

**COMMONWEALTH GRANTS COMMISSION**

**INDIGENOUS FUNDING INQUIRY**

**SUBMISSION**

**From: CRC for Aboriginal and Tropical Health**

**Submission No.: IFI/SUB/0015**

**Date Received: 12/04/2000**

## Attachment 1

### Comments on points raised in “Issues to be considered during the Inquiry” Attachment B of Information Paper No.1

(Numbers attached to comments identify the point in Attachment B to which they refer.)

- (i) Yes, there are additional functions for inclusion in the scope of this inquiry which could be justified in terms of importance to Indigenous communities and/or expenditure.

Those functions which would come high on the list, would probably include

- welfare
- aged care
- cultural/language support including effective interpreter service needs

- (ii) **First dot point.** A difficulty with going to narrow a level of activity, is that it presupposes that there can be agreement on the full list of narrow level activities, and that items will be unambiguously labelled and not overlap.

For instance, if a jurisdiction were to adopt a fully integrated “chronic disease management program” would this be comparable with a jurisdiction which adopts a more, targeted approach including, say, activities such as diabetes control.

**Second dot point.** Given the probable relatively long-term nature of any major changes in one function’s needs which might be induced by modifications made to another functional area, I see no major difficulty in handling these types of effects, which would be met by well designed and sufficiently frequent monitoring of relevant data. Such data monitoring would be needed anyway to assess the changing needs over time of the functional areas even if they did not interact. So no significant additional data capture burden is required.

- (iii) Since relativities are being measured, the precise set of benchmarks used is not so important, only that benchmarks are used. More important will be the way in which the relative differences are used in formulae driven allocation models.

A convenient and readily available benchmark would seem to be the whole of Australia population unless there are good reasons not to use it.

- (iv)
- (a) This is an important issue. It lies at the heart of Australian government fiscal relations, and is not an issue peculiar to services to Indigenous people. Further more, it is such a fundamental issue for Australian governments that it should not be tackled and cannot be resolved in this inquiry on Indigenous issues. Any attempt to come up with a “local” (ie. within these Indigenous services issues) solution is almost doomed to failure unless the solution is based on agreed fundamental principles about how governments interact fiscally. I would have thought the issue would come up time and time again in other areas of government service function which the Grants Commission handle. Does the Grants Commission have a general agreed approach to handling these matters? If so, this should be the model for this inquiry.

A clear early decision on how this matter is dealt with is essential for the work of the Commission’s enquiry to progress satisfactorily.

- (b) If the inquiry is limited to considering the distribution of funds for Indigenous-specific services, it is essential that the Commission is able to consider the distribution and impact of “mainstream” funds on Indigenous people as fixed. If “mainstream” services are allowed to adjust their impact on the

Indigenous population then any benefits which might have accrued to Indigenous people because of decisions made by the Commission would be in danger of being removed through conscious or unconscious compensatory actions of “mainstream” service funders or providers.

- (v) Is this not at the heart of the Commissions task? In response to the question of how this might be done, I can only suggest the importance of openness, transparency, clarity and completeness in the assessment and specification of need. If the inquiry results in large differences (from previous assessments) in relative need assessment between regions, implying major changes in funding allocations to the jurisdiction, the Commission may need to suggest a transitional period in which funding allocations are moved towards the new distribution. This would avoid some of the disruption and delay, which invariably occurs when major changes to resource allocation are made.
- (vi) The basic principle for measuring need should be equity and meeting human rights. Ultimately, most of the needs to be considered by the Commission can be converted to a common \$ basis. This allows infrastructure and recurring need to be compared and related. However, the concept of “urgency” of need might also be a helpful way of comparing needs for different functions. For example, the need for a replacement dwelling might be costed at \$200,000 and the need for up grading of health services (additional staff etc.) might be \$100,000 per year. On an “urgency of need” basis, the consequences of not having made the expenditure for a year might be assessed (and costed) and provide the basis for comparisons. Costing the consequences may prove to be difficult.
- (vii) Another key issue. Where insufficient funds are available to meet all needs, three approaches might be considered:
  - (a) fund proportional to magnitude of need expressed as \$’s, required to meet the bench mark standard
  - (b) fund to maximise gain derived from \$ spent, subject to benchmark standard not yet reached
  - (c) fund to minimise the consequences of failing to fund

(b) and (c) may be very close, if not identical, in most situations. In practice it may be necessary to consider combinations, of both these approaches, partly because of the difficulty of costing expected gains and consequences, and partly because of equity considerations.
- (viii) It is essential that these issues are considered. The benchmarking principle governing provision of services to Indigenous people should be “comparable access to service” with non-Indigenous people living in similar geographic locations. Access here means full availability of services to clients, and not the more restricted geographical sence.

## Attachment 2

### Issues of concern with Indigenous population estimates

Many hundreds, if not thousands, of millions of dollars have been distributed to states and territories over the years on the basis of the relative costs of providing services to meet the needs of Indigenous peoples. To a very large extent, the factors determining the distribution of funds to states and territories are:

- (i.) The magnitude of “need” per Indigenous person within a given state or Territory
- (ii.) The cost of meeting a unit “need” within a given state or Territory and
- (iii.) The numbers of Indigenous people in each state or Territory.

This paper is concerned with only the third of these issues.

Although it may be possible as a result of this review to improve the way in which the numbers of Indigenous people are used in these calculations, Indigenous population numbers for states and territories will inevitably continue to play a dominant role.

The special purpose resources allocated to *counting* the Indigenous population in Censuses, and the resources allocated to estimating state and Territory Indigenous populations from Census data is relatively small, (probably considerably less than one million dollars per year, perhaps just a fraction of this).

The reason for writing the paper is to suggest that the amount of resource allocated to determining Indigenous population estimates should be substantially increased. This would allow some of the uncertainties and inaccuracies surrounding Indigenous population estimates to be fully researched, leading to a better understanding of issues behind them, and enabling them to be reduced or overcome. It is suggested that the amount of resource required to do this work and, thus derive better Indigenous population estimates, is minuscule compared with the dollars distributed, and possibly seriously mis-distributed, between states and territories on the basis of the estimates. Increasing the investment in determining high quality Indigenous population estimates may be a very cost-effective way of accurately determining optimum distribution of resources between jurisdictions.

The paper outlines a number of issues which can give rise to inaccuracies, either in relative or absolute terms, in Indigenous population estimates for states and territories. The cumulative impact of all these sources of uncertainty and inaccuracies could be quite large, possibly in the order of 25% for some states or territories but perhaps much less for other states. Discrepancies of this magnitude in population estimates would produce comparable e impact errors on the relative distribution of resources between states and Territories determined by Grants Commission formulae processes. Thus, inaccuracies in the Indigenous population estimates for states and territories could be responsible for very substantial distortions to the resource distribution intended by Grants Commission.

### Introduction

The bases of any resource allocation between the population groups must be the size and demographic characteristics of the population groups. At present the reliability of population estimates for the Australian Indigenous population is not confirmed and, in some respects, must be considered highly questionable. Even in the eyes of the official body which produces the estimate, ABS, they are classed as “Experimental” to emphasise that the methods and data on which they are based are of unconfirmed validity. Almost without exception, Indigenous community organisations believe available counts and estimates under-represent the size of their communities. Even in some government departments at state and territory level, there can be considerable doubts. In the Northern Territory, for instance, the local Grants Commission does not accept the ABS counts and estimates of community populations preferring instead to revise or substitute ABS figure by other, relying on local intelligence and knowledge of their officers and other sources of information.

There are many issues which give rise to the uncertainty about Indigenous population estimates. These are briefly discussed below. There are currently no obvious evidence-based methodological changes which, if introduced to the ABS counting or estimation procedures, would result in substantial improvements to the estimates. There are a number of possible changes or improvements, which, if thoroughly investigated and confirmed as beneficial, could improve the counts and estimates.

Some issues of uncertainty in Indigenous population estimates and counts (over and above those which also affect the total population estimates) are listed below.

- Definition, and application in data collections, of Indigenous status
- Repeatability of Indigenous status
- Comparability (across data sets, time and geographical regions) of Indigenous status
- Treatment of “missing values” in Indigenous population estimates
- Estimation of discrepancy between population counts and actual populations
  - (i.) Non- remote Indigenous population
  - (ii.) In remote area communities
- Concept of separate “Aboriginal” and “Torres Strait Islander” populations

Each of these is discussed briefly below. I would be happy to elaborate on any of the items if requested.

### **Definition, and application in data collections, of Indigenous Status**

The Commonwealth governments’ three component working definition (self-identification, biological origin and community acceptance) has been in existence for more than two decades. A few data collection use this or a similar approach to determine Indigenous status for almost as long, the ABS has adopted a single question “Are you of Aboriginal or Torres Strait Islander origin?” in the national Censuses of Population and Housing for collecting data about Indigenous people. More recently this question has become the basis of the official ‘standard’ for ABS and many other self-reporting or interview based data collections. In practice, though, it is well recognised that in many administrative data collections a third approach, in which the interviewer/recorder determines what is recorded about the “respondent”, often based on the perception of the interview and interpretation interviewee’s physical appearance. There are many minor variations of these three basic approaches.

There is reason to believe, including some direct evidence, that the three approaches to capturing Indigenous status can produce very different results. Thus the acceptance, adoption and adherence to a single standard definition is a key goal for deriving unbiased useful data about Indigenous people.

### **Repeatability of Indigenous status**

Any variable which changes substantially in value on repeat measurement has inherent inaccuracy built into it.

The “origin” question as used in ABS censuses and surveys, would appear to suffer from this problem.

In the weeks following each Census, the ABS conducts a Post Enumeration Survey (PES) in which a stratified random sample of 60,000 people are interviewed. The purpose of the survey is to determine undercounting in the Census. This is done by means of matching Census records with PES records. Failure to find a “match” among Census records for PES record is indicative of a missed person in the Census.

Comparison of actual data values recorded in the Census and PES for these people for which matches are found provides a very useful indication of repeatability. This type of analysis has been undertaken for the last two Censuses and demonstrates that of the order of 10% of people recorded as Indigenous in the Census are recorded as non-Indigenous in the PES and a comparable proportion of people who are recorded as Indigenous in the PES are recorded differently in the Census. Thus in the two collections conducted within weeks of each

other, only about three quarters of people for whom some record of “Indigenous” was recorded had the same status recorded in both collections.

The situation for Torres Strait Islanders is even more variable, with only about half of all people for whom “Torres Strait Islanders” is recorded in either collection having that status recorded in both collections.

The reasons for this lack of repeatability are not fully understood, and may be quite complex, and by no means solely related to changes in the way people view their Indigenous status. Whatever the reason, the lack of repeatability creates major uncertainty for the interpretation and comparability of statistics derived from even the best of data sets.

## **Comparability**

Most important social statistics are rate-statistics, based on a numerator (number of events) divided by a denominator (number of people in the population group). Most numerator and denominator statistics are derived from different data collections, which, as indicated above, may have comparability problems with respect to the recording of Indigenous status. Consequently, many social rate statistics (eg. death rates, hospitalisation rates, education retention rates etc) may have inherent uncertainty attached to them. Note that statistics derived solely from data collected in the Census do not suffer this problem.

The release of the 1996 Census results was accompanied by much publicity about the exploding Indigenous population counts. There was much speculation about the reasons for the increase in counts, some informed and some uninformed. Whatever the reasons, the change in numbers creates a comparability problem over time of a considerable magnitude, which cannot be ignored. Some analysis of the changes in counts has been undertaken. These analyses indicate that the phenomenon of unexplainable non-biological increases in Census counts of Indigenous people has been going more or less constantly for 30 years. Secondly, the analyses suggest that statistics on some data derived from within the Census (eg employment, education etc) may be compared between different Census. Nevertheless, other variables, such as crowding estimates (ie. people per house), may not be serially in a valid manner.

Most importantly, the unexplainable changes, which have occurred, have not occurred uniformly across all states and territories. Thus, although net interstate migration of Indigenous people is virtually non-existent, there has been a dramatic shift in the apparent (from Census counts) distribution of Australia’s Indigenous people between states and territories over the past 30 years.

With, for example, Northern Territory declining from 25 + % of the Australian Indigenous population in the late 60’s and early 70’s to little more than 10% in the latest Census in 1996. States such as Tasmania and NSW have shown an equally marked upwards trends over time in their proportion of Australia’s Indigenous population.

## **Treatment of “missing values” in Indigenous population estimates**

In the Census, more “not stated” responses are recorded to the Indigenous status question than are “Indigenous” responses of one form or another. Thus, in the 1996 Census about 350,000 people had “Aboriginal” and/or “Torres Strait Islander” recorded whereas more than 100,000 more people had “not stated” recorded. To derive population estimates for the Indigenous population the “not stated” people in the Census counts must be attributed to either Indigenous or to non-Indigenous. Clearly, how this is done could impact on the magnitude of the Indigenous population estimate for Australia. Furthermore, since the “not stated” are not uniformly distributed between states and regions it could impact on the relative distribution of Indigenous people between states and territories and between regions of Australia.

ABS has a procedure for allocating the “non stated”s in the Indigenous population estimation methodology. To the best of my knowledge this procedure allocates the “not stated”s region by region, and separately for

each sex and for each age group, according to the relative numbers of people recorded as Indigenous or non-Indigenous. The procedure is intuitively sensible but is essentially untested.

It is possible that more accurate approaches to allocating the “not stated”s may exist, such as a discriminant analysis using many more characteristics than age, sex and geographic region.

Exploring such methods has previously been considered within ABS, but as yet, other priorities have taken precedence. Because the impact of the allocation process could be quite substantial, there is an urgent need for the existing allocation method, the proposed discriminant analysis approach, and any other possible allocation procedures to be explored and evaluated. If the discriminant analysis approach is found to be more credible and the preferred, it should be implemented into the population estimation methodology.

### **Estimation of discrepancy between population counts and actual populations** **(i) in non-remote areas.**

No Census can be expected to count everyone once and once only. To derive population estimates it is therefore necessary to estimate the number of people missed in the Census and correct the counts accordingly. This is done in the ABS by means of the Post-Enumeration Survey (PES), in which an interviewed sample of about 60,000 adults is matched with Census records. Failed matches provide a basis for estimating the undercount. The PES is not conducted in remote Indigenous communities.

By restricting consideration to people who are recorded as Indigenous in the Census, an estimate of the Census undercount for Indigenous people can be derived. Because of the restricted geographic coverage of the PES, the Indigenous undercount estimate only applies to non-remote communities.

For the whole Australia population, the 60,000 PES sample is sufficient to allow reliable estimates of the undercount to be derived for each state and territory, and possibly for some major regions. In the 1996 census, some considerable variation, around the 1.6% overall estimate, existed between states and territories with respect to the estimated Census undercount for all people in Australia.

The Indigenous sample in the PES is only about 1000 for the whole of Australia. This is insufficient to provide reliable estimates of the undercount for each state and territory. Thus, with good justification, the national estimate of 7% undercount of Indigenous people was applied to all states and territories for deriving population estimates. There is, however, every reason to expect that states and territories may differ in their undercount. Indeed, the best estimates of undercount for the Indigenous population derived for each state and territory in 1996 varied from little more than the overall Australian undercount of 1.6% to more than 15% for one state. Each of these estimates had a very high level of variability attached to it.

In summary, there is considerable scope for inappropriate correction for undercounting of the Indigenous population with current procedures. A much larger sample of Indigenous people in the PES would be required to overcome this difficulty.

A further possible source of error in the derived estimates of undercount is the assumption of independence between the behaviour of a respondent to the Census and to the PES. If, for example, a person were alienated from government process he/she may be more likely to avoid participating in the PES if he/she has already failed to take part in the Census. If this occurs then estimates of undercount will be underestimates. The extent to which this happens has not been determined but it is reasonable to suppose that this type of alienation from government processes may be greater in the Indigenous community compared with the non-Indigenous community.

## **Estimation of discrepancy between population counts and actual populations** **(ii) in remote area communities.**

In remote area Indigenous communities ABS adopts a personal interview – based approach to capturing data in the Census, rather than the respondent – completed questionnaire approach used for the vast majority of people in Australia (including about 70-80% of Indigenous Australians). This is done for very good reasons – basically it is an attempt to adapt the Census procedure to the different cultural/literacy setting of remote Indigenous peoples, and thus improve the quality of the Census data derived from them.

At present there is no independent large-scale method of checking how many people are missed (or double counted) in the remote area interview-based Census collections. This is partly because the checking procedure adopted for the non-remote areas (the PES, see above) is also interview-based, and thus does not serve as an independent check on the enumeration process.

An independent checking procedure is, therefore, urgently needed for remote area Census counts. Some checking approaches have been explored on a small scale, or in a research setting with interesting results. These methods tend to be resource intensive and therefore possibly unattractive for large-scale use to correct national Census counts. However, the current absence of any method for checking counts made in remote areas makes further exploration of these methods an urgent priority.

Approaches to deriving independent checks in remote communities centre around using locally-based record systems (eg. school registers, health centres, housing records, local community council records, electoral commission data) to derived alternative counts for sub-sections of the population. Or to use local knowledge of community members (possibly supplemented by local record systems) to derive a list of named people. The veracity of these lists at the time of the Census could be checked by intensively investigating a sample of people from the list.

In the absence of independent checking procedures for remote area Census counts, the current procedure adopted by ABS for adjusting remote community counts for the purpose of deriving population estimates is to adopt the same uniform adjustment for all remote area Indigenous counts as is adopted for non-remote areas. Clearly, there is potential for error but, in the absence of other options, the XXXX approach is the most justifiable procedure available.

## **Concepts of separate Aboriginal and Torres Strait Islander populations**

There are frequent requests made for separate statistics and population estimates for the Aboriginal and Torres Strait Islander populations.

In recognition of a request from ATSIC, the 1996 Census included within the “Indigenous status” question the capacity to record people as both Aboriginal and Torres Strait Islanders, rather than require people to only nominate one “origin”. This has also been adopted within the official standard for data collection within national surveys and health collections.

Experience has shown that across the nation, as many as a third of people with Torres Strait Islander origin also nominate Aboriginal origin if they are given the choice.

The presence of a large mixed Aboriginal/Torres Strait Islander population presents considerable definition and interpretation difficulties for those wishing to define an Aboriginal population and a Torres Strait Islander populations. Essentially the difficulty comes down to whether these terms should be defined as either

- (a)
- (i.) the Aboriginal population is anyone who identifies as Aboriginal
- (ii.) the Torres Strait Islander population is anyone who identifies as a Torres Strait Islander

**or**



- (b) allocate those Indigenous people with two Indigenous identities to one particular group, perhaps Torres Strait Islander.

Is not immediately clear which of these two approaches should be used. What is clear is that a simple non-overlapping unambiguous partition of the population group is not possible.

Even if the population groups are well defined deriving statistics for a Torres Strait Islander population from administrative collections will be difficult because few administrative collections have yet adopted and fully implemented the full Indigenous status standard, with the capacity for mixed Indigenous origin. Many collections in some jurisdiction do not yet even collect Torres Strait Island data at all and can fine their “Indigenous” data to Aboriginal people.