

## CHAPTER 5

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### IMPROVING THE ALLOCATION OF FUNDS TO MEET INDIGENOUS NEEDS

1. In this Chapter, we identify the main issues involved in better aligning funding allocations with need. We then identify the actions the Commonwealth could take to improve the targeting of funds aimed at reducing Indigenous disadvantage.

#### ALIGNING FUNDING WITH NEEDS

2. Over the last decade, governments have recognised the need to better co-ordinate the funding available to meet Indigenous needs. Commonwealth agencies, State governments, ATSIC and other Indigenous bodies have moved to increase co-ordination.

3. Many different ways to allocate funds have been adopted and there is recognition that no single way can fully reflect Indigenous needs. Existing allocations are seldom based on statistical indexes alone. Co-operative approaches to decision making are becoming more widespread.

4. During our Inquiry, Indigenous organisations and communities have stressed their wish for greater involvement in decision making leading to the allocation of funds to meet their needs. They seek:

- (i) influence in decision making forums through better access to relevant information and competent advice;
- (ii) greater co-ordination between programs aimed at addressing their needs; and
- (iii) services, which produce sustainable outcomes and are delivered in ways that are sensitive to the perceptions of Indigenous people.

5. The preconditions necessary for improving the circumstances of Indigenous people, and aligning resources to needs, were said to be that Indigenous people should:

- (i) participate fully in identifying needs and in decision making about funding for the provision of services;

- (ii) have increased financial capacity, within the current resources, to participate in those discussions;
- (iii) have control of service provision at the community level as far as practicable; and
- (iv) have the capacity to enter into productive collaborative arrangements with the main providers of services — State and local governments.

6. Indigenous people particularly want greater involvement in making the decisions that affect them. This has been acknowledged by a number of reports, including the report of the Royal Commission into Aboriginal Deaths in Custody<sup>1</sup>. The desire for greater involvement is also acknowledged in collaborative agreements signed with State governments. These include the agreement between ATSIC and the Western Australian Government for the provision of essential services<sup>2</sup>, the agreement between ATSIC and the Victorian Government on economic development, and the proposed agreement between ATSIC and the New South Wales Government covering all services for Indigenous people. It is also reflected in the statement issued by the *Indigenous Families and Communities Roundtable*<sup>3</sup>.

7. Apart from any other consideration, we see a practical reason why Indigenous people must be involved in deciding how funds should be allocated to meet their needs — the need for judgement. There are two types of judgement that must be made in reaching decisions on resource allocations:

- (i) technical judgements — required to overcome data deficiencies; and
- (ii) value judgements — on issues including indicators of need, how they are measured, how the different aspects of need are weighted, how needs are best met, and how equity is to be achieved.

8. Because judgement is an essential element of resource allocation, the allocation decisions must involve:

- (i) Indigenous people for whose benefit the services are being provided; and
- (ii) people with experience in delivering services.

In this way, all views can be considered and balanced in reaching the necessary judgements, and their implications for funds distribution will be explicit and contestable.

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<sup>1</sup> The Royal Commission recommended that ‘principles of self-determination should be applied to the design and implementation of all policies and programs affecting Aboriginal people, that there should be maximum devolution of power to Aboriginal communities and organisations to determine their own priorities for funding allocations, and that such organisations should, as a matter of preference, be the vehicles through which programs are delivered’.

<sup>2</sup> Agreement for the Provision of Essential Services to Indigenous Communities, September 2000.

<sup>3</sup> Conference convened by the Commonwealth Ministers for Family and Community Services, and Aboriginal and Torres Strait Islander Affairs, in October 2000.

9. We believe that if the following principles were applied, the resulting funding arrangements would better align funding with needs. These principles bring together our observations of existing arrangements, our understanding of the requirements for linking funding with needs, and our understanding of Indigenous perspectives on needs. They include:

- (i) **the full and effective participation of Indigenous people in decisions affecting funding distribution and service delivery;**
- (ii) **a focus on outcomes;**
- (iii) **ensuring a long term perspective to the design and implementation of programs and services, thus providing a secure context for setting goals;**
- (iv) **ensuring genuine collaborative processes with the involvement of government and non-government funders and service deliverers to maximise opportunities for pooling of funds, as well as multi-jurisdictional and cross-functional approaches to service delivery;**
- (v) **recognition of the critical importance of effective access to mainstream programs and services, and clear actions to identify and address barriers to access;**
- (vi) **improving the collection and availability of data to support informed decision making, monitoring of achievements and program evaluation; and**
- (vii) **recognising the importance of capacity building within Indigenous communities.**

10. After examining the application of these principles against current funding and service delivery arrangements, we **think that the key areas for action aimed at reducing Indigenous disadvantage are to:**

- (i) **identify and address the barriers to access that Indigenous people face in using mainstream programs;**
- (ii) **establish funding arrangements that reflect the long term and wide ranging nature of Indigenous need;**
- (iii) **establish a defined role for Indigenous people in decision making on the allocation of funds and service delivery at the Commonwealth, State and local level;**
- (iv) **take steps to improve the capacity to manage; and**
- (v) **collect better data.**

11. We discuss each of these areas for action in the following sections.

***Improving Access to Mainstream Services***

12. The submission by the Department of Prime Minister and Cabinet<sup>4</sup> advised us that ‘The view of the government is that Indigenous-specific resources must be allocated to areas of greatest need and that mainstream resources can be better utilised to address the balance of need.’ It went on to say that:

It is the job of government to ensure that its programs and services are accessible by those who need them. In urban areas, mainstream services can be designed to meet the needs of Indigenous people. In remote areas, Indigenous-specific programs are often the only way to improve access to basic infrastructure and services which most Australians take for granted every day. This submission supports the appropriate design of mainstream programs and services to address the needs of urban dwelling Indigenous people, and that the primary focus of Indigenous-specific measures should be remote or rural dwelling Indigenous people.

13. Equitable access to mainstream services is critical to reducing Indigenous disadvantage. Indigenous-specific programs have a role as strategic and targeted (supplementary) responses to Indigenous disadvantage which are beyond the reach of mainstream programs. Mainstream programs provide services, such as specialist hospital services, which could never be replicated in Indigenous-specific programs. If the level of Indigenous disadvantage is to be reduced, Indigenous people need to be able to benefit equitably from the service provision and expertise of mainstream providers.

14. Specialist hospital services underline a general point. It is too simplistic to view mainstream services as the primary provider of services to Indigenous people in urban areas, and Indigenous-specific programs operating in rural and remote areas. In deciding where access to mainstream services is a problem for Indigenous people, the key question is what services are routinely available to the general population. If specialist hospital services are available to the general population wherever they live through subsidised travel schemes, lack of access for Indigenous people in remote areas is a mainstream issue to be addressed by adjustments to mainstream programs. This might be nothing more than ensuring Indigenous people have equitable access to the supported travel assistance programs.

15. Despite the many important steps which have been taken to improve Indigenous access to mainstream services, many barriers to Indigenous people’s use of these services still exist. **We think that achieving equitable access for Indigenous people to the full range of mainstream services is the highest priority.** Consistent with the principles set out above, **we think the actions available to governments which are most likely to achieve more equitable access are:**

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<sup>4</sup> Submission by the Department of Prime Minister and Cabinet, IFI/68.

- (i) **ensuring all spheres of government recognise their responsibilities through mainstream programs, and the appropriate relationship between mainstream and Indigenous specific programs;**
- (ii) **reviewing all aspects of mainstream service delivery to ensure they are sensitive to the special needs and requirements of Indigenous people; and**
- (iii) **involving Indigenous people in the design and delivery of mainstream services.**

### ***Long Term, Wide Ranging Perspective in Funding Allocation***

16. All the indicators available to us show that Indigenous people suffer severe disadvantage compared to non-Indigenous Australians. That disadvantage is deeply entrenched and can only be overcome through long term action.

17. That Indigenous disadvantage is deeply entrenched and wide ranging underlines why it is important to define needs in terms of outcomes. Using outcomes as the approach to measuring needs highlights:

- (i) the time dimension associated with overcoming Indigenous disadvantage;
- (ii) the inter-relationships between different programs and functions; and
- (iii) the use of individual programs as means to an end.

18. When programs are being designed to address an aspect of Indigenous need, the primary focus should be on what change in outcome is required and how long it will take to achieve. At present, the focus is too often on current budgetary considerations. These are important, but should, where possible, be accommodated within a long term commitment.

19. Given the diversity of service requirements and circumstances in which services are delivered, trial programs are sometimes necessary, and the effectiveness of those programs must be evaluated. However, to the extent possible, it is also essential that trials are undertaken in the context of a long term commitment to reducing Indigenous disadvantage and with budget commitment to the continuity of funds.

### ***Co-operative Decision Making***

20. We note that at the November 2000 meeting of the Council of Australian Governments (COAG), all governments committed themselves to 'an approach based on partnerships and shared responsibilities with Indigenous communities'. They also identified a priority of 'forging greater links between the business sector and Indigenous communities

to help promote economic independence<sup>5</sup>. These commitments are aimed at the development of more joint decision making arrangements.

21. Establishing collaborative decision making arrangements would be consistent with the November 2000 COAG commitments, and could help:

- (i) improve the focus on the long term issues, strategies and funding commitments;
- (ii) bring clarity into the roles and responsibilities of the parties involved;
- (iii) reduce the incidence of claimed cost shifting by bringing greater transparency to funding decisions;
- (iv) provide better access to resources by combining efforts and attempt to achieve holistic approaches to problems by involving all agencies that may be affected;
- (v) build consensus around the judgements involved in the allocation of funds from mainstream and Indigenous-specific sources to meet needs;
- (vi) provide incentives for increased self management by Indigenous people in the planning, operation and evaluation of services; and
- (vii) enhance public accountability for funds, including through the collection of data.

22. **We think effective partnerships will better direct services towards Indigenous disadvantage. Some essential features of effective partnerships are that there is:**

- (i) **the involvement of all relevant spheres of government with a cross-functional perspective;**
- (ii) **a financial stake for all parties, so that Indigenous representatives do not feel dominated by the fund-holding agencies;**
- (iii) **full and equal access to policy and service delivery information for all parties; and**
- (iv) **Indigenous control of, or strong influence over, service delivery expenditure and regional and local service delivery arrangements that emphasise community development, inter-agency co-operation and general effectiveness.**

23. Such partnerships cannot be created spontaneously. From the government side, they require deep-seated commitment to the aims and aspirations. This should include

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<sup>5</sup> Council of Australian Governments Communique, 3 November 2000, agenda item on Aboriginal Reconciliation.

the commitment to data collections to inform decision making and the establishment of procedures to ensure that Indigenous spokespersons are adequately resourced.

24. From the Indigenous side, they require commitment to:
  - (i) effective and appropriate representation of constituents' views;
  - (ii) effective management of community organisations (including commitment to best practice in service delivery and accountability to clients); and
  - (iii) developing a constructive understanding about what governments can do and what Indigenous people can do for themselves.

### ***Improving Capacity to Manage***

25. How services are delivered is integral to achieving the desired changes in the outcomes to which funding is directed. The October 2000 *Indigenous Families and Communities Roundtable* gave considerable support to Indigenous people having a central role in the design, planning and delivery of services.

**26. Our Inquiry has emphasised that building community capacity, especially developing the capacity of Indigenous organisations to manage service delivery, is a crucial step in ensuring Indigenous people play a central role in decision making and the more effective use of funds. The November 2000 COAG meeting of governments agreed that 'investing in community leadership initiatives' was a priority action.**

27. Investment over time to build capacity is required before community control is a fully workable approach. However, building capacity is a difficult and long term task that is affected by many things, including the level of social cohesion and the strength of culture. Building capacity will involve the provision of both general education and specific training in areas such as corporate governance, management and information collection and use. When external support services are used because community capacity is not yet sufficiently developed, the contracts should make provision for community members to be provided with the knowledge and skills required to perform the role in the future.

28. Successful development of community capacity also involves actions to build economic and social self-reliance within communities, including:

- (i) using CDEP to foster small business and to build up skills in communities; and
- (ii) fostering home ownership, which has the potential to build commitment to the future of a community.

29. The relationship between capacity building and the achievement of service outcomes needs to be recognised in funding decisions. The success of programs will be compromised if funding is not provided to invest in community capacity building. How this

is achieved, whether for example through individual programs or by giving general grants through ATSIC to Indigenous organisations, is less important than the principle.

30. Building capacity to manage and deliver at the local level also has the potential to improve the ability of Indigenous organisations to advocate for funds to meet identified needs. This will help make participation by Indigenous people more effective in collaborative decision making arrangements.

31. **The terms of reference asked us to take account of ‘the likelihood that meeting needs in some regions would require a higher initial investment of resources’. While the natural response to this would be to think in terms of regions which lacked important elements of physical infrastructure, the need to develop effective community capacity is at least of equal importance, and needs to be funded. For those communities where this capacity is lacking a ‘higher initial investment of resources’ will need to be made to provide a framework for the effective delivery of services and sustainable outcomes.**

#### *Improving Data Availability and Quality — Principles for the Future*

32. Improving the availability of up-to-date, accurate and comparable data is an essential investment for effective planning and resource allocation. If objective resource allocation is to be achieved, especially allocation on the basis of indexes of relative need, priority must be given to collecting comparable regional data for many variables. These include:

- (i) basic demographic data — such as the number of Indigenous and non-Indigenous people, their age distribution, household size, income characteristics, employment status and where they live;
- (ii) the use of services by Indigenous and non-Indigenous people — such as primary health care, hospital inpatients, school and training enrolments, and participation in labour market programs;
- (iii) availability of facilities and access to them — including access to health facilities and schools, and the availability of housing;
- (iv) outcomes of services — such as literacy and numeracy achievements, indicators of health status, employment status, housing occupancy and housing condition; and
- (v) funds available for services provided to both Indigenous and non-Indigenous people — for both mainstream and specific purpose programs provided by Commonwealth, State and other providers.

33. To achieve good consistent data, **we think that Commonwealth, State and other service providers should, with urgency:**



- (i) **identify minimum data sets and define each data item using uniform methods so that the needs of Indigenous people in each functional area can be reliably measured;**
- (ii) **prepare measurable objectives so that defined performance outcomes can be measured and evaluated at a national, State and regional level;**
- (iii) **ensure data collection is effective, yet sensitive to the limited resources available in service delivery organisations to devote to data collection;**
- (iv) **negotiate agreements with community based service providers on the need to collect data, what data should be collected, who can use the data, the conditions on which the data will be provided to others and what they can use it for; and**
- (v) **encourage all service providers to give a higher priority to the collection, evaluation and publication of data.**

34. **Without these steps, data will never be adequate to support detailed needs based resource allocation. Many of these principles are being followed in the work that is underway. However, it is likely to be a long time before the benefits are obtained in the form of more complete and comparable data that can be used to measure needs as part of resource allocation processes.**

#### **SCOPE FOR ACTION BY THE COMMONWEALTH**

35. **Despite its major financing role and its own-purpose outlays aimed at meeting the needs of Indigenous people, the Commonwealth has only an ancillary role in delivery of services for Indigenous people. The Commonwealth, by itself, cannot achieve its objectives of targeting funds at Indigenous need. The delivery of services to Indigenous people is in the main done by the States and local governing bodies.**

36. **However, by action in areas under its control and by well planned and strategic engagement with the States and local government, there is much that the Commonwealth can achieve to improve the alignment of funding to needs.**

#### ***Adjusting Commonwealth Own-Purpose Expenditure***

37. The mainstream services which the Commonwealth funds directly (Medicare, PBS and employment services, for example) are largely demand driven. Improving outcomes for Indigenous people from these services involves reducing access barriers and improving their use by Indigenous people. It is also necessary to set outcome measures that provide the focus for long term actions to overcome Indigenous disadvantage and define and oversee the collection of data.

38. In the health area, access for Indigenous people to mainstream primary health care services could be improved by further efforts to:

- (i) increase access to mainstream doctors through reforms to the Medicare system;
- (ii) allow better access to Medicare funding for doctors employed by ACCHSs and State medical services, especially in remote areas; and
- (iii) cash out Medicare benefit payments through resource pooling in areas where Medicare is not being accessed by Indigenous people.

39. The Commonwealth has taken steps to trial and implement arrangements for collaborative planning at the local and regional level through the Aboriginal co-ordinated care trials and the provisions of PHCAP. These arrangements involve all levels of government and Indigenous communities in planning services at a regional level. They are intended to lead to more community controlled health services, thus enhancing Indigenous community control.

40. In the employment services area, improvements in access for Indigenous people have been achieved in the second Job Network contracts and through the introduction of the Indigenous Employment Program (IEP). However, further efforts could be made so that Job Network is more physically and culturally accessible to Indigenous people and integrated more effectively with CDEP.

41. We see scope for the Commonwealth to adopt collaborative arrangements in the employment area to ensure co-ordination between ATSIC and DEWRSB at national, State and local levels, along with State and private providers of training services. The Commonwealth through the IEP should take the lead in promoting partnership with the private sector in promoting the employment of Indigenous people. There would also be merit in involving the main employers of Indigenous people at the local level — local government and CDEP organisations.

42. The Commonwealth's ability to influence outcomes, even in its mainstream health and employment programs, is not absolute. For example, it shares responsibility for primary health care with the States — the Commonwealth funds GP services through Medicare, while the States provide similar services through hospital outpatient clinics and community health centres. Employment services are a Commonwealth responsibility but the States are primarily responsible for the provision of the linked functions of education and vocational training. Moreover, in both health and employment, private sector provision of services is important. Where private sector services are available depends on economic viability and this often means that they are not available where Indigenous people live. This increases the requirement for a needs based allocation for Indigenous-specific programs.

43. In health, housing and infrastructure, the Commonwealth has entered into State level agreements, which bring together Commonwealth agencies, the State governments and ATSIC. In some cases the resulting body has control of pooled Commonwealth and State funds. These developments are very worthwhile and should be extended.

44. The Commonwealth has advocated control of service provision by Indigenous people in its Indigenous-specific funding. This has been particularly so in the areas of primary health care (through funding of ACCHSs) and employment (CDEP), and housing and infrastructure (through ATSIC). The Commonwealth should use its influence to encourage the States to increase opportunities for Indigenous control of services provided to them.

### *Specific Purpose Payments*

45. SPPs to the States are an important means by which the Commonwealth supports and promotes specific goals, and encourages the States to align their service practices with those goals. Through conditions attached to SPPs, the Commonwealth can set performance standards for services funded by the payments and can encourage the States to collect data which allow monitoring of service outcomes on a comparable basis.

46. To improve the targeting of funds to reduce Indigenous disadvantage, the Commonwealth could strengthen SPP arrangements in several ways. First, opportunities could be taken during negotiations for new SPPs or when current programs are being increased or redistributed, to introduce conditions aimed at improving service delivery to Indigenous people. Second, in any future negotiations, even those leading to agreements for renegotiated SPPs where there is no increase in funding, the Commonwealth could seek changes within the general structure of existing Commonwealth-State arrangements by:

- (i) introducing and enforcing additional conditions for both mainstream and Indigenous-specific SPPs, such as data collection, mandating performance reporting, Indigenous-specific performance criteria and greater Indigenous involvement in decision making; and
- (ii) seeking extra conditions that target some of the expenditure of mainstream SPPs to aspects of the services that are important to Indigenous people.

**47. We have identified a need to increase the use of State-provided mainstream services by Indigenous people. Given this, and the major role States play in service delivery, we think the Commonwealth should give priority to promoting the extension of collaborative decision making arrangements in accordance with the guidelines we set out above.**

48. Within broad guidelines and agreed accountability procedures, these collaborative arrangements could operate:

- to oversight the identification of needs;
- to determine the allocation of funding; and
- to take responsibility for service provision and outcomes.

Collaborative arrangements at the State level are a necessary precursor to their effective implementation at the regional and local levels.

49. State level arrangements would assist governments to account for the way in which SPPs are spent to meet Indigenous needs. They would also help improve the links between services funded by Indigenous-specific payments and mainstream services at the State level. Wider adoption of these arrangements may, over time, present the Commonwealth with the opportunity to re-examine the type and number of other conditions it applies to SPPs. For example, it might facilitate the monitoring and reporting of outcomes necessary for a move towards emphasising outcome based conditions in SPPs, as favoured by the States.

50. These collaborative arrangements also have the potential to introduce a bottom up perspective to identifying need and setting priorities. Needs identification, prioritisation and service delivery issues require bottom up initiatives which the Commonwealth is not well equipped to handle, even with increased participation by Indigenous people in policy making and program design at the national level. Collaborative bodies at the regional and local levels could operate as both the sources of data and other information for State level decision making, and as the service providers.

51. In addition to modifying the conditions applied to SPPs, the Commonwealth can adopt distribution methods for Indigenous-specific SPPs that better target them towards the greatest disadvantage. The Commonwealth should have a predictable, fair and transparent means of allocating its funds among the States. An appropriate method, open to public scrutiny, might be one that takes account of the size of each State's relevant population needing the services, differences between the States in the costs of providing the services, and broad indicators of regional differences in the need for the service. Such an approach to allocation would assist in broadly equalising the level and quality of outcomes across regions.

52. The existing interstate allocations of the two major Indigenous-specific SPPs take account of some of these factors – the distribution of ARHP reflects the needs as measured in a survey which is now outdated and IESIP reflects student numbers with a cost loading for students in remote areas (but does not reflect relative needs).

53. Commonwealth funds, distributed on a needs basis, could flow to the State level, where resource allocation to regional and/or local levels should be through collaborative arrangements. Service delivery issues would then be decided as much as possible at the local level. An implication of this approach is that, subject to some fundamental principles, the way the arrangements would operate will depend on State and local preferences and conditions.

54. Funding mechanisms should be concerned not only with the fairness of the outcomes they produce but with transparency and accountability. For this reason, we think the principles should be based around concepts of:

- (i) fairness — funds should be distributed so as to reflect local circumstances and should be similar to those of other comparable areas;

- (ii) transparency — regions and communities should be able to see how their funding level has been decided and why it changes from time to time;
- (iii) predictability — there should be an explicit way for deciding the level of funding for each region and community, and the collaborative bodies should have sufficient advance notice of possible changes in their funding; and
- (iv) accountability — people making decisions should be responsible to both the funding agencies and the people for whom services are provided for meeting agreed objectives and for acting honestly, openly and in accordance with financial and managerial standards.

55. In general, we think it important that any supplementary funds for Indigenous-specific purposes at both the Commonwealth and State levels should be clearly marked and disbursed in ways which are transparent to the Indigenous community. These actions would signal governments' commitments to transparency.

56. The increased size of general revenue grants under the GST arrangements will mean that SPPs will become a smaller proportion of total Commonwealth funding for the States. The Commonwealth could take this opportunity to give its SPPs a more strategic focus, particularly those directed towards services for Indigenous people. In negotiation with the States and Indigenous organisations, the Commonwealth could identify gaps in service provision or blockages in institutional arrangements where its targeted funding could improve outcomes. The need for SPP funding for community capacity building might, based on what we have been told, be one outcome of such an analysis.

57. If the ability of communities to set priorities in accordance with local circumstances is to be maximised, funding bodies will need to examine existing arrangements and seek opportunities to 'broadband' their programs. Such action should result in more efficient and effective use of funds by reducing administrative overheads and better matching service initiatives with local conditions.

### ***Non-funding Procedural Changes***

58. Observing the wider non-funding role played by the Commonwealth, we think that there is considerable scope for it to influence the way funding is made available and services are delivered to Indigenous people by other spheres of government.

59. The Commonwealth could:

- (i) identify gaps in the current program coverage and ensure programs are best addressing the long term causes of Indigenous disadvantage;
- (ii) design and promote programs to address disadvantage (including advice on cost, content and delivery models) which could be used by other spheres of government or by Indigenous organisations;

- (iii) provide incentives for the States to co-ordinate and frame joint programs with Commonwealth agencies and Indigenous people, to heighten the status of Indigenous people in forums that decide funding distributions;
- (iv) provide greater focus on addressing Indigenous need in national policies and promote this through COAG, MCATSIA and other Ministerial Councils;
- (v) sponsor and promote community capacity building activities by other spheres of government and by Indigenous organisations;
- (vi) ensure expert advice is available to Indigenous participants in joint decision making arrangements;
- (vii) undertake or sponsor research into critical aspects of linking the input of funds to improved outcomes, and make the results available to all participants in joint decision making arrangements;
- (viii) take the lead in the identification of data necessary for objective resource allocation, and sponsor activities to collect these data; and
- (ix) facilitate the definition and development of accepted performance indicators, and the collection of comparable data to implement them.

60. Much of this work would build on activities already underway through COAG and MCATSIA.

## **CONCLUSIONS**

61. In general, we have concluded that there are complex issues surrounding the link between changes in the needs of Indigenous people and the level and type of services designed to achieve those changes. These issues cannot be encompassed in national funding formulas.

62. We think there are important principles and key areas for action that should guide efforts to promote a better alignment of funding with needs. These include:

- (i) the full and effective participation of Indigenous people in decisions affecting funding distribution and service delivery;
- (ii) a focus on outcomes;
- (iii) ensuring a long term perspective to the design and implementation of programs and services, thus providing a secure context for setting goals;

- (iv) ensuring genuine collaborative processes with the involvement of government and non-government funders and service deliverers to maximise opportunities for pooling of funds, as well as multi-jurisdictional and cross-functional approaches to service delivery;
- (v) recognition of the critical importance of effective access to mainstream programs and services, and clear actions to identify and address barriers to access;
- (vi) improving the collection and availability of data to support informed decision making, monitoring of achievements and program evaluation; and
- (vii) recognising the importance of capacity building within Indigenous communities.

63. Achieving equitable access for Indigenous people to mainstream services is the highest priority. This requires actions to:

- (i) ensure all spheres of government recognise their responsibilities through mainstream programs, and the appropriate relationship between mainstream and Indigenous-specific programs;
- (ii) review all aspects of mainstream service delivery to ensure they are sensitive to the special needs and requirements of Indigenous people; and
- (iii) involve Indigenous people in the design and delivery of mainstream services.

64. Effective partnerships between service funders, service providers and Indigenous people will better direct services towards Indigenous disadvantage. Some essential features of such partnerships are that there is:

- (i) the involvement of all relevant tiers of government with a cross-functional perspective;
- (ii) a financial stake for all parties, so that Indigenous representatives do not feel dominated by the fund-holding agencies;
- (iii) full and equal access to policy and service delivery information for all parties; and
- (iv) Indigenous control of, or strong influence over, service delivery expenditure and regional and local service delivery arrangements that emphasise community development, inter-agency co-operation and general effectiveness.

65. For those communities where capacity building is lacking, a higher initial investment of resources will need to be made to provide a framework for the effective delivery of services and sustainable outcomes.

66. Despite its major financing role and its own-purpose outlays aimed at meeting the needs of Indigenous people, the Commonwealth has only an ancillary role in delivery of services for Indigenous people. By itself, it cannot achieve its objectives of targeting funds at Indigenous need. However, by action in areas under its control and by well planned and strategic engagement with the States and local government, there is much that the Commonwealth can achieve to improve the alignment of funding to needs.

67. Given the major role States play in service delivery, the Commonwealth should give priority to promoting the extension of collaborative decision making arrangements by:

- introducing and enforcing additional conditions for both mainstream and Indigenous-specific SPPs, such as data collection, mandating performance reporting, Indigenous-specific performance criteria and greater Indigenous involvement in decision making; and
- seeking extra conditions that target some of the expenditure of mainstream SPPs to aspects of the services that are important to Indigenous people.

68. The Commonwealth can also influence the way funding is made available and services are delivered to Indigenous people through its key role in the development of national policies and its leadership in key Ministerial Councils.