Australian Government
Productivity Commission

Expenditure on Children in the Northern Territory

Productivity Commission
Issues Paper

May 2019

The Commission has released this issues paper to assist individuals and organisations to prepare submissions. It contains and outlines:

- the scope of the study
- the Commission's procedures
- matters about which the Commission is seeking comment and information
- how to make a submission.

The Issues Paper

The Commission has released this issues paper to assist individuals and organisations to prepare submissions to the study. It contains and outlines:

- the scope of the study
- the Commission's procedures
- matters about which the Commission is seeking comment and information
- how to make a submission.

Participants should not feel that they are restricted to comment only on matters raised in the issues paper. The Commission wishes to receive information and comment on issues which participants consider relevant to the study's terms of reference.

Key study dates

Receipt of terms of reference	14 March 2019
Study commencement	1 April 2019
Due date for submissions	10 July 2019
Release of draft report	October/November 2019
Final report to Government	April 2020

Submissions can be lodged

Online:	www.pc.gov.au/nt-children
By post:	Expenditure on children in the Northern Territory Productivity Commission Locked Bag 2, Collins Street East Melbourne VIC 8003

Contacts

Administrative matters:	Marianna Olding	Ph: 03 9653 2194
Other matters:	Ana Markulev	Ph: 03 9653 2137
Freecall number for regional areas:	1800 020 083	
Website:	**www.pc.gov.au**	

The Productivity Commission

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website (www.pc.gov.au).

Contents

1 What is this study about?

This is a study about government expenditure on children and family services in the Northern Territory. It will focus on funding arrangements for services and programs that are relevant to the prevention of harm to children, and will examine ways to improve those funding arrangements to support better outcomes for children, families and the community.

The terms of reference for this study (appendix A) originated from the Royal Commission into the Protection and Detention of Children in the Northern Territory ('the Royal Commission'). The Royal Commission was established in the days following the airing of an episode of the ABC's *Four Corners*, 'Australia's Shame', in July 2016, which included footage of the mistreatment of children in detention in the Northern Territory. The scope of the Royal Commission encompassed both the youth detention and child protection systems.

On 17 November 2017, the Royal Commission delivered its final report, which found systemic failures in the youth detention and child protection systems. It made 227 recommendations for addressing those failures — ranging from the philosophy underpinning the child protection system, to the management of detention centres, to the maintenance of adequate data systems.

The Royal Commission found that funding and expenditure in the area of children and family services is not rigorously tracked, monitored or evaluated to ensure that it is appropriately distributed and directed (RCPDCNT 2017). It identified a need for greater coordination and transparency of government funding decisions and recommended that the Productivity Commission:

> … undertake a review and audit of Commonwealth expenditure in the Northern Territory in the area of family and children's services relevant to the prevention of harm to children. The review should address co-ordination of programs, funding agreements and selection of service providers, service outputs and evaluations. (RCPDCNT 2017, vol. 1, p. 237)

On 14 March 2019, the Australian Government announced that the Productivity Commission would undertake a study about expenditure on children and family services in the Northern Territory. The study commenced on 1 April 2019.

What have we been asked to do?

We have been asked to examine ways to improve funding arrangements across and within the Australian and Northern Territory Governments and the services delivered via these funding arrangements. Specifically, we have been asked to consider:

- the objectives, governance and implementation of current funding arrangements, including:
  - the extent of duplication and lack of coordination across Australian and Northern Territory Government funding arrangements, individual programs and service providers

- whether the approach to program design aligns with policy objectives
  - the approach to engaging service providers and allocating funds
  - accountability, reporting and monitoring requirements for service providers and governments
  - levels of access to services and approaches to service delivery.
- principles and approaches for governance and funding to promote better outcomes and improve:
  - the coordination of funding across the Australian and Northern Territory Governments
  - the coordination, funding, design and administration of programs
  - the delivery of services and levels of access.

The terms of reference indicate that this study will support the development of a joint funding framework, which the Royal Commission recommended the Australian and Northern Territory Governments develop. As such, we intend to provide guidance on what a funding framework should look like. The way the Northern Territory's expenditure is assessed for the purposes of distributing Goods and Services Tax revenue (and how its actual expenditure compares to that assessment) is not within the scope of this study.

In undertaking this study, we will seek to build on the work of the Royal Commission and reform efforts that are already underway — specifically, by looking at how funding arrangements can be changed to better align with the public health approach to child protection and place-based decision making. Our focus will be on improving decision making about *how* money is spent, rather than *how much* is provided.

This study complements other Productivity Commission work currently underway, and we will seek to coordinate our consultation across projects. This includes work we are undertaking in our role as the Secretariat for the Steering Committee for the Review of Government Service Provision, to investigate 'what works' for systems that enable a public health approach to protecting children (PC 2019). In April 2019, the Australian Government asked us to develop a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander Australians (Indigenous Australians), to be used by all Australian Government agencies. This work is to be provided to the Government by July 2020.

2 What does this study mean for children, families and communities?

Previous inquiries pointed to the unique context of child protection in the Northern Territory and the challenges of providing services (appendix B). About 1 in 9 children in the Northern Territory are receiving child protection services, four times the national average. Indigenous children are six times more likely to be receiving such services than non-Indigenous children in the Northern Territory, especially if they live in remote areas. These outcomes reflect the high prevalence of risk factors in the Northern Territory, which stem from complex social, historical and geographic factors.

The Royal Commission emphasised the need for a much greater focus on prevention (a public health approach) and on community-led decision making (a place-based approach) (appendix B). The Northern Territory Government accepted these recommendations and has commenced a reform process. The Australian Government supported in principle many of the recommendations directed at it.

In this study, we are seeking to better understand how funding arrangements for children and family services are affecting outcomes for children and families in communities across the Northern Territory, and will be looking at how those funding arrangements can better support the public health and place-based approaches to service delivery — with the ultimate objective of better preventing harm to children.

The Royal Commission and earlier inquiries found systemic problems with the way children and family services were being funded, including a lack of rigorous tracking of how funding was being spent or the outcomes it was achieving, duplication between service providers, a lack of coordination between the Northern Territory and Australian Governments, and the failure to build the capacity of communities to manage and provide services locally.

We want to hear from families, communities and service providers across the Northern Territory about their experiences with children and family services (including child protection), including what types of services are available in communities, how easily they can be accessed, and how well they are coordinated across different service providers. We would also like to hear your ideas on how service delivery and funding can be improved. This information will help us make recommendations to government about how to improve the funding and delivery of services.

QUESTION SET 1

- *What types of children and family services are available in your community?*
- *Who uses these services and how easy are they to access?*
- *Are services being delivered in a culturally capable way that meets the needs of children and families?*
- *Are there services that are needed but are not being provided? Or are there problems with the mix of services that are available?*
- *Are you consulted on what services are provided in your community and what outcomes should be prioritised? How could governments and service providers do this better?*
- *Are services being provided in ways that maintain and build on the community's cultural and other strengths to prevent harm to children?*
- *How can services be improved to better prevent harm to children and strengthen the resilience of communities (including their cultural foundations)?*

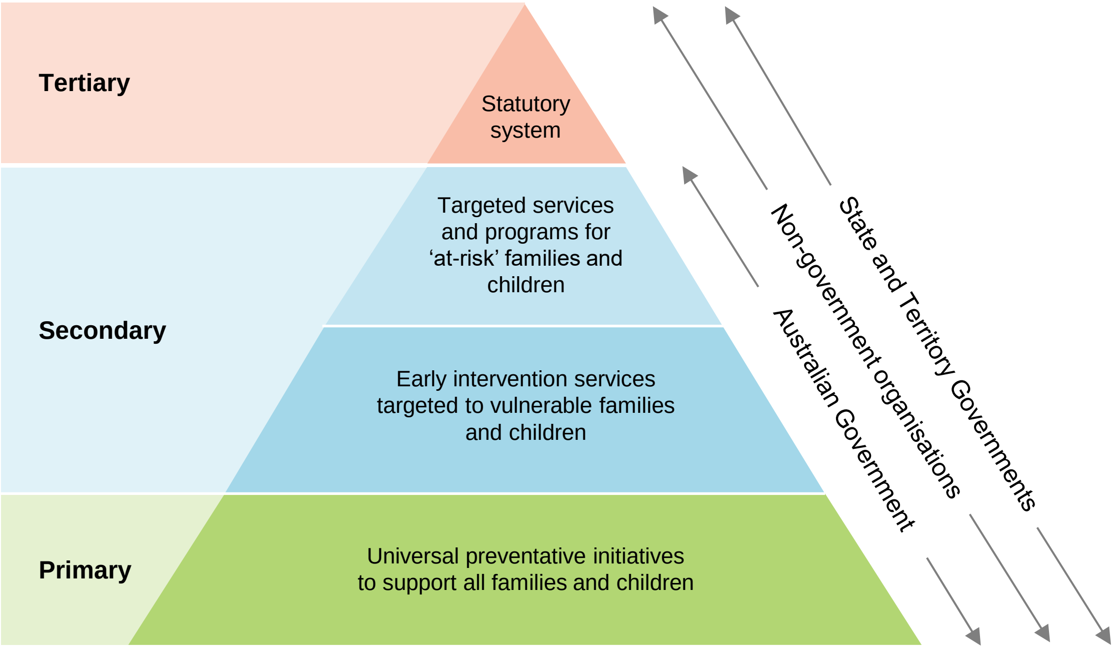
3 What services and programs should we look at?

This study is about government expenditure on children and family services relevant to the prevention of harm to children. What this means in terms of specific services, programs and funding arrangements is open to interpretation. We are seeking input on where to focus.

What services and programs are in scope?

The public health approach (depicted in figure 1) encapsulates the types of services that are the focus of this study. The framework categorises services based on whether they are available to all families (for example, child and family health and early childhood education), preventative interventions targeted to vulnerable families and children (including intensive family support and domestic violence services), or 'last resort' interventions (such as removing children from their families). Table 1 lists some examples of services that others have identified as falling into these categories.

Figure 1 **The public health approach to protecting children**



Source: Adapted from COAG (2009, p. 8).

Table 1 **Examples of services relevant to protecting children**

Service type	*Examples*
Statutory (tertiary)	Child protection services, out-of-home care services
Targeted (secondary)	Intensive family support services, adult mental health services, drug and alcohol services, domestic violence support, safe houses
Early intervention (secondary)	Disability support services, speech therapy, financial counselling
Universal (primary)	Early childhood education, schooling, children and family health services, mental health services

Sources: Allen Consulting Group (2008); Parton (2010).

However, the definitions and boundaries of these services are blurred. The secondary and tertiary layers are obviously relevant to child protection (by preventing imminent harm from occurring, or reducing the risk of further harm once it has occurred). However, some services — such as policing and youth justice interventions — are not typically classified as children and family services, but are clearly relevant to the prevention of harm. Moreover, it is common for family services to be provided alongside community services and it is often not clear where one ends and the other begins.

The primary layer is even less clear, as these are universal services made available to all children and families. They may have the potential to prevent harm to children, even if that is not the primary or explicit objective of those programs. This is because there is a wide range of factors influencing the risk of child harm occurring (table 2 provides some examples), and these cut across almost the full gamut of government service provision. There are also protective factors that strengthen the resilience of families and allow them to parent effectively (such as connection to culture or kinship networks) (RCPDCNT 2017, vol. 3B, p. 172). Services and programs that work to reinforce these factors can also have the effect of preventing harm to children.

Thus, in order to fully understand the extent of duplication and coordination in funding and service provision, it may be necessary to consider services that are not often categorised as children and family services. However, investigating expenditure on every possible service in detail would not be helpful for understanding how funding frameworks for children and family services can be improved. It will be necessary to contain the scope of this study to allow for a more detailed assessment of those services and programs that are most relevant to preventing harm to children. For example, expenditure on core youth justice services (such as youth detention centres) is not likely to be in scope.

We are seeking feedback on what types of services are necessary for us to consider in this study, and which should be our main focus.

Table 2 **Risk factors for child abuse and neglect**

Category	*Risk factors*
Economic factors	Poverty, unemployment, overcrowded or unstable housing
Social factors	Racism, discrimination, social isolation and exclusion
Community factors	Dangerous, disadvantaged or socially excluded communities, communities who have lost many community members
Parental factors	Mental health, substance abuse, family/domestic violence, learning difficulties, parental anger, strong beliefs in corporal punishment, transgenerational trauma and its impact on parenting, lower levels of empathy
Child characteristics	Low birth weight, special needs, difficult temperament, behavioural problems
Family characteristics	Poor relationships, large number of children, single or early parenthood
Ecological factors, environmental toxins	Violence, gambling, pervasiveness of unresolved grief, loss and trauma, previous experiences of abuse or neglect — for parents or children
Abuse or neglect	Previous experiences of abuse or neglect

Sources: BICPSNT (2010); RCPDCNT (2017).

QUESTION SET 2

- *What specific services and programs are deemed to be 'children and family services'? What criteria should be used to determine which universal services fall into this category?*
- *What other government services and programs, beyond 'children and family services', are also relevant to preventing harm, and how do these interact with children and family services?*
- *Given the myriad of services and programs that could be included, which should we focus on? Which services and programs matter most to prevent harm to children?*

Who currently funds and delivers children and family services?

All levels of government in Australia, as well as a large number of non-government organisations, are involved in funding and delivering services and programs for families and children in the Northern Territory. The multitude of agencies involved creates a complex system of support that, if not well coordinated and evaluated, risks creating duplication, overlaps and gaps in services.

The Northern Territory Government is directly responsible for the child protection system, especially the statutory end. Most funding is directed through Territory Families, which funds services relating to child protection, out-of-home care, family support, youth justice and family and sexual violence support (Territory Families 2018). This also includes funding for non-government organisations and other service providers. The department spent $243 million on children and family services in 2017-18.

At the same time, the Australian Government operates several large grant programs. These include the Families and Communities Grant Program operated by the Department of Social Services, and the Indigenous Advancement Strategy operated by the Department of Prime Minister and Cabinet. On top of this, the Australian Government provides significant tied and untied funding to the Northern Territory Government, including through the National Partnership on Northern Territory Remote Aboriginal Investment and the National Partnership for Remote Housing Northern Territory.

Much of this government funding is channelled through local governments and non-government service providers (which sometimes have other funding sources available, such as donations and royalties). The latest data reveal that there were 450 charities operating in the Northern Territory in 2016, with combined revenue of $1.5 billion (ACNC 2016). In addition, there are over 800 Indigenous corporations that deliver health, community and employment services in the Northern Territory.

QUESTION SET 3

- *What should be the respective roles of the Australian Government and the Northern Territory Government in relation to children and family services? How should this intersect with their roles in Indigenous policy and in other policy areas, such as health and education?*
- *What role should Indigenous corporations and non-government organisations play in delivering children and family services? Are there particular roles better suited to different sorts of non-government organisations?*

4 Our approach and key issues for investigation

We plan to approach this study through three main tasks:

1. understand *what services are being delivered* in the Northern Territory that support the prevention of harm to children, and then *how they are funded and by whom*
2. examine *how governments decide what services to fund,* including the process of consulting with communities and service users; the design, implementation and evaluation of government-funded services; and how funding is coordinated across and within levels of government and between service providers
3. identify *options to improve the effectiveness and efficiency of funding* arrangements for children and family services, including how they could better support a place-based, public health approach to service delivery in the Northern Territory.

We will also consider evidence from other jurisdictions (including international examples) about what good practice looks like for funding children and family services. In doing so, it will be important to consider the extent to which those practices might be transferable to the Northern Territory.

What services are currently being delivered?

Undertaking a 'stocktake' of children and family services delivered in the Northern Territory is an essential first step in identifying key issues with funding arrangements. This exercise will help fill information gaps identified by the Royal Commission on how and where funds are being expended in the Northern Territory, and will in turn help us to understand the extent of service gaps, duplication and overlap.

The stocktake is expected to cover:

- what funds are provided for children and family services
- who is allocated these funds, by whom and via what mechanism
- what services and programs are being provided

- where those services and programs are being delivered
- who has access to these services and key barriers to access (such as geographical, economic, cultural and information barriers).

Given the breadth of services relevant to the prevention of harm to children, as noted earlier, we do not propose to identify or analyse every program and service or fill all information gaps identified by the Royal Commission. This would be a very significant exercise and would mean that government and non-government agencies would need to devote significant resources to responding to data requests.

We intend to be as comprehensive as possible in compiling a stocktake of services and programs subject to time constraints and the data available. The stocktake will need to be sufficient to develop a clear picture of the extent and effect of duplication and coordination issues. Focusing the stocktake in this way will help us identify improvements in the overarching funding, governance and policy frameworks that underpin all children and family services. This approach does not rule out that, going forward, a funding framework might require comprehensive reporting on the 'who, what and where' of expenditure.

For this study, there may also be merit in shining a light on the funding and delivery of services to specific locations and communities, as case studies. This would provide a more detailed picture of some of the issues that arise from funding arrangements on the ground.

QUESTION SET 4

- *What funding is available for the provision of children and family services? Who allocates and receives those funds?*
- *Where can we obtain up-to-date information on the funding and delivery of these services?*
- *What specific services and programs are provided? Have there been any significant changes in services since the release of the Royal Commission report in 2017?*
- *What service mapping has been done in the Northern Territory?*
- *Who benefits from the expenditure (which communities, age groups, etc)?*
- *What portion of the available funding is absorbed by administration expenses?*
- *What evidence is there on the extent of duplicated funding that could be better allocated to areas of higher need?*
- *What barriers prevent people from accessing or using the services they require?*
- *What value would there be in focusing on the funding and delivery of services in specific communities as case studies? If this approach is pursued, which communities would make for the best case studies and why?*

How effective are decision-making processes for funding children and family services?

Our second task is to understand how funding decisions are made. This will require assessing government expenditure on services from several distinct (but related) perspectives, which cover issues across the entire policy-making cycle.

Policy development, consultation and coordination

Given all levels of government share responsibility for protecting and preventing harm to children, it is necessary to develop a clear understanding of who is responsible for identifying and assessing what children and family services are prioritised and funded.

This includes getting an insight into:

- what *policy objectives* governments are targeting and how they develop policy to meet those objectives
- how governments *engage and consult* with local communities in the policy development process to identify local needs and design programs and strategies that meet those needs
- the extent of *coordination* across the Northern Territory and Australian Governments, across and within government departments, and with service providers, to ensure services are efficiently funded and effectively delivered to achieve shared objectives.

One of the key concerns arising from the Royal Commission was that funding for children and family services was 'directed to programs without reference to the existence of other programs, their target locations or outcomes' (RCPDCNT 2017, vol. 1, p. 222).

Effective allocation of funding

Children and family services need to be funded and delivered in a way that meets the needs of children and families, while also providing the broader community with value for money from the use of government funds.

The Northern Territory faces some unique circumstances and challenges in delivering services. It has a small and sparsely distributed population, a significant proportion of which resides in remote areas, which raises the cost of providing services (box 1). Policy makers therefore need to carefully consider whether the way they allocate funding supports an effective approach to service delivery (including whether it is place-based and culturally capable), and how to best engage the most appropriate service providers to meet local needs.

Box 1 Service provision in remote regions

Delivering services in remote communities can be challenging due to:

- the high cost of service delivery
- difficulties in attracting, training, retaining and housing workers
- cultural barriers impacting coordination between communities and service providers
- the lack of sustainable funding models to support effective service delivery
- small target populations, making only a limited number of services and service providers viable.

Exacerbating these challenges, the Northern Territory is isolated from major supply centres in the eastern states, and lacks economies of scale in service delivery and central administration. Service provision also needs to meet the needs of the Northern Territory's relatively large Indigenous population and do so in a culturally capable way.

In addressing these challenges, common solutions have included: service providers employing and training more Indigenous staff; developing the cultural competency of non-Indigenous staff; improving the capacity for community-based operations to deliver services; and assigning long-term sustainable funding to ensure service viability.

Sources: Northern Territory Government (2018a); PC (2011a, 2011b, 2014, 2017b, 2017a).

The choice of funding mechanism may also determine how effectively services are delivered to meet community needs and to achieve policy objectives. Common modes of funding children and family services in the Northern Territory are competitive tenders and grants, which rely on applications from service providers. This model has been widely critiqued by previous studies and inquiries. Several issues are often raised.

- The tendency for governments to enter short-term contracts, or to frequently change grant programs, can hamper the ability of service providers to provide stable services to the community and to retain and develop competent staff (PC 2017b).
- Smaller and Indigenous service providers often lack the resources to write competitive applications, meaning the process can tend to benefit larger, non-local or non-Indigenous providers.
- When applications are assessed, there can be tendency to overlook the capacity of Indigenous community-controlled organisations to develop trust with the local community (and thus improve uptake of services) (RCPDCNT 2017). It can also lead to a lack of focus on building the long-term leadership and employment capacity of local communities.
- Competitive funding processes can also discourage innovative new service delivery models, collaboration between service providers, and the sharing of information.

Some of the issues that arise may in part stem from the rules that governments have set for how tenders and grants are to be administered (for example, the Commonwealth Government Grant Rules and Guidelines), or from how these rules are applied in contexts such as remote communities.

Evaluation of outcomes from government-funded services

Insufficient monitoring and evaluation of the outcomes of government-funded services has been highlighted as a key failure in improving long-term outcomes for children, families and communities. For example, the Australian Government Department of Finance has previously identified significant gaps:

> … between [Indigenous] policy intent and policy execution, with numerous examples of well-intentioned policies and programs which have failed to produce their intended results because of serious flaws in implementation and delivery. (Department of Finance and Deregulation 2010, p. 11)

Further, even where evaluation does take place, there may be a tendency to focus narrowly on specific inputs (such as staff numbers) or outputs (such as number of families visited) that are easy to measure, rather than on the outcomes that matter most to families and communities (such as impacts on child wellbeing in the long term). This brings with it the risk of channelling funding to programs that look good in terms of inputs and outputs but do not have enduring effects on the outcomes of interest (or could even work counter to those outcomes). Programs can also interact with one another, meaning an evaluation of a single program in isolation may not be sufficient on its own to make an informed decision about whether to continue a program or roll it out in a new location.

Rigorous evaluation practices generate information about what works, and help to ensure agencies learn from and are accountable for the design and delivery of services. But this depends on setting measurable objectives, putting in place evaluation strategies before programs are rolled out, and establishing requirements for service providers to report on their performance against clearly defined indicators (without overburdening them with 'red tape'). Evaluating programs in a meaningful way can be difficult and costly where the outcomes that matter are difficult to measure, or are affected by a wide range of factors and/or programs. The method of evaluation may need to vary depending on the size and nature of the program, and the local context in which it is being provided. Making evaluations public further enhances accountability in decision making and helps to disseminate knowledge about what works and why.

QUESTION SET 5

- *How do governments identify needs and priorities for what children and family services are funded? What outcomes are being sought?*
- *Do governments engage genuinely and effectively with communities in designing policies and programs?*
- *How well is funding coordinated between (and within) governments and other service providers?*
- *What incentives do grant programs create for service providers? Do they distort how services are provided, make it more difficult for smaller and more local providers to secure funding, or discourage some providers from applying at all?*
- *Are there sufficient incentives for service providers to build the long-term capacity of communities?*
- *How do funding arrangements affect children and families (for example, their access to services)?*
- *Are decision-making processes rigorous, objective and transparent? How could they be improved?*
- *Are monitoring, reporting and evaluation requirements fit for purpose? Are the right outcomes being measured and used to inform future policy and funding decisions?*
- *How can evaluation be effectively designed and incorporated into the public health and place-based approaches?*
- *How should governments and service providers be held to account for their funding decisions and outcomes?*
- *What changes to funding arrangements have occurred since the Royal Commission?*

Options to improve funding arrangements

The final step in our study is to identify how funding arrangements can be improved to better align with the reforms recommended by the Royal Commission, in particular, place-based decision making and a public health approach to supporting children and families.

This study will also inform the development of a joint funding framework between the Northern Territory and Australian Governments to set 'policies for an agreed approach to the planning, funding and delivery of services for families and children in the Northern Territory', as recommended by the Royal Commission (RCPDCNT 2017, p. 59). In considering what a funding framework might look like, we intend to look at frameworks used in other areas to coordinate funding and enhance community decision making, such as the Northern Territory Aboriginal Health Forum (box 2).

Box 2 **Northern Territory Aboriginal Health Forum**

The Northern Territory Aboriginal Health Forum (NTAHF) is a formal partnership between the Aboriginal Medical Services Alliance Northern Territory, the Australian Government (represented by the Department of Health and the Department of the Prime Minister and Cabinet), the Northern Territory Government (represented by the Department of Health) and the Northern Territory Primary Health Network.

The NTAHF was established in 1998 to allow the parties to formally coordinate an approach to the delivery of primary health care services at a level that reflects the needs of Aboriginal people and their communities. NTAHF was influential in establishing formulas that determine funding allocations which reflect the principles of equitable funding and funding according to needs.

The commitments and roles and responsibilities of the NTAHF are governed by the *Aboriginal Health Partnership Framework Agreement 2015–2020*. This agreement commits the parties to develop, sustain and maintain:

- a health system that provides clinically appropriate care that is accessible, culturally safe, culturally competent and free of racism for all Aboriginal people
- coordinated, culturally appropriate services across the health system to improve the patient journey and health outcomes for Aboriginal people and their families
- sharing of financial investment information with the other parties that clearly identifies the contributions of the Northern Territory and the Australian Governments.

The NTAHF develops an annual work plan to guide its work and meets quarterly to discuss and progress the plan. The parties have committed to be both transparent and accountable in information sharing and planning efforts to support improved services delivery.

Sources: AMSANT (nd); Australian Government, Northern Territory Government and Aboriginal Medical Services Alliance Northern Territory (2015); Parker (2007).

QUESTION SET 6

- *How should governments identify what objectives to pursue, and then identify needs and priorities for what children and family services to fund?*
- *How can a funding approach best support place-based decision making and a public health approach to service delivery? How can barriers to accessing services be overcome through changes to funding arrangements?*
- *What incentives or barriers have stood in the way of implementing the place-based and public health approaches? How can these incentives be changed?*
- *What alternatives are there to competitive grant funding? In which circumstances should these alternatives be used?*
- *What should a joint funding framework look like?*
  - *What form should it take, what should it cover, and how should it interact with other intergovernmental agreements? What accountability mechanisms should it contain?*
  - *Does it make sense to design a framework that focuses on just a few service areas, but could then be extended to a wider range of services over time?*
- *Are funding frameworks used for health services in the Northern Territory working well? Is there scope to use similar frameworks for children and family services?*
- *What examples from other jurisdictions offer lessons for, and could be applied to, the Northern Territory?*
- *What other examples of 'best practice' funding are there, such as in other service areas or that have been used in the past?*

5 How can you contribute?

As part of the study process, we will be consulting with a wide range of stakeholders and interest groups. These will include Aboriginal and Torres Strait Islander groups, community representatives, service and program providers and service users, as well as government agencies, non-government organisations, charities and researchers.

Your input can help us understand different views about, and experiences with, the services and programs that are the subject of this study, and provide insights into how funding arrangements are affecting outcomes for children and families. It will also help us identify where the system is operating well or poorly, and how individuals, families and communities are affected by existing funding arrangements.

Written submissions and brief comments

We are seeking written submissions from stakeholders and interested parties. Submissions can include relevant data and evidence, as well as your opinions or ideas about any of the matters raised by the terms of reference or in this issues paper. You do not need to address every issue raised in this paper and you are free to raise any other issues or ideas that are relevant to the terms of reference.

If you do not wish to make a public submission, you may provide us with a brief comment via our website. If you make a brief comment, you may choose to remain anonymous. The attachment at the end of this issues paper provides further details on how you can make a submission.

Submissions and brief comments in response to this issues paper are due by 10 July 2019.

We plan to release a draft report in **October or November 2019.** There will be further opportunity to provide submissions and comments after the draft report is released.

Meetings and discussions

Meetings and discussions are central to our consultation process. These may be in person or via telephone or video conference.

We are seeking input on who we should consult with (including individuals, groups and organisations) and the preferred means for engaging with those parties. We also welcome your views about places or communities we should visit — both within and outside the Northern Territory. These could be places where funding arrangements are supporting good outcomes, or places where the shortcomings of current arrangements are evident.

QUESTION SET 7

- *How and who should we consult to maximise community and expert input to this study?*

Appendix A: Terms of reference

I, the Hon Josh Frydenberg MP, Treasurer, pursuant to Parts 2 and 4 of the *Productivity Commission Act 1998*, hereby request that the Productivity Commission undertake a study into Commonwealth and Northern Territory Government expenditure in the Northern Territory in the area of children and family services relevant to the prevention of harm to children.

Background

The Royal Commission into the Protection and Detention of Children in the Northern Territory (Royal Commission) found that funding arrangements in the Northern Territory appear to be characterised by a lack of coordination between the Northern Territory and Commonwealth Governments, and within each government.

The Royal Commission found that Commonwealth and Northern Territory Government investment is not rigorously tracked, monitored or evaluated to ensure that it is appropriately distributed and directed.

The Royal Commission was concerned that government funds were directed to programs without reference to the existence of other programs, their target locations or the outcomes of the services delivered. A study into expenditure in the Northern Territory will supplement information already provided as part of the Royal Commission, and will support the development of a joint funding framework as recommended by the Royal Commission (Rec 39.05 refers).

A joint funding framework is an important step in ensuring the efficient and effective allocation of resources.

Scope

The Commonwealth and Northern Territory Governments have agreed to a joint study of children and families funding and services in the Northern Territory as a response to the Royal Commission.

The Productivity Commission will examine ways to improve funding arrangements across and within the Commonwealth and Northern Territory Governments and the services delivered via these funding arrangements. The Productivity Commission should have regard to relevant funding arrangements including for payments to or through the States (such as those made under National Partnerships), and grants (such as those made under the Indigenous Advancement Strategy and other selected programs related to the prevention of harm to children).

In undertaking the study, the Productivity Commission should consider:

- the objectives, governance and implementation of current funding arrangements including assessment of:
  - the extent of duplication and lack of coordination across Commonwealth and Territory funding arrangements, individual programs and service providers

- whether the approach to the design of programs aligns with policy objectives
  - the approach to engaging service providers and allocating funds
  - accountability, reporting and monitoring requirements for service providers and governments
  - levels of access to services
  - approaches to service delivery, including continuity of funding for services over time and levels of coordination and integration between services where a variety of service providers are used.
- principles and approaches for governance and funding to promote better outcomes and improve:
  - the coordination of Commonwealth-Territory funding
  - the coordination, funding, design and administration of programs
  - the delivery of services and levels of access.

The Productivity Commission should have regard to:

1. the federal financial relations framework, set out in the Intergovernmental Agreement on Federal Financial Relations and the Federal Financial Relations Act 2009
2. the Commonwealth Grant Rules and Guidelines
3. existing funding agreements and contractual arrangements between relevant parties
4. existing accountability controls and conditions under (a), (b) and (c).

The scope of the study does not include an assessment of the Northern Territory's expenditure relative to the GST revenue received through the Commonwealth Grants Commission assessment process.

Process

The Productivity Commission will commence the study on 1 April 2019.

The Productivity Commission should undertake appropriate consultation including with the Aboriginal and Torres Strait Islander community sector. The Productivity Commission should release a draft report to the public and provide the final report to Government within 12 months.

The Hon Josh Frydenberg MP
Treasurer

[Received 14 March 2019]

Appendix B: Some context for the study

Challenges for children and families in the Northern Territory

Children in the Northern Territory are more likely to experience harm than children in other parts of Australia. Although accurate data on prevalence of harm to children are not available, the statistics that are available are nevertheless alarming. In 2017-18, 1 in 9 children in the Northern Territory received child protection services, four times the national average. Indigenous children are six times more likely to be receiving such services than non-Indigenous children in the Northern Territory, and 11 times more likely to be placed in out-of-home care (box B.1).

Box B.1 **Child protection and youth justice in the Northern Territory**

Definitions of ‘harm’ to children are varied but typically encompass both physical and psychological harm. Northern Territory legislation defines harm as the detrimental effect of intentional or unintentional behaviour by a parent, carer or other person (whether in the family or an institutional setting) on a child’s physical, psychological or emotional wellbeing or development (*Care and Protection of Children Act 2007* (NT)). More generally, harm can be described as the effect of physical, emotional, or sexual abuse, neglect, or exposure to physical violence.

Evidence on the prevalence and incidence of harm to children in Australia is limited. Statistics relating to children receiving child protection services (that is, children who are the subjects of an investigation of a notification, on a care and protection order, and/or in out-of-home care) indicate that:

- of the 63 000 children in the Northern Territory, nearly 7400 received child protection services in 2017-18. About half of the substantiated cases of harm to children relate to neglect
- children in the Northern Territory are four times more likely than Australian children overall to receive child protection services and twice as likely to be in out-of-home care.

Indigenous children are vastly overrepresented in child protection systems in all jurisdictions, including the Northern Territory.

- They are six times more likely than non-Indigenous children in the Northern Territory to receive child protection services and 11 times more likely to be in out-of-home care. The Royal Commission received evidence that about half of all Indigenous children in the Northern Territory will be the subject of at least one child protection notification by the time they are 10 years old.
- Higher rates of young people (aged under 18) in the Northern Territory are under youth justice supervision than in any other jurisdiction, and Indigenous young people are 63 times more likely than non-Indigenous young people to be in youth detention.

Other evidence shows that deaths from intentional self-harm by children are significantly higher in the Northern Territory than anywhere else in Australia.

Sources: AIHW (2019); RCPDCNT (2017); SCRGSP (2019).

These outcomes reflect the high prevalence of risk factors in the Northern Territory, which stem from complex social, historical and geographic factors (box B.2).

Box B.2 Some unique attributes of the Northern Territory

The Northern Territory has a significantly higher proportion of its population living in remote areas compared to other Australian jurisdictions. Excluding the Darwin region, all of the Northern Territory is classified as 'remote' or 'very remote', and just under half (45 per cent) of all children in the Northern Territory live in these areas (ABS 2017). Providing services to remote areas is costly, which can make it difficult to sustain service delivery over long periods of time.

Children in the Northern Territory also face higher rates of socioeconomic disadvantage. Between 25 and 44 per cent of children in the Northern Territory live in areas with high levels of socioeconomic disadvantage (ABS 2017), placing them at a higher risk of harm. This is exacerbated by a higher prevalence of other risk factors including: living in households facing poverty, unemployment, overcrowding or unstable housing; mental health issues; substance abuse; and family violence. For example, in 2016 approximately 12 per cent of children in the Northern Territory were living in unsuitable housing, almost 12 times the national average (ABS 2017).

The share of Indigenous people in the Northern Territory's population is the largest of any State or Territory, and about 42 percent of children in the Northern Territory are Indigenous (SCRGSP 2019). This amplifies the need for flexible and culturally capable services, including services that appropriately deal with issues of intergenerational trauma and reflect the specific needs and aspirations of Indigenous communities. It also presents opportunities to build on the cultural foundations of Indigenous communities when designing and delivering services.

Previous inquiries into the protection of children in the Northern Territory

There have been numerous inquiries over the years about what governments could do better in relation to child protection, youth justice and the provision of children and family services. In the past decade, there have been multiple reviews focused on the Northern Territory alone, including the *Little Children are Sacred* report on the sexual abuse of children (2007), the *Growing Them Strong, Together* report on the child protection system (2010) and, most recently, the Royal Commission's report on the protection and detention of children (2017).

All three inquiries found systemic problems with the way children and family services were being funded in the Northern Territory. These problems include a lack of rigorous tracking of how funding was being spent or the outcomes it was achieving, duplication between service providers, a lack of coordination between the Northern Territory and Australian Governments, and the failure to build the capacity of communities to manage and provide services locally. In particular, the recent Royal Commission concluded that:

> … the underlying problem is not the level of overall funding but that Commonwealth and Northern Territory Government investment is not rigorously tracked, monitored or evaluated to ensure that it is appropriately distributed and directed. Value for the money expended cannot be demonstrated. (RCPDCNT 2017, vol. 1, p. 40)

Specifically, it reported that:

- neither the Northern Territory Government nor the Australian Government maintained a centralised list of child protection or youth justice services, or was able to provide a complete list on request
- government funds were directed to programs without reference of the existence of other programs, their target locations or outcomes, with the absence of a clear coordination framework for funding by each level of government
- many remote communities are contending with dozens of different programs delivered by a myriad of government agencies and contracted service providers
- many programs do not appear to have been evaluated against their intended outcomes
- consultation and engagement with affected Indigenous communities has generally been absent in all levels of program design and service implementation
- there has been an emphasis on delivering services to Indigenous communities, rather than by or with those communities.

The Royal Commission recommended a suite of reforms across a wide range of areas and set out a blueprint for system-wide change (box B.3). Many of these echo similar recommendations made in the preceding inquiries.

The Northern Territory Government supported all the recommendations directed to it in the Royal Commission's report, and announced $230 million in new funding over five years to improve children and family services. This includes establishing eleven new Child and Family Centres to coordinate local service delivery, consulting with Indigenous organisations and communities to support local decision-making approaches, and making changes to the youth justice system. In November 2018, the Northern Territory Government published some detail on its progress in implementing these recommendations (Northern Territory Government 2018b).

A place-based approach to service provision

A common theme of previous inquiries is that governments need to adopt a place-based approach to enable communities to make their own decisions about service provision. The Productivity Commission's recent inquiry on competition in human services also recommended that in the long term, governments should shift towards place-based approaches to service delivery where local governance capacity can take on that responsibility (PC 2017a).

Box B.3 Key recommendations from the Royal Commission

The central elements of the suite of reforms made by the Royal Commission are:

- developing a 10-year Generational Strategy for Families and Children for addressing child protection and the prevention of harm to children
- establishing a network of at least 20 Family Support Centres that provide integrated services at a local level
- adopting a public health approach to addressing the problem of child abuse and neglect — in essence, shifting the focus from statutory responses to prevention and early intervention and support
- carrying out prevalence, needs, service mapping and service referral studies to gather information about the needs of children and families, and what services are currently available
- better coordination and engagement through:
  - the establishment of a Tripartite Forum with representatives from the Australian Government, Northern Territory Government and community sector to better coordinate and advise on policy for young people in the youth justice and child protection systems
  - the establishment of a joint funding framework between the Australian and Northern Territory Governments, to set policies for an agreed approach to the planning, funding and delivery of services for families and children in the Northern Territory
- improving oversight and reporting, including through the establishment of a Commission for Children and Young People which would have statutory responsibility for all children in the Northern Territory (not just those deemed vulnerable).

The Royal Commission also recommended that both the Northern Territory and Australian Governments commit to a place-based approach to implementing its recommendations in partnership with local communities, and to reach agreement on the strategies, policies and programs needed to provide sustained positive outcomes for children and young people in each 'place'. The broad terms of these partnerships are to be based on immediate engagement with Indigenous community representatives, and to reflect a range of principles including the best interest of the child, local decision making, and shared responsibility and accountability.

Source: RCPDCNT (2017).

A place-based approach involves taking a flexible approach to service provision to find fit-for-purpose solutions for local communities. This means recognising that different communities have different histories, languages and social, political and cultural dynamics — and hence different service needs. By its nature, a place-based approach relies on engagement between governments and the community to understand the specific issues faced by the community.

Often, this entails a greater emphasis on providing services on a local scale. According to the Royal Commission:

> … place-based services are an important part of ensuring that programs and services reach families that need them and this can only be assessed by looking at service availability place by place. The provision of place-based services are likely to be more effective because services can be provided by organisations who know the families and understand their problems, will be

familiar with what supports are available and can ensure the accessibility and availability of those supports and services. (RCPDCNT 2017, vol. 3B, p. 181)

As such, collaboration between governments, service providers and the local community is essential to the effective implementation of place-based approaches.

A public health approach to preventing harm to children

All Australian Governments have recognised a need to focus more on preventing harm to children and early intervention, so that less reliance is made on statutory systems that step in once harm has occurred (for example, by taking children away from their families). This rebalancing of priorities is often called the 'public health approach', and has been articulated through the *National Framework for Protecting Australia's Children 2009–2020*.

Essentially, it means addressing underlying risk factors that increase the likelihood that a child will experience abuse or neglect, or where problems do occur, to intervene as early as possible to minimise harm (PC 2019).[1] This is done through the provision of universal (primary) and early intervention (secondary) services, so as to lessen the need to rely on statutory (tertiary) services — but recognising that not all risks can be eliminated, and thus statutory responses will always need to be present in any child protection system.

The overarching objective is to promote the wellbeing of Australia's children. There is broad recognition that the wellbeing and safety of children is a shared responsibility between individuals, families, communities and governments (COAG 2009, p. 6). In part, this stems from the fact that the wellbeing of children affects society as a whole: children who flourish in their early years are more likely to become productive participants of society in the future. The involvement of government also recognises that children have rights and interests — separate from those of their parents — that are worthy of protection. The obligation of governments to protect those rights is underscored by the United Nations Convention on the Rights of the Child, which Australia is a signatory to.

Through their funding and expenditure decisions, governments heavily shape which services are available to children, families and communities — and where and how those services are provided. This takes place in a broader context of formal and informal supports.

1 The public health approach is based on techniques that have long been used to tackle infectious diseases within a population, especially where infection rates and patient outcomes are influenced by a range of complex social, cultural, environmental and economic factors. The approach also reflects the old adage that 'prevention is better than cure'.

References

ABS (Australian Bureau of Statistics) 2017, *Census of Population and Housing: Tablebuilder*, Canberra.

ACNC (Australian Charities and Not-For-Profits Commission) 2016, *ACNC 2016 Annual Information Statement Data*, Melbourne.

AIHW (Australian Institute of Health and Welfare) 2019, *Child Protection Australia: 2017-18*, Child Welfare Series no. 68, Canberra.

Allen Consulting Group 2008, *Inverting the Pyramid: Enhancing Systems for Protecting Children*, report for Australian Research Alliance for Children & Youth, Melbourne.

AMSANT (Aboriginal Medical Services Alliance Northern Territory) nd, *Northern Territory Aboriginal Health Forum*, www.amsant.org.au/ntahf (accessed 6 May 2019).

Australian Government, Northern Territory Government and Aboriginal Medical Services Alliance Northern Territory 2015, *Agreement on Northern Territory Aboriginal Health and Wellbeing 2015–2020*.

BICPSNT (Board of Inquiry into the Child Protection System in the Northern Territory) 2010, *Growing Them Strong, Together: Promoting the Safety and Wellbeing of the Northern Territory's Children*, Summary Report, Northern Territory Government, Darwin.

COAG (Council of Australian Governments) 2009, *Protecting Children is Everyone's Business: National Framework for Protecting Australia's Children 2009–2020*, Canberra.

Department of Finance and Deregulation 2010, *Strategic Review of Indigenous Expenditure*, Australian Government, Canberra.

Northern Territory Government 2018a, *Budget Paper 2: Budget Strategy and Outlook 2017-18*, Darwin.

—— 2018b, *Safe, Thriving and Connected: Generational Change for Children and Families 2018–2023: First Progress Report*, Darwin.

Parker, B. 2007, *Agreement on Aboriginal and Torres Strait Islander Health (Northern Territory)*, Agreements, Treaties and Negotiated Settlements Project, www.atns.net.au/agreement.asp?EntityID=1570 (accessed 6 May 2019).

Parton, N. 2010, '"From dangerousness to risk": The growing importance of screening and surveillance systems for safeguarding and promoting the well-being of children in England', *Health, Risk & Society*, vol. 12, no. 1, pp. 51–64.

PC (Productivity Commission) 2011a, *Caring for Older Australians*, Report no. 53, Canberra.

—— 2011b, *Disability Care and Support*, Report no. 54, Canberra.

—— 2014, *Childcare and Early Childhood Learning*, Report no. 73, Canberra.

—— 2017a, *Introducing Competition and Informed User Choice into Human Services: Reforms to Human Services*, Report no. 85, Canberra.

—— 2017b, *National Disability Insurance Scheme (NDIS) Costs*, Study Report, Canberra.

—— 2019, *What Is Known About the Systems That Enable the ‘Public Health Approach’ to Protecting Children*, Consultation Paper, Canberra.

RCPDCNT (Royal Commission into the Protection and Detention of Children in the Northern Territory) 2017, *Final Report*, Darwin.

SCRGSP (Steering Committee for the Review of Government Service Provision) 2019, *Report on Government Services 2019*, Productivity Commission, Canberra.

Territory Families 2018, *Annual Report: 2017–2018*, Northern Territory Government, Darwin.

Attachment: How to make a submission

How to prepare a submission

Submissions may range from a short letter outlining your views on a particular topic to a much more substantial document covering a range of issues. Where possible, you should provide evidence, such as relevant data and documentation, to support your views.

Generally

- Each submission, except for any attachment supplied in confidence, will be published on the Commission's website shortly after receipt, and will remain there indefinitely as a public document.
- The Commission reserves the right to not publish material on its website that is offensive, potentially defamatory, or clearly out of scope for the inquiry or study in question.

Copyright

- Copyright in submissions sent to the Commission resides with the author(s), not with the Commission.
- Do not send us material for which you are not the copyright owner — such as newspaper articles — you should just reference or link to this material in your submission.

In confidence material

- This is a public review and all submissions should be provided as public documents that can be placed on the Commission's website for others to read and comment on. However, information which is of a confidential nature or which is submitted in confidence can be treated as such by the Commission, provided the cause for such treatment is shown.
- The Commission may also request a non-confidential summary of the confidential material it is given, or the reasons why a summary cannot be provided.
- Material supplied in confidence should be clearly marked 'IN CONFIDENCE' and be in a separate attachment to non-confidential material.
- You are encouraged to contact the Commission for further information and advice before submitting such material.

Privacy

- For privacy reasons, all **personal** details (e.g. home and email address, signatures, phone, mobile and fax numbers) will be removed before they are published on the website. Please do not provide a these details unless necessary.

- You may wish to remain anonymous or use a pseudonym. Please note that, if you choose to remain anonymous or use a pseudonym, the Commission may place less weight on your submission.

Technical tips

- The Commission prefers to receive submissions as a Microsoft Word (.docx) files. PDF files are acceptable if produced from a Word document or similar text based software. You may wish to research the Internet on how to make your documents more accessible or for the more technical, follow advice from Web Content Accessibility Guidelines (WCAG) 2.0 <http://www.w3.org/TR/WCAG20/>.
- Do not send password protected files.
- Track changes, editing marks, hidden text and internal links should be removed from submissions.
- To minimise linking problems, type the full web address (for example, http://www.referred-website.com/folder/file-name.html).

How to lodge a submission

Submissions should be lodged using the online form on the Commission's website. Submissions lodged by post should be accompanied by a submission cover sheet.

Online*	www.pc.gov.au/nt-children
Post*	Expenditure on Children in the Northern Territory Productivity Commission Locked Bag 2, Collins Street East, Melbourne VIC 8003

* If you do not receive notification of receipt of your submission to the Commission, please contact the Administrative Officer on 03 9653 2194.

Due date for submissions

Please send submissions to the Commission by **10 July 2019**.