

A missed Opportunity: the Australian National Audit Office report on Whole of Government Indigenous Service Delivery Arrangements

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Introduction

The recently released (October 2007) Australian National Audit Office performance audit of *Whole of Government Indigenous Service Delivery Arrangements* (ANAO 2007) confirms both that the challenges of administering Indigenous programs are nigh insurmountable, and that the penumbra of bureaucratic obscurity extends over much which emanates from Canberra in relation to these matters.

The report's authors have ever so politely, and perhaps unintentionally, managed to demonstrate the extraordinary complexity of the arrangements put in place to administer public policies and programs in Indigenous affairs, particularly over the last five years; the extraordinary state of flux in this area; and the murk and opacity which exists between policy objectives and policy and program outcomes.

The ANAO does not see its role as being to set out alternative policy prescriptions, but rather as an assessor of the efficacy and effectiveness of the processes put in place to implement public policies. While there are perhaps arguments for establishing a national public audit office whose role extends beyond such a limited conception, there is clearly an important public interest in having an independent agency such as the ANAO make constructively critical assessments of the policy implementation process.

Even within such a limited role, there are risks that in attempting to maintain constructive relationships with agencies which maximise the take up of recommendations, the ANAO may lose its critical edge, and fail to challenge agencies to reach their full potential. In this context, it is worth noting that the ANAO assesses its own performance in the delivery of performance audits in terms of the extent to which its recommendations are agreed by audited agencies. This may actually build in structural incentives against the development of more challenging audit recommendations.

A close reading of the Indigenous Service Delivery Arrangements report suggests that the ANAO has in this report missed an opportunity to push agencies to better address the difficult and sensitive issues which underlie much of the lack of progress in Indigenous affairs over many years.

Broad Approach

The report provides a valuable and succinct outline of the current administrative arrangements in Indigenous affairs following the abolition of ATSIC in 2004. The audit objective is to assess how four key departments 'are implementing the Government's policy objective for Indigenous service delivery' (ANAO 2007:50). The focus is on the Indigenous related program expenditures of the four major agencies which comprise some 80 percent of the Australian Government expenditure of \$3.5bn in 2007-08; the Departments of Education, Science and Training (DEST), Employment and Workplace Relations (DEWR), Families, Community Services and Indigenous Affairs (FACSIA), and Health and Ageing (DoHA).

The report provides a cogent account of the high level accountability frameworks currently in place, derived from the Council of Australian Governments (COAG) core principles set out in the *National Framework for Government Service Delivery to Indigenous Australians*, and an associated Productivity Commission reporting framework including seven strategic areas for action.

At the Australian Government level, a Ministerial Taskforce which in March 2006 adopted a *Blueprint for Action in Indigenous Affairs* oversees high level policy development. A Secretaries' Group on Indigenous Affairs (SGIA) is designed to ensure collaborative implementation across the whole of government, and this group provides a publicly available report on progress annually. These arrangements are backed up by a range of administrative support mechanisms and are underpinned by the normal central agency co-ordination roles.

Findings and Recommendations

The report makes only two recommendations. The first relates to the implementation of the whole of government approach. The report first highlights the failure to develop an implementation plan and to monitor progress following the establishment of the new Indigenous Affairs arrangements in 2004 (ANAO 2007:69).

Then, after noting that the 2006 Administrative Arrangements Order transferred overall responsibility for Indigenous affairs to FACSIA, and that this transfer provided FACSIA with the mandate to act as lead agency in whole of government Indigenous policy co-ordination, the report states that it has made a recommendation 'to clarify FACSIA's role in resolving systemic whole of government administrative matters concerning the implementation of [Indigenous affairs arrangements]'

The core elements of Recommendation One are '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) ...'(ANAO 2007:75).

The report provides limited direct evidence of the lack of agency leadership, with the result that the recommendation appears to emerge largely from thin air. The recommendation is either a common sense statement of the 'bleeding obvious', or a coded admonition to unspecified malefactors that implementation to date has suffered from contested leadership and that FACSIA must either assert, or be given, the lead role in this area vis a vis other agencies.

The report's second recommendation derives from an analysis of whole of government accountability arrangements, by which the report's authors mean primarily the transparency of funding. The report notes that reporting on both the COAG priority outcomes and the related Productivity Commission strategic areas for action and the Ministerial Task Force priorities are weak, and in particular there has been no agreed arrangement on reporting on the whole of government focus by individual departments in their Portfolio Budget Statements and Annual Reports. The Secretaries Group annual report is descriptive (although apparently work is in train to improve its evaluative heft) and is not tabled in Parliament (ANAO 2007:80).

In relation to financial expenditure by agencies, the report is critical of the highly aggregated levels of reporting which make it impossible for an interested observer to track spending by individual programs.

The report concludes that '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 [Australian Government Indigenous expenditure] limits the capacity of the reader to form a comprehensive view about the Indigenous expenditure by a particular department' (ANAO 2007:84).

To remedy this, the ANAO in Recommendation Two recommends 'that, at a minimum, participating departments identify their individual contribution to achieving improvements....and collectively settle an appropriate model to present public information on the performance of Australian Government departments....' (ANAO 2007:85).

The report also canvasses a range of other issues. A chapter on Mechanisms for Whole of Government Collaboration discusses the evaluations of the COAG trials, departmental leadership, bilateral agreements between the Australian Government and states and territories, joint budget planning through the development of a Single Indigenous Budget Submission, the role and performance of the multi-agency Indigenous Co-ordination Centres, and joint funding arrangements. While mildly critical of government performance in some of these areas, the report makes no specific recommendations in relation to them.

There is an interesting discussion of an internal working party on Indigenous Funding and Governance Reform tasked to address issues of red tape and complexity in Indigenous funding processes. Apparently a strategy has been developed and endorsed by the Secretaries Group including a work plan which 'briefly identifies 22 areas where reform is needed'. The report suggests however that the strategy lacks an implementation plan (ANAO 2007:109).

Further chapters consider program design issues for Whole of Government work and overseas experience in this area. Largely descriptive, they make the case for increased flexibility in program design to better meet the specific needs of Indigenous citizens, and provide further evidence of the debilitating and labyrinthine complexity of the Indigenous affairs program arrangements. The ANAO response to this reality is largely to resort to pleas for greater 'ongoing effort' and the employment of 'innovative approaches' (ANAO 2007:130).

The formal joint agency response from the four service delivery agencies plus the Department of Prime Minister and Cabinet was: 'The departments accept the two recommendations'. Tellingly, there was no commitment to address those audit findings and issues raised not specifically included in the two recommendations.

A More Adventurous Approach

This performance audit report represents a lost opportunity. It will likely be a number of years before a similar broadscale performance audit is undertaken in the Indigenous affairs area. The report's recommendations head in the right direction, but are totally unambitious.

The report adopts a technocratic approach based overwhelmingly on mechanistically assessing the processes for inter-agency collaboration rather than critically assessing the potential of the Indigenous Affairs arrangements established in 2004 and the associated policy and program processes to achieve their stated aims.

This might not matter in many areas of public policy. But in relation to Indigenous policy, Indigenous interests are too diffuse to exert effective political influence, there is - post ATSIC - an absence of a national representative body with an interest in pushing for greater transparency, and government failure to achieve acceptable social outcomes (hidden by continuing changes in the architecture of government, by blame between different levels of government, and by an unfortunate propensity in much public debate to lay the entire blame for poor outcomes on Indigenous interests) has for too long led to diminished life opportunities for most Indigenous citizens. In these circumstances, the potential role of the ANAO in keeping governments up to the mark is of crucial importance.

So, based on the evidence adduced by the ANAO in this report, and accepting the policy framework established by the Australian Government, what might it have recommended? What would a more adventurous approach recommend?

First, the two existing recommendations would have been framed in much more direct and unambiguous language. Framing a recommendation that FACSIA take a leadership role in overseeing the whole of government agenda in terms of developing a *protocol* to monitor relevant matters is pathetically lame. Recommendation Two would have specifically required each individual program's funding allocation (including three or four year forward estimates) to be published, and expenditure levels for each program to be reported. Geographical breakdowns of expenditure would be made available to assist in the assessment of needs based targeting. The ANAO might have assisted agencies in preparing adequate and appropriate reports on performance by suggesting specific reporting templates.

Second, the report would have provided a more extensive discussion of the concept of mainstreaming which is at the core of the 2004 changes to the architecture of Indigenous affairs administration. Mainstreaming is a contested concept, and not surprisingly has a number of potential interpretations:

- The least controversial interpretation is that Indigenous citizens should have access to programs available to all Australians.
- More controversial is a conception that would prohibit the existence of Indigenous specific programs.
- Most controversial is a conception that Indigenous citizens must themselves take on the lifestyle and economic and social norms of 'mainstream' Australians.

The 2004 Indigenous Affairs Arrangements which are the core of the ANAO report's assessments were located towards the less controversial end of that interpretive spectrum. The policy initiatives of the most recent Indigenous Affairs Minister, Mal Brough, are at the most controversial end of that spectrum.

The report identifies and lists in a census of relevant programs 34 Indigenous specific programs and 59 mainstream programs with a significant Indigenous component within the four agencies. But the key issue in a mainstreamed program environment is to make an assessment of the extent to which major mainstream programs are not accessed by Indigenous citizens, and attempt to understand why. For example, the Commonwealth Rent Assistance program, the largest of Australia's social housing programs, is chronically under-accessed by remote Indigenous citizens. It would have been useful to have an ANAO assessment of the performance of agencies in making mainstream programs accessible to Indigenous citizens, in both remote and non-remote contexts.

A potential recommendation on mainstreaming would have addressed the processes through which Australian Government agencies would assure

themselves that Indigenous citizens are equitably accessing the major mainstream programs, and suggested strategies to identify and overcome any hurdles which might exist to inhibit such access.

Third, the ANAO would have explicitly recommended a *substantial* amalgamation and reduction in the number of programs directed at addressing Indigenous disadvantage.

The report identified 93 relevant programs, though it provided no information relating to the size of each program and its geographical coverage. A number of substantial and significant programs are missing from the report's census, for example, in the housing area, while mentioning the CHIP program, the census omits the \$100m Aboriginal Rental Housing Program within the Commonwealth-State Housing Agreement, plus a number of substantial sub-programs in the Indigenous housing sector such as the Fixing Houses for Better Health program, a \$5m program focussed on pro-active maintenance of community housing, and the \$5m Army Aboriginal Community Assistance Program.

These omissions are not significant in themselves; rather they demonstrate the difficulty facing policymakers (and auditors) in prioritising and focussing scarce governmental reform resources in the face of such complexity both within functional areas such as housing, and across the multiplicity of functional responsibilities.. There is reference in the report to FACSIA undertaking a 'program simplification process' (ANAO 2007:130), but this is unlikely to lead to the radical surgery across the board which is so clearly required.

Fourth, the ANAO would have taken up the issue of red tape much more aggressively. One of the startling results of the program manager survey undertaken by the ANAO as part of the audit was the extent of agreement with the following statement: 'The Indigenous Affairs Arrangements have helped to reduce the amount of 'red tape' for Indigenous people seeking to access government programs'. The report indicates that 85 percent of program managers surveyed disagreed or strongly disagreed with the statement, and that Canberra based managers were almost three times more likely than non-Canberra based managers to agree with the statement. Yet the report appears to down play this result, referring only to the 15 percent of program managers who agreed with the statement (ANAO 2007:132-3).

Fifth, the ANAO would have asked some of the more fundamental questions regarding the disconnect between the \$3.5bn in expenditure based on an underlying program and service delivery model in Indigenous affairs which is largely unchanged over thirty years and the continuing levels of disadvantage amongst Indigenous citizens. Are the resources allocated adequate? Are the allocated resources targeted sensibly? Are there other structural impediments to reducing disadvantage, and if so, what are they? These issues take on even greater salience for an independent body like the ANAO given the report's finding

of a lack of transparency within agencies in relation to financial allocations, and the consequential challenges faced by the public and interested stakeholders in developing and articulating views on financial priorities in what is a high profile area of public policy.

Conclusion

Notwithstanding the shortcomings canvassed above, the ANAO report on Whole of Government Indigenous Service Delivery Arrangements has made a positive contribution. It has provided an opportunity to highlight the extraordinary complexity which imbues and pervades the interface between public policy and programs and Indigenous disadvantage in Australia. The report does not attempt to deal in detail with the state/territory and local government activities which also play a large part in this equation, though it acknowledges the additional complexity that these entail (ANAO 2007: 117).

Whole of government arrangements are primarily designed to maintain focus and co-ordination in the face of deep-seated and intractable problems which span the responsibilities of multiple agencies. But there reaches a point where the proliferation of purported solutions and responses by governments become part of the problem, not least because they create an environment where the efforts of the public sector become so diffuse that it is impossible to hold any one actor, institution or agency accountable for outcomes. In these circumstances, reducing the number of program interventions is a better strategy than adding yet more bureaucratic complexity through attempting to exert greater control and co-ordination over too many activities.

Reform to achieve improved outcomes in Indigenous affairs is both in the national interest and an imperative with tangible consequences for the life opportunities of most Indigenous citizens. The ANAO report at least provides evidence that reform must proceed on both sides of the interface, within Indigenous communities and organisations, but importantly within the machinery of public policy and service delivery.

There is clearly a substantial and poorly acknowledged structural conflict in the area of Indigenous affairs (and probably beyond) between the bureaucratic and political imperatives to create ever more complexity and opacity, thus minimising accountability for poor outcomes, and the public and national interest imperatives to substantively streamline and reform public policy and service delivery in the interest of greater transparency and accountability, and ultimately much improved outcomes in what is the nation's most vexed policy challenge.

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References

ANAO 2007. *Whole of Government Indigenous Service Delivery Arrangements*, Performance Audit Report No.10 2007-08, Australian National Audit Office, Canberra.