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**Letter of transmission**

Elton Humphery  
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Community Affairs Committee  
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Canberra, 2600  
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Dear Mr Humphery,

Thank you for inviting the Central Australian Aboriginal Congress to make a submission to the Senate Inquiry into government expenditure on indigenous affairs and social services in the Northern Territory.

We also appreciate the extension of time.

The Congress submission to the Inquiry is attached, along with a supporting document.

Yours sincerely

*Stephanie Bell*

Stephanie Bell  
Director  
31 October

## Disputing public expenditure on Aboriginal people in the Northern Territory

### Introduction

The Central Australian Aboriginal Congress has made a Submission to the Senate Inquiry into government expenditure on indigenous affairs and social services in the Northern Territory. This document provides background material on issues concerning the Commonwealth Grants Commission and Northern Territory government expenditures for Aboriginal people, including the *Indigenous Expenditure Reviews* (2006 and 2008).

### Fiscal equalization and the Commonwealth Grants Commission

'The Territory is assessed as having the highest level of needs of all jurisdictions. This is primarily due to the high costs of providing virtually all government services in the Territory and, to a lesser extent, the Territory's below average capacity to raise own source revenue.' (NT government 2008-09 Budget, Budget Paper No.2:53)

The job of the Commonwealth Grants Commission is to advise the federal government on the equitable distribution of funds between State and Territory governments. However, it is the Commonwealth government that decides on the size of the payment. It is also the Commonwealth which agrees that the states and territories may spend the money as they see fit.

Under the Commonwealth fiscal equalization process, the NT receives over four times per capita more from GST revenue than the states (NT Treasury, 2008:13). Largely, this is to recognize the cost of providing average or standard level public services to the Aboriginal population, dispersed as it is across vast regions.

In 2006-07, 77.5% of the NT government revenue came from Commonwealth government grants. Sixty two per cent (\$2,015 million) of the total revenue (\$3,242 million) was derived from the GST (NT Treasury, 2008:13). This (untied) amount is calculated (by the Commonwealth Grants Commission) to recognize the relative cost of delivering average or standard level public services. Called 'horizontal fiscal equalization', the process recognizes such factors as socio-demographic make-up, wage levels, the economic environment, geographic scale and dispersal or remoteness. Remoteness is said to be

a proxy to differentiate between the cost of providing services to 'traditional' lifestyle Indigenous people and 'non-traditional' Indigenous people, in recognition that indicators of relative need in relation to health, education and employment are more acute amongst Indigenous people in remote areas. (NT Treasury, 2006:21)

The NT government reports that, considering all factors that the Grants Commission takes into account, 65.5 per cent of Commonwealth grants to the Territory 'can be attributed' to the Aboriginal population (NT Treasury, 2006:22).

## Redirecting funds

It is a common perception that the NT government redirects such funds to attract the non-Aboriginal vote. This is partly through provision of public amenities such as civic and recreational infrastructure, far beyond what a small city like Darwin<sup>1</sup> could normally afford. It is widely accepted that Northern Territory governments stand or fall on voting in the eight swinging seats in Darwin's north. Middle class voters at the core of the Territory's highly transient non-Aboriginal population dominate this region. Both major political parties are seen to direct inordinate expenditures to secure their votes. In the words of one commentator: 'You can't win government in the NT without winning the Northern Suburbs' (Bowden, 2006).

Allegations that the NT government redirects funds meant for Aborigines are also supported by the belief that it spends disproportionately on such things as tourism and 'big build' projects like the Alice Springs Darwin railway, and the \$1.1 billion Darwin Waterfront and Convention Centre development and cruise ship terminal. The very public furore about NT energy subsidies to the McArthur River Mine is another example (ABC News Online, 30 September 2006). Naturally, such perceptions are denied by the NT government (NT Treasury, 2008:2). Paraphrasing the immortal words of Mandy Rice Davies, 'They would, wouldn't they' ([http://en.wikipedia.org/wiki/Mandy\\_Rice-Davies](http://en.wikipedia.org/wiki/Mandy_Rice-Davies)).

Evidence about redirection of funds is extensive. A well known and credible analysis of government expenditure on the Thamarrurr region (population 3500) is telling. Taylor and Stanley (2005) reason that more than the NT average remedial expenditure might be expected to go to a population with poor health, poor education, poor housing, low income and high unemployment. Instead, they found that expenditure in trying to correct this situation was lower, while expenditure on criminal justice and supporting unemployment was higher. As an example of the disparities, Taylor and Stanley found that for every dollar spent on schooling in the wider Northern Territory, as little as 26 cents went to Thamarrurr school age children. For children who actually go to school at Wadeye, spending was still just 54 per cent of that for the Territory in general.

The Commonwealth Grants Commission reports on the cost of providing average level services to state and territory populations, in accordance with which the Commonwealth transfers revenue. The Grants Commission compares this with actual expenditures. It reports that for Tourism in 2006-07, the NT government outlaid \$252 per capita, as against assessed expenses of \$55 per capita (CGC, State Revenue Sharing Relativities, 2008 Update, Tourism: Table 9). Downie says that in 2005 the NT spent 12.3 million to subsidize domestic tourism, a per capita rate nine times that of the states. He argues that domestic tourism assistance constitutes poor use of public money and serves 'only to enhance the welfare of an industry that plays state against state in the fight for a share of the domestic tourism market' (Downie, 2005).

Contrasting with the excess of actual expenditure by the NT government on Tourism (over what it needs to provide average level services) is the situation with Services to Indigenous Communities. Here the Territory government's generosity is reversed. The Commonwealth

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<sup>1</sup> With a greater urban population of a bit over 100,000 Darwin is much smaller than Geelong or Townsville, and not much more than half the size of Wollongong or Hobart.

Grants Commission analysis of 'Services to Indigenous Communities' shows the assessed expenses (to provide average level services) for 2006-07 as \$1023 per capita – while the Territory's actual expenditure was just \$518 per capita (CGC, State Revenue Sharing Relativities, 2008 Update, Services to Indigenous Communities, Table 11).

There are plenty more examples of significant differences between assessed expenditure needs and actual expenditures. These examples are readily available on the Commonwealth Grants Commission website. Some are set out in the NT Council of Social Service submission to the Senate Inquiry (October 2008).

The Northern Territory government objects to such use of Grants Commission data (Treasury, 2008:12). It points out, for example, that 'GST revenue is provided to the states<sup>2</sup> as untied revenue' for which 'each state is able to determine how this revenue is expended'. Unfortunate as this may be in the case of the NT, the present legal situation is not in dispute, but that does not affect the question of equity.

The Treasury also points out that the Grants Commission uses **estimates** to determine actual expenditures. However, this is the case with comparisons that suit the government as much as with those that do not. In any case, estimates, including 'judgement from operational managers' (Treasury, 2008:7), are what the NT government itself relies on in its own *Indigenous Expenditure Reviews*, to which we now turn. Discrepancies commonly arise in financial reporting, not just that which presents a picture that embarrasses the Northern Territory government.

### **The Territory's *Indigenous Expenditure Reviews* Exercises in creativity accounting**

Dissatisfaction with Northern Territory government funding for Aboriginal people is longstanding. Commenting in 1992 on Commonwealth fiscal equalization arrangements Greg Crough wrote

Despite years of higher per capita funding, there is little evidence that the standard of service provision in the NT has been equalized between Aboriginal communities and the major urban areas (Crough, 1992:4)

If they have not ignored complaints about unfairness, the Northern Territory government has mostly just denied charges of this nature. But after election of an ALP government for the first time, in 2001, political sensitivities increased. After its failure to significantly improve the circumstances of Aboriginal people, the Martin government was stung by accusations of cynically redirecting Commonwealth funds for political gain, including from the federal Minister for Indigenous Affairs (NT Treasury, 2006:7; Prince, 2006; ABC News Online, 4 September 2006). The government complained that it was 'singled out for scrutiny in relation to its expenditure priorities in respect of its Indigenous residents'.

Of particular concern was the allegation that

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<sup>2</sup> The Treasury carelessly and repeatedly counts the Northern Territory as a state.

Indigenous specific funds are not being used to improve socioeconomic outcomes for Indigenous Territorians, but instead some of these funds are used to support programs and infrastructure that are primarily accessed by the non-Indigenous population, particularly in Darwin (NT Treasury, 2006:7. See too NT Treasury, 2008: 2, and 2007-08 Budget Paper No. 2:63)

The government responded aggressively, with reports (in 2006 and 2008) specially designed to refute allegations of misappropriation of funds. It claims that these are the only such reviews in Australia (*2006-07 Indigenous Expenditure Review*:2). The government also concedes that previously ‘there had not been any robust, whole of government analysis of the Territory’s expenditure and revenue related to the Indigenous population’ (2007-08 Budget Paper No. 2:63).

Misleadingly, the Treasurer states that the *Indigenous Expenditure Reviews* are ‘independently reviewed’ (Media release, 16 July 2008), but there is no evidence of this, other than a couple of statements from persons the government itself selected to comment.

On the basis of these reviews the government now boasts that NT expenditures actually favour Aboriginal people, and that its services are ‘innovative and delivered with attitude’ (Prince, 2006:2,10,18,19) – whatever that means.

To correct the record, through its *Indigenous Expenditure Review* (2006) the Northern Territory Treasury contended that ‘Indigenous-related’ expenditure is 49.7 per cent of that for the whole NT, with expenditure exceeding revenue by 6.5 per cent. The government claimed that on a per capita basis ‘Indigenous-related expenditure’ was 2.44 times that for non-Indigenous people (NT Treasury, 2006:3,25; Prince, 2006:13).

With the *2006-07 Indigenous Expenditure Review* the Treasurer was pleased to announce an even more favourable finding, that ‘52.4 per cent of NT government expenditure is spent on services for Indigenous Territorians’. This she says is 2.5 times more government spending per person compared to non-indigenous Territorians’ (Media Release, 28 October 2008).

By using the term ‘services for Indigenous Australians’, the Treasurer misreports what is in the Review. The latter uses the much broader and more slippery expression ‘Indigenous related expenditure’.

### **Problems with the NT Treasury reviews<sup>3</sup>**

The *Indigenous Expenditure Reviews* are political exercises. Their starting point is to counter allegations that the NT Government misappropriates funds meant for Aboriginal people. In practical terms, the Treasury sets out to prove that the Territory government is honest and does

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<sup>3</sup> Though promised for September (Treasurer’s Media Releases, 13 August and 15 September 2008), the Northern Territory government released its *2006-07 Indigenous Expenditure Review* on 28 October 2008. This was after the official deadline (of 22 October) for submissions to the Senate Inquiry. As a consequence, it has not been possible to update all references to the 2006 Review. However, there is little variation in the essential method and findings between the two reviews.

not rip off (misuse) funds meant to assist Aboriginal people. To embark on an open-ended assessment that might have found something that supported the government's critics is inconceivable. Governments don't intentionally do that. What the Treasury came up with are analyses suggesting that the NT government is increasingly generous, supporting Aboriginal people with costs well in excess of its indigenous related revenue.

One problem with the review methodology is that it largely avoids basic financial accounting. The Treasury's results do not rely on adding up all the outlays for Aborigines. Data on Aboriginal service outlays appear not to exist in a readily accessible form, certainly not for most agencies. Instead, the Treasury relies on a series of assumptions and estimates. It considers government expenditures at program or agency levels, with assumptions about proportions of individual operations directly and indirectly attributable to Aboriginal people. These assumptions are partly based on service cost relativities drawn from benchmark indicators developed by external organizations. The latter include the Australian Institute of Criminology and Commonwealth government agencies. Indigenous related expenditures are calculated using indicators of service costs in conjunction with population data.

An illustration of the costing method used is as follows. 'Community Safety and Crime Prevention' is selected as a convenient 'output group', from which generalizations to other 'output groups' can be made. Quite possibly this is because it is an example favourable to the government's case. For 2004-05, the 'base share for Indigenous related expenditure' for Community Safety and Crime Prevention is 'estimated at 52 per cent' of its total expenditure (2006:12). The Treasury explains that it obtained this 'base share' 'with reference to' data from the Australian Institute of Criminology (AIC) and the Productivity Commission

The data referred to is about usage and a cost weight for police services. In the NT, 82 per cent of 'police custody incidents' are said to involve 'Indigenous persons'. Drawing on this, the Treasury says: 'For police services, a combined use/cost weight of 3.5 is applied, based on regression modelling' (p.35-6). Exactly how it derived this use/cost figure, and how it leads to a 'base share' estimate of 52 per cent, is unclear. This is despite claims that 'the whole exercise has been conducted in a transparent manner' (p.ii).

The Treasury's string of assumptions becomes even more tenuous. The 'base share' of 52 per cent for the 'output group' was topped up on advice from NT Police, Fire and Emergency Services (NTPFES) officials 'to take account for factors such as stations and units that were identified as 100 per cent Indigenous' and Aboriginal Community Police Officers stationed elsewhere. The Treasury estimated the 'Indigenous expenditure proportion' for the Alice Springs Southern Operational Service Division, for example, at 84.3 per cent.

The NT Treasury takes this exercise as providing enough information to calculate Indigenous related expenditure on 'Community Safety and Crime Prevention' for 19 'output and sub-output groups', from the Training College, the Major / Organized Crime Division and the seven operational service divisions across the NT.

The 'Total estimated expenditure related to the Indigenous population for all NTPFES output groups', is determined at 57.3 per cent. The Treasury uses the same figure to estimate NTPFES corporate costs, as well as to reckon the Indigenous-related expenditure of NT government support agencies (such as NT Fleet) for the NTPFES. Further, the 57.3 per cent figure is used in calculating the average Indigenous related expenditure for all service agencies, at 50.9 per cent

(NT Treasury, 2006:13). In turn, this becomes a key element in estimating the Indigenous related expenditure of central agencies, such as the Department of the Chief Minister and Treasury.

## **Government cynicism**

On examination the NT Treasury's costing exercise is tenuous. It is also cynical. In the first place, it uses the concept 'Indigenous-related expenditure' throughout. This is quite different from saying expenditure on (or for the benefit of) Indigenous people. As noted above, the term 'Indigenous-related expenditure' is also different from 'services for Indigenous Territorians' that the Treasurer wrongly uses in referring to Review findings (Media Release 28 October 2008).

The term 'Indigenous-related expenditure' could mean many things that have not much to do with Aboriginal people, let alone their well-being. One example of this concerns parliament. The *Indigenous Expenditure Reviews* seem to assume that Aboriginal people benefit from the cost of running the Northern Territory parliament as much as non Aborigines. There is no evidence that Aboriginal people benefit from having a separate NT legislature for just 216,000 people. To see the cost of parliament as 'Indigenous related expenditure' is specious indeed. For the Treasurer to label parliament, industrial land development, or say prisons, a 'service for Indigenous Territorians' is worse. The point in clearing drunks from public places, or locking up thieves is obviously not simply a service for the benefit of Aborigines.

A second aspect of Treasury's cynicism is that it takes expenditure itself, or input, as a measure of the government's commitment to Aboriginal well being. Expenditure has no necessary benefit for people at which it is said to be targeted. Use of the stated purpose of programs as the basis for attribution of expenses (what is called 'purpose of program' methodology) is a poor substitute for measuring impact.

The Commonwealth fiscal equalization process is meant to enable governments to provide certain (average) level services, by balancing financial capabilities between jurisdictions. Fiscal equalization is not directed at supporting equal outputs, as governments do not have to provide average level services if they don't wish to do so. Nor is fiscal equalization about achieving equal outcomes, as is implied in the notion of 'closing the gap', so popular at present with both the Commonwealth and Territory governments.

The programs classified as 'Indigenous related' or 'services for Indigenous Territorians' may be badly conceived, imposed without consultation and have negative effects. The prime beneficiaries could in fact easily be those non Aboriginal persons or bodies paid to deliver whatever it is. The Treasury does not seem to have considered that non Aboriginal employees or contractors are major beneficiaries of what it so conveniently calls 'Indigenous related expenditure'.

A further example of a problem in Treasury methodology, as well as of its opportunism, is its pattern of apportioning costs. The 2008 *Indigenous Expenditure Review* sets out what it finds to be the proportion of Indigenous related expenditure for 26 separate government agencies in all. For just one of these is Indigenous related expenditure shown as less than 30.4 per cent (the Aboriginal proportion of the NT population) – that is Treasury itself, at 30.3. The rest show

agency Indigenous related expenditure as anything between 30.4 and 100 per cent. Treasury alone is the agency shown as having a higher level of non Aboriginal expenditure than Aboriginal, then by a margin of one thousandth!

The Northern Territory Council of Social Service's Submission to the Senate Inquiry identifies further problems with NT Treasury's *Indigenous Expenditure Review*.

### **Increased Commonwealth expenditure essential**

Along with all of its weaknesses, there is a noteworthy frankness in the Treasury's 2006 *Indigenous Expenditure Review*, where it concludes that

outcomes for Indigenous Territorians against a wide range of indicators remain poor relative to those of non-Indigenous Territorians.

There is clearly a need for additional funding streams to the Territory, so that the social wellbeing of the Indigenous population can be improved. (NT Treasury, 2006:3)

Current funding mechanisms are insufficient to overcome the level of disadvantage faced by Indigenous Territorians, equalize outcomes and address well-documented backlogs of infrastructure such as essential services and housing, as well as provision of the range of social services available to most Australians. ... Put simply, provision of average services will not reduce levels of disadvantage experienced by Indigenous Territorians. (Northern Territory Treasury, 2006: 6)

Obviously enough, this point is framed to pass financing responsibility back to the Commonwealth, from which the NT wants 'additional funding streams' (Northern Territory Treasury, 2006:3). The NT says that it does not have enough money to resolve Aboriginal disadvantage, and that the Commonwealth should give it more. There is, it is claimed, a 'severe vertical fiscal imbalance' between the Australian government, with its tax revenue, and the Territory (or states), with the service responsibilities. Though this point is just one of countless buck-passing manoeuvres between the governments, there is no doubt that much more Commonwealth assistance is required. However, the Territory's case for more funds would be improved if it did not have the persistent end of year financial surpluses of which it boasts (*2007-08 Treasurer's Annual Financial Report*, 2008:7,9,15).

A Territory government less interested in attracting the electoral support of a relatively footloose (mobile or transient) non-Aboriginal population would be able to better use public funds for reducing Aboriginal disadvantage. This would be more likely if the NT's special demographic profile was reflected in the structure of government, an issue on which Congress elaborates in its 2006 submission on statehood (<http://www.statehood.nt.gov.au/documents/CongressSubmissionStatehood2.pdf>). Aboriginal people almost certainly form the majority of the Territory's permanent citizens.

As an immediate way forward Central Australian Aboriginal Congress has proposed that the Commonwealth government's prime responsibility for the well being of Aboriginal people is firmly declared and accepted in practice.



## **Other financial reporting**

The need for governments to ensure availability of meaningful and comprehensible information is identified in the recommendations of the Royal Commission into Aboriginal Deaths in Custody (1991, recommendations 41-57 and elsewhere, including 196)

That whilst governments are entitled to require a proper system for accounting of funds provided to Aboriginal organisations and communities, those organisations and communities are equally entitled to receive a full explanation of the funding processes which are adopted by governments.

If the NT government is genuinely interested in transparency over its expenditure on Aboriginal residents it would not only rely on periodic specially commissioned *Indigenous Expenditure Reviews* featuring so many contentious assumptions and judgements. It would ensure that as a matter of the normal course of government financial transactions concerning Aboriginal people are accurately documented wherever feasible and that these records be readily accessible and transparent. To do this the NT government might start with how it frames its annual Budget and associated papers.

The way in which the 2008-09 Budget documents are constructed bear no connection with the *Indigenous Expenditure Reviews*. They defy efforts to compare expenditures between population categories and over time. And they ignore outcomes. The two page 'Fact Sheet' on the governments efforts to assist Aboriginal people, entitled 'Closing the Gap' is a case in point. The document can only be understood as a superficial public relations exercise, rather than an attempt to provide meaningful information about how much the government is doing, with what effect.

## **Report of the Northern Territory Emergency Response Review Board**

The Report of the Northern Territory Emergency Response Review Board touches on the role of the Commonwealth Grants Commission in a section headed **Funding and fiscal reform** (Yu, Duncan and Gray, 2008:47-8).

The Review Board notes problems with the current Commonwealth Grants Commission based provision for allocating funds to the Northern Territory. They observe, for example, that Grants Commission assessments are 'based on average actual service delivery levels, and make no assessment of, or allowance for, "unmet service delivery needs" or "infrastructure backlogs"'. The Board continues:

The fact that the CGC is not currently required to carry out any assessments for unmet service delivery needs or infrastructure backlogs, further highlights independent research findings that conclude most Indigenous townships or communities are currently structurally disadvantaged because of long-standing capital under investment, when compared to communities or townships of similar size in other parts of remote Australia. (Yu, Duncan and Gray, 2008:51)



## Ripped off and kept in the dark

### Central Australian Aboriginal Congress Submission to the Senate Inquiry into government expenditure on indigenous affairs and social services in the Northern Territory

On 15 September 2008 the Senate referred the issue of Federal and Northern Territory Government expenditure on Indigenous Affairs and Social Services in the Northern Territory to its Community Affairs Committee for inquiry, and to report by 4 December 2008. This was at the instigation of Nationals Deputy Leader Senator Nigel Scullion (NT, CLP) [through Senator Fiona Nash (NSW, Nationals)] and supported by Senator Rachel Siewert (WA, Greens). This followed forceful public exchanges about what the Northern Territory does with money that should be spent in assisting Aborigines in the lead up to the NT election on 9 August 2008.

The Senate Inquiry into expenditure in the Northern Territory is represented by Senator Scullion as an investigation into whether or not the Territory government properly spends money earmarked for disadvantaged people. The Northern Territory Treasurer Delia Lawrie dismisses the Inquiry as 'just a stunt by Senator Scullion' (*ABC News / AAP*, 16 September 2008). The Treasurer also notes her disappointment that 'the Senate Inquiry's Terms of Reference doesn't include assessing or addressing what is required to close the gap on Indigenous disadvantage' (Media Release, 15 September 2008).

In making this Submission, the Central Australian Aboriginal Congress hopes that it will count for more than stuffing for a political football. It is unfortunate that in public inquiry after inquiry the viewpoints of Aboriginal organisations which do not suit the established political parties are discounted or ignored. This suggests, as many observe, inquiries are generally established for show or to buy time, rather than for genuine policy making.

None the less, and despite the NT Treasurer's claims, the Terms of Reference for this Inquiry do address vital issues, including 'levels of Federal and Northern Territory Government expenditure on indigenous affairs' and the 'level of service delivery and outcomes achieved in Indigenous communities'. These are issues that must be seriously addressed, or the chance of 'closing the gap' between Aboriginal and other Australians is unachievable. Up to now, the way in which public moneys from the Commonwealth are distributed through the Northern Territory government exemplifies the inequitable treatment of Aboriginal people.

### Fundamental points

Congress makes three initial observations about equity in the expenditure of public money for Aboriginal people.

1. First, the Commonwealth Grants Commission's modelling (that the Commonwealth government uses for determining how much money it transfers to the Northern Territory) is focussed on providing funds for **average** or **standard** level public services, rather than

population needs. This is inappropriate and inadequate. The amount recommended by the Grants Commission, and then transferred by the Commonwealth government is far too little to deal with the deep rooted problems faced by Aboriginal people.

2. Second, what money the Northern Territory government does receive from the Commonwealth is unfairly distributed. The Commonwealth government permits this because its funding is untied or discretionary. However, the Northern Territory government receives public money through the federal government on the basis of the Grants Commission formula which is heavily weighted towards recognizing the costs of delivering average level services to Aboriginal people living in remote areas. This is why the Territory receives so much more per capita assistance than the states. However, the Territory government diverts a high proportion of the money made available for remote areas to other uses, such as support of tourism or urban amenities. Ethically at the very least, this amounts to misappropriation of public money.
3. Third, the Northern Territory government does not properly account for how it spends public money, both that which comes from the Commonwealth and that which it raises itself. Northern Territory government financial reporting is partial and misleading. It is designed to mask government expenditure priorities, which are well known to be largely determined to help win marginal seats. These electorates are especially those in the suburbs of Darwin, where the majority of electors are relatively limited term residents of the Territory. Designed as they are to present the best possible story for government, the *Indigenous Expenditure Reviews* (2006 & 2008) are deeply flawed documents. So too are the Territory's 2008-09 Budget Papers, as means for conveying meaningful information about the distribution of public money between population categories and about the impact of such transfers.

The present inequitable state of affairs in relation to financial arrangements in the Northern Territory contributes heavily to the poor health and short life expectancy of Aboriginal people. Unless this is addressed the promise of both the Commonwealth and Northern Territory governments to 'close the gap' cannot be met.

Fundamentally, a great deal more resources are necessary. This need goes further than financing the provision of average or standard level public services – the present fundamental concern of the Commonwealth Grants Commission. Vastly more public finance must be found for dealing with the infrastructure backlog in Aboriginal communities and other critical needs. This is urgent, but there is no evidence that any government or major political party recognizes it as such, at least in practical terms.

### **Reporting, social inclusion and Aboriginal health**

The current problem with NT government expenditures goes well beyond how much money is spent, how and with what effect. Aboriginal people have to be able to see and believe that they are being treated equitably. They must feel that they are properly informed and included in the policy making process. The issue of transparency about where the money goes is vital for public accountability, and it is also important in its own right.

Though Congress is a body established to advocate Aboriginal interests, it is also the major primary health service for Aboriginal people in Central Australia. Obviously, the level of government expenditure is closely related to health service provision, and Congress has been able to conclusively demonstrate the value of properly funded good quality primary health services. Unlike governments, Congress continually monitors and reports on the impact and quality of its services.

However, health levels are not simply determined by health services, as important as the latter are. The same can be said of education, where children's learning levels are determined by much more than schools. There are more fundamental factors at work. Many of these are connected with the social position or standing of Aboriginal people in wider Australian society. Social status, social inclusion, health and well being are closely interconnected.

It is a well established fact that people who are the most socially excluded in any society have the worst health. It is vital to note that inequality, not just poverty itself, has a causal effect. When people believe that they are treated unfairly and without respect, their health suffers. Similarly, when they see themselves as having little or no real say in matters that affect their futures, their health suffers. Again, when they are faced with government and other communications that are impenetrable or misleading, and making them feel more powerless, their health is also likely to suffer. Feeling socially excluded and disrespected, personally and culturally, generates stress. And stress is a known cause of disease. Social and political exclusion fosters despair, associated with high risk of personal neglect, self destructive behaviour, interpersonal abuse and intra-community violence.

The obscurity and impenetrability of government reporting and decision making about financial matters directly affecting them, convenient or deliberate, is a prime example of how Aboriginal people are excluded from governmental processes. Unaccountable government expenditure is an important aspect of this. So are public inquiries that may go nowhere but just temporarily raise expectations, as well as waste time and resources.

### **Commonwealth responsibility fundamental**

As a way forward Congress proposes that the Commonwealth government's prime responsibility for the well being of Aboriginal people is firmly declared and accepted in practice. This proposal is based on the following considerations.

1. The Commonwealth government has prime responsibility for collecting tax revenue and determining how it is distributed across the nation. And only the Commonwealth can deliver sufficient funds to 'close the gap'.
2. The Commonwealth has the right to override Territory policy and law, one that it has been prepared to assert over recent years.
3. Having just one level of responsible government avoids the opportunity for governments to buck-pass obligations – one that that they continually and ruthlessly exploit.
4. At the level of principle, there is also an underlying question of sovereignty at stake. Aboriginal people have a right to self determination, and as the senior level of

government only the Commonwealth can ensure that this right is recognised and implemented.

Congress also proposes establishment of an independent authority with responsibility to monitor government expenditures, their outcomes and impact. To ensure accountability and empower Aboriginal people, this authority should regularly report in clear and accessible terms.

A primary challenge is to develop a full costing on what 'closing the gap' entails. In Professor Jon Altman's terms 'There is a need to rigorously and independently assess the extent of the capital shortfall in remote indigenous communities in the NT and then to commit to a multi-year capital plan' (Submission to the Northern Territory Emergency Response Review, 2008:8).

It is also vital that the Commonwealth Grants Commission and Commonwealth bodies develop funding methodologies that reflect population needs, rather than average level services.

Central Australian Aboriginal Congress looks forward to practical outcomes from this Senate Inquiry. As a mark of the Senate's good faith, Congress also seeks evidence that its submission is properly considered. If not, the Inquiry will just be another example of insensitive or cynical use of Aboriginal people for the political interests of others.

This submission is supported in the attached document concerning the Commonwealth Grants Commission and Northern Territory government expenditures.