

COMMONWEALTH GRANTS COMMISSION

INDIGENOUS FUNDING INQUIRY

SUBMISSION

From: Aboriginal and Torres Strait Islander Commission

(3rd Submission, in response to questions asked in attached letter)

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CEO 20000063

Mr Alan Morris
Chairman
Commonwealth Grants Commission
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Dear Mr Morris

Thank you for the opportunity to meet with you and your fellow Commissioners on 2 May. You wrote seeking further information on a range of issues which I am pleased to provide in the attached document.

You indicated at our recent meeting that the Grants Commission is exploring the possibility of extending the scope of the Inquiry. If there is anything I can do to assist in this process, please let me know.

I look forward to receiving your draft report in October.

Yours sincerely

Mark Sullivan

Further Information Provided by the Aboriginal and Torres Strait Islander Commission (ATSIC) to the Commonwealth Grants Commission (CGC) Indigenous Funding Inquiry

HOUSING

CHINS Survey

A letter and CD with the CHINS data file were forwarded to the CGC this week. The CGC have also been invited to a National Workshop on CHINS to be held on 21 June.

10 Year Strategic Plan for Housing and Infrastructure

The draft plan is yet to be examined and endorsed by the Board and therefore it is not appropriate to make it more widely available yet.

Murdi Paaki Regional Housing Corporation

Many indigenous community housing organisations receive funding for operations and recurrent costs from a number of bodies, including ATSIC, and State and Territory housing agencies. Reviews of the sector identified a range of issues that needed to be addressed to improve the efficiency and effectiveness of the sector. These included:

- the large number of organisations and diversity in assets owned and/or managed;
- a lack of management skills to effectively manage assets, tenancies and administration functions;
- ineffective or inequitable rental setting and collection practices;
- a lack of coordination and provision of infrastructure support for managements; and
- cost efficiency.

In order to address these issues, a range of initiatives are being pursued to improve program delivery in order to achieve better management practices and greater sustainability of capital assets. These include:

- increased support for improved asset management;
- support and encouragement for the rationalisation or amalgamation of Indigenous Community Housing Organisations including Regional Housing Models, where appropriate, in order to achieve greater viability and economies of scale;
- providing appropriate levels of recurrent funding required to sustain an effective Indigenous community housing sector;
- promoting best practice in community housing management;
- facilitating training for Management and Boards of Community Housing Organisations; and
- providing linkages to other reform processes.

In particular, the operations and structure of the Murdi Paaki Regional Housing Corporation Limited (MPRHCL) have been identified as a positive model for other organisations to consider in order to improve the effectiveness and efficiency of their own housing services.

MPRHCL was established in 1997 as a non-profit organisation with the broad aim to maximise housing outcomes for Indigenous people in the area. It was created following a study into Indigenous housing in the ATSIC Murdi Paaki Regional Council area which revealed significant deficiencies in the provision of housing, including insolvency and financial difficulties confronting some of the local Indigenous community housing organisation.

MPRHCL, currently provides housing services for up to 30 communities with housing programs. Approximately 400 properties are either owned (177) and/or managed (223) by MPRHCL on behalf of local community organisations. It has an Indigenous Board made up of representatives of the local Community organisations.

MPRHCL, objectives include:

- the establishment of a single management structure to coordinate and control housing
- development in the region;
- clarification of the respective roles and responsibilities for housing services of the Murdi Paaki Regional Council, State government departments and other agencies;
- to improve and increase housing availability to Indigenous families in the region;
- to efficiently collect rental payments for housing provided or arranged by MPRHCL;
- maximise employment and training opportunities for Aboriginal people; and
- implement a common approach/framework for services to each community.

ATSIC has just let a consultancy to assess the effectiveness of Murdi Paaki Regional Housing Corporation Limited (MPRHCL), as a Regional Housing Organisation in the context of.

- the reform agenda to improve the efficiency and effectiveness of the Indigenous Community Housing Sector.
- MPRHCL's objectives for the organisation.

The consultancy is linked to a broader consultancy let by the Aboriginal Housing Office of New South Wales to look at strategies for streamlining asset management and providing recurrent support to Indigenous Community Housing Organisations.

The environmental health and design consultancy firm, Healthabitat, has been engaged by ATSIC to manage the F11BH project which will involve on the spot assessment of the state of repair of houses and provision of urgently required maintenance. Approximately 1000 houses in about 20 communities in four States and the Northern Territory will be selected. Depending on outcomes and support for the first round of projects ATSIC will consider extending the program in future years. Communities to be assisted have been or will be selected by the relevant State Housing Authority (except in Queensland) on the basis of need and other criteria such as size of community defined by numbers of houses - in order to develop a good sample etc. The average cost of fix work per house will be around \$3,000. Apart from the direct benefits of repair work, on-the-job training and employment will be provided to community residents.

The project is intended to be carried out during the second half of 2000 and aims to provide information on:

- condition of houses in relation to critical healthy living hardware (related to safety, water and power availability, and waste removal),
- improvements in safety and health functioning during the 4-6 months following the assess and fix work,
- condition of houses against other general healthy living practices,
- the extent of need for improved design and specification of houses,
- the extent of additional support needed by community organisations to achieve adequate repairs and maintenance.

Links between Housing and Infrastructure provision and CDEP.

The Community Housing and Infrastructure Program aims to increase the number of Aboriginal people and Torres Strait Islanders with access to adequate housing , infrastructure facilities and essential municipal services consistent with, or appropriate to, their expressed needs.

A secondary objective is to provide training and employment to local Indigenous community members. For this reason linkages have been forged between the CDEP scheme and CHIP resulting in some 350 apprenticeships and traineeships in 1998/99 alone.

Special CDEP Grant Conditions prohibit CDEP funds from being utilised to provide for municipal services that are generally the responsibility of local government. However, they do not prohibit CDEP organisations from tendering for and undertaking contracts from local government to provide municipal services. Such contracts often result in employment and/or additional income for CDEP participants.

The CHINS Survey collected information on the use of CDEP to maintain community assets. No analysis of this data has been done as yet. Specific data on use of CDEP on ATSI funded housing and infrastructure projects is only available at the project level and generally held by Regional Offices.

The Housing and Infrastructure Branch holds some CDEP data for completed National Aboriginal Health Strategy projects at the individual project level only, as Program Managers' Final Project reports are required to detail Indigenous Employment and Training outcomes. For the next round of NAHS project data will be collected and reported at the State level by Program Managers.

INDICATORS OF INDIGENOUS NEED FOR EMPLOYMENT

ATSIC believes that "the need to support and sustain Indigenous communities" should be an indicator of the need for and an output of the CDEP scheme, rather than and indicator of Indigenous need for employment. CDEP assists in sustaining Indigenous communities in terms of facilitating community capacity building; skills development; raising self esteem; providing part-time work rather than reliance on income support payment; looking after elderly people and youth at risk; cultural maintenance and learning; business development and the provision of municipal services.

ATSIC believes that the "need to raise Indigenous engagement in the economy" is a sub-set of "(iii) the need to develop Indigenous economies". Increased engagement in the wider economy can obviously assist in developing Indigenous economies.

Community Development Employment Projects

ATSIC proposes to allocate additional participant places on the basis of recommendations by Regional Councils and prioritisation by State Advisory Committees (consisting of Commissioners and Regional Council Chairpersons). CDEP organisations and Regional Councils have been advised that priority will be given to:

- regional and remote Australia;
- those CDEPs that can demonstrate the ability to facilitate skills development and the through-put of participants to sustainable employment; and
- those CDEPs that have demonstrated the ability to effectively administer their organisations and ATSIC grant funds.
- ATSIC does not support the concept of hypothetically spilling all CDEP participant places. 95% of CDEPs are located in Regional Australia (including 65% in Remote Australia) with only 5% located in metropolitan centres. The bids from Regional Councils reflect at least a maintenance of this distribution of CDEP participant places.

WATCHING BRIEFS

Health

Responsibility, at the Commonwealth level, for funding special initiatives in Indigenous health transferred from ATSIC to the then Department of Human Services and Health on 1 July 1995. ATSIC, however, was to retain a role in determining overall policy and general spending priorities.

This policy advisory role was set out in a Memorandum of Understanding (MOU) signed by the then Health Minister and Ms O'Donoghue on 30 November 1995.

Although this MOU is to expire on 30 June 2000, Health has agreed to its continuation.

The MOU provides for State Framework Agreements on Indigenous Health. Such agreements have been signed with every state and territory. These Framework Agreements also all expire on 30 June, but again State and Territory Health Ministers have agreed to their continuation.

The overall policy framework document in Indigenous health remains the National Aboriginal Health Strategy of 1989 - devised when ATSIC had direct funding responsibility. The Department of Health and Aged Care is in the process of redrafting the NAHS, replacing it with a National Aboriginal and Torres Strait Islander Health Strategy.

ATSIC has been consulted in this redrafting process. Both ATSIC Senior Officers and Commissioners have attended workshops, often held in conjunction with National Aboriginal Health Council, the principal advisory group to Health on Indigenous health. ATSIC has also made written submissions. It is considered that the redrafted Health Strategy is the natural cornerstone for further developments in Indigenous health.

The MOU on Aboriginal Health provides for a high-level consultative body - the Joint Committee. Performance audits of both ATSIC's housing and environmental health infrastructure programs, and Health's Office of Aboriginal and Torres Strait Islander Health have criticised the level of coordination - in particular there was criticism of the failure to convene Joint Committee meetings.

The next meeting of the Joint Committee, to be held on 4 July 2000, will provide an opportunity to raise the current major issues in Indigenous Health of concern to ATSIC. In particular, ATSIC will ensure that the revised NATSIHS, the new MOU and State Framework Agreements are discussed.

Although all three Health Portfolio Commissioners - Commissioners Thomas, Wynne and Hansen - will attend the next Joint Committee meeting (to meet the Secretary of the Department of Health and Aged Care), Commissioner Hansen will have ongoing responsibility for the MOU and the Joint Committee.

ATSIC also wants to ensure that its partnership in health extends down to the Regional Council level. State and Territory Framework Agreements should be complemented by Regional Agreements, requiring health providers, such as Area Health Authorities, to put in place consultative mechanisms to ensure an input from the Indigenous community and that all health facilities are open and accessible to Aboriginal and Torres Strait Islander people. There are Regional Agreements in place in some states, but in other jurisdictions the formal signed Framework Agreement has resulted in little change in the way States provide health services to Indigenous people.

There has been some criticism of ATSIC, and its Regional Councillors, for failing to take up positions or to actively participate in consultative forums. It must be acknowledged that there has been some justification for this criticism.

It remains a challenge to the Board of Commissioners, the three Health Portfolio Commissioners and Commission staff to inform Regional Councils of their policy advisory role, and to support and educate them in health matters. It is understandable that Regional Councils may wish to focus on actual funding decisions, but a responsive and effective health system requires community input to ensure that all special needs are being met.

Notwithstanding these practical difficulties, ATSIC and Health have been able to develop a good working partnership on practical issues. The best example of this is the ATSIC/Army Community Assistance Program (AACAP) in which the Army personnel, equipment and expertise are utilised to deliver health infrastructure to remote Indigenous communities. The only new funds provided for AACAP have been allocated by Government to the Department of Health and Aged Care - ATSIC's funds have been reallocated from the existing CHIP program. Although impacted by the defence deployment to East Timor, AACAP is highly regarded by Government and was recently independently evaluated by consultants, Woods Bagot.

ATSIC - usually at the Commissioner level - is represented on a large number of specialist advisory committees, dealing with such diverse issues as Indigenous Sexual Health, Statistics and Health Funding Allocations, Health Worker Training, mental health and youth suicide, alcohol and drugs, and nutrition. In this way, an elected voice is heard by the actual policy makers within the Department of Health and Aged Care.

Education and Training

ATSIC notes the poor performance by State and Commonwealth programs in achieving equitable results for indigenous students in terms of literacy, numeracy, participation and other results against practically every measure of performance. This suggests that a substantial increase in effectiveness is required in these areas. It is hoped that the Commonwealth's recent announcement of an Indigenous literacy and numeracy strategy will contribute to closing the gap but much more needs to be done urgently to avoid disadvantaging generations of Indigenous people into the future.

ATSIC believes that the Australian National Training Authority (ANTA) and State Training agencies need to do more to ensure that Indigenous Australians are aware of and can access funds to undertake training needs analyses and to facilitate the conduct of training on site in communities and in a culturally appropriate manner taking into account recognition of prior learning and language issues. Indigenous communities, especially those in remote Australia, also require infrastructure funding to construct training facilities and to provide temporary accommodation for trainers who conduct training on site in communities.

ATSIC notes that the ANTA Ministerial Council will shortly be considering a plan for improving vocational education and training outcomes for Indigenous peoples. There will be a need to monitor the efforts of State Training Agencies in developing and implementing strategies to improve Indigenous VET outcomes.

BUSINESS PROGRAMS

ATSIC's business programs, like CDC investments, are essentially driven by demand and commercial viability considerations. The significance of employment outcomes are as a by-product of successful commercial business. While it may be interesting to consider the employment consequences of business development services, it should not be a primary determinant of resource allocation. The use of employment creation as a principal consideration in business development finance has been a flaw in previous Indigenous and non-Indigenous programs and the Commission would recommend strongly against reintroducing such an approach. The main reason for this is that subsidised employment created through businesses tends to be short lived and counterproductive unless there is a strong overriding concentration on the commercial viability and competitiveness of the business.

ATSICDC

If ATSIC's business programs are to be considered by the Committee, then so should CDC. However, it is our view that neither should be included for the reasons outlined in the answer to question 8, ie that they are demand driven and the distribution is dependent on commercial viability considerations, not social or demographic factors.

The Committee may be interested in the economic development consequences of ATSIC and CDC business development programs, as a background to determining the most efficient and cost effective ways to achieve regional development. However, the Committee may consider that to be beyond the scope of its current inquiry.

COMMONWEALTH GRANTS COMMISSION

CHAIRMAN ALAN G MORRIS

Mr M Sullivan
Chief Executive Officer
ATSIC
PO Box 17
WODEN ACT 2606

Dear Mr Sullivan

I, and my colleagues on the Commission, would like to thank you, your General Managers and other senior officers for making the time available to talk with us last Tuesday afternoon. We also thank you for ATSIC's written submission, and for the level of assistance that has already been provided to the Commission. Your assurances of continued co-operation and assistance are particularly appreciated.

The discussion on Tuesday was very helpful and clarified many of the issues we must consider further during the course of the Inquiry. As agreed during the discussion, we have prepared a list of additional issues on which we would appreciate ATSIC's views. Those issues are included in the attachment to this letter.

I would be grateful if your responses to these issues could be provided by Friday 9 June 2000.

Any questions relating to the Inquiry can be addressed to Malcolm Nicholas (6229 8814) or Geoff Gook (6229 8898).

Yours sincerely

A G Morris
5 May 2000

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ISSUES FOR CONSIDERATION

Housing

1. ATSIC outlined a number of issues and initiatives in relation to the housing and infrastructure function on which the Commission would like further information:

- the CHINS survey, we look forward to ongoing discussions with ATSIC about the way the survey results can be used and hope to gain early access to the data files (we will be writing to you separately to arrange access);
- the development of a ten year strategic plan for housing and infrastructure, we would appreciate an opportunity to look over the plan as soon as it becomes available;
- the Murdi Paaki Regional Council initiative that involved a rationalisation of community housing organisations, we would like any detail that will help us understand the approach used;
- the pilot '3000 house project' with HealthHabitat that has recently been agreed to, we would like information on how communities will be selected for the project and some indication of the information that will flow from the project (although we appreciate the completion date is outside of our timetable); and
- the links between housing and infrastructure provision (in particular municipal services) and the CDEP program.

Indicators of Indigenous Need for Employment

2 Concerning the Commission's proposals for indicators of Indigenous need for employment, ATSIC seemed to agree with the Commission's first three proposals -that is (i) the necessity to increase employment of Indigenous people; (ii) the need to prepare Indigenous people for entry into the labour market; and (iii) the need to develop Indigenous economies.

3 However, ATSIC suggested that the fourth indicator proposal (the need to support and sustain Indigenous communities) was not a good idea, and that a better indicator might be the need to raise Indigenous engagement in the economy. Can ATSIC elaborate more on what it means by this indicator and suggest how the Commission might calculate it?

Community Development Employment Projects

4. There was some discussion concerning possible changes to the number of CDEP places, and even a hypothetical total spill of all existing places.

5. As announced in the 2000-2001 Commonwealth Budget, there will be an additional 1500 new CDEP places. We would like to understand the basis on which ATSIC would allocate such an increase to existing and new CDEPs. We would also be willing to offer any insights from the work we are doing on this Inquiry that may assist ATSIC in this regard.

6. Another suggested approach to gain an insight into the need for, and distribution of CDEP is to hypothetically 'spill' all existing CDEP places (about 33 000 places in approximately 250 CDEPs) and reallocate them. On what basis would ATSIC undertake such an exercise?

Watching Briefs

7. ATSIC mentioned in its submission that it has a watching brief on health, education and training. The Commission would welcome any comments or discussion of the issues raised which ATSIC considers important for each of these functions.

Business Programs and the Aboriginal and Torres Strait Islander Commercial Development Corporation

8. It was suggested that the Commission might talk about ATSIC's business programs at a later meeting with ATSIC, and at the same time discuss the Aboriginal and Torres Strait Islander Commercial Development Corporation (ATSICDC). The Commission is inclined to think that ATSIC's business programs are within the scope of the Inquiry - with respect to the employment function- However, no decision has been made on how to treat ATSICDC.

9. We understand that ATSICDC operates on a strictly commercial basis and engages in enterprise activities on behalf of, and involving Aboriginal and Torres Strait Islander joint-venture partners. What are ATSIC's thoughts on whether ATSICDC is within the scope of the Indigenous Funding Inquiry?