of-government leadership, coordination and policy advice in relation to closing the gap in Indigenous disadvantage.
2009	FaHCSIA is working with the states and territories on closing the gap in life outcomes between Indigenous and non-Indigenous Australians...FaHCSIA provides leadership and policy coordination on Indigenous issues across government, and is working to ensure that Indigenous voices are increasingly heard within government and business.
2008	FaHCSIA will lead and facilitate innovative whole-of-government policy and provide high-level strategic advice and support to the COAG Working Group on Indigenous Reform, the Secretaries’ Group on Indigenous Affairs and the Indigenous Affairs Committee of Cabinet.
2007 and 2006	...provide whole-of-government leadership, coordination and collaboration in policy development and service delivery that will lead to sustainable improvements for Indigenous people and communities; ...cooperatively work with the states and territories and local governments, communities, non-government organisations and the private sector to improve services to Indigenous people and communities...

Source: FaHCSIA Portfolio Budget Statements

**2.5** FaHCSIA’s lead agency status is well recognised by other Australian Government agencies involved in the implementation of Indigenous programs. Agencies also acknowledge the working relationship that FaHCSIA has built with them through its lead agency role. Further, FaHCSIA has developed a close working relationship with the Department of the Prime Minister and Cabinet which enables leverage of additional authority with respect to influencing other Australian Government agencies. FaHCSIA has largely focused its formal coordination role on sharing information and experience between agencies (rather than a more strategic and proactive approach) viewing this as consistent with their role as a line agency. Some agencies highlighted their own ministers’ accountabilities for Indigenous programs

within their portfolios and acknowledged the difficult coordination role FaHCSIA has in this context. The issue of vertical accountability creating some tensions with joint approaches between agencies has been observed more generally in the work of the ANAO and is recognised in current discussions around Australian public service reform.<sup>32</sup>

**2.6** Line departments can be effective in leading coordination across agencies:

Cross-portfolio coordination is a key function of central agencies such as the Department of the Prime Minister and Cabinet but can just as effectively be led by line departments and agencies drawing on their particular areas of expertise.<sup>33</sup>

A number of examples of line agencies performing lead agency roles exist in the Australian public service. The Australian Agency for International Development, for example, coordinates international aid policy across government, in part by chairing a high level Development Effectiveness Steering Committee, with deputy secretary members from the Treasury, Department of Finance and Deregulation, Department of the Prime Minister and Cabinet and Department of Foreign Affairs and Trade. Other Australian Government priorities are also led across governments by a line agency. The Department of Climate Change and Energy Efficiency leads the development and coordination of Australia's climate change and energy efficiency policy, including overseeing the Clean Energy Future Package involving multiple portfolios in the Australian Government and state and territory agencies.

**2.7** Individual line agencies, such as the Department of Health and Ageing or the Department of Education, Employment and Workplace Relations, liaise directly with relevant state and territory agencies in policy development and program implementation for matters within their portfolios, including Indigenous programs. However, FaHCSIA leads overall Australian Government coordination with state and territory agencies on Indigenous matters of cross-cutting concern. This includes developing an Australian Government position on issues to take to the Working Group on Indigenous

---

<sup>32</sup> Department of Finance and Deregulation, *Is Less More? Towards Better Commonwealth Performance*, discussion paper, Commonwealth of Australia, March 2012, p. 36.

<sup>33</sup> ANAO *Better Practice Guide—Innovation in the Public Sector*, 2009, Canberra, p. 42.

Reform, where most of the line agencies are not represented. FaHCSIA also co-chairs the governance arrangements for the Overarching Bilateral Indigenous Plans with the states and territories.<sup>34</sup>

## Australian Government coordination structures for Indigenous programs

2.8 Coordination will in most cases require the development of formal structures and processes to provide a framework in which coordination can take place and the lead agency can exercise its roles. Informal relationships can be effective, however, where cross agency work involves significant resources, high policy risks and long time-frames, structured formal arrangements need to be developed and agencies should negotiate and agree on the terms of the coordination. When formal arrangements, such as committees, exist it is important to agree and document, among other things 'the objectives of the arrangement, including desired outcomes, and timeframes.'<sup>35</sup>

### Governance structure

2.9 One key level at which coordination structures and arrangements operate is the high-level governance structure of committees for coordinating Indigenous affairs (see Figure 2.1). FaHCSIA has described a comprehensive formal governance structure for Indigenous programs. The precise structure and number of committees has changed from time to time; however as at February 2012 at the level of officials it comprised 16 committees, sub committees and working groups across Australian Government agencies and with agencies of the states and territories. The roles and responsibilities of key committees are discussed below.

---

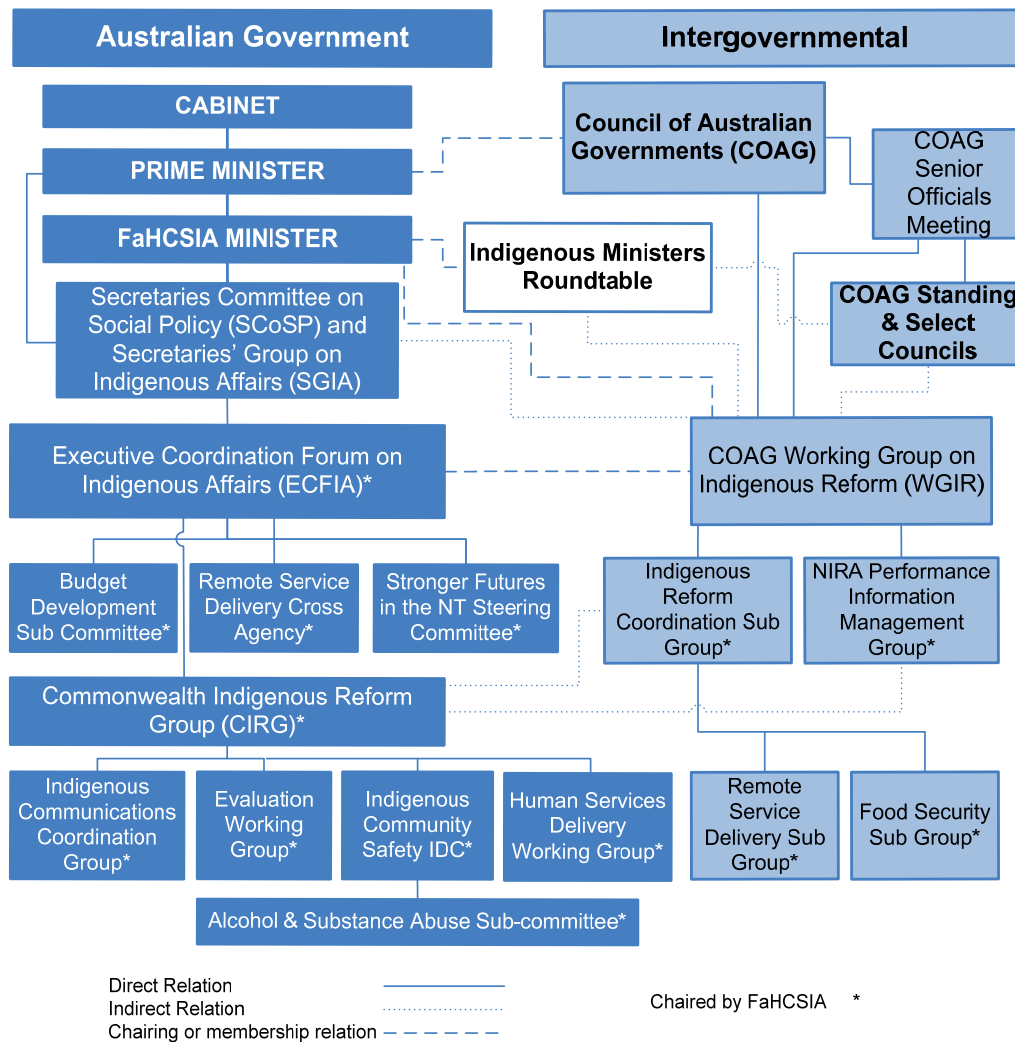
<sup>34</sup> Except in the Australian Capital Territory where the governance arrangements are chaired by a territory official.

<sup>35</sup> ANAO *Cross Agency Guidance Paper*, number 7, 2003, pp. 3–4.



Figure 2.1

Indigenous affairs governance structure February 2012



Source: FaHCSIA

**2.10** The Secretaries' Group on Indigenous Affairs (SGIA) was established in 2004 and operated until late 2011, when it was merged with the Secretaries' Committee on Social Policy (SCoSP), a group with a broader mandate to improve policies, programs and service delivery beyond Indigenous Australians. The SGIA/SCoSP is chaired by the Secretary of the Department of the Prime Minister and Cabinet. Under its terms of reference the SGIA supports the Social Policy and Social Inclusion Committee of Cabinet by providing advice on:

- meeting the six targets agreed by the COAG to close the gap;
- investment and expenditure decisions through a strategically focused Single Indigenous Budget process; reformed Commonwealth and state funding arrangements; and improved access by Indigenous Australians to mainstream programs, and
- emerging priorities before the government.

Members of SGIA/SCoSP can direct their agencies in the development of policy advice and implementation of programs.

**2.11** FaHCSIA plays a substantial and important leadership role at SGIA/SCoSP. FaHCSIA provides the majority of papers for each SGIA/SCoSP meeting and the FaHCSIA Secretary often leads discussion and influences results on Indigenous policy and program issues. FaHCSIA and the Department of the Prime Minister and Cabinet have a well established and robust relationship on issues of Indigenous policy and program coordination. This includes regular informal meetings at senior levels between staff in the two agencies.

**2.12** The Executive Coordination Forum on Indigenous Affairs (ECFIA), which is chaired by the FaHCSIA Secretary, was established to support the SGIA/SCoSP by providing advice to them, including on a strategically focused Single Indigenous Budget Submission and coordination of cross-portfolio Indigenous policy. Its role is also to prepare and implement forward-looking strategies across Australian Government agencies to improve service delivery and implementation of programs to achieve the Closing the Gap targets. Until recently (see paragraph 2.18), under its terms of reference, 13 agencies were represented at deputy secretary level and meetings were held every six to eight weeks or as needed. The close relationship with SGIA/SCoSP provides a clear means to escalate any sticking points between agencies arising from ECFIA to departmental secretaries and, if necessary, ministers. This provides a mechanism to resolve cross-agency barriers to overall program performance in achieving the desired outcomes.

**2.13** The Commonwealth Indigenous Reform Group's (CIRG) role is to support ECFIA by taking forward ECFIA's decisions and agreeing operational matters in relation to Indigenous affairs, including whole-of-government and inter-governmental Indigenous affairs policy and the implementation of major policy reforms. Representation was from the same 13 agencies as ECFIA, but in August 2012 its terms of reference were refined and a core group of nine

Australian Government departments was agreed, with Senior Executive Service Band 2 or Band 1 representatives. A further six Australian Government Departments participate in CIRG as needed. The group is chaired by FaHCSIA.

**2.14** There are five cross-jurisdictional working groups and sub groups of officials, the key one being the Working Group on Indigenous Reform (WGIR). It links directly to COAG, COAG's Senior Officials Meeting and indirectly to the COAG Standing and Select Councils.<sup>36</sup> WGIR is chaired by the FaHCSIA Minister<sup>37</sup>, with representation from senior executives from state and territory departments of Premier and Cabinet, Treasury, Finance and Indigenous Affairs or equivalent; and senior executives from the Australian Government central agencies of Treasury, Finance and Deregulation and the Prime Minister and Cabinet as well as FaHCSIA. WGIR is supported by two subordinate groups—the Indigenous Reform Coordination Sub Group and the NIRA Performance Information Management Sub Group, both chaired by FaHCSIA. The Indigenous Reform Coordination Sub Group has two sub groups for Remote Service Delivery and Food Security.

**2.15** ECFIA and CIRG are the primary committees chaired by FaHCSIA and which relate to the Australian Government. To consider the effectiveness of FaHCSIA's coordination activities through the arrangements, the ANAO examined meeting papers and minutes of meetings and observed a number of meetings of the ECFIA, CIRG and the Budget Development Subcommittee of ECFIA. All 23 meeting papers for ECFIA since its establishment in 2009 until end of 2011 were analysed. As noted in paragraph 2.12, ECFIA was established at a senior level to support the SGIA/SCoSP and to prepare and implement forward-looking strategies across Australian Government agencies to improve service delivery and implementation of programs. FaHCSIA staff spend considerable time and effort preparing detailed papers for ECFIA meetings, including receiving papers from other agencies when relevant. Analysis of the matters brought to ECFIA and the resulting discussions, suggest that ECFIA has primarily functioned to share information across agencies.

---

<sup>36</sup> The Standing and Select Councils (announced in early 2011 as part of the COAG reforms to ministerial councils) play an important role in ensuring mainstream programs are effective for Indigenous people. FaHCSIA provides the secretariat for the Select Council on Housing and Homelessness, for example, but is not represented in the committee support structures for all of these councils.

<sup>37</sup> In the Minister's absence this role is played by the Secretary of FaHCSIA.

**2.16** With some exceptions discussed below, the discussions that did take place at ECFIA focused mainly on efforts to progress the agenda within existing arrangements within agencies, as opposed to seeking new ways of working to address intransigent issues. Thus, some issues—the difficulties of securing staff housing in remote areas for example—have featured on the ECFIA agenda over several meetings and years, but with no resolution to date.

**2.17** Often, deputy secretary members were represented at ECFIA meetings by less senior staff members. This meant the same agency staff sometimes attended the meetings of more than one committee, where similar discussions were repeated. Agendas for ECFIA and CIRG meetings were usually full and wide-ranging in their coverage of Indigenous matters, typically with upwards of ten agenda items per meeting. Some agencies advised the ANAO that this left little time for substantive discussions during meetings. Agency staff invest considerable time in preparing for and attending meetings, and subsequently sharing relevant information across their own agencies. Some agencies noted that FaHCSIA's distribution of meeting papers often only one or two days ahead of meetings, gave them insufficient time to gain a considered agency view to represent at the meetings.

**2.18** In early 2012, decisions were taken to streamline ECFIA and give the committee a more strategic focus. Membership was confined to eight departments<sup>38</sup> (with other agencies to attend meetings as required and a standing invitation for the Coordinator-General for Remote Indigenous Services to observe meetings) to be represented only at deputy secretary or Senior Executive Service Band 2 level. Meetings are to be held every three months. At the inaugural meeting under these new arrangements in July 2012, a forward work program for ECFIA was considered, with the number of prospective agenda items per meeting considerably reduced and focused at a more strategic level as well as a meeting protocol that included early distribution of papers prior to ECFIA meetings. Importantly, information papers will be discussed on an exception basis only. If successful, these new arrangements will operate at an appropriately strategic level. Nonetheless, there is an opportunity to cascade these new arrangements to the other

---

<sup>38</sup> Attorney-General's; Education, Employment and Workplace Relations; Families, Housing Community Services and Indigenous Affairs; Finance and Deregulation; Health and Ageing; Human Services; the Prime Minister and Cabinet; and the Treasury.

committees<sup>39</sup> to increase their focus on achieving specific results and to tighten the supporting administrative arrangements.

## Single Indigenous Budget Submission

**2.19** The Single Indigenous Budget Submission (SIBS) is a document that includes Indigenous-specific New Policy Proposals (NPPs) for decision by Cabinet. The document includes some, but not all, Indigenous-specific NPPs for decision, together with referencing all Indigenous-specific NPPs and relevant mainstream NPPs in a given year so that Cabinet has a picture of all NPPs being brought forward in the Indigenous affairs context. The SIBS is intended to encourage a strategic approach to the development of government policies and programs relevant to Closing the Gap.

**2.20** FaHCSIA has primary responsibility for coordinating the development of the SIBS. It has secretariat and chairing responsibilities for both ECFIA and the Budget Development Sub-Committee (BDS), which drives the development of the submission on behalf of ECFIA. FaHCSIA also has dedicated staff assigned to SIBS development. FaHCSIA's role includes coordinating and drafting the SIBS and working with agencies in the development of NPPs. The work of coordination is intensive, particularly across the period October to April. FaHCSIA communicates with agencies on an ongoing basis and convenes frequent meetings of BDS members.

**2.21** A key step in the SIBS is the self-assessment and endorsement by the proponent agency of NPPs against both the NIRA's Service Delivery Principles (see paragraph 1.12) and the Assessment Principles for New Policy Proposals Benefiting Indigenous Australians and Closing the Gap on Indigenous Disadvantage. These Assessment Principles were updated for the 2011–12 financial year following a recommendation by the *Strategic Review of Indigenous Expenditure*.<sup>40</sup>

**2.22** According to its 2011 terms of reference and meeting minutes, the BDS should then also consider each proposal's alignment with the Assessment Principles, including its program logic and evidence base. Another role in the

---

<sup>39</sup> As noted in paragraph 2.13, CIRG updated their terms of reference in August 2012.

<sup>40</sup> Department of Finance and Deregulation, *Strategic Review of Indigenous Expenditure*, DOFD, Canberra, 2010, P. 297

2011 BDS terms of reference is to 'consider areas of under investment, where current investment may not be achieving results and where further investment would be most valuable'. The BDS meeting papers for July 2010 indicate that FaHCSIA's role included, for the 2011–12 budget, 'reviewing and assessing NPPs, in collaboration with central agencies, to ensure they demonstrate robust program logic and alignment with agreed policy principles.'

**2.23** All NPPs included in the SIBS for decision for the 2011–12 budget year were endorsed by the proponent portfolio as being consistent with the Assessment Principles. However, neither the BDS nor FaHCSIA subjected these NPPs to formal assessment for alignment with the Assessment Principles. The terms of reference for the BDS are renewed each year and for the 2012–13 budget, the BDS no longer assumed this assessment role; clarifying that the responsibility lies with each portfolio to ensure their proposals aligned with the Assessment Principles.

**2.24** For the 2010–11 and 2011–12 financial years the SIBS process has accounted for relatively small amounts of funding. The 2010–11 SIBS process was used to gain approval for less than \$65 million of new or continuing programs in 2010–11 and less than \$50 million in 2011–12. The 2010–11 and 2011–12 budget years were unusual in that agencies had to find savings elsewhere to the value of NPPs during this period of Australian Government fiscal consolidation. However, the same tight fiscal environment existed in 2004–05 and 2005–06, and in those years the SIBS process considered proposals of much greater value (over \$100 million each year). In the intervening years, from 2006–07 to 2009–10, the SIBS represented a significantly greater value of proposals, ranging between around \$200 million to up to nearly \$700 million.

**2.25** Over the last two years most Indigenous-specific NPPs were in fact developed and approved through separate processes to the SIBS, although the BDS was kept aware of all proposals through the 2012 process. Of the Indigenous-specific NPPs approved in 2010–11, only 34 per cent of expenditure was developed and approved through the SIBS process. In 2011–12, the figure was 23 per cent.

**2.26** The development of more complex and challenging proposals is coordinated through separate arrangements, usually specialist cross-agency coordination teams, and approved through separate NPP submissions. For example, the ten-year Stronger Futures in the Northern Territory initiative was developed in 2012 by a small group led by FaHCSIA outside of BDS and was submitted to Cabinet for approval separately to the SIBS. All new Indigenous-

related budget items are mentioned in the SIBS in order to provide a single place where new Indigenous expenditure can be viewed by Cabinet. However, approval is sought in the SIBS for a minority of NPPs—those that are relatively straightforward. This means that the SIBS is largely the documentation of multiple submissions, rather than a single approval process.

**2.27** Because there are separate approval processes for Indigenous expenditure, the strategic intent of the SIBS process is not being realised. This is because the new expenditure for which approval is being sought in the SIBS is being considered in isolation to consideration of other new expenditure approved through separate processes and also without consideration of overall Indigenous expenditure. The process is also not being used to consider the relative spending across the building blocks, the nature of spending within building blocks, or to drive the consolidation of programs. Some of these considerations are further discussed in the context of financial oversight in Chapter 4.

**2.28** The *Strategic Review of Indigenous Expenditure* noted various shortfalls in the SIBS process, including the issue of multiple approvals, but was ‘strongly of the view that there is value in maintaining the SIBS process’ and recommended ‘the role of the SIBS in facilitating coordinated consideration of all Indigenous related proposals should be affirmed.’<sup>41</sup> Since the *Strategic Review* was released in February 2010, the role of the SIBS to coordinate the consideration of all Indigenous related proposals has not been realised as there has been no change to the multiple approvals process. It is also of note that the *Strategic Review* was released prior to the two years of fiscal consolidation, described in paragraph 2.24, which resulted in relatively small values of approvals sought through the SIBS in 2010–11 and 2011–12.

**2.29** The Minister’s annual statement of new Indigenous spending, the *Indigenous Budget Statement*, is prepared towards the end of the SIBS process. The utility of the *Indigenous Budget Statement* in providing oversight of Indigenous expenditure is discussed in Chapter 4.

---

<sup>41</sup> Department of Finance and Deregulation, op. cit., pp. 295–7.

## Overarching Bilateral Indigenous Plans

**2.30** As noted in paragraph 1.2, Indigenous programs are delivered by the agencies of both the Australian Government and the states and territories. Overarching Bilateral Indigenous Plans (OBIPs) are the highest level bilateral coordination mechanism between the Australian Government and the states and territories and provide the framework for cooperation to implement the NIRA. These plans were updated in 2010 and 2011, replacing the Overarching Bilateral Agreements established through COAG since 2004. On behalf of the Australian Government, FaHCSIA provides support and oversees the development of the OBIPs and their ongoing implementation. To this end, FaHCSIA, in consultation with groups like the WGIR, oversaw the preparation of guidance on development of the OBIPs. This included guidance on governance and reporting arrangements and development of the OBIP template. Since 2008, FaHCSIA has successfully led Australian Government efforts to agree OBIPs with all eight jurisdictions.

**2.31** The NIRA emphasises the partnership nature of the agreement, with shared responsibilities of the Commonwealth and states and territories to achieving the COAG targets and developing an integrated approach to addressing Indigenous disadvantage. The OBIPs reinforce the shared responsibilities between the Australian Government and the respective state or territory government. For example, the governance committees established for the OBIPs have a rotating chair system, alternating between a state chair and a FaHCSIA chair (on behalf of the Australian Government).<sup>42</sup>

**2.32** The OBIPs catalogue in one place the various initiatives of the Australian Government and the state and territory government being implemented in any particular jurisdiction. This is a useful function given the numbers of agreements and programs in place. Appendix 2 illustrates this point for one state by listing the 137 Australian Government and the New South Wales Government Indigenous-related agreements and initiatives by building block. The schooling building block, for example, lists one National Agreement, one Action Plan and five National Partnerships, 10 NSW initiatives and 11 Australian Government initiatives. These initiatives translate

---

<sup>42</sup> Except in the Australian Capital Territory where the governance arrangements are chaired by a territory official.



into numerous activities on the ground (as described in paragraphs 3.39 and 3.40).

**2.33** The OBIPs include both Indigenous-specific and mainstream programs in their governance and reporting frameworks. Most of the OBIPs are heavily focused on the implementation of National Agreements and National Partnerships, each of which have their own governance and reporting arrangements, which are not designed to be replicated through the OBIPs. The OBIPs reflect the Service Delivery Principles in their text and commit the Australian Government and respective state or territory in general ways to working cooperatively and using more integrated approaches. However, while they all agree to use an integrated approach or to work cooperatively, they do not yet articulate models for integrated service delivery. Some OBIPs were only agreed in 2011 and 2012 and few meetings of their governance structures have been held. It is too early in the operation of the OBIPs to make judgement on their effectiveness. However, the OBIPs and their governing arrangements do provide a useful mechanism through which the Australian Government and the states and territories can coordinate activity and other strategic matters of Indigenous programming.

### Monitoring the effectiveness of coordination arrangements

**2.34** When formal coordination arrangements exist it is important to agree and document, among other things, the objectives of the arrangement, including desired outcomes, and timeframes. Between 2006–07 and 2008–09, FaHCSIA reported publicly against a specific output relative to whole-of-government coordination of policy development and service delivery for Indigenous Australians in its annual reports. For example in 2006–07 ‘whole-of-government coordination of policy development and service delivery for Indigenous Australians’ was one of three outputs contributing to the outcome of ‘greater self-reliance and economic, social and community engagement for Indigenous Australians services and assistance that promote greater self reliance and engagement for Indigenous families and communities through: shared responsibility; practical support; and innovative whole-of-government policy.’<sup>43</sup> However, since its 2009–10 annual report,

---

<sup>43</sup> Department of Families, Community Services and Indigenous Affairs, *Annual Report 2006–07*, p. 37.

FaHCSIA has not reported on a specific outcome on whole-of-government coordination in its annual report.

**2.35** Coordination results would ideally be identified for some of the critical cross-cutting issues in Indigenous affairs, such as: making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; or integrating program delivery on the ground. In each of these areas FaHCSIA could lead discussion across agencies to determine the specific desired results expected in these areas within designated time frames. The appropriate coordination structures would then be designated to take forward this work.

**2.36** In 2009, the Joint Committee of Public Accounts and Audit recommended FaHCSIA as lead agency in Indigenous service delivery identify, document and address the risk and challenges of delivering Indigenous services in a whole-of-government context, as discussed in paragraph 1.20. The objectives or desired outcomes of whole-of-government arrangements would need to be agreed before the risks and challenges of the arrangements can be identified and managed. FaHCSIA has not yet identified specific objectives of coordination arrangements across agencies, which makes it difficult to identify or manage the risks and challenges of delivering Indigenous services in a whole-of-government context. As a result FaHCSIA does not have a sound basis to systematically monitor the risks of Indigenous service delivery in a whole-of-government context.

**2.37** Monitoring the effectiveness of the coordination arrangements also requires an agreement of the desired outcomes of each arrangement by the agencies involved. This need not be complicated, but agreeing clear and time bound results to be achieved by different coordination arrangements would give, for example, particular committees a clear sense of purpose while also providing FaHCSIA a means by which it can measure performance of its lead agency efforts and report by means of its annual report. Similarly identifying and addressing the risks and disadvantages of coordination (see paragraph 1.15) will help focus coordination efforts on priority areas of whole-of-government concern.

## **From coordination to collaboration**

**2.38** The arrangements for the lead agency of Indigenous affairs, which were established in 2004 with the creation of the Office of Indigenous Policy

Coordination<sup>44</sup>, could usefully be refreshed to take into account the changed financial relations between the Australian Government and the states and territories resulting from the COAG reforms and the NIRA commitments. Besides clarifying specific and time-bound results for each of the coordination arrangements, it is timely for FaHCSIA, as lead agency, to consider where to position the type of engagement with other Australian Government agencies.

2.39 There are various models that describe different ways in which organisations might work together, but all point to a spectrum of engagement strategies, which might be helpful to consider in positioning the type of engagement required in the coordination arrangements for Indigenous affairs. One model (see Figure 2.2) describes a spectrum of four common strategies for working together: networking, coordination, cooperation and collaboration.<sup>45</sup>

**Figure 2.2**

**Spectrum of engagement strategies**



Source: Adapted from Himmelman

<sup>44</sup> The Office of Indigenous Policy Coordination was transferred to FaHCSIA in 2006 and has now been absorbed into the department's structure.

<sup>45</sup> Himmelman, AT, in J O'Flynn, Elusive appeal or aspirational ideal? The rhetoric and reality of the 'collaborative turn' in public policy, in *Collaborative Governance: a new era of public policy in Australia?* J O'Flynn and J Wanna (eds), Australian National University, Canberra, 2008, pp. 185–6.

**2.40** Agencies involved in the coordination arrangements for Indigenous affairs generally expressed to the ANAO a desire for the arrangements to focus at a more strategic level on Indigenous-related matters of cross-cutting concern. Examination of the NIRA also indicates an emphasis on engagement strategies towards the collaborative end of the spectrum, requiring changes in practice among the participating agencies. This recognises that a business-as-usual approach to government services and programs is insufficient in addressing the nature of Indigenous disadvantage and that ‘Closing the Gap requires a new way of working together to achieve change’.<sup>46</sup> In this respect, there would be clear benefits for the coordination arrangements for Indigenous affairs being shifted towards a more collaborative arrangement.

**2.41** This would require strengthened leadership with a clearer role to address more tangibly some of the critical strategic issues in Indigenous affairs, such as: making agencies’ mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; or integrating program delivery on the ground. The efforts of the lead agency would therefore need to shift from an approach focused mainly on sharing information to an approach that seeks to better drive whole-of-government, innovative policy development and service delivery, consistent with the expectations established in 2004 with the creation of the Office of Indigenous Policy Coordination. Key areas where this would be beneficial include facilitating changes in the way priority mainstream programs are implemented to make them more accessible and effective for Indigenous people. The lead agency would also help agencies identify areas where linkages and integration of services within and across building blocks would be beneficial and seek agreement for agencies to make the corresponding changes in practice in the way services are delivered on the ground. By maintaining oversight of new and existing expenditure, the lead agency would also be in a position to lead discussions around the prioritising and sequencing of programs across sectors. As previously discussed, where more collaborative arrangements of this nature are impeded by current organisational responsibilities or decisions of government, the agreement of ministers would be required.

---

<sup>46</sup> *Closing the Gap: Prime Minister’s Report 2012*, p. 3.

## Conclusions

**2.42** Implementing the National Indigenous Reform Agreement requires collaboration between Australian Government agencies and across jurisdictional boundaries. As lead agency, FaHCSIA chairs 14 of the 16 cross-agency and cross-jurisdictional committees and working groups to coordinate policy and the implementation of Indigenous programs, and has put in place comprehensive arrangements to service these committees. One of the key committees is the Executive Coordination Forum on Indigenous Affairs (ECFIA), chaired by the FaHCSIA Secretary and which until recently had deputy secretary membership from 13 agencies. The committee and working group arrangements have been successful in sharing information across agencies and building working relationships between FaHCSIA and other agencies. FaHCSIA's chairing and secretariat responsibilities for the committees, including five cross-jurisdictional working groups and the Commonwealth Indigenous Reform Group (CIRG) which supports the work of ECFIA, result in FaHCSIA being well positioned to influence the work of the committees and working groups.

**2.43** In general FaHCSIA has not sought to assign specific results to the work of particular Australian Government cross-agency committees and uses them primarily to share information among agencies. While information sharing is a useful role, there are opportunities to address more tangibly some of the critical performance issues in Indigenous affairs, such as: making agencies' mainstream programs more accessible and effective for Indigenous people; strategic oversight of new and existing expenditure; prioritising and sequencing programs across sectors; or integrating program delivery on the ground.

**2.44** ECFIA and CIRG agendas have tended to be full and wide-ranging, and focused on information items rather than on addressing strategic level issues. Consequently, there is limited time during meetings for strategic discussion of proposals for resolving priority issues of whole-of-government concern. ECFIA and CIRG meeting papers have often been distributed to participating agencies with short lead times for the participating agencies to develop considered positions before attending meetings. Deputy secretaries have frequently been substituted by less senior staff at ECFIA meetings, and the ability of the meetings to make strategic decisions has been lessened.

**2.45** FaHCSIA leads the coordination of the development each year of the Single Indigenous Budget Submissions (SIBS). The SIBS is a budget document

that details Indigenous-specific proposals for decision by Cabinet. The SIBS is intended to be a strategic approach to the development of government policies and programs. Development of the SIBS features as a major part of the terms of reference of SGIA/SCoSP, ECFIA and the Budget Development Subcommittee of ECFIA which drives the development of the submission. The work of coordination of the SIBS is intensive and FaHCSIA has been successful in promoting the process across agencies. However, overall, the SIBS process has not been realising its originally planned strategic intent over the past two years.

**2.46** In 2012, FaHCSIA is seeking to make ECFIA a more strategically focused forum. It has consolidated the membership with fewer agencies represented only by senior levels and proposed a forward work program that focuses on priority policy issues for proactive consideration by ECFIA. With the committee arrangements well established and relationships built, the coordination arrangements among other committees could now be more focused on achieving specific results.

**2.47** The arrangements for the lead agency of Indigenous affairs were established in 2004 with the creation of the Office of Indigenous Policy Coordination which was to focus on coordinating and driving whole-of-government innovative policy development and service delivery across the Australian Government as well as overseeing relations with the states and territories on Indigenous matters. In this context, and following OIPC's transfer to FaHCSIA in 2006, FaHCSIA has established structured arrangements for coordination between Australian Government agencies and is actively involved in arrangements with state and territory agencies. Overall, FaHCSIA has been quite measured in its approach and focused its formal role on sharing information and experience between agencies and has not been strongly proactive in exercising its lead agency role. This is particularly the case when viewed against the expectations established in 2004 with the creation of the Office of Indigenous Policy Coordination. The role itself is also in need of refreshing to recognise the COAG reform agenda has progressed relations between the Australian Government and the states and territories and the commitments made in the NIRA. It is timely for FaHCSIA to consider, in consultation with other key agencies, options for a more strategic lead agency role that has a stronger performance orientation, with advice to government as appropriate.

## Recommendation No. 1

2.48 In order to achieve the collaboration needed for implementing the National Indigenous Reform Agreement (NIRA), the ANAO recommends that FaHCSIA review its current coordination role in the light of the priorities of the Closing the Gap agenda and advise the Government of options for an updated lead agency role that reflects the NIRA arrangements and includes priority results to be achieved through the coordination arrangements.

### **FaHCSIA response**

2.49 *Agreed. FaHCSIA supports recommendation 1 and agrees it is timely after five years of the Closing the Gap policy under the reformed Federal Financial Relations Framework to review and refresh our lead agency role.*

## 3. Service Delivery

---

*This chapter discusses the effectiveness of the coordination arrangements in facilitating more integrated delivery of services and programs and improved accessibility and effectiveness of mainstream programs for Indigenous people.*

### Introduction

**3.1** Governments have identified two major issues impeding the effective delivery of government services that can be overcome through a coordinated approach between agencies. The first issue is the need to improve the joined up effort for service delivery by multiple layers of government and service providers and the second issue is the generally poor accessibility and effectiveness of mainstream programs for Indigenous people. To better join up or integrate program and service delivery in relevant areas and improve accessibility and effectiveness of mainstream programs for Indigenous people both require agencies to operate in different ways. The integration of service delivery arrangements further requires agencies to work cooperatively together.

**3.2** This chapter examines the nature of service delivery coordination arrangements and considers FaHCSIA's performance in leading those arrangements to provide for greater coordination and integration of services on the ground and to improve accessibility and effectiveness of mainstream programs for Indigenous people. Both of these are difficult tasks for FaHCSIA as line agencies retain responsibilities for delivering programs and services. However, these responsibilities include delivering on broader government commitments to integrating the delivery of their services with other relevant services and service providers and to making their mainstream programs more accessible and effective for Indigenous people.

### Service delivery coordination arrangements

**3.3** FaHCSIA manages several coordination arrangements located at the front line of service delivery in the states and territories. Indigenous Coordination Centres (ICCs) were established in 2004 to provide a national network of 'one stop shops' for service delivery to Indigenous communities. The ICC arrangements included Regional Partnership Agreements, intended to tailor government interventions across a whole region. In addition, as part of the National Partnership Agreement on Remote Service Delivery agreed



between governments in 2009, further coordination arrangements were developed to operate alongside the ICCs in New South Wales, Western Australia, South Australia, Queensland and the Northern Territory. These included Regional Operations Centres (ROCs) and Government Business Managers resident in priority communities. In total, as at December 2011, FaHCSIA was maintaining 800 staff in offices across the country, including an office in every state or territory, 25 ICCs and six ROCs.

### **Indigenous Coordination Centres**

**3.4** FaHCSIA manages 25 Indigenous Coordination Centres (ICCs), located in urban, regional and remote areas.<sup>47</sup> The intent of the ICCs was to host staff from various Australian Government and state or territory agencies and provide a 'one stop shop' for whole-of-government delivery of mainstream and Indigenous-specific services to Indigenous communities.

**3.5** Initially, the ICC role included building partnerships with Indigenous communities and organisations, providing whole-of-government leadership and collaboration and flexible responses to community-identified priorities.<sup>48</sup> Different roles for ICCs were later assigned, according to their geographic location. In remote areas, ICCs were to develop customised responses to local community needs. In regional areas the delivery of Indigenous-specific and mainstream programs was to be coordinated through the ICCs. In urban areas the functioning of mainstream services for Indigenous people was to be improved. The role for urban ICCs was not specified in this regard.

**3.6** ICCs are now largely staffed by FaHCSIA staff alone. Interviews found that ICCs functioned in different ways in Perth, Brisbane and Sydney and there are no consistent models for their role in developing place-based approaches, implementing flexible funding responses or integrating service delivery. Reviews commissioned by FaHCSIA indicate that uncertainty around the role of ICCs has been ongoing for several years.

**3.7** In 2007, FaHCSIA's evaluation of ICCs found that the implementation of whole-of-government collaboration required significant improvement, including in developing flexible funding solutions and collocating staff from

---

<sup>47</sup> There were 232 FaHCSIA ICC staff at 31 December 2011.

<sup>48</sup> Secretaries' Group Bulletin, 4/2005, *The ICC Model: Five Point Plan*.

other line agencies.<sup>49</sup> In 2009, FaHCSIA undertook an internal review of ICCs to establish the role of ICC arrangements in meeting whole-of-government aims and to identify options for any changes to the arrangements. FaHCSIA advised that the review was not finalised due to being 'largely overtaken by other events including the development of the Remote Service Delivery agenda, the departmental review<sup>50</sup>, and the Urban and Regional Strategy.' One of the findings in the draft report of the 2009 internal ICC review is:

ICC operations across Australia do not reflect the model set out in the 'five point plan' promulgated by the Secretaries' Group on Indigenous Affairs in 2005. The model was never fully operationalised and with limited whole-of-government mandate the model was only successful at the margins.

**3.8** In February 2010, the *Strategic Review of Indigenous Expenditure* recommended a restructuring of ICCs 'to reflect changing operating requirements and the need to maintain their role as the whole-of-government interface with Indigenous communities and with service providers.'<sup>51</sup>

**3.9** The departmental review of FaHCSIA was completed in December 2010. One finding of the review was that:

within the network there is a lack of clarity of the role of the ICCs—an outcome exacerbated by the withdrawal of the other departments, and the introduction of the ROCs.

The departmental review recommended, amongst other things, to modernise the department's approach to service delivery and provide greater clarity about the roles of the national office and FaHCSIA's network, including how they should be structured. This would consider, for example, rationalising the number of different service delivery models, reducing the number of programs that provide similar services and considering the costs and benefits of a more holistic, location-based approach with a single service provider.

**3.10** In March 2012, FaHCSIA considered a revised role for FaHCSIA's network. To promote more effective engagement with Indigenous people and rationalise and standardise the functions of the FaHCSIA network, the ROC

---

<sup>49</sup> KPMG, *Evaluation of Indigenous Coordination Centres*, FaHCSIA, Canberra, 2007

<sup>50</sup> FaHCSIA engaged PricewaterhouseCoopers Australia to undertake a strategic review of the department, including the responsibilities of FaHCSIA's national office and the state office network (including ICCs).

<sup>51</sup> Department of Finance and Deregulation, op. cit., p. 323.

functions would be incorporated into ICCs and the arrangements in urban centres would also be consolidated. FaHCSIA also determined to reinvigorate Regional Partnership Agreements, discussed in the next section. While this will begin a process of necessary reform that is expected to better address the COAG Service Delivery Principle of engagement with Indigenous communities, and provide for more responsive planning especially in remote areas, further work will be required to clarify how better integrated service delivery across governments and non-government service providers will be progressed.

### **Regional Partnership Agreements**

**3.11** A Regional Partnership Agreement is a joint commitment negotiated between Indigenous communities and their representative organisation, local councils, state or territory governments and the Australian Government to work together to address locally identified priorities. Initially developed in 2004 as part of the ICC model, there were four active Regional Partnership Agreements in 2007. In 2011 there were five active Regional Partnership Agreements.

**3.12** Regional Partnership Agreements are potentially a practical mechanism to developing flexible funding arrangements responsive to local needs. Plans are negotiated locally and then supported either through existing funds or new funds (as is the case, for example in the 2009 Murdi Paaki Regional Partnership Agreement in New South Wales). Regional Partnership Agreements are a good example of a place-based approach responsive to local needs. However, more work is needed to clarify how the contractual and funding arrangements will integrate across governments and with non-government service providers, or whether services will continue to be delivered separately by different layers of government and non-government providers.

### **Remote service delivery coordination mechanisms**

**3.13** In 2009, the National Partnership Agreement on Remote Service Delivery was entered into to establish a new model for delivering services in 29 priority remote Indigenous communities (out of approximately 1000).<sup>52</sup>

---

<sup>52</sup> This national partnership was the subject of ANAO Audit Report No. 43 2011–12 *National Partnership Agreement on Remote Service Delivery*.

Additional coordination arrangements to implement the agreement include a statutory position of Coordinator-General to oversee and report on implementation across agencies, ROCs established alongside ICCs in four states and the Northern Territory to manage implementation in the priority communities, and Boards of Management in each state and the Northern Territory (separate to the governance arrangements for the Overarching Bilateral Indigenous Plans discussed in Chapter 2).

**3.14** Government Business Managers and Indigenous Engagement Officers, usually employed by FaHCSIA and residing in each priority location, are an additional coordination feature of the Remote Service Delivery arrangements. Government Business Managers are intended to provide the single face of the Australian Government and play a leadership role in coordinating government services. Indigenous Engagement Officers are Indigenous people recruited from within the local area to assist the Government Business Managers in their community engagement and liaison work. The ROCs, Government Business Managers and Indigenous Engagement Officers collectively form the 'Single Government Interface' to guide engagement between communities and governments. However, while the Single Government Interface was designed to strengthen engagement with communities and align community needs with government investment, it was not intended to function as an integration point for service delivery and does not include a model for integrating the delivery of services once those services they have been agreed with communities.

### **Accessibility and effectiveness of mainstream programs for Indigenous people**

**3.15** Most services delivered by the Australian Government are 'mainstream' or universal services available to all Australians. These services receive the most investment and have established service delivery infrastructure. Since the abolition of ATSIC in 2004, a major part of the strategy of successive governments has been to ensure that mainstream services are accessible to Indigenous Australians. Accessibility and effectiveness of mainstream programs is particularly relevant for the 75 per cent of Indigenous Australians who live in cities and regional centres as Indigenous-specific programs and services tend to be targeted towards Indigenous Australians living in remote areas. As previously mentioned, in 2010–11 an estimated 72 per cent (\$8.3 billion) of Australian Government Indigenous expenditure was on mainstream programs and services.

**3.16** Achieving the Closing the Gap targets is dependent on improvements in the quality of the mainstream services in urban and regional areas delivered to Indigenous Australians—a point noted also by the *Strategic Review of Indigenous Expenditure*.<sup>53</sup> Mainstream expenditure per person is higher overall for Indigenous people than for non-Indigenous people, but the figures are weighted by the over-representation of Indigenous people in some services such as the prison system or in intense hospital care.<sup>54</sup> In general, as identified by the Commonwealth Grants Commission, there are a number of barriers to access for Indigenous people to mainstream services (see box) that result in Indigenous people not accessing services relative to their needs or gaining as much benefit from these services as non-Indigenous people. This issue is fully recognised in the NIRA in its discussion of the gap in outcomes for Indigenous people compared to non-Indigenous people in urban and regional areas:

These disparities in outcomes have not been met with a concerted effort to address Indigenous health, housing, early childhood development, education and employment needs guided by a clear sense of the gaps in outcomes experienced by Indigenous Australian. Instead there has been a mixed response at all levels of government, which has produced a number of factors which need to change in order for Indigenous people to take up services, and get better outcomes from them.<sup>55</sup>

---

<sup>53</sup> Department of Finance and Deregulation, op. cit., p. 11.

<sup>54</sup> Steering Committee for the Review of Government Service Provision, 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra, pp. 146–7, 231, 237. The report discusses the complex factors affecting the difference in cost between providing services to Indigenous and non-Indigenous people for each building block.

<sup>55</sup> Council of Australian Governments, *National Indigenous Reform Agreement (Closing the Gap)*, COAG, Canberra, 2008, p. B53.

### Barriers to access to services for Indigenous peoples in urban areas<sup>56</sup>

- Some mainstream services are planned and delivered so as to meet the requirements of the most common users, and do not allow sufficiently for the extreme disadvantage and special needs of Indigenous people;
- Some requirements for accessing services do not take sufficient account of the lifestyle of Indigenous people;
- In general, Indigenous people have very low incomes and little accumulated wealth. Consequently, financial barriers constrain access to some services;
- People living in the outer suburban fringes of large urban centres, where public transport infrastructure is more limited, can experience difficulties in gaining physical access to services;
- Workforce issues experienced by service providers can restrict Indigenous people's access to services. Staff are not always trained to work in a cross-cultural context or where they experience the complex multiple problems Indigenous people often face. The relatively low number of Indigenous staff in some services, especially in large urban areas, adds to Indigenous insecurities in using mainstream services;
- Legacies of history and unpleasant previous experiences with mainstream services can reduce Indigenous use of facilities;
- Some mainstream services are delivered in ways that make Indigenous people feel uncomfortable, that is, services are not culturally appropriate or culturally secure; and
- There may be poor links between complementary services, for example between training institutions and employment facilities, or between primary health providers and hospitals or ancillary health services.

**3.17** The service enhancement of mainstream programs for the Indigenous population is a major challenge for all governments, and one where concentrated and coordinated effort has been identified as necessary to change approaches within Australian Government agencies. There is an important role for the lead agency to facilitate this significant reform. Since the abolition of ATSIC, the issue of making mainstream services more accessible for Indigenous Australians has had high profile. For example the Senate Select Committee report, *After ATSIC—Life in the Mainstream* in 2005 raised major concerns about the ability of government to make the changes required for mainstream services to become more relevant and accessible for Indigenous Australians.

---

<sup>56</sup> Commonwealth Grants Commission, reproduced in Aboriginal and Torres Strait Islander Social Justice Commissioner, *Social Justice Report 2006*, Human Rights and Equal Opportunities Commission, Sydney, p. 35.

**3.18** The NIRA sets the expectation for significant changes to mainstream programs (referred to in the NIRA as universal services), including the need for a coordinated approach as follows:

All governments will be required to develop policy and program directions that embed the Service Delivery Principles for Programs and Services for Indigenous Australians. This will require key system changes and a coordinated approach to service delivery by universal programs within and across governments. Governments will need to reform service delivery systems to ensure that:

- government investments deliver effective and accessible services that are taken up by Indigenous people in urban and regional locations;
- service delivery agencies are culturally competent to deliver good outcomes for Indigenous people;
- government investments maximise linkages between Indigenous-specific and mainstream services;
- government investments deliver service models that respond to high levels of mobility amongst Indigenous Australians; and
- investment on services and programs is prioritised and in specific locations that have the greatest impact on closing the gap and breaking the cycle of intergenerational disadvantage.<sup>57</sup>

**3.19** FaHCSIA and other government departments have acknowledged that poor access to and poor outcomes from mainstream programs and services by Indigenous people is one of the main risks to Closing the Gap. The Government has recognised the need for key system changes in health, education and employment and the challenges of getting commitments to these changes from many mainstream programs across the Australian Government.

**3.20** FaHCSIA acknowledges its key role in ensuring that services delivered through mainstream programs are accessible to Indigenous Australians across Australia in the 2012–13 Portfolio Budget Statement, for example. Across the Australian Government, the governance committees discussed in Chapter 2 provide a mechanism by which FaHCSIA can lead discussions and decision

---

<sup>57</sup> Council of Australian Governments, *op cit.*, p. A33.

making on issues of accessibility and effectiveness of mainstream programs for Indigenous people. FaHCSIA also has carriage (in addition to its lead agency role) of the National Urban and Regional Strategy for Indigenous Australians which provides a mechanism to gain agreement between the Australia Government and the states and territories for enhancing accessibility and improving effectiveness of mainstream programs for Indigenous Australians living in urban and regional areas.

### **Whole-of-government attention to mainstream programs through Indigenous coordination arrangements**

**3.21** In the four years since the NIRA was agreed, limited use has been made of ECFIA as a high-level cross-agency group to address the key system changes needed to make mainstream programs across the Australian Government more accessible and effective for Indigenous people. An examination of 23 ECFIA meeting papers from 2009 to 2011 found that substantial discussion occurred four times around the mainstream agenda. The first two discussions were around reporting arrangements for the National Urban and Regional Strategy for Indigenous Australians. In May 2011, ECFIA tasked FaHCSIA to develop an overarching framework to guide the work of agencies in harnessing the mainstream to achieve better outcomes for Indigenous Australians, provided no additional financial burden was placed on agencies. The fourth discussion was around a pilot project to test a methodology aimed at building the evidence base for the National Urban and Regional Strategy for Indigenous Australians in sample urban and regional locations.

**3.22** In response to the ECFIA decision in May 2011 to 'develop an overarching framework to guide the work of agencies in harnessing the mainstream to achieve better outcomes for Indigenous Australians', FaHCSIA subsequently developed a whole-of-government mainstream toolkit *Closing the Gap on Indigenous Disadvantage: It's Everyone's Business*, which was endorsed by ECFIA in February 2012. Such a toolkit would reasonably be expected to be a practical guide for implementing universal services in ways described in the NIRA (see paragraph 3.18), for example ensuring service delivery agencies are culturally competent or prioritising services and programs in specific locations.

**3.23** However, on its own, the toolkit is unlikely to result in the degree of change in participating agencies envisaged in the NIRA. For example, the toolkit does not prioritise investment in particular mainstream programs likely



to have the most impact in achieving the Closing the Gap targets. Neither does it specify changes to service delivery systems, for example, to ensure that service delivery agencies are culturally competent to deliver good outcomes for Indigenous people.

**3.24** ECFIA met in February 2012 and determined that the 'mainstream agenda' would take a high priority on a more focused agenda for ECFIA. It also promoted the topic to the SCoSP. The Department of the Prime Minister and Cabinet commenced work to report on the contribution of a range of mainstream programs to Closing the Gap, looking at whether Indigenous Australians are gaining appropriate access to mainstream programs administered by the Australian Government, the reasons why or why not and the outcomes for Indigenous Australians who do access them. The Department of the Prime Minister and Cabinet informed the ANAO that analysis of the selected programs has highlighted successful strategies and informed work being undertaken by agencies to improve Indigenous access and outcomes. In July 2012, ECFIA considered its forward work program, which includes a focus on the design and delivery of mainstream programs to Close the Gap.

### **The National Urban and Regional Strategy for Indigenous Australians**

**3.25** The National Urban and Regional Strategy for Indigenous Australians is a schedule to the NIRA and describes ways to increase access to services by the 75 per cent of Indigenous Australians living in cities and regional centres. It reiterates that governments will reform service delivery systems to ensure government investments meet the requirements for a coordinated approach, discussed in paragraph 3.18. The strategy emphasises the contribution of key mainstream National Partnerships in health, social housing and homelessness services, early childhood development, education and economic participation. FaHCSIA has lead responsibility (in addition to FaHCSIA's overall lead agency role) for the strategy, which was intended to be largely operationalised through the Overarching Bilateral Indigenous Plans (OBIPs) (see paragraphs 2.30 to 2.33) between the Australian Government and each state and territory.

**3.26** The National Urban and Regional Strategy for Indigenous Australians specifies that the OBIPs should operationalise the strategy through specific strategies in each OBIP and appropriate mechanisms to coordinate policy and services in each jurisdiction. As discussed in paragraph 2.30, FaHCSIA successfully led the negotiation of the OBIPs from 2010 to August 2012 when

the plans were completed for every state and territory. All of the completed OBIPs include an urban and regional strategy for the relevant jurisdiction, with varying levels of detail.

**3.27** The jurisdictions report against implementation of the National Urban and Regional Strategy for Indigenous Australians to COAG, while FaHCSIA coordinates annual reporting on the implementation of the strategy overall, largely by collating existing reporting on the relevant National Partnerships in consultation with relevant Australian Government agencies. The implications of the strategy for the operations of Australian Government mainstream programs has not yet been a focus for FaHCSIA. The National Urban and Regional Strategy for Indigenous Australians is due for review in 2012.

### **Integrating service delivery**

**3.28** Complex networks exist for the delivery of programs and services to Indigenous people. Indigenous-specific and mainstream government programs and services for Australia's Indigenous population are delivered by Australian Government agencies and also by government agencies in each state and territory. Typically, delivery arrangements involve the use of separate funding agreements with non-government organisations or local government, or services are provided directly to individuals. In 2011, the Australian Government had several thousand different funding agreements in place for particular activities with service provider organisations, of which there are also several thousand.

**3.29** The NIRA has identified that an unprecedented level of cooperation and coordination is needed to integrate and improve service delivery for Indigenous people as well as the need for collaboration between and within Governments at all levels, their agencies and funded service providers. The commitment to coordination by COAG is elaborated in the NIRA's Integration Principle which states:

There should be collaboration between and within Governments at all levels, their agencies and funded service providers to effectively coordinate programs and services. In particular attention is to be given to:

- (a) articulating responsibilities between all levels of government;
- (b) identifying and addressing gaps and overlaps in the continuum of service delivery;

- (c) ensuring services and programs are provided in an integrated and collaborative manner both between all levels of governments and between services;
- (d) ensuring services and programs do not set incentives that negatively affect outcomes of other programs and services; and
- (e) recognising that a centrally agreed strategic focus should not inhibit service delivery responses that are sensitive to local contexts.<sup>58</sup>

**3.30** Indigenous people experience greater disadvantage than non-Indigenous Australians and a range of complex issues have an impact on their wellbeing. Typically, an individual service cannot respond directly to the multiple issues experienced. This situation is exacerbated in remote and very remote areas which are physically isolated from major service centres. Linking services, for example through referrals or informal interagency networks can support consumers and service providers in navigating fragmented and complex service systems. Linking services alone will not address gaps and duplication in services and there is also potential for competition for resources between providers.<sup>59</sup> More integrated service delivery, however, would assist to manage gaps, duplication and inconsistencies in service provision and to also allow for services to be connected across building blocks when relevant. FaHCSIA's role is to lead the arrangements for coordination of whole-of-government service and program delivery towards those services and programs being delivered in a more integrated and collaborative manner.

### **Integrated service delivery models**

**3.31** The challenge for implementing the NIRA in more integrated ways is in designing how the network of government and non-government implementers should operate to deliver integrated services on the ground. Designing and managing networks is challenging.<sup>60</sup> Not least of the challenges is that government systems are generally designed to operate in hierarchical rather

---

<sup>58</sup> Council of Australian Governments, op. cit., pp. D77–8.

<sup>59</sup> Stewart J, S Lohar and D Higgins, *Effective practices for service delivery coordination in Indigenous Communities*, Resource sheet 8. Produced for the Closing the Gap Clearinghouse, 2011. Australian Institute of Health and Welfare and Australian Institute of Family Studies, Canberra and Melbourne, p. 5.

<sup>60</sup> Wanna, Butcher and Freyens, *Policy in Action*, UNSW, 2010, p. 295.

than networked models.<sup>61</sup> A recent discussion paper released as part of the Commonwealth Financial Accountability Review describes this challenge for Australia and focuses on how the current traditional structures with clear organisational boundaries and vertical hierarchical accountability may reinforce a silo mentality, which can be a severe barrier to the effectiveness of joint or integrated activities.<sup>62</sup> The *Blueprint for Reform of Australian Government Administration* released by the Australian Government in 2010 also recognises the need to find better ways to deliver services in closer partnership with state, territory and local governments and to develop better ways to deliver services through the community and private sectors.<sup>63</sup>

**3.32** Despite the challenges, there are a number of models by which integrated service delivery could be achieved within the network of government and non-government service provider organisations: using a single service provider in a particular location is one model, changing contractual arrangements, delegating responsibility to a single government agency, pooled funding arrangements, joint contracts, ‘no wrong door’, and a ‘one stop shop’ are others. Table 3.1 illustrates some examples of these models.

---

<sup>61</sup> Goldsmith, S and WD Eggers, *Governing by Network: The new Shape of the Public Sector*, 2004, The Brookings Institution, Washington, p. 22.

<sup>62</sup> Department of Finance and Deregulation, *Is Less More? Towards Better Commonwealth Performance, Discussion Paper*, Commonwealth of Australia, March 2012, pp. 35–7.

<sup>63</sup> Advisory Group on the Reform of Government Administration, *Ahead of the Game: Blueprint for Reform of Australian Government Administration*, March 2010, p. 36.

Table 3.1

**Integrated service delivery models**

Model	Example
Pooled funding	In the city of Birmingham in United Kingdom, different city agencies received funding for drug and alcohol treatment from several central government agencies. Each agency operated its own treatment programs and negotiated its own contracts with community providers. When the city realised this, it pooled all treatment funding from the central government and created a group with representatives from each agency to oversee the fund and negotiate contracts with the providers that would deliver the services.
Contractual arrangements	In the United States, the 1996 welfare reform bill was implemented in the state of Wisconsin by changing the role of governments from dispensing cash benefits to welfare recipients to helping families achieve economic self sufficiency. Responsibility for operating the program was devolved to 72 government and private agencies across the state. These agencies were paid a flat fee and given significant flexibility, but agreed to rigorous performance criteria. Many more local, community based organisations (with specialised skills and community ties) support the public and private providers. The result is a complex but integrated welfare-to-work service delivery system, largely made up of non-government organisations.
No wrong door	In the United States, Oregon's 'no wrong door' initiative operates on the principle that citizens seeking human services should be able to access help from the first point of government contact —regardless of which agency they contact. Oregon's new, integrated human services model replaces its previous, fragmented structure that required clients to deal with up to five networks of field offices, multiple case workers and multiple case plans, to obtain services. Under the new model, the five networks of field offices have been reduced to one integrated network.
One stop shop	In Australia, Centrelink draws together under one roof a variety of social services from eight different federal departments as well as from various state and territory governments. The Australian government announced long-term service delivery reforms in 2009, which have further reformed the Centrelink model. In 2011, the Department of Human Services integrated Centrelink and Medicare. Through improved mobile and outreach services, co-locating offices in one stop shops with a single customer interface and providing a single telephone number and website, the Department plans to simplify the way people interact with it and improve access to services.

Source: Goldsmith S and WD Eggers and Department of Human Services

## Program delivery arrangements

**3.33** Having large numbers of programs implemented by separate agencies works against an integrated approach to service delivery as it increases the amount of coordination effort needed to design the programs and subsequently leads to large numbers of funding agreements and individual activities that need to be coordinated. At the Australian Government level, in 2011 there were 210 Indigenous-specific programs and sub-programs (see

paragraph 4.11). An important first step in developing more integrated service delivery arrangements for these programs would be to identify where integration is practical and desirable from among the large number of programs in order to manage any gaps, duplication and inconsistencies in service provision and to allow for relevant services to be connected across building blocks.

**3.34** Notwithstanding the efforts to identify program linkages through the National Partnership Agreement on Remote Service Delivery, there is not yet a systematic process to identify relevant program linkages across the suite of Australian Government programs and services. However, FaHCSIA provided a number of examples to illustrate how it is facilitating service integration (see Figure 3.1). While examining these initiatives is outside the scope of this audit, the first example—FaHCSIA’s Communities for Children—is an example of pooling several grant agreements within FaHCSIA, and linking Indigenous people in the Communities for Children sites to services provided through other Australian Government agencies such as the Attorney-General’s Department and the Department of Education, Employment and Workplace Relations. The second example illustrates a pooled funding arrangement from two programs to fund a project and the final example aims to help communities to integrate a variety of existing programs to meet their identified needs in community safety. In addition to these examples, reforms to remote employment services were announced on 26 April 2012 when the Minister for Indigenous Employment and Economic Development announced the merger of Job Services Australia, the Disability Employment Services, the Community Development Employment Projects and the Indigenous Employment Program into a single integrated service for 65 communities. This is a further example of an intention to better integrate services.

**Figure 3.1****FaHCSIA examples of service integration***Integrated policy package with a focus on service integration*

The \$443 million Stronger Futures Northern Territory—Child, Youth, Family and Community Wellbeing Package has a strong service integration and partnership focus. The Commonwealth, in partnership with the Northern Territory Government, will work with the NGO sector, Aboriginal people and their communities to develop programs and structures that will strengthen frontline integrated service delivery to support the safety and wellbeing of Aboriginal children, youth and their families. The package includes 15 new Communities for Children sites in remote communities and a continued expansion of Intensive Family Support Services and the Youth in Communities program. Communities for Children sites are based on an integrated service model that provides a range of services to help parents provide a safe, happy and healthy environment for their children such as early learning and literacy programs, parenting and family support programs, and child nutrition advice.

*Program level service integration*

FaHCSIA, through the Indigenous Family Safety Program, supports initiatives like the Sturt Street Pathways Housing project in South Australia which aims to assist Indigenous women and their children to break the cycle of violence and homelessness. The project provides a violence free environment for Indigenous women and children to stay for up to six months, where they can access a range of wrap-around integrated support services. Services delivered through the project include supported accommodation, intensive intervention, practical assistance, assisted transfer into public housing and ongoing support. The project is also supported in partnership with the South Australian and Commonwealth Government's through funding under the National Partnership Agreement on Homelessness.

*Local level planning to improve service integration and develop local solutions*

The Commonwealth through FaHCSIA and the Attorney-General's Department has worked in partnership with the Queensland Government and a diverse range of stakeholders to support local level community safety planning in Mornington Island/ Doomadgee. Integrated, local level community safety planning was undertaken in 2011, in a partnership between local communities, research organisations, the Queensland State Government and the Commonwealth. Training was provided to local Indigenous people to discuss within their communities perceptions of safety and options to resolve these concerns. This process assisted communities to identify mechanisms to better integrate relevant existing programs, such as alcohol management plans, under a broader community safety planning process to advance Remote Service Delivery Local Implementation Planning commitments in a more streamlined manner.

Source: FaHCSIA

**Coordinating funding agreements**

**3.35** After expenditure for a government program is approved, it is implemented by the responsible government agency either directly by its staff or through a series of grant agreements or procurement arrangements with service provider organisations. Integrated delivery arrangements would involve the responsible agency designing the delivery arrangements with other

agencies, responsible for other relevant building block programs in ways that promote integration—as described in paragraph 3.32.

**3.36** Large numbers of programs translate into even larger numbers of funding agreements, and the implementation of Indigenous programs involves several thousand funding agreements. Coordinating relevant funding agreements would ideally take place at the level at which they are approved as well as early in the design of programs. Approval of grants is often the subject of a ministerial process, or is centralised at agency head offices, or in some cases, agency state offices. This raises some uncertainty with respect to the authority vested in FaHCSIA staff based in the states and territories. FaHCSIA Indigenous Coordination Centre managers have delegated authority to enter into funding agreements, consistent with the intent that flexible funding arrangements should be managed by ICC managers. However, one difficulty raised with the ANAO by FaHCSIA staff was that ‘the people on the ground aren’t the decision makers’ as there is little authority for decisions on funding agreements to be taken locally.

**3.37** Another effect of numerous funding agreements by multiple agencies is the administrative burden they place on non-government service providers. This is especially acute when the service provider faces capacity issues, as it further constrains the use of their limited capacity to actually deliver the services and programs, or to link with other related services and programs. This issue was discussed in a recent ANAO audit as it applies to Indigenous organisations, which play a significant role in the delivery of programs and services to communities on behalf of governments, especially in remote areas. Recommendations from that audit included taking a longer term view of achieving outcomes including a more strategic approach to risk management.<sup>64</sup>

### **Activities on the ground**

**3.38** As previously discussed, each government program usually translates into multiple funding agreements which in turn convert to numerous activities on the ground. The difficulties of integration and maintaining a strategic focus are made more difficult by very high numbers of disconnected activities implemented by multiple government agencies and non-government

---

<sup>64</sup> ANAO Audit Report No. 26 2011–12 *Capacity Development for Indigenous Service Delivery*, pp. 19–27.



providers, unless there is an overall design in the delivery arrangements that links and integrates the system.

**3.39** It is often difficult in communities to identify the activities that are available across the many delivery partners. In New South Wales, for example, the community of Wilcannia has a population (in 2011) of 826 people, of whom 474 are Indigenous. To identify what agencies and funds were going into Wilcannia for Indigenous programs, FaHCSIA staff from the state office and the Dubbo Regional Operations Centre began a data gathering exercise that lasted almost 12 months. Their goal was to develop a snapshot of programs and funds allocated by building block for the Wilcannia community. This was a difficult task, completed in October 2011.

**3.40** The numbers of activities by building block in Wilcannia is shown at Appendix 3. A total of 102 activities and 17 proposed activities were identified. The activities are being implemented by seven Australian Government agencies and 11 New South Wales government agencies, directly or through multiple non-government service providers. For example, under the health building block the Department of Human Services has two activities listed, the Department of Health and Ageing has 12 activities, the NSW Health Department has seven activities, and the NSW Department of Family and Community Services: Ageing, Disability and Homecare has 20 activities. There are four new activities proposed across three agencies.

**3.41** The baseline mapping reports<sup>65</sup> prepared for the 29 communities targeted under the Remote Service Delivery National Partnership Agreement (of which Wilcannia is one) indicate a similar picture of difficulty in collating information about services provided by federal, state and local governments or contracted by governments to non-government providers. The difficulty in obtaining the information indicates it is highly unlikely that these services are being delivered in an integrated way.

**3.42** Overall, the delivery arrangements for Indigenous programs are characterised by large numbers of programs, funding agreements and activities that are disconnected from each other and implemented separately

---

<sup>65</sup> Baseline mapping reports are collections of information on each of the targeted communities from which improvements can be measured. This includes essential services and infrastructure, social and economic conditions, existing government investments and service gaps.

by Australian Government agencies and state and territory agencies. Notwithstanding some positive examples of integration efforts, these characteristics are indicative of a largely fragmented system of service and program delivery.

## Conclusions

**3.43** Indigenous people experience greater disadvantage than non-Indigenous people and a range of complex issues have an impact on their wellbeing. Typically, an individual service cannot respond directly to the multiple issues experienced. This situation is exacerbated in remote and very remote areas, which are physically isolated from major service centres. Linking services, for example through referrals or informal interagency networks, can help consumers to navigate fragmented and complex service systems, but gaps and duplication in services are still likely and there is potential for competition for resources between providers. More integrated service delivery is needed to manage such gaps, duplication and inconsistencies in service provision and to allow for programs and services to be connected across the building blocks, where relevant.

**3.44** The National Indigenous Reform Agreement emphasises the need to move towards more collaborative and integrated delivery of Indigenous programs. The large numbers of Australian Government programs mean that coordinated service delivery on the ground is both necessary and a challenge. In 2011 there were 210 Indigenous-specific programs and sub-programs across 17 Australian Government portfolios. Programs are usually implemented using funding agreements with different delivery partners which results in very high numbers of activities being implemented by multiple government agencies and non-government providers. Besides making the coordination of activities difficult, the large number of funding agreements also places a heavy compliance burden on service provider organisations. The administrative work generated by multiple funding agreements takes service provider staff time away from implementing activities, including linking activities with those of other service providers. This problem is especially relevant for small organisations including the many Indigenous organisations that play a critical role, particularly in remote areas.

**3.45** In recognition of the need to coordinate the delivery of programs and services on the ground, the Indigenous Coordination Centre (ICC) model was developed in 2004 and 2005. This model aimed to collocate Australian

Government agency staff in 30 ICCs in remote, regional and urban areas to provide a 'one stop shop' for whole-of-government delivery of mainstream and Indigenous-specific services to Indigenous communities. Other local coordination structures have also been developed in some areas, such as the Government Business Managers, who operate in a small selection of remote communities and Regional Operation Centres that were developed for the National Partnership on Remote Service Delivery.

**3.46** ICCs are now staffed mostly by FaHCSIA staff. FaHCSIA has undertaken several reviews of the ICC model since 2007, which have indicated uncertainty over the role of ICCs. In March 2012, FaHCSIA considered a revised role for its network of staff in the states and territories, including the ICCs. The proposed changes are likely to begin a process of useful reform towards improving engagement with Indigenous people and more responsive planning, especially in remote areas. However, work is still required to clarify how services and programs will actually be provided in a more integrated and collaborative manner between the levels of governments and between services.

**3.47** While there are a number of localised efforts by FaHCSIA staff to better integrate service delivery on the ground, and the design of major initiatives like the National Partnership on Remote Service Delivery and reforms to remote employment services are intended to better integrate services, overall, coordination efforts are not generally resulting in more integrated delivery of services to Indigenous people, as envisaged in the NIRA, and fragmentation of activities on the ground remains an issue. There would be merit in FaHCSIA renewing the focus on steps that can be taken to better integrate services on the ground.

**3.48** Achieving the Closing the Gap targets is dependent on improvements in the quality of the mainstream services for the 75 per cent of Indigenous Australians who live in urban and regional areas—a point noted also by the *Strategic Review of Indigenous Expenditure*. Progress in advancing reforms to mainstream programs to make them more accessible and effective for Indigenous people has been slow. ECFIA's forward work program for 2012–13 includes a focus on the design and delivery of mainstream programs with respect to their contribution to Closing the Gap in Indigenous disadvantage. Recognising that there is a broader suite of reforms across the public service in relation to service delivery, FaHCSIA will need to fully engage as these reforms evolve to bring Indigenous program experience to bear and ensure

that the issues of accessibility and outcomes for Indigenous people are adequately addressed.

**3.49** In remote and very remote areas where Indigenous people form a higher proportion of the population and rely heavily on Indigenous-specific services and programs, FaHCSIA should actively lead collaboration across Australian Government agencies to change agencies' practices and, where necessary, reform the service delivery arrangements to better integrate the delivery of services and programs for Indigenous people. As a key body in the coordination arrangements, it would be expected that ECFIA would be closely involved in this process.

## **Recommendation No. 2**

**3.50** In order to better integrate the delivery of Indigenous programs and services between and across government agencies and non-government service providers in remote and very remote areas, the ANAO recommends that FaHCSIA, in consultation with relevant agencies and in the context of broader delivery reforms, actively promote relevant changes in agencies' practices and, where necessary, seek agreement from the Government for delivery reforms.

### **FaHCSIA response**

**3.51** *Agreed. FaHCSIA supports recommendation 2 and welcomes the opportunity to work with ECFIA and relevant agencies on proposals to better integrate the delivery of programs and services to Indigenous communities in remote and very remote locations.*

## 4. Oversight of Expenditure and Performance

---

*This chapter discusses FaHCSIA's lead agency role relative to monitoring financial information and reporting overall performance to Government.*

### Introduction

**4.1** As lead agency FaHCSIA has a major role to play in the oversight and monitoring of Australian Government commitments and reporting on their outcomes and contribution to the building blocks and Closing the Gap targets. This involves monitoring expenditure as well as reporting on overall performance. The ability to comprehensively report on expenditure and performance is important for the strategic oversight of Indigenous programs, particularly given the public interest<sup>66</sup> and the amount of money involved. This chapter considers two processes that FaHCSIA uses to monitor overall Indigenous expenditure—the *Indigenous Budget Statement* and the collation of Australian Government Indigenous Expenditure (AGIE). It also considers FaHCSIA's role in reporting on the overall performance of Australian Government contributions to closing the gap in Indigenous disadvantage.

### Monitoring overall expenditure

**4.2** Australian Government expenditure on Indigenous programs is administered both directly and indirectly. Direct expenditure is delivered by Australian Government agencies, either through funding agreements for particular activities with non-government organisations (including for-profit and not-for-profit organisations) and local government, or through direct services to individuals.

**4.3** In addition, the Australian Government indirectly funds programs and services for Indigenous people (as well as the rest of the population) which are administered by state and territory agencies. Australian Government indirect funding covers Special Purpose Payments which provide funding for

---

<sup>66</sup> Parliamentary interest in Indigenous expenditure has been demonstrated in several estimates hearings, see for example Hansard, Community Affairs Legislation Committee, *Estimates*, 1 June 2012, pp. 6–7.

particular sectors (state and territory governments have flexibility in allocating funds within each sector); National Partnership payments that provide funding for state and territory agencies to implement agreed activities and reforms which are governed by specific agreements; and general revenue and GST payments over which the state and territory has full budget flexibility.<sup>67</sup> As with direct Australian Government funding, state and territory government agencies deliver their own programs, typically, through separate contracts with non-government organisations, directly to individuals or through local government.

**4.4** Funding arrangements are therefore complex and it is important that the lead agency is able to monitor Australian Government expenditure on Indigenous programs in a comprehensive and clear way. The ANAO examined two processes which FaHCSIA uses to monitor overall expenditure—the annual *Indigenous Budget Statement* and the collection of data on Australian Government Indigenous Expenditure.

### **The Indigenous Budget Statement**

**4.5** The *Indigenous Budget Statement* is a public Ministerial statement prepared by FaHCSIA and coordinated through the Budget Development Sub-committee and ECFIA. It is prepared towards the end of the SIBS process each financial year and released concurrently with the Government's budget documents on Budget Night each year. The statement makes reference to Indigenous-specific policies approved both within and outside the SIBS process together with some mainstream policies relevant to Indigenous programming.

**4.6** FaHCSIA indicated to the ANAO that the purpose of the *Indigenous Budget Statement* is primarily as a communications document. However, the *Indigenous Budget Statement* does not provide a comprehensive picture as it does not account for all Indigenous programs, does not provide a total figure for Indigenous expenditure in the relevant year or give forward estimates. It references new policy proposals approved in the relevant budget year together with some, but not all, existing Indigenous-specific and mainstream programs. Thus the *Indigenous Budget Statement* does not provide for ready assessment of

---

<sup>67</sup> Steering Committee for the Review of Government Service Provision, *2010 Indigenous Expenditure Report Supplement*, Productivity Commission, Canberra, pp. 2–3.

Indigenous spending in forward years across portfolios against expected outputs and outcomes. This makes comparison from year to year difficult.

4.7 The *Indigenous Budget Statement* is comparable with the annual budget for Australia's International Development Assistance Program (*Aid Budget Statement*). The *Aid Budget Statement* is separate to the Australian Agency for International Development's (AusAID) budget statement contained within the Department of Foreign Affairs and Trade's Portfolio Budget Statements. It brings together Overseas Development Assistance (ODA) expenditure from across all Australian Government agencies<sup>68</sup> and provides information on:

- an overview of the main strategies linked to key activities;
- administered expenditure, including the previous two years;
- departmental expenditure of AusAID;
- expenditure split by geography and significant detail on the activities in each location; and
- expenditure by theme, together with details of key activities under each theme.

4.8 While there are significant differences between Indigenous affairs arrangements and the aid program, notably the lead agency for the aid program directly controls 91 per cent of ODA expenditure (2011–12) where FaHCSIA controls 31 per cent of Indigenous expenditure (2011–12), a similar approach would assist in the public presentation of Indigenous expenditure and allow for greater visibility by the Parliament. FaHCSIA could, for example, track and report on expenditure against budget by portfolio agency.

### **Australian Government Indigenous Expenditure**

4.9 In an annual process initiated in 2005, each portfolio reports forecast Indigenous expenditure and estimated actual Indigenous expenditure for the previous year in the annual Portfolio Budget Statements.<sup>69</sup> Australian Government Indigenous Expenditure (AGIE) represents part of the Australian Government's direct Indigenous expenditure, and includes Indigenous-specific

---

<sup>68</sup> In 2011–12, total Overseas Development Assistance expenditure is estimated at \$4.9 billion which is comparable to the Australian Government Indigenous Expenditure for the same period at \$4.2 billion.

<sup>69</sup> Portfolio Budget Statements are the only public source of AGIE as it is not reported in annual reports.

expenditure and some mainstream expenditure (see paragraph 4.12). AGIE was estimated at \$4.2 billion in 2011–12, spread across 17 portfolios. The three departments with the largest Indigenous expenditures are FaHCSIA (31 per cent in 2011–12<sup>70</sup>), Health and Ageing (24 per cent) and Education, Employment and Workplace Relations (18 per cent). Table 4.1 illustrates total AGIE (estimated actuals) across the 17 Australian Government portfolios over the past five years.

---

<sup>70</sup> The calculation of this percentage excludes FaHCSIA transfer payments of \$448 million to its portfolio agencies Aboriginal Hostels Limited, Indigenous Business Australia, Indigenous Land Corporation and Torres Strait Regional Authority, but includes payment of \$150 million into the Aboriginals Benefit Account as royalty equivalent monies, calculated from royalties paid to Government from mining on Aboriginal land in the Northern Territory.



Table 4.1

**Australian Government Indigenous Expenditure 2008 to 2012**

	2007–08 \$ m	2008–09 \$ m	2009–10 \$ m	2010–11 \$ m	2011–12 \$ m
Portfolio					
Agriculture Fisheries and Forestry	1	2	2	2	2
Attorney-General's	188	182	194	194	171
Broadband, Communications and the Digital Economy	3	14	13	19	53
Defence	-	5	11	12	13
Education, Employment and Workplace Relations	814	725	704	781	753
Families, Housing, Community Services and Indigenous Affairs	2 180	2 180	1 843	1 761	1 767
Finance and Deregulation	6	5	4	5	3
Foreign Affairs and Trade	24	1	1	1	1
Health and Ageing	690	798	990	1 009	1 020
Human Services	144	176	175	165	160
Infrastructure and Transport	-	-	-	7	9
Industry, Innovation, Science, Research and Tertiary Education	16	17	17	18	78
Regional Australia, Local Government, Arts and Sport	1	-	1	-	50
Resources, Energy and Tourism	1	3	1	1	1
Sustainability, Environment, Water, Population and Communities	24	98	115	79	85
The Prime Minister and Cabinet	7	6	10	130	54
The Treasury	4	6	7	6	5
<b>Total</b>	<b>4 103</b>	<b>4 219</b>	<b>4 089</b>	<b>4 190</b>	<b>4 225</b>

Source: Portfolio Budget Statements

## Notes:

1. All portfolio amounts are rounded to the nearest \$ million. Any errors in totals are due to rounding.
2. 2012 portfolio names are used. Changes in responsibilities across portfolios over the period have changed responsibility (and associated Indigenous expenditure) for some programs. For example, responsibility for the Arts moved in September 2010 from the then Department of Environment, Water, Heritage and the Arts to the Department of the Prime Minister and Cabinet and in December 2011 to the Department of Regional Australia, Local Government, Arts and Sport. The Department of Infrastructure and Transport was created in September 2010.

**4.10** The AGIE provides some visibility in Portfolio Budget Statements for the amount agencies spend on Indigenous programs, although total AGIE is not publicly available in a single place. Total AGIE by all agencies was reported in the SGIA annual reports in 2006 and 2007. However, total AGIE has not been reported to the Government or publicly since the Secretaries Group on Indigenous Affairs ceased producing annual reports in 2007. As the *Indigenous Budget Statement* does not attempt to provide a total figure for Indigenous expenditure, there has been no public or government reporting of total Australian Government Indigenous expenditure between 2007 and 2010.

**4.11** In order to assure the Minister for Indigenous Affairs of expenditure levels on Indigenous programs, FaHCSIA collects financial information from portfolios and maintains a spreadsheet of AGIE. FaHCSIA use their collection of AGIE to check whether changes in portfolio responsibilities are reflected in AGIE figures and to track AGIE across portfolios. FaHCSIA works further with individual agencies through survey requests to break down information at the outcome level reported in AGIE to a program level. In 2011, there were a total of 210 programs and sub-programs, noting however that agencies use different definitions of program, sub-program and services.<sup>71</sup>

**4.12** A limitation of AGIE is that it does not include all expenditure by Australian Government agencies that can contribute to the Closing the Gap targets and the definitions do not allow AGIE figures to be reconciled with broader government financial statistics. The definition of AGIE submitted to the SGIA in 2004 is the sum of:

- **Indigenous-specific program expenditure**, taken as expenditure on programs agreed by the Government specifically and separately for the benefit of Indigenous people; and
- **Indigenous-specific mainstream expenditure**, derived from mainstream programs that target a broader (generally community wide) base but from which funding has been specifically directed to Indigenous-specific purposes.

---

<sup>71</sup> The *Strategic Review of Indigenous Expenditure* also raised concerns about the lack of clarity around what constitutes a program. Department of Finance and Deregulation, op. cit., pp. 55–6.

Ordinary access by Indigenous persons to mainstream government benefits and services, e.g. age pensions, is not regarded under AGIE as Indigenous-specific expenditure.<sup>72</sup>

**4.13** The collection of the Indigenous-specific expenditure component of AGIE is relatively straightforward, but the inclusion of the Indigenous-specific mainstream expenditure component in AGIE is problematic, as it includes some, but not all, mainstream expenditure. The *Strategic Review of Indigenous Expenditure* also raised these concerns about Indigenous-specific mainstream expenditure.<sup>73</sup> FaHCSIA confirmed that there is no specific guidance for what constitutes Indigenous-specific mainstream expenditure beyond the above definition, and the amounts reported for this component of AGIE are determined on a case-by-case basis by agencies when preparing the Portfolio Budget Statements.

**4.14** As mentioned previously, FaHCSIA use their collection of AGIE to check whether changes in portfolio responsibilities are reflected in AGIE figures and to track AGIE across portfolios. More recently, AGIE is collected as a key input of Indigenous-specific program expenditure to the *Indigenous Expenditure Report*. In 2010 the first estimate of all Indigenous expenditure, including both Indigenous-specific and mainstream expenditure by all governments was published for COAG in the *Indigenous Expenditure Report*. A second *Indigenous Expenditure Report* was published in 2012.

**4.15** The *Indigenous Expenditure Report* presents a more comprehensive picture of Indigenous spending, using the following definitions of Indigenous expenditure:

- **Indigenous-specific expenditure:** expenditure on Indigenous-specific services, which are programs, services and payments that are explicitly targeted to Indigenous Australians (although there may be some use by non-Indigenous Australians).
- **Indigenous share of mainstream expenditure:** expenditure on mainstream services, which are programs, services and payments that are for Indigenous and non-Indigenous Australians. The Indigenous

---

<sup>72</sup> Department of Finance and Deregulation, op. cit., p. 55.

<sup>73</sup> *ibid*, pp. 56–7.

share of mainstream expenditure is estimated on the basis of actual service use and share of population.<sup>74</sup>

**4.16** The *Indigenous Expenditure Report* estimates general Indigenous expenditure, both Indigenous-specific and mainstream, by Australian Government and by states and territories. FaHCSIA plays an important role in the production of the *Indigenous Expenditure Report*, including representation on the steering committee for the 2010 report and the working group for the 2012 report, and providing consolidated AGIE figures for the reports. While the estimates of mainstream Indigenous expenditure are subject to methodological challenges and data quality, the Steering Committee for the Review of Government Service Provision is committed to ongoing improvement of the data and methodology.

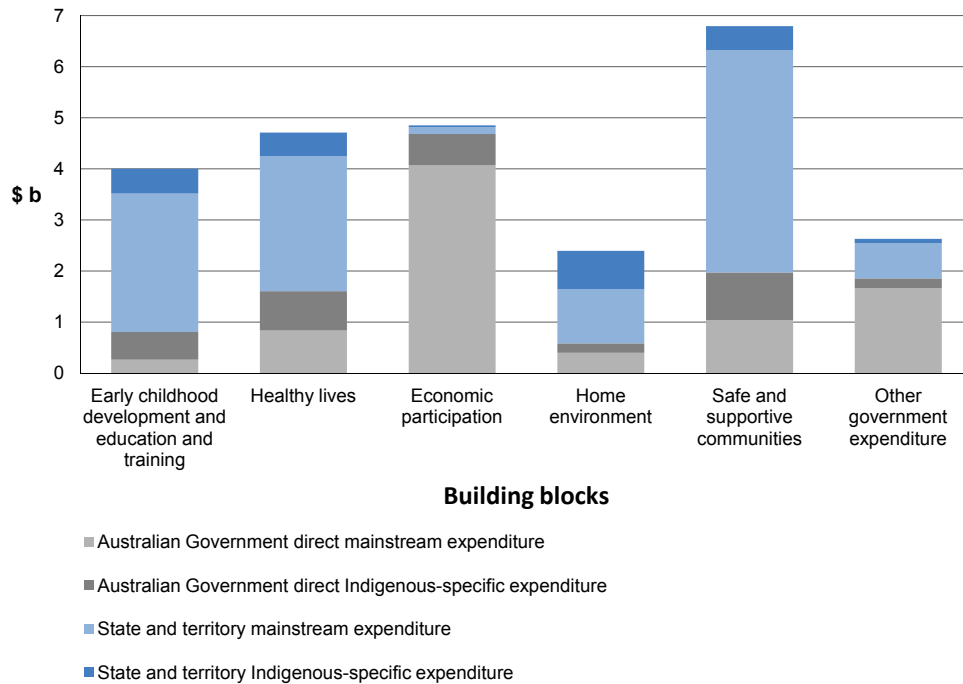
**4.17** Total Indigenous expenditure (2010-11) was estimated to be \$25.4 billion, of which \$5.5 billion was for Indigenous-specific programs. Of this \$25.4 billion, \$11.5 billion is estimated to be Australian Government direct expenditure and \$13.9 billion is estimated to be state and territory government expenditure—including both expenditure from state and territory governments' own revenue sources and Australian Government indirect expenditure.<sup>75</sup>

**4.18** The *Indigenous Expenditure Report* estimate of \$11.5 billion for Australian Government direct expenditure more comprehensively captures the total expenditure of the Australian Government on Indigenous programs than the AGIE. While there are still data quality and methodological challenges in compiling the *Indigenous Expenditure Report*, its definitions (paragraph 4.15) will allow the reported expenditure figures to be reconcilable over time with published government financial statistics. The AGIE data is less reconcilable because of the definition of Indigenous-specific mainstream expenditure (paragraph 4.12).

---

<sup>74</sup> Steering Committee for the Review of Government Service Provision, 2012, *2012 Indigenous Expenditure Report*, Productivity Commission, Canberra, pp. 8–9.

<sup>75</sup> *ibid.*, p. 2.

**Figure 4.1****Total Indigenous expenditure by building block 2010–11**

Source: 2012 *Indigenous Expenditure Report*

Notes:

1. This representation of the funding split is not consistent across every state and territory.
2. The *Indigenous Expenditure Report* does not separately identify expenditure in the governance and leadership building block as expenditure is difficult to identify and it generally does not involve large programs or significant expenditure.

**4.19** The breakdown of total Indigenous expenditure of \$25.4 billion into direct expenditure by the Australian Government or expenditure by the states and territories is illustrated in Figure 4.1. The categories shown broadly correspond to the building blocks of the NIRA. Figure 4.1 shows that while the overall split between Australian Government direct expenditure and expenditure by the states and territories is comparable, there are significant variations within building block categories. This reflects the different responsibilities of the Australian Government and the states and territories. For example, prisons and policing (categorised under safe and supportive communities) are a function of the states and territories.

**4.20** Until recently, FaHCSIA has undertaken limited analysis of AGIE and the *Indigenous Expenditure Report*, mainly for internal purposes. Given the

limitations of the *Indigenous Budget Statement* discussed in paragraphs 4.5 to 4.8 and the Single Indigenous Budget Statement (paragraphs 2.19 to 2.29), this means that there remains a significant opportunity for FaHCSIA to make more use of financial information in strategic oversight of Indigenous programming. At the ECFIA meeting in September 2012, FaHCSIA presented some analysis of Indigenous expenditure from the 2012 *Indigenous Expenditure Report*. This analysis included a breakdown of Indigenous expenditure by building block. The meeting also discussed the need to strengthen Australian Government reporting on Indigenous expenditure and FaHCSIA informed the ANAO that it is now working with central agencies and ECFIA members to take this work forward.

**4.21** The analysis presented at ECFIA's September meeting is a positive start in identifying, for example, the relative spending across the different building blocks (see Figure 4.1) to inform discussion around future investments. Further analysis of the nature of this spending would be needed to inform such a discussion. For example, in the safe and supportive communities building block most of the expenditure is by the states and territories, for policing and prisons. For the Australian Government contribution to the safe and supportive communities building block, the balance of expenditure on dealing with the symptoms rather than the underlying causes of problems in community safety might be usefully considered. This is particularly the case given that advances in the building blocks of health and education are critically dependent on advances in community safety.

## Reporting overall performance across the Australian Government

**4.22** Responsibilities for reporting on performance towards Closing the Gap targets occur at several levels. The COAG Reform Council provides public reporting on the performance of all governments and each Australian Government agency is responsible for reporting on the programs it administers. As lead agency, FaHCSIA is responsible for overseeing Australian Government reporting and coordinates the preparation of the annual Prime Minister's Report on Closing the Gap.

**4.23** Following the *Apology to Australia's Indigenous Peoples* in 2008, the Prime Minister committed to report annually on progress towards closing the gap in Indigenous disadvantage. FaHCSIA has coordinated the preparation of the Prime Minister's Report on Closing the Gap since 2010. The Closing the Gap

reports highlight achievements in Indigenous programs by the Australian Government and by the states and territories. The reports include a selection of programs funded directly and indirectly by the Australian Government, including some of the National Partnerships. The reports also include a section on progress against the Closing the Gap targets, but do not generally discuss the specific contributions that particular interventions have made towards intermediate outcomes which in turn contribute to achieving those targets.<sup>76</sup> The sections reporting on individual building blocks do not generally include the outcomes of particular interventions, but tend to focus on inputs and outputs.

**4.24** The COAG Reform Council has the task of assessing and publicly reporting on the performance of governments against the Closing the Gap targets and the National Partnerships directly associated with the NIRA. To this end three reports have been prepared since 2010, focused on the degree to which the necessary outcomes to meeting the Closing the Gap targets are being met. These high level outcomes are difficult to track annually, partly because of data difficulties and partly because significant changes at this level are unlikely to show over short time frames.

**4.25** Reporting by agencies generally occurs through the agencies' annual reporting process, but not all Indigenous programs are reported on at this level and there is no public consolidated reporting on the contributions individual programs make towards the Closing the Gap targets.

**4.26** While it has a responsibility to report on its own programs, FaHCSIA is not responsible for public reporting under the NIRA, and is not responsible for reporting on the performance of programs administered by other agencies. However, under the changed financial relations between the Australian Government and the states and territories (paragraph 1.10), portfolio agencies are expected to keep their ministers informed of outcomes and policy developments under the National Agreements.<sup>77</sup> Thus FaHCSIA is expected, as the lead agency, to oversee and provide advice to Government on the outcomes and contribution of Australian Government commitments to the

---

<sup>76</sup> One methodology for such reporting is 'contribution analysis', first developed by John Mayne (*Addressing Attribution Through Contribution Analysis: using performance measures sensibly*, Office of the Auditor General of Canada, 1999).

<sup>77</sup> The Treasury, *Federal Finances Circular No. 2009/03*, 3 April 2009, p. 5.

NIRA objectives. To do this, FaHCSIA coordinates regular reporting to Cabinet on Australian Government program implementation.

**4.27** Since 2010, FaHCSIA has coordinated the preparation of four reports to Cabinet on the implementation of Australian Government programs. In preparing the reports FaHCSIA requests agencies to nominate programs for inclusion in the report based on the agencies' views of what they believe will be likely to have the biggest impact in Closing the Gap. Each agency provides a report to FaHCSIA and FaHCSIA collates these separate reports and prepares the overall report for submission to Cabinet.

**4.28** In terms of performance, FaHCSIA's reporting seeks to provide the Government with information on risks to timely implementation and the action ECFIA is taking to address these risks. The reporting provides advice to the Government on the extent to which the nominated programs are being implemented as planned and milestones are being met. The last two reports have indicated that most commitments are 'on track' for implementation within agreed time frames. However, the reporting generally contains no information on outcomes being achieved by these programs and it is difficult to reconcile the information with the public reporting by the COAG Reform Council.

**4.29** In its current form, the reporting does not provide an accessible summary of progress and preparing the reports is a time consuming, resource intensive process. The reports do not reflect strategic oversight of progress to achieve the Government's objectives of closing the gap in Indigenous disadvantage. FaHCSIA does not seek to limit or prioritise agency report submissions in order to selectively report on the priority initiatives likely to have the biggest impact in achieving the Closing the Gap targets.

**4.30** Furthermore, FaHCSIA's reporting to Cabinet does not correlate with the annual AGIE figures. FaHCSIA advised this was due to:

The Indigenous-specific programs listed in the AGIE are not the only source of Commonwealth efforts to close the gap. Many mainstream Commonwealth programs (eg Job Services Australia, mainstream smoking prevention, vaccination programs) can contribute to achievement of Closing the Gap targets and the [report] also includes some (but not necessarily all) measures funded through the National Partnership Agreements which are not counted in the AGIE as the money is transferred to relevant jurisdictions through central agencies and does not appear in the AGIE as in many instances



responsibility for delivering services under National Partnerships falls to the relevant state or territory government.

**4.31** Thus, the AGIE, the *Indigenous Expenditure Report*, the annual *Indigenous Budget Statement* and FaHCSIA reporting to government on implementation do not align with each other in terms of what expenditure is covered. Although not without data quality and methodological challenges, the *Indigenous Expenditure Report* is the only one of these four instruments that will be possible over time to reconcile with published government financial statistics.

## Conclusions

**4.32** An important role of the lead agency in Indigenous affairs is oversight of Australian Government contributions, including oversight of financial commitments, as well as ensuring that Australian Government efforts are contributing to outcomes that will, in turn, contribute to the Closing the Gap targets. Being able to maintain a strategic focus and line of sight between individual activities and intermediate outcomes within the action areas or building blocks is a key feature of such a role.

**4.33** FaHCSIA monitors expenditure through the preparation of the *Indigenous Budget Statement* and by collating Australian Government Indigenous Expenditure (AGIE) figures, reported by individual agencies in Portfolio Budget Statements. These two processes report on different items of expenditure and neither process gives a complete picture of Australian Government Indigenous expenditure. As a result, FaHCSIA is not tracking, monitoring and reporting on the full picture of Indigenous expenditure through either of these means. There is considerable scope for the department to enhance its financial reporting and take a more strategic oversight role in monitoring expenditure, for example in making more use of analysis of the *Indigenous Expenditure Report* to inform decisions on funding priorities. Although not without data quality and methodological challenges, the *Indigenous Expenditure Report* is the only one of the current financial reports that will be possible over time to reconcile with published government financial statistics.

**4.34** In terms of overseeing performance, the COAG Reform Council has the task of assessing and publicly reporting on the performance of governments against the Closing the Gap targets and the National Partnerships directly associated with the NIRA. To this end, three reports have been prepared since 2010. The high-level Closing the Gap outcomes are difficult to track annually,

partly because of data difficulties and partly because significant changes at this level are unlikely to show over short time frames. While COAG is responsible for public reporting under the NIRA, under the federal financial relations arrangements FaHCSIA is expected to keep their minister informed of outcomes and policy developments under the NIRA.

**4.35** Since 2010, FaHCSIA has coordinated the preparation of regular reports to the Australian Government on the implementation of Indigenous programs. These reports cover a set of activities that is not easily reconciled with the AGIE, the *Indigenous Budget Statement* or the *Indigenous Expenditure Report*. More value from performance reporting could be realised if the rationale for selecting programs to report was more clearly aligned with financial monitoring and reporting.

**4.36** FaHCSIA's reporting provides advice to government on the extent to which the nominated programs are being implemented as planned and milestones are being met. The last two reports have indicated that most commitments are 'on track' for implementation within agreed time frames. FaHCSIA's reporting seeks to provide government with information on risks to timely implementation and the action ECFIA is taking to address these risks. However, the reporting is not designed to assess the impacts, consequences or intermediate outcomes of implementation or progress towards the Closing the Gap targets. In its current form the reporting does not provide an accessible summary of progress and report preparation is a time consuming, resource intensive process. The reports could adopt a more strategic role to identify and report on intermediate outcomes of a more limited set of priority initiatives likely to have the biggest impact in achieving the Closing the Gap targets, and draw out the key issues and related remedial action.

### Recommendation No. 3

4.37 In order to better inform the Australian Government of its contributions to outcomes helping to close the gap in Indigenous disadvantage and to inform strategic decisions in relation to expenditure, the ANAO recommends that FaHCSIA include a greater focus on outcomes in its overall reporting and enhance its financial oversight of mainstream and Indigenous-specific Australian Government Indigenous expenditure.

#### **FaHCSIA response**

4.38 *Agreed. FaHCSIA supports recommendation 3 and will work with ECFIA and relevant agencies, including the central agencies, on options to strengthen the focus of FaHCSIA's reporting on outcomes and enhance financial oversight of mainstream and Indigenous-specific Australian Government Indigenous expenditure.*

---

Ian McPhee  
Auditor-General

Canberra ACT  
24 October 2012



# Appendices



## Appendix 1: Agency Response



**Australian Government**  
**Department of Families, Housing,  
Community Services and Indigenous Affairs**

**Finn Pratt PSM**  
Secretary

Dr Andrew Pope  
Group Executive Director  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Dr Pope

I refer to the current audit by the Australian National Audit Office (ANAO) of 'Australian Government Coordination Arrangements for Indigenous Programs'. The Department received a copy of the Section 19 report on 4 September 2012 and I am pleased to provide a formal response to the report.

*Formal Response:*

- FaHCSIA welcomes the ANAO audit report on Australian Government Coordination Arrangements for Indigenous Programs. As the report makes clear, working effectively across organisational and jurisdictional boundaries is currently one of the most significant issues in public administration. The Department also agrees that service enhancement of mainstream programs for the Indigenous population is major challenge for all governments and one where concentrated and coordinated effort is necessary to change approaches within Australian Government agencies.
- As the lead agency in Indigenous Affairs, FaHCSIA fully appreciates the complexity of these issues and remains strongly committed to working with other Commonwealth agencies and state and territory governments to help close the gap on Indigenous disadvantage for Indigenous Australians.
- The Department has already put in place strengthened arrangements to provide a greater focus on issues of strategic importance for Commonwealth agencies. This includes enhancements to the Executive Coordination Forum on Indigenous Affairs to consolidate membership at a higher level and focus participation on the key policy and delivery agencies across the Australian Government.
- FaHCSIA notes the critical role that the major policy and program delivery agencies and the central agencies play in collaborating and supporting FaHCSIA's lead agency role. FaHCSIA suggests that future audits of Australian

PO Box 7576 Canberra Business Centre ACT 2610  
Email [Finn.Pratt@fahcsia.gov.au](mailto:Finn.Pratt@fahcsia.gov.au) • Facsimile 02 6293 9692 • Telephone 1300 653 227  
National Relay Service: TTY – 133 677, Speak and listen – 1300 555 727, Internet relay – [www.relayservice.com.au](http://www.relayservice.com.au)  
[www.fahcsia.gov.au](http://www.fahcsia.gov.au)

Government coordination arrangements for Indigenous programs could usefully include the key policy, program and central agencies.

A summary of the Department's formal response, for inclusion in the Brochure and Report Summary, is provided as an attachment to this letter.

With regard to the report's three recommendations, I am pleased to advise that the Department agrees with all three recommendations. Further comment on each recommendation is included in the attachment to this letter.

I appreciate the significant effort invested in this report and note that ANAO has been very accommodating in addressing FaHCSIA feedback during the various stages of this audit, including through the section 19 report.

Thank you for the opportunity to provide a formal response to this important audit report.

Yours sincerely



Finn Pratt

28 September 2012



## **Appendix 2: Commonwealth and New South Wales Government Agreements and Initiatives**

### **Schedule A of the Overarching Bilateral Indigenous Plan between the Commonwealth of Australia and the State of New South Wales to Close the Gap in Aboriginal and Torres Strait Islander Disadvantage 2010–2015**

#### **Early Childhood**

##### *National Agreements, National Partnership Agreements and Strategies*

- National Partnership Agreement on Indigenous Early Childhood Development (Element 1)
- Investing in the Early Years—a National Early Childhood Development Strategy
- National Partnership Agreement on TAFE Fee Waivers for Childcare Qualifications
- National Partnership Agreement on Early Childhood Education

##### *New South Wales initiatives*

- Keep Them Safe
- Preschool Investment and Reform Plan
- Supporting Children with Additional Needs
- Best Start Kindergarten Assessment Program
- Aboriginal Maternal and Infant Health Strategy
- Families NSW (which includes Supporting Families Early, Safe Start, Triple P—Positive Parenting Program, Supported Playgroups, Schools as Community Centres and Parentline)

##### *Commonwealth initiatives*

- Indigenous Parenting Support Program (IPSP)
- Indigenous Mothers' Accommodation Fund

#### **Schooling**

##### *National Agreements, National Partnership Agreements and Strategies*

- National Education Agreement
- Aboriginal and Torres Strait Islander Education Action Plan 2010–2014

- Smarter Schools National Partnerships, including:
  - National Partnership Agreement on Low Socio-Economic Status School Communities
  - National Partnership Agreement on Literacy and Numeracy
  - National Partnership Agreement on Improving Teacher Quality
  - National Partnership Agreement on Youth Attainment and Transition (15–24 Year Old Strategy)
  - National Partnership Agreement on the Nation Building and Jobs Plan – Schedule D – Building the Education Revolution

*New South Wales initiatives*

- Kids Excel
- Youth Excel and Student Scholarships
- Norta Norta Program (provides tutorial assistance)
- Schools in Partnership
- Schools as Community Centres
- Culture and Identity – Aboriginal languages and Aboriginal Studies
- English as Another Language (EAL) Best Start Numeracy and Literacy Leaders Initiatives
- Personalised Learning Plans for Aboriginal Students
- Aboriginal Cultural Education and Language Programs
- Connecting to Country (a cultural immersion experience)

*Commonwealth initiatives*

- Parental and Community Engagement (PaCE) program
- Building the Education Revolution
- Indigenous Youth Leadership Program
- Expansion of intensive literacy and numeracy programs and personalised learning plans
- Indigenous Youth Mobility Program
- Indigenous Education Ambassadors Program
- Sporting Chance Program
- Australian Indigenous Education Foundation
- Reducing Substance Abuse (petrol sniffing)

- Youth Connections
- School Business Community Partnership Brokers (Partnership Brokers)

## **Health**

### *National Agreements, National Partnership Agreements and Strategies*

- National Partnership Agreement on Closing the Gap in Indigenous Health Outcomes
- National Healthcare Agreement
- National Partnership Agreement on Preventive Health
- National Partnership Agreement on Hospital and Health Workforce Reform
- National Disability Agreement
- National Partnership Agreement on Indigenous Early Childhood Development (Elements 2 and 3)

### *New South Wales initiatives*

- Chronic Care for Aboriginal People
- Living Well: The NSW Aboriginal Health Chronic Care Initiative Program
- Severe Chronic Disease Management Program
- Housing and Supported Accommodation Initiative (HASI A5)
- Provision of dental health services across the state through a hub and spoke service model
- Injury Prevention Demonstration Project
- Aboriginal Mental Health Workforce Program
- SmokeCheck
- Quit for New Life

### *Commonwealth initiatives*

- Improving eye and ear health services for Indigenous Australians
- Indigenous drug and alcohol services
- Aboriginal and Torres Strait Islander Healing Foundation
- Indigenous Tobacco Control Initiative
- Expanding link-up services for the Stolen Generations
- Reducing rheumatic heart fever for Indigenous children

- Quality assurance for the Aboriginal and Torres Strait Islander Medical Services pathology program – enhancement

## **Economic Participation**

### *National Agreements, National Partnership Agreements and Strategies*

- National Partnership Agreement on Indigenous Economic Participation;
- National Agreement on Skills and Workforce Development
- National Partnership Agreement on Productivity Places Program
- National Partnership Agreement on Youth Attainment and Transitions

### *New South Wales initiatives*

- Making It Our Business (including 2229 additional Aboriginal identified positions in the public service)
- Job Compacts
- Enterprise Development Officers (joint NSW and Commonwealth)

### *Commonwealth initiatives*

- Job Services Australia
- Jobs Fund
- Reformed Community Development Employment Projects (CDEP) program
- Indigenous Employment Program
- Working on Country/Caring for our Country
- Working on Country Flexible
- Working on Country Trainees
- Indigenous Community Support Service
- Funding for Native Title system
- National Arts and Crafts Industry Support Program
- Strengthening Australia's Indigenous visual arts industry
- Reformed Indigenous Employment Program Workplace English Language and Literacy (IEP-WELL) program for pre-employment IEP participants
- Australian Public Service Indigenous Employment Strategy
- Business Action Agenda

- Business Ready Program for Indigenous Tourism (BRPIT)
- Indigenous Economic Development Strategy (IEDS)

## **Healthy Homes**

### *National Agreements and National Partnership Agreements and Strategies*

- National Partnership Agreement on Remote Indigenous Housing
- National Affordable Housing Agreement
- National Partnership Agreement on Social Housing
- National Partnership Agreement on Homelessness
- National Partnership Agreement on the Nation Building and Jobs Plan—Schedule C—Economic Stimulus Plan—Social Housing Initiative

### *New South Wales initiatives*

- NSW Homelessness Action Plan and Regional Homelessness Action Plans
- Housing and Accommodation Support Initiative (HASI)
- Housing NSW Aboriginal Access Strategy
- Housing NSW Commitment to Improving Service Delivery to Aboriginal People
- Build and Grow Aboriginal Community Housing Strategy
- Housing for Health (a NSW Health initiative)

### *Commonwealth initiatives*

- Commonwealth contributions to housing outcomes are being delivered by the National Partnership Agreements and National Agreements.
- Home Ownership on Indigenous Land (HOIL) program
- Indigenous Business Australia (IBA) Home Ownership Program

## **Safe Communities**

### *National Agreements and National Partnership Agreements and Strategies*

- National Framework for Protecting Australia's Children
- Closing the Gap: Aboriginal and Torres Strait Islander Safe Communities Strategy

- National Plan to Reduce Violence Against Women and Children

#### *New South Wales initiatives*

- Keep Them Safe
- The Interagency Plan to Tackle Child Sexual Assault in Aboriginal Communities
- NSW Aboriginal Justice Plan
- Circle Sentencing
- Walking Together and Yinda Yama La programs
- Magistrates Early Referral into Treatment
- Youth Justice Conferencing
- Intensive Supervision Program
- Aboriginal Community Justice Groups
- Safe Aboriginal Youth Patrols
- Weaving the Net
- NSW Domestic and Family Violence Action Plan

#### *Commonwealth initiatives*

- Indigenous Family Safety Program
- Family Violence Partnership Program (FVPP)
- Family Violence Regional Activities Program (FVRAP)
- Indigenous Culture Support (ICS) Program
- Maintenance of Indigenous Languages and Records (MILR) Program
- National Indigenous Languages Policy
- Indigenous Broadcasting Program (IBP)

### **Governance and Leadership**

#### *National Agreements and National Partnership Agreements*

- National Partnership Agreement on Remote Service Delivery
- National Partnership Agreement on Remote Indigenous Public Internet Access

*New South Wales initiatives*

- The Partnership Communities Program
- NSW Aboriginal Joint Management Program
- The NSW Cultural Resource Use Framework (this is consistent with the *Native Title Act 1993* and supports local and regional Aboriginal community decision making about cultural resource use)

*Commonwealth initiatives*

- Coordinator-General for Remote Indigenous Services
- United Nations Declaration on Rights of Indigenous Peoples
- National Congress of Australia's First Peoples
- National Healing Foundation
- Indigenous Leadership Program
- Governance Training provided by the Office of the Registrar of Indigenous Corporations
- Reconciliation Australia—support the operation of Reconciliation Australia through the continuation of funding over three years to secure the sustainability of Reconciliation Australia operations
- Indigenous Sport and Recreation
- COAG agreed frameworks, such as the NIRA and Urban and Regional Service Delivery Strategy

**Other National Agreements and National Partnership Agreements and Strategies**

- National Partnership Agreement on an Indigenous Clearinghouse
- National Disability Agreement
- National Indigenous Reform Agreement, including the National Urban and Regional Service Delivery Strategy

### Appendix 3: Wilcannia: Commonwealth and NSW Government Indigenous Activities

	Early childhood	Schooling	Healthy homes	Health	Economic participation	Safe communities	Governance and leadership
<b>Number of activities</b>							
<b>Commonwealth Government Agencies</b>							
Families, Housing, Community Services and Indigenous Affairs	2	1	4		1	2	
Health and Ageing				12			
Education, Employment and Workplace Relations	1	4			7		1
Attorney-General's Department						4	
Indigenous Business Australia			1				
The Prime Minister and Cabinet: Office of the Arts					1		1
Human Services (Centrelink and Medicare)		2		2			
<b>NSW Government Agencies</b>							
Family and Community Services (FACS): Communities and Early Years	5						
FACS: Ageing, Disability and Home Care		1		20			



	Early childhood	Schooling	Healthy homes	Health	Economic participation	Safe communities	Governance and leadership
Number of activities							
Juvenile Justice		2				1	
Aboriginal Affairs NSW						1	
Technical and Further Education Commission					1		
NSW Health				7			
State Training Services					6		
Trade and Investment					1		
Education		5					
Aboriginal Housing Office			5				
Environment							1
<b>Total</b>	<b>8</b>	<b>15</b>	<b>10</b>	<b>41</b>	<b>17</b>	<b>8</b>	<b>3</b>
Proposed activities		2	2	4	2	6	1

Source: FaHCSIA, October 2011

Note: The two shared activities of the Department of Human Services are totalled under the Schooling building block for the purposes of this table

# Index

---

## A

Aboriginal and Torres Strait Islander  
Commission, 14, 34, 35, 68, 70  
Audit objectives, 18, 43  
Australian Agency for International  
Development, 47, 87

## B

Budget Development Sub-Committee, 53, 54

## C

Commonwealth Indigenous Reform Group, 21,  
50–53, 61  
Coordination  
advantages and disadvantages, 40  
models, 59  
monitoring risk and effectiveness, 57, 58

## D

Delivery arrangements, 18, 25, 41, 64, 74, 77,  
79, 81, 84  
Department of Families, Housing, Community  
Services and Indigenous Affairs  
lead agency role, 14, 18–20, 22, 27, 28, 40,  
42–47, 62, 63, 72, 73, 85  
Department of the Prime Minister and Cabinet,  
36, 46, 47, 49, 50, 73, 89

## E

Executive Coordination Forum for Indigenous  
Affairs, 21, 22, 24, 26, 50, 51–53, 61, 62, 72,  
73, 83, 84, 86, 94, 96, 98, 99

## F

Funding agreements, 17, 18, 23, 42, 74, 77–82,  
85  
Funding arrangements, 17, 50, 67, 76, 80

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

114

## G

Governance structure for Indigenous affairs,  
19, 43, 44, 48, 49

## I

Indigenous Budget Statement, 25, 26, 55,  
85–87, 90, 94, 97, 98  
Indigenous Coordination Centres, 18, 19, 23,  
43, 45, 64–68, 80, 82, 83  
Indigenous expenditure  
Australian Government direct expenditure,  
37, 85–87, 92, 93  
Australian Government Indigenous  
Expenditure (AGIE), 17, 25, 26, 36, 37,  
85–93, 96, 97, 98  
Australian Government indirect  
expenditure, 85  
Indigenous Expenditure Report, 17, 25, 26,  
37, 69, 86, 91–93, 97, 98  
Indigenous-specific  
expenditure, 16, 17, 23, 25, 37, 38, 57, 65,  
71, 74, 83, 84, 86, 88, 90–92  
programs, 14, 15, 18, 23, 34–36, 68, 77, 82,  
92, 96  
Integrated service delivery, 18, 22, 57, 64, 67,  
75–79, 82  
FaHCSIA examples, 78, 79  
models, 23, 64, 65, 75–77, 83  
reasons for, 74

## J

Joint Committee of Public Accounts and Audit,  
42, 58

## M

Mainstream programs  
accessibility and effectiveness for  
Indigenous people, 68, 69, 71, 72

expenditure, 17, 25, 37, 88, 90–92, 97

## **N**

National Indigenous Reform Agreement  
(Closing the Gap)  
building blocks, 16, 23, 25, 38, 55, 60, 75,  
78, 82, 85, 93, 94, 95, 97  
integration principle, 16, 39  
service delivery principles, 16, 38, 39, 53, 57,  
71  
targets, 15, 16, 19, 24–26, 37, 38, 44, 50, 69,  
73, 83, 85, 90, 94–98

National Urban and Regional Strategy for  
Indigenous Australians, 66, 72–74

## **O**

Office of Indigenous Policy Coordination, 14,  
15, 19, 22, 34, 36, 39, 45, 59, 60, 62

Overarching Bilateral Indigenous Plans, 19, 43,  
44, 48, 56, 68, 73, 105

## **P**

Performance reporting, 13, 26, 34, 60, 94, 95,  
97

## **R**

Regional Operations Centres, 19, 65, 66, 81

Regional Partnership Agreements, 35, 64, 67

Remote service delivery, 19, 23, 24, 51, 64–68,  
78, 79, 81, 83, 110

## **S**

Secretaries' Committee on Social Policy, 49–51,  
62, 73

Secretaries' Group on Indigenous Affairs,  
49–51, 62, 90

Single Indigenous Budget Submission, 43, 44,  
50, 53–55, 61, 86

Strategic Review of Indigenous Expenditure, 20,  
24, 42, 53, 55, 66, 69, 83, 90, 91

## **V**

Vertical accountability, 40, 64

## **W**

Wilcannia, 81, 112

Working Group on Indigenous Reform, 46, 48,  
51, 56

## Series Titles

---

**ANAO Audit Report No.1 2012–13**

*Administration of the Renewable Energy Demonstration Program*

Department of Resources, Energy and Tourism

**ANAO Audit Report No.2 2012–13**

*Administration of the Regional Backbone Blackspots Program*

Department of Broadband, Communications and the Digital Economy

**ANAO Audit Report No.3 2012–13**

*The Design and Conduct of the First Application Round for the Regional Development Australia Fund*

Department of Regional Australia, Local Government, Arts and Sport

**ANAO Audit Report No.4 2012–13**

*Confidentiality in Government Contracts: Senate Order for Departmental and Agency Contracts (Calendar Year 2011 Compliance)*

Across Agencies

**ANAO Audit Report No.5 2012–13**

*Management of Australia's Air Combat Capability—F/A-18 Hornet and Super Hornet Fleet Upgrades and Sustainment*

Department of Defence

Defence Materiel Organisation

**ANAO Audit Report No.6 2012–13**

*Management of Australia's Air Combat Capability—F-35A Joint Strike Fighter Acquisition*

Department of Defence

Defence Materiel Organisation

**ANAO Audit Report No.7 2012–13**

*Improving Access to Child Care—the Community Support Program*

Department of Education, Employment and Workplace Relations

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

## Current Better Practice Guides

---

The following Better Practice Guides are available on the ANAO website.

Public Sector Internal Audit	Sep 2012
Public Sector Environmental Management	Apr 2012
Developing and Managing Contracts – Getting the right outcome, achieving value for money	Feb 2012
Public Sector Audit Committees	Aug 2011
Human Resource Information Systems – Risks and Controls	Mar 2011
Fraud Control in Australian Government Entities	Mar 2011
Strategic and Operational Management of Assets by Public Sector Entities – Delivering agreed outcomes through an efficient and optimal asset base	Sept 2010
Implementing Better Practice Grants Administration	Jun 2010
Planning and Approving Projects – an Executive Perspective	Jun 2010
Innovation in the Public Sector – Enabling Better Performance, Driving New Directions	Jun 2009
SAP ECC 6.0 – Security and Control	Dec 2009
Preparation of Financial Statements by Public Sector Entities	Jun 2009
Business Continuity Management – Building resilience in public sector entities	Jun 2009
Developing and Managing Internal Budgets	Jun 2008
Agency Management of Parliamentary Workflow	May 2008
Public Sector Internal Audit – An Investment in Assurance and Business Improvement	Sep 2007
Fairness and Transparency in Purchasing Decisions – Probity in Australian Government Procurement	Aug 2007
Administering Regulation	Mar 2007
Implementation of Program and Policy Initiatives – Making Implementation matter	Oct 2006