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## 6 Future directions

The Steering Committee's proposed National Framework and methodology will enable the reporting of national estimates of government expenditure on services to Indigenous people that will be:

- *comparable* — the estimates will be comparable across jurisdictions and with data collected for other purposes that follow standard ABS classification
- *relevant* — the mapping of the national framework to the WGIR and *Overcoming Indigenous Disadvantage: Key Indicators* (OID) report strategic areas will assist policy makers to assess the progress and formulation of government policy
- *reliable* — the commitment, as part of the methodology, to report on the quality of data and encourage ongoing data improvement (in collaboration with other exercises) means that the quality of estimates will be known, and that improvements to quality can be targeted. Basic sensitivity analysis will provide transparency to the published estimates.
- *cost effective* — the proposed approach draws largely on existing expenditure data which will be apportioned between Indigenous and non-Indigenous expenditure. Although additional detail is required to map GPC classifications to the WGIR strategic areas, this process will be far less resource intensive than attempting to aggregate Indigenous expenditure from the program/service level. However, obtaining information to apportion expenditure between Indigenous and non-Indigenous people will require resources.
- *timely* — an initial report on expenditure for 2008-09 is expected to be achievable in 2010. Subsequent reports should be possible on an annual basis for the previous financial year.<sup>1</sup>

Considerable work will be needed over 2009 to develop the methodology, to enable 'initial' reporting in 2010 (section 6.1). Development work will continue beyond the first report to improve the scope and quality of reporting over time. Large investments could be required by some jurisdictions, particularly where changes to

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<sup>1</sup> Some information that is used to apportion expenditure will be updated less frequently. Similarly, outcomes data and information used to contextualise the expenditure estimates are likely to be more irregular.

collection methods are required to the quality and usefulness of their data. However, the benefits of these investments will also be large and on-going (section 6.2).

### 6.1 Towards the first report

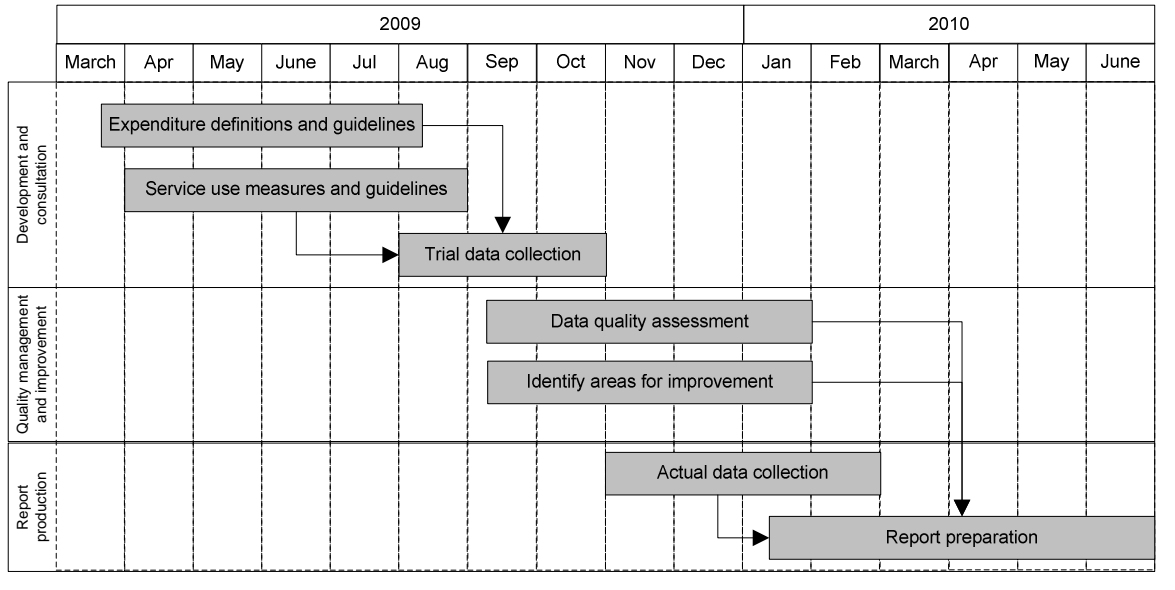
The support and commitment of all jurisdictions are essential if the National Framework is to produce meaningful and useful estimates.

Development work for the first report will require a more significant effort from jurisdictions than subsequent report cycles. Consultation will be required between and within jurisdictions to inform a number of fundamental decisions that will underpin future reporting.

Figure 6.1 provides a broad overview of the major tasks that must be completed as part of the first report cycle:

- *development phase* — as noted throughout this report, there are a number of issues that must be resolved before data can be estimated for the first report, including:
  - *expenditure definitions and guidelines* — in consultation with jurisdictions and data agencies, finalise the classification framework in appendix A, and reach agreement on the definitions and guidelines that will allow these to be implemented on a nationally-consistent basis.

Figure 6.1 Outline of major tasks of the first report cycle



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It is anticipated that initially, work will be progressed by the Secretariat and Development Group, under the guidance of the Steering Committee. Some issues will require active consultation (for example, workshops involving representatives from data and service areas in relevant agencies).

Although national definitions and guidelines should be largely agreed for the first report, full reporting by all jurisdictions is likely to take time, and a commitment of resources, to achieve.

- *service use measures and guidelines* — identify the appropriate service use measures and data sources for allocating mainstream expenditure between Indigenous and non-Indigenous people for the 108 GPC+ categories in appendix A.

These issues will be progressed through a combination of work by the Secretariat and Development Group, under the guidance of the Steering Committee, and workshops involving appropriate jurisdictional representatives. The Steering Committee expects work on service use measures to be a continuing development issue that will be resolved over a number of report cycles.

- *trial data collection* — when the expenditure and service use measure definitions and guidelines have been provisionally resolved, it will be prudent to conduct a ‘trial’ collection (based on 2007-08 data) to identify any unexpected issues.

The trial data collection is likely to require significant assistance from jurisdictions’ finance and treasury departments. It is important that relevant areas of those departments are aware of the importance of this exercise, and are provided with the necessary dedicated resources.

- *quality management and improvement* — it is unlikely that all issues will be resolved during the development phase of the first year. The ability to report will vary by service area and jurisdiction. An important ‘second’ step is to identify areas for improvement by:
  - *data quality assessments* — assessments will identify the quality of the expenditure and service use data, to provide transparency about the reliability of the estimates and to identify areas for further work.

Assessments could involve examinations of existing information about data quality, but might also require specific studies which would need to be resourced. It is unlikely that a comprehensive data quality assessment of all data used in the estimation process will be possible before the first report is prepared.

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- *identify areas for further improvement* — the development phase and trial collection will identify areas where further improvement is needed. These improvements might be in terms of scope or quality of reporting against the existing framework, and might relate to the national collection, or to individual jurisdictions.

Data quality information and areas for further development will form part of the annual report, providing information on the limitations and gaps in current reporting. Continual improvement may involve the identification of specific strategies that have resource implications beyond the capacity of this exercise. The Steering Committee will work closely with the WGIR, the COAG Reform Council and the Steering Committee for the Review of Government Service Provision on strategies to improve data collections that contribute to a range of national reporting exercises.

- *report production* — the report will draw together the expenditure estimates, contextual information on outcomes and Indigenous characteristics, and information on data quality and gaps
  - *actual data collection* — it is expected that the proposed 2010 Report will include data for the 2008-09 financial year. This will be collected using the framework, definitions and guidelines agreed during the development phase. Notwithstanding the trial collection, it is expected that the inaugural collection will require more time than subsequent collections.
  - *report preparation* — time will be needed to identify and agree the preferred format for reporting the expenditure estimates and supporting information. It is anticipated that subsequent reports will require considerably less preparation time.
- *report endorsement and publication* — the Steering Committee proposes that the Indigenous Expenditure Report be made publicly available. The initial report would be submitted to HoTs and the Ministerial Council for Federal Financial Relations for endorsement prior to publication.
- *consultation* — to date, the Steering Committee and Secretariat have consulted within government, but have not consulted with other important stakeholders, particularly Indigenous people and their organisations. Further consultation within government is expected to be essential to develop definitions and guidelines for expenditure and service use data.

The Steering Committee considers it important to consult with potential users of the report and with Indigenous people on the purpose, underlying principles and methodology of the report.

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It is proposed that Steering Committee representatives conduct consultations within their jurisdictions, and that the Chairman of the Steering Committee and the Head of Secretariat hold discussions with Indigenous people and their organisations, and relevant officials and researchers.

## 6.2 Continual improvement

The development work undertaken over 2009 will not resolve all methodological, data quality or report presentation issues. Although the direct demands on jurisdictions' treasury and finance departments will decline once the development phase is completed, the Steering Committee anticipates significant scope for continuing improvement of the report's scope and quality. Early reports are likely to have limitations in terms of the coverage and quality of estimates. There could also be scope for improvement in the way information is presented in the report.

The Steering Committee anticipates that, beyond the first report, the production of Indigenous expenditure report will follow the general process illustrated in figure 6.2.

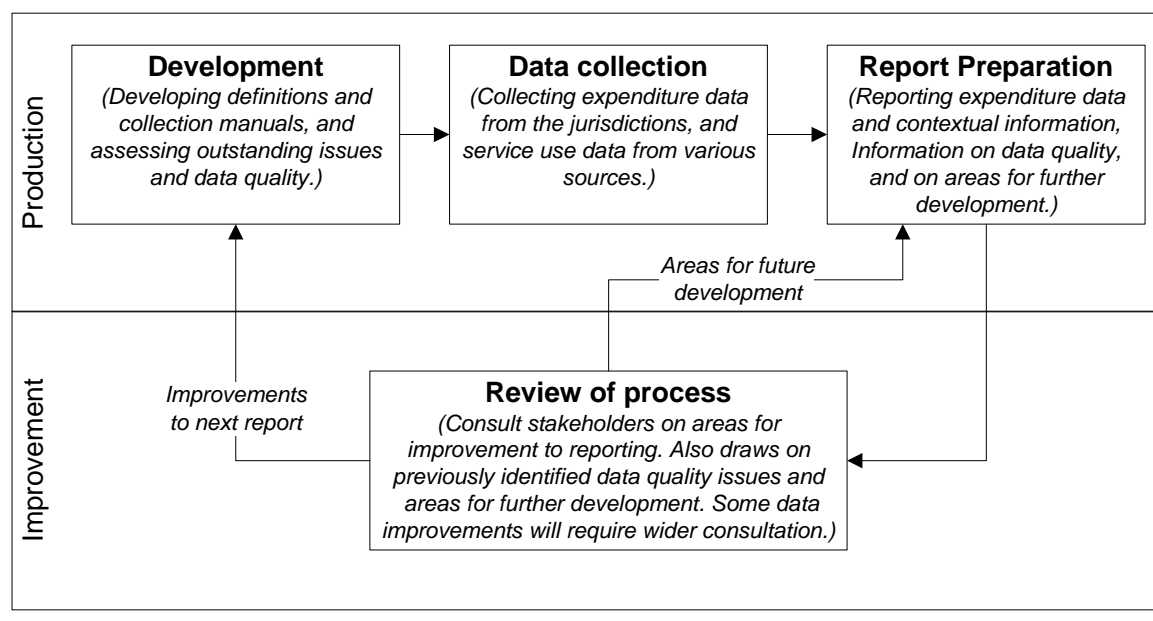
- *review of process* — a review of the previous report to identify areas for improvement. In some cases, ongoing improvement will rely on the cooperation and commitment of resources by other agencies. This could involve further work within individual jurisdictions or agencies to improve quality or identify further detail in their data. Alternatively, improvements could depend on changes to national collections, requiring the cooperation of bodies such as Ministerial councils, the ABS and the AIHW. Changes of this type will require cooperation and resources and will inevitably take time.

The second area for improvement — the presentation of results — will require that the Steering Committee consult widely with report users and stakeholders. Approaches adopted by exercises such as the Review of Government Service Provision provide useful models for consultation and user feedback.

The finding of this review will be recognised in a strategic plan for short term improvements (which can be implemented in the next report), and medium and long term improvements (which will require more time, but will be noted in the next report).

- *development* — changes relating to the short term improvements will be incorporated into the data definitions and guidelines, and into the presentation of results. The development process could identify new areas for improvement.
- *data collection* — data will be collected for the report. Where necessary further work on data quality will be conducted or continued.

Figure 6.2 Report production and improvement beyond the first report



- *report production* — The report will be produced, noting the improvements from previous reports (and the subsequent implications for comparability), and identifying areas for further development (identified in the strategic plan as medium to long term improvements).

The Steering Committee anticipates that the framework (the expenditure classifications, definitions and guidelines), and methodology (the apportionment methods and service use measures) will be completed within a relatively short period (for example, over the production of two or three annual reports). Beyond this point, the majority of ongoing work (which may require substantial work over several years) will relate to improving the quality of data and reporting.

Once the initial development phase is completed, it might be efficient for the Steering Committee for the Review of Government Service Provision to assume oversight of the expenditure report exercise. The expenditure report has strong synergies with the Overcoming Indigenous Disadvantage report and the Report on Government Services overseen by the Review Steering Committee. The two Steering Committees have similar membership, and the Productivity Commission provides the Secretariat to both Steering Committees.