

# Introducing Competition and Informed User Choice into Human Services: Reform to Human Services.

## Productivity Commission Draft Report.

June 2017.

Submission in response to Draft Report

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The authors of this submission have read the draft report issued by the Productivity Commission (PC) and believe that the report contains many pertinent and important observations regarding the delivery of services to Indigenous communities in remote Australia.

We are supportive of the recommendations that are made at 8.1 through to 8.5 of the report. With respect to recommendation 8.1, if longer contract terms are provided for contractors external to the affected communities, it is vital that contracts should explicitly include conformity with recommendations 8.3 and 8.4. As an example, the Western Australian Government is now moving to contracting for housing in remote regions to be delivered over a four-year contract period with explicit employment and training requirements.

We note the Commission's references within the draft report to the need for a period of gradual transition from the current administrative structures and practices to implement a place based approach which will provide for community involvement and direct engagement. We support the statement within the report that;

"In the past, the risk appetite of governments has been a barrier to moving from rhetoric to reality on community empowerment. Governments must be willing to transfer some control from centralised decision making in government. To be effective, implementation requires ongoing bottom-up consultation and engagement. Indigenous communities will only develop trust in governments if they see that there is genuine commitment to taking their views into account when decisions are made." (p250)

However, we are concerned that the draft report falls short of examining or making recommendations on what actions will need to be taken by governments, if the rhetoric of a place based approach to service delivery is to be successfully implemented. In our own conversations with senior administrators in departments with responsibility for the delivery of

services to remote Indigenous communities, we have found that there continues to be only a piece meal approach to the development of policy and program design based on the principles of place based decision making, collective impact or empowered communities.

While we have found initiatives being taken across some Commonwealth departments such as Prime Minister & Cabinet (PM&C) and Department of Social Services (DSS) for example, they cannot be described as uniform or providing a holistic place-based practice framework or a whole-of-government approach. Nor have we found any proposals to put in place the program and financial flexibility that is needed for any genuine place-based approach allowing for community input to design and delivery to function. The existence of a siloed environment within the APS remains an inhibitor to the effective adoption and implementation of place-based policies and structures. From our perspective, it is apparent that there is no clear locus of responsibility within the Government to drive the required transition within the APS and across service providers. We would suggest, that before the report is finalised, the PC consider further, the need for a more transparent and defined structure within the APS which would drive the transition to effective place-based decision making and to oversee the implementation of the recommendations made in the draft report. It would, in our view, be logical for PM&C to draw together those agencies which are moving to introduce place-based approaches, with a view to developing a repository of accepted principles and good practice and disseminate the product of those developments to all relevant agencies engaged with Indigenous communities.

From our enquires it appears that while there is a genuine interest in place-based approaches within departments there is no clarity about:

- where authority lies to decide to adopt a place-based approach
- if a place-based approach is adopted who determines what flexibility is available in terms of program design and delivery as well as cross program resource shifting; and
- whether a decision by a department to adopt a place-based approach can require another department with related programs in the same place to engage in the process.

It is also apparent to us, that there is a need for clear political leadership and authorisation if the new approach is to be implemented. As the PC has pointed out, there is a low appetite for risk which has in the past and we would say, continues to inhibit the translation of place-based rhetoric into practical action on the ground. This is particularly so when it comes to delegating authority to the regional and local levels of administration. A clear example of this is the National Network within PM&C which, if it is to operate in support of place-based decision making, must be given the necessary financial and administrative delegations to enable officials to undertake their stated functions. This has yet to happen.

Unless there is political authorisation of the removal of the obvious obstacles to place-based approaches, including current legal departmental and program rules or guidelines, a mere rhetorical or political commitment to place-based operations cannot be effective.

We note with some satisfaction, however, that PM&C has, this month, responded to one of the existing barriers to place based approaches namely the clear need for new skills and training for those engaging with Indigenous communities. The department has sought expressions of interest from external consultants to provide a “holistic place-based practice framework for government practitioners working in Indigenous communities” and “a package of associated staff resources and training that will support staff to embed the practice in their day-to-day work.” The need for new and improved skills within those agencies engaging with Indigenous communities will be crucial to the success of implementing place-based policies and programs.

It will also be necessary to ensure that duty statements and accountability arrangements are consistent with the changed behaviors place-based approaches require of public servants.

In conclusion, we would suggest that the PC’s final report provide some clear guidance as to where the locus of responsibility for the implementation of place-based policy and program development should reside. It is important that the Government sets a high standard for providing transparency and accountability in its dealings with the Indigenous communities as it moves to implement the place-based approach. We would also suggest that the final report emphasise the need for systemic changes as well as strong, clear and ongoing political leadership in support of the place-based approach so that the current gap between rhetoric and practice can be addressed as a matter of priority. Knowing who is ultimately responsible and accountable for the development and implementation of the new approach will help focus the mind of the Government and the APS to move forward and accept the challenges that associate with the adoption of place-based principles and practice. The whole-of-government approach, which a place based approach infers, has been considered in the past. Past PC reports have highlighted the findings of an APS Management Advisory Committee (MAC) which identified and described the changes in organisation and processes that were essential if whole-of-government was to work. This included five basic imperatives:

- *Substantial initial cross-agency/stakeholder agreement about the broad purposes to be pursued;*
- *Use of the outcomes budget framework to pool resources and to create appropriate accountability frameworks;*
- *Lead-agency staff empowered with sufficient authority to manage whole-of-government settings and to lead the engagement of local stakeholders;*
- *Empowering these same managers to engage with relevant individuals and interests;*
- *And finally ensure the individuals engaged in these latter roles have the appropriate networking, collaboration and entrepreneurial skills.*

Since the 2014 budget, which held out the promise of a regional approach to administration through the regional network, working from regional plans, and simplification of 150 programs into five streams permitting more flexibility and regional or local relevance, administration has remained fragmented and often incoherent. The current Prime Minister's stated ambition to work with rather than on Aboriginal people has been more honored in the breach than the observance because decisions have been centralised in Canberra. The widespread agreement we have found across departments and service providers that place-based bottom up approaches are needed as acknowledged in the draft report (which we would be happy to support with oral evidence) and the general failure to match rhetoric with action makes essential, in our view, the need for clear recommendations from the PC about what is required to make the implementation of place-based approaches a reality.