



SUBMISSION TO THE PRODUCTIVITY
COMMISSION - INDIGENOUS
EVALUATION STRATEGY

Acknowledgement

IBA pays respect to Aboriginal and Torres Strait Islanders Elders past, present and emerging.

We honour the resilience, ingenuity and continuing connection to country, culture and community of all Aboriginal and Torres Strait Islander people across Australia.

About Indigenous Business Australia

Indigenous Business Australia (IBA) was established to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency, and to advance the commercial and economic interests of Aboriginal and Torres Strait Islander people by accumulating and using a substantial capital asset for the benefit of Aboriginal and Torres Strait Islander peoples.

In pursuing our purpose, IBA works alongside our customers to:

- achieve their aspirations for home ownership;
- support and assist businesses and entrepreneurs; and,
- facilitate wealth-generating investments.

Our commercially focused products and services enable and assist Aboriginal and Torres Strait Islander people to move towards greater participation in the economy.

Through our work and our activities:

- we influence, partner and engage with the private and public sectors to deepen our impact; and
- we contribute towards the wellbeing and economic prosperity of our customers and their communities through both direct and indirect impacts, including by generating jobs, and contributing to the improved health and safety of our customers, their families and communities.

IBA makes economic independence and economic development happen

Our vision is for a nation in which Aboriginal and Torres Strait Islander people are economically independent and an integral part of the economy.

Aboriginal and Torres Strait Islander people have been excluded from meaningful participation in economic activity until relatively recently and “are the predominant group of people consistently associated with financial exclusion”.¹ Successive policies of exclusion have caused Aboriginal and Torres Strait Islander people to:

¹ Background Paper 19: Aboriginal and Torres Strait Islander Consumers of Financial Products, Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, <<https://financialservices.royalcommission.gov.au/publications/Documents/aboriginal-and-torresstrait-islander-consumers-of-financial-products-background-paper-19.pdf>>.

- face barriers accessing opportunities to achieve self-management and economic self-sufficiency and suffer financial exclusion at nearly every income band;
- have limited ability to leverage assets, to grow wealth and to become economically independent; and
- lack the financial, budgeting or commercial acumen or skill set to realise opportunities through various means of wealth creation.

IBA works to assist Aboriginal and Torres Strait Islander people to have the same opportunities as every other Australia, and we have a track record of success. We work with our customers to support their aspirations for financial inclusion, wealth creation and ultimately, economic prosperity and economic independence.

What is unique about IBA and the way we work

IBA is predominantly self-funded.

Most of our commercially-focused solutions are funded by self-generated revenue – from our home and business lending activity and from returns from our investment portfolios.

A small portion of the amount we lend each year to support home ownership outcomes is received from the Commonwealth. Similarly, a small portion of our business lending activities are funded via grant from the Department of Prime Minister and Cabinet.

In the 2017-18 Financial Year, IBA invested or financed more than \$400 million across our areas of work – our biggest year on record. This is a significant amount and represents more than 12 times the amount of funds IBA received from the Commonwealth. (see Figure 01).

The income base of the consolidated IBA group (see Figure 02) comprises both grant and appropriation revenue from the Commonwealth as well as self-generated revenue. In 2017-18 IBA received \$40.6 million in grant receipts, \$10.1 million by way of appropriation, and \$163.2 million in self-generated revenue.

The self-generated revenue consists mostly of interest earnings from the loan portfolio, rental receipts from investment properties, and goods and services income from subsidiaries. IBA also received \$22.9 million by way of equity injection from the Commonwealth for use in providing home loans.

FIGURE 01: CAPITAL DEPLOYED COMPARED TO GOVERNMENT CAPITAL INJECTIONS FROM 2008 (\$M'S)

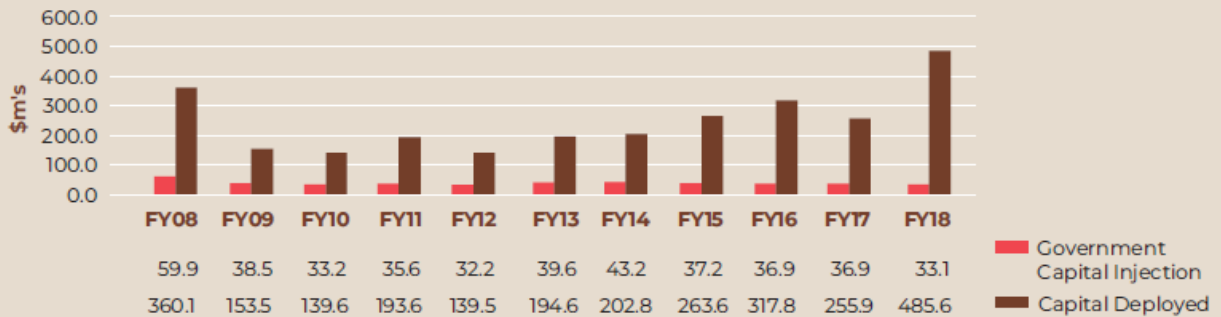
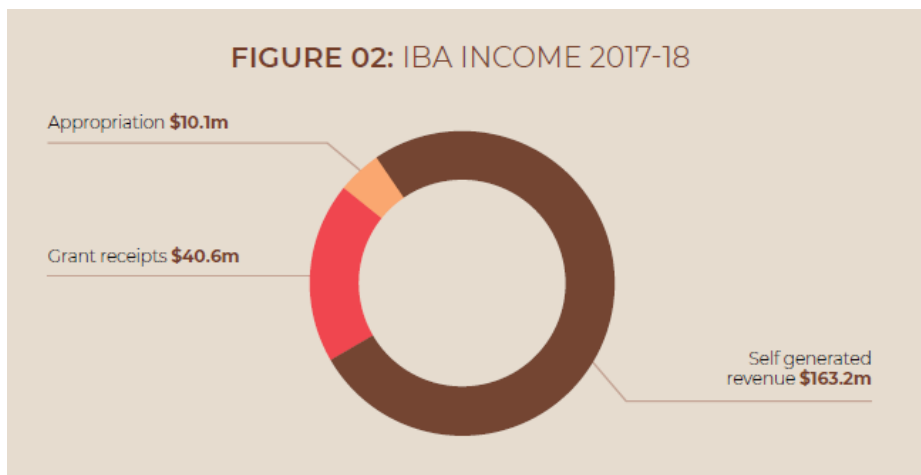


FIGURE 02: IBA INCOME 2017-18



The Productivity Commission Issues Paper

IBA welcomes the opportunity to provide a response to the Productivity Commission's Indigenous Evaluation Strategy Issues Paper (Issues Paper).

IBA agrees that evaluation is an essential part of policy development and program management. By providing a process through which the goal of policy frameworks and programs can be questioned and how they are performing and what is working and what is not, evaluation can provide policy and program stakeholders and designers with valuable information about performance.

As a corporate Commonwealth entity and subject to the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), IBA acknowledges the importance of consistent, robust and transparent evaluation and performance measurement of programs and policies to enable the Australian Parliament and public to understand whether public resources are being properly used.

As noted in a Department of Finance paper:

Providing meaningful information on the results achieved from the use of public resources is a cornerstone of the Australian Government's accountability to the Australian Parliament and public. This line of accountability is dependent on the quality of performance information.²

IBA agrees that in the process of providing meaningful information about results, performance information should draw on multiple sources that offer different perspectives on the achievement of a policy or program's objectives, and that evaluations can play a role to assist in this regard.

Structural considerations for an Indigenous Evaluation Strategy – the need for a guiding framework developed by and for Aboriginal and Torres Strait Islander people

As the Productivity Commission is a key agency with a function to help governments make better policies in the long-term interest of the Australian Community, IBA commends the Australian Government through the 2017-18 Budget process for creating the position for a new Commissioner to the Productivity Commission with specific and relevant experience in Indigenous policy.

In the context of responding to the Issues Paper, IBA notes and agrees with the sentiments in the "Overcoming Indigenous Disadvantage: Key Indicators 2016 – Report" foreword, where Peter Harris AO stated that:

There is a pressing need for more and better evaluation of Indigenous policies and programs nationally if we are to see improvements in outcomes for Aboriginal and Torres Strait Islander Australians. We need to understand better which policies and programs work better than others and why.

However, although more and better evaluation is one necessary component for improving Aboriginal and Torres Strait Islander policies and programs (and indeed for those evaluations to be structured around an Indigenous Engagement Strategy), IBA considers that there are structural matters that must first be addressed – being the development of a policy and program framework that is led by Aboriginal and Torres Strait Islander people.

Working within such a framework, it would then be possible for programs and policies to be built around a 'theory of change'³ approach to explain how activities are understood to produce a series of results that contribute to achieving the final intended impacts. This would assist to design more realistic goals, clarify accountabilities and establish a common understanding of the strategies to be used to achieve the goals. It would also assist evaluations to be more effective in highlighting what is working and what is not.

² Morton, D. & Cook, B., *Evaluators and the Enhanced Commonwealth Performance Framework*, available <<https://www.finance.gov.au/sites/default/files/evaluators-and-the-enhanced-commonwealth-performance-framework-2018.pdf>>.

³ Rogers, R., 'Theory of Change', UNICEF Methodological Briefs, Impact Evaluation No.2, available <<https://www.unicef-irc.org/publications/747-theory-of-change-methodological-briefs-impact-evaluation-no-2.html>>

The Sustainable Development Goals (SDGs) provide an example of such a framework – being a set of goals and targets for long-term, global development. The SDGs were introduced by the United Nations General Assembly in 2015 as part of their 2030 Agenda. A number of targets accompany each of the 17 goals, which focus on social and economic development across the globe.

The 17 goals are interconnected – success on one goal will involve tackling issues that might often be more commonly associated with another.

IBA considers that a similar framework, developed by and for Aboriginal and Torres Strait Islander people, and founded on the principles in the United Nations Declaration on the Rights of Indigenous People (discussed below) – with goals and targets for long-term outcomes and impacts would greatly assist all stakeholders.

This critical first step – the development of a policy framework that is led by Aboriginal and Torres Strait Islander people – will ensure that the system, and policies and programs that comprise it can be evaluated and held accountable to that framework.

United Nations Declaration on the Rights of Indigenous People

IBA has previously highlighted the importance of the principles in the United Nations Declaration on the Rights of Indigenous People (UNDRIP) for establishing the right policy settings.

In the context of a proposed Indigenous Evaluation Strategy, IBA considers similarly that the principles of the UNDRIP are critical as a basis both for developing the framework discussed above and also for developing the strategy (the Indigenous Evaluation Strategy) upon which programs and policies impacting upon Aboriginal and Torres Strait Islander people can be evaluated, particularly:

- Article 18 – representation and decision-making: that Indigenous peoples have the right to participate in decision-making in matters which would affect their rights, through representatives chosen by themselves in accordance with their own procedures
- Article 19 – governments consulting and cooperating with Indigenous peoples in good faith: States shall consult and cooperate in good faith with the indigenous peoples concerned through their own representative institutions
- Article 20 – recognition of Indigenous people’s own institutions: including the right to maintain and develop their political, economic and social systems or institutions
- Article 23 – recognition of the importance of Indigenous self-management and control over programs and services: that Indigenous people have the right to determine and develop priorities and strategies for exercising their right to development.

Adopting an approach founded on the principles of UNDRIP will enable governments to work differently with Aboriginal and Torres Strait Islander peoples and to ensure respect for their knowledge, rights, priorities and ways of approaching their own priorities and aspirations – for the benefit of current policy and programs, and also for evaluating the effectiveness of these policies and programs.

Clearly establishing policy and program outcomes, indicators and measures – and the importance of including indicators for economic independence

For evaluations to be able to contribute meaningfully towards policy and program improvement, and so as to deliver upon the ultimate objective of an Indigenous Evaluation Strategy (to deliver better outcomes for Aboriginal and Torres Strait Islander people), it is important that the outcomes themselves of policies and programs are clearly articulated, and that Aboriginal and Torres Strait Islander people have input into establishing what those outcomes should be.

The setting of outcomes in turn requires the articulation of indicators and measures. Noting that the ultimate decision about the types of indicators, outcomes and measures is a matter for Aboriginal and Torres Strait Islander people, in other submissions, IBA has pointed out that a deficiency in policy frameworks that are designed to improve lives and livelihoods for Aboriginal and Torres Strait Islander people is the omission of indicators (targets) and measures that can be used to assess economic independence and economic sustainability.

IBA considers that indicators and measures to assess economic independence and economic sustainability is important within a policy and program framework that is designed to achieve Aboriginal and Torres Strait Islander well-being, because without measures that record progress towards achieving the outcome of economic independence, it becomes more difficult to assess impediments at a structural level towards achieving that outcome.

Possible indicators that could be used to ascertain progress towards economic independence could include, for example:

- secure housing
- financial resilience
- levels and types of employment
- extent of business ownership and activity
- income
- culture
- wealth
- access to technology

A precedent for such a system exists in the *National Indigenous Reform Agreement* and its associated initiatives, like the *Overcoming Indigenous Disadvantage Report*, which adopt an indicator framework that is based on best available evidence about the root causes of disadvantage in order to ensure that policy attention is directed to prevention, as well as responding to existing disadvantage (although in IBA's view the measures in that framework for gauging the extent of "economic participation" are too narrow and fail to capture the extent of data available to measure progress (or not) towards economic inclusion).

Measuring and reporting the impact of programs and policies

While designing, measuring and articulating outcomes is important, it is also critical that programs and policies can demonstrate that they are actually generating impact. IBA considers that evaluation can play a key role in this regard by assisting identify and communicate these impacts.

For example, IBA recently had the activities of its Housing Solutions division assessed so as to better understand the impact on the lives and livelihoods of our customers of our home lending activities arising from IBA's stewardship of the Indigenous Home Ownership Program (IHOP).

The IHOP provides home loans to Aboriginal and Torres Strait Islander people who are overwhelmingly lower income earners and first home buyers who are not serviced by the mainstream lending market, particularly in regional and remote locations. To date, approximately 19,500 Aboriginal and Torres Strait Islander people have been assisted into home ownership through the IHOP (which has been operating for 40 years) equating to over \$2.3 billion of additional equity in Aboriginal and Torres Strait Islander hands.

The report by Deloitte Access Economics on the activities and impact of the IHOP conservatively estimated that the IHOP has generated:

- \$895 million in social and economic benefits for home loan recipients
- \$483 million in economic activity from housing construction
- 1,247 additional full-time-equivalent jobs

The articulation of these impacts through this report is validation to IBA that our activities improve lives and livelihoods. It also provides compelling evidence about the real-world value of (just one aspect of) IBA's work, and a basis from which to explore how the activities that lead to these impacts can be scaled so as to benefit more Aboriginal and Torres Strait Islander people.

This is clearly a significant benefit that evaluations can provide – they assist contribute towards good performance information that enable informed judgements to be made about whether an activity is delivering something worthwhile.

Data availability to inform policies, programs and evaluations

For those delivering programs and interacting with Aboriginal and Torres Strait Islander customers, like IBA, understanding demand, societal trends and knowing the size, location and composition of the Aboriginal and Torres Strait Islander population is important.

Census data in this regard, as highlighted by Markham and Biddle,⁴ creates challenges for policy makers for the questions it leaves unanswered, including about the diversity of outcomes within the Aboriginal and Torres Strait population (which accordingly creates challenges about where resources should be apportioned and most effectively allocated for impact).

⁴ Markham, F. & Biddle, N., *Indigenous Population Change in the 2016 Census*.

Although the range and volume of data on Aboriginal and Torres Strait Islander populations has grown over time (and that data is used to inform the development of targets, measures, policies and evaluation), there is an ongoing need to ensure that data is fit for purpose so as to support the divergence in needs and outcomes within the Aboriginal and Torres Strait Islander population. For example, localised and specific (and perhaps based on ethnographic structures) collection of data may assist Aboriginal and Torres Strait Islander groups and communities themselves determine the information that is important based on how they themselves view their social and economic world and how they see opportunities and constraints towards the achievement of goals that they define.

In other words, data and statistics must meet the needs of Aboriginal and Torres Strait Islander people themselves. IBA acknowledges that such conversations and the associated collection of data must be informed by principles of Indigenous data sovereignty.

Similarly, through the availability of more specific and Aboriginal and Torres Strait Islander-driven data, providers like IBA will be better able to model demand, both across regions and within regions, so as to allocate resources where they are needed most.

Translating evidence into practice

The Closing the Gap Clearinghouse sought to bring together the evidence about ‘what works’ in closing the gap in Indigenous disadvantage. The Productivity Commission’s *Overcoming Indigenous Disadvantage* report also sought to detail hard evidence of what works and what does not work from a policy and program perspective.

Although there was common ground about what works, translating this evidence into practice, so as to influence policy-makers appears to have been a challenge. (Similarly, the transfer of knowledge and application of the lessons from the ‘what works’ initiatives by line agencies seems also to have been an issue.).

The integration of an evaluation culture into programs and policies, supported by appropriate funding, an Indigenous Evaluation Strategy and strong oversight by the Productivity Commission will hopefully address these issues.

Also, because the Clearinghouse was focused on health and welfare, this appears to have resulted in a reduced focus on opportunities to address and improve land and economic development policies to support Aboriginal and Torres Strait Islander aspirations have been missed.

Evaluation experience overseas

IBA agrees that lessons from international evaluation models and experiences will be useful in developing an Indigenous Evaluation Strategy, particularly where those evaluation models operate within a framework with goals and targets for long-term outcomes and impacts and which is designed to support the improvement of the lives and livelihoods of Indigenous people.

As a model for implementing an evaluation culture, the Impact Evaluation to Development Impact (i2i)⁵ of the World Bank provides an interesting approach for how “high-quality and operationally relevant impact evaluation research” is used to transform development policy. The objective of the i2i approach is to increase the use of impact evaluation in the design and implementation of public policy.

A strategic approach to evaluations like this, to generate knowledge in strategic development areas and with a focus on under-evaluated areas, may be transferable to Australia.

Other approaches – changing systems that exclude Aboriginal and Torres Strait Islander people

The introduction to IBA’s work at the commencement of this submission referred to the ongoing financial exclusion of Aboriginal and Torres Strait Islander people.

This exclusion is deep and structural and stems from the deliberate financial and economic exclusion of Aboriginal and Torres Strait Islander people from the economy in the process of colonisation until at least 1967. The ramifications of this deliberate financial and economic exclusion continue to play out today for the Aboriginal and Torres Strait Islander population.

Entities like IBA, and our predecessors that were established after the successful 1967 referendum to build the economic independence of Aboriginal and Torres Strait Islander people, have taken important steps to equip Aboriginal and Torres Strait Islander people with tools to address this exclusion; in IBA’s case, by providing commercial solutions and finance, or operating in and connecting markets and locations with finance solutions where others will not.

In the process of policy formulation to address this exclusion, government policies and programs typically focus upon incentivising and seeking to address behavioural change by Aboriginal and Torres Strait Islander people. Unfortunately, mainstream institutions⁶ that perpetuate exclusion are rarely the focus.

Although initiatives like the Indigenous Procurement Policy reverse this pattern by encouraging non-Indigenous Australia to engage with and interact for the benefit of Aboriginal and Torres Strait Islander people (i.e. it develops a productive relationship between sectors and leverages the contribution that Australia’s civil society and business sector can make towards Aboriginal and Torres Strait Islander outcomes), the existence of institutional and structural exclusion, not just in finance systems, but throughout systems and institutions – and the omission of policies, programs and incentives to address this exclusion – limits Australia’s ability to address either Indigenous disadvantage or significantly progress Indigenous aspirations to make their own lives on their own terms.

⁵ <https://www.worldbank.org/en/research/dime/brief/i2i-fund>

⁶ The word “institutions” in this context is used to refer to the humanly devised constraints that structure political, economic and social interaction.

Apart from the Indigenous Procurement Policy, the omission of a focus on mainstream institutions in addressing Aboriginal and Torres Strait Islander exclusion is a gap in Australia's policy and program response.

In its broadest sense, an Indigenous Evaluation Strategy provides an opportunity to highlight these omissions and to consider how all policies and programs (not just those that operate within an umbrella framework of Aboriginal and Torres Strait Islander affairs) impact upon and benefit or inhibit Aboriginal and Torres Strait Islander people – and consequently, to establish a mechanism for providing opportunities to improve outcomes.

Concluding remarks

It is incontrovertible that to be most effective, policies and programs need to be built upon high quality and relevant data and qualitative and quantitative evidence. Developing an evaluation culture which forces policy and program stakeholders to question the effectiveness of their activities is critical for creating this sort of evidence that supports policies and programs to achieve this goal.

Noting our comments above about the likely benefit of structural reforms built upon the development of a policy framework that is led by Aboriginal and Torres Strait Islander people and which is accompanied by goals and targets for long-term outcomes and impacts, IBA welcomes the approach by the Australian Government and the Productivity Commission to create a position for a Productivity Commissioner with specific and relevant experience in Indigenous policy and to develop an Indigenous Evaluation Strategy.