

CHAPTER 1

INTRODUCTION

Terms of Reference

1.1 The Senate referred the following matter to the Senate Standing Committee on Community Affairs on 15 September 2008:

The levels of Federal and Northern Territory Government expenditure on Indigenous affairs and social services in the Northern Territory, including expenditure on services for families, children and people with disabilities in the Northern Territory, with particular reference to:

- (a) the level of service delivery and of outcomes achieved in Indigenous communities in the Northern Territory in relation to the expenditure of both Federal and Northern Territory monies; and
- (b) whether the Northern Territory Government's expenditure of goods and services tax receipts accurately reflects the Commonwealth Grants Commission's funding formula for the expenditure of such receipts by program, by location, and by intended service recipient for meeting disadvantage and regional need.

Background

1.2 The terms of reference reflect claims made by the President of the Northern Territory Council of Social Services (NTCOSS) and others that successive NT Governments have been "misspending" billions of dollars in Commonwealth funding allocated to the Northern Territory through the Commonwealth Grants commission process.

1.3 As Mr Hansen, the President of NTCOSS makes clear in an interview with the ABC, he does not suggest that any dishonesty or corruption is involved but rather that money allocated to the Territory reflecting its high indigenous population, the low living standards of that population and the additional cost that remoteness imposes on the provision of services, have not been spent to address those issues.¹

1.4 The committee's report considers the matters raised in its terms of reference in reverse order. It is important that readers have a clear grasp of the Commonwealth Grants Commission's (CGC) processes and the basis on which Goods and Services Tax revenues (and some other funding) are distributed and the magnitude of funds available to the Northern Territory before considering how that revenue is spent. Thus Chapter 2 examines the processes of the Commonwealth Grants Commission, the

¹ ABC Online, 15 July 2008; <http://www.abc.net.au/news/stories/2008/07/15/2303835.htm>; <http://www.abc.net.au/pm/content/2008/s2304590.htm>; Accessed 13 November 2008.

methods used to determine the allocation of revenue to each State and Territory and the specific outcome for the Northern Territory.

1.5 Chapter 3 examines recent Northern Territory budgets and summarises actual levels of expenditure on services to the indigenous population. The committee is aware that this is a very thoroughly traversed area and has relied on existing research. It is also sensitive to the responsibilities of the Senate Select Committee on Regional and Remote Indigenous Communities. Chapter 4 considers recent changes in the administration of Indigenous affairs which are directed to the issues raised by this inquiry.

Conduct of the Inquiry

1.6 The committee is required to report to the Senate by 4 December 2008.

1.7 Advertisements seeking submissions were placed in the national media and interested parties were also contacted directly and invited to contribute to the inquiry. A list of those who made submissions to the committee is attached to this report at Appendix 1. Two public hearings were conducted: in Darwin on 30 October and in Canberra on 11 November 2008. A list of witnesses who appeared at the committee's hearings is at Appendix 2.