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## **AMA submission to Australian National Audit Office (ANAO) Performance Audit on Closing the Gap in Indigenous Disadvantage**

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### **Introduction**

The current processes for monitoring, evaluating and reporting progress towards Closing the Gap in Indigenous Disadvantage are inappropriate and ineffective for an understanding of how well programs are working. To underpin the policy action necessary for the achievement of the COAG goals and to progressively improve the quality and effectiveness of services can only occur when service need, availability, adequacy and effectiveness is measured rather than completely overlooked.

Policy makers think that the amount of government expenditure is a lot of money, bemoan the lack of progress, and conclude money is not the answer when what is required is to assess whether there is equity in total expenditure in relation to need, particularly in relation to the actual services required to overcome Indigenous disadvantage. In this context it is worth noting that Commonwealth expenditure on Indigenous health is \$1.20 for every \$1 spent on the rest of the population, but the level of need as estimated by the burden of disease is 2.3 times higher for the Indigenous population – a point which the Overcoming Indigenous Disadvantage (OID) Reports should highlight.

It is not just the technical and other issues about the data which is the problem, it is the naive belief that all that is required is to provide data and that of itself will drive action when what is required are formal management structures and processes at service, regional, jurisdiction and national level to actually consider the data and take the necessary action to improve services. The current lack of progress is associated in no small measure with these deficiencies and a complete overhaul of the measurement and management processes and an explicit focus on services is essential for the COAG goals to be achieved.

### **Comments**

1. The audit's objective is to assess the effectiveness of the arrangements established by the Department of the Prime Minister and Cabinet and the Productivity Commission for monitoring, evaluating and reporting progress towards Closing the Gap in Indigenous Disadvantage yet the audit seeks comments on data governance and engagement with

stakeholders about data collection, analysis and interpretation and evaluation. The real issue is the actual effectiveness of the arrangements established by the Department and the Productivity Commission for monitoring, evaluating and reporting progress towards Closing the Gap in Indigenous Disadvantage.

2. A central issue is that the whole process almost completely overlooks the actual **services** that would need to be provided for the goals and targets to be achieved. This means that everyone involved simply hopes the next year's figures will somehow look better and avoids a focus on the critical management issues, such as:
  - a. are the necessary services provided?
  - b. are there service gaps and if so where (service accessibility)?
  - c. are the services appropriate, effective and efficient?
  - d. is funding adequate?
3. In the absence of such essential information, the focus is entirely on whether the measures are **'on track'**. In either case it produces dysfunctional and inappropriate reactions. If they are 'on track' as is said (inappropriately) to be the case with child mortality, then the reaction is that no further or additional action is required but anyone who believes that services for mothers and babies are adequate throughout Australia does not understand the situation. If the measures are not 'on track', ritual defensive behaviour swings into play - the goals are too ambitious, inappropriate, unachievable etc. In neither case does an assessment of whether the measures are 'on track' induce the constructive management behaviour necessary to progressively improve services.
4. Far too much emphasis is placed on **trajectories** in which the underlying assumption is that the forces which have shaped the trajectory in the past will continue to shape results in the future. A consideration of the relationship between inputs and outputs is entirely missing.
5. Incredibly, analysis and interpretation of results is based on points for **single years rather than the underlying trend**. Thus there is the ludicrous situation where child mortality is not on track for one year because the measure falls just outside the confidence interval and magically is back 'on track' the next year because the measure has dropped back inside the confidence limits. It seems those who write the commentary are blissfully unaware of year to year variation when the real story is that the overall trend for progress on child mortality since 2008 has been far too little.
6. There is no process for understanding the **timing relationship and lag intervals** between provision of funding and when the impact of the funding might be assessed, notwithstanding the availability of detailed government reports on this topic e.g. <https://www.aihw.gov.au/reports/indigenous-australians/timing-impact-assessment-for-coag-closing-the-gap/contents/table-of-contents>. For many measures, that interval may be 10 years or more and for some measures e.g. funding for antismoking programs and cancer mortality, the interval may be much longer. This flawed lack of understanding is compounded by the exclusive focus on outcomes rather than process

measures. A lack of understanding of these lag intervals may lead policy makers into inappropriate conclusions e.g. ‘there’s nothing to show for all the expenditure” when it may be simply too early to tell.

7. For the gaps to close, the rate of improvement in a measure for Indigenous people must be greater than the corresponding rate for the non-Indigenous population. A comparison of rates of improvement (**rate ratio**) is fundamental, but generally lacking in the audit report.
8. The Reports on OID do not really assist in understanding Indigenous expenditure as they do not include private expenditure, make no allowance for level of need and do not cover the services required to overcome Indigenous disadvantage.
9. There is a simplistic belief that all that is required is to collect and report on information and accordingly almost complete absence of **sensible management practices** (management use of information) at service level and region, jurisdiction and national levels to consider the available information on progress or lack of progress – and then to take the necessary management and policy action to progressively improve the results. Midyear, annual, three and five yearly formal reviews for each program would be a good start and a lot better than the current alternatives of policy despair or premature claims of success.

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