

Productivity Commission Inquiry

Submission: proposed Indigenous Evaluation Strategy

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This brief submission seeks to endorse, reinforce, and in a number of respects extend the submission to the Commission made by Professor Tony Dreise and colleagues, including myself, all based at the Centre for Aboriginal Economic Policy Research (CAEPR) at the ANU.

Mainstream policies and programs

In particular, I wish to reinforce the points made in the Dreise submission regarding the overarching significance and impact of mainstream policies and programs on Indigenous citizens. While Indigenous specific policies and programs have a variable and more visible footprint across the Indigenous policy domain, mainstream policies and programs are ubiquitous and increasingly represent the primary interface between governments (at all levels) and Indigenous citizens. Importantly the Commonwealth Grants Commission found in its comprehensive 2001 review of Indigenous funding that mainstream services do not meet the needs of Indigenous people to the same extent as they meet the needs of non-Indigenous people. Given the substantial continuity in institutional structures and frameworks since 2001, it seems unlikely that this conclusion has been reversed in the two decades since it was formulated. The interplay of an increasing footprint for mainstream policies and programs in Indigenous citizens' lives with the existence of multiple barriers to access faced by Indigenous citizens goes a long way towards identifying at least one of the major structural causes of deep-seated Indigenous disadvantage. Evaluation of the major and significant mainstream policies and programs impacting Indigenous citizens (and in particular, evaluations of the effect on Indigenous citizens of these mainstream policies and programs) thus has the potential to both make visible structural access challenges, and point to the policy design features that might start to address these access constraints.

Two further potentially important issues related to mainstream policies and programs are worth pointing to and I suggest the Commission give them specific attention.

First, (as pointed out by Dreise et. al.), a very significant proportion of public sector financial support to citizens generally is undertaken via tax expenditures rather than budget expenditures. There is no substantive conceptual reason to treat them differently in terms of evaluation of their impact on social and economic outcomes. Tax expenditures have much less visibility and in particular, may adversely affect Indigenous and low-income citizens via a process of non-inclusion rather than inclusion. Any whole of Government evaluation strategy that seeks to be

conceptually coherent will need to include tax expenditures, and evaluations will need to be designed to assess exclusion as much as inclusion of Indigenous citizens.

Second, the significant overlaps in the policy and program engagement of different levels of government raises important issues for evaluation design and process, and particularly for evaluation governance. The Productivity Commission (2018: 275-78) pointed to these overlaps in its report on Horizontal Fiscal Equalisation. It will be important that the Commission gives focussed attention to addressing this issue in devising the whole of government Indigenous Evaluation Strategy.

Strategically significant evaluations

A second point made by Dreise et al. that I strongly endorse (and which links to the points made above in relation to mainstream programs) is the importance of regular independent evaluation of major strategically significant policies and programs if the policy intention is for evaluation to make a difference to economic and social outcomes. A small number of high quality comprehensive evaluations of institutionally significant policies and programs will ultimately have a much greater impact than a multitude of smaller evaluations of marginally significant programs and projects. There is of course a case for proportionate evaluation or review of all programs, but the trick for policymakers (which in this area appears to include the Productivity Commission itself) is to ensure that over the medium term the bulk of available evaluation resources (both financial and intellectual) is focused on the policy and program 'forest' rather than the 'trees'.

Of course, 'strategic significance' is itself a potentially ambiguous concept. It should not merely be assessed in terms of program logic or notional policy objectives, but in a first best world would also take into account the overarching strategic aspirations of Indigenous interests. In too many cases, (Closing the Gap is perhaps the best example) government has failed to develop and articulate a coherent and comprehensive strategic policy framework that ties policy objectives to resource allocation. In such an environment, to limit evaluations to government specified parameters would itself be a strategic mistake. This of course represents a major challenge given that it is government agencies that control the evaluation agenda and process. It reinforces the case (see below) for much greater independence in the selection and development of the Indigenous evaluation agenda.

Another related issue (which features most consistently in the work of Professor Jon Altman) is the importance of acknowledging in tangible and substantive ways the reality that Indigenous interests are both heterogeneous and most importantly, ascribe in many cases to values and cosmologies that are fundamentally different to those of the Australian mainstream majority. As a nation we struggle to acknowledge these differences in our policy development, and as a consequence, our evaluation strategies and agendas are potentially compromised and sub-optimal. In other words, there is a need to give substantive attention to cultural difference in devising the Indigenous evaluation Strategy.

Transparency

A third point made by Dreise et al. that I strongly endorse are the points made regarding the importance and necessity of transparency. Indeed, I would go further and suggest that what is required for evaluation to be an effective policy tool (and thus to contribute to better outcomes including in relation to Indigenous exclusion and disadvantage) is a cultural shift within the public sector writ large. Such a transformation would involve a structural shift away from the default mode of secrecy and non-publication and towards what might be termed 'hyper-transparency' or 'dynamic transparency'. By this, I mean that the public sector would need to commit to a much broader openness as the default stance for all policies and programs:

- making policy and program administration and monitoring 'open and transparent', publishing status reports on key metrics at least quarterly;
- publishing more sensitive documents (such as internal audits and the records of departmental audit and risk committees) after a delay, say four years. This would provide time for agencies and ministers to get their house in order, but provide a much stronger incentive on agencies to address substantively any issues/recommendations;
- ensuring key documents and reports (including program monitoring reports, reviews, evaluations etc.) remain accessible and available to the public for at least ten and preferably twenty years;
- preparing and publishing accessible speeches and other updates summarising policy frameworks, recording significant shifts in policy direction, reporting progress on policy development on those issues that extend beyond more than one (or even two) terms of government.

I understand that the immediate reaction to my proposals above will be 'this will never happen' and 'what has it got to do with evaluation?'

My response is that it has everything to do with evaluation. At the moment, the lack of policy and program transparency means that evaluations (and performance audits) are effectively the primary way in which the public can access authoritative and reliable detailed information on the operations of major policies and programs. I note in passing that over recent years, a number of key ABS surveys have been discontinued, and there have been serious issues with the accuracy of the Indigenous counts in the five year census. These factors merely work to reinforce the importance of evaluations in facilitating a good understanding of what is going on in particular policy sectors. Unless there is a cultural shift to a more dynamic transparency, particularly at the level of program monitoring and administration, there will be continuing and widespread efforts to undermine the potential for evaluation to promulgate information that is not in full alignment with the messaging emerging from the executive arm of government. In turn, the constraints imposed (whether in the framing of terms of reference, in choice of evaluators, or in promulgation of results) will mean that evaluations then fail to influence outcomes in optimal ways.

In response to any suggestion that my proposals are politically infeasible, I merely respond, well, what does this say about the prospects for effective evaluation? And

further, what does it say about the prospects of governments successfully addressing ongoing Indigenous exclusion and disadvantage? The reality is that the fear of independent and authoritative critique of policy and program performance is the 'elephant in the room'. Constructively critical evaluations will become much more feasible if key program and policy metrics are already in the public domain.

After all, the operations of the public sector are taxpayer funded, the executive is formed from elected representatives, our democratic system is based on assumptions of an informed citizenry, and if it is not informed about the operations of its representatives, what does that mean? Representative government is losing the trust of its citizenry across the world. Recently, ANZSOG published a report on the public sector that warned of a 'creeping crisis' of effectiveness and legitimacy (Noveck & Glover 2019) It is time for the articulation of ambitious proposals. The Productivity Commission has the independence and status to challenge the stale, defensive and ultimately self-defeating mindsets of those public sector insiders who are not prepared to embrace innovation and change, and have forgotten (or perhaps never experienced) the traditions of a public sector prepared to offer 'frank and fearless' advice.

Of course, it goes without saying that a new dynamic transparency would also, in relation to all evaluations, see the public sector commit to:

- publishing completed evaluations within, say, three months of completion;
- publishing updates on progress where evaluations are undertaken over extended period; and to
- publishing a formal response to evaluation findings and recommendations within say four months of completion; and
- importantly, to publishing a follow up response on implementation progress twelve months after evaluation completion.

In relation to the last two dot points above, it is worth noting just how desultory the public sector currently is in responding to formal recommendations of the ANAO and Parliamentary Committees. The ANAO reports (2019: 21-2) that at the end of 2018, there were 338 parliamentary committee reports with outstanding responses, of which 274 reports (or 81 percent) had no response. In relation to formal audit recommendations to a number of agencies, there were major failures to implement recommendations, including recommendations to which agencies had themselves agreed (emphasis added) (ANAO 2019: ch 3). See Dillon (2019) for details of a recent ANAO audit that found that PMC had failed to implement an agreed recommendation related to strengthening its evaluation activities. These ANAO findings point to the existence of deep-seated cultural issues across the public sector that will easily translate to the (non)implementation of evaluation findings, especially in areas such as Indigenous affairs where there are limited advocacy resources directed to technical public policy issues. I recommend you read the response of the Secretary of the Department of Prime Minister and Cabinet attached to the ANAO report to assess the severity of pressure that will be applied to agencies into the future for any continuing non-compliance.

It follows that in developing a whole of government Indigenous evaluation strategy, the Commission will need to give serious consideration to addressing these cultural issues (with more than rhetoric). Successful cultural change across the public sector will require the introduction of new evaluation governance mechanisms and frameworks.

Evaluation Governance

The Dreise et al. submission argues strongly for much stronger Indigenous engagement in the governance of evaluation across the public sector. I endorse this.

Nevertheless, I am conscious that evaluation of mainstream programs (which in my view is the main game for Indigenous interests) is not amenable to intensive Indigenous involvement in all stages of the evaluation process. Accordingly, it is my view that the Commission will need to give serious consideration to a policy framework which allows for Indigenous engagement at an early stage in evaluation topic selection, design, and planning while also meeting the important requirements for independence and transparency.

I have not developed a comprehensive and coherent proposal to achieve such an outcome. Nevertheless, my intuition tells me that a part of the solution would be the establishment of a standalone and statutorily independent Indigenous evaluation entity. Dreise et.al. also advocate consideration of such an entity. It would require a remit to engage with agencies about their forward evaluation programs, to participate in evaluation planning where the entity considers there to be tangible benefits in doing so, and the capability to recommend changes to proposed terms of reference, and selection processes. It would also have a remit to follow up with agencies in relation to their responses to evaluations and implementation of recommendations relating to indigenous citizens. The appointment of a Commissioner or Commissioners should be done with Indigenous input and to the extent possible made non-partisan to ensure independence. I encourage the Commission to give these issues serious consideration. I note that these arguments have a strong resonance with the more mainstream arguments made by Nicholas Gruen in his submission to the APS review (Gruen 2018).

Finally, there appears to be need for a comprehensive digital archive of policy relevant public sector information. Such an archive ought to be public, and professionally managed. The quality of digital governance of public sector information is in my view quite poor, and indeed, appears to involve deliberate decisions to make access to information difficult. To take just one random example, obtaining access to the media releases or speeches of a former minister (say Minister Scullion's media releases on school attendance) in the present Government in a searchable format is virtually impossible, while being technically easy and low cost. My point is that governance in an information constrained zone will inevitably be sub-optimal. The public sector can do better. I strongly suggest that the Commission consider recommending ways that will allow better and more efficient access to policy relevant information for both policymakers and the public at large.

References

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