

The Auditor-General
Audit Report No.10 2007–08
Performance Audit

Whole of Government Indigenous Service Delivery Arrangements

Australian National Audit Office

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Canberra ACT
17 October 2007

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit across agencies 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 *Whole of Government Indigenous Service Delivery Arrangements*.

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

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

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

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Abbreviations

AAO	Administrative Arrangements Order
ABS	Australian Bureau of Statistics
ANAO	Australian National Audit Office
AGIE	Australian Government Indigenous Expenditure
APSC	Australian Public Service Commission
CAEPR	Centre for Aboriginal Economic Policy Research
COAG	Council of Australian Governments
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DoHA	Department of Health and Ageing
FaCSIA	Department of Families, Community Services and Indigenous Affairs
IAAs	Indigenous Affairs Arrangements
ICCs	Indigenous Coordination Centres
MAC	Management Advisory Committee
MTF	Ministerial Taskforce on Indigenous Affairs
NIC	National Indigenous Council
OIPC	Office of Indigenous Policy Coordination
PBSs	Portfolio Budget Statements
PM&C	Department of the Prime Minister and Cabinet
SGIA	Secretaries' Group on Indigenous Affairs
SIBS	Single Indigenous Budget Submission
SRAs	Shared Responsibility Agreements
RPAs	Regional Partnership Agreements

Glossary

Harnessing the mainstream	Indigenous programmes alone cannot eliminate Indigenous disadvantage. Indigenous people must also have effective access to and outcomes from mainstream programmes.
Indigenous Coordination Centres (ICCs)	Around Australia, ICCs are the main vehicle for the coordination of Indigenous-specific programmes and services and for engagement with Indigenous people.
Intensive interventions	The Australian Government recognises that certain Indigenous communities have entrenched problems (such as violence and substance abuse) and require intensive assistance.
Regional Partnership Agreements (RPAs)	RPAs are tailored government interventions across a region. RPAs are negotiated to coordinate government services and deliver initiatives across several communities in a region. They provide a framework for recognising the range of regional Indigenous engagement arrangements that develop around Australia.
Sharing responsibility	Governments and Indigenous people have rights and obligations and all must share responsibility, as governments alone cannot solve all Indigenous problems.
Shared Responsibility Agreements (SRAs)	SRAs are agreements between the Australian Government and Indigenous communities, to provide benefits in return for community commitments.
Whole of government	Government policies and funds must be coordinated and used strategically and efficiently, eliminating gaps, overlaps and red tape. This principle extends across the Australian Government and ideally includes State, Territory and local governments.

Summary and Recommendations

Summary

Introduction

1. The 1967 referendum gave the Australian Parliament the Constitutional power to make laws for all Australian people, (previously people of 'the Aboriginal race in any State' were excluded); and to take account of Aboriginal people in determining the population of Australia. From 1967, Indigenous people were counted in the Australian census and included in base figures for Australian Government funding granted to the States and Territories on a per capita basis.
2. Successive Australian Governments have modified the administration of Indigenous affairs with the objective of focusing attention on areas of Indigenous disadvantage. Models have included a separate department of State—the Department of Aboriginal Affairs (DAA) in the early 1970s. This was followed by the Aboriginal and Torres Strait Islander Commission (ATSIC) which was an elected body with a representative structure of Regional Councils.
3. During the ATSIC period from 1990 to 2005, administrative responsibilities were reorganised including the transfer of Indigenous health from ATSIC to the then Department of Health and Aged Care in 1995–96 and, in 2003, the transfer of most of ATSIC's funding and responsibilities to the Aboriginal and Torres Strait Islander Services (ATSIS). Overlaying the administrative arrangements at the national level from 2002 have been initiatives by the Council of Australian Governments (COAG) to improve outcomes in identified areas of Indigenous disadvantage through the cooperative efforts of governments at all levels.
4. In 2004, the Australian Government put in place the Indigenous Affairs Arrangements (IAAs) which involved the transfer of ATSIC/ATSIS administrative responsibilities and funding to 'mainstream' Australian Government departments.
5. More recently, in June 2007, the Prime Minister and the Minister for Families, Community Services and Indigenous Affairs announced a number of major measures to respond to the findings of a Northern Territory (NT) Government report—*Little Children are Sacred*—into the alleged abuse of children in some remote communities in the NT.

6. The objective of this audit was to assess how four key departments: Education, Science and Training (DEST); Employment and Workplace Relations (DEWR); Families, Community Services and Indigenous Affairs (FaCSIA); and Health and Ageing (DoHA) are implementing the 2004 IAAs.

7. While the focus of this audit is on the implementation of the IAAs, the lessons learned through the audit can be expected to provide insights to inform on-going developments in the administration of Indigenous affairs, especially the current initiatives in the NT.

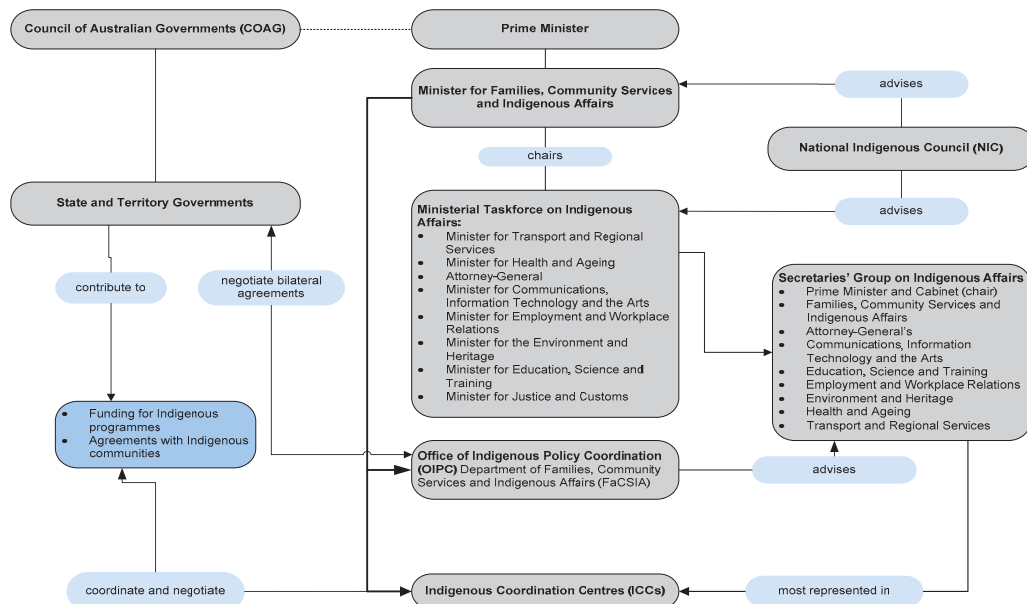
The approach adopted in the Indigenous Affairs Arrangements (IAAs)

8. The Australian Government's objective in introducing the IAAs is that over a 20–30 year timeframe:

Indigenous Australians, wherever they live, have the same opportunities as other Australians to make informed choices about their lives, to realise their full potential in whatever they choose to do and to take responsibility for managing their own affairs.¹

9. Figure 1 below sets out the national framework for the IAAs to meet the Government's policy goal to address long-term and entrenched Indigenous disadvantage. The IAAs provide high-level stakeholder involvement through a Ministerial Taskforce, a framework for departmental collaboration at a senior level through the Secretaries Group, and on-the-ground through a network of Indigenous Coordination Centres (ICCs).

¹ The Australian Government, 2004, *Indigenous Affairs Arrangements*, p. 14.

Figure 1**Indigenous Affairs Arrangements**

Source: FaCSIA, adapted from the Australian Government publication, 2006, *Indigenous Affairs Arrangements*, p. 3.

National framework

10. When implementing the IAAs, the Australian Government's approach was based on COAG's core principles set out in its *National Framework for Principles for Government Service Delivery to Indigenous Australians*.

11. A core principle highlighted was the establishment of an accountability framework to enable Australian Government departments and agencies to report their performance against government policy objectives and priorities in Indigenous affairs.

12. In addition to setting out high-level accountability arrangements, collaboration was seen as a critical feature of the Government's approach in the IAAs. This includes high-level collaborative arrangements through the Ministerial Taskforce and Secretaries' Group on Indigenous Affairs to on-the-ground initiatives through the ICC network. It was considered that successful on-the-ground collaboration between Australian Government departments to effectively deliver services to Indigenous communities and regions depended on:

the flexible use of funds which may involve pooling them for cross-agency projects or transferring them between programmes.²

13. Another important Australian Government principle concerned programme design. Ensuring that Indigenous-specific and mainstream programmes were sufficiently flexible to respond to the identified needs of Indigenous clients meant:

moving away from treating programme guidelines as rigid rules—they will be revised if they prevent innovation or fail to meet local needs.³

14. In operationalising the IAAs, consideration was given to the role of a lead agency. Under the Administrative Arrangements Order (AAO) of January 2006, FaCSIA was given the role of Indigenous policy coordination. Monitoring progress over the implementation phase of a Government initiative is an important function of a lead agency. This is especially the case where successful implementation is complex, involving a number of government departments such as with the Government's approach to whole of government Indigenous service delivery.

National priorities

15. The Ministerial Taskforce on Indigenous Affairs (MTF) includes Ministers from relevant Australian Government portfolios. The MTF has articulated three national priorities in Indigenous affairs:

- early childhood intervention, a key focus of which will be improved mental and physical health, and in particular primary health, and early educational outcomes;
- safer communities, which includes issues of authority, law and order, but necessarily also focuses on dealing with issues of governance to ensure that communities are functional and effective; and
- building Indigenous wealth, employment and entrepreneurial culture, as these are integral to boosting economic development and reducing poverty and dependence on passive welfare.

² The Australian Government, 2004, *ibid*.

³ The Australian Government, 2004, *ibid*.

16. These three priority areas are broadly consistent with COAG's three priority outcomes:

- safe, healthy and supportive family environments with strong communities and cultural identity;
- positive child development and prevention of violence, crime and self-harm; and
- improved wealth creation and economic sustainability for individuals, families and communities.

17. The Productivity Commission (the Commission) has developed a reporting framework to measure improvements against COAG's priority outcomes. To do this, the Commission has developed, as intermediate outcomes, a set of seven strategic areas for action. These are: early child development and growth (prenatal to age three); early school engagement and performance (preschool to year three); positive childhood and transition to adulthood; substance use and misuse; functional and resilient families and communities; effective environmental health systems; and economic participation and development.

18. The intermediate outcomes developed by the Productivity Commission lend themselves to reporting progress against the three priority outcomes determined by both COAG and the Ministerial Taskforce.⁴

Departmental collaboration

19. The Government's policy for Indigenous affairs is one of 'mainstreaming'⁵ but in a whole of government context. The whole of government concept was elaborated in *Connecting Government—whole of government responses to Australia's priority challenges*, a Management Advisory Committee (MAC) report released in April 2004. The report noted that a great deal of policy-making involves input from more agencies than just a mainstream government department, and that what is increasingly needed to satisfy public demands is collegiality in policy-making and, where required,

⁴ To further support wide-ranging reforms in Indigenous service delivery, in March 2006, the Ministerial Taskforce agreed to a *Blueprint for Action in Indigenous Affairs*. An important element of the Blueprint is the role of Australian Government departments in particular locations. This policy direction is further elaborated in Appendix 1.

⁵ The concept of mainstreaming requires government departments and agencies with responsibility for all policies in a particular area to take over the responsibility for the delivery of programmes to Indigenous people. The delivery of Indigenous health and education programmes had previously been mainstreamed with the relevant Australian Government departments.

service delivery. All resources of government should, where necessary, be brought together to produce solutions to government service requirements.

20. When launching the April 2004 MAC report, Dr Peter Shergold, Secretary, Department of the Prime Minister and Cabinet commented:

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.⁶

21. Departmental collaboration is represented at its apex by the Secretaries' Group on Indigenous Affairs (SGIA). The SGIA provides advice and support to the MTF and is expected to provide coordination across government departments. The work of the Secretaries' Group is supported by a standing Senior Executive Service (SES) Taskforce and by ad hoc working groups and taskforces as required. Each year, the SGIA prepares a public annual report on outcomes across government departments and agencies. It is apparent from these arrangements that governance and co-ordination to achieve the policy goals of this new approach will necessarily be complex and challenging.

Indigenous Coordination Centres (ICCs)

22. Indigenous Coordination Centres (ICCs) are the main vehicle for departmental coordination of Indigenous-specific programmes. ICCs are staffed by officers from a variety of relevant mainstream Australian Government departments and in rural and remote areas, operate as multi-agency units, combining coordination, planning and service functions. ICC staff are also in contact with Indigenous communities to develop individually tailored agreements (Shared Responsibility Agreements) with them to focus on issues which the community seeks to address.

Funding of the IAAs

23. In 2003–04, there was a total identifiable Commonwealth expenditure on Indigenous affairs of \$2.8 billion⁷, including both mainstream and Indigenous-specific expenditure.

⁶ Shergold, P, April 2004, a speech to launch *Connecting Government: whole of government responses to Australia's priority challenges*.

⁷ Parliamentary Library, Parliament of Australia, Current Issues Brief No.4 2004–05, *The End of ATSIC and the Future Administration of Indigenous Affairs*.

Mainstream expenditure

24. Of the \$2.8 billion, around \$1.5 billion was spent through mainstream departments and agencies, such as the education, health, and social security portfolios.

Indigenous-specific expenditure

25. ATSIC and its administrative arm—the Aboriginal and Torres Strait Islander Services (ATSIS)—received approximately \$1.3 billion in funding from the Australian Government, (46% of identifiable Commonwealth Indigenous-specific expenditure). The Government quarantined funding for these Indigenous-specific programmes and transferred them to Australian Government mainstream departments and agencies to administer in a whole of government way.

26. A number of former Indigenous-specific ATSIC–ATSIS programmes were transferred under the Administrative Arrangements Order (AAO) of 24 June 2004 to three of the four departments which are the focus of this audit—the Departments of Employment and Workplace Relations (DEWR), Families, Community Services and Indigenous affairs (FaCSIA), and Health and Ageing (DoHA). Under the AAO:

- DEWR received the Community Development Employment Projects (CDEP) programme;
- FaCSIA received the Community Housing and Infrastructure Programme (CHIP) plus a number of smaller programmes. This was augmented by a revised AAO in January 2006 that resulted in the integration of the Office of Indigenous Policy Co-ordination (OIPC) and the programmes it previously administered with FaCSIA; and
- DoHA received one small programme—the Access to Effective Tracing and Family Reunion Services Programme.

27. The Department of Education, Science and Training (DEST) is the fourth department included in this audit. It has had a continuing responsibility for Indigenous education, in conjunction with the States and Territories, and did not receive any additional programme responsibilities under the IAAs. Other Australian Government departments, which were not part of the audit, received the remainder of the transferred programmes.⁸

⁸ The remaining programmes were transferred to Portfolios such as the Agriculture, Fisheries and Forestry Portfolio, the Attorney-General's Portfolio, the Communications, Information and the Arts Portfolio, the Environment and Water Resources Portfolio, the Finance and Administration Portfolio and the Transport and Regional Services Portfolio.

Australian Government Indigenous Expenditure

28. For the 2006–07 Budget, the Department of Finance and Administration issued revised guidelines for the presentation of Portfolio Budget Statements. As part of this revision each portfolio was required to list, in tables, the administered and departmental Indigenous expenditure for the current and previous years. These tables are referred to as the Australian Government Indigenous Expenditure (AGIE). Each portfolio compiles its own AGIE for inclusion in its Portfolio Budget Statements with administered and departmental expenditure provided at a reasonably highly aggregated level.

29. Table 1 outlines the total amounts of AGIE, over three fiscal years, for the four departments examined as part of the audit. Together these four departments account for around 80 per cent of the total AGIE of \$3.5 billion estimated for 2007–08.

Table 1

Australian Government Indigenous Expenditure

Department	Total estimated Indigenous expenditure (\$m)		
	2005–06	2006–07	2007–08
Education, Science and Training	583.8	588.0	580.7
Employment and Workplace Relations	670.0	656.7	683.5*
Families, Community Services and Indigenous Affairs	603.4	924.4	1,043.5
Health and Ageing	491.5	542.6	619.5

Source: Departmental Portfolio Budget Statements for 2005–06, 2006–07 and 2007–08.

Note: * adjusted based on DEWR's advice of 12 September 2007.

Audit objective and scope

Audit objective

30. The audit objective was to assess how four key departments: Education, Science and Training (DEST); Employment and Workplace Relations (DEWR); Families, Community Services and Indigenous Affairs (FaCSIA); and Health

and Ageing (DoHA) are implementing the Government's policy objective for Indigenous service delivery.

Audit scope

31. The ANAO examined the features of the Indigenous Affairs Arrangements (IAAs) to determine where changes to facilitate whole of government work had been made to Indigenous-specific and those mainstream programmes with a significant Indigenous component managed by the four departments being audited: DEST; DEWR; FaCSIA; and DoHA.

32. Given the role of the Department of the Prime Minister and Cabinet (PM&C) in whole of government issues generally and the implementation of the IAAs specifically, PM&C was also involved in the audit.

33. To conduct this audit, the ANAO:

- examined Indigenous programmes and services delivered by the four departments being audited, including services delivered through Indigenous Coordination Centres (ICCs);
- conducted a census of programmes that the four audited departments identified as Indigenous-specific or mainstream with a significant Indigenous component;
- undertook a survey of DEST, DEWR, FaCSIA and DoHA managers involved in the administration of the Indigenous-specific and mainstream programmes;
- carried out three case studies; and
- held discussions with participating Secretaries.

Conclusion

34. In 2004, the Australian Government put in place the policy and priorities for the Indigenous Affairs Arrangements (IAAs) to address long-term and entrenched Indigenous disadvantage, and set in train significant changes to the administration of services to Indigenous Australians to deliver on these priorities. Because the IAAs involve participation of multiple Ministers and portfolios and may involve other jurisdictions, the governance arrangements are necessarily complex and critical to managing the risks to successful implementation of such major changes.

35. The 'mainstreaming' of Indigenous services has provided Australian Government departments with the opportunity to develop more integrated solutions to entrenched Indigenous disadvantage. Reforms to major Indigenous-specific programmes are taking place especially in the areas of employment (the Community Development and Employment Projects) programme and housing (the Community Housing and Infrastructure Programme).

36. Implementation of the Government's policy objective is progressing but it is apparent that there are opportunities to streamline the administrative arrangements supporting the delivery of services to Indigenous communities and regions. In addition, a stronger collective focus by departments on performance against the priorities established by the Government is required to assess progress being made, and to inform decisions relating to the effectiveness of on-going administrative arrangements. While departments individually identify their activities in Indigenous affairs in their accountability documentation, there is little in the way of performance information at the aggregate level to assess and inform progress in terms of the Ministerial Taskforce's identified priority areas for action in whole of government Indigenous service delivery.

37. Areas identified for improvement include:

- implementation of the IAAs 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.

38. In addition, as for all significant reform programmes, there is a need for an ongoing focus on bringing about cultural change in the departments with responsibilities for administering the IAAs. To implement the IAAs, individuals from participating departments need to be able to work effectively together, requiring different approaches to those used when working as a single department. A consistent message from participants and stakeholders during this audit was the importance of an ongoing focus on the cultural change required to continue the development of appropriate whole of government skills and behaviours, including appreciating the benefits of aligning and using common systems.

Implementation of the IAAs and the role of a lead agency

39. Over the past 2–3 years, departments have been developing ways of delivering Indigenous services in a more collaborative, co-ordinated approach required in a whole of government environment. Australian Government departments are now required to deliver services to Indigenous Australians that are integrated and contribute to the Government's overall 20–30 year vision that: *Indigenous Australians, wherever they live, have the same opportunities as other Australians to make informed choices about their lives, to realise their full potential in whatever they choose to do and to take responsibility for managing their own affairs.*

40. The new arrangements are in the early days of implementation and progress reflects efforts in developing whole of government coordination arrangements. During this period, FaCSIA has played a lead role in whole of government Indigenous policy coordination.

41. The whole of government approach to Indigenous service delivery to date has had a strong emphasis on policy development and priority setting. Insufficient attention has been given to policy implementation to reflect the original intention of the Government that service delivery to Indigenous people involves the flexible use of funds through joint funding arrangements and that programme guidelines will be revised if they prevent innovation or fail to meet local needs. This has hindered moving from the policy environment to on-the-ground service delivery.

42. Departments are considering how to overcome these administrative barriers to on-the-ground Indigenous service delivery. For this to be accomplished efficiently and effectively, the lead agency requires clearer authority to escalate these issues for timely and efficient resolution.

Lead agency involvement

43. The whole of government Indigenous working environment requires government departments, which have traditionally been structured along a vertical responsibility and accountability basis, to develop stronger horizontal relationships to better deliver services to Indigenous communities. Initiatives that involve working across organisational boundaries face new and challenging risks. For these reasons, it is important to ensure that there is a common understanding of the risks associated with shared implementation.⁹

44. The successful implementation of a broad reaching, ambitious policy goal resulting in the efficient and effective delivery of services to Indigenous people requires the evolution of governance arrangements which better suit the service delivery phase of a collaborative model of operation. This will necessarily involve revisiting the existing accountability arrangements for programmes and related funding arrangements which have been primarily designed for departments working independently.

45. While in many situations, the existing collaborative arrangements could be expected to resolve issues, suitable protocols should desirably be established for those situations that are sensitive to each Chief Executive's agency responsibilities but nevertheless allow for the prompt resolution of administrative matters which cross agency boundaries. This approach recognises that there may be occasions where it is necessary for the lead agency to articulate the way forward or establish a timetable within which events are expected to occur. This can be achieved through monitoring the performance of all departments involved in the initiative to ensure their commitment is on track to meet the Government's objective in Indigenous affairs. In these situations, it is important that the lead agency exercises its role judiciously, taking into account the responsibilities and accountabilities of other participating departments. As a last resort, the protocol would need to allow for Ministerial intervention.

Whole of government governance and accountability arrangements

46. Governance and accountability arrangements developed in the initial phase of the IAAs were well suited to high-level stakeholder involvement and policy development through the Ministerial Taskforce on Indigenous Affairs

⁹ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, October 2006, *Better Practice Guide—Implementation of Programme and Policy Initiatives*, p. 20.

and the Secretaries' Group. The Ministerial Taskforce has identified three priority areas for action:

- early childhood intervention;
- safer communities; and
- building Indigenous wealth, employment and entrepreneurial culture.

47. The Secretaries' Group prepares an annual report which focuses on the seven strategic areas for action developed by the Productivity Commission to measure work undertaken by the Council of Australian Governments in Indigenous affairs. The Secretaries' Group annual report is not tabled in Parliament, but it is posted on FaCSIA's website. Currently this annual report is predominantly descriptive and, to improve accountability, the Secretaries' Group has convened a working party to develop a performance monitoring and reporting framework for its annual reporting purposes.

Reporting performance against government priorities in Indigenous affairs

48. While achievements have been made in developing whole of government priorities for Indigenous service delivery, reporting of the contribution of individual departments has not kept pace with the new way of working. Individual departments continue to plan and provide information within the Outcomes/Outputs framework concerning their individual expenditure on Indigenous programmes and activities. Under current reporting arrangements it is not possible to obtain a clear picture of whole of government Indigenous expenditure, and performance information relating to whole of government initiatives is either absent or poorly developed. As there is an underdeveloped whole of government performance information framework for use by departments, it is also difficult to obtain an understanding of individual departmental contribution to the Ministerial Taskforce's three national priority areas.

Reporting models

49. There would be real benefits in departments reporting their contribution to the three national priority areas in a similar fashion to allow a global perspective on performance against these priorities to be assessed. There are a number of models that departments could use to do this.

50. The first model would involve participating departments aligning the priority areas with their individual Portfolio Budget Statements and Annual Reports. This would complement the accountability arrangements primarily designed for departments working independently and provide assurance to

Parliament that departments are addressing the priorities in Indigenous service delivery in a whole of government manner. Under this approach involving broad or shared outcomes which require the identification of the contribution of more than one programme or agency, the use of explanatory text in accountability documentation is one avenue for departments to better specify their influence on, and contributions to, broadly stated or shared outcomes.¹⁰ Where outcomes are at a high-level and long-term, performance can be difficult to measure and track over time. In these situations, departments can develop and use intermediate outcomes, that is, partial outcomes that can be more easily measured and achieved within a shorter time frame.

51. Another reporting model would involve departments providing explanatory text and performance information to FaCSIA for inclusion in the report prepared annually by the Secretaries' Group on Indigenous Affairs. This Annual Report could then be tabled in the Australian Parliament to provide an overview of Australian Government investment, and the performance of Australian Government departments, in delivering services to Indigenous Australians.

52. Which ever reporting model (or combination of models) is chosen, it must be sufficiently robust to provide Parliament and stakeholders with assurance that departments are addressing the Government's priorities in Indigenous affairs in a whole of government manner and for progress achieved to be assessed.

Collaborative efforts to support effective service delivery including the development of joint funding agreements

53. Indigenous Affairs Arrangements (IAAs) in Australia are elaborate and multi-layered involving collaboration between a number of governments and their departments as well as the private sector and not-for-profit organisations. The principal areas for collaboration examined by the ANAO included higher level joint planning to support the implementation of the new arrangements and on-the-ground collaboration at the level of the Indigenous Coordination Centres (ICCs).

¹⁰ Department of Finance and Administration and the ANAO, 2004, *Better Practice in Annual Performance Reporting*, p. 10.

Joint arrangements to support effective service delivery

54. The revised IAAs came into effect from July 2004. Since then, the practical implementation of the new arrangements has been evolving as departments fashion ways of working together. A number of areas have not received sufficient and early attention, particularly on-the-ground collaboration through the ICC network with Indigenous communities around appropriate funding arrangements with communities and service providers.

Appropriate funding arrangements with communities and service providers

55. Where there are a number of departments involved, suitable financial arrangements to support individually tailored agreements with Indigenous communities have yet to be developed. While a 'header' agreement is available for jointly funded projects, each department which is a signatory has its own schedule including accountability, reporting and acquittal requirements. These individual departmental accountability requirements detract from the ICC/whole of government focus, and the level of duplication involved adds to the administrative demands on Indigenous communities. The development of suitable funding models with Indigenous communities has the potential to improve the effectiveness of ICC operations and reduce the administrative demands on Indigenous communities.

56. Given that departments are now 2–3 years down the track of implementing the new arrangements, the ANAO considers that a renewed focus on more efficient mechanisms to jointly fund projects and initiatives where more than one Australian government agency is involved would reduce 'red tape' for Indigenous communities and service providers, and assist Indigenous Australians to more readily access Australian Government programmes and services. This is an issue which might beneficially be considered by the Funding and Governance Reforms Working Group to develop and oversee a strategy for addressing 'red tape' and other funding reform matters.

57. There is flexibility within the current financial framework to facilitate a range of funding arrangements. Options include: contributing departments could establish a direct debit/invoicing arrangement with a lead agency; the lead agency could access the funds of other contributing departments through third party drawing rights; or establish a central account, using a new Special Account hosted by one department, accessible to all relevant departments for deposits and withdrawals.

Programmes responding flexibly to Indigenous need

58. One of the key principles underpinning the Australian Government's IAAs is to respond flexibly to the particular circumstance of each Indigenous community and region. This means moving away from treating programme guidelines as rigid rules where there are sound reasons for doing this. The Government's objective with the IAAs is to obtain better results for Indigenous Australians. The ANAO used a programme census of Indigenous-specific and mainstream programmes with a significant Indigenous component, a survey of managers of these programmes and case studies to examine the extent to which flexibility existed within programme guidelines enabling them to respond to the needs of Indigenous communities and regions.

ANAO programme census and manager survey

59. The audit identified 34 Indigenous-specific programmes and 59 mainstream programmes with a significant Indigenous component. Only a minority of programmes reported making programme guidelines more flexible or incorporating whole of government design innovations since the commencement of the new arrangements. When managers were asked to identify barriers to better working arrangements with other departments, the most frequently cited barriers were rigid funding arrangements and programme guidelines.

Flexible programme design

60. Being able to respond to the particular circumstances of an Indigenous community or region is an important principle of the IAAs. Based on the programme census, the manager survey and case study results, the ANAO considers that the rate at which the re-design of Indigenous-specific and particularly mainstream programmes is occurring should be reviewed. This would ensure that, where appropriate, these programmes are able to respond flexibly and in an innovative way to the particular circumstances of an Indigenous community or region. That said, it is important that changes to standard approaches are appropriately authorised by the responsible department and/or FaCSIA to maintain the integrity of delivery methods and to properly account for public funds.

Key Findings by chapter

The high-level accountability framework (Chapter 2)

61. Governance processes including leadership, the identification and management of risks, appropriate budgeting and reporting arrangements and implementation planning are standard features of an accountability framework, including for whole of government programmes.

Leadership

62. There are high-level arrangements in place at both the Australian Government and inter-governmental levels and processes to involve Ministers and departmental Secretaries in Indigenous affairs. There was strong commitment by leaders within the four audited departments to making whole of government Indigenous service delivery arrangements work. In addition, departments recognised the need for effective collaboration as the services that one department is delivering could impact on the outcomes another department is seeking.

Whole of government risk management strategies

63. A recurrent message from government in recent years has been for agencies to work together in a 'whole of government fashion'.¹¹ In 2004, the Management Advisory Committee published a report in response to Australia's priority challenges, including Indigenous affairs¹², emphasising:

Whole of government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated government response to particular issues. Approaches can be formal and informal. They can focus on policy development, program management and service delivery.¹³

64. Models for whole of government work can result from formal 'top-down' decisions requiring a cross-portfolio approach, such as the 2004 Indigenous Affairs Arrangements (IAAs) or the day-to-day operation of government where officials from different agencies work across boundaries to deliver outcomes for the Australian community. Whichever model is chosen, it is important that the risks and opportunities are identified and managed

¹¹ Australian Government, 2005, *Working together: Principles and practices to guide the Australian Public Service*, p. 1.

¹² Management Advisory Committee (MAC) 4, 2004, *Connecting Government—Whole of Government Responses to Australia's Priority Challenges*.

¹³ Management Advisory Committee (MAC) 4, *ibid*, p. 4.

having regard to each agency's contribution and level of responsibility or area of expertise.

65. Over the course of the audit, explicit risks arising from working in a whole of government collaborative environment were identified. These included:

- the existing accountability arrangements for programmes and the related funding arrangements are primarily designed for departments working independently; and
- lack of appreciation, skills and culture to support whole of government working, as well as the difficulty of maintaining skills in a growth environment.

66. DEST has created an Indigenous Mainstreaming Taskforce with a brief to develop and implement strategies around departmental culture and short and long-term programme flexibility. However, overall, across the four departments, little attention has been devoted to identifying and addressing risks arising from a whole of government working environment with all four departments continuing to use their existing suite of risk management arrangements to manage risks within their individual programme areas.

67. An overarching risk assessment would allow the effective management of the risks inherent in whole of government work by developing strategies and systems to mitigate these risks. In the light of such an assessment, individual departments would then be better placed to manage Indigenous service delivery where government-wide risks affect their administrative responsibilities.

Planning the implementation of the Government's initiative in Indigenous affairs

68. The successful implementation of new ways of working which involve multiple Australian Government departments and agencies, other levels of government, corporate entities and the not-for-profit sector requires the support of a high-level implementation plan coordinated by a lead agency. Shared planning provides the opportunity to define critical cross-agency dependencies and responsibilities. It also ensures that sufficient attention is given to the time, costs and resources required including the identification of specialist skills needed for a task of such magnitude.

69. PM&C prepared an implementation schedule to support the Government's Indigenous affairs agenda. The schedule listed a number of activities to be completed with a related time frame, including that an

implementation plan be developed. The plan was to include success/performance criteria with short term and intermediate outcomes as a means of measuring success of the broad agenda and individual phases. While the schedule listed a date for completion of the plan, there is no evidence of an implementation plan being developed and progress being monitored.

70. There was, however, significant cross-government coordination effort through a number of complementary, high-level and more operationally focussed processes and mechanisms. This included an interdepartmental Taskforce which was established in April 2004 in accordance with the Government's decision on the new arrangements. The Taskforce was responsible for planning and overseeing the implementation of the new arrangements up to the establishment of the Office of Indigenous Policy Coordination on 1 July 2004.

71. Implementation of the new arrangements was also supported by a number of related processes and governance arrangements over a period of time, in particular:

- the Secretaries' Group on Indigenous Affairs, established in May 2002 to oversee the COAG trials, played an important role in developing and overseeing the implementation of the new arrangements;
- the work of the Indigenous Communities Coordination Taskforce, also set up in mid-2002 in relation to the COAG trials, informed the development of critical aspects of the new arrangements including Indigenous Coordination Centres and Shared Responsibility Agreements;
- the SES Taskforce on Indigenous Affairs was formed in mid-2004 to support the implementation of the new arrangements; and
- the COAG trials had been in place for around two years and the lessons learned from the trials at that time also informed the development of the new arrangements.

72. As well as developing high-level structural arrangements, implementing the IAAs would have benefited from the explicit recognition and proposed approach to executing key elements of the Government policy framework for Indigenous affairs, namely whole of government governance and accountability arrangements, shared funding arrangements and ensuring programmes had sufficient flexibility to respond to Indigenous needs.

Lead agency involvement

73. For whole of government initiatives, a lead agency should have the role of ensuring that:

- programme implementation is meeting the Government's objective;
- a process has been established where information is shared and flows between the agencies involved;
- performance is monitored; and
- the commitment by other agencies (as well as their own), is being met.¹⁴

74. Under the IAAs, FaCSIA's lead agency role is exercised through its policy arm (OIPC) and through coordination mechanisms such as the Minister for Families, Community Services and Indigenous Affairs chairing the Ministerial Taskforce on Indigenous Affairs and a FaCSIA Deputy Secretary chairing the SES Taskforce. State and Territory Australian Government Managers' Forums are chaired by the FaCSIA State or Territory manager and ICC managers are FaCSIA employees.

75. Monitoring the performance of all departments involved in the initiative is an important function for the lead agency to perform to ensure that individually and collectively the commitment of departments is on track to meet the Government's objective in Indigenous affairs. To date, the SES Taskforce, the Secretaries' Group and the Ministerial Taskforce have been involved in monitoring the implementation of the whole of government Indigenous initiative.

Budgeting and reporting

76. Whole of government delivery of services requires departments to work together to develop budgeting and reporting arrangements that meet both the accountability obligations of individual departments and also contribute to the collective achievement of, and accountability for, whole of government outcomes.¹⁵

77. Table 2 below provides an ANAO assessment of the reporting information referring to whole of government work currently provided by each of the four departments individually as well as the consolidated

¹⁴ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, op cit.

¹⁵ ANAO Audit Report No.23 2006–07, p. 86.

budgeting and reporting information available in portfolio AGIEs and the Secretaries' Group annual report.

Table 2

Individual departmental and consolidated budgeting and reporting information

	Refers to whole of government work	Identifies Ministerial Taskforce priorities	Identifies contribution to Ministerial Taskforce priorities	Includes whole of government performance measures
DEST	✓	✗	✗	✗
DEWR	✓	✗	✗	✗
FaCSIA	✓	✓	✗	✗
DoHA	✓	✗	✗	✗
Portfolio AGIE	✗	✗	✗	✗
SGIA annual report	✓	Reports against COAG's seven strategic areas for action.	N/A	To be developed.

Source: ANAO, based on departmental PBSs and Annual Reports for 2005–06, portfolio AGIE in 2005–06 PBSs and the SGIA annual report 2005–06.

78. Australian Government departments have the discretion to present their Portfolio Budget Statements (PBSs) and Annual Reports in a format that assures clarity of the information. Within this planning and reporting framework, departments currently do not provide performance information on their contribution to the Ministerial Taskforce's three priority areas for action or other whole of government activities in Indigenous affairs.

79. The Secretaries' Group on Indigenous Affairs (SGIA) produces an annual report which focuses on the seven strategic areas for action developed by the Productivity Commission to measure work undertaken by the Council of Australian Governments in Indigenous affairs. While these seven intermediate outcomes could be used to report progress towards the three higher order outcomes determined by the Ministerial Taskforce, the Secretaries' Group annual report for 2005–06 contains little performance information against the seven strategic areas for action.

80. Published performance information, which provides a top level strategic overview of progress against the Government's three national priorities for Indigenous affairs, should be supported by information on the

contribution of individual agencies. The contribution of participating departments could be against intermediate outcomes and indicate shorter-term objectives on the path to achieving higher level outcomes. This would enable agencies to monitor their performance over time and their contribution to broader government outcomes. The ANAO notes that the Secretaries' Group has convened a working party to develop a performance monitoring and reporting framework for annual reporting purposes.

Mechanisms for whole of government collaboration (Chapter 3)

81. Collaboration is an important ingredient in whole of government work. This includes high-level arrangements developed by the Council of Australian Governments through to the day-to-day matters that affect the operation of departments and agencies in a whole of government context.

Bilateral agreements on Indigenous affairs

82. Bilateral agreements on Indigenous affairs have been developed between the Australian Government and a number of State/Territory governments. These agreements provide a useful framework for improved collaboration and outcomes between governments.

Joint planning

83. Joint planning is a critical element for departments in successful whole of government work. There were a range of joint planning processes in operation including at the national level with the development of the Single Indigenous Budget Submission (SIBS) which supports the Federal Budget process. As well, regional planning processes had been implemented to support the Government's objective of mobilising the contribution and commitment of a range of stakeholders to develop local solutions to local problems.

Staff capabilities to support whole of government work

84. The Management Advisory Committee (MAC) report *Connecting Government* 2004 suggests that culture and capability critically shape the success or otherwise of whole of government activities. Departments and agencies are expected to support whole of government activities by taking steps to become more responsive to whole of government demands through more intensive training for those involved in whole of government work.

85. A clear message from international and national experience (including the COAG trials) is that culture and capability critically shape whole of government working arrangements. New ways of collaborative working require staff to have particular skills and attributes. Training, for staff at all levels of an organisation, is an important practical support to those involved in whole of government initiatives.

86. In the manager survey the ANAO asked what specific training managers had received in relation to the IAAs. Survey results show that 36 per cent of respondent managers had received training in relation to the IAAs. Further analysis of this result revealed that the majority of respondents who had received training were non-Canberra based managers, with only a minority of Canberra-based manager respondents reporting that they had received any IAA training.

87. Training is of critical importance to the implementation of the whole of government effort in Indigenous service delivery. More could be done by departments in the area of developing staff competencies, at all levels in their organisations, in the capabilities necessary for whole of government Indigenous service delivery.

Indigenous Coordination Centres (ICCs)

88. A key finding of the audit was that funding arrangements need to support the new approach to Indigenous service delivery. This is especially relevant for ICCs.

89. ICCs are the Australian Government interface with Indigenous communities and service providers. Effective collaboration between Australian Government departments in the ICC network provides the basis for improving service delivery to Indigenous people. ICCs deliver a mix of grant-based programmes and other departmental Indigenous-specific programmes. ICCs are also responsible for developing agreements with Indigenous communities to address issues brought forward by the communities.

90. In the ICCs visited as part of the audit, the ANAO found their performance, from a whole of government perspective, to be mixed. The current ICC design relies on the ability of ICC managers to influence the operations of individual departments at the local level. At the same time, departmental staff within an ICC remain accountable to their departmental management. FaCSIA has developed a protocol for ICCs to use to resolve administrative disagreements.

91. Within ICCs, individual Australian Government departments continued to use their own mechanisms for making payments to communities, monitoring contracts, reporting outcomes and acquitting funds. There is an impact on communities from these multiple arrangements in managing their contractual obligations—for example, if five government departments are signatory to a contract, individual departmental schedules are attached to the cover document each with its own reporting, monitoring and acquittal requirements. This can result in a community developing five separate financial and performance monitoring reports for the one project.

92. These multiple arrangements also limit the efficiencies that departments may be able to garner through the ICC model.

Co-ordinated funding arrangements

93. A precursor to efficient and effective whole of government work in delivering services to Indigenous Australians, is the seamless joint funding of services and initiatives.

94. The ANAO found that departments were making changes to the design of agreements and contracts to be used when jointly funding services. However, there was considerable duplication in this work and administrative burden for both departments and service providers. There was no comprehensive framework or clear guidance for departments as to how best engage in jointly funding Indigenous services.

95. In September 2007, the Department of Finance and Administration advised the ANAO of the financial arrangements that were developed for the Northern Territory Emergency Response which commenced in June 2007. These arrangements take the form of a Special Account established under section 20(1) of the *Financial Management and Accountability Act 1997* (FMA Act) and provide a single funding pool, managed by a lead agency, FaCSIA, from which funds will be disbursed on an as needed basis for nominated employment initiatives delivered by a range of Commonwealth agencies. The *Northern Territory Flexible Funding Pool Special Account* came into effect on 21 September 2007.

Programme design for whole of government work (Chapter 4)

96. An important feature of the IAAs is the requirement that both Indigenous-specific services and mainstream programmes, through their policies and procedures, are able to respond flexibly to the identified needs of Indigenous clients.

97. A specific focus of the ANAO programme census, manager survey and case study work was concerned with changes that had been made to programme guidelines enabling a flexible response to the needs of Indigenous people.

98. Through its programme census, the ANAO found that only a minority of programmes reported making programme guidelines more flexible: seven (22%) Indigenous-specific programmes and 14 (36%) mainstream programmes with a significant Indigenous component. In addition, the ANAO found that a minority of programmes reported incorporating whole of government design innovations since the commencement of the new arrangements: ten (29%) Indigenous-specific programmes and three (8%) mainstream programmes with a significant Indigenous component.¹⁶

99. When managers were asked to identify barriers to better collaboration with other departments, the most frequently cited barriers were:

- departmental culture and systems; and
- rigid funding arrangements and programme guidelines.

Summary of Agencies' response

100. The following joint response to the audit was agreed by the Secretaries of: Families, Community Services and Indigenous Affairs (FaCSIA); Employment and Workplace Relations (DEWR); Health and Ageing (DoHA); Education, Science and Training (DEST); and the Department of the Prime Minister and Cabinet (PM&C):

‘The departments accept the two recommendations.’

¹⁶ The ANAO notes the extensive redesign of one of the largest Indigenous-specific programmes, the Community Development Employment Projects (CDEP) programme, undertaken by DEWR over the past two years. See Appendix 2 for details.

Recommendations

Recommendation

No. 1

Para 2.70

To assist with moving from policy development and priority setting to on-the-ground service delivery, the ANAO recommends that FaCSIA, in its lead agency role, develops a protocol to monitor and, where appropriate, escalate for resolution matters affecting the efficient and effective implementation of the Indigenous Affairs Arrangements (IAAs) including:

- translating policy directions into implementation activities especially where multiple departments are involved in funding arrangements with Indigenous communities and service providers; and
- the redesign of Indigenous-specific and relevant mainstream programmes so that they can respond flexibly to Indigenous needs.

Departments' responses

FaCSIA, DEST, DEWR, DoHA, and PM&C agreed with this recommendation.

Recommendation
No. 2
Para 2.106

To support the development of a whole of government performance monitoring and reporting framework in Indigenous affairs and to enable progress against the Ministerial Taskforce's three priority areas for action to be reported, the ANAO recommends that, at a minimum, participating departments:

- identify their individual contribution to achieving improvements to the intermediate outcomes that contribute over time to the Taskforce's three priority areas—such as the Council of Australian Governments' seven strategic areas for action in its Overcoming Indigenous Disadvantage framework; and
- collectively settle an appropriate model to present public information on the performance of Australian Government departments for the information of Ministers and the Australian Parliament.

Departments' responses

FaCSIA, DEST, DEWR, DoHA, and PM&C agreed with this recommendation.

Audit Findings and Conclusions

1. Context for Change

This chapter provides an overview of: recent administrative arrangements for Indigenous service delivery including the framework established by the Council of Australian Governments (COAG); the Australian Government's response to the COAG agenda and the 2004 changed arrangements introduced by the Australian Government for the delivery of services to Indigenous Australians. The audit scope, objective, conduct of the audit and the structure of this report are also presented.

Recent administrative arrangements for Indigenous service delivery

1.1 Recent administrative arrangements for Indigenous service delivery have involved:

- the Aboriginal and Torres Strait Islander Commission (ATSIC) and the Aboriginal and Torres Strait Islander Services (ATSIS);
- a national framework through the Council of Australian Governments (COAG);
- the 2004 Indigenous Affairs Arrangements (IAAs); and
- the 2007 Northern Territory (NT) initiative.

ATSIC/ATSIS

1.2 The *Aboriginal and Torres Strait Islander Commission Act 1989* set out ATSIC's representative structure of 35 ATSIC Regional Councils, each of which elected one full-time Commissioner to sit on the ATSIC Board. It also detailed the roles and functions of the elected representatives. ATSIC's administrative arm consisted of Commonwealth public servants, engaged by ATSIC under the *Public Service Act*, and headed by a Chief Executive Officer (CEO) appointed by the Minister. The role of the administrative arm was to support ATSIC's elected representatives and administer the various programmes for which ATSIC had responsibility.

1.3 In April 2003, a new executive agency, the Aboriginal and Torres Strait Islander Services (ATSIS), was created to administer ATSIC's programmes. This separated the administration of ATSIC's programmes from the Commission's decision-making processes. In 2003–04, ATSIC/ATSIS received approximately \$1.3 billion in funding from the Australian Government. This represented approximately 46 per cent of the total \$2.8 billion identifiable

Commonwealth expenditure on Indigenous affairs in 2003–04. The remainder of the Commonwealth's Indigenous affairs budget—around \$1.5 billion in 2003–04—was spent through other agencies, such as in the education, health, and social security portfolios.¹⁷

A National framework through the Council of Australian Governments (COAG)

COAG commitment to reconciliation

1.4 Drawing on the lessons of the mixed success of substantial past efforts to address Indigenous disadvantage, COAG at its November 2000 meeting committed itself to an approach based on partnerships and shared responsibilities with Indigenous communities, programme flexibility and coordination between government agencies, with a focus on local communities and outcomes.

1.5 The Council agreed priority actions in three areas:

- investing in community leadership initiatives;
- reviewing and re-engineering programmes and services to ensure they deliver practical measures that support families, children and young people. In particular, governments agreed to look at measures for tackling family violence, drug and alcohol dependency and other symptoms of community dysfunction; and
- forging greater links between the business sector and Indigenous communities to help promote economic independence.¹⁸

1.6 The Council agreed to take a leading role in driving the necessary changes and to periodically review progress under these arrangements including that Senior Officials would report to it annually on progress in promoting reconciliation against the agreed priority action areas.

1.7 This commitment was also the genesis for the COAG trials which took place in a number of Indigenous communities and regions.

Council of Australian Governments (COAG) trials

1.8 The COAG trials, announced in a communiqué of 5 April 2002, were designed to underpin the Council's commitment to reconciliation. To drive future work, the Council agreed to a trial of a whole of government

¹⁷ Parliamentary Library, Parliament of Australia, Current Issues Brief No.4 2004–05, *The End of ATSIC and the Future Administration of Indigenous Affairs*.

¹⁸ COAG communiqué 2002.

cooperative approach in up to 10 Indigenous communities or regions. The aim of these trials was to improve the way governments interact with each other and with Indigenous communities to deliver more effective responses to the needs of Indigenous Australians. COAG indicated that the approach would be flexible to reflect the needs of specific communities, build on existing work and improve the compatibility of different State, Territory and Australian Government approaches to achieve better outcomes. Strong features of the trials were:

- a commitment to ensure that the trials were initiatives which fostered creativity and flexibility in the way they were developed and implemented and to adopt a 'lessons learned' approach; and
- the importance of each site being an opportunity to work with the respective Indigenous communities involved and to decide together what would work and how to work differently.

1.9 The final agreed trial sites were the Australian Capital Territory (ACT); Anangu Pitjantjatjara Yakunytjatjara (APY) Lands (SA); Murdi Paaki (NSW); Shepparton (Victoria); North Eastern Tasmania; East Kimberly (WA); Wadeye (NT); and Cape York (Qld).

1.10 The COAG trial at Murdi Paaki in NSW has provided an early indication of successful outcomes for Indigenous communities, at the regional level, through the collaborative effort of multiple agencies across jurisdictions. For the last four years, DEST has led the Murdi Paaki trial in conjunction with the NSW Department of Education and Training (DET). Australian Government departments and NSW Government agencies have worked in partnership with the Indigenous people of the Murdi Paaki region to develop more flexible approaches to addressing priorities identified by communities.

1.11 Key education, crime, economic development and health outcomes reported as a result of whole of government projects in Murdi Paaki include:

- **education**—Murdi Paaki's Indigenous students in Year 3 and Year 5 are improving against the Literacy and Numeracy benchmarks¹⁹;
- **economic**—rental collections in the region have improved since October 2002 when rental collections rates for Aboriginal homes was at 94% as compared with 97.5% in October 2006²⁰;

¹⁹ Statistics provided by the NSW Department of Education and Training on the Murdi Paaki Reading to Learn Project, 2007 project report.

²⁰ Murdi Paaki Regional Housing Corporation Limited Quarterly Report to 31 March 2007.

- **crime**—there has been an overall reduction in a number of crime indicators in the Murdi Paaki region including an 8.3% decrease in domestic violence²¹; and
- **health**—significant improvements across a broad range of health indicators including cardio vascular disease, diabetes and respiratory infections.²²

National indicators

1.12 While there are examples of success at the regional level, a significant gap between Indigenous people and the rest of the Australian population is apparent in national indicators including: life expectancy at birth; years 10 and 12 retention and attainment; labour force participation and unemployment; home ownership; substantiated child abuse and neglect; imprisonment and juvenile detention rates.²³ The *Overcoming Indigenous Disadvantage* (OID) report is published biennially and the 2007 report notes that many of the indicators show little or no movement. Further information on Indigenous disadvantage and Indigenous population dispersion across Australia is included in Appendix 3.

COAG commitment to cooperative approaches

1.13 The communiqué issued following the Council of Australian Governments' meeting on 25 June 2004 included a specific commitment related to government service delivery to Indigenous Australians. COAG committed to cooperative approaches on policy and service delivery between departments and agencies and to maintaining and strengthening government effort to address Indigenous disadvantage.

1.14 At its 2004 meeting, COAG agreed to a *National Framework of Principles for Government Service Delivery to Indigenous Australians*, including sharing responsibility; harnessing the mainstream; streamlining service delivery; establishing transparency and accountability; developing a learning framework; and focussing on priority areas.

²¹ <<http://bocd.lawlink.nsw.gov.au/bocd/cmd/crimetrends/lnit>>.

²² Two Ways Together Regional Report—Western and South-Western Sydney, November 2006: Cardio Vascular Disease—p 14; Diabetes—p 14; and Respiratory Infections—p 17.

²³ Steering Committee for the Review of Government Service Provision 2007, *Overcoming Indigenous Disadvantage: Key Indicators 2007*, Productivity Commission, Canberra.

The 2004 Indigenous Affairs Arrangements (IAAs)

1.15 On 15 April 2004, the Prime Minister and the then Minister for Immigration and Multicultural and Indigenous Affairs announced the Government's intention to amend the legislation which established ATSIC and transfer administrative responsibilities for Indigenous programmes and services from ATSIC and the ATSIS to mainstream Australian Government departments. Subsequently, the Minister for Indigenous Affairs announced that:

from 1 July 2004 more than \$1 billion of former ATSIC–ATSIS programmes have been transferred to mainstream Australian Government agencies..... Mainstream departments will be required to accept responsibility for Indigenous services and will be accountable for outcomes. In future they will work in a coordinated way so that the old programme silos of the past are broken down.²⁴

1.16 The Indigenous Affairs Arrangements (IAAs) were introduced by the Australian Government in July 2004 based on the policy of mainstream departments assuming responsibility for Indigenous services and their delivery in a whole of government way.

1.17 The Department of the Prime Minister and Cabinet (PM&C) considers that whole of government Indigenous service delivery occurs across a continuum of practices and relationships and across levels of government. An outline of the transfer of key Aboriginal and Torres Strait Islander Services (ATSIS) programmes to mainstream departments is included at Appendix 4.

1.18 The COAG *National Framework of Principles for Government Service Delivery to Indigenous Australians* is reflected in the five principles underpinning the Australian Government's Indigenous Affairs Arrangements:

- **collaboration**—committing Australian Government departments and agencies to work together in a coordinated way;
- **regional and local need**—talking directly with Indigenous communities and groups about their priorities and needs;
- **flexibility**—the provision of more flexible and coordinated funding to respond to the particular circumstances of each community or region;
- **accountability**—improved monitoring and reporting; and

²⁴ Minister for Immigration and Multicultural and Indigenous Affairs, press release, 30 June 2004, *Australian Government changes to Indigenous affairs services commence tomorrow*.

- **leadership**—strong leadership both within government and from Indigenous people.²⁵

Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities—June 2006

1.19 In June 2006, an intergovernmental summit agreed that the levels of violence and child abuse in Indigenous communities warranted a comprehensive national response. It confirmed the principles under COAG's June 2004 National Framework and acknowledged that:

- better resources, improved methods and a concerted long-term effort are essential if the necessary breakthroughs were to be achieved;
- action needs to be accelerated – in particular the imperative of giving Indigenous Australians confidence that the justice system will work for them; and
- while many of the issues requiring attention necessarily rest with the States and Territories, a concerted national response depends on agreed actions across all jurisdictions, with the active support of the Australian Government.

1.20 The summit agreed an integrated package was required including: an appropriate legislative and regulatory framework; adequate policing and child protection resources; a criminal justice system that adequately addresses those issues faced in remote localities; appropriate control of alcohol and other substances, and rehabilitation support; and complementary measures relating to school attendance, support for leaders and community and corporate governance.

1.21 Following the summit, in July 2006 COAG agreed to adopt a collaborative approach to addressing the issues of policing, justice, support and governance. The overarching bilateral agreements on Indigenous service delivery are to be the primary mechanism for implementing the measures.

The 2007 Northern Territory (NT) initiative

1.22 On 22 June 2007, the Prime Minister and the Minister for Families, Community Services and Indigenous Affairs announced a number of major measures to respond to the findings of a NT report—*Little Children are Sacred*—

²⁵ Australian Government, 2004–updated August 2006, *Indigenous Affairs Arrangements*, pp. 8–9.

into the alleged abuse of children in some remote Indigenous communities in the NT.

1.23 The legislative package includes the *Northern Territory National Emergency Response Act 2007* designed to protect Indigenous children, through:

- alcohol restrictions to stem the instances of family violence and sexual abuse of children;
- computer audits to detect prohibited pornographic material;
- five year leases to better manage investments to improve living conditions in townships;
- allowing for land tenure changes so that town camps can become normal suburbs;
- the appointment of Government Business Managers in Aboriginal townships to manage and implement the emergency measures;
- the removal of customary laws as a mitigating factor for bail and sentencing conditions; and
- better management of community stores to deliver healthier and more affordable food to Indigenous families.

Departmental collaboration

Management Advisory Committee (MAC) report

1.24 The Management Advisory Committee (MAC) report 2004–*Connecting Government*—defines whole of government in the context of the Australian Public Service (APS) as:

- whole of government denotes public service agencies working across portfolio boundaries to achieve a shared goal and an integrated response to particular issues. Approaches can be formal and informal. They can focus on policy development, programme management and service delivery;
- the distinguishing characteristic of whole of government work is that there is an emphasis on objectives shared across organisational boundaries, as opposed to working solely within an organisation; and

- it encompasses the design and delivery of a wide variety of policies, programmes and services that cross organisational boundaries.²⁶

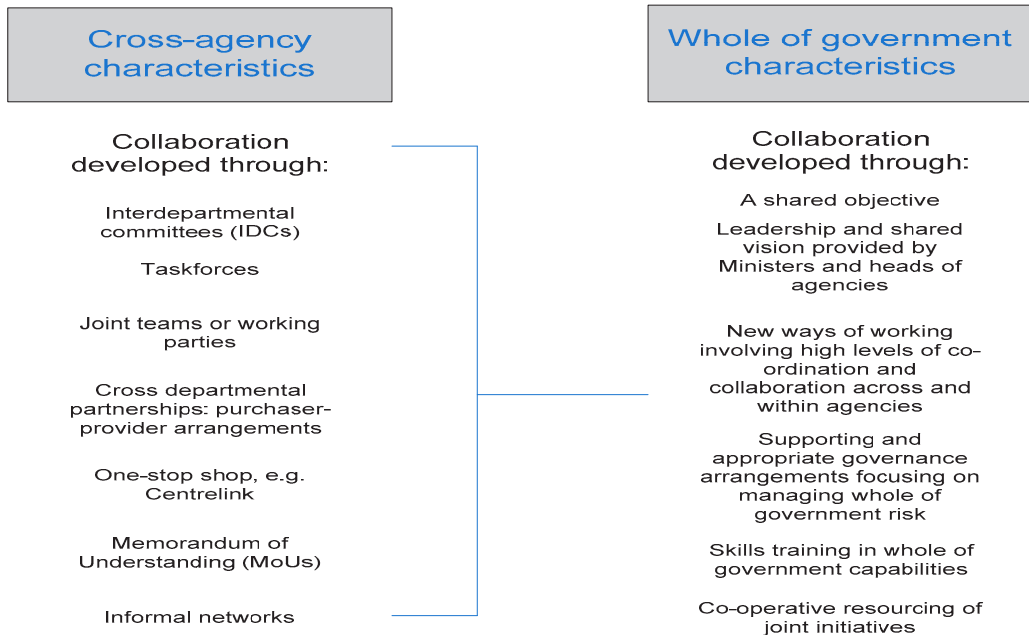
1.25 Further support was given to whole of government work in 2005 when the secretaries of Australian Government departments and the heads of key agencies signed an Australian Public Service Commission (APSC) document—*Working Together—Principles and Practices to Guide the Australian Public Service*. The document provides practical guidance to public servants on ways to achieve optimal results from working together.

Characteristics of a whole of government approach

1.26 Work involving more than one government department or agency is increasingly becoming a common feature of Australian Government operations. A range of collaborative mechanisms are used to support this work such as interdepartmental committees (IDCs), taskforces and joint working parties. Such arrangements also provide a basis for whole of government work. However, it is important to note that a whole of government approach is broader, involving collaboration at multiple levels, shared outcomes and a culture that values government priorities over those of a single department. Significant whole of government initiatives also require formal governance arrangements.

1.27 Figure 1.1, below, sets out mechanisms and characteristics of cross-agency and whole of government work. The latter may use a number of the mechanisms identified in cross-agency work.

²⁶ Management Advisory Committee (MAC), 4, op. cit.

Figure 1.1**Mechanisms and characteristics of cross-agency and whole of government work**

Source: ANAO.

When is it best to adopt a whole of government approach?

1.28 Increasingly, the pressing challenges that governments face require cooperative and co-ordinated effort by two or more departments. This is especially so in the areas of national security and the environment. Complex and seemingly stubborn social policy issues also lend themselves to collaborative work across a number of government departments.

1.29 The 2004 MAC report on *Connecting Government* indicated that:

A strong message from the literature and case studies analysed for this report is that whole of government approaches to complex problems should only be undertaken when necessary. Although there is a conviction about the effectiveness of whole of government approaches in the case studies, there is also a warning about judicious use. It is costly and time consuming and competing political and community agendas can undermine its objectives. It may not be the preferred approach for dealing with routine, straightforward issues. At the same time, these factors should not be used as an excuse to avoid a whole of government approach – the APS should be striving to create a ‘culture of collaboration’ that aids informal sharing of research, experience and expertise in addressing intractable problems.

1.30 International experience suggests applying a structured assessment of the issue to determine whether or not a formal whole of government approach is suitable, given the substantial investment it involves and the need for agencies to develop new ways of working. Such an assessment would consider the specific outcome to be achieved, the priority to involve multiple ministers and their portfolio areas and whether less pervasive joint approaches, such as sharing information, might be more cost-effective.

Audit objective, criteria and scope

Audit Objective

1.31 The audit objective is to assess how four key departments: Education, Science and Training (DEST); Employment and Workplace Relations (DEWR); Families, Community Services and Indigenous Affairs (FaCSIA); and Health and Ageing (DoHA) are implementing the Government's policy objective for Indigenous service delivery.

Audit criteria

1.32 When developing criteria for the audit, the ANAO drew heavily upon the principles that underpin COAG's framework for delivering services to Indigenous Australians and the Australian Government's commitment outlined in its key policy document—*Indigenous Affairs Arrangements* (2004) as a basis for testing the implementation of the changed arrangements.

1.33 The five underlying principles set out in *Indigenous Affairs Arrangements* were organised into three high-level criteria:

- an accountability framework for Australian Government departments has been established that enables them to report against Government policy objectives, their outcomes and outputs statements, their performance, and whether funds have been reallocated to meet identified need;
- effective collaboration, including joint planning processes that support the whole of government approach to Indigenous service delivery; and
- programme design (as reflected in policies and procedures) ensures that both Indigenous-specific services and mainstream programmes respond flexibly to the identified needs of Indigenous clients.

1.34 Implicit in consideration of these criteria is how well whole of government changes are managed. With a policy change as major as the

Government has made it is critical that there is appropriate management of those elements of the policy change that are broader than one individual department. In the *Better Practice Guide on the Implementation of Programme and Policy Initiatives*, the Department of the Prime Minister and Cabinet and the ANAO indicated that insufficient attention to change management may lead to unexpected reactions and resistance to the change, reducing the likelihood of timely and successful outcomes.²⁷

Audit scope

1.35 The ANAO examined the features of the Indigenous Affairs Arrangements to determine where changes to facilitate whole of government work had been made to Indigenous-specific and those mainstream programmes with a significant Indigenous component managed by the four departments being audited: DEST; DEWR; FaCSIA; DoHA. Given the role of the Department of the Prime Minister and Cabinet (PM&C) in whole of government issues generally and the implementation of the Indigenous Affairs Arrangements specifically, PM&C was also involved in the audit.

1.36 To conduct this audit, the ANAO:

- examined Indigenous programmes and services delivered by the four departments being audited, including services delivered through Indigenous Coordination Centres (ICCs);
- conducted a census of programmes that the four audited departments identified as Indigenous-specific or mainstream with a significant Indigenous component;
- undertook a survey of DEST, DEWR, FaCSIA and DoHA managers involved in the administration of the Indigenous-specific and mainstream programmes;
- carried out three case studies;
- held discussions with participating Secretaries; and
- completed a literature review.

²⁷ Department of the Prime Minister and Cabinet and the Australian National Audit Office, October 2006, *Better Practice Guide on the Implementation of Programme and Policy Initiatives*.

Indigenous programmes and services delivered by departments

1.37 The ANAO examined departmental programmes and services, being delivered by the four departments being audited, which address Indigenous disadvantage. These include:

- Indigenous-specific programmes — these programmes target particular areas of Indigenous disadvantage and include Indigenous-specific health, education, housing and employment services, such as the Community Development Employment Projects (CDEP) programme amongst others;
- those mainstream programmes which the four departments considered to have a significant Indigenous component — examples of mainstream programmes include Medicare and Pharmaceutical Benefits, public housing initiatives and the Job Network²⁸;
- Shared Responsibility and Regional Partnership Agreements — Shared Responsibility Agreements (SRAs) are individually tailored and designed to address priorities identified by individual communities. Regional Partnership Agreements (RPAs) are negotiated to coordinate government services and deliver initiatives across several communities in a region²⁹; and
- one-off whole of government projects that represent a co-ordinated government response to particular issues and which affect Indigenous people generally or at a more localised level, for example a community or a region.³⁰

Indigenous Coordination Centres (ICCs)

1.38 ICCs are the main vehicle for departmental coordination of Indigenous-specific programmes and for engagement with Indigenous people. In rural and remote areas, ICCs are multi-agency units, combining coordination, planning and service functions. To do this they house staff from

²⁸ Government policy recognises that Indigenous-specific programmes alone cannot eliminate Indigenous disadvantage and that Indigenous people must also have effective access to and outcomes from mainstream programmes.

²⁹ At the time of the audit, 212 SRAs had been signed with a total Australian Government investment in excess of \$50 million and three RPAs had been signed.

³⁰ An example of a one-off whole of government project is the Reducing Substance Abuse (Petrol Sniffing) initiative. One of the elements of the project is a youth diversionary strategy, the Northern Territory Integrated Youth Services Project, which the ANAO examined in some detail as one of the case studies conducted for the audit.

relevant departments to manage departmental programmes. ICC staff are also in contact with Indigenous communities to develop individually tailored SRAs with them to focus on issues which the community seeks to address, for example, engaging with Indigenous youth which the community considers to be 'at risk' through community art projects.

1.39 At 1 September 2006 there were 562 Australian Government staff located in the 29 ICCs in urban, regional and remote Australia. Within an individual ICC, staff from a variety of Australian Government departments perform the following roles:

- departmental programme administration;
- solution brokering—where staff seek to bridge local Indigenous needs (as identified by ICC staff) and the various programmes that their own departments administer; and
- planning and communicating with Indigenous communities and the development of SRAs.

Census of programmes

1.40 As part of the audit, the ANAO conducted a census of programmes that the four audited departments identified as Indigenous-specific or mainstream with a significant Indigenous component. Table 1.2 provides a breakdown of the number of programmes by department.

Table 1.2

Numbers and types of departmental programmes

Department	Not specified	Indigenous-specific	Mainstream with a significant Indigenous component	Total
DEST	19*	15	24	58
DEWR	0	2	1	3
FaCSIA	0	11	6	17
DoHA	0	6	9	15
Total	19	34	40	93

Source: ANAO.

Note: * refers to programmes that were included in the census but where the programmes were not identified as either Indigenous-specific or mainstream with a significant Indigenous component. For the purposes of this report these programmes were considered as mainstream with a significant Indigenous component.

1.41 The ANAO programme census asked for information in relation to:

- programme objectives and funding levels;
- programme management, including risk management practices;
- the identification of, and response to, Indigenous regional need;
- innovations to programme design and/or delivery; and
- the monitoring and reporting of programme performance.

1.42 Ninety-three of 95 programmes identified by departments completed the ANAO programme census—a response rate of 98 per cent.

Survey of DEST, DEWR, FaCSIA and DoHA managers

1.43 The ANAO undertook a survey of DEST, DEWR, FaCSIA and DoHA managers involved in the administration of the Indigenous-specific and mainstream programmes identified by departments. The ANAO manager survey sought manager views on the implementation of the Indigenous Affairs Arrangements (IAAs) and the extent to which the IAAs have: provided Indigenous people with greater access to mainstream programmes; improved collaboration between government departments and agencies; encouraged flexibility in programme delivery; and had a positive overall impact on Indigenous service delivery outcomes.

1.44 A specific focus of the survey concerned changes that had been made to programme guidelines enabling a flexible response to the needs of Indigenous people. Of the 325 managers invited to participate, 257 completed the ANAO manager survey—a high response rate of 79 per cent.

1.45 Responses to the ANAO census and survey reflect respondents' views and have not been subject to additional audit validation.

Case studies

1.46 The ANAO also conducted three case studies that had been designed to deliver a whole of government approach — the Northern Territory Integrated Youth Services Project, the Port Hedland Regional Partnership Agreement and the Whole of School Intervention Strategy.

1.47 The aim of the case studies was to identify how a whole of government approach was put into practice and working on-the-ground to deliver services in a co-ordinated way to Indigenous people. The case studies focused on particular features such as planning frameworks, budgets, collaboration

between departments and the capacity of programmes to respond flexibly to the needs of Indigenous communities/regions. The case studies also allowed the ANAO to meet with and interview stakeholders and service deliverers involved in Indigenous service delivery.

Discussions with Secretaries

1.48 The ANAO conducted high level structured discussions with participating departmental Secretaries to determine how they have actioned the whole of government priorities through their programme strategies and models of delivery.

Literature review

1.49 Finally, a literature review of whole of government arrangements in select countries—Canada, New Zealand and the United Kingdom, was undertaken to assist the ANAO understand how whole of government outcomes and progress are measured and reported in these countries.

Report structure

1.50 This report has five chapters:

- Chapter 1—the context for change, background to the audit, the audit objective, scope, criteria and conduct;
- Chapter 2—the high-level accountability framework;
- Chapter 3—mechanisms for whole of government collaboration;
- Chapter 4—programme design for whole of government work; and
- Chapter 5—overseas experience.

1.51 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$520 302.

1.52 A consultant, Mr Pat Farrelly, assisted with the conduct of the audit.

2. High Level Accountability Framework

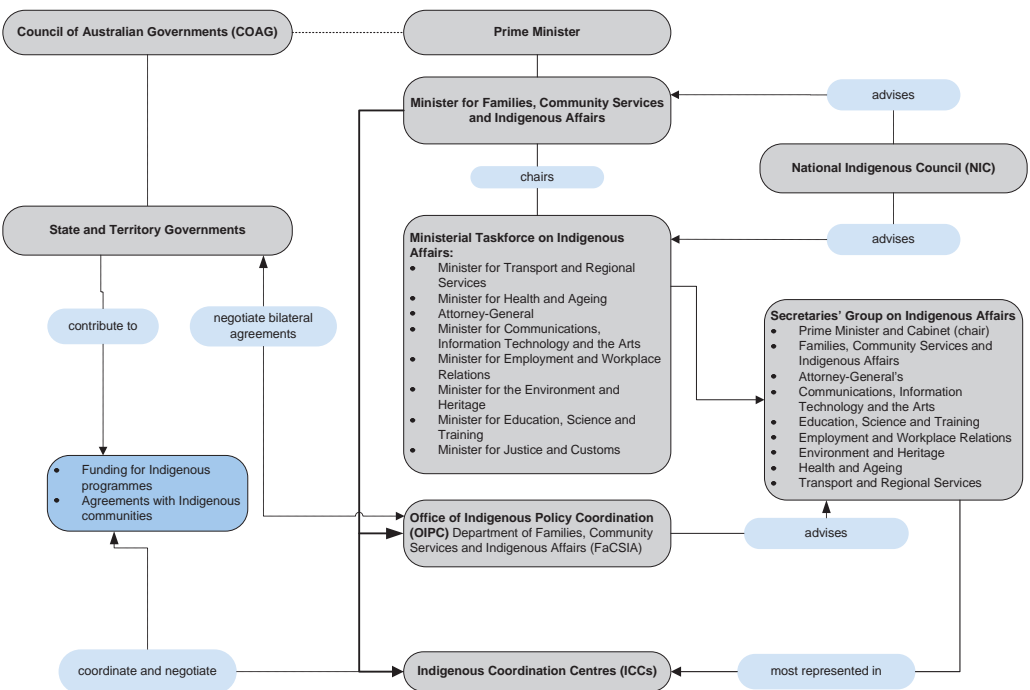
This chapter of the report traces the 'landscape' of the new Indigenous Affairs Arrangements. It outlines the key parties involved and their roles; the strategic direction under which Indigenous affairs is progressing; and the governance and accountability arrangements including the implementation of the Indigenous Affairs Arrangements (IAAs).

Key parties in Indigenous affairs

2.1 Australian Government and State and Territory Government involvement in Indigenous affairs is set out below.

Figure 2.1

Indigenous Affairs Arrangements



Source: FaCSIA, adapted from the Australian Government publication, 2006, *Indigenous Affairs Arrangements*, p. 3.

The Ministerial Taskforce (MTF)

2.2 The MTF coordinates the Australian Government's Indigenous policies and expenditure, and reports to Cabinet on directions and priorities. Each year it develops a whole of government Budget in Indigenous Affairs. The MTF is also responsible for improved performance in mainstream delivery of services including better coordination across government.

2.3 The MTF has set three national priorities for Indigenous Affairs policy development and investment:

- early childhood intervention;
- safer communities; and
- building Indigenous wealth, employment and entrepreneurial culture.

The National Indigenous Council (NIC)

2.4 The NIC is the Australian Government's peak Indigenous advisory body. Its role is to provide expert advice on how to improve outcomes for Indigenous Australians. The NIC advises the MTF on national priority areas for policy development and investment. The NIC Chair and members are Indigenous Australians. Each year the NIC prepares a report for Government on its activities over the year.

The Secretaries' Group on Indigenous Affairs (SGIA)

2.5 The Secretaries' Group on Indigenous Affairs is comprised of heads of departments administering the Australian Government's Indigenous programmes. The Secretaries' Group, chaired by the Secretary of the Department of the Prime Minister and Cabinet, meets monthly and provides advice and support to the MTF and NIC, and is expected to provide coordination across government departments and agencies. Its work is focused on the priorities set by the MTF. Each year the Secretaries' Group prepares an annual report on outcomes across Government. While this report is not tabled in Parliament, it is publicly available on FaCSIA's website.

The Senior Executive Service (SES) Taskforce

2.6 An SES Taskforce was established in mid 2005 to further drive the Government's agenda in Indigenous affairs. The Taskforce provides advice to the Secretaries' Group on action to be taken by portfolios to ensure that they meet their responsibilities to Indigenous Australians.

2.7 The Taskforce includes senior officials from the Australian Government departments represented in Figure 2.1.

The role of central Australian Government agencies

2.8 The role of central agencies in the whole of government Indigenous service delivery arrangements is summarised below, including:

- the Office of Indigenous Policy Coordination (OIPC), now within the Department of Families, Community Services and Indigenous Affairs (FaCSIA);
- the Indigenous Policy Branch and the Cabinet Implementation Unit (CIU) within the Department of the Prime Minister and Cabinet (PM&C); and
- the Australian Public Service Commission (APSC).

The Office of Indigenous Policy Coordination (OIPC)

2.9 When developing the high-level structure for the new Indigenous Affairs Arrangements, the Australian Government established a specific Office within the then Department of Immigration, Multicultural and Indigenous Affairs—the Office of Indigenous Policy Coordination (OIPC), defining its role as:

- providing policy advice on Indigenous issues to the Minister;
- coordinating Indigenous policy development and service delivery across the Australian Government;
- overseeing relations with State/Territory Governments on Indigenous issues; and
- monitoring the performance of Government programmes and services for Indigenous people, including arrangements for independent scrutiny.

2.10 Following amendments to the Administrative Arrangements Order (AAO) in January 2006, responsibility for Indigenous affairs and reconciliation was transferred to the Department of Families and Community Services which became the Department of Families, Community Services and Indigenous Affairs (FaCSIA). A new Outcome was added to FaCSIA's Outcome and Output structure—*innovative whole of government policy on Indigenous affairs*—incorporating OIPC and its responsibilities. Further internal realignments occurred in 2006 and 2007 with OIPC becoming a Division within FaCSIA with

responsibility for Intergovernmental and Welfare Reform, Indigenous Policy and Budget matters; Performance and Information Planning; and Stakeholder Management and Coordination.

2.11 FaCSIA has two roles concerned with the implementation of the IAAs. The first is its role as lead agency responsible for leading the development of coordinated, whole of government policy and service delivery for Indigenous Australians. The first role is primarily exercised through three groups within FaCSIA—OIPC, Indigenous Programmes Support Group and the Strategic Projects and Remote Delivery Group.

2.12 FaCSIA's second role, as a service delivery department, is to ensure that its mainstream and Indigenous-specific programmes and services are flexible enough to meet the needs of Indigenous Australians. This is the responsibility of mainstream and Indigenous-specific programme groups.

OIPC evaluation effort

2.13 The main process through which there is public reporting on whole of government initiatives in Indigenous affairs is through the evaluations undertaken by OIPC. To date, the OIPC has published:

- a Red Tape Evaluation in Selected Indigenous Communities;
- evaluations of each of the eight Council of Australian Governments' (COAG) trial sites that the Australian Government was involved in; and
- a synopsis review of the COAG trial evaluations.

2.14 In addition, OIPC has published a plan that covers proposed evaluations over the period 2006–09. Reviews that are planned to occur in 2006–07 but have not been published to date include:

- reviews of individual Shared Responsibility Agreements;
- an implementation review of Indigenous Coordination Centres;
- a review of the early Communities in Crisis Projects; and
- the establishment of a baseline in Priority Communities and Petrol Sniffing Sites.

2.15 OIPC's evaluation of whole of government matters is supported by evaluations undertaken by individual departments of their programmes. Such evaluations are important to support OIPC's evidence base for policy development and the refinement of the Indigenous Affairs Arrangements.

Indigenous Policy Branch (PM&C)

2.16 The role of the Indigenous Policy Branch within the Social Policy Division of the Department of the Prime Minister and Cabinet (PM&C) is to influence the development and implementation of Indigenous policy and programmes.

Cabinet Implementation Unit (CIU—PM&C)

2.17 The CIU within the Cabinet Division of PM&C monitors and reports on implementation of government decisions and programmes. The Unit works with other divisions of the department and agencies to improve the implementation of whole of government initiatives.

2.18 The Unit has developed a set of tools for departments and agencies to use when working together so that the delivery of major programmes and new measures remains on track or, where problems arise, that the Government is warned of the need for early action.³¹ PM&C advises that the CIU is about to commence work on preparing guidance for agencies on the implementation of whole of government policy initiatives to supplement the guidance provided in the joint better practice guide developed by PM&C and the ANAO—*Implementation of Programme and Policy Initiatives*, October 2006. This additional guidance will be placed on the PM&C website with other advice regarding implementation issues.

2.19 The Unit provides a regular report to Cabinet on the progress of implementation of key Budget measures, including those relating to the Indigenous Affairs Arrangements.

The Australian Public Service Commission (APSC)

2.20 Under the Australian Public Service (APS) Employment and Capability Strategy for Aboriginal and Torres Strait Islander employees, the APSC has responsibility for coordinating the delivery of training in working in a whole of government context³² to all employees of Indigenous Coordination Centres (ICCs). This includes training in working collaboratively, the APS values, negotiation and cultural awareness skills. The APSC also has responsibility for working with Australian Government departments and agencies more generally to promote understanding of Indigenous issues.

³¹ <<http://www.pmc.gov.au/implementation/index.cfm>>.

³² In 2005–06 the APSC conducted 28 workshops which were attended by up to 350 employees of the ICC national network.

Governance and accountability arrangements

2.21 To assist transparency in departmental arrangements when whole of government work is put in place, it is important that whole of government governance and accountability arrangements are set out within the existing Outcomes/Outputs framework.³³ Equally, when departments are required to effectively implement new methods and systems to reflect a change in Government policy, it is important that these changes are managed within an appropriate governance and accountability framework.

2.22 The ANAO assessed the degree to which the four audited departments put in place important features of good governance and accountability to support the whole of government initiative in Indigenous affairs including:

- translating overarching administrative arrangements (the Administrative Arrangements Order) to on-the-ground service delivery to Indigenous Australians;
- whole of government risk management strategies;
- planning the implementation of the Government's Indigenous Affairs Arrangements; and
- whole of government accountability arrangements including individual departmental budgeting and reporting and Australian Government reporting against whole of government initiatives.

Administrative Arrangements Order

2.23 The Administrative Arrangements Order (AAO) is a key document in articulating public sector governance arrangements as it provides a list of the principal policy matters dealt with by each department and the legislation administered by each Minister responsible for the department. The AAO is amended when policy responsibility for a matter is transferred by the Prime Minister from one portfolio to another.³⁴

2.24 General practical guidance has been developed by the Australian Public Service Commission, the Department of Finance and Administration and the Department of Employment and Workplace Relations to help departments implement changes that arise from a revised AAO. The guidance encourages departments to:

³³ Management Advisory Committee (MAC), 4, op. cit, p. 76.

³⁴ The Department of the Prime Minister and Cabinet provided this advice on the intention of the AAO.

take a whole of government approach and work together across organisational barriers to achieve Government objectives.³⁵

2.25 The Good Practice Guide also encourages departments to ensure that their structure and governance arrangements are appropriate and recommends that agencies affected by a transfer of functions start to plan for the implementation of the changes as soon as possible. Critical to this planning process is an unambiguous articulation of the objectives to be achieved by the change as well as the management of risk over the change process.³⁶

2.26 The January 2006 AAO transferred all of the functions and responsibilities for Indigenous affairs and reconciliation from the former Department of Immigration and Multicultural and Indigenous Affairs to the former Department of Families and Community Services.

2.27 For DEST, DEWR, FaCSIA and DoHA, the ANAO examined the Administrative Arrangements Order to determine the matters dealt with by each department relating to Indigenous affairs and the legislation each administers. The specific references to matters dealt with by each of the departments included:

- education policy and programmes including Indigenous education (DEST);
- Indigenous policy coordination and the promotion of reconciliation (FaCSIA); and
- primary health care of Aboriginal and Torres Strait Islander people (DoHA).

2.28 The legislation administered by the relevant Ministers included the *Aboriginal and Torres Strait Islander Act 2005*, (FaCSIA) except to the extent administered by two other Ministers—the Minister for Employment and Workplace Relations (Part 4 of the Act) and the Minister for Finance and Administration (responsible for the activities of the Office of Evaluation and Audit to evaluate and audit Government programmes and services to improve outcomes for Indigenous people).

2.29 PM&C advised that the AAO is a high level document that describes the principal policy matters dealt with by each department. It is not intended to be a comprehensive list of all matters dealt with by departments and it

³⁵ Australian Government, 2007, *A Good Practice Guide—Implementing Machinery of Government Changes*, p. 6.

³⁶ Australian Government, 2007, *ibid.*

would be unreasonable to expect a document of that nature to describe in detail the activities of each department. PM&C advised that other publications, such as portfolio budget statements and annual reports, should provide information about the activities of departments in relation to the delivery of services to Indigenous communities.

Whole of government risk management strategies

2.30 Whole of government risk management considerations are set out in the PM&C/ANAO *Better Practice Guide on the Implementation of Programme and Policy Initiatives*:

Implementation initiatives that involve cross-portfolio partnerships face increased dimensions and complexity of risk management. It is important to ensure that there is a common understanding of the risks associated with shared implementation. This requires that the senior responsible officer is assured of both their own agency's capability to assess and manage key risks and that of other parties. A clear and agreed identification of who carries which risks, including those that are shared, is a necessary initial step.³⁷

2.31 As part of the audit the ANAO sought views from the Secretaries of the four departments being examined on the Indigenous Affairs Arrangements (IAAs). The Secretaries had considered views concerning the key risks faced by departments in whole of government work and in implementing changed arrangements to the delivery of services to Indigenous Australians.

2.32 Departmental Secretaries saw a number of risks in successfully delivering whole of government Indigenous outcomes. The risks varied between departments, depending on the task that was confronting them, although there were common threads in the comments made. The following is a summary of the particular risks raised with the ANAO.

³⁷ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, October 2006, op. cit, p. 20.

Summary of key risks in successfully delivering whole of government Indigenous outcomes:

- an inconsistent understanding of the Australian Government reform agenda;
- a lack of appreciation, skills and culture to support whole of government working, as well as the difficulty of maintaining skills in a growth environment;
- the existing accountability arrangements for programmes and the related funding arrangements are primarily designed for departments working independently;
- not staying the distance with particular programme initiatives;
- changes to mainstream government policies which underpin reforms being made to Indigenous programmes;
- making sure that the department is not distracted, or spreads itself so thinly, that achieving key policy outcomes are jeopardised. In some cases resources are under pressure because of the labour intensive nature of whole of government work; and
- the capacity of IT systems and platforms to share information across departments.

2.33 The ANAO also surveyed departments to determine where whole of government risks had been identified and managed, including those identified by departmental Secretaries.

2.34 The ANAO found from responses that there was a common lack of activity across the four departments being audited concerning the identification and management of specific risks arising from working in a whole of government environment. DEST has created an Indigenous Mainstreaming Taskforce with a brief to develop and implement strategies around departmental culture and short and long-term programme flexibility. However, overall, across the four departments, little attention has been devoted to identifying and addressing risks arising from a whole of government working environment with all four departments continuing to use their existing suite of risk management arrangements to manage risks within their individual programme areas. Nor had strategies been developed to identify, document and treat whole of government risks such as those articulated by departmental Secretaries.

Planning the implementation of the IAAs

2.35 The reshaping of the Australian Government's approach to Indigenous affairs represents a major policy and operational shift for Australian Government departments. The bedding down of a change of this magnitude requires careful management.

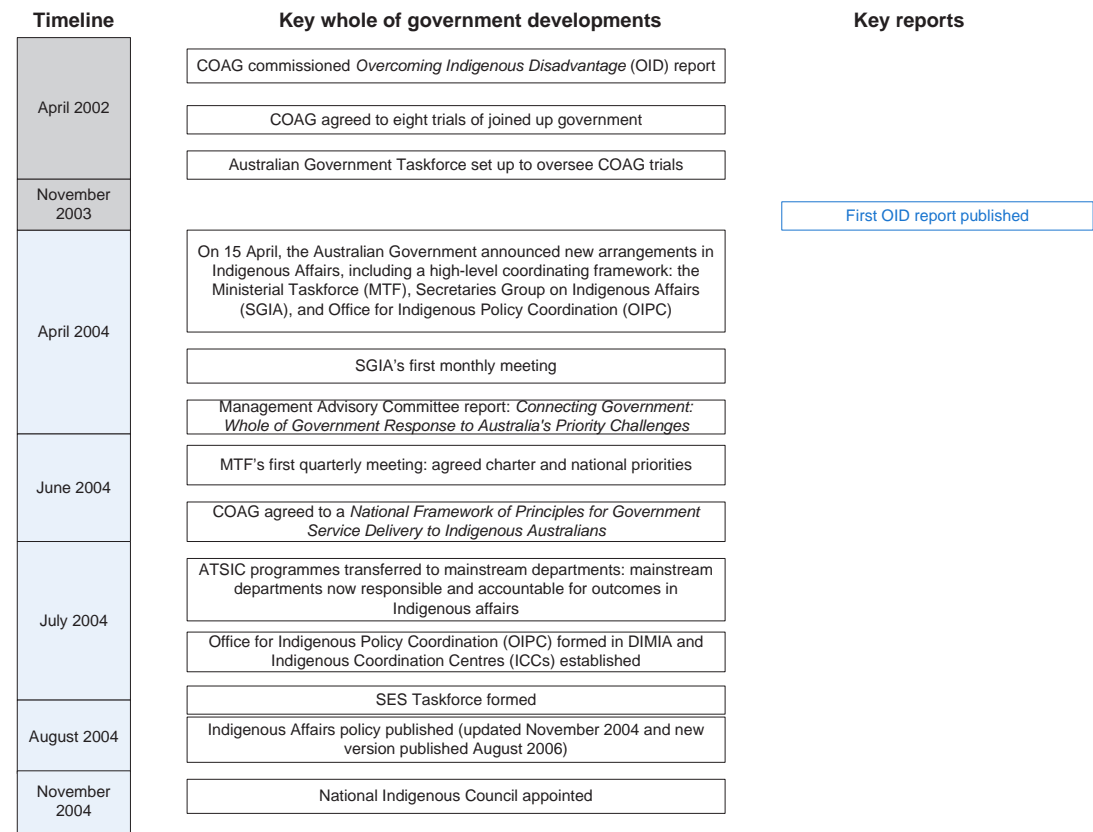
2.36 The initial phase of developing a whole of government approach to Indigenous service delivery through the IAAs had a strong emphasis on policy development and priority-setting, see Figure 2.2. While this is important,

attention also needs to be given to moving from the policy environment to effective on-the-ground service delivery.

2.37 Figure 2.2 sets out the key activities undertaken by relevant parties involved in establishing the policy and operating framework for the IAAs. It provides a chronology of events from the initial COAG trials in April 2002 to events in June 2007. It also includes references to reports that are available concerning key components of the framework.

Figure 2.2

Chronology of events



Source: ANAO.

Figure 2.2

Chronology of events

March 2005	Legislation passed to abolish ATSIC	
	The <i>Aboriginal and Torres Strait Islander Act</i> 2005 took effect	
	First SGIA bulletin distributed (three subsequent bulletins released in 2005)	
April 2005	First bilateral agreement signed with the Northern Territory – four further bilateral agreements signed with NSW, WA, QLD and SA in late 2005 and 2006	
May 2005	First Single Indigenous Budget developed	
July 2005	Ministerial announcement that almost 80 Shared Responsibility Agreements (SRAs) in place	Second OID Report published
August 2005	First Regional Partnership Agreement (RPA) signed	First SGIA Annual Report published for 2004-05
January 2006	Under revised AAO, OIPC transferred to FaCS (now FaCSIA)	
March 2006	<i>Blueprint for Action in Indigenous Affairs</i> endorsed by MTF	Evaluations of the eight COAG trial sites and synopsis review completed between March and November 2006
May 2006	OIPC Coordination Evaluation Plan for 2006-09 released	Report completed for OIPC: <i>A Red Tape Evaluation in Selected Indigenous Communities</i>
June 2006		Second SGIA Annual Report published for 2005-06
November 2006	Indigenous Funding and Governance Reform Cross Agency Working Group established	
April 2007	First joint (3 departments) funding agreement signed with one schedule	Third OID Report published
June 2007	Northern Territory emergency response	Evaluation of Indigenous Coordination Centres – KPMG report finalised

Source: ANAO

2.38 Lessons can be learned from Australian and overseas experience about moving from a policy development and priority-setting phase to the practical implementation and on-the-ground delivery of that policy. This includes early and systematic identification and consideration of the practical aspects of the implementation and appropriate accountability and governance arrangements to support the approach taken. The ANAO examined how DEST, DEWR, FaCSIA and DoHA translated the Government's Indigenous affairs policy into service delivery arrangements in the following practical areas:

- implementation planning; and
- improvements to the planning process including lead agency involvement.

Implementation planning

2.39 Where whole of government initiatives involve long time-frames and significant resourcing, a particular consideration is the implementation phase.

2.40 Typically an implementation plan would set out a realistic timeframe for implementation with measurable milestones and an estimate of the level of investment required. A well-structured implementation plan would provide managers and stakeholders with assurance that Australian Government departments involved in the whole of government Indigenous service delivery initiative have identified and addressed the critical success features of whole of government work enabling them to move from typical departmental ways of doing business to a more highly co-ordinated and collaborative way of working.

2.41 *The Better Practice Guide—Implementation of Programme and Policy Initiatives* jointly developed by the Department of the Prime Minister and Cabinet and the Australian National Audit Office suggests that:

effective cross-agency implementation is greater where there is an overarching, high-level implementation plan that is coordinated by a nominated lead agency with clearly defined critical cross-agency dependencies and responsibilities.

It is vital that there is a clear and commonly understood identification of key elements of shared implementation planning. These may include: governance and decision-making arrangements; possible resource and scheduling

constraints; risk management strategies; shared funding arrangements; and the procurement and management of contracts.³⁸

2.42 The Department of the Prime Minister and Cabinet (PM&C) prepared an implementation schedule to support the Government's Indigenous affairs agenda. The schedule listed a number of activities to be completed with a related time frame, including that an implementation plan be developed. The plan was to include success/performance criteria with short-term and intermediate outcomes as a means of measuring success of the broad agenda and individual phases. While the schedule listed a date for completion of the plan, there is no evidence of an implementation plan being developed and progress being monitored.

2.43 There was, however, significant cross-government coordination effort through a number of complementary, high-level and more operationally focussed processes and mechanisms. This included an interdepartmental Taskforce which was established in April 2004 in accordance with the Government's decision on the new arrangements. The Taskforce was responsible for planning and overseeing the implementation of the new arrangements up to the establishment of the Office of Indigenous Policy Coordination on 1 July 2004.

2.44 Implementation of the new arrangements was also supported by a number of related processes and governance arrangements over a period of time, in particular:

- the Secretaries' Group on Indigenous Affairs, established in May 2002 to oversee the COAG trials, played an important role in developing and overseeing the implementation of the new arrangements;
- the work of the Indigenous Communities Coordination Taskforce, also set up in mid-2002 in relation to the COAG trials, informed the development of critical aspects of the new arrangements including Indigenous Coordination Centres and Shared Responsibility Agreements;
- the SES Taskforce on Indigenous Affairs was formed in mid-2004 to support the implementation of the new arrangements; and
- the COAG trials had been in place for around two years and the lessons learned from the trials at that time also informed the development of the new arrangements.

³⁸ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, *op. cit.*

Improvements to the planning process

2.45 As well as developing high-level structural arrangements, implementing the IAAs would have benefited from the explicit recognition and proposed approach to executing key elements of the Government policy framework for Indigenous affairs, namely whole of government governance and accountability arrangements, shared funding arrangements and ensuring programmes had sufficient flexibility to respond to Indigenous needs.

2.46 In this context, the IAAs would have benefited from an implementation plan that incorporated the following features:

- governance arrangements to support the achievement of the Government's overall objective;
- attention to whole of government risks in the implementation phase;
- suitable monitoring arrangements;
- lessons from previous experience;
- a systematic review of the effectiveness of the implementation; and
- arrangements for lead agency involvement.

Governance arrangements to support the achievement of the Government's overall objective

2.47 The design of appropriate overarching whole of government policies and procedures minimises the risk that departments may be exposed to when implementing new ways of working. They also support the efficient day-to-day running of whole of government business.

2.48 Appropriate whole of government policies and procedures involve the identification and implementation of arrangements that are necessary for whole of government work, including: indicative levels of investment; system requirements; the financial arrangements needed for this type of work (such as shared funding arrangements); the skills and attributes of staff working in this environment and support structures to assist them; and the flexibility required by programmes for effective operation in a whole of government setting.

Attention to whole of government risks in the implementation phase

2.49 An implementation plan should reflect adequate consideration of key risks to implementation. This is particularly important where policy or

programme implementation involves untested service delivery models or new technology, or where significant behaviour change is expected.³⁹

2.50 Interviews with departments identified a number of high-level risks faced by departments when undertaking whole of government Indigenous work. These included: an inconsistent understanding of the Australian Government reform agenda; a lack of appreciation, skills and culture to support whole of government work; and that the existing accountability arrangements for programmes are primarily designed for departments working independently.

2.51 Implementation of the Government's initiative in Indigenous affairs would have benefited from a more planned approach that addressed and treated these and other risks that arose during the implementation phase.

Monitoring

2.52 Assessing the effectiveness of whole of government Indigenous initiatives requires regular monitoring so that progress can be measured against the Government's objectives and changes can be made where required. Monitoring enables the identification of what works and where improvements could be made, including the performance of individual departments.

2.53 In all areas of public policy, timely and relevant performance information is essential for good monitoring and decision-making. The effective monitoring and management of whole of government Indigenous initiatives is dependent upon the support of regular, high-quality internal and external communication of information. At a minimum, the information needed includes reports on operational performance; financial performance and compliance with the Government's policy objective in Indigenous affairs. Internally these reports can inform solutions and provides options for implementation. Externally the reports support accountability.

2.54 Provision has been made to report annually through the Secretaries' Group on the outcomes of some key departmental programmes. However, the inclusion of a robust monitoring framework in the implementation plan for the whole of government Indigenous initiative would have provided an opportunity to assess the effectiveness of whole of government Indigenous initiatives against the Government's objectives and make changes where required.

³⁹ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, *ibid.*

Lessons from previous experience

2.55 The importance of adopting a lessons learned approach is provided by the experiences of the partners during the Murdi Paaki COAG trial.

2.56 To assist the transition of the Murdi Paaki COAG trial to normalised service delivery arrangements once the trial had been completed, the Murdi Paaki partners—DEST and the NSW Department of Education (DET)—in conjunction with representatives of Indigenous people from the Murdi Paaki region developed a strategy to guide the changes. The features of this strategy are highlighted below.

Features of the strategy

To embed the success experienced in the implementation of the Murdi Paaki COAG trial the partners developed a strategy focussing on four key areas for action to embed and strengthen existing outcomes in the region and minimise potential transition risks.

The strategy sought to continue the positive and effective relationships built during the trial. It had a clear work plan which identified the actions necessary for a successful transition, such as a communication strategy, and provided indicative timeframes for action by all partners.

2.57 Evaluations of the COAG trials were finalised in 2006. The ‘lessons learned’ from these whole of government place-based initiatives in Indigenous affairs, particularly concerning practical implementation activities, were not available to inform the Government’s Indigenous Affairs Arrangements which were established in mid 2004.

Review

2.58 Regular review of whole of government initiatives is important to determine the efficiency and effectiveness of implementation. A review process would also be able to determine when implementation was completed, that is identify when whole of government work has become a standard operational feature of the government departments involved.

2.59 Regarding the delivery of services to Indigenous Australians, FaCSIA’s Annual Report 2005–06 comments: ‘implementation of the reforms requires a long-term process’.⁴⁰ The formal, high-level implementation schedule and other planning arrangements that were put in place to drive the initiative in Indigenous affairs did not identify the features against which a review of the implementation of whole of government Indigenous service delivery arrangements could assess success or failure.

⁴⁰ FaCSIA Annual Report 2005–06, p. 220.

Lead agency involvement

2.60 Good practice indicates that where a number of agencies are contributing to the delivery of a programme or taking joint action to achieve policy or programme goals the identification of a lead agency, particularly in the implementation phase, is important. For the arrangement to be effective, the lead agency should have the authority and recognition to act in this capacity.⁴¹ In the United Kingdom, during the implementation phase and beyond, individual agencies are assigned the role of lead agency to achieve government targets which require the efforts and resources of more than one agency.⁴²

2.61 The January 2006 Administrative Arrangements Order transferred relevant legislation and overall responsibility for Indigenous affairs and reconciliation to FaCSIA. As discussed previously, the Office of Indigenous Policy Coordination (OIPC), which was part of the transfer, was responsible for providing policy advice on Indigenous issues to the Minister and coordinating Indigenous policy development and service delivery across the Australian Government.

2.62 This transfer provided FaCSIA with the mandate to act as the lead agency in whole of government Indigenous policy coordination. As well, FaCSIA's role as lead agency to identify specific whole of government issues as they arise and coordinate whole of government responses where appropriate is recognised by the other departments involved in the audit.

2.63 Good practice indicates:

- the lead agency should have the role of ensuring that programme implementation is meeting the Government's objective;
- a process has been established where information is shared and flows between the agencies involved;
- performance is monitored; and
- the commitment by other agencies (as well as their own), is being met.⁴³

2.64 FaCSIA's leadership role is largely exercised through its policy arm (OIPC) and through coordination mechanisms such as the Minister for

⁴¹ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, op. cit.

⁴² Her Majesty's Treasury—UK, 2001, *Outcome Focused Management in the United Kingdom*.

⁴³ The Department of the Prime Minister and Cabinet and the Australian National Audit Office, op. cit.

Families, Community Services and Indigenous Affairs chairing the Ministerial Taskforce on Indigenous Affairs and a FaCSIA Deputy Secretary chairing the SES Taskforce. State and Territory Australian Government Managers' Forums are chaired by the FaCSIA State or Territory manager and ICC managers are FaCSIA employees.

2.65 Monitoring the performance of all departments involved in the initiative is an important function for the lead agency to perform to ensure that individually and collectively the commitment of departments is on track to meet the Government's objective in Indigenous affairs. To date, the SES Taskforce, the Secretaries' Group and the Ministerial Taskforce have been involved in monitoring the implementation of the whole of government Indigenous initiative.

2.66 While in many situations, the existing collaborative arrangements could be expected to resolve issues, suitable protocols should desirably be established for those situations that are sensitive to each Chief Executive's agency responsibilities but nevertheless allow for the prompt resolution of administrative matters which cross agency boundaries. This approach recognises that there may be occasions where it is necessary for the lead agency to articulate the way forward or establish a timetable within which events are expected to occur.

2.67 This can be achieved through monitoring the performance of all departments involved in the initiative to give confidence that results are being delivered according to expectations or appropriate steps are being taken where this is not the case. In these situations, it is important that the lead agency exercises its role judiciously, taking into account the responsibilities and accountabilities of other participating departments. As a last resort, the protocol would need to allow for Ministerial intervention.

2.68 The importance of a lead agency was highlighted in the independent evaluation of the Council of Australian Government's (COAG) trial at Wadeye in the Northern Territory:

One of the more common questions asked by all the partners [in the trial] was "who is in charge?" The Shared Responsibility Agreement makes it clear that the three partners are to be treated as equal. While this principle is designed to address the 'balance of authority' within the partnership, it gives rise to the situation where no one person or agency is identified as the 'leader' of the

group. There is no one person to whom the partnership can turn to take such action as may be necessary to keep the trial on track.⁴⁴

2.69 It would be advisable during the implementation phase, that the lead agency has a mechanism in place to monitor, escalate and resolve systemic whole of government administrative matters as they arise. The ANAO has made a recommendation to clarify FaCSIA's role in resolving systemic whole of government administrative matters concerning the implementation of the IAAs.

Recommendation No.1

2.70 To assist with moving from policy development and priority setting to on-the-ground service delivery, the ANAO recommends that FaCSIA, in its lead agency role, develops a protocol to monitor and, where appropriate, escalate for resolution matters affecting the efficient and effective implementation of the Indigenous Affairs Arrangements (IAAs) including:

- translating policy directions into implementation activities especially where multiple departments are involved in funding arrangements with Indigenous communities and service providers; and
- the redesign of Indigenous-specific and relevant mainstream programmes so that they can respond flexibly to Indigenous needs.

Departments' responses

FaCSIA, DEST, DEWR, DoHA, and PM&C agreed with this recommendation.

Whole of government accountability arrangements

2.71 Arrangements for whole of government activity need to match the scale, nature and complexity of the task. A strong message from both international and national experience is that whole of government arrangements should be established judiciously and only when warranted by the complexity of the issue to be addressed. Experience also suggests that whole of government work or 'joint' work presents a new set of risks for effective operation, including that existing accountability arrangements are primarily designed for departments working individually to achieve the outcomes set by government using the funds appropriated for this purpose. While this is to be expected, it requires the development of suitable governance

⁴⁴ Bill Gray AM, 2006, *An independent evaluation of the Council of Australian Government's Trial in Wadeye, Northern Territory*, p. 13.

and accountability arrangements to provide the required authority, leadership and management to deliver on the Government's policy objectives where whole of government working arrangements are required. These arrangements are in addition to the traditional accountability exercised by departments and agencies in the Australian Government public sector.

Existing accountability arrangements

2.72 Current accountability arrangements for public sector administration generally are prescribed by legislation, for example, the *Financial Management and Accountability Act 1997* (FMA Act), the *Public Service Act 1999* and other relevant pieces of legislation and government policy. These arrangements provide the framework for Australian Government departments to deliver against the Government's outcomes. In this context, departments typically deliver programmes, and budget and report individually. Responsibility and accountability is assigned to each Chief Executive.

2.73 In Indigenous affairs, the Government has set broader outcomes requiring the involvement of more than one department in programme delivery and budgeting and reporting arrangements. The Australian Government's objective in introducing the new arrangements is that over a 20–30 year timeframe:

Indigenous Australians, wherever they live, have the same opportunities as other Australians to make informed choices about their lives, to realise their full potential in whatever they choose to do and to take responsibility for managing their own affairs.

2.74 As previously indicated, to support this objective, the Ministerial Taskforce which is responsible for coordinating the Australian Government's Indigenous policies and expenditure has set out three national priorities for Indigenous affairs:

- early childhood intervention;
- safer communities; and
- building Indigenous wealth, employment and entrepreneurial culture.

2.75 Departments working together to achieve these whole of government objectives are expected to be responsive to these broader policy goals⁴⁵ and arrangements as well as meet their individual agency responsibilities and

⁴⁵ The Government's most recent policy document *The Blueprint for Action in Indigenous Affairs* is included in Appendix 1.

accountabilities. Existing accountability arrangements have the potential to detract from the development of whole of government accountability arrangements as departments will continue to be heavily influenced by traditional approaches which focus on individual departments and Chief Executives. While this may cause tensions for whole of government arrangements (for example, in terms of strategy, delivery approaches or priorities), these matters can be overcome by appropriate governance and co-ordination to ensure the necessary focus on whole of government perspectives.

2.76 The possibility of existing accountability arrangements impeding the development of whole of government accountability arrangements has been recognised as a significant risk to effective whole of government operations by the four departments involved in this audit.

Emerging whole of government accountability arrangements

2.77 Whole of government governance arrangements are evolving in the Australian Government public sector and are being tailored for Indigenous service delivery to meet particular circumstances. However, it is important that these arrangements adhere to legislative and policy requirements and meet accepted standards of good governance. In particular, the responsibilities of the parties should be clearly identified and understood and there should be clear lines of accountability. Whole of government policy development or operational arrangements should not inadvertently result in an accountability 'gap' where responsibility for outcomes is unclear or ambiguous.

Departmental budgeting and reporting

2.78 The financial management responsibilities of Chief Executives are set out in the FMA Act and include the management of the department in a way that promotes the efficient, effective and ethical use of Commonwealth resources, that is, public money and public property for which the Chief Executive has responsibility.

2.79 Portfolio Budget Statements (PBSs) and Annual Reports are the principal formal accountability mechanisms between departments and the Government and from departments through (or on behalf of) government to the Parliament. PBSs are authorised by Ministers for use by the Parliament in consideration of the Budget. Annual Reports are reports from departmental secretaries to the portfolio Minister, for tabling in the Parliament. The 'clear read' between PBSs and Annual Reports is an essential part of the accountability system that compares budgeted targets and figures to those

actually achieved, and places a strong emphasis on compatibility between the two documents regarding budget and performance information.⁴⁶

2.80 The Outcomes and Outputs framework provides the basis of the Government's approach to budgeting and reporting for public sector departments and the means by which the Parliament appropriates funds in the annual budget context. The key elements of the framework are:

- specification of what the Government is seeking to achieve (outcomes);
- specification of how the actual deliverables will assist in achieving the outcomes (outputs);
- identification of expenses, revenues, assets or liabilities managed by departments on behalf of the Government (administered items);
- establishment of a performance management regime that includes indicators of effectiveness and efficiency; and
- annual performance reporting of departments' contributions to the achievement of outcomes and the delivery of outputs.

2.81 While departments are required to work on a whole of government basis in Indigenous affairs, there has been no special arrangement made regarding how departments should report on Indigenous service delivery in a whole of government environment. In their 2005–06 Portfolio Budget Statements and Annual Reports, the four departments examined have applied a mix of budgeting and reporting approaches related to Indigenous affairs matters. Indigenous affairs expenditures are budgeted and reported under:

- particular outcomes related to Indigenous matters (for example, FaCSIA Outcome 1: Greater self-reliance and economic, social and community engagement for Indigenous Australians);
- outputs contributing to a particular outcome (for example, DEWR's Output 1.2.3 Indigenous Employment programmes); or
- as part of a broader mainstream outcome (for example, FaCSIA's Outcome 4: Strong and resilient communities) that includes particular initiatives such as Strengthening Indigenous Communities – Family and Community Networks Initiative; and

⁴⁶ Department of the Prime Minister and Cabinet, June 2007, *Requirements for Annual Reports* for departments, executive agencies and FMA Act bodies, p. 3.

- DEST's approach which is consistent with its mainstreaming agenda that integrates Indigenous outcomes within the broader departmental outcomes.

2.82 Of the four departments audited, DoHA included a description of its engagement in whole of government matters as part of the summary related to its Outcome 8—Indigenous Health. However, generally, within the reporting by departments there is no information related to whole of government initiatives.

2.83 Whole of government delivery of services requires departments to work together to develop budgeting and reporting arrangements that meet both the accountability obligations of individual departments and also contribute to the collective achievement of, and accountability for, whole of government outcomes.⁴⁷

2.84 The Joint Committee of Public Accounts and Audit (JCPAA) recommended in its 2002 review of the accrual budget documentation that:

Agencies with a shared outcome should identify the shared outcome and the contribution of other agencies in achieving that outcome in their PBSs and annual report.⁴⁸

2.85 Where the outcomes sought by government are at a high level and can only be achieved in the longer term, the use of intermediate outcomes, which can be achieved within a shorter time frame and which are amenable to the development of effectiveness indicators is considered good practice.^{49 50}

2.86 The Productivity Commission has developed a reporting framework to measure improvements against COAG's priority outcomes. To do this they have developed, as intermediate outcomes, a set of seven strategic areas for action.⁵¹ These intermediate outcomes lend themselves to reporting progress against the three priority outcomes determined by both COAG and the Ministerial Taskforce.

⁴⁷ ANAO Audit Report No.23 2006–07, *Application of the Outcomes and Outputs Framework*, p. 86.

⁴⁸ JCPAA, June 2002, *Report 388 Review of the Accrual Budget Documentation*, p. 18.

⁴⁹ ANAO, 2002, *Performance Information in Portfolio Budget Statements—Better Practice Guide*, p. 9.

⁵⁰ JCPAA, June 2002, *Report 388 Review of the Accrual Budget Documentation*.

⁵¹ These strategic areas for action are: early child development and growth (prenatal to age three); early school engagement and performance (preschool to year three); positive childhood and transition to adulthood; substance use and misuse; functional and resilient families and communities; effective environmental health systems and economic participation and development.

2.87 To date, relevant departments have not included in their individual Portfolio Budget Statements (PBSs) their contribution to these intermediate outcomes. It is important that accountability documentation such as PBSs and annual reports provide information about the activities of departments in relation to the national priorities set by the Australian Government. Without this information, it is difficult to link departmental programme activities with strategies to achieve overall objectives in Indigenous affairs.

2.88 The ANAO acknowledges the long-term nature of the Government's overall objective and the Ministerial Taskforce's three priority areas for action but considers that using the COAG seven strategic areas for action as intermediate outcomes and developing suitable performance indicators would enable progress in these priority areas to be measured and reported.

Australian Government reporting on the whole of government initiative in Indigenous affairs

Secretaries' Group on Indigenous Affairs Annual Report 2005–06

2.89 The Secretaries' Group on Indigenous Affairs (SGIA) publishes an annual report that focuses on the seven strategic areas for action that the *Overcoming Indigenous Disadvantage* (OID) report uses. These strategic areas for action are: early child development and growth (prenatal to age three); early school engagement and performance (preschool to year three); positive childhood and transition to adulthood; substance use and misuse; functional and resilient families and communities; effective environmental health systems and economic participation and development. Within the SGIA report, for each of the strategic areas, there are:

- statistics that relate to earlier years and are termed 'outcomes';
- key Australian Government Indigenous programmes and an outline of those programmes, information on expenditure and commitments in 2005–06 including 'outputs' that can be the number of applicants, number of services funded or number of projects funded; and
- limited use of targets to provide a baseline for comparison over time.

2.90 While the Secretaries' Group annual report is not tabled in Parliament, it is posted on FaCSIA's website. Currently this annual report is predominantly descriptive. The Secretaries' Group has convened a working party to develop a performance monitoring and reporting framework for its annual reporting purposes.

Reporting models

2.91 There would be real benefits in departments reporting their contribution to the three national priority areas in a similar fashion to allow a global perspective on performance against these priorities to be assessed. There are a number of models that departments could use to do this.

2.92 The first model would involve participating departments aligning the priority areas with their individual Portfolio Budget Statements and Annual Reports. This would complement the accountability arrangements primarily designed for departments working independently and provide assurance to Parliament that departments are addressing the priorities in Indigenous service delivery in a whole of government manner. Under this approach involving broad or shared outcomes which require the identification of the contribution of more than one programme or agency, the use of explanatory text in accountability documentation is one avenue for departments to better specify their influence on, and contributions to, broadly stated or shared outcomes.⁵² Where outcomes are at a high-level and long-term, performance can be difficult to measure and track over time. In these situations, departments can develop and use intermediate outcomes, that is, partial outcomes that can be more easily measured and achieved within a shorter time frame.

2.93 Another reporting model would involve departments providing explanatory text and performance information to FaCSIA for inclusion in the report prepared annually by the Secretaries' Group on Indigenous Affairs. This Annual Report could then be tabled in the Australian Parliament to provide an overview of Australian Government investment, and the performance of Australian Government departments, in delivering services to Indigenous Australians.

2.94 Which ever reporting model (or combination of models) is chosen, it must be sufficiently robust to provide Parliament and stakeholders with assurance that departments are addressing the Government's priorities in Indigenous affairs in a whole of government manner and for progress achieved to be assessed.

2.95 The ANAO notes that the whole of government policy on *Measures for Improving Energy Efficiency in Commonwealth Operations* includes a provision

⁵² Department of Finance and Administration and the ANAO, 2004, *Better Practice in Annual Performance Reporting*, p. 10.

requiring departments to report annually on their energy consumption and greenhouse gas emissions to the Australian Greenhouse Office for inclusion in the Whole of Government Energy Report which is tabled annually in the Australian Parliament.

Australian Government Indigenous Expenditure

2.96 For the 2006–07 Budget, the Department of Finance and Administration issued revised guidelines for the presentation of Portfolio Budget Statements (PBSs). As part of this revision each portfolio was required to list, in tables, the administered and departmental Indigenous expenditure for the current and previous year. Cumulatively, these tables are referred to as the Australian Government Indigenous Expenditure (AGIE).

2.97 There is also the option for this information to be provided at an individual departmental or agency basis for the portfolio. The Department of Finance and Administration provides departments with a format that is to be used in compiling their AGIEs.

2.98 Sound financial information is an important support for management decision-making and accountability to stakeholders. Financial information in conjunction with non-financial data, should provide a comprehensive picture of a department's performance. Consequently, there needs to be appropriate links between financial and non-financial performance information.⁵³

2.99 The AGIE tables provide the amounts appropriated for Indigenous purposes, as determined by each department, at a highly aggregated level. Table 2.1 outlines the total amounts of AGIE for the four departments examined as part of the audit.

⁵³ ANAO Report No.11 2003–04.

Table 2.1**Australian Government Indigenous Expenditure**

Department	Total estimated Indigenous expenditure (\$m)		
	2005–06	2006–07	2007–08
Education, Science and Training	583.8	588.0	580.7
Employment and Workplace Relations	670.0	656.7	683.5*
Families, Community Services and Indigenous Affairs	603.4	924.4	1,043.5
Health and Ageing	491.5	542.6	619.5

Source: Departmental Portfolio Budget Statements for 2005–06, 2006–07 and 2007–08.

Note: * adjusted based on DEWR's advice of 12 September 2007.

2.100 Total estimated AGIE for all relevant Australian government departments and agencies has increased from around \$3100 million in 2005–06, to around \$3300 million in 2006–07 to approximately \$3500 million in 2007–08.

2.101 Departments present their AGIE information in table format at the front of their PBSs. Reference is made to departmental outcomes⁵⁴ in the AGIE table, but there is no explanatory information provided (including performance information setting out the contribution of outputs to the overall outcome) to link the proposed Indigenous expenditure with subsequent departmental-wide outcomes and outputs information presented in the PBSs.

2.102 While the Secretaries Group on Indigenous Affairs annual report includes a consolidated AGIE statement which is a compilation of the individual AGIEs that were presented in Portfolio Budget Statements, it is not possible to obtain a clear picture of the contribution of Australian Government departments to the whole of government initiative in Indigenous affairs.

2.103 Table 2.2 presents an ANAO assessment of individual departmental and consolidated budgeting and reporting information for the whole of government initiative in Indigenous affairs. Particular reference is made to the

⁵⁴ Additional useful information can be gleaned from the portfolio AGIE statements. For example, the Department of Health and Ageing has 15 Outcomes including one specific to Indigenous Health. However, its AGIE is not confined to that specific outcome but is spread across 11 of the remaining 14 Outcomes. This includes 'mainstream' Outcomes such as Population Health, Access to Pharmaceutical Services and Medical Services.

Ministerial Taskforce's three priority areas for action: early childhood intervention; safer communities; and building Indigenous wealth, employment and an entrepreneurial culture.

Table 2.2

Individual departmental and consolidated budgeting and reporting information

	Refers to whole of government work	Identifies Ministerial Taskforce priorities	Identifies contribution to Ministerial Taskforce priorities	Includes whole of government performance measures
DEST	✓	✗	✗	✗
DEWR	✓	✗	✗	✗
FaCSIA	✓	✓	✗	✗
DoHA	✓	✗	✗	✗
Portfolio AGIE	✗	✗	✗	✗
SGIA annual report	✓	Reports against COAG's seven strategic areas for action.	N/A	To be developed.

Source: ANAO, based on departmental PBSs and Annual Reports for 2005–06, portfolio AGIE in 2005–06 PBSs and the SGIA annual report 2005–06.

2.104 Overall, performance information, enabling the measurement of an individual department's contribution to whole of government initiatives is either absent or poorly developed. The style of presentation of portfolio AGIE limits the capacity of the reader to form a comprehensive view about Indigenous expenditure by a particular department. The 'clear read' principle has not been applied to budgeting and reporting on the whole of government initiative in Indigenous affairs.

2.105 As there is an underdeveloped whole of government performance information framework for use by departments, it is also difficult to obtain a precise understanding of individual department's contribution to the Ministerial Taskforce's three priority areas for action. The ANAO considers that Australian Government departments would benefit from a re-appraisal of what reporting is appropriate to whole of government Indigenous service delivery arrangements.

Recommendation No.2

2.106 To support the development of a whole of government performance monitoring and reporting framework in Indigenous affairs and to enable progress against the Ministerial Taskforce's three priority areas for action to be reported, the ANAO recommends that, at a minimum, participating departments:

- identify their individual contribution to achieving improvements to the intermediate outcomes that contribute over time to the Taskforce's three priority areas – such as the Council of Australian Governments' seven strategic areas for action in its Overcoming Indigenous Disadvantage framework; and
- collectively settle an appropriate model to present public information on the performance of Australian Government departments for the information of Ministers and the Australian Parliament.

Departments' responses

FaCSIA, DEST, DEWR, DoHA, and PM&C agreed with this recommendation.

3. Mechanisms for Whole of Government Collaboration

The chapter examines whole of government collaboration mechanisms in place to support Indigenous service delivery, including bilateral agreements between the Australian Government and State/Territory Governments. National, regional and local planning processes and structures are also assessed as well as funding arrangements with Indigenous communities. Finally, the support to whole of government collaboration through departmental resourcing is considered.

3.1 At the operational level, Australian Government departments when delivering services to Indigenous Australians are required, by policy, to do so in a whole of government context. This presents major challenges for departments, requiring a move away from the usual ways of developing policy and delivering services to adopting more collaborative ways of working with other government agencies, State/Territory departments, commercial entities, the not-for-profit sector and Indigenous communities.

Departmental leadership

3.2 The *Financial Management and Accountability Act 1997* (the FMA Act) establishes the framework for Australian Government departments to deliver against the Government's outcomes. This legislative framework stresses the ultimate accountability of Chief Executives for the appropriations of individual departments. Typically, departments deliver programmes individually and budget and report in this context.

3.3 The Management Advisory Committee 2004 report recognised that:

There is some risk that devolution of authority to agency heads and a clear vertical accountability for agency outcomes may make collaboration across organisational boundaries more difficult.⁵⁵

3.4 Leadership promotes and supports collaboration in whole of government initiatives. It can also foster and develop an information sharing infrastructure and governance arrangements that focus accountability on the whole of government outcomes that the Government is seeking.

3.5 As part of the audit the ANAO sought views from the Secretaries of the four departments being examined—DEST, DEWR, FaCSIA and DoHA. A key

⁵⁵ Management Advisory Committee (MAC), 4, op. cit, p. 6.

observation made by departmental Secretaries about the approach taken in implementing changed Indigenous service delivery arrangements emphasises the need for collaboration so that departments are working together:

there is a very strong commitment by leaders within departments to making whole of government Indigenous service delivery arrangements work. In addition there is a recognition that the services one department delivers can have an impact on the outcomes another department is seeking.

Evaluations of collaborative initiatives

3.6 International and national experience suggest that where major changes are being considered to the delivery of government programmes, the adoption of a 'lessons learned' approach is important to the change and encourages a culture of continuous improvement.

Evaluation of the Council of Australian Governments' (COAG) trials

3.7 The COAG trials were discussed in Chapter 1. The Office of Indigenous Policy Coordination (OIPC) arranged for all of these trials to be independently evaluated and for a Synopsis Review of the evaluations to be produced. Set out below are the key lessons from the synopsis report.

Lessons

- Governments must be willing to understand and work respectfully with Indigenous communities, and Indigenous communities must be willing to understand and work with governments. Both may need to review the ways in which they interact with one another to ensure that interactions are appropriate and foster the development of productive and lasting relationships.
- Government staff need training in how to engage with respect for the protocols and processes in Indigenous communities; this is particularly true for those staff who are new to Indigenous affairs or to a community.
- Whole of government, place-based initiatives require systemic changes at the local community, state and national level. The extent to which an initiative can achieve a whole of government approach is impacted by the effectiveness of interaction within and between these systemic levels (i.e. not just government levels). Coordination and decision-making mechanisms need to be effective and differentiated from each other and decision-making needs to be timely. More widespread reward and recognition for good whole of government practice is needed.
- Staff engaged in whole of government initiatives need training to provide them with the skills and knowledge on how to do whole of government work. Training is needed across all levels: senior executive, middle management and field staff. Similarly, communities and their leaders need to be supported and resourced to enable development of capabilities which will assist in engaging in whole of government and community-led solutions.
- Community leaders in Indigenous communities demonstrated that they can engage actively in initiatives to find solutions which work for families and communities. The evaluations provide evidence of the value of governments and communities working together and sharing responsibility for establishing foundations for achieving longer-term outcomes through locally agreed solutions.

3.8 While the COAG trial period as such has come to a conclusion, further work is being undertaken at these locations within ongoing programme delivery arrangements.

Lessons from an individual COAG trial evaluation

3.9 The evaluation⁵⁶ of the Murdi Paaki COAG trial for OIPC provided a valuable lesson in achieving successful outcomes from the collaborative approach developed between DEST, the NSW Department of Education (DET) and the Murdi Paaki communities.

Features of Murdi Paaki COAG trial

Representatives of both lead agencies (DEST and NSW DET) developed strong relationships in communities and established a visible presence in the region. Among stakeholders familiar with the COAG trials elsewhere in Australia, Murdi Paaki was regarded as the most advanced trial site in terms of community capacity and governance.

Substantial progress was made in enhancing the capacity of both governments and communities to work with each other. Structures to promote coordination between government agencies working in Murdi Paaki had been established. The governance capacity of communities had improved, and many communities appeared to be better able to articulate their priorities to government in a constructive fashion. Trial objectives and priorities were jointly developed and plans to deliver solutions were based on community identified need. These arrangements can be expected to contribute significantly to achieving the priorities articulated at the trial's commencement.

Bilateral agreements between the Australian Government and States and Territories

3.10 To realise the COAG aim of improvements in Indigenous service delivery, effective collaboration between the different levels of government is as important as that between Australian Government departments and agencies.

3.11 The principles within the bilateral agreements on Indigenous affairs reflect COAG approaches to different levels of government working together, including the COAG service delivery framework⁵⁷ and Overcoming Indigenous Disadvantage framework. Currently the Australian Government has bilateral agreements in place with Western Australia (WA), the Northern Territory (NT), South Australia (SA), Queensland (QLD) and New South Wales (NSW). Further discussions are being held concerning the finalisation of

⁵⁶ Urbis Keys Young, October 2006, *Evaluation of the Murdi Paaki COAG Trial*.

⁵⁷ COAG Communique, (25 June 2004) *National Framework of Principles for Government Service Delivery to Indigenous Australians*.

bilateral agreements with Victoria, Tasmania and the Australian Capital Territory.

3.12 The bilateral agreements are not identical and reflect the different approaches developed in the different jurisdictions to the delivery of services to Indigenous people. Each agreement is designed to deal with the diversity in the issues related to Indigenous affairs in particular States and Territories. Under the agreements there is potential to develop schedules that outline in more detail how individual issues are to be addressed. For example, in the case of the agreement with the NT Government there is a schedule relating to 'Boosting Indigenous employment and economic development'. This schedule sets out in some detail how the two governments are to work together, including the operation of a Steering Group and monitoring and reporting requirements.

Lessons

- OIPC indicated that it had learned that it needs to pay more attention to the implementation of schedules to agreements, and that it is not sufficient to get a bilateral agreement signed.
- Also it is important that schedules are practical and measurable.

Collaboration between officials at the different levels of government

3.13 As part of the audit, the ANAO undertook discussions with officers in State Government departments who had dealings with Australian Government officials. Some of these dealings relate directly to bilateral agreements, although there are also a considerable number of interactions between officers related to the ongoing administration of their various responsibilities.

3.14 Generally, senior officers of those State Government agencies consulted indicated that they had good working relationships with their local counterparts in Australian Government departments. From the ANAO's perspective it appeared that there was a clear understanding on the part of both Australian Government officers located in the States, and State Government officers, of the importance of their professional relationships to improving the delivery of services to Indigenous Australians.

Mechanisms to assist whole of government collaboration

3.15 Optimal outcomes from policy initiatives such as whole of government Indigenous service delivery are more likely to be obtained when there is an early and systematic identification of key areas where collaboration is necessary and how best to support collaborative efforts.

3.16 The United Kingdom's experience (see Chapter 5) in putting in place cross-agency or 'joined-up' approaches relating to the effective management of high level government priorities reinforces the benefits in developing joint targets as a means of building coherence around the delivery of a whole of government policy. The setting of joint targets provides a framework which allows departments to anticipate the need for a range of joint approaches to meet whole of government objectives and to assess what has been achieved through a collaborative approach.

3.17 The ANAO examined mechanisms for whole of government collaboration arrangements for Indigenous service delivery including: joint targets; joint planning; collaboration through formal arrangements; staff capabilities to support whole of government work; collaboration through the Indigenous Coordination Centre (ICC) network; and joint funding arrangements.

Measuring progress through joint targets

3.18 As previously indicated, the Ministerial Taskforce on Indigenous Affairs has articulated three national priorities in Indigenous affairs:

- early childhood intervention;
- safer communities; and
- building Indigenous wealth, employment and entrepreneurial culture.

3.19 The Management Advisory Committee 2004 report, *Connecting Government*, notes that in the United Kingdom (UK), for example, whole of government outcomes and cross-cutting targets are centrally set and monitored. However:

In Australia, the centre of government—the Prime Minister and Cabinet—is playing an increasing role in coordinating whole of government responses and prioritising whole of government issues. While the outcomes and outputs budget framework provides a strong basis for monitoring government activity, there is less use of national targets and reporting than in the UK.⁵⁸

3.20 Initially, the specification of targets can be broad based. Accordingly, work is needed to set targets as to:

- the level of early childhood intervention that is required;
- what is meant or expected by safer communities; and

⁵⁸ Management Advisory Committee (MAC), 4, op. cit, p. 12.

- what level of wealth, employment and entrepreneurial culture is considered appropriate.

Joint planning

3.21 Effective collaboration is also essential in supporting a whole of government planning process. This is especially where input is required from other levels of government, non-government organisations and Indigenous communities. The ANAO examined the whole of government planning framework that is currently in place for the Indigenous Affairs Arrangements.

Joint national planning

3.22 At the national level, a key whole of government planning process is the development of the Single Indigenous Budget Submission (SIBS) as an element of the federal Budget process. SIBS was initiated in concert with the mainstreaming of Indigenous programmes to allow for the allocation of new funds and the reallocation of funds between programmes to support strategies and whole of government objectives in Indigenous affairs. In the initial SIBS round in 2005–06, the Office of Indigenous Policy Coordination (OIPC) was responsible for developing the single budget submission around the annual reprioritisation of the Australian Government's Indigenous budget.⁵⁹

3.23 Stakeholders interviewed by the ANAO, who were involved in the SIBS process, considered that the 2005–06 and 2006–07 processes were not truly whole of government exercises because individual departments were allowed to put forward department specific proposals concerning Indigenous affairs in the general Budget process.

3.24 The 2007–08 Budget proposal was the third SIBS process and was developed out of 'lessons learned' by the departmental officers involved in previous SIBS.

Lessons

Following the 2006–07 SIBS process, OIPC convened a review of SIBS with all of the departments involved to work on improving both the content of SIBS and also its development processes. An SES Band 2 Taskforce was established to develop preliminary cross-portfolio themes for consideration by the Secretaries Group and the Ministerial Taskforce around which the 2007–08 SIBS could be developed. The expectation was that these cross-portfolio proposals would align more closely with the Australian Government's priority areas in Indigenous affairs, that is, primary health care, education, housing and infrastructure, and economic development.

IDCs, chaired by 'lead' departments, were convened to facilitate the development of whole of government new policy proposals to be submitted for consideration in the Budget process.

⁵⁹ OIPC paper, September 2004, *Role Structure and Functions*.

Joint regional planning

3.25 As part of the audit the ANAO visited Western Australia (WA), Queensland (Qld) and the Northern Territory (NT). Regional whole of government action plans had been developed or were in the process of development in these States and Territory.

3.26 The objective of the joint planning process was to ensure that departments were delivering against the priorities established by the Australian Government's Ministerial Taskforce on Indigenous affairs and provided a link with individual ICC action plans. Each plan described the whole of government initiative and identified the characteristics necessary to achieve its objective including: Indigenous-specific programmes and relevant mainstream programmes; key stakeholders; deliverables; performance indicators; and timelines. State managers' Forums are used to oversee the implementation of the regional plans.

3.27 Each of the regional plans recognises that the long term success of the initiatives outlined in the plans required input from, and collaboration with, State Government departments and non-government agencies.

Regional Action Plan

One of the regional action plans overseen by the WA State managers' Forum is for the Pilbara region in WA. As part of the audit the ANAO carried out a case study of the Port Hedland Regional Partnership Agreement (the Agreement). The Agreement has a range of diverse partners, including State Government agencies, local government and the non-government sector—major mining companies, Indigenous mining businesses and regional training organisations.

State managers' forums

3.28 As part of the audit the ANAO examined the processes that Australian Government departments had in place to coordinate Australian Government work within the jurisdictions. The two States and one Territory visited during the audit all had arrangements in place to bring together State managers of Australian Government departments and agencies operating in that jurisdiction. The frequency of these meetings, the extent of development of processes and the formality of the arrangements differed between the three locations.

3.29 The ANAO considered that the arrangements in existence in WA at this time appeared to be the most well developed of the three locations visited.

Australian Government Indigenous Policy Coordination in WA

There is a written protocol in place that was collaboratively prepared by WA State managers of Australian Government departments and agencies. In brief the arrangements are:

- to meet together every two weeks⁶⁰ for approximately two hours;
- once each month the meeting will focus on broader issues in delivering services to Indigenous Australians in WA. At this meeting there will be a focus on discussing key initiatives across the State, sharing information and coordinating actions and activities. Every second month all WA ICC managers attend this meeting;
- the alternate meeting each month will focus on one region or group of regions in WA. These meetings will concentrate on matters under the Regional Whole of Government Action Plans for one region or group of regions and the relevant ICC manager(s) is present;
- as appropriate, the meetings will consider matters related to the development and finalisation of Shared Responsibility Agreements (SRAs) or Regional Partnership Agreements (RPAs), as well as reports on each agreement.

3.30 This type of process provides a good basis for improved collaboration and cooperation at the State and Territory management level.

Collaboration through formal arrangements

3.31 It is important that there are effective mechanisms in place to support the whole of government approach to Indigenous service delivery. The larger and more complex the arrangement the greater the risks become. The use of formal agreements, such as Memoranda of Understanding (MoU) between the parties involved is a mechanism to manage emerging risks in whole of government work. Typically MoUs set out the governance and accountability arrangements and the responsibilities of the individual partners.

3.32 For programmes with a significant Indigenous component, the ANAO found that departments had formal agreements in place with other departments/agencies for related programmes. These agreements were generally around income support arrangements.

Staff capabilities to support whole of government work

3.33 The MAC report *Connecting Government* 2004 suggests that culture and capability critically shape the success or otherwise of whole of government activities. Departments and agencies should support whole of government activities by taking steps to become more responsive to whole of government

⁶⁰ Australian Government departments and agencies attending are: Department of Families, Community Services and Indigenous Affairs; Department of Employment and Workplace Relations; Department of Health and Ageing; Department of Education, Science and Training; Department of Transport and Regional Services; Department of Communications, Information Technology and the Arts; Indigenous Land Corporation; Centrelink; Attorney-General's Department; Indigenous Business Australia; Department of Environment and Water Resources; and National Native Title Tribunal.

demands through more intensive training for those involved in whole of government work.

3.34 The report goes on to say that: ‘people having the right skill sets and capabilities is a critical ingredient to building whole of government capacity.’⁶¹

3.35 The ‘lessons learned’ from the COAG trials further support the need for appropriate skills and training:

Staff engaged in whole of government initiatives need training to provide them with the skills and knowledge on how to do whole of government work. Training is needed across all levels: senior executive, middle management and field staff.⁶²

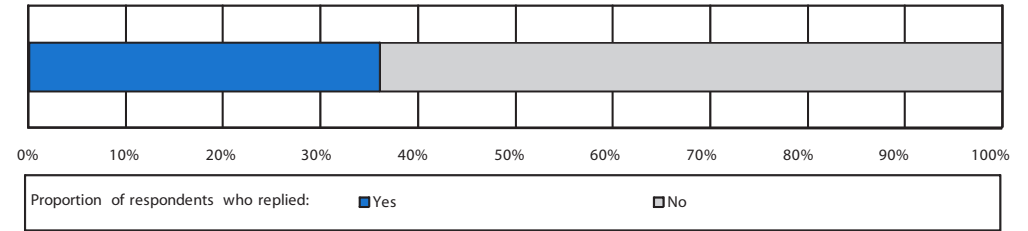
3.36 Through the manager survey, the ANAO sought to assess:

- the level of managers’ understanding of the Indigenous Affairs Arrangements (IAAs);
- specific training that managers received in relation to the IAAs; and
- the necessary skills managers believed they had to effectively implement the IAAs in their programme areas.

3.37 Figure 3.1 shows that 36 per cent of respondent managers had received training in relation to the IAAs. Further analysis of this result reveals that the majority of respondents who had received training were non–Canberra based managers, with only a minority of Canberra-based manager respondents reporting that they had received any IAA training.

Figure 3.1: Extent to which managers agree with the statement:

‘Have you received any training in relation to the IAAs?’



Source: ANAO manager survey

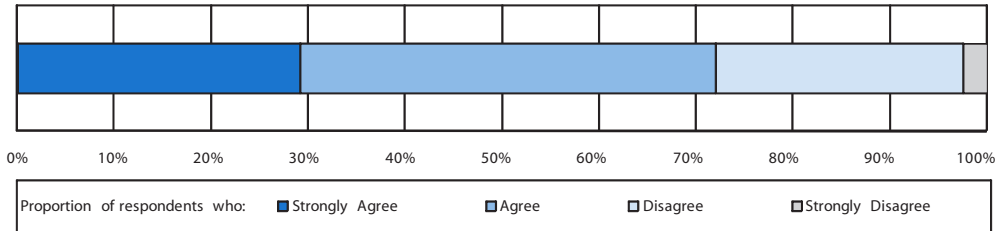
⁶¹ Management Advisory Committee (MAC), 4, op. cit, p. 47.

⁶² Morgan and Disney and Associates, November 2006, *Synopsis Review of the COAG Trial Evaluations*.

3.38 When managers were asked if they believed they had a good understanding of the IAAs, Figure 3.2 shows that over 70 per cent of respondent managers agreed with this statement. Perhaps reflecting the above training result, non-Canberra based manager respondents had a much higher rate of agreement than their Canberra-based counterparts.

Figure 3.2: Extent to which managers agree with the statement:

'I have a good understanding of the IAAs.'

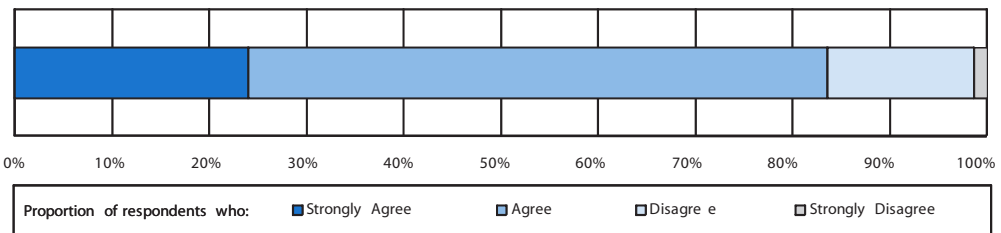


Source: ANAO manager survey

3.39 Figure 3.3 shows that 84 per cent of respondent managers believed that they had the necessary skills to effectively implement the IAAs in their programme area. Again, non-Canberra based respondents were more likely to agree with this statement than Canberra-based respondent managers.

Figure 3.3: Extent to which managers agree with the statement:

'I have the necessary skills to effectively implement the IAAs in my programme area(s).'



Source: ANAO manager survey

3.40 Overall, the results indicate that training is of critical importance to the implementation of the whole of government effort in Indigenous service delivery. The ANAO considers that more could be done by departments in the area of developing staff competencies—at all levels in their organisations—in the capabilities necessary for whole of government Indigenous service delivery.

Collaboration in Indigenous Coordination Centres (ICCs)

3.41 The extent to which collaboration is effective and supports a whole of government approach is related primarily to the culture that is developed and also the structures that are put in place. The Australian Government's Indigenous Affairs Arrangements involve a network of cooperative structures ranging from the Ministerial Taskforce at the peak level to Indigenous Coordination Centres (ICCs) at the operational level. The ANAO considered the challenges to effective collaboration within the ICC structure.

3.42 ICCs are the main vehicle for coordination of Indigenous-specific programmes and for engagement with Indigenous people for outer regional, remote and very remote locations. In rural and remote areas, ICCs are multi-agency units, combining coordination, planning and service functions. To do this they house staff from a number of relevant departments to manage departmental programmes. In total there are 30 ICCs across Australia, with their location largely mirroring the locations of the former ATSIC Regional Offices. There are many national programmes, for example in the area of health and education, that are delivered separately from the ICCs through the State and Territory offices of the relevant department.

ICC model

3.43 The Secretaries' Group on Indigenous Affairs (SGIA) issued a bulletin that outlined the five key elements for the operation of ICCs. In summary these are:

- all ICC departments have a role in building partnerships with Indigenous communities and organisations;
- the ICC manager will exercise the leadership role in the ICC's whole of government work;
- all staff in ICCs and in regional, state and national offices will actively support effective ICC operations and avoid unilateral actions which conflict with whole of government processes;
- all ICC departments have both the opportunity and responsibility to respond flexibly to community identified priorities for Shared Responsibility Agreements (SRAs) and Regional Partnership Agreements (RPAs); and

- each ICC department will build the capability of its employees and the department more generally to undertake its Indigenous business in a whole of government way.⁶³

3.44 ICCs were intended to be a 'one-stop-shop' for coordinating the delivery of Indigenous services and, at the same time, to provide Indigenous people with an avenue to talk with Government.⁶⁴

3.45 The policy document *Blueprint for Action in Indigenous Affairs* (the Blueprint), released in March 2006 (see Appendix 1), puts forward different roles for ICCs according to their geographic location. In remote areas, departments work through ICCs to develop a customised response to the needs of remote communities. In regional areas the delivery of Indigenous-specific and mainstream programmes is coordinated through ICCs. In urban areas the functioning of mainstream services for Indigenous people was to be improved. The Blueprint does not make reference to a role for urban ICCs in this approach.

3.46 In 2006, OIPC commissioned an evaluation to ascertain how ICCs are performing against the SGIA model and to identify areas for improvement. The findings of the evaluation were used to construct a continuous development plan detailing a menu of options for enhancing ICC performance. The evaluation and continuous development plan were finalised in early June 2007 by the Department of Families, Community Services and Indigenous Affairs.

3.47 At 1 September 2006 there were 562 Australian Government staff located in the ICCs. Departmental staff present in ICCs varied considerably across the country. In the capital cities, some larger departments have retained the administration of their Indigenous-specific programmes in their State office rather than including them as part of the ICC. The ICCs provided a convenient office location for the staff of smaller Australian Government departments in both urban and regional locations. In regional locations where some Australian Government departments have their own office presence, some departments have retained the administration of their Indigenous-specific programmes in their regional office.

3.48 As part of the programme census undertaken for the audit, the ANAO obtained a view on how much use was made of ICCs in delivering the

⁶³ Secretaries' Group Bulletin, 4/2005, *The ICC Model: Five Point Plan*.

⁶⁴ Australian Government, 2006, *Indigenous Affairs Arrangements*, p. 2.

particular programmes. Programme managers, including departmental staff located in ICCs, responded that 41 per cent of Indigenous-specific programmes were being delivered through ICCs. For mainstream programmes with a significant Indigenous component, the use of ICCs was less (15%). These responses indicate that there is considerable programme effort delivering services to Indigenous Australians that occurs quite separately from the ICC network and the concept of the ICC as a 'one-stop-shop' for coordinating the delivery of Indigenous services is still to be realised.

Departmental secretaries' observations about staff in ICCs

3.49 Departmental secretaries observed that staff operating in ICCs should be fully supported and that there was a need to bed down the arrangements and to provide ICCs with sufficient time to meet their objectives.

Staff roles in an ICC

3.50 Within an individual ICC staff perform a variety of roles including:

- departmental programme administration;
- a solution brokering role where staff seek to bridge local needs (as identified by ICC staff) and the various programmes that their own departments administer; and
- ICC specific staff responsible for planning and communicating with Indigenous communities.

Department of Health and Ageing (DoHA) solution broker role

DoHA has developed guidelines to be used as a tool by health solution brokers. Primarily the guidelines are targeted towards new solution brokers and aim to give an overview of the Department, the Indigenous Affairs Arrangements, core policy documents, the solution broker role and the development of SRAs and RPAs. DoHA also brings its solution brokers together as a group several times a year to help equip them for their role.

3.51 Some staff in ICCs can play both a solution brokering and a programme administration role. In discussions with ICC managers regarding these arrangements it was commented that:

- the role of the ICC manager is to influence the staff of departments present in the ICC (the ICC manager retains no direct authority over such staff)⁶⁵;
- the success of the solution broker role relies heavily on the quality of the particular staff member;

⁶⁵ The FaCSIA evaluation of ICCs noted the negative effect of the tension created by these conflicting accountability requirements, whereby line agency staff considered their prime responsibility was to their departmental manager.

- there can be a tendency for officers in the solution broker role to drift towards doing programme administration;
- solution brokers see themselves as being accountable to their home departments; and
- ICC managers can spend a considerable amount of time chasing up solution brokers to elicit their involvement.

3.52 The SGIA is examining the role of solution brokers to clarify how they are to operate in support of the ICC model. FaCSIA has developed a protocol for the resolution of administrative disagreements which can occur at the ICC level and has conducted an evaluation of ICC operations.

3.53 The general comment made regarding the performance of the ICCs from a whole of government perspective was that their performance was mixed. This comment came from both managers in Australian Government departments operating at the State level, and from State Government managers whose departments had dealings with ICCs. A comment made by the staff of State Government agencies was that it was difficult under the ICC arrangements to know who had authority for what, and who could make decisions on particular matters. This is where a more formal structure would provide clarity for ICC staff as well as stakeholders. In other parts of this audit, reference is made to the difficulties that continue to exist in agreements with Indigenous communities and service providers that contain separate requirements from a number of different departments. Other review work⁶⁶ has referred to the continuation of multiple consultations and complex administration.

ICC action plans

3.54 In the ICCs visited in Western Australia, Queensland and the Northern Territory as part of the audit each had a regional whole of government action plan for the current year. These plans were at different stages of development. Typically a plan would include:

- a statement of the Ministerial Task Force priorities;
- an overview of the region; and
- a listing of whole of government actions, their timeframes, tools to achieve outcomes, partners and performance indicators.

⁶⁶ PricewaterhouseCoopers, February 2007, *Living in the Sunburnt Country*, Indigenous Housing: Findings of the Review of the Community Housing and Infrastructure Programme, (pages 14 to 17).

3.55 These plans provide a basis for introducing more system into the operation of ICCs and their whole of government actions.

Joint funding

3.56 Whole of government work implicitly focuses attention on identifying the resources required, where they are to be sourced, how they are to be managed, and how expenditure is to be monitored and reported so as to optimise outlays. Effective collaboration resulting in the joint funding of initiatives is essential to whole of government work.

3.57 Flexible funding arrangements that are responsive to the needs of Indigenous communities and adhere to standards of public accountability are important elements of whole of government work.

3.58 The ANAO considered the range of funding approaches that staff within ICCs can use to fund Indigenous services including:

- electronic submission (eSub) programme arrangements;
- Indigenous-specific programmes; and
- Shared Responsibility Agreements (SRAs) with Indigenous communities including through the flexible funding pool.

eSub programme arrangements

3.59 Many of the former ATSIC programmes that were submission based grant programmes continue to be administered using the eSub arrangements by departmental staff carrying out programme administration within ICCs. The eSub is an electronic funding submission form that enables Indigenous community organisations to complete a funding application when requesting funding for single or multiple projects or from more than one department.⁶⁷ Programme funding guidelines are provided by each department and must be addressed individually in the submission. Departments which did not receive any of the former ATSIC programmes, such as DEST, do not participate in the eSub arrangements.

3.60 In 2006–07, eSub programmes accounted for around \$1 billion of estimated Indigenous expenditure.

3.61 At the time of each eSub funding round, ICCs undertake a round table consideration of the submissions provided under different programmes. As

⁶⁷ <www.Indigenous.gov.au/eSub/PublicPages>.

part of the round table there is a sharing of information regarding funding, records and risks. The aim of the Joint Risk Appraisal carried out at the initial round table discussion in the ICC is to establish a common understanding of applicants, and the interrelationship of funding applications across programmes and departments. The appraisal is guided by FaCSIA's common round funding procedures manual which is updated annually and includes factors to consider in identifying risk, such as the organisation's past performance, capacity and governance arrangements. The type and frequency of monitoring is recommended during the Joint Risk Appraisal process and is based on relative risk and available resources.

3.62 The Joint Risk Appraisal is followed by a *detailed agency assessment of submissions and decision making processes* stage. During this stage, departments, which have ownership of the particular programme from which funding is being sought, carry out an individual assessment of whether programme guidelines are satisfied and a further risk assessment that directly reflects the line departments interests and risk criteria. The line department at this stage, in isolation, decides whether or not to approve the funding application based on their individual assessment.

3.63 FaCSIA's 2005–06 review of the *Common Funding Round for Indigenous programmes* acknowledged this contradiction and attempted to integrate whole of government processes with individual programme and agency assessment processes. This included suggested improvements to business processes by revising the Joint Risk Appraisal and round table processes to ensure that the information produced was useful for delegates when undertaking their separate departmental programme guideline and risk assessments. Potentially, this approach would better align individual departmental assessment processes and whole of government processes within ICCs.

3.64 The OIPC commissioned evaluation of 'red tape' in Indigenous communities commented that reporting requirements are one way that risk can be monitored. The evaluation highlighted that red tape is imposed on funded organisations when reporting requirements do not reflect the risk that needs to be monitored and are more onerous than the risk warrants.⁶⁸

3.65 Efficient eSub business processes are also hindered by departmental differences in programme guidelines, the timing of funding rounds and the

⁶⁸ Morgan Disney & Associates Pty Ltd, May 2006, *A Red Tape Evaluation in Selected Indigenous Communities*, p. 61.

level of delegated decision-making which can ultimately result in delays to approve funding submissions.

3.66 Typically a funding agreement under eSub would include an overarching letter⁶⁹ executed by the Australian Government (the ICC manager) and the grant recipient and schedules that relate to particular programmes under which funding is provided. Each schedule contains separate information on the different programmes involved and covers: the programme; activity; funding and payment; performance information; financial reporting; compliance with laws and policies; and contact officers.

3.67 While there is one funding agreement, effectively the agreement works just like separate agreements with each department. As described in paragraph 3.59, each department/programme stipulates its own requirements.

3.68 The eSub process requires considerable development before it can sufficiently support whole of government collaboration in Indigenous affairs. Any re-design should aim to reduce administrative inefficiencies and the burden of red tape on funded organisations.⁷⁰

Indigenous-specific programmes

3.69 In addition to these programmes that are funded through the eSub process, other Australian Government departments may be providing funding to these same Indigenous communities or third party service providers through Indigenous-specific programmes managed in ICCs. As noted in para 3.48 less than half of Indigenous-specific programmes (41%) are being delivered through ICCs.

3.70 The administration of one of DEST's largest Indigenous-specific programmes—Whole of School Intervention Strategy (WoSI)—through the ICC network is a good illustration of the benefits of local level collaboration.

⁶⁹ If an Indigenous community organisation receives funding from a number of Australian Government agencies, each funded activity will be covered by a separate Schedule. The Programme Funding Agreement is a contract between the Indigenous community organisation and each of the Australian Government agencies providing the funding. The General Terms and Conditions are the same for all the funding received by the Indigenous community organisation under this Programme Funding Agreement with agency specific funding terms covered in the Schedules.

⁷⁰ The OIPC commissioned evaluation of red tape in Indigenous communities found that many of the longer term concerns regarding the submission based grants process continue to be evident.

Features

DEST has re-located all of its District Office staff into ICCs.

One of the functions of these staff is to manage one of DEST's Indigenous-specific programmes—Whole of School Intervention Strategy (WoSI). A DEST staff member in a regional ICC commented that having a national programme such as WoSI managed in the ICC network provided an opportunity to:

- more effectively link SRAs with a major departmental programme; and
- build links with other programme activity such as CDEP, managed by DEWR, and also relevant programmes delivered by State Government departments.

Shared Responsibility Agreements (SRAs)

3.71 New approaches to the administration of Indigenous affairs include a focus on the way Indigenous communities are involved in solving the problems that confront them. Sharing responsibility and working in partnership across governments and communities has become central to the IAAs.

3.72 One of the vehicles for engaging with Indigenous Australians at the community level is the use of Shared Responsibility Agreements (SRAs).⁷¹ SRAs are an avenue to invest additional resources in a community to meet either short or long term needs identified by that community. SRAs do not fund essential services in communities, which continue to be funded as normal services and programmes.

3.73 Once the SRA is fully scoped it is jointly drafted with the community and other stakeholders. Subsequently, OIPC reviews the SRA against government guidelines for approval at Central Office. An overarching agreement is then signed with the community. Individual Australian Government representatives in the ICC are responsible for ensuring that their department's contribution is agreed with their State manager or other senior management.⁷² The development of individual schedules to the overarching agreement with timelines, and reporting and acquittal procedures is similar to that outlined previously in the eSub process.

⁷¹ SRAs are voluntary agreements developed with Indigenous people by the Australian Government to address specific priorities that have been identified within individual communities. They set out the responsibilities of the parties involved, the outcomes to be achieved and milestones for measuring progress. Each SRA is unique and can include a range of other signatories such as State/Territory governments, commercial entities and not-for-profit groups.

⁷² This may vary depending on which Australian Government departments are involved in the SRA as some departments have devolved delegations to staff in ICCs while others maintain delegations with their State Office or in some circumstances with their National Office.

3.74 Other approaches to developing agreements with Indigenous communities have also been developed. The approach adopted during the Murdi Paaki COAG trial is summarised below.

An alternate SRA approach

In the Murdi Paaki COAG trial, the Murdi Paaki Action Team— DEST, FaCSIA and the NSW Departments of Education and Training (DET) and Aboriginal Affairs (DAA)—was responsible for working with Indigenous communities to develop responses to locally identified priorities, predominately through SRAs. This cross jurisdictional structure was able to effectively harness government action, at all levels, in the creation of locally developed SRAs.

The Action Team also worked with the Indigenous communities of Murdi Paaki to enhance their leadership and governance skills, to better enable them to effectively engage with governments, through SRAs.

3.75 At 13 March 2007, the Australian Government’s contribution to the 212 (approximate) SRAs⁷³ in place was in excess of \$50 million. See Appendix 5 for detailed information on SRAs.

The flexible funding pool (FFP)

3.76 The FFP was initially established in the context of the COAG trials at a cost of \$3 million in 2003–04 and \$3 million in 2004–05. Funds were held in the then Department of Immigration, Multicultural and Indigenous Affairs (DIMIA) and used by the Indigenous Communities Coordination Taskforce (ICCT) to progress activity across agencies and with the eight COAG communities.

3.77 The FFP had two functions:

- to build the capacity of participating communities in COAG trials; and
- to act as a potential source of funding for cross-portfolio activities not easily accommodated within one particular portfolio.

3.78 Following the COAG trials, the FFP continued and was conceptualised as a single outcome involving contributions from a number of agencies. In the context of the 2005–06 Budget, the *cross-portfolio Indigenous flexible funding arrangements* measure was absorbed into the *Shared Responsibility Agreements (SRA) and Community Engagement–Implementation Assistance programme 2005–06*.

3.79 In the 2006–07 federal Budget, Minister Brough announced that:

⁷³ DEST has advised that to date 26 SRAs have been entered into in the Murdi Paaki region—one of the COAG trial sites. These SRAs represent some 54% of all SRAs signed in NSW to date and represent tangible projects aimed at improving social and economic outcomes.

- a minimum of \$75 million over four years will be contributed by agencies to SRA/RPA development and implementation from existing programmes (including mainstream programmes).

3.80 The designated funds are managed within existing agency budgetary arrangements.

3.81 In addition, the 2006–07 Budget included an SRA Implementation Assistance Programme (managed by OIPC in FaCSIA) with funding of \$85.9 million over four years for SRA development and SRA priorities that do not fall easily into individual government department's responsibilities.⁷⁴

3.82 There is no public reporting of the outcomes of either the Shared Responsibility Agreements (SRA) and Community Engagement–Implementation Assistance Programme or the SRA Implementation Assistance Programme. There would be benefit in analysing the results of both arrangements against their intended objectives to determine the relative merits of these approaches in improving outcomes for Indigenous communities.

An approach to jointly funding services for Indigenous people

3.83 One of the principal concerns that has arisen to date in the case of SRAs is the lack of a straightforward way in which joint funding arrangements could be managed. With the advent of larger, more complex joint projects and a greater emphasis on a whole of government approach there are likely to be larger financial contributions involved. In discussions regarding SRAs it was observed:

- there can be a considerable time period during which an SRA is developed (the complexity of the negotiation and approval process);
- for each department, individual SRAs are only a small part of their overall programme expenditures;
- in relative terms, SRAs involve greater administrative overheads than normal programme expenditures (to some extent this is a function of each SRA being individually tailored and negotiated); and
- the impact on communities managing their SRA responsibilities—for example, if five government departments are signatory to an SRA, individual departmental schedules are attached to the cover document each with its own reporting, monitoring and acquittal requirements. This

⁷⁴ *Budget 06–Indigenous Affairs.*

can result in a community developing five separate financial and performance monitoring reports for the one project.

3.84 At the time of the audit there was no one preferred method for undertaking joint funding arrangements. In some SRAs there had been multiple agreements based on individual departments' contributions.

3.85 One of the findings of the FaCSIA commissioned ICC Evaluation Report highlights the risk to whole of government operations of not having an agreed approach to the joint funding of SRAs:

To overcome the barrier of obtaining multiple agency approvals, many ICCs have adopted the approach of developing smaller SRAs in terms of dollar value, number of signatories and issues to be addressed. This approach may come at the cost of developing a true whole of government response.⁷⁵

3.86 In interviews with the ANAO during the course of the audit departmental officers made the following comments regarding joint projects:

- there was a need for a lead⁷⁶ to be provided by a principal department to guide the development of a jointly funded project;
- there are concerns regarding what arrangements would be allowed by the Department of Finance and Administration;
- the additional cost of administering these joint arrangements for relatively small amounts may not represent value for money;
- it was a matter of considering which arrangements worked best on a case by case basis;
- departments preferred arrangements under which they retained control over resources; and
- there was a concern that using particular mechanisms would open departments to criticism by the ANAO in legislative compliance audits.

3.87 Under the Outcomes/Outputs framework that the Australian Government has adopted there is scope for the introduction of a shared outcome for particular whole of government joint projects relating to Indigenous services. At the time of the audit there had not been established a shared outcome related to Indigenous affairs.

⁷⁵ Department of Families, Community Services and Indigenous Affairs, June 2007, *ICC Evaluation—Final Report*, p. 33.

⁷⁶ This reflects overseas practice—see Chapter 5 Overseas Experience.

3.88 Chapter 5—Overseas Experience, provides an example from the United Kingdom (UK) on approaches to working arrangements that require the input of more than one department and how these joint arrangements are measured and reported on. Briefly, Surestart is the UK Government’s programme for delivering the best start in life for every child in the UK by integrating early education, childcare, health and family support. It requires the input of two agencies which jointly develop Surestart targets and measures. Annually both agencies report on their performance against these joint targets.

3.89 At this stage in Australia, departments delivering Indigenous services are generally taking an individual approach to consideration of flexible funding arrangements rather than a whole of government approach. Nevertheless, it is clear that a lead needs to be provided to departments to allow them to adopt more innovative ways to allow for the smooth operation of joint arrangements such as SRAs.

3.90 In *Connecting Government*⁷⁷ it was commented:

The existing outcomes and outputs budget framework has the flexibility to provide appropriate budget and accountability arrangements for whole of government projects.

3.91 The ANAO considers that there is benefit in having a lead agency guide any joint project that is large and complex. Options that could assist in providing flexible funding arrangements include:

- other contributing departments could establish a direct debit/invoicing arrangement with the lead agency;
- the lead agency could access the funds of other contributing departments through third party drawing rights; and
- establish a central account, using a new Special Account hosted by one department, accessible to all relevant departments for deposits and withdrawals.

3.92 The approach chosen will be influenced by the nature of the project involved and may change over time. In the case of SRAs where there are many, relatively small projects that take some time to put in place, there may be merit in considering a Special Account that would be specifically used for funding SRAs. This would provide a formal, ongoing method of departments contributing funds towards particular SRAs. The conditions applying to access,

⁷⁷ Management Advisory Committee (MAC), 4, op. cit, p. 75.

use, accounting and reporting on funds would require careful consideration to ensure that it complied with legislative requirements, as well as ensuring that there is appropriate accountability.

3.93 The ANAO considers that funding options could be more flexible and better tailored to meet the needs of Indigenous communities while meeting the accountability requirements of the financial framework. The use of already available options would improve on-going collaborative funding arrangements between Australian Government departments.

Special Account used for the Northern Territory Emergency Response

3.94 As part of the Northern Territory Emergency Response announced in June 2007, the Department of Finance and Administration (Finance) has, in consultation with the Department of Families, Community Services and Indigenous Affairs, and other agencies, developed arrangements similar to those raised by the ANAO in this report. These arrangements take the form of:

- a Special Account established under section 20(1) of the FMA Act and provide a single funding pool, managed by a lead agency, FaCSIA, from which funds will be disbursed on an as needed basis for nominated employment initiatives delivered by a range of Commonwealth agencies (Financial Management and Accountability Determination 2007/21 provides further detail). The *Northern Territory Flexible Funding Pool Special Account* came into effect on 21 September 2007.

3.95 Funds within the Special Account are notionally allocated to agencies responsible for initiatives, consistent with the Prime Minister's decision on specific initiatives. A committee of the Secretaries' Group on Indigenous Affairs has been established to monitor spending under the nominated initiatives and approve the reallocation of the notional allocation where funds are not fully utilised. The committee will also provide advice to government, through the lead agency, following consultation with relevant portfolio Secretaries, on the progress of the Special Account.

Funding and Governance Reform Strategy

3.96 Processes that reduce confusion and provide clarity around funding, outcomes and responsibilities should be encouraged. Where these processes become standardised there is the potential for costs to reduce and duplication to minimise.

3.97 Individually, departments have been working to reduce 'red tape' in Indigenous programme areas, for example, implementing multi-year funding

and procuring services on a value-for-money rather than an input basis. As departments undertook much of this work in isolation, a cross-agency working group on Indigenous Funding and Governance Reform was formed in December 2006 to bring better coordination and consistency to these reforms. The cross-agency working group has since developed a strategy, subsequently endorsed by the Secretaries' Group, to reduce 'red tape' and reform the funding and governance of Indigenous-specific programmes.

3.98 The 'Funding and Governance Reform/Red Tape Reduction Strategy' includes a work plan that briefly identifies 22 areas where reform is needed, under the following broad headings:

- procurement and contractual improvements;
- improved performance information and management;
- government sector reform—staff budgets, delegations, development and training;
- reform of the funded organisation sector; and
- asset management.

3.99 The top priority items for reform are multi-year funding, single funding agreements and matters related to performance reporting. There is an implementation target for solutions to these issues with biannual reporting to the Secretaries' Group on progress. Dates have not been specified, however, the ANAO has been advised the working group is expected to report back in October 2007.

3.100 Although the working group is developing a performance framework for monitoring performance of the reform agenda, the ANAO considers that there would be more assurance for stakeholders if target completion dates, the prioritisation of work plan items, and the timing of take-up by departments of solutions were articulated within the reform agenda.

3.101 Once policy and supporting tools have been developed by the working group, individual departments are expected to implement the reforms where and when practicable. Working group members are responsible for driving implementation of funding and governance reform in their departments in accord with funding cycles.

3.102 In this light there would be benefit in the Funding and Governance Reform working group developing an implementation strategy for the consideration of the Secretaries' Group that could be promulgated by

individual Secretaries within their departments, with clearly articulated accountabilities for its oversight and delivery. The strategy would, at a minimum, incorporate the following approaches:

- the identification of mechanisms to ensure there is a common understanding of the reform objectives, broad awareness of the reforms by relevant personnel within departments, the timetable for solutions, and the operational detail;
- timeframes for departments to take up particular reforms; and
- the clarification of circumstances in which departments could decide not to implement reforms, so that there is consistency of application across departments.

3.103 The Funding and Governance Reform/Red Tape Reduction Strategy does not explicitly refer to SRAs, or indicate how, when or to what extent, funding reforms might be applied to SRAs. Although SRAs only involve a small proportion of direct Australian Government Indigenous Expenditure funds, they represent a key policy initiative of the Government's Indigenous Affairs Arrangements. To ensure that the Government's objective to negotiate more comprehensive SRAs with Indigenous communities is realised, the Funding and Governance Reform/Red Tape Reduction Strategy could include the SRA funding process to facilitate the development of more comprehensive SRAs.

3.104 Further work is also required to provide departments with an appropriate framework, covering both funding agreements with service providers and internal government financial arrangements, to undertake effective joint service delivery arrangements. There is a substantial overhead with this type of work if there is not a standard, acceptable way of carrying it out. If the processes are not efficient, there will be pressure over time not to work in a whole of government manner.

Departmental resourcing of whole of government work

3.105 Whole of government work can be more resource intensive compared with single departmental delivery as it involves: a greater level of consultation with collaborating departments and levels of government; the need for several departments to undertake decision-making processes; and the need to determine appropriate mechanisms to implement proposals and administer them over time.

3.106 Each department has established a section within its National Office structure to manage its whole of government commitment.

3.107 The whole of government sections are responsible for developing policy to support departmental involvement in whole of government administrative arrangements including the support of staff in ICCs, developing strategies for engaging in Shared Responsibility Agreements and Regional Partnership Agreements and providing the main point of contact for departmental solution brokers working out of ICCs. In most cases, the sections are also responsible for coordinating on-going departmental participation in the COAG sites.

3.108 Two departments—DEST and DoHA—have created explicit mainstreaming units within their operations to work with other programme areas within the departments to improve Indigenous access to mainstream programmes. These units and their role are summarised below.

Mainstreaming area within DEST

The Indigenous Mainstreaming Taskforce (IMT) in DEST was established to develop and implement strategies to drive and accelerate engagement with the Indigenous Affairs Arrangements, particularly outside of the Department's Indigenous-specific programmes areas. It focussed on building staff awareness and whole of government culture, enhancing programme flexibility and a range of measures to imbed more active consideration of Indigenous outcomes in cross-departmental administrative structures and processes. The IMT established an Indigenous Flexible Funding Pool, sourced from mainstream programme allocations, to support SRAs and Indigenous whole of government initiatives. It also drove an Indigenous Outcomes Action Plan process to incorporate specific measures to improve contributions to Indigenous outcomes in the business plans of every major operating unit in the Department, examples of which include cross cultural awareness training, renewed focus on Indigenous outcomes in all major funding agreements, revised procedures for developing new policy proposals and for developing and clearing programme guidelines.

Mainstreaming section within DoHA

The Mainstream Access Section within the Office of Aboriginal and Torres Strait Islander Health (OATSIH) manages the relationship between the Indigenous Access Programme in Medicare Australia and the department. The Department of Health and Ageing entered into a funding agreement with Medicare Australia to support Medicare Liaison Officers to provide assistance to Aboriginal and Torres Strait Islander Health Services in relation to Medicare and health programmes run by the department. This work includes enrolling Indigenous clients with Medicare as well as assisting with queries on Medicare items and online claim processes.

3.109 In addition to its lead agency role, FaCSIA exercises its service delivery role through its mainstream and Indigenous-specific groups.

Mainstreaming areas within FaCSIA

The Indigenous Policy Section and Policy Advice Section within the Strategic Policy Branch in the Social Policy Group is responsible for working with FaCSIA programme managers to:

- progressively improve Indigenous service access and outcome strategies for FaCSIA's mainstream programmes—covering programmes both funded directly by FaCSIA and those delivered through State and Territory governments under specific purpose payments; and
- benchmark and annually monitor the access of Indigenous people to both FaCSIA's mainstream and targeted programmes.

The OIPC Group within FaCSIA is responsible for the whole of government approach to harnessing the mainstream. The Strategic Policy Branch ensures that FaCSIA's approach is consistent with the Australian Government's policy framework in this area.

At a governance level, the Indigenous Policy Forum, chaired by a Deputy Secretary with membership of the relevant Group Managers, drives FaCSIA's mainstreaming work.

Other arrangements

3.110 Australian Government departments and agencies have put in place a range of mechanisms to support whole of government work. This includes the quarterly meetings of the Secretaries' Group, the more frequent meetings of the SES Taskforce and the many working groups and forums that have been established to either develop policy and/or funding submissions or oversee implementation at the State and Territory levels. Whole of government work is time consuming and, as a consequence, involves additional resource costs. All stakeholders interviewed as part of this audit recognised the cost to their departments of implementing changed arrangements to delivering services to Indigenous Australians.

3.111 The complex nature of whole of government work requires dedicated resources to ensure that the necessary capabilities are developed within Australian Government departments within the short-term so that, over time, the whole of government effort in Indigenous affairs is able to be embedded within departments' standard operating environments.

4. Programme Design for Whole of Government Work

This chapter assesses the responsiveness of departmental programmes, both Indigenous-specific and mainstream, to the service needs of Indigenous Australians. The ANAO programme census, the ANAO manager survey and case studies provide the main sources of information for this chapter.

Departmental programmes and projects

4.1 The Australian Government's Indigenous Affairs Arrangements (IAAs) recognise that Indigenous communities and groups have particular priorities and needs.⁷⁸ One of the key principles underlying the Australian Government's approach to whole of government Indigenous service delivery is: *To respond flexibly to the particular circumstances of each community or region means moving away from treating programme guidelines as rigid rules.*⁷⁹

4.2 While it is too early to assess the impact of the changed IAAs, the ANAO considered that it was important to ascertain the steps departments were taking to ensure that their departmental operations incorporated the flexibility necessary to respond to the needs of Indigenous communities and regions.

4.3 The ANAO assessed departmental programmes and projects, provided by the four departments being audited, that address Indigenous disadvantage. These include:

- Indigenous-specific programmes;
- those mainstream programmes which departments consider have a significant Indigenous component;
- Shared Responsibility and Regional Partnership Agreements; and
- one-off whole of government projects.

4.4 To undertake this assessment, the ANAO examined the features of the IAAs including the Indigenous-specific and mainstream programmes with a significant Indigenous component. The examination aimed to identify where changes had been made to these programmes to facilitate whole of government

⁷⁸ Australian Government, op cit, p. 8.

⁷⁹ Australian Government, ibid, p. 9.

work including whether departmental programmes had sufficient flexibility to be able to respond to the needs of Indigenous communities and regions. To do this, the ANAO conducted a census of Indigenous-specific programmes and those mainstream programmes which departments considered had a significant Indigenous component. Ninety-three of the 95 programmes identified by departments completed the ANAO programme census—a response rate of 98 per cent.

4.5 The ANAO also conducted a manager survey to obtain the views of departmental managers concerning changes that had been made to programme guidelines enabling them to become more flexible to respond to the needs of Indigenous communities and regions.

4.6 Three case studies were carried out to supplement the census and survey work and to obtain practical examples of attempts by departments to respond flexibly to the needs of Indigenous communities and regions. The case studies were:

- the Northern Territory Integrated Youth Services Strategy;
- the Port Hedland Regional Partnership Agreement; and
- a selection of Whole of School Intervention (WoSI) projects.

Indigenous-specific programmes

4.7 Since the changes to ATSIC–ATSIS took effect in July 2004, all Indigenous-specific programmes and services have continued, and their delivery is being coordinated with other Indigenous programmes (for example, in education and health) that were already the responsibility of mainstream departments.⁸⁰

4.8 The machinery of government changes in 2004 resulted in the transfer of two significant ATSIC–ATSIS programmes:

- the Community Development Employment Projects (CDEP) programme⁸¹ transferred to DEWR; and
- the Community Housing and Infrastructure Programme (CHIP)⁸² transferred to FaCS, now FaCSIA.

⁸⁰ Australian Government, *ibid*, p. 26.

⁸¹ With an appropriation of \$574.4 million in the 2006–07 Budget.

⁸² With an appropriation of \$292 million in the 2006–07 Budget.

4.9 Reforms to these two programmes are presented in Appendix 2 in conjunction with other reform processes taking place in Indigenous affairs.

4.10 Table 4.1 provides a list of Indigenous-specific programmes supplied by the four departments for the programme census.

Table 4.1

Indigenous-specific programmes by department

Department	Indigenous-specific programmes
Education, Science and Training	ABSTUDY Community Festivals for Education Engagement Dare to Lead Indigenous Youth Leadership Programme Joint Indigenous Funding Pool Pathways to Employment Project Questacon: Indigenous Science and Technology Together Online Sporting Chance Programme Successful Learning in the Early Years of Schooling: the Indigenous Parent Factor Supplementary Recurrent Assistance The Accelerated Literacy Project The Indigenous Youth Mobility Programme VET Infrastructure for Indigenous People What Works Whole of School Intervention Strategy
Employment and Workplace Relations	Community Development Employment Projects programme Indigenous Employment Programme
Families, Community Services and Indigenous Affairs	Advancement of Rights to Land and Sea Community Housing and Infrastructure Programme Expansion of Home Ownership on Indigenous Land Family and Community Network Initiative Family Violence Partnership Programme Family Violence Regional Activities Programme Indigenous Children Programme Indigenous Community Leadership Indigenous Women's Development Programme SRA Implementation Assistance Programme Strategic Interventions Taskforce

Health and Ageing	Aboriginal and Torres Strait Islander Flexible Aged Care Programme Aboriginal and Torres Strait Islander Health MBS Item for Indigenous Health Check for Aboriginal and Torres Strait Islander people aged 15 to 54 years NHMRC Tough on Drugs–Indigenous Community Initiative Youth Wellbeing Project
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Source: ANAO programme census.

Mainstream programmes

4.11 The Australian Government also wants Indigenous Australians to get full value from ‘mainstream’ programmes—that is, programmes and services delivered by governments for all Australians.

4.12 An important element of the changed arrangements for delivering services to Indigenous Australians is termed ‘harnessing the mainstream’. The Australian Government recognises that Indigenous programmes alone cannot eliminate Indigenous disadvantage and that Indigenous people must also have effective access to and outcomes from mainstream programmes.⁸³

4.13 The access of Indigenous people to mainstream programmes has been raised in numerous government reports, for example, the 2001 Commonwealth Grants Commission report on Indigenous Funding commented that:

It is clear from all available evidence that mainstream services do not meet the needs of Indigenous people to the same extent as they meet the needs of non-Indigenous people. In general, Indigenous people experience greater disadvantage and have greater needs than non-Indigenous people and, for geographic, economic and cultural reasons, mainstream services are less accessible to them.⁸⁴

4.14 The 2001 report by the Grants Commission also commented on the low uptake of mainstream services by Indigenous people and pointed to a number of barriers to access, including that some mainstream services are planned and delivered to meet the requirement of the most common users and do not allow sufficiently for the extreme disadvantage and special needs of Indigenous people.⁸⁵

⁸³ Australian Government, op cit, p. 5.

⁸⁴ Commonwealth Grants Commission, 2001, *Report on Indigenous Funding*, p. 43.

⁸⁵ Commonwealth Grants Commission, ibid.

4.15 To achieve effective access to, and outcomes from, mainstream programmes requires considerable effort from Australian Government departments and agencies. Flexibility within the design and delivery of individual mainstream programmes and services is essential to ensuring that government programmes can effectively respond to the identified interests of Indigenous clients. Reviewing and revising mainstream programmes to imbed this capacity is likely to take some considerable time.

Specific Purpose Payments (SPPs)

4.16 The needs of Indigenous people are met by funds from a range of sources, including:

- direct Australian Government funding—Indigenous-specific programmes;
- Australian Government mainstream programmes—involving direct payments to individuals and/or through specific purpose payments (SPPs) to the States or local government;
- State and local government Indigenous-specific and mainstream programmes funded from their own revenues and general revenue assistance from the Australian Government.

4.17 These arrangements between the three tiers of government are complex and have implications for programme design, funding and service delivery.⁸⁶

4.18 The Australian Government provides SPPs to the States and Territories to be spent in accordance with specified conditions. Australian Government funding of mainstream health, education and housing services delivered by State and Territory Governments amounts to over \$20 billion per year.⁸⁷ This includes Australian Health Care Agreements, grants for schools and the Commonwealth–State Housing Agreement. These payments are complemented by Australian Government own purpose outlays in Indigenous primary health, education and Indigenous housing.

4.19 The SES Taskforce with the assistance of Treasury prepared a range of recommendations for the Secretaries' Group on how best to leverage better outcomes for Indigenous people from the negotiation or renegotiation of SPPs with the States and Territories. This includes the specification of clear,

⁸⁶ Commonwealth Grants Commission, *ibid.*

⁸⁷ Australian Government SPP funding to and through the States and Territories is estimated to be \$27.8 billion in 2006–07.

measurable and achievable outcomes over the term of the SPP agreement supported by improved and reliable performance data.

4.20 Table 4.2 provides a list of mainstream programmes with a significant Indigenous component supplied by the four departments for the ANAO programme census.

Table 4.2

Mainstream programmes with a significant Indigenous component by department

Department	Mainstream programmes with a significant Indigenous component ⁸⁸
Education, Science and Training	Adult Literacy National Project Assistance for Isolated Children Scheme Australian Apprenticeships Access Programme Australian Apprenticeships Centres Australian Government Quality Teacher Programme Australian Postgraduate Awards Australian Students Prize Australian Technical Colleges Boosting Innovation in Science, Technology and Mathematics Teaching Programme Capital Development Pool Capital Grants Programme Career Planning Programme Commonwealth Grant Scheme Commonwealth History Project Commonwealth State Agreement for Skilling Australia's Workforce Country Areas Programme FEE-HELP General Recurrent Grants Programme Group Training Australian Apprenticeships Targeted Initiatives Programme Group Training in the Trades Programme Higher Education Loan Programme Institutional Grants Scheme Investing in our Schools Language, Literacy and Numeracy Programme Literacy, Numeracy and Special Learning Needs Local Community Partnerships National School Drug Education Strategy, Indigenous, Rural and Remote Initiative

⁸⁸ In the responses to the programme census, 19 programmes did not identify as either Indigenous-specific or mainstream with a significant Indigenous component. For the purposes of this report these programme responses have been included in the latter category.

Department	Mainstream programmes with a significant Indigenous component
	Non-Government School Term Hostels Programme Partnership Outreach Education Model Quality Outcomes Programme Reading Assistance Voucher Programme Regional Protection Scheme Research Infrastructure Block Grants Scheme Research Training Scheme School Languages Programme Structured Workplace Learning Programme Success for Boys Support for Small Businesses on Regional University Campuses Programme The Endeavour Programme The Le@rning Federation: Schools Online Curriculum Content Initiative Values Education Programme Workplace English Language and Literacy Youth Pathways
Employment and Workplace Relations	Job Network Services
Families, Community Services and Indigenous Affairs	Communities for Children Community Support Payments Early Childhood Invest to Grow Inclusion and Professional Support Programme Reconnect Youthlink
Health and Ageing	Building Healthy Communities in Remote Australia Initiative Community Service Obligations Component of the Australian Government Hearing Services Programme Investment in Preventive Health (Environmental Health) National Rural Primary Health Projects Non-Government Organisations Treatment Grants Programme Regional Health Services Sharing Health Care Initiative Special Arrangements for the Supply of Pharmaceutical Benefits Scheme Medicines to Clients of Eligible Approved Remote Area Aboriginal Health Services under the Provisions of Section 100 of the <i>National Health Act 1953</i> The National Suicide Prevention Strategy

Source: ANAO programme census.

4.21 There is a range of mainstream programmes that have particular application for Indigenous Australians. For example, the Department of Health

and Ageing is to introduce five community health brokerage services in selected urban and regional areas. These services will give Indigenous Australians choice as to where they can access health care by brokering culturally appropriate mainstream services and so better meet local Indigenous communities' health needs. Examples of other mainstream health programmes which include Indigenous-specific initiatives are provided below.

Other health initiatives related to mainstream programmes include:

- Indigenous-specific Medical Benefits Schedule items for: adult health checks and diabetes testing; and health checks for Indigenous children; and
- recognition of Aboriginal and Torres Strait Islander health workers in the Medical Benefits Schedule for wound management and immunisation.

4.22 The Department of Employment and Workplace Relations drew attention to the support provided to Indigenous Australians under the mainstream programme, Job Network.

Based on the work undertaken by its contracted service providers, DEWR noted that:

- Indigenous Australians represent approximately 12 per cent of job seekers receiving Intensive Support services⁸⁹; and
- thirteen per cent of services provided to support eligible job seekers under the Job Seeker Account⁹⁰ were directed to Indigenous Australians.

Shared Responsibility and Regional Partnership Agreements

4.23 Agreement making with Indigenous communities is a feature introduced by the IAAs. The Australian Government expects the needs and priorities of Indigenous people to be placed at the centre of the design of these agreements, which are individually tailored and embody flexibility and responsiveness to local circumstances.

4.24 Shared responsibility is a basic principle within the IAAs. It is being put into action through two types of Agreements:

- Shared Responsibility Agreements (SRAs); and
- Regional Partnership Agreements (RPAs).

⁸⁹ If after three months a job seeker has still not found work, the Job Network member will use more resources to help the job seeker find a job. Intensive Support services include one-to-one assistance and a range of additional services to help a job seeker get and keep a job.

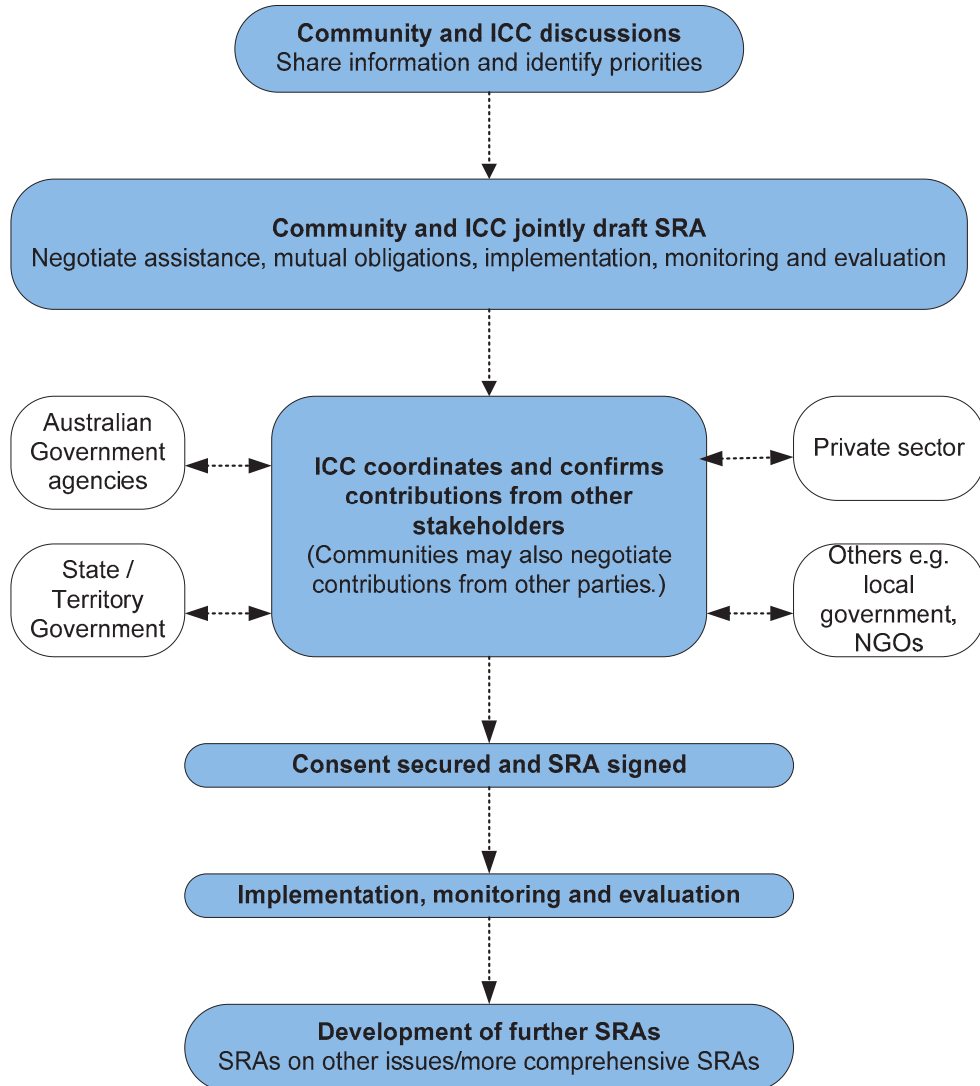
⁹⁰ One of the Intensive Support services that a Job Network member can provide is a Job Seeker Account. This helps cover some of the job seekers' costs involved with job searching. For example, the Job Network member may help with the fares to attend a job interview, or to purchase special clothing or equipment for a job before the job starts.

Shared Responsibility Agreements (SRAs)

4.25 The following figure outlines the SRA process.

Figure 4.1

The SRA process



Source: Australian Government, August 2006, *Indigenous Affairs Arrangements*, p. 33.

Regional Partnership Agreements (RPAs)

4.26 Through ICCs, the Australian Government is consulting with Indigenous communities and State/Territory Governments about regional solutions to regional needs. RPAs are negotiated to coordinate government

services and deliver initiatives across several communities in a region and are a means of eliminating overlaps or gaps and promoting collaborative effort to meet identified regional needs and priorities. They may also involve industry and non-government organisations.⁹¹

4.27 RPAs also build on the work set out and agreed to in the bilateral agreements on Indigenous affairs between the Australian Government and individual State and Territory Governments. To date, three RPAs have been signed with further RPAs under development.

One-off whole of government projects

4.28 As part of the changed approach to Indigenous service delivery arrangements, the Government sought to present a more coordinated face to service providers and communities. One-off whole of government projects provide the opportunity for a co-ordinated government response to particular issues which affect Indigenous people generally or within a region. Through the programme census, the ANAO sought information on instances where departments were able to work together through existing programme structures and use one funding agreement with a service provider to provide a coordinated response to a particular issue, for example petrol sniffing.

4.29 Information gathered through the programme census was supplemented by a practical example supplied by one of the ANAO case studies—the Northern Territory Integrated Youth Services Strategy. The Strategy was a component of the coordinated response to the levels of petrol sniffing reported in Indigenous communities in Central Australia.

Programme census information

4.30 The programme census asked whether there were instances within particular programmes of departments working together with other departments to use one funding agreement or contract with a community body or similar organisation. Responses indicated that this had occurred for about one third of Indigenous-specific programmes (36%) and for five per cent of mainstream programmes with a significant Indigenous component.

Case study

4.31 Departments have been implementing new arrangements related to particular whole of government projects. The status of the Northern Territory Integrated Youth Services Project is provided below.

⁹¹ Australian Government, op. cit, p. 40.

Northern Territory Integrated Youth Services Project

As part of the 2006–07 Budget and from programme funding, \$11.9 million was provided as part of the Government's petrol sniffing initiative for a Northern Territory Integrated Youth Services Project. This project involves three funding departments, FaCSIA, DEST, and the Attorney-General's Department as well as DoHA—the overall lead for the petrol sniffing initiative. The Project aims to deliver a youth service that will engage young Indigenous people aged 5 to 25 years with community, family, education and employment. The service is to be provided at four Central Desert communities at Finke, Imanpa, Mutitjulu and Docker River. At each of the four communities it is proposed there be:

- one male and one female permanent youth worker, each with previous youth work or remote community experience of at least 12 months;
- one male and one female local Anangu youth worker from within the relevant community to be trained to assist with service delivery;
- one male and one female local Anangu youth worker / administrative officer trainee; and
- up to four local Anangu CDEP participants to be trained as youth and administration support workers.

In addition there will be an operations manager, four relief/outreach youth workers and a personal assistant based in Alice Springs. An outreach education coordinator and support staff will be based in an appropriate location to enable the services to be delivered.

Features of the process thus far that have demonstrated the ability of the departments to work collaboratively include:

- one tender process was undertaken for all the elements to be funded by the three funding departments;
- the lead agency for the project is FaCSIA;
- the four departments were involved in the assessment of the responses to the tender;
- a single funding agreement has been negotiated with the successful tenderer under which the funds from the three departments would be made available; and
- from the service provider's point of view it will be dealing with FaCSIA for the Australian Government, although there may be elements of the services that it deals more specifically with individual departments (for example with DEST relating to education matters). The provider will also need to include in certain documents (e.g. achievement/status reports and Youth Activity Plans) a separate section on the outreach education service in respect of DEST funding.

Case study findings

4.32 There has been a considerable amount of joint work over a six month period by the departments concerned to get to this stage. The financial arrangements underpinning the agreement involve a number of complex arrangements between the three contributing departments. The progress that has been made in this case to date illustrates the considerable effort required to make whole of government projects work. A formal Memorandum of Understanding (MoU) was signed by the three funding departments in April 2007.

Examples of single funding arrangements involving multiple agencies

4.33 In its response to the census relating to departmental programmes, DoHA referred to its development of Service Development Reporting

Frameworks (SDRF). These were developed in response to multiple funding agreements between Indigenous health organisations and the Office of Aboriginal and Torres Strait Islander Health (OATSIH). Under the SDRF service providers are required to develop a single, holistic action plan for all the funds provided through OATSIH, develop performance measures in relation to major activities and report against them in one consolidated report. This approach replaced multiple programme allocations and reporting processes that have developed over time in response to specific issues.

4.34 A further example of an approach to integrating contractual arrangements is provided in Chapter 5—Overseas Experience. New Zealand’s Family and Community Services agency has developed an integrated contracts toolkit to help government departments ‘join up’ their contracts for service delivery when they fund the same service provider. This means that the service provider does not have to negotiate multiple contracts with the different funding departments or write multiple reports.

4.35 The approach taken with the SDRF and the New Zealand experience provide useful examples of how departments could go about reducing the administrative burden on service providers. This type of consolidation of programme administration is one of the key methods that could be employed to improve the arrangements under which services are delivered to Indigenous Australians.

Programme capacity to respond flexibly to the needs of Indigenous communities and regions

4.36 An important Australian Government principle underpinning the IAAs concerns programme design, ensuring that Indigenous-specific and mainstream programmes were sufficiently flexible to respond to the identified needs of Indigenous clients:

To respond flexibly to the particular circumstances of each community or region means moving away from treating programme guidelines as rigid rules.⁹²

they will be revised if they prevent innovation or fail to meet local needs.⁹³

⁹² The Australian Government, op. cit.

⁹³ The Australian Government, ibid.

4.37 The ANAO examined, through its programme census, manager survey and case study work, five key areas within existing programme arrangements:

- programme response to Indigenous needs;
- flexibility to modify programmes to respond to Indigenous needs;
- Indigenous involvement in programme design, implementation and delivery;
- processes of reviewing and revising programme guidelines; and
- programme guidelines—capacity to innovate.

Programme response to Indigenous needs

4.38 The Australian Government's Indigenous Affairs Arrangements recognise that Indigenous communities and groups have particular priorities and needs.⁹⁴

Programme census information

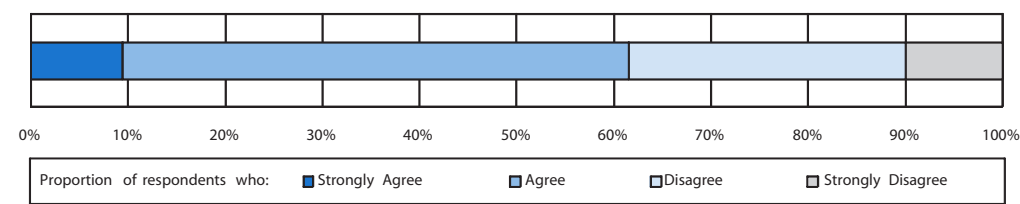
4.39 One of the questions asked in the ANAO programme census was: *Has your programme responded to specific Indigenous regional need(s)?* Thirty-one (91%) Indigenous-specific programmes and 23 (59%) mainstream programmes with a significant Indigenous component indicated that they had responded to Indigenous regional need.

Manager survey results

4.40 The ANAO manager survey asked managers whether they agreed that they could modify their programme to account for the particular needs of local/regional Indigenous communities. Figure 4.2 shows that while 62 per cent of respondent managers agreed that they could modify their programme to account for the particular needs of local/regional Indigenous communities, almost 40 per cent of managers considered that they could not modify their programme for this purpose. This indicates that a substantial proportion of managers consider that their capacity to effectively implement the IAAs is limited.

⁹⁴ Australian Government, *ibid.*

Figure 4.2: Extent to which managers agree with the statement:
‘I can modify my programme to account for the particular needs of local/regional Indigenous communities.’



Source: ANAO manager survey

Case study

4.41 An example of an Indigenous-specific programme where flexibility promotes the capacity to respond to the needs of Indigenous communities/regions is the Community Development Employment Projects (CDEP) programme.

4.42 DEWR reported that CDEP activities can be linked with Shared Responsibility Agreements and Regional Partnership Agreements where appropriate.

4.43 The importance in having this type of flexibility in a large programme such as CDEP was evident in the ANAO case study of the Port Hedland Regional Partnership Agreement. The features of this agreement are illustrated below.

Port Hedland Regional Partnership Agreement

The Agreement aims to increase employment opportunities for Indigenous people in the Pilbara region of Western Australia.

Features:

One of the critical success features of the Agreement is the involvement of local organisations, including job placement organisations such as the Hedland CDEP and Pilbara Job Futures. These organisations play a key role in the overall Agreement planning framework by providing targeted training opportunities and pathways to employment for their Indigenous clients.

Flexibility to modify programmes to respond to Indigenous needs

4.44 The IAAs encourage new ways of working to improve the delivery of Indigenous services. Flexibility in the administration of Indigenous-specific and mainstream programmes with a significant Indigenous component is a key concept to ensuring service delivery is responsive to needs.

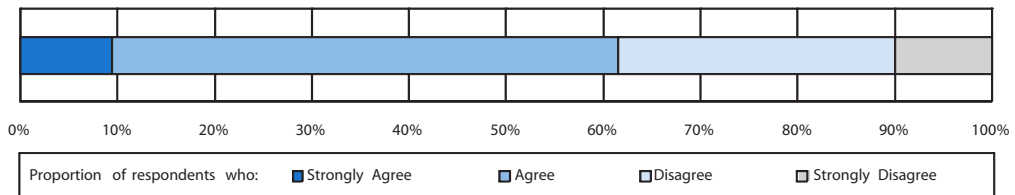
Programme census information

4.45 In light of this, the ANAO programme census asked: *Has this programme's guidelines become more flexible in any way since July 2004?* Seven (22%) Indigenous-specific programmes and 14 (36%) mainstream programmes with a significant Indigenous component were reported as making programme guidelines more flexible since July 2004.

Manager survey results

4.46 Figure 4.3 shows that around half (54%) of respondents to the ANAO manager survey considered that the IAAs have effectively encouraged flexibility in Indigenous service delivery in their programme area(s).

Figure 4.3: Extent to which managers agree with the statement: *'The IAAs have effectively encouraged flexibility in Indigenous service delivery in my programme area(s).'*



Source: ANAO manager survey

Responsive of mainstream programmes to Indigenous need

Departmental Secretaries' observations

4.47 Departmental Secretaries, interviewed during the audit, suggested that at this time there needs to be consolidation of changes made so far in Indigenous programmes, and there should be greater input from mainstream programmes as they take on more responsibility for providing services to Indigenous Australians.

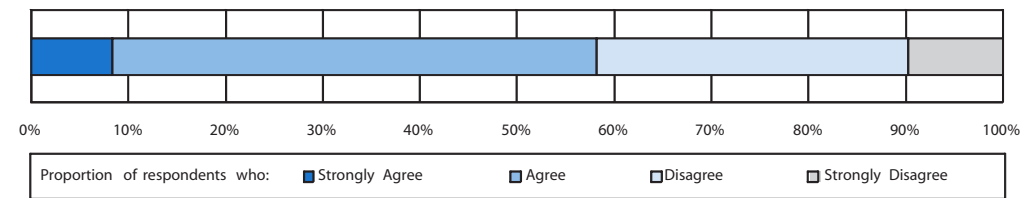
Manager survey results

4.48 The results of the ANAO manager survey suggest that more needs to be done in terms of increasing access of Indigenous Australians to mainstream programmes. Figure 4.4 shows that:

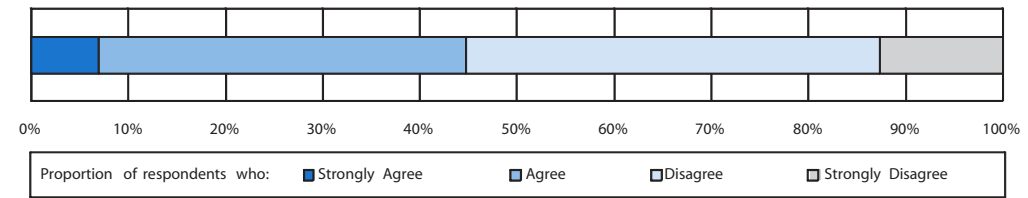
- fifty-eight per cent of respondents to the ANAO manager survey considered that information on Indigenous service delivery issues was effectively communicated across Indigenous and mainstream programmes administered by their Department;

- less than half (45%) of respondents agreed that Indigenous programmes are effectively linked with mainstream programmes administered by their Department; and
- around one-third (36%) of respondents agreed that the IAAs have provided Indigenous people with greater access to mainstream programmes.

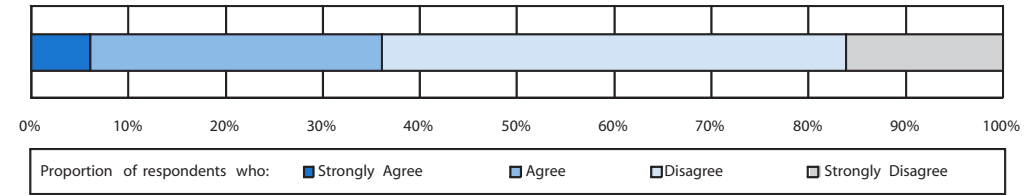
Figure 4.4: Extent to which managers agree with the statement:
‘Information on Indigenous service delivery issues is effectively communicated across Indigenous and mainstream programmes administered by my Department.’



‘Indigenous programmes are effectively linked with mainstream programmes administered by my Department.’



‘Overall, the IAAs have provided Indigenous people with greater access to mainstream programmes.’



Source: ANAO manager survey

Indigenous involvement in programme design, implementation and delivery

4.49 The IAAs recognise that:

to achieve lasting improvements will take time and require the sustained cooperative efforts by Indigenous people and governments at all levels.⁹⁵

⁹⁵ The Australian Government, *ibid.*

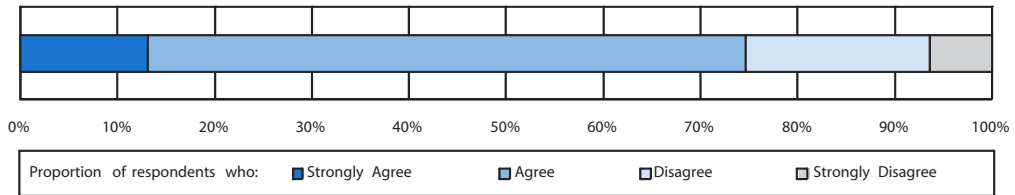
Programme census information

4.50 One of the questions asked in the ANAO programme census was: *Have Indigenous people had an input into the design, implementation or delivery of any aspect of this programme?* Twenty-nine (91%) Indigenous-specific programmes and 21 (54%) mainstream programmes with a significant Indigenous component indicated that Indigenous people had an input into the design, implementation or delivery of some aspect of their programme.

Manager survey results

4.51 From the ANAO manager survey around three-quarters of respondent managers indicated that the IAAs had encouraged consultation with Indigenous communities at the local and regional level (Figure 4.5).

Figure 4.5: Extent to which managers agree with the statement: *'The IAAs have encouraged consultation with Indigenous communities at the local and regional level.'*



Source: ANAO manager survey

4.52 The following example of Indigenous involvement was provided by one of DEST's Indigenous-specific programmes—the Indigenous Youth Mobility Programme (IYMP).

Features of an Indigenous-specific programme encouraging Indigenous involvement:

The Indigenous Youth Mobility Programme (IYMP) aims to provide over 600 Indigenous people aged 16–24 from remote areas with the opportunity to take up post secondary education and training options in major centres. Services provided through IYMP include Training and Employment Support Services (community liaison, career planning, guidance, mentoring, ongoing support to complete qualifications) and safe and supported accommodation through Aboriginal Hostels Limited.

As at December 2006, 100 per cent of the project officers who delivered the training and employment services were Indigenous. These officers led the local support teams in each location and designed all aspects of service delivery within parameters set out in the IYMP Guidelines and the Services Contract. Young Indigenous programme participants were provided the opportunity to input into its delivery through a national forum in 2006 which examined all aspects of the delivery of the IYMP. The forum produced a report which forms a blue print for how to get the delivery right in 2007. The Department (DEST) will continue the practice of inviting participants to each annual forum.

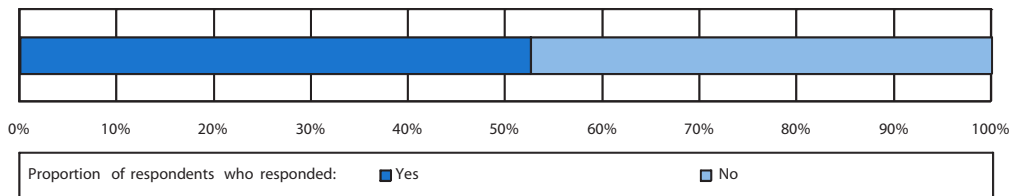
Processes of reviewing and revising programme guidelines

4.53 The systematic review and revision of programmes and their guidelines to remove rigidities is an important first step to ensure that programmes have the capacity to respond flexibly to community/regional needs.

Manager survey results

4.54 Figure 4.6 shows that slightly over half of respondents to the manager survey indicated that programme guidelines had been revised to respond to the particular circumstances of an Indigenous community or region.

Figure 4.6: ‘Has your programme area(s) revised programme guidelines to respond to the particular circumstances of an Indigenous community or region?’



Source: ANAO manager survey

4.55 The ANAO has been advised that FaCSIA is undertaking a review of its programmes. FaCSIA indicated:

It was going through a **programme simplification process** to simplify its appropriation and programme structure. The end objective is to have a smaller number of more flexible and clearly delineated programmes.

4.56 Re-designing programme structures in this way will require considerable ongoing effort by departments, as well as the ability to employ innovative approaches to reduce in number many of the individual programmes that have grown up over time. In response to the programme census DEWR indicated that it currently has two programmes that are Indigenous-specific. The other three departments reported that in total they had 34 programmes in this category.

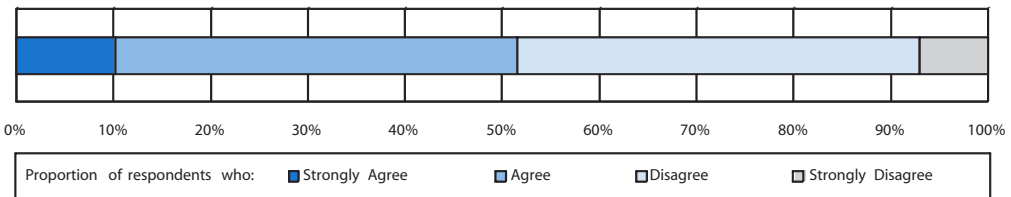
4.57 In discussions with one State agency as part of this audit it was commented that the particular agency had collapsed 11 programmes into one. The way in which this was done was to establish a high level objective for the programme, set down a number of strategies to be pursued, and have a menu of appropriate tools that could be drawn on depending on the particular circumstance.

Programme guidelines—capacity to innovate

4.58 An underlying concern of government is to improve programme performance—Indigenous-specific and mainstream—for Indigenous people. To improve performance it is important that departments encourage innovation in programme administration—both in design and delivery. In light of this, the ANAO programme census asked: *Have there been any whole of government innovations in this programme’s design or delivery since July 2004?* Ten (29%) Indigenous-specific programmes and three (8%) mainstream programmes with a significant Indigenous component indicated that there had been a whole of government innovation in programme design or delivery since July 2004.

4.59 Figure 4.7 shows that around half (52%) of respondents to the ANAO manager survey considered that the IAAs have effectively encouraged innovation in Indigenous service delivery in their programme area(s).

Figure 4.7: Extent to which managers agree with the statement: *‘The IAAs have effectively encouraged innovation in Indigenous service delivery in my programme area(s).’*



Source: ANAO manager survey

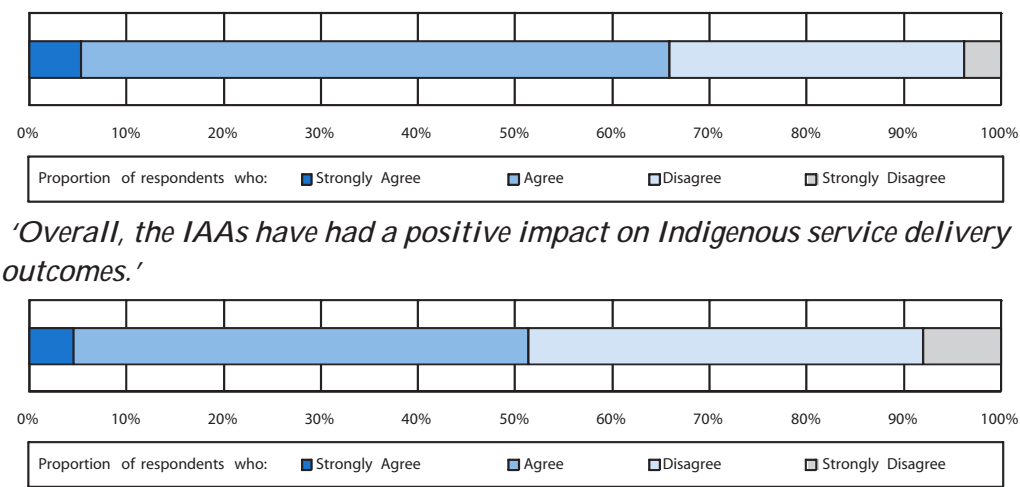
4.60 Both results indicate that more can be done to encourage whole of government innovations in Indigenous-specific and mainstream programmes.

Overall manager assessment of the IAAs

4.61 The ANAO manager survey asked respondents to provide their overall assessment on the implementation and effectiveness of the IAAs. Figure 4.8 shows that:

- two-thirds (66%) of respondents agreed that, overall, their department had effectively implemented the IAAs; and
- fifty-one per cent considered that the IAAs have had a positive impact on Indigenous service delivery outcomes.

Figure 4.8: Extent to which managers agree with the statements:
‘Overall, the IAAs have been effectively implemented by my Department.’



Source: ANAO manager survey

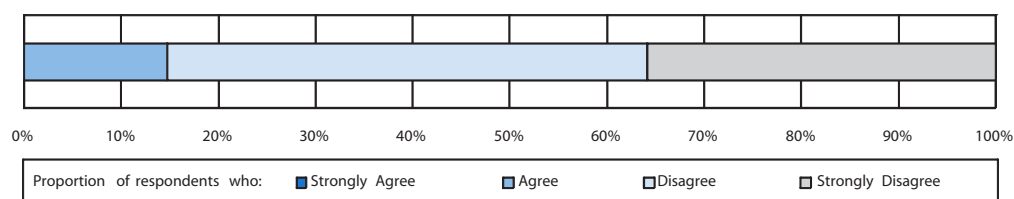
4.62 In summary: one-third of respondents to the ANAO manager survey did not consider that the IAAs have been effectively implemented by their department and almost one-half did not consider that the IAAs have been effective in improving Indigenous service delivery outcomes. These results suggest an ongoing focus on implementation and delivery is required.

4.63 These results bear out experience in other significant administrative reforms that effective implementation requires a substantial effort over time on the part of leaders, senior executives and others to embed the new arrangements. It will take a number of years for the IAAs to fully impact upon Indigenous service delivery outcomes. While the results of the ANAO manager survey provide valuable insights into IAA implementation issues and the need for sustained effort, a full assessment of the effectiveness of the IAAs will require longer term data on actual Indigenous outcomes. The 2007 *Overcoming Indigenous Disadvantage* Report considers that improvements in Indigenous outcomes is also a long-term task, requiring a concentrated effort.

Complexity in accessing the IAAs

4.64 The ANAO manager survey found that 15 per cent of respondent managers agreed that the IAAs had helped reduce the amount of red tape for Indigenous people seeking to access government programmes (Figure 4.9). Interestingly, Canberra-based managers were nearly three times as likely as non Canberra-based managers to agree with the statement.

Figure 4.9: Extent to which managers agree with the statement:
'The IAAs have helped to reduce the amount of 'red tape' for Indigenous people seeking to access government programmes.'



Source: ANAO manager survey

Perceived strengths and weaknesses of the IAAs

4.65 The ANAO manager survey asked respondents to identify what they considered to be the main strengths of the IAAs. Of those who responded, almost half commented that the IAAs had the potential to improve Indigenous service delivery. For example, a number of respondents commented that the IAAs had the potential to improve:

- engagement and partnership with Indigenous communities;
- collaboration between government departments and other stakeholders; and
- aspects of service delivery (including tailoring services to meet the needs of Indigenous communities and increasing flexibility and access to services).

4.66 The survey also asked for respondents' views on the main weaknesses, or risks, of the IAAs. The most frequently cited weaknesses or risks related to:

- departmental culture and systems, with a significant number of respondents commenting critically on the amount of 'red tape' or bureaucracy involved in accessing services;
- rigid funding arrangements and programme guidelines, with frequent references to centralised delegations and funding allocation methods; and
- insufficient engagement of Indigenous communities.

4.67 Other frequently cited perceived weaknesses, or risks, related to:

- poor collaboration (more commonly cited by non Canberra-based respondents);
- lack of staff training and development, including shortage of resources and Indigenous knowledge;

- the structure and approach of the IAAs; and
- insufficient time allowed to implement change and concerns that outcomes will be judged, and the IAAs changed prematurely (non Canberra-based respondents were most likely to refer to this risk).

4.68 Building on the perceived strengths and addressing the perceived weaknesses of the IAAs and their current implementation will help ensure that the IAAs reach their potential to improve Indigenous service delivery outcomes.

5. Overseas Experience

Whole of government approaches are not unique to Australia's Indigenous Affairs Arrangements. This chapter outlines the experience and key learnings of Canada, New Zealand and the United Kingdom in applying whole of government or joined-up approaches.

Canada

5.1 The Aboriginal peoples of Canada (Indians [First Nations], Inuit and Metis) make up just over three per cent of the total population⁹⁶ and have specific constitutional and other legal rights. Accordingly, all levels of government are obliged by law to take Aboriginal rights into consideration in their legal and political work. Methods of funding and delivering services to Aboriginal people vary by territory. Frequently, services are delivered by territorial governments with federal government funding provided by transfers or under a cost-sharing agreement.

5.2 The Department of Indian and Northern Affairs Canada (INAC) is primarily responsible for meeting the federal government's commitments to Aboriginal peoples relating to land claims and self-government agreements and delivery of services such as education, housing, community infrastructure, social assistance and social support services. In 2004–05, INAC administered approximately \$5.1 billion of the total \$8.2 billion Canadian federal Aboriginal expenditure.

Accountability framework

5.3 Canada has developed an 'Aboriginal horizontal framework' to illustrate Aboriginal-specific programming and spending across the federal government. It arranges 360 programmes from 34 federal organisations into seven themes, linked to related strategic government outcomes. For example, health-related programmes and expenditure come together under the 'health' theme and the associated strategic government outcome 'improved health of Aboriginal peoples'. The themes were developed in response to the first *Canada-Aboriginal Peoples Roundtable* in 2004. Work linking the framework themes to individual departments' strategic outcomes is progressing.

⁹⁶ Statistics Canada, 2001 Census.

5.4 There is a well developed whole of government reporting framework against key government priority areas. *Canada's Performance* is published on an annual basis by the Treasury Board and assesses the federal government's contribution to improvements in priority areas; the resources allocated by the government to priority areas; and the performance of departments in delivering services in priority areas. In 2004 and 2005 the document included a chapter on the Government's efforts to support improvements for Canada's Indigenous peoples.

5.5 The 'Aboriginal Peoples' chapter of *Canada's Performance 2005* outlines expenditure according to the Aboriginal horizontal framework themes. *Canada's Performance 2006* does not dedicate a chapter to 'Aboriginal Peoples', but refers to the Aboriginal horizontal framework. INAC's *2007-08 Report on Plans and Priorities* reiterates a commitment to update the framework annually.

The role of the Office of the Auditor General of Canada (OAG)

5.6 The Office of the Auditor General of Canada (OAG) plays a special role in the accountability framework by reporting to the Canadian Parliament on an annual basis on the 'Management of Programmes of First Nations'.

5.7 In 2000, OAG advised federal departments to manage for results by:

- ensuring a coordinating function for horizontal issues is supported by senior management and has enough resources;
- learning through systematic monitoring and evaluations;
- seeking department-wide agreement on results, strategies and structure;
- routinely using performance information in programmes to improve operation and design. Efforts to do this are more likely to succeed where:
 - senior and middle management commitment is evident,
 - performance indicators are clearly linked to planned results, and
 - performance information is seen as reliable and useful for decisions.

5.8 Based on case studies of Canadian management of horizontal issues, the OAG made the following suggestions and observations for whole of government work:

- identify an effective coordinating structure:
 - communication rather than strong co-ordination may be enough,

- any lead department nominated needs to be recognised by all participants and assigned the powers it needs to fulfil its duties,
- coordination takes time and effort, and
- leadership is needed in all coordinating departments, ground-level cooperation of individual officers is not enough;
- agree on common objectives, results and strategies—formal agreements need to set out common objectives binding departments, especially where different partner departments give an issue different priority;
- measure results to track performance and use information to improve it; and
- effectively report performance – this requires adequate planning.

New Zealand

5.9 A range of New Zealand government agencies have a broad duty to consider the needs of Maori through legislative references to the Treaty of Waitangi. There is direct Maori representation in New Zealand's single chamber of Parliament through special electorate seats. Maori comprise approximately 15 per cent of the New Zealand population.

5.10 The New Zealand Government's social and economic goals for Maori are encompassed within its outcomes for all New Zealanders. Government services to and for Maori are largely provided by various mainstream agencies (those established to serve the New Zealand population as a whole) and through mainstream programmes. However, Maori needs are also met by agencies through:

- parallel programmes for Maori, such as Maori language learning immersion schools; and
- mainstream services incorporating Maori needs and interests, for example, mainstream schools running Maori bilingual classes.

5.11 Departments do not report expenditure on mainstream programmes that accrues specifically to Maori.

Accountability framework

5.12 New Zealand has developed a whole of government approach with a 'Managing for Outcomes' focus for its state sector. Government departments each produce a rolling medium-term (three to five year) plan in their annual

Statement of Intent (SOI). The SOIs include strategic information about departmental outcomes, outputs and capabilities. SOIs include a Statement of Objectives that consists of output information at the group level and reflects the purpose of the outputs. Departmental planning and SOIs are expected to reflect key government priorities for the coming decade. Departmental service performance against the Statement of Objectives is reported in Annual Reports.

5.13 Key mainstream departments serving Maori do not formally share outcomes in their annual Statements of Intent, although ‘reducing inequalities’, including specifically for Maori, is a common sub-theme. There is a strong and increasing emphasis on key mainstream departments taking sector leadership and also working across sectors. For example, the Ministries of Health, Education, Social Development and Justice form a cluster, HESDJ, working together to focus attention on priority areas. One recently agreed priority objective is to increase the number of children leaving school with educational qualifications. Strategies to achieve this will necessarily require concentrated focus on Maori, who are over-represented amongst children leaving school without qualifications.

Maori potential framework

5.14 Te Puni Kokiri, a government department, is the principal Government advisor on Government-Maori relationships, and has three main functions:

- advising on government policy affecting Maori well-being;
- monitoring the effect of government services in Maori communities; and
- administering funding programmes for community development.

5.15 Te Puni Kokiri’s strategic outcome is ‘Maori succeeding as Maori’ and it is focused on realising Maori potential by placing greater emphasis on indicators of opportunity and success. Te Puni Kokiri is currently developing the Maori Potential Framework—a tool other agencies will be able to use in identifying priority areas for Maori for policy intervention, purchasing decisions, research, monitoring and evaluation, performance measurement, and outcomes reporting. The framework identifies key enablers fundamental to Maori achieving improved quality of life and realising their potential:

- knowledge–building of knowledge and skills;
- influence–strengthening of leadership and decision-making; and
- resources–development and use of resources.

Integrated contracts

5.16 New Zealand's Family and Community Services agency has developed an integrated contracts kitset⁹⁷ as part of its Funding for Outcomes project. The kitset is intended to help government agencies 'join up' their contracts for service delivery when they fund the same service provider. This avoids the need for the provider to negotiate multiple contracts, write multiple reports and provide information for multiple audits.

The role of the Office of the Auditor-General New Zealand (OAG)

5.17 The Office of the Auditor-General New Zealand (OAG) contributes to the accountability structure. Below are observations from a 2003 OAG report on effective collaboration between public sector agencies⁹⁸:

- agencies should prepare common outcome statements consistent with the Government's priorities to support coordinated sector planning, reviews of existing funding, and consideration of new funding bids;
- agencies responsible for coordinating major policy development work with sector-wide implications should prepare a project plan for the sector;
- where possible, collaboration should build upon existing relationships and activities to avoid duplication; and
- agencies should have an up-to-date information strategy establishing the basis upon which information is used and shared.

United Kingdom

5.18 The United Kingdom's 'joined up' approach to administration provides a useful model when a government is seeking to address issues requiring the intervention of more than one agency.

Accountability framework

5.19 Government departments negotiate Public Service Agreements (PSAs) with Her Majesty's Treasury. PSAs are three year agreements that set out a high-level aim, priority objectives and key outcome-based performance targets. PSAs include a value-for-money target relating inputs to outcomes and also detail any targets with shared accountability. Service Delivery Agreements

⁹⁷ <<http://www.familyservices.govt.nz/our-work/community-development/funding-for-outcomes.html>>.

⁹⁸ Report of the Controller and Auditor-General, *Key Success Factors for Effective Co-ordination and Collaboration Between Public Sector Agencies*, October 2003.

(SDAs) support PSAs by setting out how departments will deliver their targets. Departments publicly report on progress in their Annual Reports.

Sure Start

5.20 Sure Start is an example of a United Kingdom policy area with cross-departmental targets. Sure Start is the Government's programme for delivering the best start in life for every child by integrating early education, childcare, health and family support. The Department for Education and Skills (DfES) is responsible for delivering Sure Start. Reporting is jointly to the Secretary of State for Education and Skills, and the Secretary of State for Work and Pensions. The PSAs for both DfES and the Department for Work and Pensions (DWP) outline these joint targets for Sure Start:

- improve children's communication, social and emotional development so that by 2008, 50 per cent of children reach a good level of development at the end of the Foundation Stage and reduce inequalities between the level of development achieved by children in the 20 per cent most disadvantaged areas and the rest of England;
- as a contribution to reducing the proportion of children living in households where no one is working, by 2008:
 - increase the stock of registered childcare by 10 per cent,
 - increase the take-up of formal childcare by lower income working families by 50 per cent, and
 - introduce a successful light-touch childcare approval scheme.

5.21 PSAs specify how the above targets will be measured. DfES and DWP individually report on performance against the Sure Start targets in their annual performance reports.

Future Directions

5.22 Her Majesty's Treasury has commissioned a Comprehensive Spending Review for 2007⁹⁹ to better prepare the United Kingdom (UK) to deal with the future challenges of demographic and socio-economic change; the intensification of cross-border economic competition; the rapid pace of innovation and technological change; continued global uncertainty with on-going threats of international terrorism; and increasing pressures on natural resources and the climate. Increasingly the UK Government is seeking innovative cross-government policy responses and early, co-ordinated action

⁹⁹ <http://www.hm-treasury.gov.uk/spending_review/spend_csr07/>.

across departmental and organisational boundaries to adequately respond to these challenges.

5.23 Detailed reviews have been carried out on specific cross-cutting issues to inform the Comprehensive Spending Review. The lessons of these reviews have highlighted the importance of joint working arrangements including the development of joint targets, joint delivery plans, the assignment of a 'lead' agency and a coherent monitoring and evaluation framework.

5.24 To join up services and galvanise departments to work together in tackling long-term challenges, the UK Government is also strengthening its performance management framework to continue driving outcome-focussed improvements and ensure that public services are accountable and responsive to the needs and expectations of users.

The role of the National Audit Office (NAO)

5.25 The National Audit Office (NAO) supports the 'joined up' approach through its performance audits of these arrangements and the identification of critical success factors such as leadership, facilitation, evaluation and lesson learning.¹⁰⁰ Some observations from the NAO:¹⁰¹

- joint working is often directed at 'wicked issues' that challenge existing practice, in turn this requires the development of creative solutions. For such issues, structured causal analysis can help to:
 - ensure that interventions are necessary and sufficient to achieve targets cost-effectively, rather than simply defining activities which make a contribution to progress,
 - assess the significance of any deviation from delivery plans, and
 - minimise misunderstandings in the partnership;
- if a department does not directly influence an outcome, a structured approach to stakeholder management and influencing is needed;

¹⁰⁰ National Audit Office, 14 October 2005, *Joint Targets*.

¹⁰¹ *ibid.*

- resource levels should be set with regard to what works (and identified costs and benefits of the options) and the level needed to target achievement; and
 - specific resources should be set aside for managing joint working arrangements as these demand more time than working in isolation.
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Ian McPhee
Auditor-General

Canberra ACT
17 October 2007

Appendices

Appendix 1: Policy Framework

Blueprint for action

Following the abolition of ATSIC/ATSIS, the Australian Government established Indigenous Coordination Centres (ICCs) as offices through which departments could deliver services to Indigenous Australians. ICCs in the main assist with the delivery of those programmes that had previously been delivered by ATSIC/ATSIS.

In March 2006 the Ministerial Task Force agreed to a Blueprint for Action in Indigenous Affairs. (the Blueprint) This Blueprint included the ways in which the Australian Government would undertake action to meet the direction and goals of the Government's Indigenous reform agenda, as well as its key priorities for 2006–07. An important element of the Blueprint is the roles of Australian Government departments in particular locations.

Table A1.1

Australian Government departmental roles

Remote Communities	Regional Areas	Urban Areas
<ol style="list-style-type: none"> 1. Departments will work through Indigenous Coordination Centres (ICCs) to develop and provide a customised response to remote communities' identified needs. 2. In identified 'priority communities' that are unstable and have high needs, all departments will provide services through an intensive intervention strategy coordinated by the Department of Families, Community Services and Indigenous Affairs (FaCSIA). 	<ol style="list-style-type: none"> 1. Coordinate Indigenous-specific service provision and mainstream programmes through ICCs. 2. Improve the functioning of mainstream services, extend their provision where possible and increase participation of Indigenous people in mainstream services where they are available. 3. Where a location within a regional town (eg town camp) is identified as being in crisis, FaCSIA will coordinate an intensive intervention strategy (as for remoter areas), customised to the particular circumstances. 	<ol style="list-style-type: none"> 1. Improve the functioning of mainstream services for Indigenous people. 2. Where a location with a large Indigenous population within an urban area is identified as being in crisis (eg housing estate), FaCSIA will coordinate an intensive place-based intervention strategy.

Source: Paper provided by the Office of Indigenous Policy Coordination.

The Blueprint includes key strategies to be employed in all areas, including:

- build incentives and mutual obligation to counter passivity and promote self-reliance;
- streamline and coordinate government service provision, including changing business processes to reduce red tape; and
- ensure all work is transparent and informed by evidence.

For remote communities, the Blueprint referred to intensive interventions in a number of identified priority communities, as agreed with State and Territory governments, to stabilise the community and demonstrate the merit of coordinated investment and action. This is to be led by FaCSIA and involve mainstream departments directing their services through this process, and playing a progressively greater role as the community moves onto a more sustainable development path.

In remote and regional areas, there is a strategy to work with States and Territories to ensure that essential services (for example, law and order, municipal services) are provided on a similar basis as for other Australians. For regional and urban areas, a key strategy is to identify and remove barriers to Indigenous people accessing mainstream services.

From the above it can be ascertained that the government considers that different approaches will be taken in remote, regional and urban areas. In the case of urban areas there is no mention of an ongoing role for ICCs, while in remote communities there will be intensive interventions in specific communities. In regional and urban areas there is greater reliance on improving access to and modifying mainstream services with departments working across whole of government to identify and remove barriers to Indigenous people accessing mainstream services and modifying mainstream services to improve the participation of and outcomes for Indigenous people.

The Blueprint also set down a number of priority actions for 2006–07 in the fields of: health; housing, communications and other essential services; education; economic independence; families, including children; justice; benefits from land; and improvements to tools, services and practices. The Blueprint allocated responsibility to particular departments and set out how progress in meeting these actions would be measured. The first report against 2006–07 Blueprint priorities is to be coordinated through the SES Taskforce and provided to the Ministerial Task Force by 24 December 2007.

Appendix 2: Reform Processes

The implementation of a major policy change such as whole of government working makes the effective management in line departments of the changes that this shift involves critical to the success of the government initiative. This is especially the case where a number of reform processes are proceeding both in individual government programmes and more broadly between levels of government. Insufficient attention to the scope and breadth of the change involved may lead to unintended consequences and less than optimal outcomes.

This appendix examines how the mainstream departments of DEWR and FaCSIA have respectively managed and/or reformed the Community Development Employment Projects (CDEP) programme and the Community Housing and Infrastructure Programme (CHIP) since their transfer from ATSIC–ATSIS. It also canvasses:

- the importance of Indigenous land reform (including local government reform) in supporting broader Indigenous economic development and improvements in housing and infrastructure in Indigenous communities; and
- the Government's recently announced approach to strategic interventions that was foreshadowed in the *Blueprint for Action in Indigenous Affairs*.

The Community Development Employment Projects (CDEP) programme

CDEP is a long-standing initiative for unemployed Indigenous people and provides activities which can develop participants' skills and improve their employability so they can move into jobs off CDEP.

The work performed by a number of CDEP participants has made an important contribution to Indigenous communities. As well as providing work experience and on-the-job training for many individuals in Indigenous communities, CDEP activities have included, for example, road and house maintenance; Aboriginal health care; teachers' aid work and the operation of child care facilities.

Since its transfer to DEWR, CDEP has been undergoing a gradual process of review and renewal with a firm focus on three key areas: employment, community activities and business opportunities.

CDEP change process

DEWR introduced changes to CDEP in a phased manner commencing in early 2005. CDEP was refocussed on a mix of activities to meet local needs and job opportunities. Further reforms in 2006–07 were aimed at utilising mainstream job services such as Job Network.

A further tranche of reforms was announced in late 2006 with arrangements to be put in place on 1 July 2007 including:

- the end to funding CDEP in urban and major regional centres¹⁰²;
- replacement of CDEP in urban and major regional centres by an enhanced Structured Training and Employment Programme (STEP) brokerage service;
- affected CDEP service providers being able to compete for new business as STEP brokers; and
- where the labour market and employment service provision are not as strong, including in remote Indigenous communities, the Australian Government will continue to fund CDEP services for eligible Indigenous people.

CDEP cross-subsidisation

DEWR has introduced significant changes to the operation of CDEP. One of the objectives outlined in the *Building on Success CDEP—Future Directions* paper is the removal of subsidisation of real jobs through the CDEP programme.

In the 2006–07 Budget, Minister Brough announced an initiative in the Health and Ageing portfolio to improve Indigenous health worker employment. The initiative proposed to convert 130 full-time equivalent community-based Indigenous health care and substance abuse worker positions currently supported through CDEP into real jobs. The measure was funded at \$20.5 million over four years.

This measure was expanded in the 2007–08 Budget—*Building an Indigenous workforce in government service delivery*—converting CDEP positions into new jobs. It was funded at \$97.2 million (net cost \$61.3 million) over four years and applied across six Australian Government departments.

¹⁰² This will affect about 40 of the 210 current CDEP service providers and about 7000 CDEP places out of around 35 000.

Community Housing and Infrastructure Programme (CHIP)

For more than 40 years, CHIP and its predecessors have funded the provision of housing and related infrastructure for essential services including water, power, sewerage and transport access; and some municipal services on former Aboriginal reserves, missions and traditional land. It has also assisted some Indigenous people living in cities and regional centres.

CHIP programme funds are channelled through a complex mix of State Government departments, State housing authorities, private contractors and Indigenous Community Housing Organisations (ICHOs).

The transfer of CHIP to FaCS (now FaCSIA) provided the government with an opportunity to undertake a fundamental review of CHIP and to better align CHIP with other programmes managed by FaCSIA. This review was concluded in February 2007. The overall conclusion was that:

- The housing needs of Indigenous Australians in remote areas have not been well served and the interests and expectations of taxpayers have not been met.
- The current framework for the delivery of housing and related infrastructure and services to Aboriginal and Torres Strait Islander people has not worked and should be reformed, modernised and refocused on national, state, regional, community and individual responsibilities and accountabilities to deliver appropriate accommodation to those most in need.¹⁰³

Stakeholder comments included that funding is not targeted to current need—that is, additional housing and infrastructure for remote and regional communities to address overcrowding.¹⁰⁴

Proposed change arrangements

The review proposed a new strategic framework for Indigenous housing in urban/regional centres through mainstreaming the provision of public housing services in the major states; and mainstreaming the provision of essential service infrastructure—water, power, sewer, transport access and municipal services. The review also proposed the case management of those communities in remote locations which need a high level of assistance to increase the standard and availability of housing, related infrastructure and municipal

¹⁰³ FaCSIA, February 2007, *Indigenous Housing: Findings of the Review of the Community Housing and Infrastructure Programme (CHIP)*, pp. 16–17.

¹⁰⁴ *ibid*, p. 19.

services; and provide assistance to increase individual home ownership on community title land and in the private sector.¹⁰⁵

Indigenous land reform

A recurring theme in the report on *Indigenous Housing: Findings of the Review of the Community Housing and Infrastructure Programme* was the issue of home ownership on traditional lands and its links with economic development.

The Australian Government has been pursuing land reform in conjunction with State and Territory Governments.

In 2006 the Australian Government made a number of changes to the *Aboriginal Land Rights (Northern Territory) Act 1976*, including to make it easier to own homes and businesses on Indigenous land.

Most people living on Aboriginal land in the Northern Territory have no legal title to the house in which they live, making it hard to get a loan to start or expand a business on Aboriginal land because it has been difficult to get a mortgage.¹⁰⁶

The changes to the Land Rights Act in 2006 were designed to make obtaining a long-term lease a lot easier. The aim is to 'normalise' land-tenure arrangements in townships that participate in leasing—that is, bring them more into line with arrangements enjoyed by citizens in the wider community. Options already exist to enable Indigenous people to borrow and purchase homes on Indigenous land through Indigenous Business Australia (IBA) in the Employment and Workplace Relations portfolio. IBA also provides loans where Indigenous people have a viable business proposition.

Indigenous land tenure reform proposals to foster economic development on Indigenous land through home ownership and business establishment are being considered by the Australian Government and the governments of South Australia, Western Australia and Queensland.

Local Government reforms

The Northern Territory (NT) Government has announced a far-reaching structural reform programme for local government in regional areas in the Territory. The NT Government has recognised that there are structural problems with each small community, most with populations of less than 1000,

¹⁰⁵ *ibid*, p. 23.

¹⁰⁶ <http://www.oipc.gov.au/ALRA_Reforms/QA_Aboriginal_township_leasing.asp>.

having separate council administrations, with limited capacity to raise revenue and develop infrastructure. For example, under the current Local Government Act, in East Arnhem land there are nine councils covering the main communities. The proposal is to amalgamate the nine councils into the one shire of East Arnhem. Benefits could include:

- the development of a regional planning framework allowing plans to be developed between local government and the Northern Territory and the Australian Government addressing the needs of the region;
- 'core' services will be delivered to communities according to standards set out in Local Service Delivery Plans;
- a regional service delivery focus will allow local people to get real jobs in their communities.¹⁰⁷

The Bilateral Agreement between the Australian Government and the NT Government supports the creation of regional local government. The target date for implementation is 1 July 2008.

While the NT local government reforms are well progressed, the ANAO is aware that similar proposals are being discussed and acted on in other States, for example Queensland.

Strategic interventions

As part of the Australian Government's whole of government approach to Indigenous affairs it has commenced undertaking strategic interventions that are seen as a demonstration effect in relation to remote locations. They are considered to be different from the COAG trials in that they are not just learning what to do, and what not to do, but will involve substantial investment.

At this stage the locations in the Northern Territory where strategic interventions are occurring include Galiwin'ku, Alice Springs, Wadeye, Groote and Tiwi Islands. These latter two sites are based on Regional Partnership Agreements and there are negotiations currently under way with the communities of these islands regarding the introduction of town leasing. The broad approach seeks to allow for 'lease back' arrangements to be implemented in the main towns and improve service delivery.

Other strategic intervention sites that exist are Mornington Island in Queensland and Kalumburu in Western Australia. All of these initiatives are in

¹⁰⁷ Northern Territory Government, January 2007, *New Local Government*.

their early stages, although it is expected that considerable progress will be made over the coming year.

Strategic initiatives approach

In designated priority communities with especially high levels of need, FaCSIA will lead a process of intensive intervention designed to stabilise the community and demonstrate the merit of coordinated investment and action. While immediate action will be needed to alleviate some serious short-term pressures on the communities involved, the object would be to link such action to a long-term strategy which builds sustainability through a range of government interventions. The overarching principles of shared responsibility and mutual obligation will be applied at all points.

The methodology to be applied in particular circumstances will be developed in close consultation with the communities themselves, as well as with relevant State and Territory governments. The hallmark of the approach will be to use a significant discretionary funding investment to leverage a set of broader, long-term goals by negotiating in advance a series of commitments and undertakings from all the key parties involved. Particular matters that could form part of a particular intervention include land reform, law and order, health and educational services, early intervention and support for young people, housing and local employment and training.

The Australian Government is seeking to have relatively senior staff on-the-ground at each of the strategic intervention sites.

Appendix 3: Indigenous Disadvantage Reporting

Productivity Commission reporting

The Steering Committee for the Review of Government Service Provision (SCRGSP) produces two reports, prepared by the Productivity Commission, at the request of the Council of Australian Governments (COAG). The first report *Report on Government Services* (ROGS) is produced on an annual basis and includes an Indigenous Compendium. The annual ROGS is a review of government service provision and is a tool to assist governments to plan for effective service delivery, including in the areas of Indigenous service.

The second SCRGSP report is the *Overcoming Indigenous Disadvantage* (OID) report, which is published biennially. In contrast to the Report on Government Services, which focuses on the efficiency and effectiveness of specific services, the OID Report focuses on outcomes for Indigenous people. It does not report on individual government services.

The OID report provides performance measures against the broad outcomes that COAG is seeking to address:

- safe, healthy and supportive family environments with strong communities and cultural identity;
- positive child development and prevention of violence, crime and self-harm; and
- improved wealth creation and economic sustainability for individuals, families and communities.

At the second tier of the OID framework are seven 'strategic areas for action'. These are:

- early child development and growth (prenatal to age three);
- early school engagement and performance (preschool to year three);
- positive childhood and transition to adulthood;
- substance use and misuse;
- functional and resilient families and communities;
- effective environmental health systems; and
- economic participation and development.

These areas were chosen for their potential to have a significant and lasting impact in reducing Indigenous disadvantage and for their amenability to policy action.

The intermediate outcomes (strategic areas for action) developed by the Productivity Commission lend themselves to reporting progress against the three priority outcomes determined by both COAG and the Ministerial Taskforce.

The OID report contains examples of 'things that work', that is, initiatives that have had positive outcomes for Indigenous Australians at a community level. Through analysis of the 'things that work' and consultation with governments and Indigenous people, the SCRGSP identified the following success factors for programmes:

- cooperative approaches between Indigenous people and government (and the private sector);
- community involvement in programme design and decision-making—a 'bottom-up' rather than 'top-down' approach;
- good governance; and
- on-going government support (including human, financial and physical resources).¹⁰⁸

A significant gap between Indigenous people and the rest of the Australian population is apparent in all of the headline indicators. The 2007 OID report notes that many of the indicators show little or no movement. The report also notes that much of the information comes from a period prior to the reporting framework adopted by COAG. As such, any outcomes from more recent government interventions would not yet be showing up.

The following Table A3.1 records the 2007 report's key messages against select indicators.

¹⁰⁸ Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage: Key Indicators*, p. 11.

Table A3.1**Select headline indicators of Indigenous disadvantage and related messages**

Indicators of Indigenous disadvantage	Key messages
Life expectancy at birth	The life expectancy of Indigenous people is estimated to be around 17 years lower than for the total Australian population.
Years 10 and 12 retention and attainment	In 2006, 21 per cent of Indigenous 15 year olds were not participating in school education, compared with 5 per cent of non-Indigenous 15 year olds. Indigenous students were half as likely as non-Indigenous students to continue to Year 12.
Labour force participation and unemployment	In 2004–05 the labour force participation rate for Indigenous people (58.5%) was about three quarters of that for non-Indigenous people (78.1%). In 2004–05, the unemployment rate for Indigenous people (13%) was about three times the rate for non-Indigenous people (4%).
Home ownership	The proportion of Indigenous adults living in a home that someone in their household owned or was purchasing increased from 22 per cent in 1994 to 25 per cent in 2004–05.
Substantiated child abuse and neglect	From 1999–2000 to 2005–06, the rate of substantiated notifications for child abuse or neglect increased for both Indigenous and non-Indigenous children, where State data were collected.
Imprisonment and juvenile detention rates	In 2006, after adjusting for age differences, Indigenous people were 13 times more likely than other Australians to be imprisoned.

Source: The Steering Committee for the Review of Government Service Provision, 2007, *Overcoming Indigenous Disadvantage Key Indicators 2007*.

Other relevant statistics

The Australian Bureau of Statistics and the Australian Institute of Health and Welfare publish a range of statistics related to Aboriginal and Torres Strait Islander health and welfare. As well, DEST produces the *National Report to Parliament on Indigenous Education and Training* which tracks progress in Indigenous education and training at all levels, from preschool through to higher education. Four reports have been tabled to date. These statistics provide an evidence base for the development of policies and the review of existing directions.

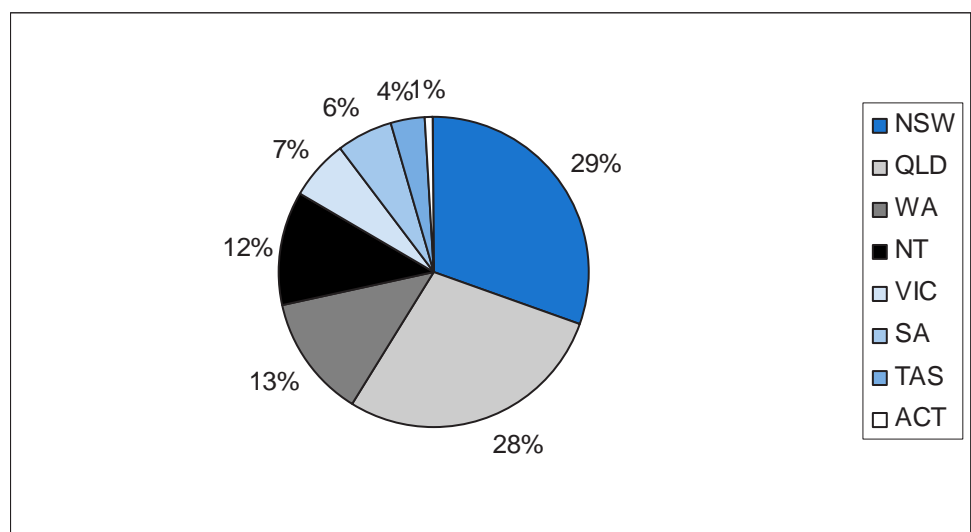
Indigenous population dispersion across Australia

The Australian Bureau of Statistics (ABS) 2006 census data records that there were 455 031 Indigenous Australians—around 2.3 per cent of the total Australian population. In 2001, the Indigenous population was recorded as 410 003 people, representing around 2.2 per cent of the total Australian

population. Figure A3.1 provides a break down by State and Territory of the 2006 census data.

Figure A3.1

Indigenous people by State/Territory



Source: Australian Bureau of Statistics, 2006, *Census*.

These aggregate statistics mask the fact that Indigenous Australians live in areas covering more of the continent compared to non-Indigenous Australians, who are mainly concentrated along the eastern and south-west seaboard. Table A3.2 presents this information.

Table A3.2**Where Indigenous and non-Indigenous Australians live**

Location	Indigenous Australians	Non-Indigenous Australians
Major cities	30%	67%
Inner regional areas	20.5%	21%
Outer regional areas	23.5%	10%
Remote or very remote	26%	2%

Source: Australian Bureau of Statistics, 2007, *Year Book Australia*.

Indigenous population projections

The Australian Bureau of Statistics (ABS) has projected an annual growth rate of Australia's Indigenous population over the period 2000–2009 of 1.8 per cent (a conservative estimate) or 3.4 per cent (which is the growth rate that the Indigenous population experienced between 1996 and 2001).¹⁰⁹

Further analysis of demographic trends conducted by the Centre for Aboriginal Economic Policy Research (CAEPR) suggests that projections to 2016 of the Indigenous population in select regions across much of remote Australia indicate a rapidly growing Indigenous population in the Cape York peninsula, west Arnhem land and the Gulf country of the Northern Territory, and more moderate, but nonetheless sustained growth in the East Kimberley region and across the central arid zone.¹¹⁰

¹⁰⁹ The ABS has generated two main population projections—the 'low' series of 1.8 per cent or the 'high' series of 3.4 per cent which sees growth continuing at the rate observed between 1996 and 2001.

¹¹⁰ Taylor, J, 2006, *Population and Diversity: Policy Implications of Emerging Indigenous Demographic Trends*, Centre for Aboriginal Economic Policy Research, Discussion paper 283, p. 47.

Appendix 4: Transfer of Key ATSIC–ATSIS Programmes

The following table outlines the transfer of major programmes from ATSIC–ATSIS to the four departments which are the focus of this audit—the Department of Education, Science and Training (DEST), the Department of Employment and Workplace Relations (DEWR), Families, Community Services and Indigenous affairs (FaCSIA), and the Department of Health and Ageing (DoHA). These transfers, amongst others, were as a result of the Administrative Arrangements Order of 24 June 2004. In Table A4.1, the Office of Indigenous Policy Co-ordination (OIPC) is considered separately. However, with the revised Administrative Arrangements Order that was promulgated in January 2006, OIPC is now integrated within FaCSIA.

Table A4.1

Administered items transfer

Department/Office	Programmes	Funding
DEST	0	\$ 0
DEWR	Community Development and Employment Projects (CDEP)	\$536 613 000 ¹¹¹
FaCSIA	Community Housing and Infrastructure Programme (CHIP)	\$ 50 073 000 ¹¹²
	Family Violence	\$ 3 195 000
DoHA	Effective Family Tracing and Reunion	\$ 1 121 000
OIPC	Indigenous Women	\$ 5 157 000
	Native Title and Land Rights	\$ 52 921 000
	Cross–portfolio flexible funding arrangements	\$ 3 115 000

Source: Australian Government Budget Statement 2005–Indigenous Affairs.

Note: These transfers only relate to administered items.

¹¹¹ Department of Employment and Workplace Relations, *2005–06 Annual Report*.

¹¹² This administrative resourcing transfer reflects the part-year expenditure that was transferred to FaCSIA.

Appendix 5: Numbers and Types of Shared Responsibility Agreements (SRAs)

FaCSIA’s Agreements Management Information System (AMIS) contained 211 signed SRAs in early March 2007. Of these, 137 were single issue agreements and the remaining 74 were multiple issue SRAs. The four departments, which are the subject of this audit, are involved in multiple SRAs as follows:

Table A5.1
Departmental involvement in multiple SRAs

Department	Multiple SRAs
FaCSIA/OIPC	70
DEWR	23
DoHA	16
DEST	12

Source: FaCSIA

Table A5.2 below, presents a comprehensive overview of government involvement/investment in SRAs at all levels: Australian Government, State/Territory Government and local government with Indigenous communities. Corporate and other forms of non-government involvement are also presented.

Table A5.2

SRAs by jurisdiction

Signed Shared Responsibility Agreement (SRA) Report									
For SRAs signed up to 13/03/2007									
Number of Signed SRAs: 212 in 166 communities									
State/ Territory*	Total no. SRAs	No. of communities	No. SRAs in COAG Trial Site**	Aust Govt contribution \$M [∞]	State/Territory Government Involvement		No. SRAs with Local Govt involvement [≈]	No. SRAs with Corporate involvement	No. SRAs with NGO/Other [‡] involvement ≈
					No. SRAs with \$ contribution	No. SRAs with in-kind contribution			
NSW /ACT	46	35	16	6.881	11	22	9	0	10
NT	42	36	2	13.905	9	11	3	3	17
QLD	34	30	4	5.512	8	12	7	1	6
SA	25	18	7	9.130	11	12	0	1	7
TAS	8	5	3	0.562	1	3	2	2	4
VIC	4	3	2	0.612	1	3	1	0	3
WA	53	39	11	13.804	8	13	7	4	8
TOTAL	212	166	45	\$50.405	49	76	29	11	55

* State/Territory is based on the State/Territory of the ICC Office that is managing the SRA.

** This includes all SRAs signed in a COAG site, including those where all partners may not be parties to the SRA.

[∞] Excludes non-financial contribution.

[≈] Includes both financial and in-kind contributions.

[‡] This includes SRAs with contributor types other than Australian Government, Corporate, Local Government and State Government.

Source: FaCSIA.

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