

**COMMONWEALTH GRANTS COMMISSION**

**INDIGENOUS FUNDING INQUIRY**

**SUBMISSION**

**From:** Tiwi Regional Coordinating Committee

**Submission No: IFI/SUB/0005**

**Date Received: 04/04/2000**

# **Submission to the Commonwealth Grants Commission Indigenous Funding Inquiry**

## ***Executive Summary***

The Tiwi leadership provides this submission to assist the Commonwealth Grants Commission in its Indigenous Funding Inquiry. The Tiwi leadership welcomes the inquiry and the opportunity given to it to make a submission.

As we interpret the terms of reference, the Inquiry extends the Commission's role to advising on the needs of Indigenous people in different regions for some specific services. These relate primarily, though not exclusively, to housing and infrastructure, employment and training, health and education. We note that the Commission may include such other areas as it deems appropriate.

It is not the intention of this submission to provide data that will otherwise be available to the Commission through its own research and inquiry capacity.

We believe, however, that these factors are well known to the Commonwealth Grants Commission and to State and Territory Local Government Grants Commissions.

These factors may be summarised as follows:

- small populations
- often harsh environments
- high unsatisfied expenditure needs
- narrow local economic base
- absence of communications
- remoteness from normal services
- lack of access to modern technology
- the adequacy of services provided by local governments
- the financial capacity of local governments to provide these services
- the demonstrated backlog of need
- the need to upgrade existing facilities;
- the need for special purpose funding to target particular areas of need, to address the backlog and to accelerate the provision of normal services based on agreed outcomes;
- The need to build social infrastructure

Our submission seeks to provide relevant background information on the Tiwi Islands and to make observations in relation to a number of key areas of concern.

Against this background, we seek to focus on a particular issue - the capacity of indigenous communities and governance structures to achieve improved outcomes in the delivery of works and services of the kind specified in your terms of reference.

These factors are important in determining the allocation of funds to Indigenous communities, which are already disadvantaged as a result of a range of other factors.

In providing a focus on governance, we do not under-estimate the need to consider some of the more fundamental disability factors associated with Indigenous communities. While the terms of reference of the Inquiry require the Commission to identify and measure the relative needs of Indigenous people in each region for key services, clearly such an inquiry begins from the basic reality that all Indigenous communities, whether they be remote, rural, regional or urban are seriously disadvantaged against all indicators of need. Any base funding must take into account these prevailing factors, based on historical and other circumstances, and build relative need into formulas for distribution.

We argue that there is an imperative to take into account both financial and administrative capacity and the need for capacity building in determining funding allocations or establishing measurements of need. Current policies which support a movement towards regional autonomy require additional support to achieve better outcomes from expenditure. Merely creating structures is not enough. They must be underpinned by the capacity to perform.

The Tiwi Islands are currently working towards a form of regional governance under the Northern Territory Local Government Act in response to the Northern Territory Government's local reform agenda, and clearly this raises particular funding and capacity needs.

Ultimately this will be linked with proposals for regional autonomy being promoted by the Commonwealth Government and the Aboriginal and Torres Strait Islander Commission

While the focus of the present Inquiry is necessarily on key functional areas, it has to be borne in mind that the provision of services needs to be properly managed. This results in an important interface between Indigenous communities and funding providers and agencies, together with the general requirements of negotiating with and meeting the requirements of State/Territory and Commonwealth Governments.

In respect of governance structures, in particular, Indigenous communities do not have extended experience in the requirements of modern forms of government and it has only been recently that there has been a recognition of the need to marry traditional forms of decision-making with governance structures.

The Northern Territory's *Local Government Act* has led the way in this regard, giving Indigenous communities the opportunity to build on traditional modes of decision-making and authority structures, rather than replace them with often alien institutions.

There is, therefore, in our view, a requirement to ensure such structures are funded appropriately to build governance capacity to manage the range of functions required to be carried out by community councils, however they are incorporated. Any such consideration must take into account the complexity of what Indigenous communities are asked to do and the range of services they provide both for themselves and on behalf of Commonwealth and State Governments in the absence of other service

providers. This may best be achieved through cooperative arrangements between the Commonwealth and the appropriate State/Territory Government.

Some states have addressed this in the past by providing specific funding to improve governance structures. We believe, however, that it is appropriate to build such considerations into the original funding analysis.

We make these observations on the basis of experience the Tiwi leadership has had with establishing mechanisms of regional coordination and more recently in development a new scheme of regional government under the *Northern Territory Local Government Act*. Of particular relevance in this regard is the operations of the Tiwi Health Board which is an example of how the pooling of funds and the establishment of an adequate administration can improve outcomes for Indigenous people.

### ***The Tiwi Islands: Background***

The Tiwi islands – Melville and Bathurst -- cover an area of 7,900 square kilometres, located 60 kilometres across the waters of the Clarence Strait north of Darwin. Melville Island is the second largest island off the Australian continent. Legal ownership within Australian law was returned to the Tiwi people in 1976 under the *Aboriginal Land Rights (Northern Territory) Act 1976*.

The resident population is approximately 2,000 persons, of whom nearly 90% are Tiwi. Tiwi people live in three major communities – Nguiu on Bathurst Island, and Milikapiti and Pirlangimpi on Melville Island - and a number of out stations. It is estimated that another 500 Tiwi live in Darwin.

In the last 20 years, Tiwi have consolidated modern political structures which we have used to emphasise and create the foundations for our future.

These structures involve three community government councils – Nguiu, Pirlangimpi, and Milikapiti, a Tiwi Health Board and the Tiwi Islands Employment and Training Board. The Tiwi Land Council has played a significant role in community governance through its statutory obligations.

Each community government council is elected under its own scheme of government under the *Local Government Act*.

Tiwi people place significant value on the community government councils established under the *Local Government Act*, the first of which was gazetted in 1983, and the support of council clerks.

The councils have contributed to the resourcefulness, energy and resilience of their communities. Tiwi people also recognise the significant role the Tiwi Land Council has played since it was instituted in 1978 in establishing a regional focus and laying sound foundations for the future.

Two other organisations play a role in Tiwi governance. These are the Wurankuwu Aboriginal Corporation, an outstation resource centre, 60 kms from Nguiu, and

Taracumbi, an outstation within the boundaries of Milikapiti Community Government Council.

The Tiwi Land Council was established in 1977. Since then the Northern Territory Land Rights Act has provided an important foundation to achieve Tiwi island objectives and for consultation with our people through traditional structures.

Membership of the Land Trust and the Land Council is based on eight clan or “country” groups who comprise the Tiwi people. On 6 October 1981 the Minister for Aboriginal Affairs approved the Clan Leaders of each group to be a member of the Land Trust. These leaders in turn appoint five persons from each group to comprise the membership of the Land Council. With eight groups represented, the total membership of the Tiwi Land Council is 48.

### ***New Economic Developments***

Under the impetus of the Land Council, important developments are now occurring to make the Tiwi economy more self-sufficient and self-sustaining. This resulted from the resolve of Tiwi people in 1986, primarily through the Tiwi Land Council, to embark on a process of facilitating business activity to produce jobs for the community and underwrite long-term financial security. This has involved the establishment of enterprises in forestry, tourism, retailing, sport and recreation, and aquaculture.

Companies with which we are now associated in the development of economic opportunities include: Sylvatech Australia Pty. Ltd. (forestry plantations), Pivot Aquaculture (barramundi farm), Sunrise Aquaculture (prawns) and Australian Cypress Oil Company Pty. Ltd. (essential oil plantations).

These four industries are assessed as meeting the Tiwi criteria as large core enterprise capable of sustaining a shift from the welfare economy. Each has the capacity to earn significant export earnings and provide employment and new enterprise opportunity for the Tiwi people. The projected annual land based production of sustainable forestry, aquaculture and essential oils is estimated at \$300,000,000.

Tiwi people have been a leader in applying traditional cultural skills to manufactured products. This has included clothing production which concentrates on women’s fashions and cultural clothing with the incorporation of Tiwi artistic designs through screen printing. Tiwi Designs has promoted and marketed Tiwi art through manufactured products, including screen printed silk, ceramics, pottery and carvings. The business employs 12 full-time people.

A 120-tonne barge, the Tiwi Trader, is wholly owned as a joint venture by Tiwi Barge Services P/L. It provides services to the three main ports and to communities and enterprises in the Port Hurd Area.

### ***Financial Capacity of Tiwi Islands***

The following outlines the present local government finances, based on the operational statements of the three community government councils and grants allocated by the Northern Territory Department of Local Government.

The population of Melville and Bathurst Islands combined is estimated at 2,100. The population of each community government council is as follows:

Nguiu	1349
Pirlangimpi	335
Milikapiti	486

The combined operational income of the three community government councils in 1998-99 was \$12,363,788. This was broken up as follows:

Nguiu	\$6,493,429
Pirlangimpi	\$2,899,349
Milikapiti	\$2,971,010

Grants to the three councils totalled \$9,514,131. The grants included Commonwealth financial assistance grants and operational funding provided by the Northern Territory Department of Local Government totalling \$1,721,140 and \$6,269,199 for Community Development Employment Projects paid to the councils as a grant from the Aboriginal and Torres Strait Islander Commission. This amount is effectively a transfer payment offset by unemployment benefits under the 'work for the dole' scheme. Most of the money is paid as wages to participants in the scheme. Those who do not participate continue to receive their unemployment entitlements.

The CDEP scheme has become an integral part of each council's operations and provides support for other community organisations. CDEP participants are engaged on a range of activities organised by the councils.

### **Revenue Raising Capacity**

At the 1996 census, 1402 people were aged 15 years and over. The median age of the population was 23, the median individual income \$171 per week and the median household income was \$580, with the average household size being five.

Nearly 580 of those counted were not in the labour force. Of the 770 deemed to be in the labour force, 654 were employed and 116 unemployed.

Given the low median weekly income for the region, the revenue raising capacity of the Assembly would be limited, a factor taken into account in the distribution of financial assistance grants. The financial statements of the three community government councils show that of the revenue identified, mostly from operational activities, \$454,796 was raised through service charges on residents, the highest component being \$412,028 raised by the Nguiu Community Government Council. No rates are chargeable on Aboriginal land.

It is inevitable, therefore, that the Tiwi Islands will continue to be dependent on Commonwealth financial assistance grants and operational grants provided by the Northern Territory Department of Local Government. A summary of these grants is given below.

	<b>Nguiu</b>	<b>Pirlangimpi</b>	<b>Milikapiti</b>	<b>Total Tiwi</b>
Population	1349	335	486	2170
FAG	\$98,291	\$45,227	\$49,625	\$193,143
Roads	\$151,473	\$73,000	\$97,359	\$321,832
<b>SUB TOTAL</b>	<b>\$249,764</b>	<b>\$118,227</b>	<b>\$146,984</b>	<b>\$514,975</b>
NT Ops	\$498,402	\$199,520	\$273,692	\$971,614
NT Cap	\$55,529	\$36,340	\$39,197	\$131,066
Dumps	\$17,184	\$4,731	\$7,070	\$28,985
Needs	\$56,000		\$18,500	\$74,500
<b>SUB TOTAL</b>	<b>\$627,115</b>	<b>\$240,591</b>	<b>\$338,459</b>	<b>\$1,206,165</b>
<b>TOTAL</b>	<b>\$876,879</b>	<b>\$358,818</b>	<b>\$485,443</b>	<b>\$1,721,140</b>
\$pc	\$464.87	\$718.18	\$696.42	\$555.84

### ***Capacity Building***

A significant outcome of any funding inquiry should be to enhance the capacity of Aboriginal governance bodies to undertake the tasks required of them, both at the community and regional level.

Ultimately agreements between the Northern Territory Government and the Aboriginal and Torres Strait Islander Commission to further promote regional autonomy would strengthen the operations of regional governance entities and the way Commonwealth and Territory programs are delivered, with benefits to all concerned.

The Indigenous Housing Authority of the Northern Territory and the creation of the Tiwi Health Board provide examples of how such cooperation might lead to better outcomes for Aboriginal communities.

In approaching the requirements of financial and administrative capacity building, we have been informed by current international thinking on the subject. In particular, we have been guided by the United Nations Development Program which promotes capacity building as being about sustainable human development. We believe the principles associated with these concerns are relevant to the funding of Indigenous communities in Australia.

According to United Nations terminology, sustainable human development means empowering people and creating an enabling environment for their initiatives in all

spheres of life. People themselves have to make the decisions about their lives, to develop their capacities to make informed decisions, and to implement their decisions.

Central to this strategy is supporting the society in developing a vision of its own future in terms of the well-being of its people, and in developing policies, priorities and strategies to realise that vision. In this process, all actors become partners in sustainable human development. People are at the centre of capacity development.

Change can be engendered and sustained only if the people involved are included and empowered to make decisions. Development of people means investing in developing their capacities and capabilities. It is a dynamic self-driven process that is both people-centred and community focused.

The new view of capacity development incorporates but advances beyond the traditional view of institutional development. It acknowledges the nature and significance of social capital and brings an understanding of how this is created. It understands the need for the mutual redefinition of roles and responsibilities. It acknowledges that sustainable human development implies societal development and that this implies a deepening of the organisational structures of a community.

### **Regional Governance and capacity building**

Tiwi leadership can see potential benefits flowing from a regional local government structure to provide a wider decision-making platform, increase support for communities, add strength to community governance, provide a stronger voice, and build capacity for the future.

The Tiwi Health Board is an example of what can be done through a cooperative effort and giving control of health services to the community.

The Tiwi Coordinated Care Trial has brought the interests and expertise of the Commonwealth and Territory Governments and the Tiwi community together into practical arrangements that enable the key factors necessary to improve health to be addressed at the community level.

As a result of the trial, which began in December 1997, the community has taken over control of clinics previously run by the Northern Territory Government. Coordinated care plans are in place for the majority of the population and the Tiwi Health Board has established the 'Tiwi for Life' program.

For the Tiwi, the major impact of the Coordinated Care Trial has been community control over their own health. This has involved taking over the control of three health centres and other facilities with nearly 100 staff and a budget of over \$5m a year.

As the Tiwi Health Board has discovered, empowerment may not be the total cure but Tiwi experience shows that without it there is no cure. It is Tiwi people who should ultimately decide what needs to be done and how it should be done to preserve and nurture our communities.

The Tiwi Health Board experiment has demonstrated the importance of giving Tiwi the opportunity to make their own decisions, and to take actions that return to us responsibility for our own people. At the same time these arrangements must be properly resourced.

While these may be matters outside the scope of the present Inquiry, they impact on the establishment and capacity of regional government entities at this time.

### ***Comparative Analysis***

In arriving at these conclusions, the Tiwi Leadership draws the Commission's attention to the need for comparative analysis between Indigenous communities and other comparable Australian communities, recognising that for the most part mainstream communities do not suffer from the lack of social infrastructure as a basic disadvantage. While the economic divide between metropolitan and regional Australia is having a considerable impact on remote communities, this is largely the result of world-wide phenomena which require a special kind of Government action.

We note that the Commonwealth Grants Commission has recently completed a report on the Indian Ocean Territories of Cocos (Keeling) Islands and Christmas Island. Just as the terms of reference of that inquiry required the Commission to report on what other Australian communities are comparable in terms of their needs for services and infrastructure, the reverse consideration might have relevance to the distribution of funds to Indigenous communities.

While we appreciate that the circumstances of the Indian Ocean Territories are somewhat different, given their geographic location, there are certain similarities, particularly in relation to cultural factors. If one compares the totality of direct Commonwealth and State Government assistance to The Tiwi Islands and the Indian Ocean Territories, one finds that both Christmas and Cocos are considerably advantaged, and that overall on a regional basis the Indian Ocean Territories are clearly in front. Undoubtedly the Commonwealth Grants Commission will have reasons for the disparity, but on a first glance they suggest that for the provision of like services, Indigenous communities in Australia are clearly disadvantaged in terms of global allocations. An analysis of this apparent discrepancy may suggest a better basis for determining the relative needs of Indigenous communities in accordance with the Commission's terms of reference for its current inquiry.

We would see this as falling within the terms of para 2(iii) and 3(iii). While it does not appear to be within the current terms of reference for the Commission to establish relative need in relation to the wider Australian population and similar communities, such a consideration is, in our view, a basic requirement in determining the adequacy of funds in the first place. It may assist Government in determining future allocations in accordance with formula which the Grants Commission may construct, to be informed of these comparative considerations to the extent the Commission is able to make them.

In respect of 3(v) in the Commission's terms of reference, the interaction between expenditure levels by the States and Territories and Indigenous Australians, the level of services for Indigenous Australians, and Commonwealth-State financial relations

suggests that Indigenous communities, particularly those in local government streams, as in the Northern Territory, are further disadvantaged by the way Commonwealth financial assistance grants to local government are distributed to the States and Territories on a per capita basis, rather than following the principles of fiscal equalisation which have been established in relation to Commonwealth Financial Assistance Grants in general and which are applied by State and Territory Grants Commissions once the funds have been allocated. This may be a factor in the favoured treatment apparently enjoyed by the Indian Ocean Territories who are dependent on grants determined by the Western Australian Local Government Grants Commission.

We illustrate two other specific examples of formula/model application and impact disadvantage in areas of Health and Training as they relate to the Tiwi people:

**Health:**

Prior to the formation of our Tiwi Health Board our Health funding was consistent with national average Aboriginal \$200 per person usage. Negotiation over MBS/PBS has increased this figure to the \$600 per person overall national average. However, when placed in the context of Tiwi morbidity with highest national and international rates of renal disease, diabetes and rheumatic heart disease, a funding multiplier to a factor of 6 is a minimum consideration to any base line funding model. We believe, referred above, that a structured ability to actually translate increased funding to result orientated achievements is essential. Our Tiwi Health Board is demonstrating this ability. The handicaps are serious under-funding of the past, and the impact this is having upon “catch-up” costs today.

The current level of Tiwi health funding has only been in place for the past nine months. There is no guarantee that even the present funding can, or will be maintained. Improvements sought by Government will require greater levels of funding for the future. The application of a capitation funding multiplier relevant to time/place/circumstance is an urgent consideration.

**Training and Employment:**

Vocational Education and Training (VET) Services are caught by the same funding to circumstance anomalies as demonstrated with Health. Funding models assume what can not be assumed for our Tiwi participants. National Infrastructure assets are valued at \$6,000 million. The assumption is therefore that infrastructure access and facilities are not an issue. We have no such facilities. They are a Tiwi issue with no access to, or ownership of, any VET Institutions. VET rates and curriculum are set on an assumption that students have completed year 12. Few Tiwi complete beyond year 3. Our students do not have either the literacy or numeracy skills. Average lecturer student ratios are 18:1 nationally, whilst Tiwi circumstance is 6:1:- superficially a presumed good outcome. What it means in fact is that funding is based upon the 6 only students and that the costs of lecturers going to the students, travel, accommodation (if there is any) and living expenses do not cover the costs of even the nominal hours required to deliver the course content.

The Australian National Training Authority 1997 Annual Report records the

high cost of VET delivery in the Northern Territory at \$45 per actual curriculum hour compared to Victoria at \$13.60. That \$45 per hour cost disguises again the time/place/circumstance anomalies associated with Aboriginal VET delivery in the remote regions. Northern Territory Employment and Training Authority figures reveal that it in fact costs \$27 per hour for VET unit cost delivery in the major NT centres. And that 75% of Territory VET Service is delivered in major centres. 25% annually is VET service delivery to the remote areas.

That the average NT hourly rate is \$45 and that the actual major centre NT hourly rate is only \$27, we can conclude that 45% of the VET budget is consumed delivering 75% of the total VET service in the NT. The remaining 55% of the budget is consumed delivering the 25% of total NT service to the remote areas. The remote area costs therefore are NOT a \$45 per hour average, but **\$99** per actual curriculum hour.

### ***Conclusion***

Within the resources available to the Tiwi Leadership, it has been possible to make only general observations in this submission as a guide to some important areas of consideration in the context of the Commission's inquiry.

It must be left to the Commonwealth Grants Commission, within the resources allocated to it for this inquiry, to undertake whatever analysis is required or considered relevant. We believe that there are significant formula funding anomalies beyond the illustrations we have provided. We believe substantially increased funding can only effectively resource substantially improved outcomes through community structures relevant and identified by the communities themselves. This submission identifies that governance and developing capacity considered effective for the Tiwi people.

Matthew Wonaeamirri.  
Chairman.

30 March 2000.