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Performance Audit

Indigenous Secondary Student Accommodation Initiatives

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Australian National
Audit Office

Canberra ACT
20 October 2011

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit across agencies with the authority contained in the *Auditor-General Act 1997*. Pursuant to *Senate Standing Order 166* relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure to the Parliament. The report is titled *Indigenous Secondary Student Accommodation Initiatives.*

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.

Yours sincerely

Ian McPhee
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

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Abbreviations

ABS	Australian Bureau of Statistics
AHL	Aboriginal Hostels Limited
CHINS	Community Housing and Infrastructure Needs Survey
COAG	Council of Australian Governments
DEEWR	Department of Education, Employment and Workplace Relations
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
IBF	Indigenous Boarding Facilities program
IBHP	Indigenous Boarding Hostels Partnerships program
ILC	Indigenous Land Corporation
ICC	Indigenous Coordination Centre
NAPLAN	National Assessment Program – Literacy and Numeracy
NIC	National Indigenous Council
NIRA	National Indigenous Reform Agreement
NTDET	Northern Territory Department of Education and Training
NTER	Northern Territory Emergency Response
NTERJSC	Northern Territory Emergency Response Joint Steering Committee
RTA	Rio Tinto Alcan
WCC	Western Cape College

WCRC	Western Cape Residential Campus

Glossary

Aboriginal Hostels Limited	Aboriginal Hostels Limited is a Government-owned company that provides temporary accommodation services to Aboriginal and Torres Strait Islander people.
CHINS	A survey of the status of housing, infrastructure, education, health and other services available in discrete Aboriginal and Torres Strait Islander communities throughout Australia. The survey was conducted by the Australian Bureau of Statistics in 2001 and 2006.
Closing the Gap	Closing the Gap is a commitment by all Australian governments to improve the lives of Indigenous Australians, and in particular provide a better future for Indigenous children. The commitment is supported by six targets that measure improvements in life expectancy, employment and education. The target year for halving the gap in educational achievement is 2018, and the target year for halving the gap in Year 12 attainment rates is 2020.
Indigenous Land Corporation	The Indigenous Land Corporation (ILC) is a statutory body established in 1995. The ILC's purpose is to assist Indigenous people with land acquisition and land management to achieve economic, environmental, social and cultural benefits.
NAPLAN	A national assessment program to benchmark the academic performance of Australian students. Every year, all students in Years 3, 5, 7 and 9 are assessed on the same days using national tests in reading, writing, language conventions (spelling, grammar and punctuation) and numeracy.

National Indigenous Council	The National Indigenous Council (NIC) was an appointed body tasked with providing policy advice to the Australian Government through the Ministerial Taskforce on Indigenous Affairs. The NIC was established in November 2004 and was wound up by the Minister for Indigenous Affairs in early 2008.
National Indigenous Reform Agreement	Overarching agreement between the Australian and state/territory governments to give effect to the 'Closing the Gap' policy agenda. Supported by a series of bilateral agreements with each state/territory government, and a range of National Partnership Agreements.
Rio Tinto Alcan	The aluminium 'product group' of Rio Tinto, an international mining corporation. Rio Tinto Alcan manages bauxite mining and aluminium refining operations located in Weipa, Queensland.
Western Cape College	A school operated by the Queensland Government, offering a curriculum for all years of primary and secondary school, with campuses in Cape York at Mapoon, Weipa, and Aurukun.
Western Cape Residential Campus	A boarding facility currently under construction through the IBHP program administered by FaHCSIA, linked to the Western Cape College.
Warlpiri Triangle	The Warlpiri Triangle is most readily identified as a regional Aboriginal education forum established in the 1980s to develop professional links between educators at schools in four Tanami Desert communities.

Summary and Recommendations

Summary

Introduction

1. Improving educational outcomes for Indigenous students has been an important policy priority for successive national and state/territory governments. Indigenous students in all jurisdictions record lower attendance and retention rates, and lower scores against standardised benchmarks for academic performance, than their non-Indigenous peers. Indigenous students, particularly those in rural and remote areas of Australia, face a range of barriers to receiving a quality education, including limited access to schools.

2. Various programs have been developed by the Australian Government in order to improve Indigenous access to secondary schooling and, in doing so, contribute to improved educational outcomes. These programs include individual scholarships for students to board at established schools in metropolitan areas[1] and two separate programs to construct boarding facilities to improve access to schooling for students living in remote areas. The boarding initiatives fit within a range of other government measures, including the Closing the Gap in the Northern Territory National Partnership Agreement, the National Partnership Agreement on Remote Service Delivery and the Smarter Schools National Partnerships.

3. This audit focuses on the two programs for the construction of boarding facilities for secondary school students: the Indigenous Boarding Facilities (IBF) program, administered by the Department of Education, Employment and Workplace Relations (DEEWR); and the Indigenous Boarding Hostels Partnerships (IBHP) program, administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). Taken together, these programs represent an investment of over $80 million in secondary school accommodation for Indigenous students in remote communities.

4. In 2008, the Council of Australian Governments (COAG) agreed the National Indigenous Reform Agreement (NIRA), which set six targets for reducing Indigenous disadvantage. The NIRA gives effect to the overarching

[1] This funding includes a $20 million commitment made in 2009–10 to the Australian Indigenous Education Foundation (AIEF); and the Indigenous Youth Leadership Program. Both these programs are administered by DEEWR.

Closing the Gap in Indigenous disadvantage policy framework and the six targets are known as the Closing the Gap targets. Half of these targets relate to improving educational outcomes for Aboriginal and Torres Strait Islander students, highlighting the critical role of education in overcoming Indigenous disadvantage. Two of the three education targets relate to schooling and are:

- to halve the gap in reading, writing and numeracy achievements for children within a decade; and
- to halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020.[2]

5. To measure progress towards these targets, key indicators have been agreed by COAG: participation and achievement in National Assessment Program–Literacy and Numeracy (NAPLAN) testing; Year 12 attainment; retention rates from Years 7/8 to Year 10 and Year 12; and attendance rates from Years 1 to 10. As improved access is an important element of making progress towards the COAG targets, the Government has consistently described both boarding facility programs as important contributors to meeting the Closing the Gap targets.

The IBF program

6. The IBF program is the larger of the two programs and aims to establish three boarding facilities in separate locations in the Northern Territory.[3] The policy intent of the IBF program is that 'improving access to secondary schools through expanded accommodation facilities will improve Year 12 retention (or its vocational equivalent) and performance of Indigenous students.'[4] The program is also expected to provide more opportunity and choice for students living in remote areas to attend school locally ('on country'), so as to assist retention and attainment of Year 12, or its equivalent.

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2 The third education-related COAG target is to ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years.

3 Within DEEWR, the program is referred to as the 'Three New Boarding Facilities in the Northern Territory Initiative'.

4 Commonwealth of Australia 2009, *Closing the Gap for Indigenous Australians – Contribution to Indigenous boarding colleges*, <http://www.fahcsia.gov.au/about/publicationsarticles/corp/BudgetPAES/budget2008-09/IndigenousFactSheets/Pages/ClosingGapIndigAusBoardingCollegeFS2.aspx>, [accessed 18 April 2011].

Total funding of $43.9 million has been made available for the IBF program, comprising:

- $28.9 million to be administered by DEEWR over four years; and
- $15 million to be contributed by the Indigenous Land Corporation (ILC).[5]

7. In July 2008, the Minister for Indigenous Affairs and the then Deputy Prime Minister (in her capacity as the then Minister for Education) announced a shortlist of four potential sites in the Northern Territory for the construction of three facilities: Wadeye; the Warlpiri Triangle;[6] East Arnhem; and Maningrida. The Ministers' July 2008 press release indicated that the three facilities would provide more than 150 beds in a range of accommodation styles for students in Years 8 through 12 and were 'an important step in meeting the Government's commitment to at least halve the gap for Indigenous students in Year 12 or equivalent attainment rates by 2020.' The first of the facilities in Wadeye was expected to be completed in 2009, with the remaining two to be completed in 2010.[7] Construction of the Wadeye facility has commenced, with completion expected in late 2011. The second site, at Garrthalala in East Arnhem, has been agreed and preliminary planning and survey work has commenced with a view to finalising construction in late 2012. The location for the third site has yet to be announced, but is likely to be in the area covered by the Warlpiri Triangle. DEEWR is presently not able to estimate when this remaining facility will be commenced, as community negotiations are continuing.

The IBHP program

8. The Australian Government is also funding the construction of a boarding facility under the IBHP program, administered by FaHCSIA. The

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5 The Indigenous Land Corporation (ILC) is a statutory body established in 1995. The ILC's purpose is to assist Indigenous people with land acquisition and land management to achieve economic, environmental, social and cultural benefits.

6 The Warlpiri Triangle is most readily identified as a regional Aboriginal education forum, rather than a geographic region. The Warlpiri Triangle was established in the 1980s to develop professional links between educators at the Lajamanu, Yuendumu, Nyirrpi and Willowra schools to develop and implement education approaches incorporating Warlpiri language and culture. These four communities are located in the Tanami Desert, north of Alice Springs and west of Tennant Creek.

7 Media release, 23 July 2008, *Indigenous Boarding Facilities in Northern Territory to Help Close the Gap,* <http://www.jennymacklin.fahcsia.gov.au/mediareleases/2008/Pages/indig_facilities_23july08.aspx>, [accessed 18 April 2011].

objective of the IBHP program is to provide Indigenous secondary school students from remote areas with the opportunity to live at boarding facilities in major regional centres, in order to access educational opportunities not otherwise available to them, and to provide safe environments that support Indigenous students to fulfil their educational and personal potential. FaHCSIA described the IBHP program as 'part of the Australian Government's commitment to providing quality education opportunities for Indigenous students, and closing the gap between Indigenous and non-Indigenous students' education outcomes.'[8] Under the IBHP program, FaHCSIA has funded an expansion, worth $3 million, to an existing boarding facility in South Australia, which opened in June 2010. The main funding of the program is directed at the construction of a new facility in Weipa, Queensland, which is the focus of this audit.

9. Following consideration of four potential sites across northern Australia, the Minister for Indigenous Affairs announced in March 2008 that a 120-bed boarding facility would be constructed in Weipa to open in early 2009 for students to attend the local campus of the Queensland Government-operated Western Cape College. The Australian Government committed $35.8 million for this facility, referred to as the Western Cape Residential College (WCRC). The initial target for completion of early 2009 was revised on several occasions by FaHCSIA and the facility is now scheduled to open on a phased basis from January 2012. The project is being delivered by FaHCSIA in collaboration with the ILC. The collaboration arrangements were developed in June 2009 following initial planning and community consultation activities. FaHCSIA's responsibilities for the project under the partnership are to:

- fund the establishment of the WCRC;
- identify and engage a suitable hostel operator for the WCRC;
- secure funding required for the sustainable operation of the hostel; and
- develop and implement a community engagement strategy.

10. The ILC is responsible for:

[8] Commonwealth of Australia 2009, *Indigenous Boarding Hostels Partnerships*, <http://www.fahcsia.gov.au/sa/indigenous/progserv/housing/Pages/IndigenousBoardingHostelsPartnerships.aspx>, [accessed 4 May 2011].

- acquiring the land identified as the preferred hostel site from Rio Tinto Alcan;
- converting the tenure of the required land from leasehold (with a permitted use of 'recreation') to freehold;
- designing and constructing the hostel;
- leasing the facilities to an appropriate hostel operator identified by FaHCSIA; and
- funding annual public liability insurance costs for the property.

11. As at 30 August 2011, a range of preparatory activities had been undertaken by both FaHCSIA and the ILC, enabling the design of the facility to be finalised, a construction contractor to be engaged and operators sought to manage the facility, although this latter activity remains ongoing.

Audit objective, scope and criteria

12. This performance audit focuses on the two separate student boarding facility programs for Indigenous secondary school students: the IBF program administered by DEEWR, and the IBHP program administered by FaHCSIA.

13. The audit objective was to assess the extent to which DEEWR and FaHCSIA have effectively managed the planning and consultation phases for the IBF program and the IBHP program. The audit scope included consideration of the issues likely to affect the ongoing operation and sustainability of the facilities.

14. The audit criteria focused on: the effectiveness of the departments' implementation planning and site selection arrangements; the departments' engagement with communities and state/territory governments; and arrangements being developed for the ongoing operation and maintenance of the facilities to contribute to the objectives of improving access. As improved access is ultimately expected to lead to better retention, attainment and outcomes, which are now COAG performance indicators for Closing the Gap, the audit has considered the performance of the programs in the context of the Closing the Gap initiative.

Overall conclusion

15. Limited access to schools is recognised as a primary driver of Indigenous disadvantage in education affecting student attendance, retention

rates and academic performance. Students in remote Indigenous communities across the country are required to travel extended distances, frequently in excess of 100 km, and sometimes more than 250 km, to access a suitable secondary school. Accordingly, successive Australian governments have made the development and expansion of boarding facilities for Indigenous secondary students from remote communities a key policy priority for improving Indigenous education outcomes. By improving access to secondary schools in remote areas, the Australian Government seeks to encourage more Indigenous students to stay in school to complete Year 12 and to improve the overall academic outcomes for Indigenous students. While both the Indigenous Boarding Facilities (IBF) program administered by the Department of Education, Employment and Workplace Relations (DEEWR) and the Indigenous Boarding Hostels Partnerships (IBHP) program administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) have the intent to improve access for students from remote areas, the IBF program seeks to do this by making facilities available in remote areas, 'on country'. The IBHP program, on the other hand, has focussed on providing a facility in a regional location to cater to students from remote areas.[9]

16. The construction of the boarding facilities under the IBF program and the IBHP program is now three years behind the schedules initially announced by the Australian Government. At various stages, and to different degrees across the programs, the departments have encountered difficulties in implementing the programs with the result that timeframes have slipped significantly. In relation to the IBF program, further work needs to occur to agree on a site for one of the three facilities to be constructed under the program.

17. Both departments had put in place arrangements to implement the planning and consultation phases for the two programs, although these arrangements were not effective in all respects. From a planning perspective, the original timeframes developed by the departments were overly optimistic and did not allow for sufficient time for community consultations, negotiations

[9] Media release, 26 March 2008, *New school hostel for Cape York*, <http://www.jennymacklin.fahcsia.gov.au/mediareleases/2008/Pages/new_school_hostel_26mar08.aspx>, [accessed 18 April 2011].

with state/territory governments, the engagement of implementation partners, and the design and construction of the facilities.

18. The effectiveness of the planning phase would also have been improved by the development of a stronger information base to support the key decisions on locations for the facilities. To determine the locations for the facilities, both departments undertook a number of studies into the demography of possible locations, identifying some general patterns of existing student numbers and the likely supply of students. These studies also gave consideration to possible implementation issues, such as the location of potential service delivery partners and the availability of ancillary services.

19. Greater emphasis on quantifying the likely levels of demand specifically for boarding facilities in each potential location would have led to better informed considerations about the extent to which the various sites will contribute to improved access for students who would not otherwise had those opportunities, and the numbers of students who are likely to attend a boarding facility. DEEWR advised that it considered the level of general support from communities, the historically low levels of access and the supply of potential students as important factors in gauging demand, when considered from the perspective of providing access 'on country'. FaHCSIA advised that broader factors, such as the population of children who have disengaged from the schooling system as a result of poor access, are relevant to the assessment of potential demand.

20. Nonetheless, under both programs, there is currently uncertainty about whether sufficient demand exists to generate the revenue required to sustain the ongoing operation of the boarding facilities. There have been opportunities over the period of consultations to date to develop a firmer assessment of actual demand for boarding facilities and the relative contribution that facilities are likely to make to the broader Council of Australian Government (COAG) targets in such areas as Year 12 attainment.

21. In relation to the consultation arrangements, both departments appropriately identified the need for two streams of stakeholder engagement—with communities and key contributing stakeholders. Consultations with Indigenous communities were required to gauge support and obtain information to inform the design of the facilities. The departments' community consultation processes were generally effective, drawing out a range of local perspectives about the possible location, size, and operating models for the proposed boarding facilities. Relevant stakeholders were also

involved in discussions about the programs at the local level and community views were factored into key decisions about the design and operating arrangements proposed for the facilities.

22. Consultations and negotiations were also necessary with the key contributing stakeholders to agree commitments for the provision of funding, schooling services and ancillary services. Both DEEWR and FaHCSIA engaged with their state and territory counterparts during their planning phases in 2008. This engagement was effective in obtaining overall support for the development of boarding facilities. However, in relation to the actual sites, DEEWR and FaHCSIA undertook lengthy negotiations to reach agreement about specific state/territory government commitments to fund the provision of ancillary services necessary for ongoing facility operations and, in the case of the IBF program, the provision of schooling services in two sites. Formal agreements have been developed with counterpart departments in the Northern Territory and Queensland, although as at July 2011 these were not yet signed.

23. Looking ahead, a number of issues require attention in order to secure the effective and sustainable operation of the planned boarding facilities. Both departments face potential shortfalls in their operational funding for each facility and there is still a high risk that there will be insufficient demand for places at the facilities, at least in the shorter term. FaHCSIA is currently negotiating arrangements for an operator for the Weipa facility and will shortly be in a position to ascertain the likely extent of government subsidy required to support the facility's operations. There are opportunities for DEEWR to take into account FaHCSIA's experience in testing the market and to factor relevant issues into the department's own planning for ongoing operations.

24. In addition, further work is required to develop coherent performance measurement arrangements across both programs that give sufficient focus to assessing the contribution that boarding facilities make to improving access, and ultimately to the desired outcome of improved performance, retention and attainment under the COAG targets. There will be a range of factors that influence the actual achievement of educational outcomes, however, developing a clear understanding of the specific contributions made by boarding facilities will be valuable for any future consideration of expanding the use of boarding facilities to contribute to improved outcomes, including the relative merits of catering to remote students by locating facilities in remote areas or in regional areas. There are opportunities for close collaboration

between FaHCSIA and DEEWR in this regard, and with relevant state and territory education departments. Finally, noting the delays and implementation challenges to date, it would be prudent for DEEWR to assess its implementation experiences and consider the potential contribution that the Warlpiri Triangle facility, which is yet to be commenced, can make to the COAG targets.

25. The ANAO has made two recommendations covering clarification of ongoing financial requirements and the development of collaborative approaches to performance measurement.

Key findings by chapter

Site selection

26. The site selection processes for both boarding facility programs were characterised by a mix of community consultation and research approaches, with external consultants conducting a number of feasibility studies to examine issues about the location and size of potential boarding facilities, and to inform future decisions about engagement and ongoing operations. For both programs, the information evidencing the likely demand for boarding facilities in the locations considered by the departments was not well developed. The analysis for each program did not include an indication of how many students would be likely to use the proposed facilities. There are several important factors to consider in site selection, including general community support and the availability of infrastructure, but quantifying demand is a key factor. The studies gave consideration to issues such as community interest and infrastructure, but a more limited assessment of actual demand was undertaken; this is likely to have flow-on effects into the financial requirements to support the individual facilities and ultimately on the actual contribution that these investments will make to the overall objectives sought by government.

Stakeholder engagement

27. The arrangements put in place by DEEWR and FaHCSIA for the purposes of engaging with Indigenous communities were sound overall, providing opportunities to seek information as well as channels to provide information. While initial consultations conducted during the planning phase and in the early days of program implementation identified the need for more

formal strategies to guide ongoing engagement, both departments have only recently moved to develop such strategies.

28. Critical for the timely implementation of the programs was the engagement with key contributing stakeholders in the Australian, Queensland and Northern Territory governments. Both programs received early, high-level support from relevant state and territory governments. However, in the Northern Territory, lengthy engagement has been required to obtain support for specific decisions about the location and size of facilities. This led to DEEWR encountering delays as the Northern Territory Government assessed the extent to which it could support requests from the Australian Government to provide the ancillary services and infrastructure required for the new boarding facilities. These matters have now largely been resolved. The Northern Territory Government and the Indigenous Land Corporation (ILC) could have been better engaged by DEEWR, both during the feasibility studies and further negotiations, considering the significant level of financial support that is required of them. The IBHP program has been characterised by generally regular engagement by FaHCSIA with the Queensland Government at a number of levels.

Sustainability and performance measurement arrangements

29. Financial models used by the departments for their respective programs have predicted potential shortfalls in the operating funding for individual facilities, arising from growing costs and risks associated with uncertain levels of student demand. Both departments propose to address these shortfalls through subsidies to students, principally in the form of ABSTUDY payments and additional per-student subsidies paid directly to the boarding facilities. In this regard, DEEWR has secured ongoing funding over the period of forward estimates to 2015–16, while FaHCSIA also has some funds available within the original appropriation for the program that the department intends to apply as a subsidy, if necessary, to the selected operator. FaHCSIA also intends that operating shortfalls will be covered by philanthropic donations. However, the analyses presented in the departments' feasibility studies indicate that these subsidies will not be sufficient to sustain the operations of facilities in the medium to long term. Further work by the two departments to clarify the extent of future shortfalls, and advise government accordingly, would be appropriate.

30. Both programs were initially designed with the intent of providing opportunity and access, and the Australian Government has consistently

presented both boarding facilities programs as measures intended, through better access, to help close the gap on Indigenous disadvantage in education. Both departments have commenced work to design performance frameworks although, despite the similarities of the programs, are taking different approaches. DEEWR acknowledges the importance of measuring educational outcomes, but currently intends to confine its performance measurement approach to assessing improvements in access, in line with the 'on country' emphasis. FaHCSIA has indicated that it will seek to align its performance measures with COAG indicators by measuring improvements in student access, Year 12 retention and academic performance.

31. Improved access to secondary education is a useful indicator to gauge intermediate program progress. It is unlikely, though, that this indicator on its own will adequately reflect the contribution made by the IBF program to meeting the government's stated target of improving Year 12 retention and attainment, if these too are not measured. In this regard, there are opportunities for the development of a more coherent and consistent approach to assessing performance across the two programs, and for collaboration with state and territory education departments to obtain the performance information necessary to inform assessments about program performance.

32. The COAG targets, to which the two programs are now intended to contribute, are time bound, with an end date of 2018 in the case of achievement of results and 2020 in the case of Year 12 attainment rates. In the light of the implementation experiences of both DEEWR and FaHCSIA in the development of the first two boarding facilities, it would be timely for DEEWR to reconfirm the potential contribution that the Warlpiri Triangle facility could make by 2018 and 2020, relative to other delivery options, given that agreement is yet to occur on its location.

Summary of agency responses

33. The proposed audit report or relevant extracts were provided to DEEWR, FaHCSIA, Aboriginal Hostels Limited (AHL), ILC, the Queensland Government Department of Education and Training and the Northern Territory Government Department of Education and Training (NTDET). Comments were received from all agencies, with a summary of the formal comments from DEEWR, FaHCSIA, AHL and NTDET set out below. Detailed responses are at Appendix 1.

Department of Education, Employment and Workplace Relations

34. DEEWR provided the following summary response to this report:

The Department of Education, Employment and Workplace Relations acknowledges the work of the ANAO in its analysis of the Indigenous Secondary Student Accommodation Initiatives and notes the findings outlined in the ANAO report.

The ANAO report concludes that the Department of Education, Employment and Workplace Relations appropriately identified the need for two streams of stakeholder engagement - with communities and key contributing stakeholders.

The report also notes that the Department of Education, Employment and Workplace Relations has placed a strong emphasis on community consultation to support the Indigenous Boarding Facilities implementation and ongoing operations, and has continued with these consultations over an extended period of time and in the face of considerable challenges.

Given these challenges, the ANAO report has found that the arrangements put in place by the Department of Education, Employment and Workplace Relations for the purposes of engaging with Indigenous communities were generally effective, drawing out a range of local perspectives and that relevant stakeholders were also involved in discussions about the program at the local level and community views were factored into key decisions about the design and operating arrangements proposed for the facility.

The ANAO report has also concluded that the Department of Education, Employment and Workplace Relations engaged with its state and territory counterparts during the planning phases, and that this engagement was effective in obtaining overall support for the development of the boarding facilities.

However, the report does not recognise the extensive amount of work that has been undertaken in the planning and development phases for this extremely complex and difficult project being implemented in the most remote regions in the Northern Territory. This has included the challenging issues associated with capital construction in remote communities and the negotiations required to undertake this work.

The report acknowledges the considerable challenges of community consultation in remote communities, but fails to recognise the vast regions where these consultations have been required. The complexity of Community consultations that are necessary to ensure strong, broad based community support should not be underestimated, as this is a critical element in contributing to the longer term success of any initiative.

The Northern Territory, in particular, experiences the highest levels of disparity in the country in education, employment and health outcomes for Aboriginal and Torres Strait Islander people. The Indigenous Boarding Facilities initiative (the initiative) is one of many elements of the Australian Government's substantial investment to support the Northern Territory Government to address the severe disparities in remote student education.

This initiative requires long term strategic investment that recognises the cultural and behavioural shifts required to break the cycle of disadvantage and improve access to and engagement in remote education opportunities.

It is expected that over time, the facilities' supportive environments and high expectations will provide the conditions that assist student boarders to achieve Year 12 or equivalent qualifications (consistent with the Closing the Gap target). However, it is important that all stakeholders understand that the boarding facilities are not schools. The ANAO report assumes that the boarding facilities have active agency in regard to school outcomes and hence the broader Government Closing the Gap policy objectives. Rather, the boarding facilities will provide choice, support, opportunity and access for remote Aboriginal and Torres Strait Islander students in the Northern Territory, working closely with and complementing the efforts of the local schools that have responsibility for educational outcomes.

Department of Families, Housing, Community Services and Indigenous Affairs

35. FaHCSIA provided the following summary response to this report:

FaHCSIA acknowledges the work of the ANAO in its analysis of the Indigenous boarding facility programs being implemented by FaHCSIA and DEEWR. FaHCSIA agrees with the recommendations and takes the opportunity to highlight the significant work the department has undertaken in the planning phase of the Western Cape Residential Campus (WCRC) including work to determine a best practice operational model and to commission detailed financial modelling. FaHCSIA has also developed strong, productive and effective relationships with all key partners in the WCRC project. Among other things, these strong partnerships have resulted in a peer-reviewed design, the commitment of educational resources for the use of campus' children and a reporting framework.

Aboriginal Hostels Limited

36. AHL provided the following summary response to this report:

AHL is contracted to construct the boarding facility at Wadeye on land leased by DEEWR. It has not been offered or accepted a contract to operate this

facility. If asked, AHL's agreement to operate the Wadeye boarding facility would depend on satisfactory financial and governance arrangements.

AHL confirms that it does not wish to be involved in the construction of or operation of boarding facilities at Yuendumu or Garrthalala.

Northern Territory Department of Education and Training

37. NTDET provided the following summary response to this report:

The report extract has been carefully examined and I confirm that it is assessed as providing a fair and accurate statement of issues and events surrounding the proposed provision of boarding facilities in various Territory locations.

Recommendations

Recommendation No. 1

Paragraph 4.26

To support the sustainability of the boarding facilities to be constructed under the IBHP program and the IBF program, and to provide greater certainty to potential boarding facility operators, the ANAO recommends that FaHCSIA and DEEWR clarify, as soon as practicable, the out-year financial requirements to support the operation of the boarding facilities to be constructed under the two programs.

DEEWR response: Agree

FaHCSIA response: Agree

Recommendation No. 2

Paragraph 4.44

To support more effective measurement of the contribution the two Indigenous boarding facility programs make to Closing the Gap on Indigenous disadvantage in education, the ANAO recommends that FaHCSIA and DEEWR collaborate on the development and implementation of a coherent set of performance measurement arrangements for the IBF program and the IBHP program, and seek formal agreement on the role of the Queensland and Northern Territory departments in this regard.

DEEWR response: Agree

FaHCSIA response: Agree

Audit Findings

1. Introduction

This chapter provides an overview of the policy context for the development of boarding facilities for Indigenous secondary students living in remote communities and the audit's objective and scope.

Policy context

1.1 Improving educational outcomes for Indigenous students has been a policy priority for successive national and state/territory governments. Indigenous students in all jurisdictions record lower attendance and retention rates, and lower scores against standardised benchmarks for academic performance, than their non-Indigenous peers. Indigenous students, particularly those in rural and remote areas of Australia, face a range of barriers to receiving a quality education, including limited access to schools.

COAG and Closing the Gap

1.2 The Council of Australian Governments' (COAG) policy for Indigenous affairs in Australia is set out in the National Indigenous Reform Agreement (NIRA), also known as the 'Closing the Gap' strategy. Closing the Gap is a commitment by all Australian governments to improve the lives of Indigenous Australians, and in particular to provide a better future for Indigenous children. Closing the Gap is linked to a wider reform of Commonwealth-State financial relations, and through a number of national agreements and partnerships in areas such as education, housing and health, all Australian governments have placed a clear focus on overcoming Indigenous disadvantage.[10]

1.3 In 2008, COAG set six targets for the Closing the Gap strategy. Highlighting the critical role of education in overcoming Indigenous disadvantage, half of these targets concern improving educational outcomes for Aboriginal and Torres Strait Islander children. Two of the targets relate to schooling and are:

- to halve the gap in reading, writing and numeracy achievements for children within a decade; and

[10] FaHCSIA 2011, *Closing the Gap: The Indigenous Reform Agenda*, <http://www.fahcsia.gov.au/sa/indigenous/progserv/ctg/Pages/default.aspx>, [accessed 18 April 2011].

- to halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020.[11]

1.4 To measure progress towards the targets, key indicators have been agreed by COAG: participation and achievement in National Assessment Program–Literacy and Numeracy (NAPLAN) testing; Year 12 attainment; retention rates from Years 7/8 to Year 10 and Year 12; and attendance rates from Years 1 to 10.

1.5 There are several different programs funded by the Australian Government to contribute to these targets. In the broader education sector the Indigenous Boarding Facilities (IBF) program and the Indigenous Boarding Hostels Partnerships (IBHP) program are being implemented at the same time as three National Partnership Agreements that, taken together, comprise the *Smarter Schools National Partnerships*. These are:

- the **Low Socio-Economic Status (SES) School Communities National Partnership**, which aims to improve educational outcomes in low-SES school communities and support reforms in the way schooling is delivered to those communities;
- the **Teacher Quality National Partnership**, designed to improve and sustain the quality of the teacher and school leadership workforce. Funding is provided to support the delivery of system-wide reforms targeting critical points in the teacher life-cycle to attract, train, place, develop and retain quality teachers in schools and classrooms. Reward funding is also available subject to the achievement of key reforms; and
- the **Literacy and Numeracy National Partnership**, which aims to improve literacy and numeracy outcomes for all students, particularly those in need. It focuses on three main priority reform areas: effective and evidence-based teaching of literacy and numeracy; monitoring student and school literacy and numeracy performance to identify where support is needed; and strong school leadership and whole-school engagement with literacy and numeracy.

1.6 Further support is provided through the Closing the Gap in the Northern Territory Agreement, which provides funding to strengthen and

[11] The third education-related COAG target is to ensure access to early childhood education for all Indigenous four-year-olds in remote communities within five years.

maintain measures commenced under the Northern Territory Emergency Response (NTER) in selected communities in the Northern Territory. The Agreement aims to enhance the delivery of quality education services to Indigenous students in remote school communities and focus on significant improvement in teacher quality and Indigenous literacy and numeracy outcomes. The Australian Government also provides individual scholarships for Indigenous students to board at existing secondary schools in a number of states. In 2009–10 the Government, through the Department of Education, Employment and Workplace Relations (DEEWR), committed $20 million in a joint venture with the Australian Indigenous Education Fund (AIEF), on a matching basis, to provide boarding scholarships. DEEWR also administers the Indigenous Youth Leadership Program, which provides scholarships for Indigenous secondary students.

Access and schooling outcomes

1.7 There is a growing body of research into the factors that can affect school performance for Indigenous students, including the drivers of retention and school completion. One factor frequently given particular attention is access, which has significant effects on school attendance, retention and achievement.

The education gap

1.8 According to NAPLAN data for 2009, the gap between Indigenous children's reading, writing and numeracy performance and that of their non-Indigenous peers is apparent from the early years of primary school. The percentage of students estimated to be working at or above the national minimum standard is markedly lower for Indigenous students than non-Indigenous students in all jurisdictions. In the Northern Territory, Indigenous students in Year 3 are about one-third to one-half as likely to be achieving at or above the national minimum standard in each domain as non-Indigenous students.[12] In Queensland, Indigenous students in Year 3 are approximately 20 per cent less likely to be achieving at or above the national minimum standard in each domain as non-Indigenous students.[13] In both

[12] NAPLAN National Report 2009, <http://www.nap.edu.au/_Documents/National%20Report/NAPLAN_2009_National_Report.pdf>, [accessed 19 April 2011, p.59].

[13] ibid.

jurisdictions this gap persists throughout primary school and into secondary school, with wider gaps observed for Year 9 students. Appendix 2 provides an overview of NAPLAN statistics for both jurisdictions (Tables A2.1 and A2.2).

Access

1.9 Physical isolation can pose significant barriers to access to school. Many remote communities in the Northern Territory and Queensland do not have secondary schools, and the nearest secondary school is likely to be more than 100 km away. Students in these communities must live away from home if they wish to access secondary school, particularly if they wish to complete their secondary educations beyond Year 10. This poses an obvious challenge for families living in some of the poorest communities in Australia; further, even if families have the means to send their children to boarding facilities, many students in remote communities do not want to move away from their families and communities to attend boarding school. As a result, there is a high risk that these students will stop pursuing a secondary education.

1.10 According to the Australian Bureau of Statistics' (ABS) Community Housing and Infrastructure Needs Survey (CHINS)[14] for 2006, there are 641 discrete Indigenous communities in the Northern Territory, which are home to more than 40 000 Indigenous people. Five hundred and ten of these communities have a usual population of less than 50 people, and can be characterised as outstations or homelands communities. None of these small communities have local access to a secondary school, with students required to travel up to 100 km (46 per cent of all communities), up to 250 km (20 per cent) or more than 250 km (20 per cent) to access a suitable school. Access statistics are similar for communities with a usual population of more than 50 people, with 18 per cent required to travel between 100 km and 249 km to access Year 10, and 18 per cent required to travel more than 250 km. Levels of access to secondary schools offering a Year 12 curriculum are lower again, with a third of all discrete communities in the Northern Territory located more than 250 km from a suitable school.

1.11 In Queensland, the catchment communities for the Western Cape Residential College (WCRC) presently being constructed under the IBHP

[14] CHINS is a survey conducted by the ABS of the status of housing, infrastructure, education, health and other services available in discrete Aboriginal and Torres Strait Islander communities throughout Australia. The survey was last conducted in 2001 and 2006.

program are Aurukun, Coen, Kowanyama, Mapoon, Napranum, Bamaga, Injinoo, Pormpuraaw, Lockhart River, Laura, Hope Vale and Wujal Wujal. Only one of these communities, Lockhart River, has school facilities for students from the preparatory and primary school grades through to Year 12. Students from Bamaga and Injinoo have access to the Northern Peninsular Area Secondary Campus, and students in Kowanyama and Aurukun may progress to Year 10 without leaving the community. Students in the remaining communities only have local facilities delivering a curriculum to primary school Year 7 (or Year 6 in Mapoon).

1.12 Geography is not the only relevant factor when considering access to schooling for Indigenous students. For example, geographic isolation does not account for the entire gap between Indigenous students and non-Indigenous students in the Northern Territory or Queensland, as non-Indigenous students in very remote areas still achieve much higher test scores overall than their Indigenous peers in similar locations (see Appendix 2, Tables A2.3 and A2.4). Other barriers to access include cultural barriers (for example, discrimination); economic barriers (for example, the costs associated with attending school); and informational barriers (for example, lower levels of literacy in Indigenous communities).[15] These barriers are relevant for considerations about the performance of boarding facilities: while low-cost or free access to a boarding facility can go some way to overcoming these barriers, it is also critical that schools, communities and families work together to address cultural and informational barriers that can affect ongoing academic performance.

Attendance and retention

1.13 The most obvious effect of poor access to schools is low attendance rates for Indigenous students in remote communities. A low level of school attendance (less than 90 per cent of school days) has a significant impact on learning outcomes and has been shown to be a strong predictor of retention. In turn, low academic achievement makes it more difficult for students to successfully complete school, and so students with lower academic performance are more likely to leave school before finishing Year 12. Students

[15] Helme S and Lamb S 2011, *Closing the school completion gap for Indigenous students*, Australian Institute of Health and Welfare, resource sheet no 6 produced for the Closing the Gap Clearinghouse, p.1.

who have high rates of attendance and who achieve well academically are more likely to finish secondary school.[16]

1.14 The causes of non-attendance at school are contested—some families cite school-based factors for non-attendance, while some schools cite students' home environments, including parental attitudes, as reasons for non-attendance.[17] Again, this is relevant for future considerations about the performance of the two boarding facility programs, as attending a boarding facility may mitigate some home-based barriers to attendance but not others, and the unintended effects of greater exposure to various school-based drivers of poor academic performance are not yet clear.

1.15 Attendance rates for Indigenous children in the Northern Territory and Queensland are lower than those for their non-Indigenous peers. According to the Ministerial Council for Education, Early Childhood Development and Youth Affairs' (MCEECDYA) 2008 National Report on Schooling in Australia, attendance rates for Indigenous students in the Northern Territory were around 20 percentage points lower than those of their non-Indigenous peers. This gap was apparent as early as Year 1, and was still apparent by Year 10, regardless of whether the child attended a government or Catholic school. In Queensland, attendance rates for Indigenous students were around 6 to 8 percentage points lower than those of their non-Indigenous peers in Year 1. By Year 10, this gap had widened to 19 per cent for government schools, though it remained stable for Catholic schools. Appendix 2 provides an overview of attendance rates by Indigenous status, year level and school type for both jurisdictions (see Tables A2.5 and A2.7).

1.16 The effects of attendance and school performance combine to affect school retention rates. In the Northern Territory and Queensland, Indigenous secondary school retention rates start out lower or slightly lower than those for non-Indigenous students in Years 7 through 10. However, this gap widens significantly for Year 11 and Year 12 (see Appendix 2, Tables A2.6 and A2.8).

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16 ibid, p.4.

17 Purdie N and Buckley S 2010, *School attendance and retention of Indigenous Australian students*, Australian Institute of Health and Welfare, issues paper no 1 produced for the Closing the Gap Clearinghouse, p.2.

Boarding facility programs for Indigenous secondary school students

1.17 Two programs have been established by the Australian Government to improve access to schooling for secondary school students living in remote areas through the construction of boarding facilities: the IBF program, administered by DEEWR; and the IBHP program, administered by the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA). Taken together, these programs represent an investment of over $80 million in secondary school accommodation for Indigenous students in remote communities.

The IBF program

1.18 The IBF program is the larger of the two programs and aims to establish three boarding facilities in separate locations in the Northern Territory.[18] The policy intent of the IBF program is that 'improving access to secondary schools through expanded accommodation facilities will improve Year 12 retention (or its vocational equivalent) and performance of Indigenous students.'[19] The program provides more opportunity and choice for students living in remote areas to attend school locally ('on country'), so as to assist retention and attainment of Year 12, or its equivalent. Total funding of $43.9 million has been made available for the IBF program, comprising:

- $28.9 million to be administered by DEEWR over four years; and
- $15 million to be contributed by the Indigenous Land Corporation (ILC).[20]

1.19 In July 2008, the Minister for Indigenous Affairs and the then Deputy Prime Minister (in her capacity as the then Minister for Education) announced a shortlist of four potential sites in the Northern Territory for the construction

[18] Within DEEWR, the program is referred to as the 'Three New Boarding Facilities in the Northern Territory Initiative'.

[19] Commonwealth of Australia 2009, *Closing the Gap for Indigenous Australians – Contribution to Indigenous boarding colleges*, <http://www.fahcsia.gov.au/about/publicationsarticles/corp/BudgetPAES/budget2008-09/IndigenousFactSheets/Pages/ClosingGapIndigAusBoardingCollegeFS2.aspx>, [accessed 18 April 2011].

[20] The Indigenous Land Corporation (ILC) is a statutory body established in 1995. The ILC's purpose is to assist Indigenous people with land acquisition and land management to achieve economic, environmental, social and cultural benefits.

of three facilities: Wadeye; the Warlpiri Triangle;[21] East Arnhem; and Maningrida. The Ministers' July 2008 press release indicated that the three facilities would provide more than 150 beds in a range of accommodation styles for students in Years 8 through 12 and were 'an important step in meeting the Government's commitment to at least halve the gap for Indigenous students in Year 12 or equivalent attainment rates by 2020.' The first of the facilities in Wadeye was expected to be completed in 2009 with the remaining two to be completed in 2010.[22] Construction of the Wadeye facility has commenced, with completion expected in late 2011. The second site, at Garrthalala in East Arnhem, has been agreed and preliminary planning and survey work has commenced with a view to finalising construction in late 2012. The location for the third site has yet to be announced, but is likely to be in the area covered by the Warlpiri Triangle. DEEWR is presently not able to estimate when this remaining facility will be commenced as community negotiations are continuing.

The IBHP program

1.20 The Australian Government is also funding the construction of a boarding facility under the IBHP program, administered by FaHCSIA. The objective of the IBHP program is to provide Indigenous secondary school students from remote areas with the opportunity to live at boarding facilities in major regional centres, in order to access educational opportunities not otherwise available to them, and to provide safe environments that support Indigenous students to fulfil their educational and personal potential. FaHCSIA described the IBHP program as 'part of the Australian Government's commitment to providing quality education opportunities for Indigenous students, and closing the gap between Indigenous and non-Indigenous students' education outcomes.'[23] Under the IBHP program, FaHCSIA has

[21] The Warlpiri Triangle is most readily identified as a regional Aboriginal education forum, rather than a geographic region. The Warlpiri Triangle was established in the 1980s to develop professional links between educators at the Lajamanu, Yuendumu, Nyirrpi and Willowra schools to develop and implement education approaches incorporating Warlpiri language and culture. These four communities are located in the Tanami Desert, north of Alice Springs and west of Tennant Creek.

[22] Media release, 23 July 2008, *Indigenous Boarding Facilities in Northern Territory to Help Close the Gap,* <http://www.jennymacklin.fahcsia.gov.au/mediareleases/2008/Pages/indig_facilities_23july08.aspx>, [accessed 18 April 2011].

[23] Commonwealth of Australia 2009, *Indigenous Boarding Hostels Partnerships*, <http://www.fahcsia.gov.au/sa/indigenous/progserv/housing/Pages/IndigenousBoardingHostelsPartnerships.aspx>, [accessed 4 May 2011].

funded an expansion, worth $3 million, to an existing boarding facility in South Australia, which opened in June 2010. The main funding of the program is directed at the construction of a new facility in Weipa, Queensland, which is the focus of this audit.

1.21 Following consideration of four potential sites across northern Australia, the Minister for Indigenous Affairs announced in March 2008 that a 120-bed boarding facility would be constructed in Weipa to open in early 2009 for students to attend the local campus of the Queensland Government-operated Western Cape College. The Australian Government committed $35.8 million for this facility, referred to as the Western Cape Residential College (WCRC). The initial target for completion of early 2009 was revised on several occasions by FaHCSIA and the facility is now scheduled to open on a phased basis from January 2012. The project is being delivered by FaHCSIA in collaboration with the ILC. The collaboration arrangements were developed in June 2009 following initial planning and community consultation activities. FaHCSIA's responsibilities for the project under the arrangements are to:

- fund the establishment of the WCRC;
- identify and engage a suitable hostel operator for the WCRC;
- secure funding required for the sustainable operation of the hostel; and
- develop and implement a community engagement strategy.

1.22 The ILC is responsible for:

- acquiring the land identified as the preferred hostel site from Rio Tinto Alcan;
- converting the tenure of the required land from leasehold (with a permitted use of 'recreation') to freehold;
- designing and constructing the hostel;
- leasing the facilities to an appropriate hostel operator identified by FaHCSIA; and
- funding annual public liability insurance costs for the property.

1.23 As at 30 August 2011, a range of preparatory activities had been undertaken by both FaHCSIA and the ILC, enabling the design of the facility to be finalised, a construction contractor to be engaged and operators sought to manage the facility, although this latter activity remains ongoing.

Audit objective, scope and criteria

1.24 This performance audit focuses on the two separate student boarding facility programs for Indigenous secondary school students: the IBF program administered by DEEWR, and the IBHP program administered by FaHCSIA.

1.25 The audit objective was to assess the extent to which DEEWR and FaHCSIA have effectively managed the planning and consultation phases for the IBF program and the IBHP program. The audit scope included consideration of issues likely to affect the ongoing operation and sustainability of the facilities.

1.26 The audit criteria focused on: the effectiveness of the departments' implementation planning and site selection arrangements; the departments' engagement with communities and state/territory governments; and arrangements being developed for the ongoing operation and maintenance of the facilities to contribute to the objectives of improving access. As improved access is ultimately expected to lead to better retention, attainment and outcomes, which are now COAG performance indicators for Closing the Gap, the audit has considered the performance of the programs in the context of the Closing the Gap initiative.

1.27 Fieldwork was conducted at DEEWR's offices in Canberra and Darwin, FaHCSIA's offices in Canberra and Cairns, and the offices of the ILC and Aboriginal Hostels Limited (AHL) in Canberra. Specifically, the audit involved:

- examination of relevant policy and implementation documents, including Ministerial briefs, planning documents, risk assessments, consultation plans and reports from community consultations, operational guidelines, procurement documentation and funding agreements;
- interviews with staff in relevant branches of DEEWR, FaHCSIA, the ILC and AHL; and
- field work at Wadeye in the Northern Territory and Weipa in Queensland.

1.28 The audit was conducted in accordance with ANAO Auditing Standards. The audit was completed for a total cost of approximately $404 000.

Structure of the report

1.29 Chapter 2 discusses how DEEWR and FaHCSIA planned the location and scope of their infrastructure investments under the IBF program and the IBHP program.

1.30 Chapter 3 discusses the arrangements DEEWR and FaHCSIA put in place to engage with communities, contributing stakeholders, and the Northern Territory and Queensland governments, to support the effective design, implementation and ongoing operation of the IBF program and the IBHP program.

1.31 Chapter 4 discusses the extent to which DEEWR and FaHCSIA have considered ongoing financial requirements for each agency and planned for the future monitoring and evaluation of their respective programs.

2. Site Selection

This chapter discusses how the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) planned the location and scope of their infrastructure investments under the Indigenous Boarding Facilities (IBF) program and the Indigenous Boarding Hostels Partnerships (IBHP) program.

Overview

2.1 In providing advice on and implementing new policy initiatives, departments are expected to have a sound understanding of the issues intended to be addressed by those initiatives, and of the likely enablers of, and barriers to, program performance. Further, in deciding on locations for investment, it is appropriate to consider and understand the levels of demand for relevant services in potential locations and target investment accordingly to maximise the impact.[24]

2.2 This analysis is required for a number of reasons. The circumstances of Indigenous people and their communities are characterised by significant diversity, and so it cannot be assumed that national, state or even regional statistics necessarily reflect local needs, priorities and preferences. Further, local levels of need and demand indicate the level of disadvantage experienced by Indigenous people, and the extent to which a proposed program approach might address that gap. This analysis is also required to set a baseline against which realistic targets for performance can be developed and progress measured over time.

2.3 The provision of educational facilities and resources is generally a responsibility exercised by a state or territory government and there is benefit in initiatives proposed by the Australian Government being implemented in a manner that aligns with, and is supported by, the implementation of state/territory education initiatives and priorities. These cross-jurisdictional considerations have been given heightened importance in Indigenous affairs

[24] The *Strategic Review of Indigenous Expenditure* observed that, while the boarding programs were responding to an important need, the number of potential beneficiaries was relatively small. Australian Government *Strategic Review of Indigenous Expenditure*, February 2010, p.111. Released under the *Freedom of Information Act* (1982), August 2011 <http://www.finance.gov.au/foi/disclosure-log/2011/docs/foi_10-27_strategic_review_indigenous_expenditure.pdf > [accessed 9 August 2011].

through the investment and service delivery principles agreed by the Council of Australian Governments (COAG) under the National Indigenous Reform Agreement (NIRA).

2.4 The NIRA sets out a range of principles to be observed by departments, including that programs and services should contribute to Closing the Gap by meeting the targets endorsed by COAG while being appropriate to local needs, and that priority for enhanced infrastructure support and service provision should be to larger and more economically sustainable communities where secure land tenure exists, allowing for services' outreach to, and access by, smaller surrounding communities. While agreed in their current form in 2008, after the announcement of the Weipa facility to be constructed under the Indigenous Boarding Hostels Partnership (IBHP) program and contemporaneously with the announcement of the Indigenous Boarding Facilities (IBF) program, the principles are consistent with earlier articulations about service delivery approaches and the priorities developed in earlier years (see, for example, the *National Framework of Principles for Delivering Services to Indigenous Australians* agreed by COAG in 2004). There has been opportunity for these latest principles to be reflected as relevant in the administration of both programs. Appendix 3 sets out the COAG service delivery and investment principles.

2.5 Typically, departments conduct scoping studies or needs analyses in order to inform their decisions about the size, location and purpose of infrastructure investments. These studies draw on a combination of statistical analyses and community consultation to form conclusions that will support effective program targeting, guide ongoing implementation, and maximise alignment with government policy priorities, service delivery principles and investment preferences. Department of Education, Employment and Workplace Relations (DEEWR) and Department of Families, Housing, Communities and Indigenous Affairs (FaHCSIA) both used such studies to inform decisions about the number, location and size of their respective boarding facilities. DEEWR undertook more extensive studies over a longer period of time in a greater number of communities, while FaHCSIA undertook an initial scoping study in a short period of time before deciding on a single facility. This chapter sets out the approach taken by each department.

Site selection – the IBF program

2.6 DEEWR's Implementation Plan for the IBF program indicates that the department would develop an initial short list of communities by May 2008.

Once specific sites had been given in-principle approval by the Australian Government, the department envisaged that it would undertake extensive community consultations and conduct detailed feasibility studies to 'determine whether or not to proceed with the establishment of a boarding facility in one or all of these communities'. The feasibility studies would consider the economic and educational viability of establishing a boarding facility within the identified communities, and the capacity of the relevant community to support a boarding facility.

2.7 Four regions were subsequently shortlisted: the Warlpiri Triangle, the East Arnhem region (including Nhulunbuy and Yirrkala), Wadeye and Maningrida. All but the last of these locations were the subject of later feasibility studies. The first feasibility study commissioned was for Wadeye. The study was commissioned in February 2009, seven months after the announcement of the short-listed regions and five months later than anticipated in the Implementation Plan. Feasibility studies for the Warlpiri Triangle and the East Arnhem region were commissioned in December 2009, some 15 months later than planned. DEEWR advised that in the case of Wadeye, it took until February 2009 before the community agreed to proceed with the feasibility study. In the cases of the Warlpiri Triangle and East Arnhem region, DEEWR advised that the delay was due to a request from the Northern Territory Government to delay feasibility studies until the completion of negotiations about Remote Learning Partnerships, which was an educational policy priority of the Northern Territory Government.

Wadeye study

2.8 Wadeye is a discrete Aboriginal community located approximately 420 km south-west of Darwin with a population of approximately 2000 people. It is identified as a Growth Town under the Northern Territory Government's Working Futures policy and is one of the 29 priority communities identified in the National Partnership Agreement on Remote Service Delivery. The community has a school, Our Lady of the Sacred Heart Thamarrurr Catholic School, that provides a curriculum from preschool to Year 12.

2.9 The feasibility study concluded with a recommendation to build a boarding facility in Wadeye by weighing the various arguments for and against establishing the Wadeye facility. The arguments for establishing a boarding facility in Wadeye focused on:

- the rapid population growth in the Wadeye region and resulting need for children in nearby communities to access a secondary school;
- community members identifying that housing overcrowding resulted in children being too tired or unable to study, and stating that a boarding facility would address this issue and improve school attendance;
- community desire to make the facility work; and
- the existence of necessary infrastructure (essential services, transport links, communications, health services and recreation facilities) required to support a boarding facility.

2.10 The arguments against establishing a facility in Wadeye included:

- the risk that the facility would be used as a 'revolving door' with students preferring to associate with family and friends outside of the facility;
- safety issues associated with Wadeye's record of community unrest;
- that students would gain a broader view of the outside world if the facility was located outside Wadeye; and
- that providing boarding facilities for Wadeye children might provide an incentive for some parents and families not to fulfil their responsibilities for looking after their children.

2.11 Most of the arguments for locating a boarding facility in Wadeye came from Wadeye community members, whereas the arguments against the facility came from a mix of community members, experts and key stakeholders. Most experts stated that the facility should be located in a regional centre due to more favourable costs, staff availability, and ability to expose children to a wider range of recreational, social and cultural opportunities. This position was consistent with the infrastructure investment principles articulated by COAG, which promote targeting strategic investments at regional centres rather than remote communities. Many key stakeholders and community members drew attention to the social issues prevailing within Wadeye. The feasibility study recommended that social and security issues could be mitigated by incorporating best practice safety and security designs into the construction of the facility.

2.12 The Wadeye study undertook comprehensive consultations with community members, education experts and other stakeholders, but it did not

test the likely demand for a boarding facility, despite being required to do so by DEEWR. The study did cite quotes from community members who said they would send their children to the facility and obtained a statement from the Wadeye School that indicated it was confident it could recruit 40 suitable students and maintain a short waiting list. However, this statement was not supported by any data. Further, the study noted that population growth and proximity to other outstations indicated a potential growth in the supply of potential students who may use the facility. DEEWR advised that it considered this assessment of demand to have been sufficient.

Warlpiri Triangle and East Arnhem studies

2.13 The Warlpiri Triangle and East Arnhem studies were conducted by a different consultant to the Wadeye study. The two studies were commissioned in December 2009, with the Warlpiri study completed in April 2010 and the East Arnhem study completed in May 2010.

2.14 Both studies used a multi-criteria approach to assess the relative suitability of the possible locations. The criteria were developed at workshops with community representatives and Government Business Managers.[25] The weightings for each criterion were validated by DEEWR to ensure the criteria aligned with policy objectives. The four criteria and their respective weightings were:

- education and employment outcomes (35 per cent);
- supporting infrastructure and services (30 per cent);
- safety and wellbeing (20 per cent); and
- community support (15 per cent).

2.15 Under each criterion, the consultant proposed a key question to answer along with a number of specific items against which to develop a score. The feasibility studies then assessed each possible community against the criteria.

Warlpiri Triangle study

2.16 The Warlpiri Triangle is most readily identified as a regional Aboriginal education forum, rather than a geographic region. The Warlpiri

[25] Government Business Managers are Australian Government officials appointed to reside and work in selected communities on a full-time basis. They act as a central point for engagement with the community and for the coordination of Australian Government services.

Triangle was established in the 1980s to develop professional links between educators at the Lajamanu, Yuendumu, Nyirrpi and Willowra schools to develop and implement education approaches incorporating Warlpiri language and culture. These four communities are located in the Tanami Desert, north of Alice Springs and west of Tennant Creek.

2.17 In commissioning the feasibility study for the Warlpiri Triangle, DEEWR stipulated that the consultant was to assess the communities of Lajamanu, Yuendumu, Nyirrpi and Willowra as potential sites for a boarding facility. Of the four communities, Lajamanu and Yuendumu are identified as Growth Towns and priority communities under the National Partnership Agreement on Remote Service Delivery. None of the four communities have schools that deliver a Year 10–12 curriculum, a critical consideration given the Australian Government's positioning of the program as a measure intended to improve Year 12 retention, and given the assessment criteria vetted by DEEWR, which placed greater weight on the achievement of educational opportunities and the availability of existing infrastructure.

2.18 The feasibility study identified some support from Warlpiri community members to locate a Warlpiri-focused boarding facility in Tennant Creek. Tennant Creek is the sixth largest community in the Northern Territory, with a population of approximately 3500 people. Tennant Creek has an established secondary school that offers a Territory curriculum to Year 12, offers specialist education services and has employment pathway opportunities for students. The consultants assessed Tennant Creek using the same multi-criteria approach as the other communities for comparison. However, consultations were not undertaken in Tennant Creek, and safety issues such as alcohol use were raised as possible risks of establishing a facility in Tennant Creek.

2.19 The feasibility study found that Tennant Creek scored the highest against the criteria, and was the most feasible location in attaining student outcomes, followed in order by Yuendumu, Nyirripi and Willowra. The study identified that the Yuendumu school would require additional investment to accommodate the increase in enrolments, while Nyirripi and Willowra would require secondary school facilities, significant infrastructure investment and lacked employment and training opportunities for students. Based on the finding that Tennant Creek was the most feasible location for a boarding facility, the study recommended that the scope of the feasibility study be broadened to assess the suitability of establishing the boarding facility in Tennant Creek, Katherine or Alice Springs. DEEWR did not consider Tennant

Creek an appropriate location as it is not in the Warlpiri Triangle and therefore not 'on country'.

2.20 The feasibility study identified that the community preferred that any boarding facility should be governed by an Indigenous incorporated body with representatives from each of the four Warlpiri communities. Further, management of the facility should include Indigenous and non-Indigenous people. The study examined the ongoing financial requirements of a boarding facility on Warlpiri land. The study estimated that, at maturity, the facility would generate operating revenue of $1 235 766 with recurrent expenditure estimated to be $1 218 586 per annum, resulting in a surplus of $17 190 per annum. However, the study did warn that these estimates relied on critical assumptions that included 100 per cent occupancy, that students would be eligible for the maximum study entitlements and a subsidy from DEEWR of $15 000 per student (for which DEEWR had ongoing funding to 2011–12, and now to 2015–16).

2.21 As a comparison, the study highlighted that with a 50 per cent enrolment rate the facility would operate at a cash flow deficit in excess of $500 000 per annum. Without the DEEWR subsidy, the annual shortfall was estimated at $582 810. As a stand alone investment proposition, the study found that establishing a boarding facility on Warlpiri land was not feasible, and that the ongoing financial sustainability of such a facility would be contingent on continued government support to make up the shortfall.

2.22 Like the Wadeye study, the Warlpiri Triangle study did not include an assessment of likely demand for the boarding facility, despite such an assessment being specifically included in DEEWR's terms of reference. The Warlpiri Triangle study did undertake a risk assessment of establishing a facility in the four identified communities. The assessment identified that the greatest risk to the project was 'the lack of an appropriate secondary school within the four communities', which alone, 'made the establishment of a boarding facility within the Warlpiri Triangle infeasible' as a stand alone investment. This assessment was consistent with the criteria vetted by DEEWR, which required educational outcomes and the availability of existing infrastructure to be given particular weight.

East Arnhem study

2.23 The East Arnhem region is located in the north-east corner of the Northern Territory, encompassing the communities of Nhulunbuy (East Arnhem's major centre), Milingimbi, Ramingining, Galiwin'ku, Gapuwiyak,

Yirrkala and a number of other homeland communities.[26] The terms of reference for the feasibility study stipulated that the consultant was to assess Galiwin'ku, Gapuwiyak, Milingimbi, Ramingining, Yirrkala and their associated homeland communities as potential sites for a boarding facility. All the communities specified in the terms of reference are identified as Growth Towns, and all but Ramingining are priority communities under the National Partnership Agreement on Remote Service Delivery.

2.24 The feasibility study assessed the five communities specified in the terms of reference as well as two homelands identified through community consultations as favoured sites. The two homelands were Gulkula and Garrthalala. Gulkula is located approximately 40 km south-west of Nhulunbuy, a trip which takes approximately 30 minutes by road. Garrthalala is located south of Nhulunbuy and is one and a half hours drive from Yirrkala on rough roads.

2.25 Using the multi-criteria approach developed with communities and validated by DEEWR, the feasibility study found that Gulkula was the most suitable of the proposed locations for a boarding facility followed, in decreasing order of relative suitability, by Yirrkala, Galiwin'ku and Ramingining. Gapuwiyak, Milingimbi and Garrthalala received the lowest scores, and were assessed to have equally low suitability. Gulkula was assessed as most suitable as it offered the safety of being located away from the negative social issues in the larger communities of Nhulunbuy and Yirrkala but still close enough to access the secondary schools and ancillary services (health care, regional airport, recreation facilities and organised sports, arts and cultural activities and clubs) located in the two communities. Gulkula was seen as a good fit due to the community's proximity to educational and ancillary services. Gulkula is also a site of cultural significance to Yolŋu people (the Indigenous people of East Arnhem) and people from all clans are accustomed to gathering there.

2.26 The feasibility study identified that communities wanted a new governance body, comprised of representatives from each community and major homeland group, to be established to oversee the facility. The feasibility study also found that stakeholders expressed strong views that the facility

[26] Homelands are typically small communities, comprising a few families who live in a location outside communities and outstations because of its cultural importance. There are approximately 600 homelands communities in the Northern Territory.

should be staffed primarily by Yolŋu people. The feasibility study estimated that, at maturity, the facility would generate revenue of approximately $2.15 million per annum with expenses of approximately $1.87 million per annum, leaving a surplus of approximately $283 000 per annum. These figures assume 100 per cent occupancy, that all students are eligible to receive the maximum student entitlements and that DEEWR provides funding subsidies of $15 000 per student.

2.27 The feasibility study did not quantify the level of likely demand. However, it highlighted that the greatest risk to the program was that community members would not enrol their children in a boarding facility or that they would not be happy there, resulting in poor retention. It would be expected that, given these risks and their influence on financial viability, greater attention would have been given to the likely level of facility usage in each potential location. DEEWR advised that key factors that influenced the choice of locations included support from communities in the regions selected by the Australian Government, the historical lack of access to schooling in remote areas, the supply of students in catchment areas and that many students who have boarded in regional or urban schools have had bad experiences with boarding away from home.

Decisions about boarding facility locations

2.28 Following the completion of the feasibility studies, DEEWR obtained in-principle approval from the Australian Government for three preferred boarding facility sites in Wadeye, the Warlpiri Triangle, and the East Arnhem region. According to the Implementation Plan sites were to be finalised and agreed between the communities, education providers, the ILC and the responsible Minister by October 2008. The additional processes undertaken to finalise the selection of boarding facility sites in the Northern Territory are set out below.

Wadeye

2.29 In July 2009, DEEWR recommended that the responsible Minister approve the development of a boarding facility at Wadeye. At the time of making the recommendation, DEEWR had not secured a commitment by the ILC to provide funding for the construction of a boarding facility at Wadeye. From the ILC's perspective, a number of matters needed to be addressed before it was prepared to commit funds to the facility. These included:

- a request that the ILC be provided with copies of the Wadeye feasibility study to inform deliberations about future investments;
- consideration of Tennant Creek as a more suitable site for a boarding facility, given concerns about student safety and social issues in Wadeye, and the possibility of achieving better value for money by investing in a regional area rather than a remote community; and
- the development of a business plan showing that the facility would be viable and sustainable, setting out details of how the safety of students would be guaranteed, and containing assurance from DEEWR that the remaining risks associated with the operation of the facility were mitigated.

2.30 Following a series of interactions between the ILC and the responsible Minister between March 2009 and January 2010, including the provision of the Wadeye feasibility study to the ILC in October 2009, in January 2010 the ILC advised the responsible Minister that it would commit $5 million to the Wadeye facility, contingent on the resolution of the issues set out in the agency's request for the development of a business plan (viability, sustainability, student safety and operational risks).

Warlpiri Triangle

2.31 Reaching full agreement on a location and site for a facility in the Warlpiri Triangle has proven problematic. As noted earlier, the feasibility study commissioned by DEEWR concluded that establishing a boarding facility in the Warlpiri Triangle was not feasible as a stand alone investment. Acknowledging these findings of the feasibility study, DEEWR nonetheless considered that locating a facility in the Warlpiri Triangle was warranted and proceeded to recommend one of the four locations considered in the feasibility studies 'as the most valuable and effective in the Warlpiri Triangle'. The Minister agreed to the recommendation and gave in-principle approval for the location in April 2010. DEEWR held community meetings in May and

June 2010 to provide feedback on the feasibility studies and is still negotiating with the community for agreement on establishing a boarding facility.

2.32 At the same time as holding community consultations, negotiations continued between the Australian Government and the Northern Territory Government in order to agree details of support for the proposed boarding facility in the Warlpiri Triangle. In May 2010, the responsible Minister wrote to the Northern Territory Minister for Education and Training informing him that feasibility studies had been undertaken and 'found that the success of the boarding facilities is contingent on complementary funding for school upgrades in the selected locations'. Substantial improvements to school amenities would be required and the Australian Government sought 'detailed advice regarding the Northern Territory Government's commitment to upgrade educational services and associated infrastructure'. DEEWR did not communicate the findings of the feasibility studies to the Northern Territory Government as part of these discussions.

2.33 As part of the negotiations, the Northern Territory Government indicated that it felt that other sites, chiefly Alice Springs, could be considered as boarding facility locations instead of those proposed by the Australian Government. Also noteworthy, the Northern Territory Government advised that it would not commit to funding additional school infrastructure and teaching services until the Northern Territory Department of Education and Training (NTDET) undertook a 'careful audit of existing capacity and capability'.

East Arnhem region

2.34 Following the conduct of a feasibility study in the East Arnhem region, DEEWR advised the Australian Government that two sites had been identified as preferred locations for boarding facilities: Gulkula and Garrthalala. As noted above, the feasibility study assessed Gulkula as the most suitable and Garrthalala as one of three communities equally least suitable of the six sites examined. DEEWR advised that the initial weightings used to score the respective sites gave too much weight to infrastructure issues and did not adequately reflect community concerns regarding safety and that when the department took this into account Garrthalala's relative suitability improved. On this basis, the department provided advice to the responsible Minister to choose from Gulkula and Garrthalala. As noted earlier, the criteria and weighting used for the Warlpiri and East Arnhem studies were developed in consultation with community representatives and Government Business

Managers and then validated by DEEWR before application. The revision of Garrthalala's scores was not documented, and DEEWR has advised that the scores for other communities were not similarly reweighted as part of its recommendation process.

2.35 The IBF program's other key contributing stakeholder, the ILC, also raised concerns regarding the suitability of Garrthalala as a site for a boarding facility and has yet to agree to support, or fund, the establishment of a boarding facility there. In August 2010, prior to having the support of the ILC or the Northern Territory Government, the Australian Government announced that Garrthalala had been chosen as the site for a 72-bed Indigenous boarding facility.

2.36 In December 2010, the Northern Territory Government advised the Australian Government that it had 'no capacity to move immediately to the provision of a 72-bed hostel' in Garrthalala and that that the community had a shortage of water and lacked basic infrastructure such as roads and sanitation. The Northern Territory Government recommended a smaller 24-bed facility with the capacity to expand and would not commit to funding additional school infrastructure and teaching services until NTDET had completed a review of the Northern Territory Government's educational commitments and priorities. NTDET has now indicated its ability to provide support to the facility at Garrthalala.

2.37 The site selection process developed by DEEWR for the IBF program placed a strong emphasis on undertaking community consultation and the use of feasibility studies. The department put in place appropriate arrangements for community consultation and has proceeded to invest time in undertaking these consultations. The feasibility studies undertaken by the department mostly address the issues set out in their terms of reference, with the notable exception of providing a robust analysis of likely demand for a boarding facility in each community. DEEWR considers that the studies made a contribution to the overall assessment of the suitability of sites. In developing its subsequent advice to government, DEEWR ultimately recommended sites in the Warlpiri Triangle and East Arnhem regions that were not favoured by those feasibility studies.

2.38 DEEWR indicated that there were two key reasons for the delays in the site selection process. First was the Northern Territory Government's request that DEEWR defer consultations and feasibility studies until after the Northern Territory Government had concluded negotiations with schools on the

development of Regional Learning Partnerships. DEEWR's decision to defer the studies was consistent with the integration principles articulated by COAG, which support governments conducting their planning and implementation activities in a manner that is aligned with and supports the activities of their counterparts in other jurisdictions. However, the ANAO also observed that there has generally been a more limited alignment with the priorities of the Northern Territory Government in relation to the location of facilities.

2.39 Second, DEEWR advised that it desired to avoid what it termed a 'build it and they will come mentality', determining that it would invest the time and funding required to build an evidence base to support decisions about the location and scope of strategic investments under the IBF program. Further, DEEWR placed emphasis on the need to consult with communities in order to obtain support for the program and engender a sense of community ownership.

Site selection – the IBHP program

Policy considerations

2.40 In order to assess the effectiveness of FaHCSIA's site selection arrangements for the IBHP program, it is necessary to explore the partnership approach underpinning the program, and the policy environment in which this approach was developed.

2.41 From the beginning, FaHCSIA intended that the IBHP program would be delivered in partnership with a number of government stakeholders, including the ILC and Aboriginal Hostels Limited (AHL) at the Australian Government level, and the Queensland Department of Education and Training at the state government level. The department also intended that the mining industry would play a key role in the implementation of the program through the establishment of public-private partnerships.

2.42 At the time, the Australian mining industry was experiencing a boom and a labour shortage. Given the opportunities for Indigenous people to share in the benefits of the boom (for example, through employment); the existence of established legislative and administrative frameworks supporting interactions between governments, mining companies and Indigenous people; and the apparent success of some previous engagements between the mining industry and Indigenous communities, the Australian Government determined

to explore partnerships with the mining industry to build an economically sustainable future for Indigenous Australians.

2.43 The mining industry occupies an important strategic position in the Australian economy and in Indigenous affairs. Significant sources of mineral wealth are located in regional and remote areas of the country, including in areas with which Indigenous Australians have enduring cultural connections. This has resulted in the development of a complex set of relationships between the mining industry, individual mining companies, Indigenous communities and organisations, and all levels of government.

2.44 In some cases relationships between mining companies and Indigenous Australians have been characterised by conflict about the nature and extent of mining activity on traditional lands and about various stakeholders' cultural, environmental and economic obligations. In other cases, mining companies and Indigenous people have been able to develop productive relationships. By taking advantage of aligned incentives, mining companies and Indigenous communities are able to achieve a flow of mutual benefits. Mining companies may gain access to land, labour and local knowledge, increase their reputation and value by meeting corporate responsibility obligations, and avoid native title litigation or opportunity costs arising from protracted negotiations. Indigenous people may obtain a range of social, cultural and economic benefits, including jobs, new community infrastructure, mining royalties, resources to support cultural activities, and a say in how mining activities are conducted in accordance with traditional owners' wishes.

2.45 At the time the IBHP program was under development, the then Australian Government was exploring options for addressing Indigenous disadvantage through partnerships with the private sector. On 5 December 2006, the then Minister for Indigenous Affairs announced a 'Blueprint for Action' in the portfolio, including a set of principles to guide Australian Government programs and policies. Two of these principles were particularly relevant to the IBHP program's development.

2.46 The first relevant principle was that governments should 'facilitate access to all services, rather than establishing alternatives'.[27] Under this

[27] The Hon Mal Brough MP, *Blueprint for Action in Indigenous Affairs*, speech to the National Institute of Governance's Indigenous Affairs Governance Series, Canberra, 5 December 2006, transcript at <http://www.formerministers.fahcsia.gov.au/malbrough/speeches/Pages/blueprint_05dec06.htm.aspx>, [accessed 4 May 2011].

principle, the Australian Government would seek to help Indigenous Australians to access established mainstream services, rather than delivering new or parallel services. In remote communities, where there might be few or no established services, the Australian Government would seek to improve service delivery arrangements. An important consideration attached to this principle was that access to services should be based on need.

2.47 The second relevant principle concerned partnerships, with the then Minister observing that 'there is a role for the broader Australian community as well. […] As Australians we need to ask ourselves "what we can contribute personally to assist our fellow citizens".'[28] The then Minister noted a number of previous or existing partnerships between the Australian Government and the private sector intended to support Indigenous people, including partnerships with Woolworths and Coles, the National Seniors Association, the Australian Football League and the National Rugby League.

2.48 Critically, the Blueprint made placing 'a greater emphasis on the provision of boarding school accommodation in regional areas' a central tenet of the then Australian Government's policy for addressing the needs of Indigenous people in regional and rural areas. The Government noted that this focus on boarding school accommodation was aligned with the strategic priorities of the National Indigenous Council. The then Minister noted that funding had been provided to build a boarding school in Kununurra, Western Australia, and that discussions were underway with the ILC to develop boarding schools at Borroloola in the Northern Territory and at Weipa.

2.49 The Blueprint's explicit focus on the development of boarding colleges set the stage for the development of the IBHP program. Further, the Blueprint provided guidance on how the program should be developed and delivered: in conjunction with responsible departments in state and territory governments, in regional and rural centres, in a manner that supported links between remote communities and mainstream services, and in partnership with the private sector. These factors were key considerations for FaHCSIA's deliberations about site selection for the IBHP program.

[28] ibid.

Scoping study

2.50 Earlier planning documents and program proposals from FaHCSIA indicate that the department considered there to be an apparent need for additional secondary hostel accommodation in many locations, across Australia. Consistent with the policy considerations outlined above, the documents also indicated that FaHCSIA would select sites for new or expanded facilities following consultations with state and private education providers and the then Minister for Education, Science and Training.

2.51 In order to conduct a preliminary assessment of the sites initially considered for IBHP boarding hostels, a joint FaHCSIA, AHL and ILC team visited three sites previously selected by FaHCSIA: Nhulunbuy/Yirrkala and Borroloola in the Northern Territory, and Weipa in Queensland. All three sites were visited during the week of 11–16 October 2007, with the team meeting with mining company representatives, schools, traditional owners and the wider Indigenous community to discuss the construction of new secondary school hostels. No documents were available to indicate how the department moved from a broad position about potential need at sites across the country to selecting the three sites visited. FaHCSIA was in concurrent discussions with the Queensland Government to address the educational needs of Indigenous youth in the Torres Strait and Cape York. The department had also been previously engaged in discussions with mining companies at these three sites, and western Cape York was the subject of ongoing negotiations for a Regional Partnership Agreement, following two years of consultation and collaboration between a wide range of stakeholders.

2.52 Field notes from the scoping study indicate that, despite the short period available for consultation in each location, a wide range of issues were discussed with a range of stakeholders.[29] The issues included the identification of various factors that might enable or impede the development and ongoing viability of a boarding hostel, and opportunities for links between government and community stakeholders and the mining industry. While there was no state/territory government representation at these early community meetings, other than principals and teachers from government schools, establishing relationships with state and territory education departments was an action item arising from the discussions at each site. It was anticipated that this

[29] The report for the Weipa consultations indicated that 'Traditional owners were invited but were unable to attend. However, they did indicate strong support for the hostel initiative.'

engagement would be necessary to secure statistics about Indigenous students in the region and because it was realised that the hostels would 'have significant flow-on effects [for state and territory governments] who would be required to contribute […] (…teachers, classrooms, accommodation, curriculum, educational strategies and focus etc)'.[30]

2.53 The scoping study observed that the Australian Government could have considered the development of up to four boarding hostels with 40 beds each, or even more if some of the hostels were reduced to 20 beds. Following consideration of the scoping study, FaHCSIA determined that it would recommend a facility in Weipa. The Minister subsequently announced in March 2008 that a facility of 120 beds would be constructed at Weipa.

Initial planning

2.54 Following the scoping study and the decision to proceed with Weipa as the location for a new hostel, FaHCSIA conducted a needs analysis to develop a business case for the project. The result of the analysis was a document titled 'The case for an Indigenous Boarding facility in Weipa'. The document provides an overview of the scoping study process and presents statistics to support the construction of a boarding hostel in Weipa. The statistics included:

- national attendance and retention rates for Indigenous secondary students from the 2006 Census;
- the number of children eligible to enrol in secondary school in Cape York and the Torres Strait, together with the numbers of students actually enrolled, drawn from a June 2008 report conducted by a consultant for the Australian and Queensland governments' consideration;
- a comparison of fertility rates for far north Queensland to the general Australian population;
- that, according to the scoping study, over 300 students from Cape York were currently attending boarding schools outside the region; and
- an observation that, in 2007, all 60 Year 12 students from Western Cape College (WCC) were placed in jobs or higher education, and that this 'highlighted…numerous employment opportunities locally'.

[30] IBHP Scoping Team, *Field Visit – Weipa, Nhulunbuy and Borroloola – Oct 2007*, 24 October 2007, p.3.

2.55 The needs analysis uses national statistics to present the case for local need. These statistics, drawn from the 2006 Census, present a significant gap in Year 12 retention rates, with around half of Indigenous 20–24 year olds having completed Year 12 or an equivalent qualification compared to 83.8 per cent of the corresponding non-Indigenous cohort. However, the ANAO examined local statistics compiled by the Queensland Government for the Far North Queensland education region that show a much smaller gap of just 10.4 per cent in 2007; further, the gap was closing, with just 3 per cent fewer Indigenous students moving from Year 10 to Year 12 than non-Indigenous students (67.2 per cent versus 70.2 per cent) in 2008.[31] The statistics for local communities would almost certainly reflect further variations from national figures.

2.56 The needs analysis would also have benefited from a more in-depth analysis of student numbers in far north Queensland to assess the likely demand for boarding facility places in Weipa, and the contribution the facility would make to closing the gap on Indigenous educational disadvantage in far north Queensland. The scoping study report indicated that the principal of the Western Cape College would 'provide statistics on education outcomes and demographics and forecast student numbers', but if this was done it was not reflected in FaHCSIA's program documentation.

2.57 FaHCSIA's needs analysis noted that 'over 300 students from Cape York are currently attending boarding schools outside the region'. However, the analysis does not go on to estimate how many of these students would attend the Western Cape College if a new hostel was constructed, or how many lived in the remote communities to be serviced by the IBHP program. A further consideration advised by FaHCSIA was the need to consider the numbers of children who had disengaged from the school system due to a lack of access as an element of demand.

2.58 Demand has remained an assumption throughout the project. By the time of the fourth Project Blueprint, demand issues had been escalated to a 'high' risk that 'students don't utilise the facility'. The proposed control was that the not-for-profit organisation selected to operate the hostel would prepare a business plan, considering 'funding sources and availability', 'viability and sustainability', and 'student numbers'. This plan was expected to

[31] Queensland government, *Closing the Gap Education Strategy*, Attachment 8 – Apparent retention rates Year 10 to 12 by Education Region, p.56.

be completed by the end of October 2010, prior to the commencement of construction in January 2012.

2.59 In the sixth and current version of the Project Blueprint, this plan was to have been completed by the operator by January 2011. In August 2011, FaHCSIA's process to select an operator for the Weipa facility was in progress. Construction has commenced, and 'students don't use the facility' remains a 'high' risk with no corresponding mitigation recorded in the Project Blueprint.

Conclusions

2.60 The site selection processes for both boarding facility programs were characterised by a mix of community consultation and research approaches, with external consultants conducting a number of feasibility studies to examine issues about the location and size of potential boarding facilities, and to inform future decisions about engagement and ongoing operations. For both programs, the information evidencing the likely demand for boarding facilities in the locations considered by the departments was not well developed. The analysis for each program did not include an indication of how many students would be likely to use the proposed facilities. There are several important factors to consider in site selection including general community support and availability of infrastructure but quantifying demand is a key factor. The studies gave consideration to issues such as community interest and infrastructure, but a more limited assessment of actual demand was undertaken; this is likely to have flow on effects into the financial requirements to support the individual facilities and ultimately on the actual contribution that these investments will make to the overall objectives sought by government.

3. Stakeholder Engagement

This chapter discusses the arrangements the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) put in place to engage with communities, contributing stakeholders, and the Northern Territory and Queensland governments, to support the effective design, implementation and ongoing operation of the Indigenous Boarding Facilities (IBF) program and the Indigenous Boarding Hostels Partnerships (IBHP) program.

Overview

3.1 The implementation of the Indigenous Boarding Facilities (IBF) program and the Indigenous Boarding Hostels Partnerships (IBHP) program required the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) to engage with a range of stakeholders at the Australian Government, state/territory government and community levels, as well as with potential private sector partners. This engagement had a range of objectives, including informing decisions about the location and size of boarding facilities, securing support for the provision of resources and ancillary services, providing updates on implementation, and seeking agreement about the ongoing operations of the facilities.

3.2 Effective engagement is an essential consideration for senior responsible officers in both the design and implementation of government programs. If stakeholders are not identified and consulted, they may object to various design elements on delivery and, in general, the less stakeholders are involved, the higher the risk of sub-optimal outcomes during implementation. For this reason, governance structures should ensure that the legitimate interests of a range of stakeholders are properly and appropriately considered.[32]

[32] Australian National Audit Office and the Department of the Prime Minister and Cabinet 2006, *Implementation of Programme and Policy Initiatives: a Better Practice Guide*, p.37.

3.3 Briefly, effective stakeholder engagement is characterised by:

- a clear objective for engagement with each stakeholder that is understood by all relevant parties;
- sufficient consideration as to how stakeholder engagement will be managed before and throughout the planning and implementation process; and
- the provision of sufficient time and resources to allow for a wide range of views to be presented, considered and reflected in ongoing management arrangements.[33]

3.4 When a program is likely to be of interest to a wide range of stakeholders, it is better practice for engagement to be supported by a formal plan or agreement.

Community consultations

3.5 Community consultation is a critical component of the implementation of Indigenous programs, and this importance has been highlighted most recently in the service delivery principles articulated by the Council of Australian Governments (COAG) in 2008, and by community engagement guidelines developed by FaHCSIA in 2011. The process for community consultation is often complex, requiring an understanding of the local community, the role of key people and organisations, and ongoing arrangements to provide information and resolve issues and concerns raised by stakeholders. A key challenge for departments is to achieve a good balance between comprehensiveness, timeliness and efficiency in their consultation arrangements.

The IBF program – community consultations

3.6 For the IBF program, DEEWR structured consultation with all stakeholders primarily through the site selection process. The Implementation Plan outlined a process for site selection that entailed conducting initial community consultations to inform the site selection process, followed by ongoing community consultation to support a series of feasibility studies. Communities would then be consulted in conjunction with education

[33] ibid, p.36.

providers, the Indigenous Land Corporation (ILC) and the relevant Minister to obtain final agreement about the selection of boarding facility sites.

3.7 DEEWR required the feasibility studies to include extensive community consultation, which was carried out by the consultants conducting the studies. For example, even though the Wadeye feasibility study considered a single community, the consultant interviewed 185 stakeholders. Most of the stakeholders interviewed were Wadeye community members (71) and community members from Palumpa and other nearby outstations (46). The consultants also interviewed seven experts in the Indigenous student accommodation sector, eight local businesses and non-government organisations, a church representative (the Wadeye school is operated by the Catholic church) and 22 key stakeholders identified by DEEWR. Since the Wadeye community agreed to the establishment of a boarding facility, DEEWR has maintained an ongoing consultative process through the establishment of the Wadeye Boarding Facility Advisory Committee.

3.8 Community consultation was also a central focus of the Warlpiri Triangle and East Arnhem feasibility studies. Community stakeholders were involved in both studies from the early stages, providing input into the development of site assessment criteria through workshops with community representatives and Government Business Managers. As the Warlpiri Triangle study progressed, consultations were held with community members, the Warlpiri Education and Training Trust, school principals, teachers, shire services managers and industry experts. The study set the stage for ongoing community engagement in the operation of the planned Warlpiri Triangle facility, noting that the community preferred that any boarding facility should be governed by an Indigenous incorporated body with representatives from each of the four Warlpiri communities, and that management of the facility should include Indigenous and non-Indigenous people. DEEWR held meetings in the approved communities in May and June 2010 to provide feedback on the feasibility studies. Since September 2010, there has been unrest in the Warlpiri Triangle community, and DEEWR is still negotiating with the community for agreement on establishing a boarding facility.

3.9 In relation to the East Arnhem area, the feasibility study report indicated that consultations were held with community members, school principals, Government Business Managers, the East Arnhem Shire, industry experts, and other representative bodies such as the Northern Land Council and the Laynhapuy Homelands Association. The consultations found

widespread support for the establishment of a boarding facility in the East Arnhem region.

3.10 DEEWR has placed a strong emphasis on undertaking community consultation to support the program's implementation and ongoing operations. The department has continued with these consultations over an extended period of time and in the face of considerable challenges posed by the number of stakeholders involved. However, the consultation process has been much slower than anticipated by DEEWR in the IBF program's Implementation Plan. Sites were to be finalised with communities, education providers, and the ILC, with the responsible minister agreeing by October 2008. Agreement was not reached by all relevant parties in Wadeye until January 2010, 15 months later than planned, while in Garrthalala agreement was reached in mid 2011. Community agreement is yet to be reached in relation to the final location in the Warlpiri Triangle.

The IBHP program – community consultations

3.11 FaHCSIA established representational arrangements to support the community consultation process for IBHP, drawing together community and government stakeholders at the national, state and community level. This process evolved during the Western Cape Residential College's (WCRC) development to meet the project's needs at particular times. The key internal and external stakeholders responsible for community consultation include:

- Indigenous Housing Programs and Services Branch, FaHCSIA (program owner);
- Cairns Indigenous Coordination Centre (ICC);
- Western Cape College (WCC); and
- Queensland Department of Education and Training (Education Queensland).

3.12 As the lead agency for the IBHP program, FaHCSIA is responsible for managing the consultation process, and took the lead role in community consultation during the scoping study. In line with FaHCSIA's regional service delivery structure, the Cairns ICC is responsible for consultation with the Cape York Indigenous communities that are expected to send their children to the WCRC. Initially, the ICC field officer responsible for the Weipa region undertook consultations with Indigenous communities as part of the officer's broader community engagement duties. A dedicated staff member within the

Cairns ICC has now been assigned responsibility for community consultation and on-the-ground assistance with the WCRC project.

3.13 FaHCSIA's consultation for the WCRC project has included Rio Tinto Alcan (the company with the Weipa mining lease), the Weipa Town Authority, the Weipa Chamber of Commerce, WCC, Indigenous community councils, traditional owners and, more recently, the Weipa Parents and Citizens Group. As a key local stakeholder, the Western Cape College has had a role in community consultation from the commencement of the project. Specifically, the College was (informally) assigned responsibility for consultation with local Weipa residents. Later, FaHCSIA (through the Cairns ICC) took a more proactive role in managing the consultation process with Weipa residents. While there may have been some practical benefits to the College being responsible for aspects of community consultation, shifting the balance back to Australian Government officials was appropriate given the role of the government as the initiator of the project.

3.14 FaHCSIA established a Weipa Local Steering Committee to act as an advisory body for the project, and as a mechanism by which the department can provide information to the local community and receive feedback on the project. The Local Steering Committee has primary responsibility for community consultation. Specifically, the committee is responsible for:

- disseminating information provided by the Australian and Queensland governments to the Weipa and catchment communities through stakeholder organisations;
- responding to issues and concerns as raised by the community and providing advice to the Australian and Queensland governments on those issues and concerns;
- raising the community's issues and concerns around the project; and
- providing advice on opportunities around the project.

3.15 The Weipa Local Steering Committee first met in July 2008, four months after the Minister for Families, Housing, Community Services and Indigenous Affairs announced the project. Subsequent meetings occurred in November 2008, February 2009, May 2009, February 2010, April 2010, June 2010 and July 2010. There was a gap of nearly ten months between the May 2009 and February 2010 committee meetings, which FaHCSIA advised was due to the need to resolve a land tenure issue in relation to the proposed site.

3.16 While FaHCSIA established a number of representative structures to support ongoing consultations, the development of a formal communications strategy to guide these efforts occurred relatively late in the project. In February 2009, the Weipa Local Steering Committee first flagged the need for a communications strategy to guide ongoing consultation and engagement between stakeholders. However, FaHCSIA did not prepare a communications strategy for the WCRC project until September 2010. The purpose of the WCRC Communication Strategy is to provide a base for all internal and external communication and engagement associated with the construction and eventual running of the hostel. This is the first formal document that details a strategy for community consultation with regard to the WCRC project. Prior to the development of the strategy, FaHCSIA and the Project Management Board provided guidance on the direction and focus of the community consultation process.

Engagement with state/territory governments and the ILC

3.17 The importance of coordination and collaboration between different levels of government when planning services and programs has most recently been emphasised by COAG in the 2008 Service Delivery Principles for Programs and Services for Indigenous Australians. Specifically, the 'integration' service delivery principle states that 'there should be collaboration between and within governments at all levels, their agencies and funded service providers to effectively coordinate programs and services'.[34] In particular, attention is to be given to:

a) articulating responsibilities between all levels of government;

b) identifying and addressing gaps and overlaps in the continuum of service delivery;

c) ensuring services and programs are provided in an integrated and collaborative manner both between all levels of governments and between services;

d) ensuring services and programs do not set incentives that negatively affect outcomes of other programs and services; and

[34] Commonwealth of Australia 2009, *Closing the Gap: National Indigenous Reform Agreement*, p.D-69–70, <http://www.fahcsia.gov.au/sa/indigenous/progserv/ctg/Pages/NIRA.aspx> [accessed 1 August 2011].

e) recognising that a centrally agreed strategic focus should not inhibit service delivery responses that are sensitive to local contexts.[35]

3.18 The 2010 *Strategic Review of Indigenous Expenditure* also highlighted, in relation to the two boarding facility programs, the importance of engaging with state and territory education providers when planning investments supported by Australian Government funding.[36]

The IBF program – engagement with the Northern Territory Government

3.19 The plan to construct three new boarding facilities in the Northern Territory was characterised by early ministerial agreement from both the Northern Territory and Australian governments. On 30 April 2008, the then Northern Territory Minister for Education released a statement titled *Transforming Indigenous Education* announcing 'an overhaul of the delivery of remote education, with a focus on involving Indigenous communities, getting kids to school regularly and allowing them to concentrate on getting basic literacy and numeracy skills.' The Northern Territory Minister advised that 'the Northern Territory Government will work with the Commonwealth to provide the facilities and resources needed to achieve these goals in partnership with these communities', which included 'the establishment of community-based residential hostels so young people in remote Indigenous communities can access a quality secondary education in or near their home communities.' The then Deputy Prime Minister's subsequent media release of 23 July 2008 referred to the *Transforming Indigenous Education* statement, noting that the Northern Territory Minister for Education 'strongly supported the establishment of boarding facilities in communities'.

3.20 The existence of high-level agreement between the two governments provided a broad policy framework for the respective education departments to negotiate in more detail about key matters, such as the locations of proposed boarding facilities, the level of support each government would provide in order to support the implementation and ongoing operations of the facilities, and the role each government would play in the monitoring and evaluation of the program. For this negotiation to be effective, it would be beneficial for formal structures to be developed and for information to be shared in a timely

[35] ibid.

[36] Australian Government, *Strategic Review of Indigenous Expenditure*, February 2010, op cit. p.112 .

manner to enable appropriate consideration of the issues. The importance of gaining cross-jurisdictional support was identified by DEEWR in the early stages of the IBF program, with the department's initial risk assessment highlighting the possible risk of 'failure to reach agreement with the Northern Territory Government, and other potential stakeholders to acquiring and/or developing sites for the facilities'. DEEWR's control for mitigating this risk was to 'establish firm stakeholder relationships with the Northern Territory Government, to ensure that any issues which may arise are rectified promptly'.

3.21 The primary mechanism for DEEWR's engagement with the Northern Territory Government with respect to boarding facilities was the Northern Territory Emergency Response Joint Steering Committee (NTERJSC). While the IBF program was not a Northern Territory Emergency Response (NTER)[37] measure, it operates in the same sector as other education-related measures for which the NTERJSC has oversight. The NTERJSC was established in 2007 following the signing of a Memorandum of Understanding between DEEWR and the Northern Territory Government's then Department of Employment, Education and Training (now the Northern Territory Department of Education and Training [NTDET]), to oversee implementation of NTER measures relating to education. The Committee's membership comprises representatives from DEEWR, NTDET, the Northern Territory Catholic Education Office, the Northern Territory Association of Independent Schools, and the NTER Operations Centre, with other selected parties to attend as appropriate. The ILC is not represented on the NTERJSC.

3.22 The purpose of the NTERJSC was to formalise approaches to the implementation of education measures initiated under the NTER by developing a list of priority communities (based on enrolment and attendance levels), discussing and resolving matters affecting the NTER, and by agreeing on deliverables, timeframes and resource allocations. Boarding facilities were a standing item on NTERJSC's meeting agendas from January 2008, prior to the Northern Territory Government's *Transforming Indigenous Education* statement and the Australian Government's announcement of the IBF program.

3.23 At one level, the NTERJSC provided an appropriate mechanism through which relevant departments could engage across jurisdictional

[37] The Northern Territory Emergency Response was a five-year Australian Government initiative commencing in 2007 to improve service delivery arrangements and quality of life for Indigenous people living in the Northern Territory, particularly children.

boundaries. However, despite the existence of the NTERJSC and the standing-item nature of the IBF program, there were key points at which critical engagement activities did not occur between governments. For example, the department did not communicate the findings of the feasibility studies to the Northern Territory Education Minister or NTDET, even when the Australian Government wrote to the Northern Territory Minister for Education to advise that preferred locations had been identified and that these would require significant investment by the Northern Territory Government. Eight months then passed between this letter and the Northern Territory Government's response of December 2010, which suggested that a facility could be constructed in Alice Springs rather than in the Warlpiri Triangle and raised concerns about the Australian Government's proposal to construct a boarding facility at Garrthalala.

3.24 These matters have now largely been resolved by the respective administering departments and the Australian Government has sought to formalise a relationship with the Northern Territory Government, through the development of a Memorandum of Understanding (MOU). The MOU has been agreed in-principle between the two departments but has yet to be signed and finalised. This MOU also proposed the establishment of a DEEWR–NTDET joint steering committee. While the MOU had not been signed, the Joint Steering Committee has commenced its operations.

The IBF program – engagement with the ILC

3.25 In addition to negotiating support from the Northern Territory Government, DEEWR also needed to negotiate the support of the ILC. The ILC is an independent Australian Government statutory authority established to assist Indigenous people to acquire and manage land to achieve economic, environmental, social and cultural benefits. In making assessments about whether to acquire land, the ILC has considered whether:

- achievable and sustainable benefits will be delivered to Indigenous people;
- the applicant/landholder has or will have the capacity to manage the land and land use;
- the land use will be viable and sustainable;
- there is a clear plan and primary purpose for use of the land;
- the land is suitable for the proposed land use; and

- sound business and environmental practices will be followed (where applicable).

3.26 The ILC's investment in the IBF program will be significant, comprising a $15 million capital contribution. At the time of making the recommendation to the Australian Government to proceed with the Wadeye site in July 2009, DEEWR had not secured a commitment by the ILC to provide funding for the construction of a boarding facility at Wadeye. In March 2009, the Chair of the ILC Board wrote to the responsible Minister requesting a copy of the Wadeye feasibility study, once it had been completed, along with other information to aid the ILC Board to decide whether to provide funds for the construction of a facility. In her letter, the Chair also requested that the Government consider Tennant Creek as a site for a boarding facility.

3.27 In May 2009, the responsible Minister wrote to the Chair of the ILC informing her that the study was underway and that, once the Minister had received the study, she would write to the Chair and address the issues raised in the Chair's letter. The letter also affirmed to the ILC Chair that 'the Government will only build these facilities where there is strong community support, existing secondary school facilities and the feasibility study confirms that a facility will be viable in the community'. The Wadeye feasibility study was completed in May 2009. In October 2009, five months after the feasibility study was completed, the ILC was provided with a copy of the Wadeye report.

3.28 In January 2010, the ILC informed the responsible Minister that it agreed to provide funding of up to $5 million for a boarding facility at Wadeye. However, the ILC stated that the release of funds was contingent on DEEWR providing information about how it would ensure that the remaining risks associated with the operation of the facility were mitigated. This included the provision of a business plan demonstrating that the facility would be viable and sustainable, and details of how the safety of students would be guaranteed.

3.29 With regard to the other two locations, DEEWR provided the ILC with a copy of the Warlpiri Triangle and East Arnhem feasibility studies in May 2010 and indicated that the Australian Government's preferred sites were in the Warlpiri Triangle and at Garrthalala. The ILC has raised concerns with the Australian Government regarding the suitability of both locations as sites for boarding facilities, and considered Tennant Creek or Alice Springs to be a more suitable location for a boarding facility to service students of the Warlpiri Triangle.

The IBHP program – engagement with the Queensland Government

3.30 For FaHCSIA, the ability to establish and operate an Indigenous boarding facility in Weipa is influenced by the ability of the department to manage its relationship with the Queensland Government. In particular, the Queensland Department of Education and Training (Education Queensland) will be required to provide additional resources to the WCC to support the additional 120 students attending the school. Education Queensland will also need to consider the impact of introducing an additional 120 Indigenous students, many of whom may be well behind the educational levels of their peers, to the delivery of classroom education and more broadly the operation of the school.

3.31 To this end, FaHCSIA and the Queensland Government established high-level governance arrangements for the oversight of the WCRC project in the form of a State Steering Committee, also referred to as a Senior Officers Group. The group was chaired by the Director-General of the Queensland Department of the Premier and Cabinet. Correspondence between members indicates that the group gave ongoing consideration to a wide range of issues relevant to the design, implementation and ongoing operation of the Weipa facility. FaHCSIA acknowledged that it would sometimes be difficult for all members of the group to meet, and so sought to progress significant business 'out of session'.

3.32 At the departmental level, Education Queensland is formally engaged in the Weipa boarding facility project through representation on both the Project Management Board and the Peer Review Group. The Project Management Board is scheduled to meet weekly and provides the forum in which FaHCSIA, Education Queensland and the ILC discuss and make decisions about the planning and implementation of the Weipa boarding facility project. The FaHCSIA Project Manager for the WCRC project is located in FaHCSIA's Queensland State Office. This provides further opportunity for informal communications between FaHCSIA and Education Queensland. The ANAO notes that, following the State Steering Committee's decision that the ILC would construct the WCRC, the ILC was also engaged in regular discussions with the Queensland Government about a range of issues, principally concerned with the transfer of the lease over the WCRC site from Rio Tinto Alcan to the ILC, and the title from leasehold to freehold.

3.33 FaHCSIA is in the process of developing a tripartite agreement with Education Queensland and the ILC to support the WCRC. The purpose of the

tripartite agreement is to define the roles and responsibilities of the signatories. A draft agreement examined by the ANAO sets out a range of operating and administrative considerations for the ongoing management of the WCRC project, including a commitment by the Queensland Government to provide a principal and additional teachers to support the facility. A formal agreement cannot address all of the potential issues that may arise during the project. However, the development of a formal agreement between FaHCSIA, the ILC and Education Queensland reflects better practice for whole-of-government engagement, and is consistent with the COAG 'integration' service delivery principle, referred to in paragraph 3.17, in particular the need to articulate responsibilities between different levels of government.[38]

3.34 The tripartite agreement is yet to be signed. However, FaHCSIA advised the ANAO that the Queensland Department of Education and Training has committed to the provision of additional school-based teaching resources to cater for students using the boarding facility. The current draft agreement would be strengthened by the inclusion of additional detail about the various parties' roles and responsibilities concerning ongoing performance measurement for the WCRC project. While the draft assigns the Queensland Government responsibility for securing an agreement with the facility operator that includes 'an alignment of expectations on academic and social performance, which is underpinned by a case management approach', it is not presently clear which party will measure this performance in respect of boarding facility students. Performance measurement is discussed further in Chapter 4.

The IBHP program – engagement with the ILC

3.35 Following the Minister's announcement of the planned Weipa facility, FaHCSIA established a Weipa-based Local Steering Committee to act as an advisory body for the project and as a mechanism by which the department could provide information to the local community and get feedback on the project. The ILC was represented on the Steering Committee, and the General Manager of the ILC briefed the Board about the progress of the WCRC project and the findings of two studies procured by FaHCSIA in 2008 and early 2009.

[38] Commonwealth of Australia 2009, *Closing the Gap: National Indigenous Reform Agreement*, p. D-69, <http://www.fahcsia.gov.au/sa/indigenous/progserv/ctg/Pages/NIRA.aspx>, [accessed 1 August 2011].

3.36 Between February and April 2009, FaHCSIA circulated drafts of a business and governance model for the WCRC to key stakeholders, including the ILC. In considering the drafts, the ILC gave attention to a number of critical issues, including governance arrangements for the development and ongoing operations of the hostel, the hostel's ongoing financial viability, performance measurement arrangements, anticipated construction costs and timeframes, the future divestment of the land, and arrangement for ownership of the hostel. The ILC provided feedback to FaHCSIA about these issues, and sought a number of clarifications to the proposed model so that it better aligned with the ILC's legislative responsibilities. In particular, the ILC Board highlighted the importance of securing an appropriate level of ongoing funding in order to attract a suitable hostel operator, and raised concerns regarding financial modelling for the hostel and a predicted deficit.

3.37 During April and May 2009, in line with the arrangements proposed in the business and governance model, FaHCSIA and the ILC liaised with Rio Tinto Alcan (RTA) and the Queensland Government in order to support the future transfer of the planned hostel site from RTA to the ILC. In late June 2009, the ILC Board considered a formal proposal that it acquire the land for the hostel. The Board was advised that the achievability and sustainability of benefits from the Weipa facility would be impacted by the financial viability of the operation. The proposal recommended that the ILC Board only approve the acquisition of the land at that time, and that any other ILC commitments, such as design and construction of the facility and management responsibilities, would be the subject of requests for approval after further due diligence had been completed. The Board resolved that it would accept a grant of land from RTA. The ILC immediately commenced preparations to enter into a Deed of Gift and Trust contract with RTA and to liaise with the Queensland Government to change the tenure of the land from leasehold to freehold.

3.38 The ILC Chair advised the Minister about this decision in July 2009. The ILC also wrote to FaHCSIA to seek the resolution of a number of 'key policy issues', including the timeframes for construction, sourcing an operator for the hostel, an anticipated shortfall in operational and capital funding, and some contractual issues. The ILC sought FaHCSIA's urgent advice about how the department intended to address these issues so that the ILC could brief the Board accordingly and seek approval to enter into a $30 million contract with FaHCSIA to design and construct the hostel. The ILC stressed the importance of clarifying the two agencies' respective roles and responsibilities to the future success of the WCRC project.

3.39 The process to secure tenure over the hostel site and to change the purpose of the tenure took more than a year. While this was longer than originally anticipated by the ILC, correspondence on file and briefs to the ILC Board demonstrate that the ILC actively pursued its responsibilities in this regard, conducting multiple simultaneous negotiations with RTA, FaHCSIA, Queensland Government departments, and their respective legal representatives. By early December 2009, the ILC had entered into a Deed of Gift and Trust with RTA and obtained state ministerial approval to amend the tenure of the site. In April 2010, the ILC became the registered operator of the perpetual lease over the hostel site and moved to finalise the freehold conversion process commenced by RTA.

3.40 In parallel with negotiations about the tenure of the hostel site, the ILC was also engaged in negotiations with FaHCSIA about the ILC's role in the design and construction of the hostel. In order to secure the necessary expertise to support the design, approval and construction of the hostel, the ILC required an allocation of IBHP program funding from FaHCSIA. To this end, the two parties entered into negotiations about a program funding agreement.

3.41 The ILC first developed a draft funding agreement in mid-2009, following the ILC Board's decision to acquire the hostel site. Over the next six months, the ILC made a number of representations to FaHCSIA seeking the clarification of a range of issues. In October 2009 and again in December 2009 the General Manager advised the Board that the ILC was awaiting clarification from FaHCSIA about these issues, and about the value of the proposed program funding agreement under which the ILC would secure the hostel site and oversee the design and approval of the project.

3.42 By February 2010, while some progress had been made with respect to the funding agreement, these issues remained unresolved, with the ILC again asking FaHCSIA how it proposed to identify an operator for the site and secure sustainable funding for the hostel. In a letter of 22 February 2010, the ILC indicated that it was 'most anxious to ensure that these issues have been properly and professionally addressed prior to construction proceeding.' FaHCSIA responded that the process for engaging an operator would be advanced by the end of March 2010, and that it would undertake more work around the financial viability of the hostel.

3.43 By April 2010, FaHCSIA and the ILC had entered into a program funding agreement valued at $4.9 million, under which the ILC would engage consultants to design the hostel. Design work progressed quickly, and by

June 2010 the ILC was in discussions with FaHCSIA about the 'Stage 2' funding agreement, estimated to be worth $26 million, for the construction of the hostel. Following the successful engagement of the consultancy design team and the development of a concept design, the ILC submitted a development application for the hostel to the Weipa Town Authority on 28 July 2010.

3.44 On 20 October 2010 the ILC Board was advised that FaHCSIA had requested the ILC to contribute funds to a WCRC 'sinking fund' to mitigate potential operating shortfalls. The ILC declined, stating that securing sustainable funding for the hostel was FaHCSIA's responsibility and that ILC funding for hostels was completely committed. FaHCSIA has since clarified that it would not require the ILC to invest in the sinking fund, but rather seeks the ILC's support for the fund's ongoing administration. Negotiations between FaHCSIA and the ILC in this regard are ongoing.

Conclusions

3.45 The arrangements put in place by DEEWR and FaHCSIA for the purposes of engaging with Indigenous communities were sound overall, providing opportunities to seek information as well as channels to provide information. While initial consultations conducted during the planning phase and in the early days of program implementation identified the need for more formal strategies to guide ongoing engagement, both departments have only recently moved to develop such strategies.

3.46 Critical for the timely implementation of the programs was the engagement with key contributing stakeholders in the Australian, Queensland and Northern Territory governments. Both programs received early, high-level support from relevant state and territory governments. However, in the Northern Territory, lengthy engagement has been required to obtain support for specific decisions about the location and size of facilities. This led to DEEWR encountering delays as the Northern Territory Government assessed the extent to which it could support requests from the Australian Government to provide ancillary services and infrastructure required for the new boarding facilities. These matters have now largely been resolved. The Northern Territory Government and ILC could have been better engaged by DEEWR, both during the feasibility studies and further negotiations, considering the significant level of financial support that is required of them. The IBHP program has been characterised by generally regular engagement by FaHCSIA with the Queensland Government at a number of levels.

4. Sustainability and Performance Measurement Arrangements

This chapter discusses the extent to which the Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) have considered ongoing financial requirements for each agency and planned for the future monitoring and evaluation of their respective programs.

Overview

4.1 Financial investments in program initiatives are supported with clear plans about the size, scope and timing of the commitments from an early stage. Ideally, this should include comprehensive consideration about ongoing expenditure in the medium- to long-term, including whether ongoing subsidisation will be required to support program effectiveness, the amount of such subsidies and the terms on which they will be provided, and about the conditions that need to exist for ongoing subsidisation to be reduced or withdrawn.

4.2 As part of reaching decisions to proceed with construction of the facilities, both departments have necessarily made a number of assumptions about the revenue that will be available to the organisation(s) that eventually take responsibility for the ongoing management of their boarding facilities. These include assumptions about the number of students enrolled through each facility, and the level of assistance to which these students would be entitled through the ABSTUDY program administered by the Department of Education, Employment and Workplace Relations (DEEWR).[39] Both departments are currently seeking to finalise arrangements for the ongoing operation of their respective facilities; in this context, financial requirement issues remain a key focus.[40]

[39] The ABSTUDY program provides financial support to Indigenous students undertaking secondary or tertiary study, with higher levels of support available to students living away from home.

[40] The 2010 *Strategic Review of Indigenous Expenditure* recommended, in its consideration of the two boarding facility programs, that 'Where capital funding is provided, there should be a clear plan as to how the facility will be managed and funded on an ongoing basis.', op. cit., p.113.

4.3 The development of performance frameworks allows the monitoring and evaluation of the progress and impact of programs, and is a step that is ideally taken in the early stages of a program's design and implementation. While both agencies gave early consideration to the design of performance frameworks, the more detailed development of these frameworks has started in 2011. As noted in Chapter 3, developing as robust a picture as possible of the likely demand for the facilities and the target group has an important influence on assessing the overall impact of programs of this nature.

IBF program – financial modelling

4.4 The Indigenous Boarding Facilities (IBF) program's budget included funding of $7.5 million to subsidise the initial operating costs of the facilities. This figure was based on estimates that the 2008 operating cost was $15 000 per student, and that this cost would increase by 4 per cent per annum. DEEWR initially secured ongoing funding for per-student subsidies to 2011–12. This funding has now been secured to the end of the current forward estimate period of 2015–16, in line with revised implementation timeframes.

4.5 All three IBF feasibility studies commissioned by DEEWR examined the income and expenditure likely to be required to support the ongoing operation of the proposed boarding facilities in order to assess their viability. The audit noted that each feasibility study made a range of assumptions when calculating the ongoing requirements of the facilities. These assumptions related to the level of occupancy, access to maximum study entitlements and access to a $15 000 per annum subsidy for each student.

4.6 The initial Wadeye feasibility study estimated that the annual cost of operating the facility would be approximately $895 000. It estimated that the maximum revenue that could be obtained from all Centrelink sources would be approximately $713 000 per annum, leaving a funding shortfall of approximately $182 000 per annum. These figures were calculated on the assumption that the facility would be fully occupied and that all students would be eligible to receive the maximum study entitlements. The study did not assume a subsidy from DEEWR. The subsequent business plan developed by Aboriginal Hostels Limited (AHL) also analysed the ongoing cost of operating the Wadeye facility but used more conservative assumptions and came to a different conclusion to the original feasibility study. AHL's estimate assumed that the facility would have an average occupancy of 70 per cent, and that all students would be eligible for the full range of study entitlements and

allowances. It did not assume an ongoing subsidy from DEEWR and concluded that, at full operation, the facility would generate revenue of approximately $550 000 per annum with expenses of approximately $1.53 million, leaving an operating shortfall of approximately $980 000 per annum. This annual operating shortfall equates to $24 511 per student, which is greater than the $15 000 subsidy DEEWR intends to provide to AHL per student.

4.7 DEEWR has since commissioned further work to review the costing methodology for the Wadeye site. In March 2011, a draft report from this work estimated an annual cash flow deficit of $1.7 million, even assuming full student capacity, ABSTUDY subsidisation and ongoing funding from DEEWR.

4.8 Revenue assumptions used by both studies are based on students receiving the full living away from home allowance. Students from Wadeye would not usually be entitled to the living away from home allowance if they resided in a boarding facility in their home town. However, on the recommendation of DEEWR, the responsible Minister approved the use of the Wadeye facility by residents of Wadeye. DEEWR justified the recommendation to the responsible Ministers by stating that 'allowing students for the town [Wadeye] to board would provide the opportunity for the facility to be established and prove to people from outlying areas that it is a safe facility'. The ANAO observes that ineligibility for the living away from home allowance would result in those students contributing far less revenue to the facility, which would have a detrimental affect on the viability of the Wadeye facility. DEEWR advised the ANAO that it was considering options concerning payment of the living away from home allowance to allow Wadeye students to access the allowance for accommodation in the Wadeye facility.

4.9 The Warlpiri Triangle feasibility study estimated that, at maturity (2012), the facility would generate annual operating revenue of approximately $1.24 million with recurrent expenditure estimated to be $1.22 million per annum. The East Arnhem study estimated that, at maturity (2014), the facility would generate revenue of $2.15 million per annum with expenses of $1.87 million per annum. The two studies both assume 100 per cent occupancy, access to study entitlements (at 75 per cent of the maximum rate) and a subsidy from DEEWR of $15 000 per student. Further studies have not been undertaken to determine the financial viability of the other two sites. If, however, the same assumptions used for the business plan for Wadeye were applied, it is likely that these sites would also operate with significant deficits.

Construction costs

4.10 In reviewing the feasibility studies and undertaking consultations, concerns regarding the cost of constructing the three facilities and the ongoing viability of the facilities were raised by the Northern Territory Government, AHL and the Indigenous Land Corporation (ILC). The ANAO examined expenditure on delivering the IBF program to date, the projected construction costs and estimated ongoing costs of the facilities to better understand the viability of the IBF program. The IBF program's total budget is $43.9 million, of which $36.4 million has been set aside for construction.

4.11 DEEWR expected that construction of the first facility (Wadeye) would commence in May 2009 (seven months after locations were planned to be finalised and agreed by the relevant parties) and be completed by October 2009. Construction of the other two facilities was planned to commence and finish in 2010. Initial costings for the IBF program estimated that construction costs would amount to $36.4 million, assuming that:

- a 40-bed facility would be the first constructed, in 2008, at a cost of $10 million;
- a second 40-bed facility would be constructed in 2009 at a cost of approximately $11.3 million[41]; and
- the 72-bed facility would be constructed in 2009 at a cost of $14 million.

4.12 Soon after DEEWR commenced lease negotiations it was informed that the site originally identified had become the subject of a lease agreed for other purposes. This led to another meeting with key stakeholders in December 2009, at which a suitable block of land was identified. AHL and DEEWR met with the Northern Land Council (NLC) and the relevant traditional owners to reach agreement for a long-term lease over the site in February 2010, and the Full Council of the NLC ratified the lease in April 2010.

4.13 After the Minister had approved AHL to own, construct and manage the boarding facilities, DEEWR requested that AHL develop a business case for the Wadeye facility that would consider student wellbeing, governance, community engagement strategies and design, construction and ongoing costs.

[41] The costings did not place a figure on the cost of constructing the second facility; rather, they assumed that construction costs would increase by 12.7 per cent per annum. The ANAO has calculated the cost assuming construction would take place one year after the first facility.

4.14 ILC funding was conditional on AHL's preparation of a business case, as the ILC required a level of assurance that the facility would both service the needs of the intended communities and be a viable proposition. AHL engaged the services of a project management consultant to undertake a technical feasibility study for the Wadeye facility. The technical feasibility study formed part of the business plan AHL developed and supplied to DEEWR in June 2010. The business plan estimated that the cost of constructing the Wadeye facility would be approximately $11.9 million and could be built by January 2012.

4.15 After receiving the business plan, DEEWR entered into a contract with AHL for the construction of the Wadeye facility. The contract was for approximately $13.3 million (including GST) and provided $12.1 million to build the facility outlined in the business plan. The $12.1 million construction budget included $10.5 million for construction and approximately $1.5 million in consultant and other fees. The balance of the construction budget was for a contribution to the headworks systems and the building and construction industry fund levy. The contract included a timeframe for construction to commence in March 2011 and be completed in November 2011. After the contract was signed, AHL utilised a project management consultant to conduct an open tender for the construction of the Wadeye facility.

4.16 Given that construction was planned to commence in May 2009 and that no construction has taken place two years later, it would be reasonable to expect that the estimated construction costs have increased. The first facility was estimated to cost $10 million, but will now cost approximately $13.1 million. The cost has increased by approximately 31 per cent in two years, which is broadly in line with the estimated 12.7 per cent per annum increase originally anticipated in the Department of Finance and Deregulation's original 2007 costings when compounded over a two-year period.

4.17 If it is assumed that the second 40-bed facility will cost the same as the Wadeye facility, and that the 72-bed facility would be built in 2011 (utilising the original estimate of $14 million and 12.7 per cent per annum cost increase over two years), the total cost of constructing the three facilities would be approximately $44 million. This figure is approximately $7.6 million more than the construction budget of $36.4 million and is greater than the total budget allocated to the IBF program. If construction of the remaining two facilities does not occur until 2012, the total construction cost may further increase. This figure may be higher if essential site preparation and service connection costs

are on top of the value of the Wadeye contract, and if lease payments are required. Given the likelihood of construction costs increasing beyond the budget allocated to the IBF program, it would be appropriate for DEEWR to consider options to meet its obligations to build the three boarding facilities. Further, the revised costs may be over the threshold required for a referral to the Public Works Committee for approval.[42]

IBHP program – financial modelling

4.18 As part of the ongoing planning and design of the Western Cape Residential Campus (WCRC) project, the Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) commissioned a consultant to develop a Business and Governance Model (April 2009) and a Financial Model (September 2010) for the hostel. Both studies identified potential budgetary shortfalls in the financial model that would require recurrent funding.

4.19 Overall, the initial costing model prepared by the consultant indicated that there would be a recurrent loss associated with operating the facility. FaHCSIA requested further analysis of the Weipa cost model to determine alternative financial strategies that have the potential to ensure a financially self-sustaining solution.

4.20 The factors identified by the consultant that have limited the financial modelling for the Weipa facility included:

- no historical data to provide a baseline;
- full organisational efficiency cannot be accurately assessed or guaranteed;
- no reliable forecast can be provided in relation to likely student enrolments, which will have a significant impact on sustainability;
- additional sources of funding could not be fully investigated (until the exact operational nature of the entity is established); and

[42] The *Public Works Committee Act 1969* (PWC Act) provides that (with certain limited exceptions) a public work with an estimated cost exceeding $15 million shall not be commenced unless: it has been referred to the Parliamentary Standing Committee on Public Works (PWC); and, the House of Representatives has resolved, following examination and report by the PWC, that it is expedient to proceed with the work. <http://www.finance.gov.au/property/public-works-committee/index.html> [accessed 9 August 2011].

- working capital movement year-on-year is assumed to have no net effect on operating cash flow, despite significant anticipated timing differences relating to the accrual and collection of revenue.

4.21 The financial model for the WCRC has ABSTUDY providing a significant proportion of the funding required to support recurrent costs. In particular, the model budgets for students receiving the full living away from home ABSTUDY allowance. An Australian Government information sheet about the WCRC project indicated that students would not incur direct costs to attend the facility. Rather, each student would attract a government-funded subsidy, such as ABSTUDY, which would be paid directly to the WCRC on behalf of the student. However, it is expected that a number of the students will be from the local Indigenous community (Napranum) and would not be eligible for the living away from home allowance. In February 2011, FaHCSIA updated the information webpage for the IBHP program, indicating that while 'hostels are not eligible for payment of the ABSTUDY Under-16 Boarding Supplement', the operator would fund the running of the hostel from ABSTUDY payments and philanthropic donations. As noted at paragraph 4.8, DEEWR is considering options to amend ABSTUDY entitlement arrangements to enable students living in the Wadeye community to access 'living away from home' allowances. There would be opportunities for both departments to take a coherent approach on this matter.

4.22 The ILC has raised concerns regarding the ongoing funding of the operational costs of the WCRC. In particular, the ILC Board advised that it would be necessary to secure an appropriate level of ongoing funding in order to attract a suitable hostel operator. The ILC formally raised concerns with FaHCSIA regarding the financial modelling and the predicted deficit. The ILC's concerns are based in part on the April 2009 Business and Governance Models paper, which noted that in the first three years of the operation the Weipa facility was likely to be under-occupied, and generate a $2 million shortfall. The paper also noted that if the hostel can only access the lower ABSTUDY amount ($10 250 per student per annum, rather than $15 000) an annual shortfall of $600 000 would arise. Under a range of assumptions, a financial modelling for Weipa prepared for FaHCSIA indicates recurrent cash flow deficit of $460 000 per annum and an accumulated deficit of an estimated $3 million from the boarding facility.

4.23 In a Land Acquisition Proposal of June 2009, the ILC Board was advised that the achievability and sustainability of benefits from the Weipa facility would be impacted by the financial viability of the operation. The

recommendation was that the ILC Board only approve the acquisition of the land at that time. Any other ILC commitments such as design and construction of the facility and management responsibilities would be the subject of requests for approval after further due diligence had been completed.

4.24 At the time of the audit report, no agreed strategy for funding the ongoing operating deficit has been developed. The consultants commissioned to conduct a study into resourcing requirements for the WCRC project provided a preliminary report which included a comment that it was their understanding that FaHCSIA was going to underwrite any funding shortfall.

4.25 FaHCSIA has elected to go to tender for an operator and to use that process to determine the level of additional funding that may be required from government. According to the tender documentation, bidders were invited to propose how they would meet expected service delivery standards and to indicate likely costs. The tender documentation also indicates that some level of subsidy will be available from the Australian Government. As noted in paragraph 4.20, there were a number of key factors limiting the accuracy of financial modelling commissioned by FaHCSIA. Given this level of uncertainty, it would be expected that bidders would seek a premium in their bids to cover risks created by this uncertainty. As the tender process is currently being finalised, FaHCSIA will shortly be in a position to assess the level of financial viability for the Weipa project. This information will be relevant to DEEWR's own considerations about the financial viability of the department's facilities.

Recommendation No.1

4.26 To support the sustainability of the boarding facilities to be constructed under the IBHP program and the IBF program, and to provide greater certainty to potential boarding facility operators, the ANAO recommends that FaHCSIA and DEEWR clarify, as soon as practicable, the out-year financial requirements to support the operation of the boarding facilities to be constructed under the two programs.

Agencies' responses

4.27 Agreed.

Selecting lessees and operators

4.28 To support the effective implementation of the two programs, both departments will need to select lessees and operators with the necessary capacity to carry out the day-to-day and long-term management of the boarding facilities.

IBF program

4.29 Responsibility for the construction and ongoing management of the Wadeye facility was discussed with a local Indigenous corporation and AHL at a meeting in January 2010. Based on the added security AHL provided the Australian Government and AHL's extensive experience in providing hostel accommodation (including the recent construction of a secondary education hostel in Kununurra), DEEWR recommended AHL be approved as lessee for the Wadeye facility. To expedite timeframes for the proposed Garrthalala and Warlpiri Triangle facilities, DEEWR recommended that AHL be approved as the lessee for those two facilities as well.

4.30 In March 2010, the responsible Minister approved AHL as the lessee responsible for the construction and ongoing management of the Wadeye boarding facility and the facilities proposed for the Warlpiri Triangle and Garrthalala.[43] This meant that AHL would hold the lease over the land and in effect be the owner of the boarding facilities. AHL was one of two options considered by DEEWR for the management of the Wadeye boarding facility. The other option was for the local Indigenous corporation to enter a partnership with AHL, under which the local Indigenous corporation would hold the lease and AHL would be responsible for construction and management of the facility for the first five years. After the five-year period, the local Indigenous corporation would take over management of the facility. DEEWR considered that having AHL hold the lease would be the most appropriate option, as it provided the Australian Government with greater security over the asset because AHL is a government-owned company. However, AHL considered that it would not be an approved body to hold the lessee at Wadeye and, following negotiations, DEEWR agreed that it would be the lessee rather than AHL.

[43] AHL informed the ANAO in August 2011 that its potential involvement in the Warlpiri Triangle and Garrthalala sites had not been discussed with AHL prior to the approval by the Minister, and further that once AHL was aware of this, it advised DEEWR that it had no interest in being involved in the Warlpiri Triangle or Garrthalala.

4.31 In June 2010, AHL entered into a contract with DEEWR to construct the Wadeye facility, but has yet to agree on terms for the facility's ongoing management. AHL informed ANAO in August 2011 that it has not been offered, and would not accept, a funding agreement to operate the Wadeye facility. Further, the AHL Board resolved in August 2011 not to operate the facility until satisfactory financial and governance arrangements are met. AHL has also indicated that it does not wish to be involved with the proposed Warlpiri Triangle and Garrthalala boarding facilities. DEEWR advised the ANAO that it intends to put the contract for the operation of these two facilities, once built, out to open tender.

IBHP program

4.32 FaHCSIA sought tenders on the open market for potential operators in mid-2011 but did not receive any suitable applications. FaHCSIA is now in discussions with the Queensland Department of Education and Training and also AHL in relation to operating the facility. Both these organisations had been identified by FaHCSIA as potential providers during the planning phases for the Weipa facility, as had the option of going to tender. FaHCSIA advised the ANAO that it expected to conclude negotiations by the end of September 2011, so that all the necessary policies and procedures can be established prior to opening the facility in January 2012.

Performance measurement

4.33 Developing a framework for communicating and measuring the expected impact of a program is good practice for agencies, and ideally this should occur in the early stages of program implementation. An effective performance framework is characterised by a clear articulation of the value an agency seeks to create through a program or project; targets against which overall performance can be assessed; a suite of indicators that support the ongoing measurement of progress; and accurate baseline data that serves as a benchmark for any subsequent changes.

4.34 There are a number of challenges associated with measuring the success of educational interventions for Indigenous children. Helme and Lamb, for example, highlight some of the pitfalls:

> There is insufficient evidence demonstrating the effectiveness of many programs that are designed to improve the outcomes for Indigenous young people. Much of the work undertaken has been short term and piecemeal, or

has not been evaluated in a robust way. There is insufficient longitudinal data that tracks the progress of Indigenous individuals and accurately measures the effects of different approaches. Furthermore, Indigenous samples within longitudinal studies are small, which makes it difficult to generalise on the basis of such limited information. Little information is available on the conditions needed for programs to work—on resources, quality of implementation, and the sorts of arrangements on which interventions or strategies work or not (facilitators and inhibitors). As much of the research describes outcomes for Indigenous students as a whole, there is insufficient evidence on outcomes for particular types or subgroups of Indigenous students.[44]

4.35 The direct objectives of both programs are to improve access to secondary schooling opportunities and in turn, contribute to improved educational outcomes. At a high level, the outcomes of both programs have been located by government in the context of contributing to the Council of Australian Governments' (COAG) Closing the Gap targets. In these circumstances, it would be reasonable to expect that performance measurement approaches would include the indicators necessary to measure improvement in access, as well as information that can provide for an assessment of the contribution the programs make to Year 12 attainment in line with the COAG targets, which now provide the context for the programs.

4.36 Neither DEEWR or FaHCSIA have focused on developing detailed approaches to performance measurement to date, primarily due to their focus on building their respective boarding facilities. Both departments have undertaken some planning work to scope their ongoing monitoring and evaluation activities, including the development of key performance indicators for FaHCSIA and the development of broad evaluation criteria for DEEWR. In this work both departments anticipated measuring the extent to which their respective programs would contribute to meeting the Closing the Gap targets. More recently, however, the performance measurement approaches proposed by the two departments have diverged: FaHCSIA proposes to maintain an approach of measuring the contribution of the IBHP program to meeting the Closing the Gap targets; and DEEWR has determined that it will focus its efforts in terms of performance and improving access to secondary education. DEEWR advised that, while it acknowledges the facilities will play a key role in contribution to Closing the Gap targets by increasing access, the facilities

[44] Helme S and Lamb S 2011, op. cit. p.2.

themselves are not educational institutions, and as such, will not be assessed against the Closing the Gap targets.

4.37 Presently, the direct objectives of the IBF program and the IBHP program are expressed in broad terms about providing access to educational opportunities not otherwise available to students in remote or isolated communities, and improving student outcomes. Once the boarding facilities open, quantifying the extent to which they contribute to the broader goals now set by the Government on Closing the Gap on Indigenous educational disadvantage in the Northern Territory and far north Queensland will be difficult, as no targets for improved attendance, retention or academic performance have been set for either program. Both programs would benefit from the establishment of targets to drive future performance, and a closer alignment between their stated objectives and the key performance indicators established to track progress. More specific, measurable targets, such as providing access to a certain number of students who would not otherwise have been able to attend secondary school, have yet to be developed.

4.38 FaHCSIA has commissioned a consultant to develop a suite of proposed performance indicators as part of a report on business and governance models for the WCRC project. Proposed key performance indicators for the IBHP program now include the overall student retention rate for each year; the retention rate from intake to completion of studies; and the percentage of students completing studies in Year 12. FaHCSIA has also advised that it proposes to assess program progress in terms of the numbers of students attending the Weipa hostel who come from communities that have limited or no secondary school access, and in terms of academic performance.

4.39 While data limitations will be a likely barrier to an accurate assessment of performance, broad indicators will provide a useful measure of overall progress, and position the department to conduct more targeted assessment work in the future (such as a case study-based evaluation). Ongoing engagement with the Queensland Government to clarify roles and responsibilities with respect to data collection, sharing and analysis will strengthen FaHCSIA's position in this regard.

4.40 The IBF Implementation Plan identified that the success of the IBF program would be evaluated in 2011–12. The evaluation was to examine education outcomes, occupancy, governance arrangements, ongoing administration arrangements and stakeholder satisfaction. The Implementation

Plan provided an evaluation methodology comprising eight success criteria, including two criteria broadly aligned with the COAG targets: 'attendance and retention rates for Indigenous students increase over time for students attending these facilities', and 'improved student outcomes contribute to the achievement of "closing the gap" targets'.

4.41 However, during recent discussions with the ANAO about how the department proposed to set a baseline for these criteria and support their eventual measurement through performance indicators, DEEWR advised that, while it considers measuring student's educational outcomes to be important, it will now focus on assessing the extent to which the program increases access to secondary education and provides a wider range of educational choices for Indigenous families in the Northern Territory. While acknowledging that the IBF program was still part of broader efforts to contribute to the Closing the Gap targets, DEEWR advised the two COAG targets—attainment and achievement—were subject to a wide range of variables, and were ultimately the responsibility of another jurisdiction, the Northern Territory Department of Education and Training.

4.42 This position is not well aligned with the broader policy framework for the IBF program, and in particular, with ministerial and departmental positions that present the IBF program as a measure intended to contribute to closing the gap on Indigenous disadvantage. In launching the program, the then Deputy Prime Minister made it explicit that the IBF program would be 'an important step in meeting the Government's commitment to at least halve the gap for Indigenous students in Year 12 or equivalent attainment rates by 2020.' Further, the 2008–09 Budget made it clear that the policy intent of the three Northern Territory boarding facilities was that 'improving access to secondary schools through expanded accommodation facilities will improve Year 12 retention (or its vocational equivalent) and performance of Indigenous students.' More broadly, the 'accountability' service delivery principle set out in the National Indigenous Reform Agreement requires departments to 'choose performance measures based on contributions to the COAG targets and report them publicly'.

4.43 Measuring access is a necessary and important performance indicator. However, on its own, this indicator will be unlikely to adequately reflect changes in the outcomes now sought by government, and the ANAO considers there would be value in DEEWR further developing the IBF program's monitoring and evaluation arrangements so that performance measurement can include an understanding of changes in retention and attainment. Taking a

collaborative, cross-jurisdictional approach to performance measurement would be one option open to the department to secure the performance information it would need to undertake such measurements.

Recommendation No.2

4.44 To support more effective measurement of the contribution the two Indigenous boarding facility programs make to closing the gap on Indigenous disadvantage in education, the ANAO recommends that FaHCSIA and DEEWR collaborate on the development and implementation of a coherent set of performance measurement arrangements for the IBF program and the IBHP program, and seek formal agreement on the role of the Queensland and Northern Territory departments in this regard.

Agencies' responses

4.45 Agreed.

Conclusions

4.46 Financial models used by the departments for their respective programs have predicted potential shortfalls in operating funding for individual facilities, arising from growing costs and risks associated with uncertain levels of student demand. Both departments propose to address these shortfalls through subsidies to students, principally in the form of ABSTUDY payments and additional per student subsidies paid directly to the boarding facilities. In this regard, DEEWR has secured ongoing funding over the period of forward estimates to 2015–16, while FaHCSIA also has some funds available within the original appropriation for the program that the department intends to apply as a subsidy, if necessary, to the selected operator. FaHCSIA also intends that operating shortfalls will be covered by philanthropic donations. However, the analyses presented in the departments' feasibility studies indicate that these subsidies will not be sufficient to sustain the operations of facilities in the medium- to long term. Further work by the two departments to clarify the extent of future shortfalls, and advise government accordingly, would be appropriate.

4.47 Both programs were initially designed with the intent of providing opportunity and access, and the Australian Government has consistently presented both boarding facilities programs as measures intended, through better access, to help close the gap on Indigenous disadvantage in education.

Both departments have commenced work to design performance frameworks although, despite the similarities of the programs, they are taking different approaches. DEEWR acknowledges the importance of measuring educational outcomes, but currently intends to confine its performance measurement approach to assessing improvements in access, in line with the 'on country' emphasis. FaHCSIA has indicated that it will seek to align its performance measures with COAG indicators by measuring improvements in student access, Year 12 retention and academic performance.

4.48 Improved access to secondary education is a useful indicator to gauge intermediate program progress. It is unlikely, though, that this indicator on its own will adequately reflect the contribution made by the IBF program to meeting the government's stated target of improving Year 12 retention and attainment, if these too are not measured. In this regard, there are opportunities for the development of a more coherent and consistent approach to assessing performance across the two programs, and for collaboration with state and territory education departments to obtain the performance information necessary to inform assessments about program performance.

4.49 The COAG targets, to which the two programs are now intended to contribute, are time-bound, with an end date of 2018 in the case of achievement results and 2020 in the case of Year 12 attainment rates. In the light of the implementation experiences of both DEEWR and FaHCSIA to date in the development of the first two boarding facilities, it would be timely for DEEWR to reconfirm the potential contribution that the Warlpiri Triangle facility could make by 2018 and 2020, relative to other delivery options, given that agreement is yet to occur on its location.

Ian McPhee
Auditor-General

Canberra ACT
20 October 2011

Appendices

Appendix 1: Agency responses

Department of Educations, Employment and Workplace Relations

DEEWR appreciates the opportunity to respond to the ANAO Section 19 Report for the audit of Indigenous Secondary Student Accommodation Initiatives.

Formal Agency Comments on Proposed Report Recommendations

Recommendation 1

To support the sustainability of the boarding facilities to be constructed under the IBHP program and the IBF program, and to provide greater certainty to potential boarding facility operators, the ANAO recommends that FaHCSIA and DEEWR clarify as soon as practicable, the out-year financial requirements to support the operation of the boarding facilities to be constructed under the two programs.

DEEWR Response: Agree

Ongoing operational funding is provided in the forward estimates and DEEWR will be regularly reviewing the level of funding required once the operating models are finalised with the full participation and input of the relevant community advisory committees. DEEWR has undertaken detailed financial modelling for the Wadeye facility and this modelling will be applied to future boarding facility operational planning in each site.

Recommendation 2

To support more effective measurement of the contribution the two Indigenous boarding facility programs make to closing the gap on Indigenous disadvantage in education, the ANAO recommends that FaHCSIA and DEEWR collaborate on the development and implementation of a coherent set of performance measurement arrangements for the IBF program and the IBHP program, and seek formal agreement on the role of Queensland and Northern Territory departments in this regard.

DEEWR Response: Agree

DEEWR and FaHCSIA will continue to collaborate on the development and implementation of a coherent set of performance measurement arrangements. DEEWR also notes that the Northern Territory Department of Education and Training is fully supportive of the initiative and ongoing collaboration is operationalised through regular Joint Steering Committee meetings.

Short summary of DEEWR's comments for inclusion in the brochure that accompanies the ANAO report

The Department of Education, Employment and Workplace Relations acknowledges the work of the ANAO in its analysis of the Indigenous Secondary Student Accommodation Initiatives and notes the findings outlined in the ANAO report.

The ANAO report concludes that the Department of Education, Employment and Workplace Relations appropriately identified the need for two streams of stakeholder engagement – with communities and key contributing stakeholders.

The report also notes that the Department of Education, Employment and Workplace Relations has placed a strong emphasis on community consultation to support the Indigenous Boarding Facilities implementation and ongoing operations, and has continued with these consultations over an extended period of time and in the face of considerable challenges.

Given these challenges, the ANAO report has found that the arrangements put in place by the Department of Education, Employment and Workplace Relations for the purposes of engaging with Indigenous communities were generally effective, drawing out a range of local perspectives and that relevant stakeholders were also involved in discussions about the program at the local level and community views were factored into key decisions about the design and operating arrangements proposed for the facility.

The ANAO report has also concluded that the Department of Education, Employment and Workplace Relations engaged with its state and territory counterparts during the planning phases, and that this engagement was effective in obtaining overall support for the development of the boarding facilities.

However, the report does not recognise the extensive amount of work that has been undertaken in the planning and development phases for this extremely complex and difficult project being implemented in the most remote regions in the Northern Territory. This has included the challenging issues associated with capital construction in remote communities and the negotiations required to undertake this work.

The report acknowledges the considerable challenges of community consultation in remote communities, but fails to recognise the vast regions where these consultations have been required. The complexity of Community consultations that are necessary to ensure strong, broad based community support should not be underestimated, as this is a critical element in contributing to the longer term success of any initiative.

The Northern Territory, in particular, experiences the highest levels of disparity in the country in education, employment and health outcomes for Aboriginal and Torres Strait Islander people. The Indigenous Boarding Facilities initiative (the initiative) is one of many elements of the Australian Government's substantial investment to support the Northern Territory Government to address the severe disparities in remote student education.

This initiative requires long term strategic investment that recognises the cultural and behavioural shifts required to break the cycle of disadvantage and improve access to and engagement in remote education opportunities.

It is expected that over time, the facilities' supportive environments and high expectations will provide the conditions that assist student boarders to achieve Year 12 or equivalent qualifications (consistent with the Closing the Gap target). However, it is important that all stakeholders understand that the boarding facilities are not schools. The ANAO report assumes that the boarding facilities have active agency in regard to school outcomes and hence the broader Government Closing the Gap policy objectives. Rather, the boarding facilities will provide choice, support, opportunity and access for remote Aboriginal and Torres Strait Islander students in the Northern Territory, working closely with and complementing the efforts of the local schools that have responsibility for educational outcomes.

Department of Families, Housing, Community Services and Indigenous Affairs

FaHCSIA appreciates the opportunity to respond to the ANAO Section 19 Report for the audit *Indigenous Secondary Student Accommodation Initiatives.* Each of the Groups and Sections involved in the audit and the resulting recommendations contributed to this response and its summary of actions.

1. Formal Agency Comments on Proposed Report Recommendations

FaHCSIA have considered each of the recommendations provided in the Section 19 Report for *Indigenous Secondary Student Accommodation Initiatives* and has agreed to each of the recommendations. Each recommendation, as they appear in the Section 19 Report is listed below with a summary of actions that the Department intends to implement in order to complete the recommendation effectively.

Recommendation 1

To support the sustainability of the boarding facilities to be constructed under the IBHP program and the IBF program, and to provide greater certainty to potential boarding facility operators, the ANAO recommends that FaHCSIA and DEEWR clarify as soon as practicable, the out-year financial requirements

to support the operation of the boarding facilities to be constructed under the two programs.

FaHCSIA Response: Agree

Summary of Actions:

FaHCSIA has already undertaken financial modelling prior to opening the application process to select a service provider to operate the Western Cape Residential Campus in Weipa, under the IBHP program. FaHCSIA will work with the selected operator to further refine this work in the months leading up to the commencement of operations at Weipa.

Implementation Date: ongoing until operations commence in January 2012.

Recommendation 2

To support more effective measurement of the contribution the two Indigenous boarding facility programs make to closing the gap on Indigenous disadvantage in education, the ANAO recommends that FaHCSIA and DEEWR collaborate on the development and implementation of a coherent set of performance measurement arrangements for the IBF program and the IBHP program, and seek formal agreement on the role of Queensland and Northern Territory departments in this regard.

FaHCSIA Response: Agree

Summary of Actions:

FaHCSIA will share with DEEWR the work undertaken with the Queensland Department of Education and Training regarding the performance measurements against which the operator of the Western Cape Residential Campus will report and will work with DEEWR in developing a performance management framework.

Implementation Date: ongoing

2. Agency Summary for Inclusion in Report and Brochure

FaHCSIA acknowledges the work of the ANAO in its analysis of the Indigenous boarding facility programs being implemented by FaHCSIA and DEEWR. FaHCSIA agrees with the recommendations and takes the opportunity to highlight the significant work the department has undertaken in the planning phase of the Western Cape Residential Campus (WCRC) including work to determine a best practice operational model and to commission detailed financial modelling. FaHCSIA has also developed strong, productive and effective relationships with all key partners in the WCRC project. Among other things, these strong partnerships have resulted in a

peer-reviewed design, the commitment of educational resources for the use of campus' children and a reporting framework.

3. Additional Commentary

FaHCSIA has five main concerns with ANAO Section 19 Report into *Indigenous Secondary Student Accommodation Initiatives* as it is currently drafted. These concerns are detailed below.

1. Little recognition of strong partnership between Queensland Government and FaHCSIA – FaHCSIA believes the report does not reflect the strong, productive and effective partnership that existed between the Queensland Government and FaHCSIA since prior to the announcement of the Western Cape Residential Campus in Weipa. This partnership includes the involvement at the commencement of the project of the Director-General of the Department of Premier and Cabinet and the continued involvement by the Department of Education and Training (DET) officials both locally in Weipa and also from head office in Brisbane. Moreover, the then principal of the Western Cape College, Weipa, who currently holds the position od Assistant Director-General of DET has been involved in the project since the announcement by Minister Macklin. DET are also represented on both the Local Steering Committee, which meets every three months, and the Project Management Board, which has scheduled to meet each week. The ongoing, effective partnership between FaHCSIA and DET has been highlighted to the ANAO frequently by FaHCSIA.

2. Additionally the report does not reflect the formal advice by DET as to its commitment to teaching resources specifically for the use of campus children.

3. Nor does the report take into account the body of work undertaken between FaHCSIA and DET to devise a detailed reporting framework for an operator which includes key performance indicators on attendance, retention, and academic performance in particular, along with indicators on the performance of the operatir in managing the campus. Nothing FaHCSIA's role in the operation of the WCRC relates to the working of the operator and while the operator must do all in its power to assist in achieving Closing the Gap targets, it must be acknowledged that the major role in education performance is held by the DET through the Werstern Cape College. All KPIs relating to the edication of campus students have been written in collaboration with the Principal of the Western Cape Residential Campus (DET position) to ensure the data requested is already captured at a local level.

4. Assessment of demand – FaHCSIA believes that the ANAO has undertaken a very rigid assessment of FaHCSIA's work on assessing demand for the Western Cape Residential Campus. FaHCSIA has brought to the attention of the ANAO the Queensland Government's *Flying Start Program* which will be implemented in 2015 and transitions year 7 to high school along with the closure of all high tops (schools with years 8 to 10). This will only increase the demand of those children requiring secondary schooling options and the Western Cape Residential Campus was considered as part solution to these closures. This point has been highlighted by FaHCSIA since the commencement of the audit.

5. The ANAO has stated that FaHCSIA has focused on providing a facility in a regional location to cater to students who are from remote areas. Weipa is actually classified as a remote location by the ABS.

Aboriginal Hostels Limited

AHL is contracted to construct the boarding facility at Wadeye on land leased by DEEWR. It has not been offered or accepted a contract to operate this facility. If asked, AHLs agreement to operate the Wadeye boarding facility would depend on satisfactory financial and governance arrangements.

AHL confirms that it does not wish to be involved in the construction of or operation of boarding facilities at Yuendumu or Garrthalala.

Northern Territory Department of Education and Training

The report extract has been carefully examined and I confirm that it is assessed as providing a fair and accurate statement of issues and events surrounding the proposed provision of boarding facilities in various Territory locations.

Appendix 2: Indigenous disadvantage in education – key statistics

Table A2.1

Percentage of Year 3 and Year 9 students at or above national minimum testing standards by Indigenous status, Northern Territory, 2009

NAPLAN category	Indigenous Year 3 (%)	Non-Indigenous Year 3 (%)	Indigenous Year 9 (%)	Non-Indigenous Year 9 (%)
Reading	39.9	89.9	32.3	90.7
Writing	45.5	75.2	26.3	84.8
Spelling	29.4	86.4	29.6	85.4
Grammar and Punctuation	31.5	86.3	26.6	88.8
Numeracy	41.0	92.4	54.2	94.4

Source: NAPLAN National Report 2009.

Table A2.2

Percentage of Year 3 and Year 9 students at or above national minimum testing standards by Indigenous status, Queensland, 2009

NAPLAN category	Indigenous Year 3 (%)	Non-Indigenous Year 3 (%)	Indigenous Year 9 (%)	Non-Indigenous Year 9 (%)
Reading	77.1	93.1	64.5	91.7
Writing	80.2	94.8	59.5	87.1
Spelling	71.1	90.2	68.4	89.8
Grammar and Punctuation	69.8	90.9	61.6	90.9
Numeracy	74.0	93.6	76.5	95.7

Source: NAPLAN National Report 2009.

Table A2.3

Percentage of Year 3 students at or above national minimum testing standards by Indigenous status and geolocation, Northern Territory, 2009

	Indigenous			Non-Indigenous		
NAPLAN category	All	Remote	Very Remote	All	Remote	Very Remote
Reading	39.9	48.7	24.6	89.9	92.4	93.6
Writing	45.4	53.4	27.4	96.1	95.2	96.4
Spelling	29.4	38.1	13.5	86.4	89.6	89.6
Grammar and Punctuation	31.5	39.7	16.3	86.3	90.6	89.3
Numeracy	41.0	49.5	23.8	92.4	94.1	96.4

Source: NAPLAN National Report 2009.

Table A2.4

Percentage of Year 3 students at or above national minimum testing standards by Indigenous status and geolocation, Queensland, 2009

	Indigenous			Non-Indigenous		
NAPLAN category	All	Remote	Very Remote	All	Remote	Very Remote
Reading	77.1	62.6	61.7	93.1	92.3	87.5
Writing	80.2	63.7	65.1	94.8	94.9	91.5
Spelling	71.1	55.9	58.2	90.2	88.9	81.9
Grammar and Punctuation	69.1	52.5	50.8	90.9	88.0	84.9
Numeracy	74.0	58.8	52.5	93.6	94.1	87.2

Source: NAPLAN National Report 2009.

Table A2.5

Percentage of school days attended, by Indigenous status, government and Catholic schools, Northern Territory, 2008

Student classification	Indigenous students (%)	Non-Indigenous students (%)
Government schools, Year 1	70	92
Government schools, Year 10	69	89
Catholic schools, Year 1	67	91
Catholic schools, Year 10	69	88

Source: MCEEDYA 2008, *National Report on Schooling in Australia*.

Table A2.6

Secondary school retention rates by Indigenous status, Northern Territory, 2010

Grade range	Indigenous students (%)	Non-Indigenous students (%)
Year 7/8 – Year 9	84.2	97.8
Year 7/8 – Year 10	81.0	95.2
Year 7/8 – Year 11	63.4	88.0
Year 7/8 – Year 12	29.8	69.3
Year 10 – Year 12	41.4	71.9

Source: ABS, 4221.0 Schools, Australia: NSSC Table 64a - Apparent Retention Rates (ARR) - by States and Territories, Affiliation, Sex, Grade Range and Years (1996 to 2010) and Territories, Affiliation, Sex, Grade Range and Years (1996 to 2010).

Table A2.7

Percentage of school days attended, by Indigenous status, government and Catholic schools, Queensland, 2008

Student classification	Indigenous students (%)	Non-Indigenous students (%)
Government schools, Year 1	85	93
Government schools, Year 10	70	89
Catholic schools, Year 1	87	93
Catholic schools, Year 10	84	91

Source: MCEECDYA 2008, *National Report on Schooling in Australia*.

Table A2.8

Secondary school retention rates by Indigenous status, Queensland, 2010

Grade range	Indigenous students (%)	Non-Indigenous students (%)
Year 7/8 – Year 9	101.4	100.6
Year 7/8 – Year 10	99.6	102
Year 7/8 – Year 11	81.0	96.0
Year 7/8 – Year 12	62.3	83.8
Year 10 – Year 12	64.0	82.0

Source: ABS, 4221.0 Schools, Australia: NSSC Table 64a - Apparent Retention Rates (ARR) - by States and Territories, Affiliation, Sex, Grade Range and Years (1996 to 2010).

Appendix 3: COAG service delivery and investment principles

Service delivery principles for programs and services for Indigenous Australians

Priority principle: Programs and services should contribute to Closing the Gap by meeting the targets endorsed by COAG while being appropriate to local needs.

Indigenous engagement principle: Engagement with Indigenous men, women and children and communities should be central to the design and delivery of programs and services.

Sustainability principle: Programs and services should be directed and resourced over an adequate period of time to meet the COAG targets.

Access principle: Programs and services should be physically and culturally accessible to Indigenous people, recognising the diversity of urban, regional and remote needs.

Integration principle: There should be collaboration between and within government at all levels and their agencies to effectively coordinate programs and services.

Accountability principle: Programs and services should have regular and transparent performance monitoring, review and evaluation.

National principles for investment in remote locations

Remote Indigenous communities and communities in remote areas with significant populations are entitled to standards of services and infrastructure broadly comparable with that in non-Indigenous communities of similar size, location and need elsewhere in Australia.

Investment decisions should aim to:

- improve participation in education/training and the market economy on a sustainable basis;
- reduce dependence on welfare wherever possible;

- promote personal responsibility; and
- engagement and behaviours consistent with positive social norms.

Priority for enhanced infrastructure support and service provision should be to larger and more economically sustainable communities where secure land tenure exists, allowing for services outreach to and access by smaller surrounding communities, including:

- recognising Indigenous people's cultural connections to homelands (whether on a visiting or permanent basis) but avoiding expectations of major investment in service provision where there are few economic or educational opportunities; and
- facilitating voluntary mobility by individuals and families to areas where better education and job opportunities exist, with higher standards of services.

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