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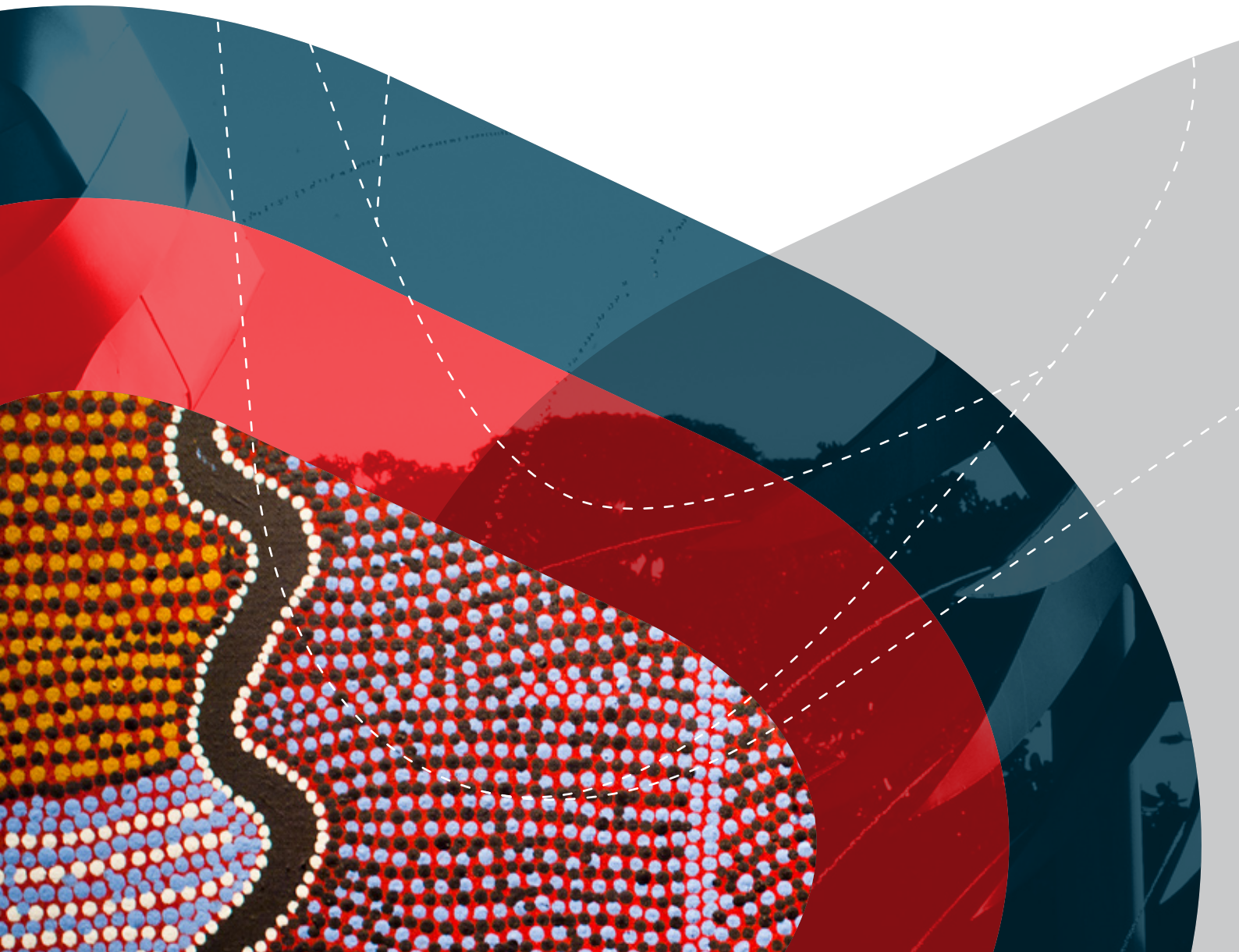
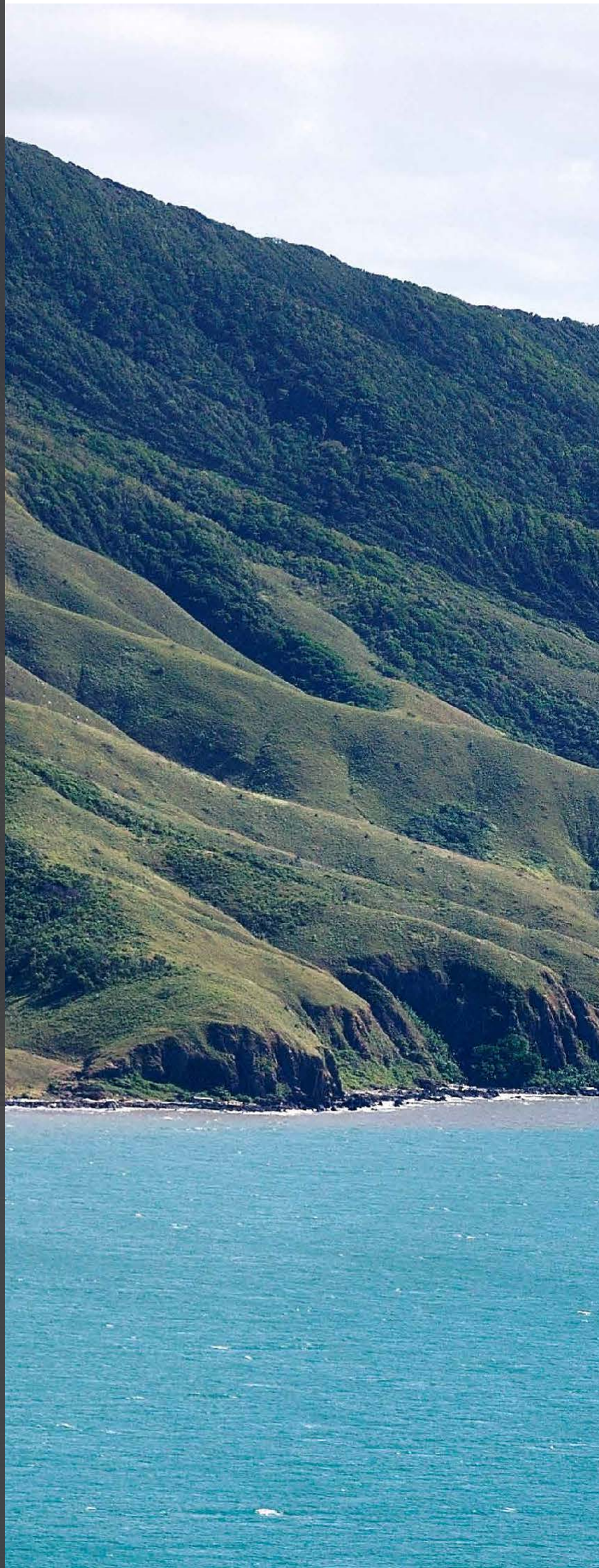
# Lessons from the inquiry into service delivery to Aboriginal and Torres Strait Islander communities



# Contents





# Introduction

The inquiry into service delivery to remote and discrete Aboriginal and Torres Strait Islanders was a 'once-in-a-generation' opportunity to look at how Queensland policy and services can improve outcomes for communities. In conducting the inquiry, the Commission worked with broad terms of reference to find answers in a complex and contentious policy space. Stakeholder groups had diverse expectations of the focus of the inquiry and what could be achieved.

Reflecting on lessons from the inquiry, three key aspects stand out:

- The independent, public inquiry process helped deliver better advice to government.
- Consultation was a challenge, but delivered a high return.
- Evidence and economics can 'cut through' the ideology and politics of complex social problems.

This paper provides an overview of the inquiry and explores each of these aspects. We hope that some of our insights will prove helpful to others handling complex policy reviews in the future.

# An overview of the inquiry

Around 40,100 people, or 20 per cent of Queensland's Aboriginal and Torres Strait Islander population, live in remote and discrete communities. Despite large reported expenditures by all governments, social and economic outcomes remain behind the rest of the state.

The inquiry arose from a groundswell of agreement on the need to 'do better'. Indigenous leaders were concerned about the level of service delivery funding actually 'hitting the ground'—they observed ineffective service provision in their communities and perverse outcomes. Government and service providers were equally concerned that their efforts and resources were not achieving better outcomes. The Indigenous councils asked the Queensland Treasurer to commission an inquiry to consider how government investment could be better targeted to support local needs and priorities.

In December 2016, the Queensland Government directed the Commission to undertake an inquiry into service delivery in remote and discrete Aboriginal and Torres Strait Islander communities, and appointed Professor Bronwyn Fredericks as a Commissioner. The purpose of the inquiry was to examine government investments in services delivered to the communities to identify what works well, and why, with a view to improving outcomes for Aboriginal and Torres Strait Islander people.

Three factors about the context of the inquiry helped guide the Commission's approach:

- Service delivery in remote and discrete communities is a complex system of policy design, governance, funding and direct service provision, with responsibilities shared across all levels of government.
- The coverage of the inquiry was broad, and it was not going to be feasible to provide an in-depth assessment of every policy or program.
- The inquiry followed a long (and ongoing) succession of inquiries, reviews and reports on Indigenous disadvantage. While there have been many past reform attempts, they have not been able to address the underlying incentives in the service delivery system that undermine outcomes.

Our approach was to examine the overarching policy, governance and funding framework that overlays all services. We found that the system requires substantial reform to work for communities and for government—that is, to make material progress, the service delivery system needs change to provide more effective incentives and better focus on economic and community development.

Informed by extensive consultation, research and analysis, the Commission developed substantial and ambitious reforms—structural, service delivery and economic—that would enable Aboriginal and Torres Strait Islander communities to develop solutions for themselves. The potential benefits are large, both in terms of improving wellbeing in communities and the savings that could be directed towards activities that communities value most highly.

The Commission is grateful for the people, organisations and communities that provided their views and participated in the inquiry. Their insights and contributions helped to identify and explore issues, and ultimately strengthened our analysis and advice.

# Three key insights

## 1. The public inquiry model helped deliver better advice to government

The Commission applies a public inquiry model to examine complex and challenging policy issues from a whole-of-community perspective. We contribute independent analysis and policy information into the public arena through reports and consultation. Our advice draws on and is tested with the public through comprehensive participation.

### Independence

Independence was critical in making findings and recommendations in this inquiry. Almost all stakeholders were aware of 'problems' with the parts of the service delivery system with which they are most closely involved—inefficiencies, the disconnect between decision-making and the realities 'on the ground', issues with cross-departmental and jurisdictional boundaries and perverse outcomes. We had a specific brief to look at the system as a whole, and to weigh up various assessments, based on analysis of the evidence that could be brought to bear.

One of the most common questions asked during consultation was: 'So, are you part of government?' Community, service providers and government stakeholders were initially wary of an internal review that could amount to 'tick-box consultation'. The Commission's statutory independence gave stakeholders confidence that we were impartial and were looking for evidence-based solutions. By sharing their experiences to inform the inquiry, stakeholders took a calculated risk in the hope of achieving something worthwhile. With an independent viewpoint we could test the status quo and adopt a new perspective on complex questions.

The Commission's independence and expertise were bolstered through the appointment of Professor Bronwyn Fredericks as a Commissioner. Professor Fredericks' wide experience and understanding of Queensland's Indigenous communities, combined with her research and engagement expertise and demonstrated independence, contributed to the credibility and success of the inquiry.

### A public inquiry process

The transparent nature of the inquiry—open public processes, the publishing of submissions, and reporting publicly—shone a light on the service delivery system. A transparent approach ensured that alternative viewpoints could be heard and considered. Through accommodating the diverse interests of different groups, we sought to develop recommendations that would most effectively address the problems with service delivery in remote communities, and ultimately enable better outcomes. By

undertaking broad consultation and providing evidence for recommendations, inquiry processes can help to build support for policy change.[1]

The draft report is a central part of the public inquiry process. The draft report, including the evidence and analysis underpinning findings, enabled stakeholders to consider and provide their views on our analysis. It was an effective step that helped to confirm our interpretation of issues, and to test and refine potential solutions.

The draft report is particularly useful to test findings and recommendations when evidence is not settled or is complex. For instance, structural reforms to transfer decision-making to regions and communities were a key proposal of the inquiry. The recommended reforms—designed to provide greater accountability as parties enter agreements that set out their responsibilities—will significantly change the way government and communities engage and do business. The draft report allowed us to 'float' the proposal so that stakeholders could consider whether and how the change would best work to deliver better outcomes. We could collect more evidence and stakeholder views—for example, through discussions, roundtables, visits to communities and submissions—as we developed the final report for the government.

The draft report process also contributes to an informed environment, which can enhance recognition of the evidence base and the need for reform. The nature of the Commission's policy recommendations can, in some cases, create losers as well as winners—the recommendations necessitate a high burden of proof. With publication of reports, the in-depth analysis underpinning recommendations is readily available for public scrutiny.

## 2. Consultation was a challenge, but delivered a high return

Public participation and consultation during the inquiry strengthened our work by letting us tap into the knowledge, views and evidence of the wider community. By drawing on the experience of a wide variety of stakeholders—Indigenous councils and leaders, community members, government agencies, service providers, representative groups, participants in other jurisdictions and research organisations—we could develop an informed, overarching view of the system and potential solutions.

Public consultation was also important to build understanding and support for the inquiry. It is the nature of public policy that there will be conflicts—the public inquiry process enables stakeholders to express diverse views in a neutral environment, and enables these views to be tested against the evidence.

### Consulting with Aboriginal and Torres Strait Islander communities

In approaching engagement with Aboriginal and Torres Strait Islander peoples, we were mindful that there is a level of 'consultation fatigue', with communities and their leaders facing regular demands on their time and resources. Communities have raised concerns that engagement has been limited to informing them and a fly-in fly-out approach.

We found it was important to be flexible about where and how meetings would be conducted, and to ask communities what would be appropriate for them. To maximise opportunities to participate in the inquiry, we offered a range of consultation modes, including community visits, on-site and off-site meetings, phone conferences, presentations and briefings. Communities' participation in the inquiry could otherwise have been limited, due to their remoteness, time constraints and lack of resources.

[1] Banks, G, *Public inquiries, public policy and the public interest*, inaugural Peter Karmel lecture, Academy of Social Sciences in Australia, Canberra, 3 July 2013, p. 15.

Some communities were keen for us to visit them. We were guided by local contacts as to where to meet—it could be a neutral space, like the 'Ration Shed' in Cherbourg, or a central, public building like the Lockhart River Council Chambers. Plenty of time in each community was needed to allow for formal consultation as well as for opportunities for casual conversations and personal stories in different group arrangements. We attempted to stay at least overnight wherever possible—this demonstrated a commitment to engagement, created further opportunities to discuss issues, and provided a wealth of information and insights that would not otherwise have been available to us.

Others preferred to meet in a regional centre such as Cairns, Thursday Island or Mount Isa, or to combine with an event like the Local Government Association of Queensland annual conference in Gladstone. We also met with Indigenous leaders in our Brisbane offices, and held extensive discussions with community members on teleconferences.

Stakeholders were prepared and knew what they wanted out of the inquiry process. They were engaged and positive. The degree of engagement reflected an environment where participants felt comfortable to be frank and provide information, which contributed greatly to our understanding of issues.

## Challenges and how we dealt with them

Consultation came with its challenges. There was a sense that the inquiry was bigger than any one service or community, and stakeholders expressed hope that it could bring meaningful change to outcomes. We were fortunate to have had some experienced and forward-thinking people share their ideas with us. One of the key consultation challenges was eliciting feedback beyond the current way of doing things, to test new options. The dominance of the existing service delivery model meant it was sometimes difficult for stakeholders to imagine an alternative way.

The draft report helped stakeholders to look to the future, informed by all points of view. To maximise the accessibility of the draft report we also published a summary version, and presented the key ideas for further discussion in consultations. Release of the draft report gave stakeholders the opportunity to consider how the reforms might be implemented and to bring to our attention potential issues and opportunities. It allowed people to consider the implications of the reforms so that they could prepare their own response, and think about how the reforms would affect their forward planning.

The greatest challenge to achieving productive consultation was time. It is a challenge to strike the right balance between conducting an inquiry in a considered way and meeting reporting deadlines. Despite our best efforts, time was sometimes shorter than ideal. The communities are dispersed and remote, and transport options limited—it took a great deal of time to get to and from and between the communities. Visits were subject to delay, due to weather events or community business.

Additional time for stakeholders to consider the draft report would have been helpful. Stakeholder feedback was critical to refine the inquiry recommendations and implementation advice. People need sufficient time to consider proposals, explore ideas, and prepare their response. In communities, time is needed to allow for community decision-making processes. We would have liked to allow more time for stakeholders to consider the draft report in depth and prepare their contributions to the inquiry.

We relied heavily on the willingness of stakeholders to prioritise their engagement and respond quickly to the draft report to inform our work. Despite tight timeframes, the response was strong and we appreciated stakeholders' efforts to prepare for consultations and put together submissions amid their busy schedules. While the public consultation effort was a challenge, it was critical for testing findings and refining the proposed reforms. The inquiry benefitted greatly from stakeholders' real-world and perceptive insights.

# 3. The value of applying economic analysis to complex social problems

The inquiry was the Commission's first significant investigation in the social policy arena—indeed, the value of getting a team of economists to examine complex social and service delivery issues was not immediately apparent to all stakeholders. But the study of economics is about the operation of human societies: how they work and why.

> *If you were to take your guide from the media, you would probably think that economics is all about models and forecasts, budget surpluses, current account deficits, inflation, employment and interest rates. And it is about those things. But the description is superficial, and misleading.*
>
> *Economists may be distinguished from anthropologists, yet they share an interest in the drivers of human development. Economists may be distinguished also from sociologists, yet they share an interest in the factors that explain the development and functioning of human society. Economics explores especially closely the way in which human development, including societal development, may be explained by the essentially atomistic responses of individuals to the set of signals confronting them.*[2]

Economists analyse the objectives and the opportunities confronting people and organisations to identify what is driving behaviours, and accordingly, what needs to change to generate better outcomes.

Applying an economic lens to the inquiry proved to be a very useful approach. Indigenous affairs is a challenging area, with a complex historical overlay and many entrenched views. Economic analysis helped to cut through the political and emotive arguments to develop evidence-based options.

Economic analysis enhanced our understanding of the resources allocated to service delivery, the outcomes, and the 'problems' in terms of incentives. This provided the 'missing link' to explain why large amounts of effort, commitment and resources are not achieving the desired returns and what options could address it.

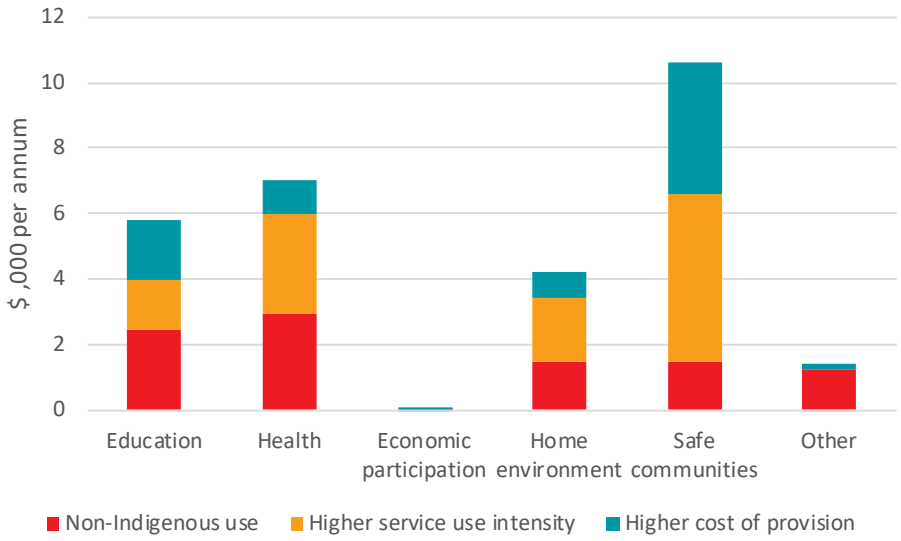
## Understanding expenditures and outcomes

It is widely reported that governments spend a lot of money on services to Aboriginal and Torres Strait Islander peoples—almost twice the rate per person than for non-Indigenous Australians—yet outcomes remain poor. Less widely reported is what drives the higher rate of expenditure, and how much of it effectively translates into beneficial services, local employment and better outcomes in remote and discrete communities. A key analytical task for the inquiry was to measure the resources the Queensland Government allocates to service delivery in the communities, and to understand the nature of this investment and its outcomes.

Our analysis started with state expenditure on service delivery (Figure 1 indicates the per capita expenditure in the communities for key expenditure categories). The total expenditure per person in the remote and discrete communities is estimated at just over $29,000 for 2015–16. Expenditure above the average for Queensland is driven by greater levels of need in the communities (higher service use intensity), and the higher cost of service provision in remote areas.

[2] K Henry, *Creating the Right Incentives for Indigenous Development*, address to the Cape York Institute Conference: "Strong Foundations—Rebuilding Social Norms in Indigenous Communities", Cairns, 26 June 2007.

**Figure 1 Components of per capita expenditure in the remote and discrete communities**




We then conducted a community level analysis using service mappings for Hope Vale and Aurukun, to better understand how the system was working at the community level. That information indicated the nature of the funding arrangements, such as the use of multiple grant-based funds, the range of providers and their service delivery methods within those communities (for example, fly-in/fly-out services).

There was a strong perception in communities that much investment is poorly targeted. Many providers stated that significant resources were devoted to providing compliance information for grant funding and frequent tendering across multiple funding pools. Short funding cycles reduced incentives for providers to make investments in the communities that would improve their services. Overlapping, and sometimes competing, Australian and state government initiatives contribute to this maze of funding.

We found that the way expenditures are currently allocated is not effective in addressing the needs of communities. Our survey of key service areas in education, community safety, housing and health indicated complex underlying issues, which increase the risk of unintended and confounding consequences. Service delivery is a system, but channelling services through silos, and then more finely through grant and program funnels, is stifling responses to those complexities. The problem of siloed delivery is well-known but has proven resistant to change. Progress is further hindered by the largely reactive nature of services, with less attention to address the underlying causal factors.

Overall, the analysis of expenditure and outcomes built our understanding of how the current service delivery system is performing, where the issues are, and what needs to change to enable better outcomes. The underlying incentives in the service delivery system were identified as a key factor to be further explored.

## Incentives

Incentives analysis identifies the objectives of organisations and individuals, and the resulting payoffs from their behaviours or decisions, as the key determinants of their actions. In its most simplified form, the analysis suggests that organisations or people are responsive to those who 'pay' them. In the chain of incentives applying to government service provision to the communities: governments are responsive to their constituents who fund and support them, departments are responsive to governments who approve their budgets, and external service providers are responsive to departments who purchase their services, which are provided to communities. Communities have little leverage or ability to influence service delivery in the current system, and service providers have weak incentives to respond to community needs.

The operation of the current system also acts to undermine community economic development, family responsibility and individual self-reliance.

> *The objectives of overcoming deficits, disadvantage and poverty immediately invoke the standard tools of the welfare state: top-down government intervention through income transfers and passive service delivery. Individual, family and collective agency is relegated to the sidelines, displaced by the strategies, rules and procedures of the bureaucracy.*[3]

Our analysis identified key factors that need to be in place to enable better outcomes in communities. The right economic and social incentives are needed to build—within the communities—self-reliance and self-development and a commitment to care for community and family. In addition, the system needs to have the correct incentives that encourage government and service providers to align service delivery with community priorities. This means investing in the services most needed by a community, in a way that supports community development with local employment, skills development and service delivery opportunities. Incentives should act to move communities away from a passive reliance on externally-provided services, with opportunities to develop their own solutions.

To achieve this, decision-making must align with the principle of subsidiarity—an efficient system is organised so that matters are handled by the least centralised competent authority. Yet policy design and service delivery to the communities thus far reflects a top-down decision-making and incentive system. The reforms proposed by the inquiry seek to invert that chain by providing communities with a decision-making and purchaser role for service delivery—governments purchase agreed outcomes from communities.

### Implementation

While the recommended reforms should ultimately address incentives, moving from one system to another—while the incentives of the current system prevail—requires careful implementation. The reforms would fundamentally shift the way communities and government engage and do business. Prior reviews have suggested changes in decision-making, but few have indicated how to achieve this in practice and there have been many failed attempts to implement reform. The Commission considered that some practical guidance was called for, while emphasising that the final form of any implementation plan will need to be developed by government in partnership with Indigenous communities.

It was evident that timing and implementation of the reforms must factor in the building of an authorising environment and stakeholders' ability to change. This informed our recommended arrangements of roles and responsibilities, and key steps to implementation, including critical pathways and dependencies for a staged transition. It also helped to give an indication of how long such changes might take to achieve. The reforms proposed by this inquiry are substantial—while there will be short-term wins, considerable time will be needed to embed change across the system and realise sustained, improved outcomes.

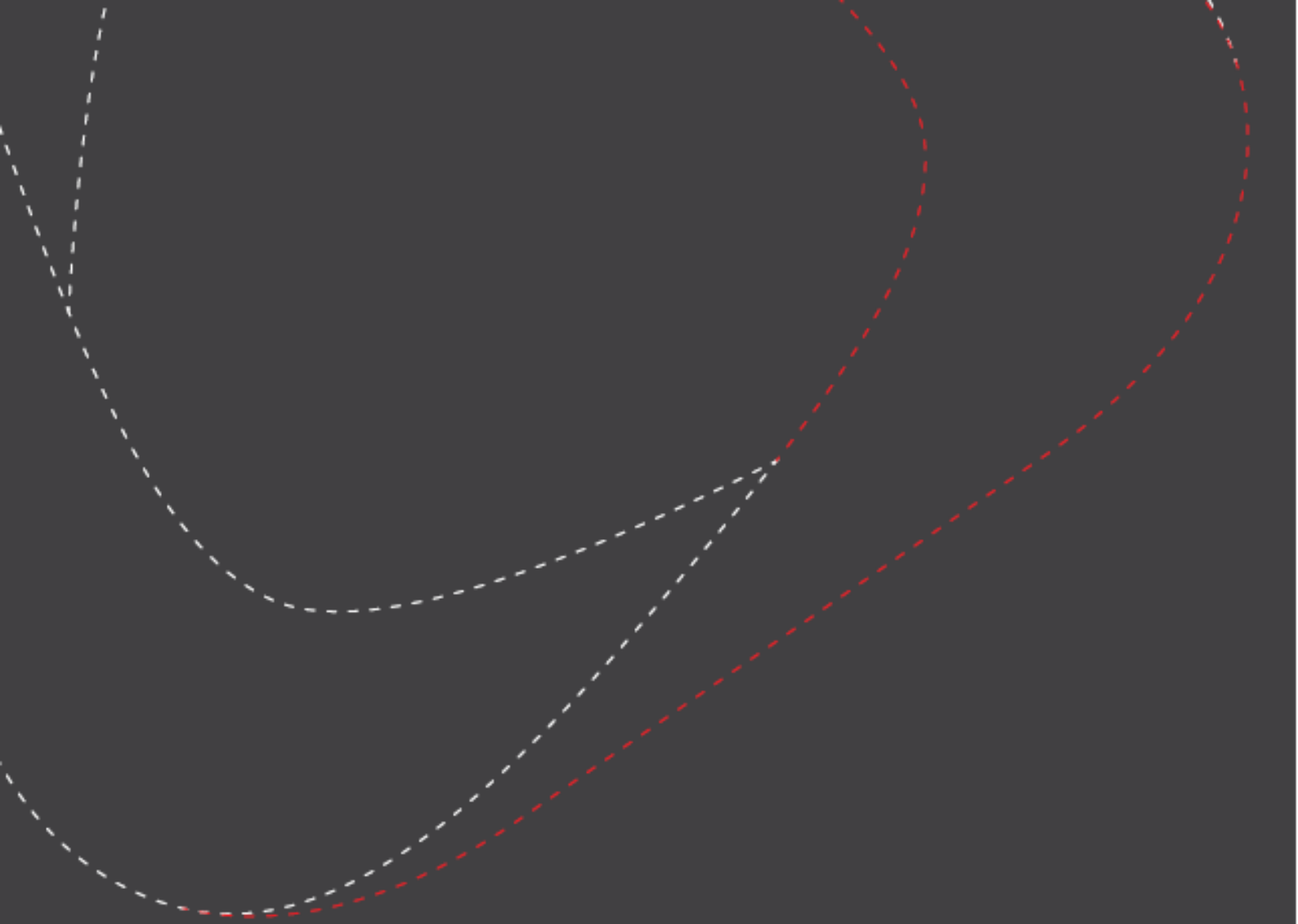
# Conclusion

The reforms proposed by this inquiry are intended to enable communities to find their own solutions, and thus improve outcomes in a sustained way. The success of our work will ultimately be measured by the extent to which it influences public policy and has an enduring impact. However, key elements of the

3 Empowered Communities, Empowered Communities: Empowered Peoples, design report, Wunan Foundation Inc., 2015, p. 13, http://empoweredcommunities.org.au/wp-content/uploads/2018/04/EC-Report.pdf

public inquiry process—independence, evidence-based advice and consultation—played an important role in making the case for reform.

While this inquiry focused on Queensland's remote and discrete communities, the organisational lessons are applicable to other jurisdictions and policy sectors. Hopefully, some of what we learned will prove helpful to those conducting complex policy reviews in the future.

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