

## CHAPTER 4

### THE WAY FORWARD

4.1 This inquiry is, in a sense, part of a long running 'intractable issue' within Indigenous affairs – the inadequacy of the funding arrangements to ensure that services to Indigenous Australians, particularly those in remote areas, are provided on an 'equitable needs basis'. This is particularly important for relations with and service provision in the Northern Territory where responsibilities have been confused and disputed since self-government in 1978.

4.2 In its submission to the committee ANU's Centre for Aboriginal Economic Policy Research summarised the findings of research and public inquiries down the years which demonstrate the lack of clarity in administration and responsibility between the various levels of government; the propensity to 'cost shift' as government seeks to move responsibility to another level and substitution of both Indigenous program funding and other sources of income for proper funding of public services.<sup>1</sup>

4.3 It is a disturbing, but nevertheless welcome, comment on the management of Indigenous affairs over the last forty year that the FaHCSIA submission to the NTER Review Board could state, with regard to the Intervention, that,

...The pace and breadth of working in a whole-of-government way, across levels of government, and government-volunteer-non-government organisation working and cooperative arrangements *was new to Indigenous affairs*.<sup>2</sup> [emphasis added]

4.4 To address these issues the committee believes that three fundamental steps are necessary;

- Clear definition of financial and administrative responsibility, by level of government and within individual governments, for service provision to Indigenous communities which will address the issues of cost-shifting and funding substitution and unequivocally acknowledge public responsibility for service provision to Indigenous communities;
- Proper public accountability for outcomes; and
- Thorough analysis and quantification of the extent of the actual needs of Indigenous communities using the Thamurrurr and similar studies as a model and the development of action programs at the community, shire or regional level.

---

1 CAEPR, *Submission 10*, p.2.

2 FaHCSIA, *Submission of Background Material to the Northern Territory Emergency Response Review Board*, (August 2008), p.13.

4.5 The latter part of chapter 3 presented a brief summary of services and outcomes for communities in the Territory, which tended to focus on service failures and poor outcomes. However as was noted in that chapter, many Indigenous communities work well and there are numerous examples of community-based solutions to problems. The SCRGSP report, *Overcoming Indigenous Disadvantage*, has interspersed throughout examples of 'Things that Work' – government and community programs that have successfully addressed key issues for indigenous communities.

4.6 There is also cause for optimism in that government at all levels is now focussed on providing the resources and support necessary to achieve measurable improvements in outcomes for Indigenous Australians. The Northern Territory Emergency Response is the most visible example of this, and the intention of both the previous and current governments to develop it from an emergency response to a long-term sustainable program is welcomed.<sup>3</sup>

4.7 The Northern Territory Emergency Response was the culmination of growing concern and frustration at the failure to address the issues which the *Little Children are Sacred* report brought into Australia-wide prominence. As the FaHCSIA submission to the NTER Review states,

...many of the issues raised in the LCS report had already been highlighted and additional funding had been committed by the Australian Government. ...through strategic interventions, funding additional police and funding programs. The previous Government had also consistently raised the issue of violence in Indigenous communities with the states and territories.<sup>4</sup>

4.8 A key element of the NTER is the recognition that the specific issue of child abuse cannot be addressed without taking a comprehensive approach to improving the lives of Indigenous communities – addressing housing, education, health, employment and governance issues. As the FaHCSIA submission put it, this is a product of '... people without meaningful things to do, failure of service methodologies, dysfunctional government and overcrowded houses'.<sup>5</sup>

4.9 Perhaps more important in the long term, is the Council of Australian Government's (COAG), involvement, particularly the 'Closing the Gap' initiative, representing as it does an Australia-wide approach embracing all jurisdictions.

---

3 A recent paper from CAEPR, J C Altman, N Biddle & B H Hunter, *How Realistic are the Prospects' Closing the Gap' in Socioeconomic Outcomes for Indigenous Australians*, emphasises the importance of long term commitment and a willingness to adopt fundamentally new approaches where necessary if disparities are to be reduced.

4 FaHCSIA, *Submission of Background Material to the Northern Territory Emergency Response Review Board*, (August 2008), p.7. Total funding for the NTER from the Commonwealth is nearly \$1.4 billion over 5 years. \$466.6 million was expended in 2007-08 and \$460 million is committed for 2008-09. Details of actual and proposed expenditure are in Tables 2 and 3, p.44 & 45 of this submission.

5 *ibid.*, p.10.

---

4.10 'Closing the Gap' commits all Australian Governments to pursue measurable objectives with regard to Indigenous outcomes within specified time-frames. These are:

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

4.11 At its meeting in October 2008 COAG further agreed to

...hold a dedicated meeting in 2009 to:

- agree between all governments, a national strategy for achieving the six COAG Closing the Gap targets;
- provide a formal opportunity for exchange between jurisdictions of programs and initiatives that are working successfully to advance the areas covered by the Closing the Gap targets; and
- maximise the contribution that private and community sector initiatives in education, employment, health and housing can make to the success of the overall strategy.<sup>6</sup>

4.12 COAG has had a long term interest in Indigenous matters. The SCRGSP reports on Indigenous disadvantage were initiated by COAG in 2000 and the reports into the Thamurrurr community by CAEPR were commissioned by COAG. In 2004 COAG adopted the National Framework Principles for Service Delivery to Indigenous Australians. These principles are embodied in the *Overarching Agreement on Indigenous Affairs between the Commonwealth of Australia and the Northern Territory of Australia* signed in 2005. COAG also convened the Intergovernmental Summit on Violence and Child Abuse in Indigenous Communities in 2006.

4.13 The 'Closing the Gap' initiative allied to the sense of urgency generated by the NTER does offer the prospect of a more committed, long-term approach to these issues coupled with the opportunity to measure progress against publicly acknowledged outcomes.

---

6 Council of Australian Governments, [http://www.coag.gov.au/coag\\_meeting\\_outcomes/2008-10-02/index.cfm#child](http://www.coag.gov.au/coag_meeting_outcomes/2008-10-02/index.cfm#child) Accessed 20 November 2008.

4.14 The Northern Territory government has introduced its own 'Closing the Gap' policy as a response to the *Little Children are Sacred* report in August 2007. This is described as a twenty year plan which will be '...the Territory Government's principal framework for advancing Indigenous Territorians' life outcomes'. This plan involves both additional funding - \$286 million over the next five years – and the alignment '...of new and existing programs...to the Closing the Gap objectives'.<sup>7</sup> A second part of the Territory's response is the reform of local government through the establishment of shire councils as of July 2008 which will assume many of the responsibilities of smaller community organisations in providing municipal services.

4.15 The committee notes that the forthcoming reform of Commonwealth-State financial relations will address some of the key problems of transparency of funding and expenditure and accountability. The provision of services to Indigenous communities has been bedevilled for many years by 'cost shifting between the various levels of governments and between agencies at the same level of government'.<sup>8</sup> The new financial arrangements will include 'a clear statement of the roles and responsibilities of the Commonwealth government and the states and territories... [which] will focus on objectives and outcomes'.<sup>9</sup>

4.16 Under the auspices of COAG a uniform framework for reporting on the provision of services to Indigenous communities was agreed to in December 2007 and is currently being developed. The introduction of this framework will go a long way to addressing criticism of the Northern Territory's Indigenous Expenditure Review and providing a uniform, national basis on which the performance of each jurisdiction can be compared. The committee notes that framework will include,

...expenditure from all funding sources on both Indigenous-specific and mainstream service, with an emphasis on 'on the ground' service provision ...[and]...expenditure in areas such as education, justice, health, housing, community services, employment ...<sup>10</sup>

4.17 The adoption of this framework should ensure that service delivery to, and outcomes in, Indigenous communities become much more transparent. As a number of submissions to this inquiry have pointed out, public accountability of funding agencies and service providers for outcomes achieved is essential for real progress to be made. The Australian Government has made transparency and accountability key parts of its 'Closing the Gap' policies – the Single Indigenous Budget will make Commonwealth funding more accessible; there is to be an annual progress report to

---

7 NT Government, *Budget Overview 2008-09*, p.8. In 2008-09 \$57.6 million will be spent on this program.

8 CAEPR, *Submission 10*, p.2-3, quoting the Commonwealth Grants Commission, *Report on Indigenous Funding 2001*.

9 Mr Bernie Yates, Deputy-Secretary, FaHCSIA, Community Affairs, *Committee Hansard*, 11 November 2008, p.12.

10 Mr Bernie Yates, Deputy-Secretary, FaHCSIA, Community Affairs, *Committee Hansard*, 11 November 2008, p.12.

---

Parliament by the Prime Minister and the Commonwealth is taking the initiative in COAG to establish 'arrangements for independent national monitoring and reporting of progress against agreed targets'.<sup>11</sup>

## Conclusion

4.18 In conclusion, the committee finds that the assumptions in part (b) of its terms of reference do not reflect the responsibilities and processes of the Commonwealth Grants Commission. The Commission has a clearly defined and limited responsibility to make recommendations with regard to horizontal fiscal equalisation in the distribution of the GST pool. It does not have any 'funding formula' nor does it make any recommendations with regard to expenditure by program, region or outcome.

4.19 Revenue distributed to the States and Territories through the Grants Commission process is provided as untied funding. It is available to the States and Territories to expend in accordance with their own policies and priorities. There is no pressure from State or Territory governments to alter this practice.

4.20 In calculating State and Territory relativities the Grants Commission uses actual expenditure in each jurisdiction from previous years. Thus its recommendations with regard to funding relativities make no provision for addressing situations where there have been long term deficiencies in service or infrastructure provision. The suggestion that the Northern Territory receives funding through the distribution from the GST pool that would enable it to make good the deficiencies of infrastructure provision in Indigenous communities is, therefore, not accurate.

4.21 Part (a) of its reference requires the committee to examine levels of service delivery and outcomes achieved. In chapter 3 the committee noted that, historically, service provision has been poor, that there are significant backlogs in infrastructure provision and that these problems have been compounded by governance failures at all levels.

4.22 The committee believes that the significant changes in the overall management of Indigenous policy and the provision of services and infrastructure to Indigenous communities initiated by the Council of Australian Governments (COAG) and by the Australian Government through the Northern Territory Emergency Intervention are evidence of a practical commitment to addressing this legacy. These initiatives are supplemented by the Northern Territory's own 'Closing the Gap' policy and its reforms to local government.

4.23 COAG's 'Closing the Gap' initiative provides clear targets against which progress can be measured; coordinated action by all jurisdictions in pursuit of those targets and a commitment to transparency. The uniform reporting framework for

---

11 *Closing the Gap between Indigenous and Non-Indigenous Australians*, Budget Statement, the Hon Jenny Macklin, Minister for Families, Housing, Community Services and Indigenous Affairs.13 May 2008, p.37.

services to Indigenous communities will provide reliable information on expenditure comparable across jurisdictions. The Commonwealth's Single Indigenous Budget and commitment to annual reporting to Parliament of progress against these outcomes also enhance transparency and accountability.

4.24 The Northern Territory Emergency Intervention and other Commonwealth Government initiatives have seen significant progress made in addressing governance failures (in cooperation with the Territory government) and a large amount of additional revenue made available to address the problems of service provision and infrastructure in Indigenous communities in the Northern Territory.

Senator Claire Moore  
Chair

December 2008