

The Auditor-General
Audit Report No.38 2012–13
Performance Audit

Indigenous Early Childhood Development: Children and Family Centres

Department of Education, Employment and Workplace Relations

Australian National Audit Office

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Canberra ACT
23 May 2013

Dear Mr President
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Education, Employment and Workplace Relations in accordance 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 to the Parliament. The report is titled *Indigenous Early Childhood Development: Children and Family Centres*.

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

A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name and title.

Ian McPhee
Auditor-General

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

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Abbreviations

ABS	Australian Bureau of Statistics
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit Office
CFC	Children and Family Centre
COAG	Council of Australian Governments
DEEWR	Department of Education, Employment and Workplace Relations
IECD NP	National Partnership Agreement on Indigenous Early Childhood Development
IGAFFR	Intergovernmental Agreement on Federal Financial Relations
NIRA	National Indigenous Reform Agreement
SEIFA	Socio-Economic Indexes for Areas
SNAICC	Secretariat of National Aboriginal and Islander Child Care
WGIR	Working Group on Indigenous Reform

Glossary

Children and Family Centres	Children and Family Centres seek to address the needs of Indigenous families and their young children and also provide services to all families in the community. The design and operation of the facilities may differ from centre to centre so that services meet local needs.
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.
Council of Australian Governments (COAG)	The peak intergovernmental forum in Australia, comprising the Prime Minister, State Premiers, Territory Chief Ministers and the President of the Australian Local Government Association. The role of COAG is to initiate, develop and monitor the implementation of policy reforms that are of national significance and which require cooperative action by Australian governments.
Implementation Plans	Implementation Plans are agreed between the Australian Government, states and territories to achieve the objectives of a National Partnership Agreement. The plans outline how each jurisdiction intends to implement the National Partnership Agreement.
Innovative Child Care Hubs	The precursor to the Children and Family Centres. In 2007–08 the Australian Government announced it would create 20 new Innovative Child Care Service Hubs in regional and remote communities with high Indigenous populations.

Integrated services	Integrated services are expected to provide clients with access to a suite of co-ordinated services in order to directly and efficiently address a broad spectrum of needs.
Intergovernmental Agreement on Federal Financial Relations (IGAFFR)	The IGAFFR is the overarching framework guiding the Commonwealth's financial relationships with states and territories. An important underlying feature of the IGAFFR is to recognise the primary role of states and territories in delivering government services in key sectors, and the importance of collaboration between the states and territories and the Australian Government in achieving national outcomes.
National Indigenous Reform Agreement	Overarching agreement between the Australian and state/territory governments to give effect to the Closing the Gap policy commitment. It is supported by a series of bilateral agreements with each state and territory government, and a range of National Partnership Agreements.
National Partnership Agreement	An agreement between the Australian Government and state and territory governments related to the delivery of specified projects that deliver on nationally-significant reforms.

Summary and Recommendations

Summary

Introduction

1. In 2008 the Council of Australian Governments (COAG) committed to a national effort to address the levels of disadvantage experienced by Indigenous Australians. The National Indigenous Reform Agreement (NIRA) established an overall framework for action by governments, as well as identifying six key targets to Close the Gap in Indigenous disadvantage. Improving early childhood outcomes was recognised as underpinning the achievement of the COAG targets in the longer term.¹ In that context, the National Partnership Agreement on Indigenous Early Childhood Development (IECD NP) was agreed to in October 2008 and sought to address disadvantage experienced by Indigenous children. The IECD NP was the first National Partnership Agreement to be developed and its objectives were to:

- improve developmental outcomes for Indigenous children and achieve agreed key COAG targets;
- achieve sustained improvements in pregnancy and birth outcomes for Indigenous women and infants;
- improve Indigenous families' use of the early childhood development services they need to optimise the development of their children; and
- contribute to COAG's social inclusion agenda, early childhood development, education, health, housing, and safety agendas, by identifying reforms and models of service delivery that will improve outcomes for Indigenous children.²

2. National Partnership Agreements are funding mechanisms that operate under the Intergovernmental Agreement on Federal Financial Relations (IGAFFR), which is the overarching framework guiding the Commonwealth's financial relationships with states and territories. An important underlying feature of the IGAFFR is to recognise the primary role of states and territories in delivering government services in key sectors, and the importance of

¹ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 11.

² *ibid.*, paragraph 20.

collaboration between the states and territories and the Australian Government in achieving national outcomes.

3. The IECD NP was described by COAG as the first stage of a multi stage reform program to improve outcomes for Indigenous children. The IECD NP was also complemented by the National Partnership on Early Childhood Education (NP ECE) which was agreed in December 2008. In relation to Indigenous children, the NP ECE had a target of ensuring access to preschool by all four year olds in remote communities.

The National Partnership Agreement on Indigenous Early Childhood Development

4. The IECD NP consists of three components, each of which is implemented under separate arrangements. The components are:

- integration of early childhood services through Children and Family Centres (CFCs);
- increased access to antenatal care, pre-pregnancy and teenage sexual and reproductive health; and
- increased access to, and use of, maternal and child health services by Indigenous families.

5. The IECD NP provides \$564 million over six years to June 2014. Of this, \$292.62 million has been allocated to the Children and Family Centres component, all of which is provided by the Australian Government. During the life of the agreement this funding is available to support the establishment and initial operations of CFCs. The remaining two health related components are mainly funded by the Australian Government with a contribution by the state and territory governments.

Children and Family Centres

6. COAG sought the achievement of two specific outputs in relation to the Children and Family Centres component of the IECD NP. These were:

- the establishment of a minimum of 35 Children and Family Centres in urban, regional and remote areas with high Indigenous populations and disadvantage; and
- the provision of early learning, child care and parent and family support services to Indigenous families at or through each of the CFCs.

7. Providing services that were better integrated, and were responsive to community needs, were other important factors considered by COAG in establishing the agreement. To promote integration, COAG required all services provided through the CFCs to have integrated management, governance and service systems.³

8. In agreeing to fund the IECD NP, the Australian Government sought to ensure that long term outcomes would be facilitated by the investment in CFCs. In particular it anticipated that the CFCs would facilitate the provision of both state and Australian Government services beyond the timeframe of the IECD NP and that all levels of government would pay close attention to the effectiveness of local services to ensure that investments contributed to the Closing the Gap targets.⁴

Funding and distribution of CFCs

9. The IECD NP identified the number of CFCs each jurisdiction was required to establish, along with expectations for the number of centres to be built in urban areas and in regional/remote areas. COAG requested that states and territories consider establishing more than the number of CFCs allocated to them through the IECD NP by using the capacity of existing services and leveraging other related programs. Table S1 provides a breakdown of the funds and CFCs allocated to each state and territory.

³ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 27.

⁴ In 2008 COAG identified six targets relating to Indigenous life expectancy, health, education and employment that need to be in place in order to comprehensively address the existing level of disadvantage.

Table S 1**Funding allocation and distribution by jurisdiction**

State/territory	Funding (\$ million)	Minimum Number of CFCs to establish	Additional CFCs agreed *
Queensland	75.2	9	1
New South Wales	74.7	9	
Western Australia	42.3	5	
Northern Territory	42.3	5	
South Australia	25.2	3	1
Victoria	16.7	2	
Tasmania	8.1	1	1
Australian Capital Territory	8.1	1	
Total	292.6	35	3

Source: ANAO, based on data sourced from the IECD NP and DEEWR.

* Note: Queensland, South Australia and Tasmania each agreed to provide one additional CFC to the number they were allocated in the IECD NP, bringing the total to 38 centres.

Roles and responsibilities

10. The responsibility for service delivery in relation to CFCs rests with the state and territory governments. The IECD NP, however, emphasises that the pursuit of its broad reform objective is a responsibility shared between the Australian and state/territory governments which are expected to work in partnership to ensure effective implementation. The Department of Education, Employment and Workplace Relations (DEEWR) is the lead Australian Government agency in relation to the Children and Family Centres component of the IECD NP.

11. In addition to the shared responsibility and accountability for the achievement of the policy outcomes expected by the Australian Government, a limited set of specific responsibilities were allocated to DEEWR. These were to:

- facilitate the Australian Government's financial contribution;
- participate in consultations as appropriate; and

- participate in planning for bilateral workplans⁵ as appropriate and when requested by state and territory governments.

12. The Australian Government Minister for Education, Employment, and Workplace Relations (the Minister), is authorised by COAG to revise state and territory Implementation Plans on behalf of the Australian Government and to certify payments to the states and territories on the achievement of agreed milestones.⁶ As the lead Australian Government agency for the CFC component of the partnership, DEEWR supports the Minister in this function.

Audit objective, criteria and scope

13. The objective of the audit was to assess the effectiveness of DEEWR's role in the delivery of the CFC component of the IECD NP.

14. To conclude against this objective the audit considered whether:

- DEEWR had established effective arrangements, with the jurisdictions, for the management of the Children and Family Centres component of the IECD NP; and
- DEEWR effectively monitored the performance of state and territory government agencies.

Overall conclusion

15. The establishment of Children and Family Centres (CFCs) was intended by the Council of Australian Governments (COAG) to be an important service delivery reform which was to provide a platform for ongoing integrated service delivery for both Australian Government and state funded programs aimed at providing early childhood and family services to Indigenous families. Progress against the key outputs of establishing CFCs and using them to deliver integrated services has been made but not to the level expected. The funding of \$292.62 million provided in the IECD NP was based on the expectation that all CFCs would be constructed and operational by June 2012. As at May 2013, services were being provided from 33 locations. Of these, however, only 13 centres⁷ were operating from completed premises with

⁵ The original IECD NP (agreed in October 2008) called for the development of workplans which provided details on how outputs (such as building CFCs) would be delivered. These were later known as Implementation Plans.

⁶ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 16.

⁷ There were two additional centres where construction had been completed but services had not yet commenced from the permanent facility. A complete breakdown of the status of all centres is at Appendix 3.

20 centres operating from interim facilities. There are five locations where no services are being provided. Due to the longer than expected construction times, and other performance information issues (discussed in paragraph 20), DEEWR is not well positioned to determine the impact that funding provided to date has had in relation to the IECD NP's objectives.

16. The IECD NP was a partnership between governments, requiring a collaborative approach to managing its overall implementation. To this end, the Department of Education, Employment and Workplace Relations (DEEWR) chairs the IECD Steering Committee and, increasingly, has regular bilateral communication and meetings with each jurisdiction. The IECD Steering Committee meets at least twice per year and has acted as a forum for monitoring progress of centre construction, agreeing to reporting templates and discussing a number of cross-jurisdictional challenges such as data collection. However, the committee has given more limited attention to monitoring progress toward the stated objectives of the IECD NP. Further, it has not considered the effectiveness of the various approaches in achieving more integrated service delivery. In 2013, DEEWR has taken steps to increase the strategic focus of the steering committee and strengthen reporting arrangements from the committee to the COAG Standing Council on School Education and Early Childhood.

17. The Australian Government, as the sole provider of funding, had a clear expectation of the results to be achieved through its funding. In this respect DEEWR had an important role to play in ensuring the Australian Government's interests were being adequately progressed through the partnership. Under the agreed structure of the IECD NP, the development and regular review of Implementation Plans represented an important opportunity to ensure that the priorities and approaches proposed by each jurisdiction were appropriate in terms of the overall policy outcomes being sought.

18. DEEWR provided guidance for the development of Implementation Plans to assist the states and territories to identify how they intended to effectively integrate services for children and families, as well as outlining their respective implementation priorities and performance milestones. Despite this guidance, the resulting Implementation Plans varied in the extent to which key implementation issues were being addressed and ultimately did not provide DEEWR with a robust process to monitor implementation.

19. The IECD NP provided the states and territories with flexibility in their approaches to implementation. The bilateral nature of Implementation Plans,

while providing state and territory governments with flexibility, meant that DEEWR was only able to assess Implementation Plans according to the priorities proposed by each jurisdiction. While it is not necessarily the case that there should be a uniform approach across all jurisdictions, national level outcomes are being sought through the IECD NP and there would be value in DEEWR undertaking a more in depth assessment of Implementation Plans to be assured that, overall, the priorities and proposed pace of service delivery reforms is appropriately meeting the Australian Government's expectations.

20. State and territory government departments report twice a year to DEEWR on implementation progress. To date there has been very limited coverage in these reports against the outcomes expected or against the performance indicators established in the IECD NP. Due to the slow development of an agreed data collection mechanism for CFCs overall, there is limited performance data available to support an assessment of whether the CFCs have contributed to an improvement in Indigenous early childhood development outcomes and whether adequate progress has been made to improve access to integrated early childhood and family services. Further, while the Intergovernmental Agreement on Federal Financial Relations (IGAFFR) emphasises the accountability of the states and territories to their respective constituents, public reporting on progress of the CFC component of the IECD NP has been minimal, unlike some other National Partnerships.

21. Sustaining the ongoing contribution of the CFCs to addressing Indigenous disadvantage following the expiry of the IECD NP in June 2014 is an important consideration for the operation of each centre. As a partial solution, DEEWR has proposed that the financial viability of CFCs will be assisted through CFC operators accessing existing child care program funding. However, not all CFCs are providing child care services and are therefore not all eligible for child care funding. Further consideration of different approaches is required if CFCs are to be able to serve as the platform for integrated service delivery in future reforms as anticipated in the IECD NP.⁸

22. The ANAO has made two recommendations aimed at strengthening the delivery of DEEWR's central role in the IECD NP. The first relates to conducting analysis and developing advice regarding the effectiveness of CFC service delivery and operating models to assist in informing any future

⁸ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 12.

initiatives in relation to improving Indigenous early childhood outcomes. The second is aimed at increasing the public reporting on progress and the achievement of the objectives of the IECD NP, including the service delivery reforms anticipated to improve outcomes for Indigenous children.

Key findings by chapter

The IECD NP Implementation Arrangements (Chapter 2)

23. In situations where programs funded by the Australian Government are delivered in multiple states and territories, and where shared responsibilities for outcomes exist, it is important that the relevant Australian Government department establishes appropriate arrangements to maintain visibility over implementation so as to be assured that it remains consistent with the expressed policy directions and objectives.

24. The IECD Steering Committee is the principal overarching governing mechanism for the IECD NP. The steering committee meets at least twice annually and provides a forum where progress, particularly in relation to construction targets, is discussed between IECD NP partners and issues impacting on implementation are shared. The steering committee has not, however, given attention to whether broader national service delivery reforms are being effectively implemented. The steering committee has had an ongoing and critical role to develop and agree national data collection mechanisms for CFC performance although this has progressed slowly and performance data will only commence to be reported from August 2013.

25. Implementation Plans were required to be developed by each state and territory government and submitted to DEEWR for approval. Although templates and guidance were provided by DEEWR to promote consistency across the plans, the type of information and level of detail included varied across states and territories. DEEWR was also required to undertake annual reviews of the plans following the receipt of progress reports from state and territory governments so that plans could be jointly adjusted to reflect actual implementation experience. At the time of preparing this report, while Implementation Plans had been reviewed, no revised Implementation Plans had been made publicly available.

Service Site Location Planning and Consultations (Chapter 3)

26. The identification of locations for CFCs was undertaken by state and territory governments. The majority of the locations subsequently proposed by

the states and territories, and agreed by DEEWR, were consistent with the requirements of the IECD NP that CFCs be located in areas of high Indigenous populations and disadvantage within each jurisdiction. The IECD NP also required that CFCs be established in urban, regional and remote areas. Nationally, this distribution has been achieved, although in Victoria, Tasmania and the Australian Capital Territory the nature of Indigenous population distribution and the numbers of CFCs to be established resulted in CFCs being established in urban and/or regional areas only.

27. Consultation processes were led by state and territory governments with DEEWR to be involved as appropriate. Other than preparing a factsheet on the potential decisions that consultations might contribute to, DEEWR did not clarify the interpretation of 'appropriate involvement' in the context of CFCs and, as a result, the involvement of DEEWR staff in consultations was variable and not systematic. Some information about consultations and consultation processes was included in state and territory reports but no significant information about the outcomes of consultations was prepared and the opportunity envisaged by COAG for sharing best practice on consultation approaches between states and territories was limited.

Implementation (Chapter 4)

28. The early implementation of the IECD NP was affected by the need to revise the partnership in order to align with the IGAFRR framework. While workplans were developed and in place to guide implementation, the construction schedule initially agreed to in the IECD NP was revised during the development of Implementation Plans. Where construction was deferred or delayed most of the states and territories sought to achieve similar levels of services to those initially anticipated by using interim facilities.

29. At the time the IECD NP was agreed in 2008, COAG anticipated that all CFCs would be constructed and fully operational by June 2012. In subsequent Implementation Plans the construction of centres in many locations was revised to later years and the option for interim services from temporary premises was provided. As at May 2013, services were being provided from 33 locations. Of these, however, only 13 centres were operating from completed premises with 20 centres operating from interim facilities. In five locations, no services have commenced and communities in those areas will therefore have limited opportunity to access the services prior to the completion of the IECD NP in June 2014.

30. A number of factors will impact on the ongoing ability of CFCs to contribute towards achieving the broad and ongoing reforms anticipated in the IECD NP, including: the financial viability of each centre; the extent to which CFCs engage with and focus on Indigenous families; and the extent to which CFCs effectively integrate quality services. Direct Australian Government funding for the operation of CFCs is planned to cease on the expiry of the IECD NP and a combination of approaches will need to be considered by all governments to support the achievement of outcomes from the funding to date. In the context of broader funding considerations, early agreement on options to support CFCs will assist centres in their forward operational planning. DEEWR has proposed that CFC services can be supported by accessing mainstream program funding provided through child care programs. Funding for child care services, however, would only partially cover the anticipated costs and will only do so for a portion of centres. Any proposed future funding models will need to take into account that an ongoing focus on Indigenous clients is important if the CFCs are to contribute to the longer term Closing the Gap targets, as originally intended.

Performance Monitoring and Reporting (Chapter 5)

31. To achieve the COAG targets, Australian governments have committed to a reform program for Indigenous early childhood development that will be delivered in stages to achieve tangible improvements in outcomes for Indigenous children and generational change over the longer term.⁹ Developing mechanisms to monitor and report on the CFCs is particularly important to demonstrate improvements in early childhood outcomes, facilitate public accountability and to help inform future policy directions in the area of Indigenous early childhood development as anticipated in the IECD NP.

32. Performance reporting to date has provided limited value in measuring the objectives of the CFC component of the IECD NP. There is presently limited performance data available to support an assessment of whether the CFCs have contributed to an improvement in Indigenous early childhood development. Finalising data collection methodologies through the steering committee has progressed slowly and as a consequence, limited reporting against the performance indicators outlined in the IECD NP will be available

⁹ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 11.

prior to its expiry in June 2014. Leading strengthened efforts to improve data collection approaches will be an important focus for DEEWR in the remaining period of the IECD NP so that assessments of the impact of the IECD NP can be made.

33. DEEWR assesses progress against milestones through the six monthly progress and annual reports provided by the state and territory governments. Although jurisdictions have been reporting on progress, there has been minimal reporting against the performance indicators established in the IECD NP. The assessment of the effectiveness of the various approaches adopted by jurisdictions has not been a focus for DEEWR to date. An understanding of the ability of each of the approaches to deliver the outcomes sought will be important in informing the future stages of the reform program anticipated in the IECD NP.¹⁰

Summary of agency response

34. A summary of DEEWR's response is as follows:

The Auditor General's report acknowledges that DEEWR has a central role in the delivery of the National Partnership on Indigenous Early Childhood Development Element One (NPA IECD) - Children and Family Centres.

The Department acknowledges that it has a key role in the delivery of the Children and Family Centres element of the NPA IECD and that analysing service delivery models for Children and Family Centres will assist in assessing the effectiveness of the investment in Children and Family Centres and outcomes achieved.

The Department also acknowledges the value of greater public accountability of progress on the Children and Family Centres in meeting the objectives of the NPA IECD, including jurisdictional performance and progress through periodic reporting to the Working Group on Indigenous Reform and the COAG Standing Council on School Education and Early Childhood.

¹⁰ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 12.

Recommendations

Recommendation No. 1
Para 4.30

In order to assess the effectiveness of the current investment in Children and Family Centres, the ANAO recommends that the Department of Education, Employment and Workplace Relations, in consultation with relevant state and territory agencies, analyse and provide advice to the Australian Government on the relative effectiveness of CFC service delivery models, and the outcomes being achieved. This analysis would also inform the design of any future initiatives.

DEEWR's response: *Agreed.*

Recommendation No. 2
Para 5.21

In order to increase public accountability in line with COAG's expectations, the ANAO recommends that DEEWR prepares and publishes periodic reports about the Children and Family Centres contribution to the National Partnership Agreement on Indigenous Early Childhood Development objectives, specific jurisdictional performance and progress on service system reform.

DEEWR's response: *Agreed.*

Audit Findings

1. Introduction

This chapter provides background on the National Partnership Agreement on Indigenous Early Childhood Development, in particular the Children and Family Centres component. It also outlines the audit approach and structure of the report.

Background

Early childhood development and Closing the Gap on Indigenous disadvantage

1.1 In recognition that outcomes for Indigenous Australians overall remain well below those of non-Indigenous Australians, the Council of Australian Governments (COAG) committed to a national effort in 2008 to close the gap in life expectancy and opportunity between Indigenous and non-Indigenous Australians. COAG identified six targets relating to Indigenous life expectancy, health, education and employment that need to be met in order to comprehensively address the existing level of disadvantage. The six Closing the Gap targets are to:

- close the gap in life expectancy within a generation (by 2031);
- halve the gap in mortality rates for Indigenous children under five by 2018;
- ensure access to early childhood education for all Indigenous four year olds in remote communities by 2013;
- halve the gap in reading, writing and numeracy achievements for Indigenous children by 2018;
- halve the gap for Indigenous students in Year 12 (or equivalent) attainment rates by 2020; and
- halve the gap in employment outcomes between Indigenous and other Australians by 2018.

1.2 Indigenous children are considered by COAG to be the most vulnerable group of children in Australia with substantial levels of disadvantage in measures of infant health, school achievement and material wellbeing. Indigenous children are twice as likely to die before the age of five as non-Indigenous children.

1.3 Improvements in the early childhood development experiences of Indigenous Australians were seen as central to achieving COAG's Closing the Gap targets as the early years of a child's life have a significant impact on their future development, learning, health and wellbeing. Children who have a poor start in life are more likely to develop learning, behavioural or emotional problems which may have far-reaching consequences throughout their lives and, in turn, the lives of their children.¹¹ Conversely, children who have a positive start to life are more likely to develop to their fullest:

Children who have good early childhood experiences before age six, in stimulating, nurturing environments have better outcomes throughout their life... better school grades, better self esteem, fewer social problems, and fewer health problems and are less likely to be teen parents, use drugs or be involved in crime.¹²

1.4 The National Indigenous Reform Agreement (NIRA) provides the overarching framework for the Australian, state and territory governments to work together with Indigenous Australians and the broader community to achieve the target of Closing the Gap on Indigenous disadvantage.¹³ The National Partnership Agreement on Indigenous Early Childhood Development is one of six Indigenous specific National Partnership Agreements which have been agreed in order to progress the objectives of the NIRA.

National Partnership Agreement on Indigenous Early Childhood Development

1.5 In establishing the National Partnership Agreement on Indigenous Early Childhood Development (IECD NP) in October 2008, COAG noted that:

Many Indigenous families miss out on early childhood services even though they stand to benefit most. Early childhood experts advocate integrated delivery of services, including antenatal services, child and maternal health services, parenting and family support services, and early learning and child care, as the best delivery platform to ensure families actually receive the support they need.¹⁴

¹¹ Council of Australian Governments (COAG), *Investing in the Early Years- A National Early Childhood Development Strategy*, 2009, p. 6.

¹² *ibid.*

¹³ Council of Australian Governments (COAG Reform Council), *National Indigenous Reform Agreement: Baseline performance report for 2008–09*, p. 3, [Internet] available from <<http://www.coagreformcouncil.gov.au/reports/indigenous.cfm>>, [accessed 21 November 2012].

¹⁴ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 25.

1.6 The IECD NP focuses on delivering improved access to antenatal care, teenage reproductive and sexual health services, child and maternal health services, and an integrated approach to early childhood and family services.¹⁵ The objectives of the IECD NP are to:

- improve developmental outcomes for Indigenous children and achieve agreed key COAG targets;
- achieve sustained improvements in pregnancy and birth outcomes for Indigenous women and infants;
- improve Indigenous families' use of the early childhood development services they need to optimise the development of their children; and
- contribute to COAG's social inclusion agenda, early childhood development, education, health, housing, and safety agendas, by identifying reforms and models of service delivery that will improve outcomes for Indigenous children.¹⁶

1.7 The IECD NP consists of three components, each of which is implemented under separate arrangements. The components are:

- integration of early childhood services through Children and Family Centres (the focus of this audit);
- increased access to antenatal care, pre-pregnancy and teenage sexual and reproductive health; and
- increased access to, and use of, maternal and child health services by Indigenous families.

1.8 The IECD NP was the first National Partnership Agreement to be developed and was described by COAG as the first stage of a multi-stage reform program to improve outcomes for Indigenous children. The IECD NP is complemented by the National Partnership on Early Childhood Education, which had, in relation to Indigenous children, a target of ensuring access to preschool by all four year olds in remote communities.

¹⁵ Council of Australian Governments (COAG) Communiqué, 3 July 2008, [Internet] available from <<http://www.coag.gov.au/sites/default/files/2008-03-07.pdf>> [accessed 1 May 2013].

¹⁶ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 20.

1.9 The IECD NP provides \$564 million over six years. The breakdown of funding by component and by Commonwealth and State/Territory contributions is shown in Table 1.1.

Table 1.1

Breakdown of funding for the IECD NP

	Children and Family Centres	Antenatal, and related Health Services	Maternal and Child Health Services	Total
	\$m	\$m	\$m	\$m
Commonwealth	292.6	107.0	90.0	489.9
State/Territory	-	-	75.0	75.0
Total	292.6	107.0	165.0	564.6

Source: National Partnership Agreement on Indigenous Early Childhood Development.

Children and Family Centres

1.10 Two specific outputs were agreed by COAG to be achieved with the funding provided for the Children and Family Centres component of the IECD NP. These were the:

- establishment of a minimum of 35 Children and Family Centres (CFCs) in urban, regional and remote areas with high Indigenous populations and disadvantage; and
- provision of early learning, child care and parent and family support services to Indigenous families at or through each of the CFCs.

1.11 The number of CFCs each state and territory was required to establish was identified in the IECD NP, along with agreement on the allocation of centres between urban and regional/remote areas. The IECD NP also required that states and territories consider establishing additional CFCs by using the capacity of existing services and leveraging other programs. Queensland, South Australia and Tasmania each agreed to provide one additional CFC to the number they were allocated in the IECD NP, bringing the total to 38 centres. Table 1.2 provides a breakdown of the funding and CFCs allocated to each state and territory. A list of the 38 locations selected is provided at Appendix 2.

Table 1.2**Funding and distribution of CFCs**

State/territory	Funding (\$ million)	Minimum number of CFCs to establish	Additional CFCs agreed*
Queensland	75.2	9	1
New South Wales	74.7	9	
Western Australia	42.3	5	
Northern Territory	42.3	5	
South Australia	25.2	3	1
Victoria	16.7	2	
Tasmania	8.1	1	1
Australian Capital Territory	8.1	1	
Total	292.6	35	3

Source: ANAO, based on data sourced from the IECD NP and DEEWR.

* Note: Queensland, South Australia and Tasmania each agreed to provide one additional CFC to the number they were allocated in the IECD NP, bringing the total to 38 centres.

1.12 State and territory governments are responsible for establishing and operating the CFCs. While the ultimate mix of services provided at or through each centre was to be informed by community consultation, the IECD NP required the CFCs to provide child care, early learning, and parent and family support services. All CFC operations were to have integrated management, governance and service systems. Some states and territories have opted to manage the centres through existing government entities while others have outsourced the operation of the centres to non-government organisations. Tender processes were used for the construction of the centres.

1.13 Initially it was expected that services provided by CFCs would be co-located within each centre to ensure that physical barriers to access would be addressed and integration improved. The Australian Government anticipated that child care would be a key service delivered through each centre, as this built on an earlier commitment to construct an additional 260 child care centres across Australia. Accordingly, funding estimates were based on each CFC consisting of a 50-place child care centre (with additional space for other services), costing approximately \$2.6 million each in urban areas and approximately \$3.2 million each in remote areas. It was expected that each centre would cost approximately \$1.2 million per year to operate.

Roles and responsibilities

1.14 The IECD NP operates within the broader Intergovernmental Agreement on Federal Financial Relations (IGAFFR) which was implemented in January 2009. The IGAFFR provides an overarching framework for the Commonwealth's financial relations with the states and territories and is:

Aimed at improving the effectiveness and quality of government services by reducing Commonwealth prescriptions on service delivery by the states, providing them with increased flexibility in the way they deliver services to the Australian people.¹⁷

1.15 In order to progress economic and social reforms, the IGAFFR provides for collaborative arrangements between the Commonwealth and the states and territories 'in areas of national importance'.¹⁸ The IGAFFR clarifies that 'Commonwealth involvement in reform or service delivery improvement in areas of State responsibility may be appropriate where it is closely linked to a current or emerging national objective or expenditure priority of the Commonwealth—for example, addressing Indigenous disadvantage and social inclusion'.¹⁹ National Partnership Agreements are the principal mechanism for facilitating reforms and supporting the delivery of specified outputs or projects under the IGAFFR.

1.16 As discussed in paragraph 1.12, responsibility for service delivery in relation to CFCs rests with the state and territory governments, however, the IECD NP emphasises that the pursuit of its broad reform objective is a responsibility shared between the Australian and state/territory governments which are expected to work in partnership to ensure effective implementation. The Department of Education, Employment and Workplace Relations (DEEWR) is the lead Australian Government agency in relation to the Children and Family Centres component of the IECD NP.

1.17 In addition to the shared responsibility and accountability for the achievement of the policy outcomes expected by the Australian Government, a limited set of specific responsibilities were allocated to DEEWR. These were to:

¹⁷ Council of Australian Governments (COAG, *Intergovernmental Agreement on Federal Financial Relations*, [Internet] available from <http://www.federalfinancialrelations.gov.au/content/inter_agreement_and_schedules/IGA_federal_financial_relations_uq11.pdf>, [accessed 21 November 2012].

¹⁸ *ibid.*

¹⁹ *Developing Partnerships under the Federal Financial Relations Framework*. Federal Finances Circular No. 2011/02 December 2011, p. 4.

- provide a financial contribution;
- participate in consultations as appropriate; and
- participate in planning for bilateral workplans²⁰ as appropriate and when requested by state and territory governments.

1.18 The Australian Government Minister for Education, Employment, and Workplace Relations (the Minister), is authorised by COAG to revise state and territory Implementation Plans on behalf of the Australian Government and to certify payments to the states and territories on the achievement of agreed milestones.²¹ The Minister is supported by DEEWR in this function.

Progress to date

1.19 The initial IECD NP, agreed in 2008, anticipated that all CFCs would be established and operational by June 2012. Revisions were made to the IECD NP in early 2009 and the subsequent development of Implementation Plans provided for later construction dates and the use of interim facilities to provide services, pending availability of the permanent CFC facility. The revised schedule anticipated services would be provided in 35 locations by December 2012. Some state and territory governments have reported delays against initial timeframes due to issues such as longer than expected community consultations, difficulties in accessing suitable land, and resolving land tenure.

1.20 As at May 2013, there were 13 CFCs operating from completed premises with a further 20 operating from interim locations. Construction of 15 centres²² had been completed and had commenced at a further 18 centres. Most state and territory governments are using interim premises to provide services in cases where there have been delays in construction. In May 2013, however, there were five locations where no services were being provided, either from interim or permanent centres. The status of all 38 centres as at May 2013 is set out in Appendix 3.

²⁰ The original IECD NP (agreed in October 2008) called for the development of workplans which provided details on how outputs (such as building CFCs) would be delivered. These were later known as Implementation Plans.

²¹ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 16.

²² There were two centres where construction had been completed but services had not yet commenced from the permanent facility. A complete breakdown of the status of all centres is at Appendix 3.

Audit approach

Audit objective, criteria and scope

1.21 The objective of the audit was to assess the effectiveness of DEEWR's role in the delivery of the CFC component of the IECD NP.

1.22 To conclude against this objective the audit considered whether:

- DEEWR had established effective arrangements, with the jurisdictions, for the management of the Children and Family Centres component of the IECD NP; and
- DEEWR effectively monitored the performance of state and territory government agencies.

1.23 The audit scope included the Children and Family Centres component of the IECD NP.²³

Audit methodology

1.24 The audit approach included:

- collection and review of CFC documentation including policy documents, guidelines, procedures, operational documents and reports from DEEWR;
- interviews with DEEWR staff, and staff from other relevant Australian Government departments identified during fieldwork;
- interviews with state and territory government departments and relevant non-government stakeholders;
- visits to locations where CFCs, both operational and interim, were operating; and
- interviews with staff from twelve CFCs across five states and territories.

1.25 The audit was conducted in accordance with the ANAO's Auditing Standards at a cost of approximately \$538,000.

²³ The maternal and child health services component of the IECD NP was the focus of ANAO Performance Audit Report No. 35 2011–12, *Indigenous Early Childhood Development. New Directions: Mothers and Babies Services*, [Internet] available from <www.anao.gov.au>.

Report structure

Chapter 2 The IECD Implementation Arrangements	<p>This chapter examines the arrangements used by the Australian Government, in conjunction with state/territory governments, to guide overall implementation of the Children and Family Centres component of the National Partnership Agreement on Indigenous Early Childhood Development. These include the establishment of roles and responsibilities under the IECD NP, cross-jurisdictional governance mechanisms and DEEWR's oversight of the CFC component of the IECD NP through the Implementation Plan development and review process.</p>
Chapter 3 Service Site Location Planning and Consultations	<p>This chapter examines the processes used to select locations for Children and Family Centres and to engage with stakeholders in the planning and development of the IECD NP.</p>
Chapter 4 Implementation	<p>This chapter examines the implementation of the IECD NP the changes to the anticipated roll out schedule and the issues emerging from the operation of Children and Family Centres.</p>
Chapter 5 Performance Monitoring and Reporting	<p>This chapter examines the processes used by the Department of Education, Employment and Workplace Relations to monitor the performance of the Children and Family Centres component of the National Partnership Agreement on Indigenous Early Childhood Development and to assess states and territories eligibility for progress payments.</p>

2. The IECD NP Implementation Arrangements

This chapter examines the arrangements used by the Australian Government, in conjunction with state/territory governments, to guide overall implementation of the Children and Family Centres component of the National Partnership Agreement on Indigenous Early Childhood Development (IECD NP). These include the establishment of roles and responsibilities under the IECD NP, cross-jurisdictional governance mechanisms and DEEWR's oversight of the Children and Family Centres component of the IECD NP through the Implementation Plan development and review process.

Introduction

2.1 The National Partnership Agreement on Indigenous Early Childhood Development (IECD NP) is a collaborative funding agreement. In line with the Intergovernmental Agreement on Federal Financial Relations (IGAFFR), it emphasises that while state and territory governments are primarily responsible for local level service delivery, state, territory and the Australian governments share the responsibility for effective implementation.

2.2 The Australian Government, through the Department of Education, Employment and Workplace Relations (DEEWR) is responsible for the broad policy and reform direction of the IECD NP²⁴; reviewing the state and territory Implementation Plans in order to ensure they remain appropriately aligned to the objective of the partnership; assessing the performance of the states and territories; and facilitating the payment of the Australian Government's funding to establish and operate the CFCs. The states and territories are responsible for the actual establishment and operation of the CFCs. In agreeing to fund the IECD NP, the Australian Government expected the relevant Commonwealth portfolio agency to: ensure that it had visibility of local implementation issues; work collaboratively with the states and territories; and take a proactive lead role in ensuring that a strategic, and locally effective, approach to investment and Indigenous service delivery was adopted.

²⁴ DEEWR, as the Commonwealth portfolio agency responsible for early childhood, has an overall policy responsibility for the implementation of the IECD NP. The Federal Financial Circular No 2009/03 *Accountabilities under the new federal financial framework*, states that: 'In relation to policy and reform directions in National Partnerships, the primary responsibility for policy falls to the Portfolio agency, in consultation with the Department of the Prime Minister and Cabinet, Treasury and the States'.

2.3 In practical terms, the mechanisms provided to DEEWR to implement these responsibilities were: chairing the IECD Steering Committee; involvement in some state-based governance arrangements; the negotiation and annual review of Implementation Plans; the review of progress reports; and the subsequent recommendations for milestone payments to be made.

Roles and responsibilities

2.4 The effective implementation of National Partnership Agreements requires that roles and responsibilities be clearly defined, accepted and understood. The roles of parties to a National Partnership are outlined both in the specific partnership agreement document, and more broadly in the IGAFRR and its schedules. The IECD NP identifies the respective roles and responsibilities of the Australian Government, the states and territories, and those that are shared between the governments. In relation to the CFC component, the Australian Government is responsible for:

- providing a financial contribution;
- participating in consultations as appropriate; and
- participating in the planning of bilaterally agreed Implementation Plans as appropriate and where requested by the respective state or territory.

2.5 The states and territories are responsible for:

- planning and implementation of bilaterally agreed Implementation Plans, in consultation with Indigenous communities and stakeholders.

2.6 Together, the Australian Government, states and territories are jointly responsible for:

- ensuring effective implementation of the agreement through COAG;
- evaluating the outcomes of the agreement at a national and local level;
- annually reviewing the Implementation Plans;
- identifying and sharing best practice and assisting with the overall evaluation of the agreement; and
- providing sufficient data to enable a thorough evaluation of the outcomes of the agreement.

2.7 In addition to the responsibilities specifically identified in the IECD NP, DEEWR also has a responsibility to advise the Commonwealth Minister for

School Education, Early Childhood and Youth (the Minister) in regard to the Minister's role in certifying payments to be made to the states and territories for the CFC component of the IECD NP. This is discussed further in Chapter 5.

2.8 As noted in paragraph 2.2, the Australian Government outlined its expectation that DEEWR would ensure visibility of local implementation issues and take a proactive role in ensuring a strategic and locally effective approach was adopted. The responsibilities that were ultimately agreed in the IECD NP limited DEEWR's involvement in developing Implementation Plans as this could only occur when requested by state and territory governments. Similarly, DEEWR's participation in consultations was to occur 'as appropriate' and no further guidance was developed to establish the conditions that would be considered appropriate. As a consequence, the state and territory governments took the lead on the development of Implementation Plans and conducting consultations, effectively constraining DEEWR's role.

Governance arrangements to support implementation

2.9 The IECD Steering Committee was established by the COAG Working Group on Indigenous Reform (WGIR) in April 2008 initially to develop a proposal for Indigenous early childhood initiatives, which subsequently became the draft IECD NP. Following the signing of the IECD NP, the IECD Steering Committee was maintained and given the role of monitoring and driving the implementation of the IECD NP and supporting the work of COAG and WGIR in improving outcomes for Indigenous children.

2.10 The steering committee has responsibility for all three components of the IECD NP and meets at least twice a year, with additional teleconferences as required. Membership of the steering committee comprises:

- (a) The Director of the Office of Early Childhood Education and Child Care, DEEWR, as chair of the steering committee. DEEWR also provide secretariat support to the steering committee;
- (b) The Department of Health and Ageing;
- (c) Department of Prime Minister and Cabinet;
- (d) Department of Families, Housing, Community Services and Indigenous Affairs;
- (e) The Treasury;

- (f) NSW, QLD, VIC, TAS, SA and WA Premier's Departments;
- (g) ACT and NT Chief Minister's Departments; and
- (h) Relevant line agencies from each state and territory.

2.11 In relation to the CFC component of the IECD NP, the steering committee receives status reports from the states and territories at each meeting. To date, the construction of centres has been the focus of these status reports. The meetings are also used as a forum to share information and discuss issues relevant to all jurisdictions. These have included: sensitivities around non-Indigenous children accessing the CFCs; responding to the outcomes of consultations; and difficulties in securing remote area housing for CFC staff.

2.12 The steering committee has, on four occasions, considered and agreed changes to reporting templates and established sub-committees to progress the development of a nationally consistent approach to data collection, monitoring and reporting. In 2012 DEEWR initiated changes to the reporting template which required reports to identify progress and issues by CFC location. This change has substantially increased the location specific information available to DEEWR.

2.13 The committee has also focused on planning the implementation of a national evaluation of the IECD NP with the results of the evaluation due in 2014. Resolution of the baseline and data collection methodologies, initiated in 2009, for the CFC component of the IECD NP remained a work-in-progress of the steering committee in 2013. Data collection issues are discussed further in Chapter 5.

2.14 The IECD Steering Committee was designed to serve as a link to WGIR which has an overview role to play in relation to all Indigenous National Partnership Agreements. While attention has been given to a range of national level issues, more limited attention has been given by the committee to monitoring progress towards the service delivery reform anticipated in the IECD NP. In this respect, the IECD Steering Committee Terms of Reference stated that the steering committee would report to WGIR. Following the establishment of the steering committee, and a report provided to WGIR in 2009, there has been no consistent reporting to WGIR on the IECD NP and no formal reporting requirements were established for reporting on the IECD NP to WGIR beyond the initial establishment phase.

2.15 In the later years of the agreement, DEEWR has taken several steps to strengthen overall governance arrangements. These include: increased frequency of bi-lateral meetings between senior officials; requiring CFC site specific information in the reporting template for the states and territories; and agreeing to more frequent and regular reporting to COAG. In this respect it was agreed by the steering committee at its June 2012 meeting that reports will, in future, be provided to both the Standing Council on School Education and Early Childhood (SCSEEC) and the Standing Council on Health (SCoH), enabling greater oversight by COAG during the final 18 months of the agreement. Further, DEEWR has advised that the department intends to report to WGIR on a six monthly basis for the remaining twelve months of the IECD NP.

State and territory governance

2.16 Each state and territory government has established its own arrangements to oversee the implementation of CFCs in their jurisdiction. Typically these are governance or advisory bodies which include the responsible state or territory government agency and other related state or territory agencies. These bodies consider implementation issues such as the selection of CFC locations and processes for undertaking consultations. In some instances, Indigenous peak bodies and DEEWR state office representatives have been invited to attend the meetings of these bodies. The inclusion of DEEWR staff in these meetings has most commonly been reported to have occurred in states and territories where strong professional relationships exist between state government and DEEWR officials and where those officials have considered DEEWR's participation to be appropriate.

Sharing better practices

2.17 The IECD NP requires the Australian Government, states and territories to work in partnership to identify and share best practice across all the parties of the agreement. The IECD Steering Committee, acting as an information sharing forum, provides for the parties to the agreement to raise issues and share better practice. Additionally, the Northern Territory Government and Australian Capital Territory Government each hosted forums in 2010, designed to share information on integrating services, to which the members of the IECD Steering Committee were invited. In May 2012, the Victorian Government also hosted a forum for CFC managers and staff with the aims of:

- strengthening leadership capacity and networks;
- sharing ideas;
- discussing CFC establishment and operational issues; and
- providing speakers on approaches to integrating early childhood services.

2.18 DEEWR provided financial support to host the Victorian forum. Such information sharing approaches are valuable and the IECD Steering Committee has approached other states to host forums in the future.

Implementation planning

2.19 Giving early and formal consideration to implementation issues enhances the likelihood that policy outcomes will be achieved. Implementation Plans are a common requirement under National Partnership Agreements and aim to provide a map of how an initiative will be implemented in a specific state or territory. Implementation Plans are bilateral agreements between the Australian Government and each respective state or territory, addressing matters such as timeframes, phases of implementation, roles, responsibilities, and resourcing. For the Australian Government, involvement in the implementation planning process provides a key means to ensure the reform objectives are pursued as anticipated, and to obtain visibility of the strategies proposed in each state and territory.

2.20 The original IECD NP (agreed in October 2008) called for the development of workplans which provided details on how outputs (such as building CFCs) and outcomes would be delivered. In the revised IECD NP (agreed in July 2009) the workplans were converted to bilaterally agreed Implementation Plans, but essentially served the same purpose.

IECD Workplans

2.21 Workplans were developed as schedules to the original IECD NP. To promote a nationally consistent approach, DEEWR provided a template to the states and territories for developing workplans. The workplans were to detail:

- how jurisdictions would contribute to achieving the outcomes identified in the IECD NP;
- the timing and recording of community consultations; and
- performance indicators to be used.

2.22 DEEWR's template facilitated a structured approach to the development of workplans and sought information on relevant aspects of program delivery including:

- site locations;
- building and refurbishment management;
- service delivery models;
- staffing and workforce development;
- linkages and coordination with other community services;
- community involvement;
- data collection and reporting; and
- risk management.

2.23 For each of these categories, the workplans were to identify key aspects such as: aim; roles and responsibilities; strategies for delivery; measures of progress; timeframes for delivery; and, estimated cost.

2.24 Each state and territory submitted a workplan to DEEWR. The plans largely provided an indication of the approaches intended to be adopted although the nature of the information provided varied across states and territories. For example, the workplans did not identify payment schedules or outline the basis on which payments would be made. Some costings data was included, but the figures were broad and the approach to costings varied across states and territories.

Implementation Plans

2.25 Following the implementation of the IGAFRR in January 2009, the Department of the Prime Minister and Cabinet, and the Treasury developed preliminary guidance for the development of Implementation Plans to support National Partnership Agreements. The guidance outlined the principal characteristics of Implementation Plans. Specifically, plans should be:

- derived from the National Partnership Agreement to which it relates;
- simple, specific, clear and succinct;
- jargon free and comprehensible to the public;
- agreed; and
- based on sound program logic.

2.26 As the IECD NP had been developed prior to the guidance becoming available, the agreement was revised in July 2009. The revised IECD NP required the development of Implementation Plans by each state and territory. While the 2009 agreement identified that the previous workplans would simply be 'referred to as Implementation Plans'²⁵, all states and territories were nonetheless required to negotiate new Implementation Plans with the Australian Government, primarily to meet the requirement that payments be linked to achievement of agreed milestones.

2.27 DEEWR subsequently developed general advice on Implementation Plans, an Implementation Plan template, and a sample plan, which it provided to the states and territories. DEEWR's advice identified the main categories of milestones that states and territories were required to report against. States and territories were requested to identify specific milestones, how they would be achieved and the Australian Government payment amount they planned to claim for each reporting period. DEEWR was not prescriptive in this respect and allowed states and territories to develop their own payment schedule in line with how they planned to manage the establishment of their centres.

2.28 The Implementation Plan template developed by DEEWR structured the plans in a form similar to the earlier workplans and the headings and topics identified in the workplans (and listed in paragraphs 2.21 and 2.22 above) were broadly retained. The structure of the Implementation Plans varied from the previously agreed workplans by the inclusion of an additional table which provides a summary of the milestones and associated Australian Government payments for each of the six-monthly reporting periods outlined in the IECD NP. The Implementation Plans developed by states and territories generally allocated the total funding under the IECD NP across all the reporting periods rather than attributing actual costs to each separate milestone. Accordingly, the amounts which were agreed to be payable on completion of milestones have no direct relationship with the actual cost incurred in achieving that milestone.

2.29 The information provided by states and territories in their Implementation Plans, and accepted by DEEWR, was variable both in the level of detail and the type of information provided. Some Implementation Plans only provided general high level aspirational comments with minimal

²⁵ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 19d.

information regarding the approach to developing integrated early childhood services. For example, some Implementation Plans noted that the strategy to develop integrated service delivery approaches would be identified ‘through consultation’. One Implementation Plan provided dates for the expected completion of construction of multiple CFCs but did not provide dates for the planning or commencement of construction. By contrast, other Implementation Plans provided substantive information, including which agencies would be involved and the types of services expected to be implemented.

2.30 Implementation Plans are not required to be detailed. Rather they are to provide sufficient information to provide the public with confidence that there is a strategy in place for implementation.²⁶ The absence of core information, such as planned construction completion dates, or an indication of which agency is responsible for the development of integrated service models, diminishes the value of the Implementation Plan. Further, in providing funding, the Australian Government anticipated that each CFC would operate a 50-place child care centre, and this was used as the basis to determine the construction and operational funding estimates amounts provided to the states and territories. Some Implementation Plans submitted by states and territories indicated an intention not to provide child care in some of the CFCs. In recommending these Implementation Plans to the Minister, DEEWR did not draw attention to the potential impact the absence of child care would have on a centre’s viability even though DEEWR expected funding for child care services to be a key component of the ongoing revenues available to CFCs once Australian Government direct funding ceased on completion of the IECD NP. This is discussed further in Chapter 4.

2.31 In line with the intent of providing increased public accountability, it was expected that Implementation Plans would be progressively and regularly updated as additional information became available and as key decisions were made. There has, however, been minimal updating of Implementation Plans. Where changes and updates have been made they have generally been to adjust timeframes for construction.

²⁶ Federal Finances Circular 2011/04 *Developing Implementation Plans for National Partnerships*, p. 1.

DEEWR's input into Implementation Plans

2.32 As previously indicated, the IECD NP identified that the Australian Government's role included 'participating in the planning of bilaterally agreed Implementation Plans as appropriate and where requested by the respective state or territory'.²⁷ In practice, the states and territories prepared their Implementation Plans independently of DEEWR and submitted them to DEEWR for review. DEEWR received and considered the draft Implementation Plans prior to providing the drafts to the Australian Government Department of Finance and Deregulation and to the Treasury for their consideration.

2.33 Due to the requirement for Implementation Plans to be bilaterally agreed, DEEWR has been constrained in its ability to influence either the content or the level of detail in Implementation Plans. In some cases, DEEWR advised states and territories that the draft Implementation Plans were inadequate for facilitating public accountability, or that DEEWR had concerns about the approach being proposed, including regarding the mechanisms for the provision of child care. However these actions by DEEWR did not result in significant changes to the final agreed Implementation Plans in question.

Review and revision of Implementation Plans

2.34 The IECD NP requires Implementation Plans to be reviewed by the parties annually following the receipt by DEEWR of the annual reports provided by each state and territory. This was to enable adjustments to be made to the Implementation Plans in light of implementation experience. Annual reports are due to DEEWR by 31 August each year but the IECD NP does not specify a time period for DEEWR to review any subsequent Implementation Plans. Three jurisdictions (Tasmania, South Australia and Western Australia) had Implementation Plans agreed during the 2009–10 financial year. The subsequent annual reports from these jurisdictions were received in September 2010 (Tasmania, Western Australia), and February 2011 (South Australia) and the respective Implementation Plans have been reviewed. Following this review, revisions were made to the South Australian Implementation Plan.

²⁷ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 38 (c).

2.35 Four states and territories (Australian Capital Territory, Victoria, New South Wales and the Northern Territory) had Implementation Plans agreed during the 2010–11 year. The subsequent annual reports from these jurisdictions were all received by November 2011 and were reviewed by June 2012. Negotiation on revisions to the Queensland and Northern Territory Implementation Plans were in progress at the time of publication of this report. DEEWR advised the ANAO that it expects to publish all revised Implementation Plans on the COAG website together once negotiations have been concluded with Queensland and the Northern Territory.

Conclusion

2.36 In situations where programs funded by the Australian Government are delivered in multiple states and territories, and where shared responsibilities for outcomes exist, it is important that the relevant Australian Government department establishes appropriate arrangements to maintain visibility over implementation so as to be assured that it remains consistent with the expressed policy directions and objectives.

2.37 The IECD Steering Committee is the principal overarching governing mechanism for the IECD NP. The steering committee meets at least twice annually and provides a forum where progress, particularly in relation to construction targets, is discussed between IECD NP partners and issues impacting on implementation are shared. The steering committee has not, however, given attention to whether broader national service reforms are being effectively implemented. The steering committee has had an ongoing and critical role to develop and agree national data collection mechanisms for CFC performance although this has progressed slowly and performance data will only commence to be reported from August 2013.

2.38 Implementation Plans were required to be developed by each state and territory government and submitted to DEEWR for approval. Although templates and guidance were provided by DEEWR to promote consistency across the plans, the type of information and level of detail included varied across states and territories. DEEWR was also required to undertake annual reviews of the plans following the receipt of progress reports from state and territory governments so that plans could be jointly adjusted to reflect actual implementation experience. At the time of preparing this report, while Implementation Plans had been reviewed, no revised Implementation Plans had been made publicly available.

3. Service Site Location Planning and Consultations

This chapter examines the processes used to select locations for Children and Family Centres and to engage with stakeholders in the planning and development of the National Partnership Agreement on Indigenous Early Childhood Development.

Introduction

3.1 Following the finalisation of the National Partnership Agreement on Indigenous Early Childhood Development (IECD NP), the state and territory governments selected suitable locations in which to establish Children and Family Centres (CFCs). In line with the principle of community engagement highlighted in the IECD NP, state and territory governments also needed to undertake extensive consultations with key partners and stakeholders to ensure proposed services would meet local needs and complement existing services. The outcomes of the consultations were then meant to inform key components of the Implementation Plans.

Service site location selection

3.2 The Council of Australian Governments (COAG) sought to achieve a balanced distribution of CFCs, noting that they needed to be established in urban, regional and remote areas. Within this approach, two broad criteria were identified for the locations of CFCs. These criteria were that CFCs should be located in areas with high Indigenous populations, and high levels of disadvantage. State and territory governments were responsible for selecting locations for CFCs. However, it was a requirement of the Implementation Plans that all locations had to be agreed by the Australian Government, with the Commonwealth Minister endorsing the locations identified by the state and territory governments.

3.3 The number of CFCs agreed by COAG to be established in each state and territory is shown in Table 3.1. The table also indicates the proposed distribution between urban and regional/remote centres.²⁸

²⁸ ANAO analysis of the 38 CFC locations using remoteness area data (Major Cities, Inner Regional, Outer Regional, Remote and Very Remote) from the Australian Bureau of Statistics (ABS) shows that:

- 7 CFCs are in urban areas (Major Cities);

Footnote continued on the next page...

Table 3.1**Allocation of CFCs by urban and regional/remote areas**

Proposed centres	NSW	QLD	VIC	SA	WA	TAS	NT	ACT	Total
Urban	5	4	1	1	1	1	1	1	15
Regional/remote	4	5	1	2	4	0	4	0	20
Total	9	9	2	3	5	1	5	1	35²⁹

Source: National Partnership Agreement on Indigenous Early Childhood Development, Table 1.

3.4 While the IECD NP identified two broad selection criteria, no further guidance was provided in the agreement on how these should be assessed. Through the Implementation Plan template, each state and territory government was also asked to identify additional criteria it would use to select suitable locations within the broad criteria of high Indigenous populations and disadvantage. The governments relied on data available from the Australian Bureau of Statistics (ABS) to inform the selection of locations and predominantly justified their selections through reference to the Indigenous population and disadvantage criteria. Other criteria for location selection included existing service levels and the availability of land in possible locations.

3.5 In terms of assessing population levels, a factsheet developed by DEEWR provided further advice, stating that centres would be concentrated in areas where there is a high proportion of Indigenous children under five years of age. While many of the states and territories identified Indigenous population data as a criterion in their selections, only Western Australia and Queensland specifically identified Indigenous population data for children aged between zero and four as a criterion in their Implementation Plans.

3.6 ANAO analysis³⁰ of CFC locations against national, state and territory Indigenous populations showed that:

- 35 of the 38 CFC locations had Indigenous populations higher than the national average;

-
- 15 CFCs are in regional areas (Inner Regional and Outer Regional); and
 - 16 CFCs are in remote areas (Remote and Very Remote).

²⁹ The original number of CFCs as outlined in the IECD NP was 35. However, as noted in paragraph 1.11, COAG requested state and territory governments to consider establishing additional centres. Three states (Queensland, South Australia and Tasmania) were each able to build an additional centre, which brought the total to 38 centres.

³⁰ Data from ABS 2006 Census. This was the most recent Census data at the time of the CFC location selection process.

- 34 of the 38 CFC locations had Indigenous populations higher than their state/territory average;
- three locations had Indigenous populations below the national average;³¹ and
- four locations, all in urban areas, had Indigenous populations lower than their state/territory average.³²

3.7 As noted in paragraph 3.2, the IECD NP also required that CFCs be established in urban, regional and remote areas. Nationally this distribution has been achieved, although in Victoria, Tasmania and the Australian Capital Territory the nature of Indigenous population distribution and the numbers of CFCs to be established resulted in CFCs being established in urban and/or regional areas only.

3.8 In relation to the disadvantage selection criterion, DEEWR's factsheet identified that CFCs would be located in areas with high disadvantage and a demonstrated need for children and family services. The states and territories considered disadvantage from a number of perspectives when developing selection criteria for inclusion in their Implementation Plans. Some state and territory governments considered the levels of service provision and need, thus identifying possible service gaps, while others sought to measure disadvantage using the Australian Bureau of Statistics Socio-economic Indexes for Areas (SEIFA). SEIFA is a suite of four summary measures, derived from Census data, to measure different aspects of socio-economic conditions by geographic areas (such as postal areas). SEIFA scores provide a measure of relative disadvantage.³³

3.9 One of the four SEIFA measures is the Index of Relative Socio-economic Disadvantage which is derived from census variables related to disadvantage, including: income; educational attainment; employment; percentage of people

³¹ The national Indigenous population average is 2.3 per cent. Adelaide/Christies Beach has an Indigenous population of 1.2 per cent. Whittlesea has an Indigenous population of 0.7 per cent. West Belconnen has an Indigenous population of 1.1 per cent.

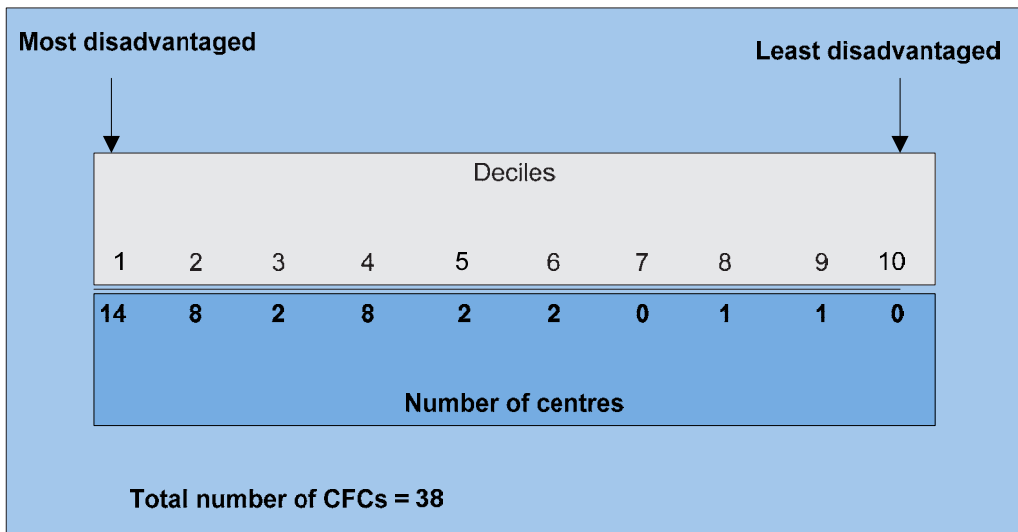
³² Swan (Perth) has an Indigenous population of 2.8 per cent against the state average of 3 per cent. Christies Beach (Adelaide) has an Indigenous population of 1.2 per cent against the state average of 1.7 per cent. West Belconnen (Canberra) has an Indigenous population of 1.1 against the territory average of 1.2 per cent. Palmerston (Darwin) has an Indigenous population of 7.5 per cent against the territory average of 27.8 per cent.

³³ A SEIFA score is created using information about people and households in a particular area. To determine relative levels of disadvantage and to compare areas across Australia, each postal code in Australia has been allocated a score, which correspond to a decile. Areas (for example, postal areas) in decile one (most disadvantaged) can be compared to the distribution of postal areas in decile ten (least disadvantaged).

who identified themselves as being of Aboriginal and/or Torres Strait Islander origin; and percentage of people aged 15 years and over who did not go to school. The ANAO examined the Index of Relative Socio-economic Disadvantage measures for each of the locations, by post code, selected for CFCs. The distribution of locations by decile³⁴ (the ABS' recommended measure) is provided in Figure 3.1.

Figure 3.1

Distribution of CFCs



Source: ANAO analysis of 2006 SEIFA: Index of Relative Socio-economic Disadvantage (ABS).

3.10 As Figure 3.1 demonstrates, 22 of the locations selected for CFCs are in deciles 1 and 2 and are therefore in areas of high relative disadvantage. There are four locations that, when compared on a national scale, are ranked as having relatively low levels of disadvantage. Mackay (Queensland), Whyalla (South Australia), Whittlesea (Victoria) and West Belconnen (Australian Capital Territory) each received scores that indicated lower levels of disadvantage when compared to other areas in Australia. However, as noted in paragraph 3.8, disadvantage was only one of several selection criteria used for location selection. Although not classified as experiencing high

³⁴ Decile measures divide all scores into ten equal groups with the lowest ten per cent of scores grouped in decile one, the second lowest ten per cent of scores grouped into decile two, and so on up to the highest ten per cent of scores grouped into decile ten. The deciles cover areas across the whole of Australia and are used to compare relative levels of disadvantage across all areas within the country. The lowest deciles represent areas with the highest levels of disadvantage.

disadvantage using the SEIFA measurement, Queensland reported that Mackay had a high proportion of Indigenous children in the 0–4 age bracket and that there were no Indigenous specific early childhood services available. Similarly, in Whyalla, the South Australian Government reported high numbers of Indigenous children in the 0–4 age bracket and higher than average levels of unemployment in the Whyalla Local Government Area.

Endorsement of locations

3.11 Following their selection processes, the state and territory governments wrote to the Commonwealth Minister between February and September 2009, nominating their preferred locations for CFCs. DEEWR considered the nominated locations and provided a recommendation to the Minister on whether to endorse the proposed locations or not. DEEWR supported the locations nominated by the state and territory governments in every case, and these were subsequently endorsed by the Minister between March and October 2009. Overall, the selection of locations is consistent with the broad guidance provided in the IECD NP and DEEWR’s associated factsheet.

3.12 The previous Australian Government’s Innovative Child Care Service Hubs program was a precursor to the IECD NP which sought to establish child care hubs in 20 regional and remote locations. Four locations were previously determined to be suitable locations for child care hubs: Halls Creek (in Western Australia), Mount Isa (in Queensland); and Maningrida and Yuendumu (both in the Northern Territory). These four locations were again assessed by the respective state and territory governments against the new criteria for CFCs, and were subsequently approved.

Location of centres within communities

3.13 The IECD NP did not provide guidance about where centres should be situated in communities, with COAG agreeing that states and territories should contribute land for the centres. Some states used the community consultation process to identify the community’s preferred location for a centre, with land sometimes donated by Indigenous groups or by the state or local government. A number of states and territories made an early policy decision to locate CFCs on state-owned land, at times including a stated preference for land on or near school sites.

Consultation and engagement

3.14 Effective stakeholder engagement is a key consideration in the implementation of policy and program initiatives. It is widely recognised that genuine engagement with Aboriginal and Torres Strait Islander Australians is essential to the effective implementation of the Closing the Gap strategy.³⁵ Effective engagement can increase access to, and take up of, programs and services, and lead to more sustainable outcomes. The service delivery principles for programs and services for Indigenous Australians (outlined in the National Indigenous Reform Agreement) identify the engagement of Indigenous men, women and children, and communities, as being central to the design and delivery of programs and services.

3.15 In line with the service delivery principles, the IECD NP emphasised the importance of stakeholder consultation, stating that it is ‘fundamental’ to the success of the agreement and ‘integral’ to the successful implementation of the CFC initiative. In relation to consultation, the IECD NP required:

- extensive consultation across all key partners and stakeholders including but not limited to Indigenous communities, non-government organisations delivering the services and industry peak bodies be initiated at the earliest opportunity by states and territories;
- the Australian Government to participate in consultations ‘as appropriate’;
- outcomes of consultations to be documented and become a key component of Implementation Plans; and
- outcomes of consultations to be shared, wherever practicable, to enable a strengthening of best practice by other state and territory consultative exercises.

3.16 To support these overarching requirements, DEEWR provided additional guidance through a factsheet which identified that consultations may contribute to decisions on:

- the site of a centre (within the community);
- how best to design a new facility or adapt an existing facility;

³⁵ Council of Australian Governments (COAG), *National Indigenous Reform Agreement: Service delivery principles*.

- the services most needed in the community;
- the existing community services and resources that should be built into a centre; and
- how to involve the community in the ongoing operation of a centre.

3.17 In order to manage expectations, and to avoid disappointing non-CFC recipient communities, locations were generally selected by mechanisms internal to government prior to wider community and location specific consultations occurring. Initially, state and territory government agencies engaged with other government agencies, sometimes incorporating input from peak bodies. For example, in Queensland a state-wide implementation reference group was established which included the Queensland Government and five Aboriginal and Torres Strait Islander organisations, including a combination of non-government organisations and peak bodies.

3.18 Most states and territories established formal community consultation groups in each CFC location to gain input from community stakeholders on issues important to the community. Known variously as Local Enabling Groups, Local Advisory Committees and Local Reference Groups, the role and membership of the groups varied across the states and territories and between CFC locations. For example, one state advised the ANAO that membership of the reference groups in urban locations included higher representation from government officers and service providers, whereas the regional/remote groups had stronger Indigenous community representation.

3.19 Community level consultations occurred in phases. In some states and territories general information sessions were held in the community (for example, through community meetings and discussion with parents) before more formalised consultative forums were established. As each state and territory approached consultations differently, the establishment of community consultation groups did not occur in all locations. In some smaller remote communities it was reported that there was not a need or capacity to set up a new group and communities instead used existing groups or structures to conduct consultations. For example, in Fitzroy Crossing (Western Australia) the Fitzroy Futures Forum (an existing community governance body) was used as the community consultative body for the establishment of the local CFC.

3.20 While acknowledging that there are divergent views in any consultation process and that some consultations were more comprehensive than others, during fieldwork the ANAO observed that the degree of

satisfaction with the consultation processes varied. In some cases, the opportunity to engender a 'sense of community' and influence the design and function of the centre were listed as highlights. In other cases, stakeholders felt that consultations had been limited, which led to frustration and disappointment. In most cases, a mixture of enthusiasm for the concept was tempered by some frustrations with the actual process.

3.21 The timing of when consultations commenced was a matter of interpretation by the states and territories. Reported commencement dates can range from when general discussions were held with community members, to when formal consultation groups were established. Consultations commenced between January 2009 and June 2010, with the shortest consultations taking five months to complete (in Victoria and Tasmania), and the longest taking 17 months (in the Northern Territory).

Consultations with partners and stakeholders

3.22 In addition to consultations with affected communities, the IECD NP required 'extensive consultation across all key partners and stakeholders, including but not limited to Indigenous communities, non-government organisations delivering the services and industry peak bodies'.³⁶ Implementation groups established by the lead state and territory government agencies commonly provided a mechanism to consult with and involve other government departments, in some instances they also involved Indigenous peak bodies and other non-government groups. While the IECD NP does not preclude national level consultations it places the primary responsibility of consultations on the states and territories. In this context, DEEWR did not seek to undertake national level consultations.

3.23 The Secretariat of National Aboriginal and Islander Child Care (SNAICC) is a national peak body that represents the interests of Aboriginal and Torres Strait Islander children and families. SNAICC advised that it was consulted and provided input into the earlier Innovative Child Care Hubs program, but involvement with the CFCs at the national level has been limited.

3.24 DEEWR advised that, while SNAICC was not considered to be a stakeholder in the IECD NP, it does consult with SNAICC in relation to early childhood development policies and National Partnerships through other

³⁶ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 51.

forums. For example, SNAICC is a member of the DEEWR-funded National Children's Services Forum which advocates for high quality children's services.

DEEWR's participation in consultations

3.25 The Australian Government was only required to participate in consultations 'as appropriate'. DEEWR participated in higher level inter-governmental consultations, for example through the IECD Steering Committee and some state-wide implementation reference groups. DEEWR's participation in local-level consultations, however, was primarily limited to its state office staff attending some community meetings. Given the states and territories were responsible for undertaking consultations, DEEWR advised that it consciously took 'a back seat role' in local level consultations.

3.26 There were no specific guidelines provided to DEEWR's state and territory staff regarding their role in consultations. An internal audit undertaken by DEEWR in 2012 noted 'that the scope and complexity of the implementation of [the CFC component of the IECD NP] is such [that] State Network officers in the jurisdictions are well placed to contribute to CFC implementation', and reflected that this capability has not been effectively used by DEEWR to date. In line with that view, some of DEEWR's state office and regional staff noted to the ANAO their view that the limited expectations regarding their involvement in these consultations restricted their ability to contribute to the project, both at the local level and in providing feedback to DEEWR's national office on its development.

3.27 The flexibility provided to the states and territories in conducting consultations was appropriate given that different approaches may be required to suit individual community needs. DEEWR state office staff attended some local-level consultations when invited by the state or territory, however, there were no formal communication processes in place to ensure that information, when available, was shared internally within DEEWR. In the absence of a structured approach to involvement in local consultations, DEEWR's actual participation in local-level consultations was varied and generally not visible to the national office.

Documentation of consultations

3.28 The IECD NP outlines that:

The outcomes of consultations should be documented and become key components of the Implementation Plans and, wherever practicable, be shared to enable a strengthening of best practice by other State and Territory consultative exercises. Outcomes of consultation and engagement will be included in annual national reports to COAG.³⁷

3.29 The amount of documentation relating to consultations varied between the states and territories. DEEWR holds limited documentation on consultations, except in two instances where the Australian Capital Territory and Western Australian governments provided DEEWR with reports on consultations covering two locations.

3.30 Consultations had mostly concluded before Implementation Plans were submitted to the Australian Government for agreement, and all consultations had taken place prior to the Commonwealth Minister agreeing to the Implementation Plans. Despite the timing of consultations and Implementation Plan submissions, the states and territories did not include details regarding the outcome of consultations in their Implementation Plans as required by the IECD NP. Neither DEEWR nor the Commonwealth Minister required states and territories to include details of the outcomes prior to the plans being signed-off and, to date, the outcomes of consultations have not been reported in any national report to COAG.

3.31 DEEWR advised the ANAO that information relating to community consultations was provided to it as part of biannual reports from the states and territories. Generally, these reports identified that consultations had taken place and included varying levels of detail, but some provided little or no detail on the outcomes of consultations. As noted in paragraph 3.28, COAG envisaged that the documentation of consultations would facilitate strengthening of best practice approaches. Given DEEWR's limited direct involvement in community consultations, requiring the states and territories to provide information on issues raised within consultations would have given DEEWR greater awareness of emerging issues and been in line with COAG's expectations in relation to the sharing of best practice approaches.

³⁷ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 53.

Conclusion

3.32 The identification of locations for CFCs was undertaken by state and territory governments. The majority of the locations subsequently proposed by the states and territories, and agreed by DEEWR, were consistent with the requirements of the IECD NP that CFCs be located in areas of high Indigenous populations and disadvantage within each jurisdiction. The IECD NP also required that CFCs be established in urban, regional and remote areas. Nationally, this distribution has been achieved although in Victoria, Tasmania and the Australian Capital Territory the nature of Indigenous population distribution and the numbers of CFCs to be established resulted in CFCs being established in urban and/or regional areas only.

3.33 Consultation processes were led by state and territory governments with DEEWR to be involved as appropriate. Other than preparing a factsheet on the potential decisions that consultations might contribute to, DEEWR did not clarify the interpretation of 'appropriate involvement' in the context of CFCs and, as a result, the involvement of DEEWR staff in consultations was variable and not systematic. Some information about consultations and consultation processes was included in state and territory reports but no significant information about the outcomes of consultations was prepared and the opportunity envisaged by COAG for sharing best practice on consultation approaches between states and territories was limited.

4. Implementation

This chapter examines the implementation of the National Partnership Agreement on Indigenous Early Childhood Development, the changes to the anticipated roll out schedule and the issues emerging from the operation of Children and Family Centres.

Introduction

4.1 The achievement of the objectives in the National Partnership Agreement on Indigenous Early Childhood Development (IECD NP) rests on effective implementation by the state and territory government agencies of the deliverables agreed in their Implementation Plans. As the Australian Government department with policy responsibility, the Department of Education, Employment and Workplace Relations (DEEWR) shares this accountability with the states and has a particular role to ensure that overall implementation is meeting the Australian Government's objectives. In this respect, DEEWR needed to consider a range of issues including: the overall commencement of services; the extent to which integrated approaches are being pursued; and the ongoing sustainability of services established through the IECD NP.

4.2 The implementation of services and the construction of Children and Family Centre (CFC) facilities has been affected by a range of factors. These include changes to the initial rollout schedule arising from the revision of the IECD NP, as well as practical delays on the ground. As at May 2013, there were 33 CFCs providing services, including 13 from completed centres and 20 from interim premises. Refer to Appendix 3 for the status of all 38 CFCs as at May 2013.

Construction and service delivery schedule

The initial roll out schedule

4.3 An initial implementation schedule was developed at the time the IECD NP was agreed. This schedule was used to calculate the amount of funding to be distributed from the Australian Government to each state and territory each year. The funding was to provide for construction and subsequent operational expenses of CFCs.

4.4 The initial budget allocation assumed that services would commence in CFCs in the year following their construction. As a result of the progressive

construction schedule, the four CFCs to be constructed in 2008 would receive operational funding for the remaining five years of the agreement to 2014. A further 16 CFCs would receive funding for four years, 10 CFCs were anticipated to operate for the last three years of the agreement and five CFCs were expected to operate for the final two years. This equates to a cumulative total of 124 operational CFC years over the life of the IECD NP as originally planned. This is shown below in Table 4.1.

Table 4.1

Initial rollout schedule for construction and services

Initial construction dates	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	Total
Number of CFCs constructed	4	16	10	5	0	0	35
Cumulative CFC operational years	-	4	20	30	35	35	124

Source: ANAO analysis of DEEWR files.

4.5 As discussed in Chapter 2, the schedule developed in 2008 was subsequently required to be revised in order to develop Implementation Plans which included agreed amounts payable on the achievement of specific milestones. Implementation Plans were agreed in 2010 and 2011. One impact of the need to negotiate Implementation Plans was that the original schedule for service operations was amended, as shown in Table 4.2.

Table 4.2

Revised rollout schedule for services

Service delivery commencement as per Implementation Plans	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	Total
Number of CFCs commencing operations	0	3	11	17	5	2	38
Cumulative CFC operational years	-	3	14	31	36	38	122

Source: ANAO analysis of the Implementation Plans.

4.6 Under the revised Implementation Plans, three CFCs would receive operational funding for four years prior to June 2014, 11 CFCs for three years, 17 CFCs for two years, five CFCs for one year and two CFCs for less than one

year. This equates to a cumulative total of 122 operational CFC years. Although this is lower than the cumulative operating years initially agreed to, no adjustments were made to the level of Australian Government funding and DEEWR did not provide advice to the government in this respect.

4.7 At a national level, the potential savings from the reduction in operational years are balanced by the provision of the additional three centres,³⁸ and the provision of services from interim facilities, although not all state and territory governments have taken steps to address the shortfall in operating years. For example, while Western Australia has deferred commencement of operations to later years, it has not provided interim services nor has it provided any additional centres. There has been no renegotiation of funding for the Western Australian Implementation Plan to reflect the fewer number of years that CFCs will be operational in that state.

Delays to the construction program

4.8 As noted in Chapter 2, Implementation Plans were agreed on a bilateral basis between the Australian and respective state and territory governments. The revised construction program proposed by the states and territories, and agreed to by DEEWR, was optimistic. Construction of CFCs has been slower than anticipated as a number of factors have had an impact on the construction program including:

- locating suitable land with appropriate development zoning to suit a CFC facility;
- the time required for meaningful consultations with communities about the nature of services; and
- the requirement for negotiations over the use of Native Title land.

4.9 As at May 2013, 13 centres were operating from completed premises and a further 20 centres were providing interim services from temporary premises. DEEWR advised that each of the remaining centres will be constructed prior to the expiry of the IECD NP in June 2014. However there is a reasonable risk that a small number of centres planned for construction in 2013–14 will not be completed by June 2014. Information provided by DEEWR to the Minister in February 2013 observed that in three locations in the

³⁸ As noted in paragraph 1.11, Tasmania, South Australia and Queensland each agreed to establish an additional centre.

Northern Territory the tenders for construction had not yet commenced. There is no mechanism within the IECD NP to roll funds over after the expiration of the agreement in June 2014.

Use of interim facilities to deliver of services

4.10 Where construction of the CFCs was deferred or delayed, all jurisdictions, except Western Australia, initiated services from interim facilities in order to achieve the schedule for service provision agreed to in Implementation Plans. The impact on services arising from delays in construction have therefore been minimised, in most states and territories, by the use of interim services. However, the extended use of interim services may affect the achievement of COAG's aim for the development of integrated services, as some interim facilities are not well suited for the provision or integration of services.

Establishing service delivery models

4.11 States and territories drew on a variety of sources to inform how they would deliver children and family services to the public, including service delivery models already employed in similar facilities. In some cases, feedback from stakeholders was considered before deciding on a model. Overall, states and territories adopted one of two service delivery models, with CFCs being:

- operated and managed by a state or territory government agency; or
- operated and managed by a non-government service provider under a funding agreement with the state or territory government.

4.12 The Australian Capital Territory, South Australia and Tasmania all decided to adopt state-run models. The Australian Capital Territory and South Australian governments had already been operating state-run mainstream services similar to CFCs prior to the commencement of the IECD NP, while in Tasmania the state government had progressed plans for the operation of state-run mainstream centres, again similar to the CFCs.

4.13 The five remaining jurisdictions (Queensland, New South Wales, Western Australia, Victoria and the Northern Territory) opted to outsource the management and operation of their CFCs to non-government service providers, including Indigenous organisations. The outsourcing was typically undertaken through a tender process, where potential operators were required to demonstrate an ability to connect with and effectively provide services to Indigenous Australians and other disadvantaged sections of the community.

Integrated services

4.14 The IECD NP advocates the integrated delivery of services as the best approach to achieving the early childhood development aims sought by COAG. Other than requiring CFCs to provide early learning, child care and parent and family support services to Indigenous families at or through each CFC, and requiring the integration of CFCs management, governance and service systems, the IECD NP does not provide clear guidance on the nature of integrated services, or how they should operate. In general, integrated services have been variously described as:

- the [connection of] services of different types so as to create a system that is more comprehensive and cohesive, as well as services being more accessible and more responsive.³⁹
- a single system of service planning and/or provision put in place and managed together by partners who nevertheless remain legally independent.⁴⁰

4.15 In 2011, the New South Wales Government convened a workshop, attended by DEEWR, relating to the CFCs, where the following definition of integrated services was proposed:

Integrated services provide access to multiple services to children and families in a cohesive and holistic way. They recognise the impact of family and community contexts on children's development and learning and focus on improving outcomes for children, families and communities. Through respectful, collaborative relationships, they actively seek to maximise the impact of different disciplinary expertise in a shared intent to respond to family and community contexts.⁴¹

4.16 Fundamentally, integrated services provide clients with an entry point to a suite of coordinated services in order to directly and efficiently address a broad spectrum of needs.⁴² Traditional service delivery models require issues or problems to be well established in order for a client to be eligible for

³⁹ Centre for Community Child Health, *Integrating Services for Young Children and their Families*, 2009.

⁴⁰ Attributed to the Integrated Care Network (2004) in K Brown and K White, *Exploring the evidence base of Integrated Children's Services*, Scottish Executive Education Department, 2006, p. 6.

⁴¹ Attributed to Press F., Sumsion, J. and Wong, S. *Integrated Early Years Provision in Australia, A research project for the Professional Support Coordinators Alliance in Commonwealth/State Integration Workshop Paper*, 2010.

⁴² Government of Western Australia, Department for Communities, *Integrated Service Development: A framework for children and family services* (discussion paper), 2009.

specialist services. Additionally, 'targeted services' normally require clients to be part of an 'at risk' category. By contrast, in an integrated service model, both targeted and specialist services are focused on addressing issues as they emerge. By embedding specialist and targeted services within a service for which everyone is eligible, an integrated service can provide appropriate support without stigmatisation, or requiring problems to become entrenched prior to responding.⁴³ The Secretariat of National Aboriginal and Islander Child Care (SNAICC) suggests that integrated services 'have the potential to respond more holistically to child and family needs by combating service fragmentation and making a range of child and family service readily available.'⁴⁴

4.17 Integrated services typically use a universal service⁴⁵ as a means of making initial contact with clients. Once initial contact has been made, other targeted and specialist services are made available to clients (for example, child health checks, immunisations and parent support programs). Of the twelve CFCs visited by the ANAO, the most common universal service used was child care, with five centres providing long day care within the centre. An additional centre also provides child care, but identified early learning education as its universal platform.

4.18 Of the remaining six centres visited, three use parenting support programs as a universal service. The remaining three centres rely on medical services as their universal service platform. These three centres are operated by Indigenous medical organisations.

4.19 While some definitions of integrated service delivery have been developed in IECD NP, these are not being applied universally, and there has been a limited focus by DEEWR on monitoring the extent to which service integration is occurring.

Service mix

4.20 The IECD NP identifies that CFCs should provide 'a mix of services, responsive to community needs, and include child care, early learning and parent and family support services'. Integrated services do not necessarily

⁴³ Centre for Community Child Health, *Services for young children and families; an integrated approach*. 2006.

⁴⁴ Secretariat of National Aboriginal and Islander Child Care (SNAICC), *Integrated Service Delivery for Aboriginal and Torres Strait Islander Families*, 2012, p. 8.

⁴⁵ A universal service is a service available to the whole population, for example an education or health service.

require the provision of all services within the one location. Virtual hubs, through which services are coordinated and facilitated, can also be effective integration models. While co-location often makes services more accessible to clients, co-location is not essential for integration. The IECD NP is consistent with this approach, identifying that services will be provided 'at or through' each of the CFCs.

4.21 Initially, DEEWR anticipated that all CFCs would provide child care within their facilities and this was used as the basis for estimating construction and ongoing operational costs. By providing child care, the centres were planned to contribute to the Australian Government's broad policy commitment of establishing an extra 260 child care centres. However, given the flexibility provided by the IECD NP, a number of states and territories decided that not all of the CFCs in their jurisdiction would provide child care at the centre. Of the eight states and territories, three have opted not to provide child care at some of the CFCs in their jurisdiction.⁴⁶

4.22 Where centres are not providing child care they have sought to make the service available to their clients through other arrangements. For example, in the Australian Capital Territory, the West Belconnen CFC acts as a broker for clients seeking child care. The centre arranges placements at existing child care centres and provides funding to cover clients' out of pocket child care expenses.

The Indigenous focus of the CFCs

4.23 The IECD NP is an Indigenous-specific National Partnership with the aim of improving developmental outcomes for Indigenous children. However, the degree to which CFCs were focused on Indigenous clients, or advertised as Indigenous specific services, has varied. Two common reasons cited by states and territories for the low Indigenous profile adopted were the desire to provide non-stigmatised services, and the high level of disadvantaged non-Indigenous people in the area who needed the services of the CFC. Given the smaller Indigenous populations surrounding some centres, some state and

⁴⁶ The Australian Capital Territory (ACT) and Tasmania will not provide child care at their CFCs. The Geeveston CFC in Tasmania has child care on-site but this is provided through a co-location arrangement with the Huon Valley Council Child Care Service. Occasional care, but not long day care, will be provided at all of the CFCs in South Australia. Seven of the ten CFCs in Queensland will not provide child care at the CFC. All CFCs in WA, Victoria and the Northern Territory will provide child care at all of the centres. In some cases this decision has been influenced by such factors as the availability of child care services in the area and the desire to avoid duplication of services.

territory staff and some CFC operators indicated that providing services to Indigenous Australians exclusively may not be financially viable.

4.24 Some stakeholders informed the ANAO of their perception of a gradual reduction in the Indigenous focus during the transition from the preceding Innovative Child Care Hubs proposal to CFCs, and during the course of the IECD NP. DEEWR itself has moved away from the initial focus on Indigenous Australians, stating now that CFCs address ‘the needs of Indigenous families and their young children and will also provide services to all families in the community’.⁴⁷ At a practical level, this illustrates the complexities involved with the delivery of services to particular sections of the community. However, the IECD NP is specifically targeted at improving Indigenous disadvantage and the blending of client groups will make it difficult to separate out the impact the initiative will have on Indigenous disadvantage.

4.25 All governments have agreed, through the National Indigenous Reform Agreement (NIRA) to recognise ‘when Indigenous delivery is an important contributor to outcomes (direct and indirect), and in those instances fostering opportunities for Indigenous service delivery’.⁴⁸ DEEWR advised its Minister that decisions relating to the degree of Indigenous control and Indigenous focus for CFCs were more appropriately located within the states and territories. While it will be difficult to solely cater for one section of the population, particularly in urban and regional areas, it will be important for DEEWR to monitor overall usage patterns to obtain assurance that the original target group is receiving the intended benefits. As described later in Chapter 5, usage data is a key performance indicator and is meant to be reported by states and territories in their annual reports although, to date, this has not been included in most reports.

Financial sustainability

4.26 DEEWR currently expects that following the completion of the IECD NP, CFCs will fund their own operations by accessing subsidies and rebates available to child care centres and other Australian, state and territory government programs. However, with many CFCs not actually providing child care services, their ability to access applicable subsidies will be limited.

⁴⁷ Department of Education, Employment and Workplace Relations, *Children and Family Centre Factsheet*, [Internet] available from <http://www.deewr.gov.au/Earlychildhood/Policy_Agenda/IECD/Documents/CFCFactSheet.pdf>, [accessed 22 October 2012].

⁴⁸ Council of Australian Governments (COAG), *National Indigenous Reform Agreement: Service delivery principles*, p. 69.

Additionally, research on integrated service provision reflects that there is a cost, or 'overhead', involved in integrating multiple services. This additional cost is unlikely to be met via child care rebates and subsidies as these are intended to only partially meet the cost of providing the service. Building up a range of alternate sources of funds with sufficient financial surpluses to cover the cost of integration is likely to take time. For many CFCs the time available between commencing operation and the end of the IECD NP funding is unlikely to be sufficient to establish appropriate levels of viability.

4.27 Some CFCs consider that 'a self sustaining funding model for integrated service delivery at [CFCs] is unachievable while maintaining [client fees] at a level that will encourage and enable access for Aboriginal and Torres Strait Islander families',⁴⁹ and others have expressed concern about governments' willingness to support and resource an Indigenous focus in the long-term. Where CFCs were operated by the respective state or territory governments, officials were more optimistic about the financial sustainability of the centres, believing that their government may be able to absorb the operating costs into their existing budgets. Where CFCs operations were outsourced, operators were more pessimistic about their financial sustainability, with some fearing the centres would be abandoned, or be used for other unrelated purposes once funding is no longer available under the IECD NP. During fieldwork some CFC operators advised the ANAO that the lack of clarity regarding the future viability of the CFCs is having a detrimental impact on their willingness to invest in the infrastructure and relationships required to maximise the effective integration of multiple services.

4.28 The Australian Government committed to provide operational funding for CFCs during the IECD NP to assist the establishment of the centres and their ongoing operation by state and territory governments. While responsibility for operating CFCs rests with the state and territory governments, the Australian Government has nonetheless made a significant investment in developing a network of CFCs with a view to CFCs providing a platform for the future delivery of programs to address Indigenous disadvantage. Accessing other funding streams such as child care assistance programs is likely to assist some CFCs, however, not all CFCs provide child care services which will make sustaining the centres more difficult.

⁴⁹ Secretariat of National Aboriginal and Islander Child Care (SNAICC) *Coming Together: The journey towards effective integrated services for Aboriginal and Torres Strait Islander children and families*, 2012, p. 39.

4.29 To date, DEEWR has primarily focussed on ensuring construction of CFCs by state and territory governments so that all centres are completed and operational by the time the Australian Government's funding commitment concludes in June 2014. As completion of CFCs has taken longer than anticipated, more limited attention has been given to analysing the contribution the CFCs are making to the objectives of the IECD NP and the relative effectiveness of different operating models. Undertaking such analysis in conjunction with relevant state and territory government agencies would assist informing any future initiatives in relation to improving Indigenous early childhood outcomes as well as the development of integrated service delivery approaches, which may have wider application in other programs.

Recommendation No.1

4.30 In order to assess the effectiveness of the current investment in Children and Family Centres, the ANAO recommends that the Department of Education, Employment and Workplace Relations, in consultation with relevant state and territory agencies, analyse and provide advice to the Australian Government on the relative effectiveness of CFC service delivery models, and the outcomes being achieved. This analysis would also inform the design of any future initiatives.

DEEWR's response:

Agreed. DEEWR agrees that analysing service delivery models for Children and Family Centres will assist in assessing the effectiveness of the investment in Children and Family Centres and outcomes achieved.

Conclusion

4.31 The early implementation of the IECD NP was affected by the need to revise the partnership in order to align with the IGAFRR framework. While workplans were developed and in place to guide implementation, the construction schedule initially agreed to in the IECD NP was revised during the development of Implementation Plans. Where construction was deferred or delayed most of the states and territories sought to achieve similar levels of services to those initially anticipated by using interim facilities.

4.32 At the time the IECD NP was agreed in 2008, COAG anticipated that all CFCs would be constructed and fully operational by June 2012. In subsequent Implementation Plans the construction of centres in many locations was revised to later years and the option for interim services from temporary

premises was provided. As at May 2013, services were being provided from 33 locations. Of these, however, only 13 centres were operating from completed premises with 20 centres operating from interim facilities. In five locations, no services have commenced and communities in those areas will therefore have limited opportunity to access the services prior to the completion of the IECD NP in June 2014.

4.33 A number of factors will impact on the ongoing ability of CFCs to contribute towards achieving the broad and ongoing reforms anticipated in the IECD NP, including: the financial viability of each centre; the extent to which CFCs engage with and focus on Indigenous families; and the extent to which CFCs effectively integrate quality services. Direct Australian Government funding for the operation of CFCs is planned to cease on the expiry of the IECD NP and a combination of approaches will need to be considered by all governments to support the achievement of outcomes from the funding to date. In the context of broader funding considerations, early agreement on options to support CFCs will assist centres in their forward operational planning. DEEWR has proposed that CFC services can be supported by accessing mainstream program funding provided through child care programs. Funding for child care services, however, would only partially cover the anticipated costs and will only do so for a portion of centres. Any proposed future funding models will need to take into account that an ongoing focus on Indigenous clients is important if the CFCs are to contribute to the longer term Closing the Gap targets, as originally intended.

5. Performance Monitoring and Reporting

This chapter examines the processes used by the Department of Education, Employment and Workplace Relations to monitor the performance of the Children and Family Centres component of the National Partnership Agreement on Indigenous Early Childhood Development and to assess states and territories eligibility for progress payments.

Introduction

5.1 A key objective of the Intergovernmental Agreement on Federal Financial Relations (IGAFFR), under which National Partnerships operate, is enhanced public accountability through simpler, standardised and more transparent performance reporting.⁵⁰ To improve accountability of the Australian, state and territory governments to the community, the performance reporting framework requires a focus on the achievement of outcomes, the quality and efficiency of service delivery, and timely provision of publicly available performance information.

5.2 A well developed monitoring and reporting framework is critical to support the effective administration of government programs. Monitoring is important throughout the life of a program, and in this case would enable the Department of Education, Employment and Workplace Relations (DEEWR) to assess the extent to which the state and territory governments are implementing their responsibilities under the IECD NP. The ANAO examined the:

- performance framework for the IECD NP;
- internal and external reporting in relation to the IECD NP; and
- processes used to assess progress against the agreed milestones.

Performance framework

5.3 Monitoring performance is a key aspect of sound program management which enables program managers to assess and report progress

⁵⁰ Intergovernmental Agreement on Federal Financial Relations, pp. 5-6.

to internal and external stakeholders. A well developed performance framework should enable the measurement of progress towards the expected outcomes, as well as the delivery of outputs and the contributions they are making to the objectives.

5.4 COAG identified four objectives to be achieved as a result of activities funded through the IECD NP. These are:

- (a) improving developmental outcomes for Indigenous children and achieving key targets as agreed by COAG;
- (b) achieving sustained improvements in pregnancy and birth outcomes for Indigenous women and infants;
- (c) improving Indigenous families' use of the early childhood development services they need to optimise the development of their children; and
- (d) contributing to COAG's social inclusion, early childhood development, education, health, housing, and safety agendas, by identifying reforms and models of service delivery that will improve outcomes for Indigenous children.⁵¹

5.5 Performance indicators are expected to provide a clear picture of the achievement of governments in delivering services.⁵² The IECD NP outlines that measurement of Children and Family Centre (CFC) performance will be made using all ten of the performance indicators identified in the agreement, including six that relate specifically to health outcomes.⁵³ The ten performance indicators in the IECD NP are:

- (a) increased proportion of Indigenous children attending the Children and Family Centres who have had all age-appropriate health checks and vaccinations;
- (b) increased proportion of Indigenous three and four year olds participating in quality early childhood education and development and child care services;
- (c) increased proportion of Indigenous children attending the Children and Family Centres who go on to attend school regularly;

⁵¹ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 20.

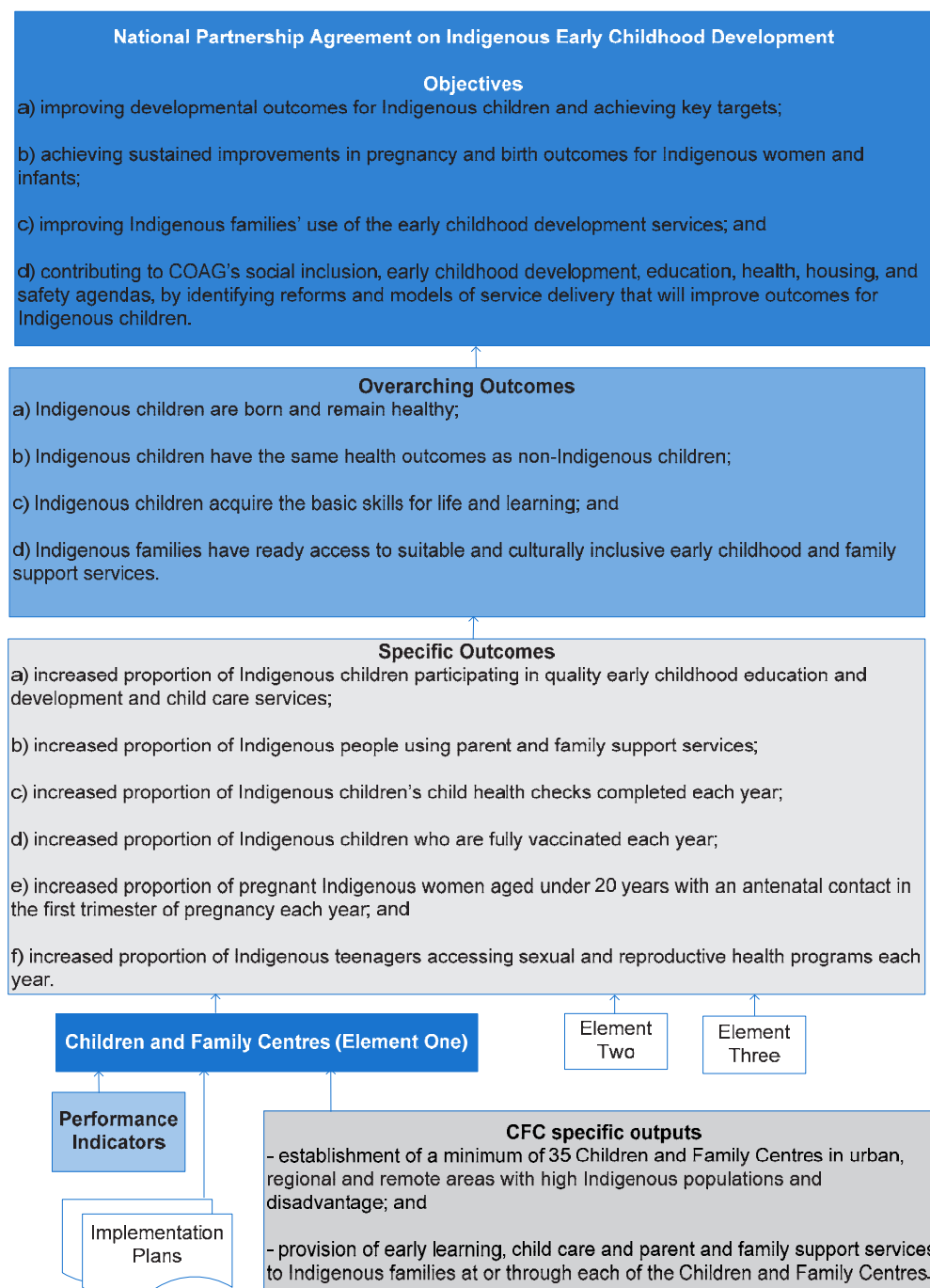
⁵² Intergovernmental Agreement on Federal Financial Relations, Schedule C, p. C-2.

⁵³ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 44.

- (d) increased proportion of Indigenous children and families accessing a range of services offered at or through Children and Family Centres, including but not limited to childcare, early learning, child and maternal health, and parent and family support services;
- (e) increased proportion of pregnant Indigenous women with an antenatal contact in the first trimester of pregnancy in each year;
- (f) increased proportion of Indigenous teenagers accessing sexual and reproductive health programs and services;
- (g) reduced proportion of Indigenous babies born with low birth weight each year;
- (h) reduced mortality rate of Indigenous infants each year;
- (i) reduced proportion of Indigenous women who use substances (tobacco, alcohol, illicit drugs) during pregnancy each year; and
- (j) reduced proportion of hospital admissions of Indigenous children 0-4 years.

5.6 The agreement also required baseline data be agreed in order to facilitate measurement of progress towards the outcomes.⁵⁴ As discussed in paragraph 5.11 there are a range of limitations in relation to data sources which restrict the actual measurement of performance indicators. Figure 5.1 shows the performance management framework and the relationship between the outcomes and the overarching objectives anticipated for the CFC component of the IECD NP.

⁵⁴ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 42.

Figure 5.1**Performance management framework: Children and Family Centres**

Source: ANAO analysis of IECD NP.

5.7 Overall the performance management framework provides a reasonable basis for measuring whether the IECD NP, on completion, will have achieved the outcomes expected of it by COAG. The performance indicators, if measured, would also reasonably reflect the degree of progress towards the objectives during the course of the IECD NP. The challenge in applying the framework is caused by the wide range of agencies involved (including the Australian, state and territory governments), the discrete aspects each of these agencies has focused on, and the provisions in the IECD NP requiring flexibility and locally customised approaches. Together these components have combined, at a practical level, to dilute the shared focus on the overarching objectives. Additionally the framework would have been strengthened by the establishment of agreed baseline data prior to, or at the commencement of, the agreement.

5.8 DEEWR has a central role in measuring the performance of the CFC component of the IECD NP, and was either jointly or directly responsible for a number of actions relating to performance measurement. In particular:

- conducting a baseline data study to use as a basis for monitoring and evaluating progress;
- receiving and reviewing states and territories biannual reports relating to progress in achieving milestones and against performance indicators, outcomes, outputs and objectives of the agreement;
- provision of a progress report to COAG on the contribution the IECD NP has made towards 'COAG's broader reform agenda to overcoming Indigenous children's disadvantage';⁵⁵ and
- an evaluation of the entire National Partnership.

Baseline data and performance indicators

5.9 The IECD NP required the agreement of baseline data by the Australian Government, states and territories to form the basis 'to monitor and evaluate progress over time'.⁵⁶ The IECD NP does not specifically identify what data should be collected for the baseline study, but it did outline that the baseline study would include 'agreed data definitions and sources, baselines and

⁵⁵ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 45.

⁵⁶ *ibid.*, paragraph 73.

reporting protocols'.⁵⁷ DEEWR, the Department of Health and Ageing (DoHA) and the states and territories were jointly responsible for the baseline data study. The Australian Institute of Health and Welfare (AIHW) was contracted by DEEWR in June 2010 to provide advice regarding baseline data, ongoing data collection and data reporting for all three components of the IECD NP. The AIHW provided a report which included:

- technical specifications for each of the ten performance indicators agreed in the IECD NP;
- a data collection tool for use in CFCs for performance indicators (a) and (d); and
- a set of recommendations to achieve a nationally consistent approach to data collection, monitoring and reporting.

5.10 The AIHW report also reflected the inherent difficulties in collecting data for performance indicators (b) and (c). These indicators are based on an expectation that data from separate sources (for example school attendance and CFC attendance) will be available, sufficiently integrated to track individuals from one data set to another, and provide a reliable basis for comparison with broader population data.

Performance indicators requiring CFC data

5.11 Two of the IECD NP performance indicators, listed in paragraph 5.5, require data to be collected by CFCs. Performance indicators (a) and (d) reflect the initial expectation that the CFC would integrate child care and early learning with the health related components of the IECD NP. These indicators would generally be measurable with data generated within the CFCs themselves. Consequently, the data collection tool developed for CFC use was initially anticipated to capture and provide this data. The data collection tool was trialled in the Australian Capital Territory and South Australia. Although the tool was reportedly well received in the trial, the IECD Steering Committee did not agree to adopt it because it was considered to be incompatible with some of the service models developed and that additional data collection was considered onerous given the state and territory governments had developed their own data collection systems.

⁵⁷ *ibid.*

5.12 At the IECD Steering Committee meeting in November 2012, it was proposed that states and territories would report to the Australian Government by 31 August 2013 and June 2014 on performance indicators (a) and (d) as outlined in the IECD NP. DEEWR has advised the ANAO that steering committee members have agreed to this proposal, and the department anticipates data on performance indicators (a) and (d) will be provided by all state and territory governments from August 2013 onwards, until the conclusion of the IECD NP in June 2014. Although agreement has been reached to collect data on performance indicators (a) and (d) during a 'census period' in the first half of 2013 and report the results in their annual reports due in August 2013, agreement was not reached on a reporting period with each jurisdiction choosing the timing of the data collection independently. The different data collection periods adopted by each state and territory means that, currently, there is no national uniform data collection mechanism in place for CFC activity.

5.13 Performance indicators (b) and (c) require data external to the CFCs themselves, for example data from schools, or which relates to the Indigenous population more broadly. At the June 2012 steering committee meeting, DEEWR proposed to provide proxy data, extracted from other national data sets, for these two indicators. DEEWR advised the ANAO that generating proxy data for these indicators is complicated as there has been no consistent or agreed catchment areas defined for CFCs and the data collected nationally does not, in its current form, directly address these performance indicators. DEEWR also advised that further work in this area will be undertaken and proposes to have proxy data available for the states and territories to include in their 2013 annual reports.

Reporting by the state and territory governments

5.14 The IECD NP requires the states and territories to submit two reports to the Australian Government each year. DEEWR principally relies on the information provided by jurisdictions in order to assess progress achieved and the six monthly reports are the mechanism used to claim payment for milestones achieved. Annual reports from the jurisdictions are due by 31 August for the preceding financial year and progress reports are due by 31 January for the preceding July to December period. The IECD NP specifies that the annual reports will describe progress in achieving the performance

indicators, outputs, outcomes and objectives and report achievements against the milestones financials, and timelines detailed in the Implementation Plan.⁵⁸

5.15 In April 2012, DEEWR initiated changes to the reporting requirements of the jurisdictions. The new reporting template requires the states and territories to report and provide details by each individual CFC location. By having more detailed information by site, the new reporting template provides DEEWR with information in relation to delays, issues or factors that may impact on the construction or delivery of services in a particular CFC. The reporting template, prepared by DEEWR, and used by the states and territories does not currently require explicit reporting against the performance indicators, which limits its effectiveness in measuring overall progress.⁵⁹

5.16 Reporting by the state and territory governments has, to date, primarily focused on the implementation components, such as construction, staffing and the services provided, or planned to be provided, at or through CFCs. The reports, particularly since the changes to the reporting template outlined above, provide DEEWR with visibility over implementation progress. Five years into a six year agreement the annual and progress reports, however, have not reported on the performance indicators as required by the IECD NP. While there has been recent agreement by the states and territories to include information against the performance indicators in the August 2013 reports, agreeing on reporting issues in the earlier years of the IECD NP would have provided a stronger foundation for measuring the outcomes of the CFCs particularly given that there is just over one year remaining in the IECD NP.

Reporting to stakeholders and the public

5.17 The public reporting of information about government funded activities increases awareness of how public money is being spent and whether the agreed results are being achieved. To help interested parties assess the benefits being achieved in relation to the Australian Government's IECD NP expenditure, information should be easily accessible to stakeholders. An objective outlined in the IGAFRR is:

enhanced public accountability through simpler, standardised and more transparent performance reporting by all jurisdictions, with a focus on the

⁵⁸ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 47.

⁵⁹ As discussed in 5.12, following the November 2012 steering committee meeting agreement was reached to provide reporting on performance indicators to include in the August 2013 reports.

achievement of outcomes, efficient service delivery and timely public reporting.⁶⁰

5.18 A number of other National Partnership Agreements publish annual progress reports, by jurisdiction, although this does not occur under the IECD NP. In line with the intent of the IGAFRR to increase public accountability, DEEWR proposed in March 2010 that annual reports outlining achievements for the previous financial year be published on the internet. The steering committee, however, resolved not to make reports publicly available. No annual or progress reports have been made public throughout the life of the IECD NP.

5.19 As progress reports from the state and territory governments have not been made public, the most comprehensive and accessible source of information available to the public on the progress of the CFCs has been publication produced by the Secretariat of National Aboriginal and Islander Child Care (SNAICC), a non government organisation. In August 2012, SNAICC released a 70-page report⁶¹ which profiled 33 of the 38 CFCs. The report provided an update on the development of the centres to date and some key strategies used to support their effective establishment. Despite SNAICC's limited involvement with DEEWR on implementation issues relating to the CFCs, SNAICC has produced the most comprehensive publicly available report on the CFC component of the IECD NP.

5.20 The Australian Government, in funding the IECD NP, anticipated a high level of public accountability of all jurisdictions, in line with the requirements of the IGAFRR. However there has been very limited public accountability facilitated in the administration and implementation of the IECD NP. Nonetheless DEEWR is well placed to provide a national perspective on progress, given its role in assessing progress reports provided by each of the states and territories and there is scope for DEEWR to facilitate greater accountability by improving the level of information publicly available.

⁶⁰ Intergovernmental Agreement on Federal Financial Relations, p. 5.

⁶¹ Secretariat of National Aboriginal and Islander Child Care (SNAICC), *Caring for our Children and Families: Profiling the set up of Aboriginal and Torres Strait Islander Children and Family Centres*, August 2012, [Internet] available from <<http://www.snaicc.org.au/uploads/rsfil/02887.pdf>>, [accessed 12 December 2012].

Recommendation No.2

5.21 In order to increase public accountability in line with COAG's expectations, the ANAO recommends that DEEWR prepares and publishes periodic reports about the Children and Family Centres contribution to the National Partnership Agreement on Indigenous Early Childhood Development objectives, specific jurisdictional performance and progress on service system reform.

DEEWR's response:

Agreed. DEEWR agrees publishing periodic reports about the Children and Family Centres contribution to the NPA IECD objectives, with specific attention to jurisdictional performance and progress on system reform will increase public accountability. This will be progressed through the NPA IECD Steering Committee to the Working Group on Indigenous Reform.

Reporting to COAG

5.22 The IECD NP required a report on progress to be provided to COAG, for its consideration, in mid-2009. The report was to advise on the IECD NP's contribution towards COAG's broader reform agenda of overcoming Indigenous children's disadvantage. DEEWR provided a paper to the COAG Working Group on Indigenous Reform (WGIR) in May 2009 which provided a high-level update on implementation progress of the CFC component of the IECD NP. As there had been limited progress at that time, the report highlighted some of the barriers that had potential to emerge in the early stages of implementation, including: escalating construction costs; recruiting suitable staff; and staff housing shortages in regional and remote communities. In November 2009, WGIR provided COAG with a report on progress against a number of Indigenous reforms, including the IECD NP.

5.23 Through the Department of the Prime Minister and Cabinet, DEEWR also provided COAG with regular status/progress reports on the CFCs. The reports are high-level and focus on the overall delivery timetable and overall progress including: construction timelines; anticipated timelines for completion; details on construction delays and localised issues affecting progress; and the number of centres operating. The reporting provides COAG with high-level visibility over the progress of the CFCs, including slippages and delays to construction and service delivery, however does not include any reference to the performance indicators or outcomes agreed in the IECD NP.

Other performance monitoring arrangements

5.24 DEEWR provides monthly updates to its Minister on the status of the CFCs. This report includes the progress of the 38 CFCs (operational, in planning or in construction), a risk rating and a status update on the centre. The spreadsheet is updated by DEEWR officers in both the National and State and Territory offices. Information provided by state and territory government counterparts and formal reporting is used to update this report.

5.25 Reporting has, to date, primarily been output focused and based on quantitative indicators, namely the number of centres built and status of construction. DEEWR has advised that its own focus has, to date, primarily been on buildings/construction but there has been a recent shift towards looking at the services being provided through the centres (including interim services) to Indigenous families.

Evaluation

5.26 Under the IECD NP, a comprehensive national evaluation is required to be undertaken to determine the effectiveness in achieving the outcomes of the agreement.⁶² In 2011 an external consultant was contracted to undertake an independent evaluation of the IECD NP. The states and territories agreed to make a funding contribution towards the national evaluation and also towards the baseline data collection. The results of the evaluation are due in 2014 with an interim report expected to be considered by the IECD Steering Committee in May 2013.

5.27 The IECD NP recognises that it takes time to achieve the intended outcomes of the agreement. The revised roll out schedule in the Implementation Plans provides some centres with shorter time frames to demonstrate progress against outcomes. Further, establishing nationally consistent data collection methodologies and baseline data has progressed slowly. Together these factors increase the risk that there will be limited progress in measuring the CFC component using the performance indicators before the IECD NP expires in June 2014. CFC staff and some jurisdictions have raised concerns that some centres will have only been open a short time at that point. Consequently, while CFC staff are confident of the value and benefits of their services, they are concerned the evaluation process will be

⁶² National Partnership Agreement on Indigenous Early Childhood Development, paragraph 72.

challenging for them given the limited time available for them to demonstrate benefits for children and families.

Progress payment processes

5.28 Under the IGAFRR there are three payment types available for National Partnerships: Facilitation Payments, Project Payments and Reward Payments. Of these, the first two apply to the CFC component of the IECD NP. Facilitation payments are payments made in advance, in recognition of the costs incurred by states and territories in initiating nationally significant reforms or pursuing continuous improvement in service delivery. Project payments are agreed amounts which are payable 'subject to the satisfactory attainment by the States of performance benchmarks or milestones'.⁶³ The relevant Commonwealth Minister is responsible for determining whether project payments are to be paid.

5.29 Two facilitation payments, together making up 25 per cent of the total budget, were made to each jurisdiction under the IECD NP. The first facilitation payment was made on signing the IECD NP. The second facilitation payment was made once the respective Implementation Plan was bilaterally agreed between the Australian Government and each jurisdiction in 2010 and 2011. All subsequent payments have been project payments, made on a six monthly basis following an assessment of progress against milestones.

5.30 Following the steering committee meeting on 22 March 2010 DEEWR circulated a document titled *Principles for the Payment of Milestones Against Progress and Annual Reports* which outlined a set of requirements for the payment of milestones, including broader principles guiding how payments against partially achieved milestones will be considered. These principles and processes have generally been followed in administering the CFC component of the IECD NP. States and territories submit annual and progress reports which identify progress made against the agreed milestones. DEEWR uses these reports to assess progress against the milestones set out in the Implementation Plans and advises the relevant government of its assessment and the amount DEEWR considers is payable. State and territory governments are given an opportunity to dispute DEEWR's assessment, particularly where DEEWR has assessed a lesser amount payable than was initially claimed. Once

⁶³ Federal Finances Circular No. 2009/03 *Accountabilities under the New Federal Financial Framework* paragraph 38.

agreement is reached on the amount payable, DEEWR advises the Minister and recommends that a payment be made. The ANAO examined the progress payment made up to December 2012 under the IECD NP. All payments have been made with ministerial authorisation.

5.31 Although the IECD NP notes that payments will be made based on state and territory governments demonstrating that they have achieved agreed milestones, a number of factors in the design of the IECD NP and the Implementation Plans make DEEWR's assessment of milestones and the determination of payments more complex. These include;

- the amount payable in a given period in most cases relates to the achievement of a number of separate milestones (for example some milestones relating to construction and some to service delivery or planning) to be delivered within that period;
- the amounts payable are not directly related to the costs incurred by the state or territory in achieving the milestones; and
- milestones were based on progress achieved in each CFC site but until June 2012 reporting by some states and territories was not sufficiently detailed to enable assessment of implementation by location.

5.32 Based on these issues, in some instances, DEEWR has recommended payment of milestones even though the particular milestone has not been fully achieved, and these payments have been duly authorised.⁶⁴ The IECD NP is a partnership and is not administered on a contract for service basis. In that context the agreement does not provide for the withholding of the overall funding allocations to the states and territories. The Australian Government has agreed that while it will pay states and territory governments the full amounts allocated under the IECD NP, it will not roll over any funds beyond the expiry of the agreement. The Australian Government has advised states and territories of its expectation that operational CFCs will be delivered by the end of the agreement.

⁶⁴ The IECD NP was the first National Partnership to be agreed and subsequent guidance acknowledged that partial payments may be appropriate in some agreements. Federal Finances Circular NO. 2011/02 *Developing National Partnerships under the Federal Financial Relations Framework* noted that payment for partial performance may be appropriate where the achievement of milestones is complex. The Circular cautions, however, that it is 'important for project-based National Partnerships to have clear, achievable and measurable milestones to minimise the amount of discretion that needs to be exercised in determining whether they have been achieved and how associated funding can be distributed.'

Conclusion

5.33 To achieve the COAG targets, Australian governments have committed to a reform program for Indigenous early childhood development that will be delivered in stages to achieve tangible improvements in outcomes for Indigenous children and generational change over the longer term.⁶⁵ Developing mechanisms to monitor and report on the CFCs is particularly important to demonstrate improvements in early childhood outcomes, facilitate public accountability and to help inform future policy directions in the area of Indigenous early childhood development as anticipated in the IECD NP.

5.34 Performance reporting to date has provided limited value in measuring the objectives of the CFC component of the IECD NP. There is presently limited performance data available to support an assessment of whether the CFCs have contributed to an improvement in Indigenous early childhood development. Finalising data collection methodologies through the steering committee has progressed slowly and as a consequence, limited reporting against the performance indicators outlined in the IECD NP will be available prior to its expiry in June 2014. Leading strengthened efforts to improve data collection approaches will be an important focus for DEEWR in the remaining period of the IECD NP so that assessments of the impact of the IECD NP can be made.

⁶⁵ National Partnership Agreement on Indigenous Early Childhood Development, paragraph 11.

5.35 DEEWR assesses progress against milestones through the six monthly progress and annual reports provided by the state and territory governments. Although jurisdictions have been reporting on progress there has been minimal reporting against the performance indicators established in the IECD NP. The assessment of the effectiveness of the various approaches adopted by jurisdictions has not been a focus for DEEWR to date. An understanding of the ability of each of the approaches to deliver the outcomes sought will be important in informing the future stages of the reform program anticipated in the IECD NP.



Ian McPhee
Auditor-General

Canberra ACT
23 May 2013

Appendices

Appendix 1: Agency response to proposed report



Australian Government
Department of Education, Employment and Workplace Relations

Secretary
Lisa Paul AO PSM

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr Pope

Performance audit of Indigenous Early Childhood Development: Children and Family Centres

Thank you for the opportunity to provide comment on the Australian National Audit Office's proposed audit report on the Children and Family Centres.

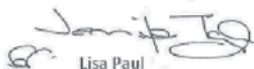
The Department's response to the recommendations is presented at [Attachment A](#).

As requested, the Department has provided a response for inclusion in the body of the report and the report brochure at [Attachment B](#).

I would appreciate if you could provide me with a copy of the report that will be tabled as soon as possible and notify me of any changes made to the previously supplied version of the report. This will assist us briefing Ministers accurately.

If you have any queries regarding the Department's response please contact Mr David De Silva on (02) 6121 7745.

Yours sincerely



Lisa Paul

7 May 2013



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Attachment A

**The Department of Education, Employment and Workplace Relations: formal agency comment
- Indigenous Early Childhood Development: Children and Family Centres**

Recommendation 1

In order to assess the effectiveness of the current investment in Children and Family Centres, the ANAO recommends that the Department of Education, Employment and Workplace Relations, in consultation with relevant state and territory agencies, analyse and provide advice to the Australian Government on the relative effectiveness of CFC service delivery models and the outcomes being achieved. This analysis would also inform the design of any future initiatives.

DEEWR Response: *Agreed*

DEEWR agrees that analysing service delivery models for Children and Family Centres will assist in assessing the effectiveness of the investment in Children and Family Centres and outcomes achieved.

Recommendation 2

In order to increase public accountability in line with COAG's expectations, the ANAO recommends that DEEWR prepares and publishes periodic reports about Children and Family Centres contribution to the NPA IECD objectives, specific jurisdictional performance and progress on service system reform.

DEEWR Response: *Agreed*

DEEWR agrees publishing periodic reports about the Children and Family Centres contribution to the NPA IECD objectives, with specific attention to jurisdictional performance and progress on system reform will increase public accountability. This will be progressed through the NPA IECD Steering Committee to the Working Group on Indigenous Reform.

The Department of Education, Employment and Workplace Relations – Full departmental response

The Auditor general's report acknowledges that DEEWR has a central role in the delivery of the National Partnership on Indigenous Early Childhood Development Element One (NPA IECD) – Children and Family Centres.

The Department acknowledges that it has a key role in the delivery of the Children and Family Centres element of the NPA IECD and that analysing service delivery models for Children and Family Centres will assist in assessing the effectiveness of the investment in Children and Family Centres and outcomes achieved.

The Department also acknowledges the value of greater public accountability of progress on the Children and Family Centres in meeting the objectives of the NPA IECD, including jurisdictional performance and progress through periodic reporting to the Working Group on Indigenous Reform and the COAG Standing Council on School Education and Early Childhood.

DEEWR response for the inclusion in the Audit Report and Summary Brochure

The Auditor general's report acknowledges that DEEWR has a central role in the delivery of the National Partnership on Indigenous Early Childhood Development Element One (NPA IECD) – Children and Family Centres.

The Department acknowledges that it has a key role in the delivery of the Children and Family Centres element of the NPA IECD and that analysing service delivery models for Children and Family Centres will assist in assessing the effectiveness of the investment in Children and Family Centres and outcomes achieved.

The Department also acknowledges the value of greater public accountability of progress on the Children and Family Centres in meeting the objectives of the NPA IECD, including jurisdictional performance and progress through periodic reporting to the Working Group on Indigenous Reform and the COAG Standing Council on School Education and Early Childhood.

Appendix 2: Locations of Children and Family Centres

Queensland

- Mt Isa
- Cairns
- Mareeba
- Ipswich
- Doomadgee
- Mornington Island
- Mackay
- Rockhampton
- Logan
- Palm Island

New South Wales

- Campbelltown
- Blacktown (2 centres)
 - Mt Druitt
 - Doonside
- Ballina
- Toronto
- Nowra
- Brewarrina
- Gunnedah
- Lightning Ridge

Western Australia

- Halls Creek
- Kununurra
- Fitzroy Crossing
- Perth
- Roebourne

Northern Territory

- Yuendumu
- Maningrida
- Gunbalanya
- Ngukurr
- Palmerston

South Australia

- Ceduna
- Whyalla
- Christies Beach/Noarlunga
- Pukatja

Victoria

- Bairnsdale
- Whittlesea

Tasmania

- Bridgewater
- Geeveston

Australian Capital Territory

- West Belconnen

Appendix 3: Status of Children and Family Centres as at May 2013

State/Territory	Location	Construction status	Services
Australian Capital Territory	West Belconnen	Completed	Permanent
New South Wales	Ballina	Under construction	Interim
	Mt Druitt (Blacktown)	Under construction	Interim
	Doonside (Blacktown)	Under construction	Interim
	Brewarrina	Under construction	Interim
	Gunnedah	Under construction	Interim
	Nowra	Under construction	Interim
	Toronto	Under construction	Interim
	Cambelltown	Under construction	Interim
	Lightening Ridge	Under construction	No services
Queensland	Cairns	Under construction	Interim
	Ipswich	Under construction	Interim
	Mt Isa	Under construction	Interim
	Logan	Completed	Interim
	Rockhampton	Under construction	Interim
	Mareeba	Completed	Permanent
	Doomadgee	Completed	Permanent
	Mornington Island	Completed	Permanent
	Palm Island	Completed	Permanent
	Mackay	Under construction	Interim
Northern Territory	Yuendumu	In planning	Interim
	Maningrida	In planning	Interim
	Gunbalanya	In planning	Interim
	Ngukurr	In planning	Interim
	Palmerston	In planning	No services

State/Territory	Location	Construction status	Services
South Australia	Ceduna	Completed	Permanent
	Whyalla	Completed	Permanent
	Christies Beach	Completed	Permanent
	Pukatja	Completed	Permanent
Tasmania	Bridgewater	Completed	Permanent
	Geeveston	Under construction	Interim
Western Australia	Halls Creek	Completed	Permanent
	Kununurra	Completed	No services
	Fitzroy Crossing	Completed	Permanent
	Swan Region	Under construction	No services
	Roebourne	Under construction	No services
Victoria	Bairnsdale	Under construction	Interim
	Whittlesea	Completed	Permanent

Source: Advice from DEEWR.

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