

COMMONWEALTH GRANTS COMMISSION

INDIGENOUS FUNDING INQUIRY

SUBMISSION

From: Local Government Association of the Northern Territory

Submission No.: IFI/SUB/0042

Date Received: 27/07/2000

LOCAL GOVERNMENT ASSOCIATION
OF THE NORTHERN TERRITORY



SUBMISSION TO THE
INDIGENOUS FUNDING INQUIRY

JULY 2000

TERMS OF REFERENCE FOR THE INQUIRY

The Commonwealth Grants Commission has been asked to develop by 28 March 2001, a method that can be used to determine the relative needs of groups of Aboriginal and Torres Strait Islander peoples for key government functions to assist the Government better target resources to areas of the greatest need. The functions listed in the reference are housing and infrastructure; health; education and employment and training.

The Commission has also been asked to:

- ◆ prepare a needs-based distribution of Commonwealth funds for each service across the regions; *and*
- ◆ compare the needs-based distribution of funds with the existing distribution.

The aim of the inquiry is to provide information that will help the Commonwealth Government:

- ◆ better understand the needs of indigenous people across the various regions of Australia for the key services; *and*
- ◆ direct its expenditure on services for indigenous people to better target those in greatest need.

A copy of the full Terms of Reference is included as *Attachment A*.

1. THE RELATIVE NEEDS OF ABORIGINAL COMMUNITIES IN THE NORTHERN TERRITORY

The key functions listed for the inquiry: housing and infrastructure; health; education; and employment and training are Commonwealth and Northern Territory Government functions. The Local Government Councils operating in Aboriginal communities are expected to be involved in managing local housing and infrastructure programs and are obviously vitally interested in improving community health, education and access to employment and training programs on the community.

These are a multitude of reports available which address the needs of Aboriginal communities in the Northern Territory but in this submission we highlight extracts from recent reports on the four (4) key functional areas identified:

1.1 Housing and Infrastructure

[Ministerial Statement to NT Legislative Assembly by the Hon. Loraine Braham on 13/10/1999]

“The huge and unacceptable backlog of Indigenous housing need and overcrowding in the Northern Territory is well known. An ATSIC sponsored analysis of 1991 census data, using bedroom need, overcrowding and homelessness as its measure of need, demonstrated that the Northern Territory had 32% of the total Australian Indigenous housing need. By contrast, the Territory only receives about 21% of the national allocation under the Aboriginal Rental Housing Program. A preliminary and as yet unpublished analysis of 1996 census data, using the same measure of need, indicates that the Territory’s need has now increased to more than 37% of the total national need.

This inequity has been raised with the Commonwealth on many occasions by myself and previous Housing Minister’s over several years, to date without success. The problem seems to be that the Commonwealth is not prepared either to over-ride the demands of the larger States that they keep a disproportionate share of the existing funds, or to increase the size of the cake. IHANT (Indigenous Housing Authority of the Northern Territory) and the Territory Government have made a joint submission seeking additional funds from the Commonwealth, again with no success. There has been no increase in Aboriginal Rental Housing Program allocations to the Territory since 1990/91. In real terms, of course, the value of those funds has declined dramatically over the period, while construction costs have risen.

Northern Territory Aboriginal communities have benefited from the additional housing provided under ATSIC’s NAHS (National Aboriginal Health Strategy) Program over recent times, but even taking this into account the Territory’s relative need will still be almost 35% of the National total.

The direct link between overcrowding and homelessness and poor health is well documented, and is not contested. Poor housing outcomes lead inevitably to poor health outcomes, with correspondingly high costs, in human terms as well as to the health system.”

[Jones, 1999, referred to in submission No. IFI/SUB/001 to inquiry by Emeritus Max Neutze March 2000]

Table – Bedrooms Needed to Eliminate Overcrowding per Indigenous Family and Group Household

	<i>Major Urban</i>	<i>Other Urban</i>	<i>Rural</i>	<i>TOTAL</i>	<i>TOTAL Bedroom Needs</i>
New South Wales	0.13	0.17	0.22	0.16	4492
Victoria	0.12	0.13	0.15	0.13	791
Queensland	0.17	0.37	0.61	0.36	8108
South Australia	0.15	0.25	0.62	0.26	1184
Western Australia	0.20	0.31	1.11	0.46	4903
Tasmania	0.06	0.07	0.07	0.07	309
Northern Territory		0.75	2.18	1.40	8715
ACT & Other	0.08		0.25	0.09	78
TOTAL	0.15	0.29	0.78	0.34	28580

1.2 Health

“Aboriginal people make up one quarter of the NT population and suffer excessively from premature death and preventable illnesses and injury. Aboriginal mortality rates are three to four times higher than non-Aboriginal rates in the Territory (Plant, Condon & Durling. 1991; THS 1996a, pp33-37). The direct causative factors include poor nutrition, poor environmental conditions, smoking and alcohol misuse.

The substantial health gains in western societies over the last 300 years have been primarily due to increased access to nutritious and safe food, availability of clean water, adequate sewerage disposal and housing, immunisation, and altered reproductive behaviour leading to a decline in the birthrate. These, in turn, are the result of economic growth and development, universal education, improved status of women, and an effective public health care system, emphasising preventative measures and sound public health legislation (Harper, Holman & Dawes 1994; Smith and Douglas, 1995).

Strategies which will bring substantial gains in Aboriginal health include: increasing the capacity of people to problem solve and take greater control of their lives, the adoption of healthy behaviours, appropriate and quality education, increased employment opportunities, access to appropriate resources and services, and a clean, safe physical environment, within an Aboriginal context. Outside Territory Health Services direct responsibility, Territory Health Services staff has an obligation to advocate for action in these important public health areas”.

[Extract – NT Aboriginal Health Policy, 1996]

An example of how the lack of infrastructure affects health on communities is contained in the following letter from the District Medical Officer, Dr Paul Spillane at Milingimbi.

“I am writing to you to express my concern about the poor health and chronic malnutrition amongst a group of children at Milingimbi who live together in a house at Top Camp. These children and their mothers have very bad living conditions and their house is probably amongst the worst in Milingimbi.

Recently all of these children had diarrhoea and some of them have been admitted to Gove District Hospital for treatment. Over the past eight-(8) years these 12 children have been admitted to Gove District Hospital 64 times, sometimes for long periods of time. The Nomad medical plane has been called about 20 times for these children. Despite what many people say, these children have been admitted to hospital because they have been sick, usually because of their overcrowded house, lack of water and sewerage facilities and generally unclean environment.

The cost of travel and admissions to hospital is very expensive and these 64 admissions have cost the Territory Health Services approximately \$600,000 (six hundred thousand dollars) at today’s costs. When we spend money on these problems it means less money is available to spend on other health programs for the community. A lot of these problems may not have happened if these women and children had been supported and adequate housing had been provided on a basis of need.

The problems these children have had are as follows:

<i>Number of Children</i>	<i>12</i>
<i>Number of admissions to Gove</i>	<i>64</i>
<i>Diarrhoea</i>	<i>23</i>
<i>Bad Diarrhoea</i>	<i>10</i>
<i>Malnutrition</i>	<i>48</i>
<i>Worms</i>	<i>20</i>
<i>Chest Infection</i>	<i>18</i>
<i>Urine Infection</i>	<i>20</i>
<i>Anaemia (weak blood)</i>	<i>29</i>
<i>Scabies</i>	<i>15</i>
<i>Other</i>	<i>19</i>

Obviously on many admissions the children had lots of problems, not just one.

These admissions and costs do not include any admissions to Royal Darwin Hospital but I know many of them have been admitted there, especially when they were born early.

I would request that you please give consideration to addressing the bad housing and sewerage that these women and children live with because if nothing is done it will continue to result in these children getting sick and will continue to cost a lot of money. This will mean less money for other health programs, housing, etc.

I am happy to talk to you about these issues at any time”.

1.3 Education

[Extract from 'Learning Lessons'. An independent review of indigenous education in the Northern Territory – Bob Collins 1999]

The review established that there is:

- ◆ A widespread desire amongst Indigenous people for improvements in the education of their children;
- ◆ Unequivocal evidence of deteriorating outcomes from an already unacceptably low base, lined to a range of issues, led primarily by poor attendance which has become an educational crisis;
- ◆ Substantial evidence of long-term systematic failure to address this situation;
- ◆ A number of complex long-standing issues that must be addressed which have significant resource implications for the Department of Education and the Northern Territory Government; *and*
- ◆ Evidence of failure to access significant available Commonwealth funds to address poor outcomes with intensive projects.

The review has found substantive evidence that Indigenous educational outcomes are deteriorating from an already low base, as follows:

- ◆ An overall decline in attendance at the same time that enrolments have been increasing;
- ◆ Actual attendance in terms of days per week being worse than system averages would show;
- ◆ Actual enrolments omitting more compulsory school-aged children than system participation rates would show;
- ◆ Poor retention rates beyond years 7 and 10;
- ◆ Advice from employer bodies that, more than ever before, they are unable to find people who meet basic literacy and numeracy entry criteria for employment and training; *and*
- ◆ A repeatedly stated observation from Indigenous elders that their children and grandchildren have lesser literacy and numeracy skills than they do.

Table 1: Percentage of NT Students achieving national reading benchmarks in 1998.

NT Student Group	Year 3	Year 5
Non-Indigenous students, urban schools	82%	78%
All students, urban schools	78%	71%
Indigenous students, urban schools	54%	36%
Indigenous students, non-urban schools	6%	4%

These statistics can be compared to 68% of students achieving Year 3 reading benchmarks and 62% of students achieving year 5 reading benchmarks for combined NT schools across all sectors.

1.4 Employment and Training

[Extract from “Learning Lessons”. An Independent Review of Indigenous Education in the Northern Territory – Bob Collins 1999]

“At the moment funding for Vocational Education Training (VET) is only available to students in Years 11 and 12, which means that it is only available to Indigenous students in urban schools.

The review heard concerns from remote communities across the Territory in respect of the delivery of VET courses, which had a common theme. There was confusion at grass roots level on the number of registered training organisations (RTO’s) delivering courses on the ground in communities. Those commonly cited were the Northern Territory University, Batchelor Institute, the Northern Territory Rural College, Centralian College and a small number of private providers. Examples were given of several RTO’s being in the same community soliciting enrolments from the same student base for the same courses. In one community where the same course was being delivered at the same time by two RTO’s they had to be located in the same building in separate rooms.

The point was made to us again and again that this was not only confusing for the community but also inherently inefficient. It is raised expectations for employment opportunities that were simply not there, damaged the confidence of adults who wanted to succeed, and lost students to VET”.

Summary – Relative needs of Aboriginal communities in the NT

The needs of Aboriginal Territorians, which the above reports outline, are not something from the 1950’s or 1960’s. The needs exist today on NT Aboriginal communities.

For the purposes of this Inquiry these needs have to be compared with the needs of Aboriginal persons living in remote areas of other States and more particularly Aboriginal people living in the major cities of Australia. The Association believes that any comparison will be a stark one.

In the major cities of this country all people living and working have access to a wide range of services which are denied to remote living Aboriginal people. Access to a wide range of health services, libraries, business employment opportunities, sealed roads and footways, a diversity of housing, public recreation, facilities, retail stores, cinemas and arts centres are taken for granted by all people living in larger urban areas but there is rarely access to these facilities and services on remote Aboriginal communities in the NT.

We fully support the aim of this inquiry to examine and report on the relative needs of Aboriginal people, in order to target Commonwealth financial assistance to better meet needs. Traditional Aboriginal people living on communities that lack so many services must attract a far greater proportion of ATSIC funding than Aboriginal people living in the major centres with access to the full range of mainstream services provided.

2 FUNDING TO MEET RELATIVE NEEDS OF ABORIGINAL COMMUNITIES IN THE NORTHERN TERRITORY

Funding to help address the needs in the key functional areas is provided each year by the Commonwealth Government through three (3) channels: Commonwealth Government Departments budget allocations; Commonwealth General Purpose Grants to the States/Territory; and Commonwealth budget allocations to ATSIC. While recognising that the key functions are not the responsibility of Local Government there are several points regarding current funding that our membership wish to raise.

2.1 Commonwealth Government Departments Budget Allocations

Budget allocations to Departments by the Commonwealth for Indigenous programs need to be targeted to the areas of greatest need and recognise that significant additional costs will be incurred for programs on remote communities. If State/Territory allocations are made in respect to distribution of these funds the principles of fiscal equalisation should apply.

Submission based program funding is a major problem for Aboriginal communities. Commonwealth Departments usually require applications to be made for funding accompanied by detailed schedules of all aspects of the project. Often communities with the greatest need do not have a person who can fill out the submission so their needs are ignored. Funding often goes to the communities who have capable submission writers and these may not be the community with the greatest need. When applications are not forthcoming from communities, often because of the lack of a person with the skills to apply properly, the program can be cancelled in the subsequent years. The needs may still be there but no funds are then available.

Problems with submission based funding programs also occur at the State/Territory Government level. The report by Bob Collins into Indigenous Education in the Northern Territory found as follows in relation to the NT Department of Education.

“The review considers the failure to access significant, available Indigenous education resources from the Commonwealth, despite having by far the greatest Indigenous student population proportion in Australia, to be an inexcusable management oversight. Out of \$38 million available for strategic initiatives, the NTDE accessed only \$196 000. On a per capita basis alone, the Northern Territory as a whole should have been eligible for at least \$5 million”.

2.2 Commonwealth General Purpose Grants for State / Territory Governments

There has been agreement and recognition for many years in the mainstream funding methodology that is the basis for determining the allocation of funds to each State/Territory Government that meeting needs in the Territory is more costly due to a range of factors including Aboriginal issues and remoteness. Fiscal equalisation principles have been applied each year in Australia and have been a major factor in helping avoid the extremes of inter-regional differences in incomes and access to services, which are evident in many other countries.

For the 1998/99 financial year the allocations made on the basis of fiscal equalisation were:

Commonwealth General Purpose Grants for States and Local Government, 1998-99 (a)

\$ Per Capita

	Financial Assistance Grants for States (b)
New South Wales	1,027
Victoria	1,031
Queensland	1,196
Western Australia	1,151
South Australia	1,430
Tasmania	1,815
Australian Capital Territory	1,113
Northern Territory	5,653
TOTAL	1,172

- (a) Data retrieved from Commonwealth Budget Paper No. 3 "Federal Financial Relations 1989-99", Tables 1, 3 and 36.
- (b) Includes those parts of the health care grants which are subject to the same distribution arrangements – see Tables 1 and 11 in Budget Paper No. 3.

With this major allocation of funds the other States, through fiscal equalisation are assisting the NT Government address areas of indigenous need in the Northern Territory. The principle point that we wish to raise in our Submission is that similar fiscal equalisation principles should be agreed and apply to the interstate distribution of ATSIC funds.

2.3 Commonwealth Budget Allocations to ATSIC

Commonwealth budget allocations to ATSIC should be allocated by ATSIC to their Regional Councils on the same basis as funding is provided to the State/Territory Governments ie-fiscal equalisation.

The Commission has long applied fiscal equalisation principles to State/Territory funding to meet needs and should do so to meet Indigenous needs.

Remote area needs need to be given priority funding by ATSIC for the reasons outlined earlier in this report.

LGANT has commented in this report on the problems with submission based funding and these problems apply equally to ATSIC funding.

We ask the Commission to consider the following findings and recommendation of the NT Legislative Assembly Public Accounts Committee Inquiry into the roles of various funding bodies in the development and maintenance of roads, airstrips and barge landings on Aboriginal communities and outstations in the Northern Territory – August 1999.

Quote:

“Submission-based funding is widely practiced by ATSIC and DETYA but, in the opinion of the Committee, requires an urgent and critical examination. It is counter to any reasonable interpretation of social justice that Aboriginal organisations are compelled to make submissions to funding bodies for basic citizenship entitlements and services such as power, water and roads, etc. Under present arrangements, each community must bid against other communities, each region against region and each State against State. The final level of funding relies largely upon the judgement of the decision-making body and the politics within it.

The Committee believes that submission/discretionary-based funding allocations have no systematic capacity to take account of need or equity principles. Without these principles, organisations are vulnerable to criticism from non-Aboriginal groups for funding received, and also from Aboriginal organisations because of apparent disproportionate funding anomalies to the various areas and regions.

A further method of funding distribution adopted by ATSIC is the historical based funding whereby each year a community is granted more or less the same funding for services. This process is not inconsistent with submission-based methods. Each year a community organisation must go through the motions of making a submission to ATSIC detailing areas of actual or desired expansion of service provision, but in most instances the funds allocated will be assessed and decided upon according to the previous year's funding level. If funding was inadequate for the future year. Conversely, it is possible for some organisations to be continually over-funded. The appeal of historical funding is that it largely allows decision-makers to avoid politically difficult decisions.

One option that should be considered by ATSIC is formula-based funding that may use per capita principles as the basis for distribution. Such a mechanism ensures a more equitable and predictable source of funds that can be factored into the community

budgets on an annual basis. The Northern Territory Government and the NT Grants Commission have both employed formula-based funding methodologies for a number of years that appear to have been accepted by the majority of recipient communities. During the course of the PAC visits, many communities commented on the simplicity and transparency of such mechanisms as opposed to the time-consuming and often ineffectual submission-based arrangements.

Recommendation 25

ATSIC should be encouraged to assess the appropriateness of its submission-based discretionary funding allocations through the regional council structures”.

End of quote.

All remote communities in the Northern Territory rely heavily on ATSIC funds to assist overcome their locational disadvantages. They seek to ensure that funds available go to areas of highest need.

3. CONCLUSION

There is a need to address Aboriginal needs in all areas of Australia but there can be little doubt that remote localities are severely disadvantaged when compared to urban living areas in the rest of Australia.

Fiscal equalisation which is recognised by the Grants Commission and the Commonwealth and State Governments is in the Associations view the only way to achieve the objectives of this inquiry.

Adoption of this principle for the distribution of Indigenous funds would be a significant move and would be applauded by our membership.