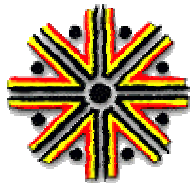


COMMONWEALTH GRANTS COMMISSION
INDIGENOUS FUNDING INQUIRY
FINAL SUBMISSION

**From: Aboriginal and Torres Strait Islander
Commission**

Submission No.: **IFI/SUB/0061**
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ATSIC

RESPONSE TO

**DRAFT REPORT OF THE
INDIGENOUS FUNDING INQUIRY**

BY THE

**COMMONWEALTH GRANTS
COMMISSION**

DECEMBER 2000

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Introduction

The CGC has provided a detailed report which while not containing any substantially new information has presented the complexity of Indigenous affairs, service delivery and funding issues comprehensively. What the report does do is revalidate the reasons for the original establishment of ATSIC:

In establishing ATSIC, the Commonwealth government responded to two clear messages from Australia's Indigenous peoples: that they wanted a strong, active role in the management of their development and that there is great diversity of aspiration and situation throughout Australia.

The CGC's conclusion that the Commonwealth has limited capacity to influence regional level funding allocations is borne out by the findings of the *Section 26 Review of the ATSIC Act*. The draft report has picked up on the plethora of issues which impact on funding and ATSIC has commented on the capacity of our budget to meet Indigenous needs. Discussion on the proposed Experimental Index of Indigenous Socio-Economic Disadvantage highlights anomalies. Potential for any improved access to funding as a result of the GST is also considered.

ATSIC's involvement in discussions and actions around the issue of greater regional autonomy also considers greater involvement in decision-making, models of governance and the importance of partnerships.

Some consideration of government issues is also discussed. ATSIC feels that there is an opportunity through this Inquiry for reform of Commonwealth-State financial relations. Local government and its involvement with its Indigenous constituents is considered, with particular emphasis on subsidisation. There is also an acknowledgement of the limitations of statistical data and its collection.

In exercising its responsibilities ATSIC has given Aboriginal peoples and Torres Strait Islanders a stronger political voice. On the one hand, the most prominent Indigenous agency, ATSIC is often blamed for the fact that our people remain gravely disadvantaged. On the other hand it is not widely understood that ATSIC's budget is meant to supplement the funding provided by the Government to other Commonwealth, State, Territory and Local Government agencies. The CGC draft report reiterates ATSIC's role as a supplementary funder and this is welcomed. Too often ATSIC's programs are the only option for some communities when some parts of government agencies abrogate their responsibilities. Furthermore, where local government councils and State/Territory governments feel under-resourced, they tend to assume ATSIC either can or will assume responsibility for Indigenous peoples.

Many Governments and their agencies do not have the expertise, information or capacity to meet the needs of Indigenous peoples. ATSIC is more than willing to work with these governments and agencies to overcome these difficulties. As an advocate of Indigenous peoples we know we cannot effectively perform the role without working relationships with a range of institutions.

At the centre of our core business is our relationship with the Aboriginal peoples and Torres Strait Islanders, particularly the development of community and regional plans

which identify the priority needs of our peoples. This work forms the basis of our policy advisory work and advocacy for Commonwealth, State, Territory and Local Government policy makers and service providers.

However as stated above, ATSIC is often frustrated in its attempts to develop the necessary partnerships with Commonwealth, State, Territory and Local Government agencies because of the myth that ATSIC is the agency with sole responsibility for service provision to Aboriginal peoples and Torres Strait Islanders. All government funded institutions have a responsibility to provide effective and efficient services to Aboriginal and Torres Strait Islander Australians.

The Inquiry's Terms of Reference

It is necessary for ATSIC to restate its position in regard to the Inquiry's terms of reference. There were several issues raised during the drafting of these and they still remain pertinent in the context of deliberations on the current document. These were:

- The inquiry did **not** focus on identifying indicators of absolute need in the community. ATSIC argued that consideration should have been given to developing indicators of absolute need across a range of indicators for the general community before further work was undertaken to identify relative need of community sectors and the distribution of funds by all spheres of government.
- The inquiry would examine the \$2.2 billion allocated by the Commonwealth to Indigenous funding. It was argued that it should be a broader examination.
- The capacity existed for the cultural aspect of needs as defined by Indigenous peoples to be addressed. Its exclusion could lead to a denial of regional priorities returning to an era where the government sets the agenda.
- In the development of a formula based on a socioeconomic disadvantage index, it was not clear whether this would result in Indigenous peoples being able to set their own priorities.
- The Inquiry would only focus on the current level of funding and redistribution of these monies across the identified hierarchy of needs. It would **not** attempt to quantify absolute need and the budget requirements to meet this need. A redistribution of the current funding levels would have limited application and compound existing funding shortages.
- Another impediment was the inability to obtain reliable information on the existing funding distribution of governments and relevant agencies. A 1998 study by the Australian Local Government Association, jointly funded by ATSIC and the Local Government Minister's Conference, was unable to uncover the funding levels of Indigenous programs at the State and Territory levels.

Comment is also made on the chapters of Education, Training, Employment and Opportunities for Economic Independence with a special focus on CDEP.

Funding Issues

ATSIC's Budget

There is systemic ignorance of ATSIC's role and capacity to provide services. The much quoted figure of \$2.3 billion Commonwealth funding for services to Aboriginal peoples and Torres Strait Islanders is mistakenly understood to be expended primarily by ATSIC.

The ATSIC budget for 2000-2001 is \$1.1 billion (including interest and other receipts) This is appropriated by the Federal Government to ATSIC against the following expenditures:

Community Housing Infrastructure Program*	90.351
Community Development Employment Projects*	427.047
National Programs**	294.537
Regional Council Discretionary	54.401
Operational Costs	129.110
Capital User Charge	51.500

* These amounts are quarantined by the Minister under the ATSIC Act

** These amounts are quarantined by the Board of Commissioners

Unmet need

The CGC quite rightly recognises that there is high absolute need and a redistribution of existing levels of funding on the basis of relative Indigenous disadvantage is of limited relevance.

There is very clearly insufficient funding available to respond to the unfulfilled responsibilities of other government agencies and certainly insufficient to meet the needs identified in Regional Council Plans. In 1996 when the Federal government cut the ATSIC budget the Board was forced to make some very hard decisions about how the cuts would be accommodated. Four principles were determined for future funding priorities when making decisions on the application of its remaining budget. These are activities which:

- promote the distinct identity of Indigenous Australians
- preserve Indigenous cultural heritage
- enhance the rights of Indigenous peoples; and
- are services not provided by other agencies.

The fact that these are not examined in detail by the CGC is disappointing. The TOR provided such an opportunity.

Experimental Index of Indigenous Socio-economic Disadvantage

In order to explore socio-economic disadvantage and funding relativities, the CGC requested ABS to develop an experimental general index of socio-economic disadvantage for Indigenous people by ATSIC region.

The ABS is undertaking this project in two stages:

Stage 1 (completed)

Explores the feasibility of developing an experimental general index of socio-economic disadvantage and assesses the consistency of results with expert opinion.

Stage 2 (in process)

Develops specific indexes of disadvantage, including the following:

- Habitat – health, housing and infrastructure
- Economic – education, employment and training
- Urban
- Rural/remote

Social indicators

The proposed experimental general index of Indigenous socio-economic disadvantage is a highly refined example of a social indicator or, more precisely, a composite measure built from a set of social indicators. While there is some debate about exact definitions, a social indicator is generally considered to be a key statistical measure that provides insight into the current level of some important aspect of social well-being and allows for monitoring across time.

At present, there is widespread interest in social indicators because of their capacity to summarise data, provide a single output measure and monitor change over time. For example, the experimental general index summarises a vast amount of Census data into one figure, which can then be used to provide insight when comparing regions. However, certain data limitations and lack of development of generally accepted outcome measures are obstacles to the use of social indicators for monitoring the well-being of Indigenous people.

There is still a shortage of social data on Indigenous people, particularly at the regional level. Recent initiatives by ABS and other agencies to improve the amount and quality of data are yet to be realised in significant increases in output. The five-yearly Census of Population and Housing will continue to provide the major source of regional survey data. Strategies are currently in place to improve the completeness and quality of administrative data about the use of government services and programs by Indigenous people. At present the quality of administrative data remains variable.

While there has been interest in outcome and performance measures for evaluating program effectiveness, the development of suitable indicators and their supporting data is not well developed for either the general or Indigenous populations.

In addition, caution must be used when relating social indicators to monetary figures. Although both may be expressed in numerical values, the nature of the numbers used for social indicators can be vastly different from those used to measure dollars.

Dollars are measured according to a *cardinal* scale in which the difference between values is measurable and consistent. For example, the difference between \$100 and \$200 is \$100, and we can say that \$100 is half of \$200.

To the contrary, the ranking of regions produced by the experimental general index uses an *ordinal* scale. This scale places regions in an order but does not measure the difference between them. For example, the difference in socio-economic disadvantage between regions ranked 8th and 9th may be greater, the same or less than the difference between regions ranked 9th and 10th. Indeed, the difference between regions ranked 8th and 9th could be greater than the difference between regions ranked 9th and 15th.

These considerations are particularly important when individual rankings are divided into equally sized groups such as quartiles. Some regions in one group (eg. labelled as less disadvantaged) may in fact share more characteristics in common with regions in an adjoining group (eg. labelled as more disadvantaged) than with other regions in their own group.

The usefulness and validity of the experimental general index of Indigenous socio-economic disadvantage, is related to the conceptual framework on which it is based, the quality of data inputs and its agreed interpretation within government and the wider research community. Each of these issues in relation to Stage 1. of index development is examined briefly below.

Conceptual basis

There is need for a conceptual framework of Indigenous socio-economic rights rather than disadvantage that could stand apart from the index and guide development of other monitoring and performance measures. This framework would show interconnections between rights and disadvantage in general and its specific dimensions. These dimensions include the four functional areas identified in the CGC funding inquiry together with other dimensions specific to Indigenous rights such as those identified by the ATSIC Board (refer page 6). An over-arching framework would then identify the variables necessary to adequately measure each dimension.

The terms of reference under which ABS developed the experimental general index did not entail development of a conceptual framework. Rather, ABS's task was to produce a summary index of a number of indicators which pointed towards disadvantage. These indicators were based in turn on Census variables and reflected generally held beliefs about disadvantage. ABS acknowledged that Indigenous socio-economic disadvantage was complex and multi-dimensional and the disadvantage index was built upon work already undertaken by ABS to develop the Socio-Economic Indexes for Areas (SEIFA).

The danger of the lack of an over-arching conceptual framework which includes the concept of rights is that the results may be open to uncertainty of interpretation. For example, the proportion of people with low levels of educational attainment may be used as input to a disadvantage index. While it may seem reasonable to associate low levels of educational attainment with higher levels of socio-economic disadvantage (because of the association between education and job opportunities) the relationship

is not straightforward. Even with higher levels of educational attainment, Indigenous people in urban areas may experience barriers to employment because of the high level of skills required for jobs or discrimination. Irrespective of their educational attainment, people in remote areas may well experience high levels of unemployment or discouragement as job seekers because of the absence of a formal labour market. The elements rather than the levels of social disadvantage may be different in each case.

Further work by ABS (Stage 2) to develop specific indexes of different aspects of socio-economic disadvantage will begin to address some of these issues. The specific indexes will target different functional areas more directly and also incorporate urban and rural differences.

Data quality

The experimental general index is based on data from the 1996 Census. This data, which reflects ongoing improvements in collection practices by ABS, is generally held to be of good quality. Nevertheless, the index is subject to limitations due to Census methodology, data quality and the availability and selection of data items.

There are limitations to data collected on the self-enumerated Census form. Questions may be misunderstood, or undressed differently by Indigenous and non-Indigenous people, due to cultural reasons. Questions are also likely to be interpreted and answered within a context of trust in government and perceptions about the uses to which official information might be put.

ABS has identified the following limitations of 1996 Census data used in the experimental general index:

- Data staleness – the last Census was taken on 6 August 1996
- Indigenous identification – may differ from region to region and over time
- Indigenous undercount – may differ from region to region
- Missing data – a small number of areas were identified as having poor data quality
- Census non-response – may differ from region to region and among questions
- Differences between where Indigenous people were counted in the Census and their place of usual residence – the index reflects the characteristics of people counted in the region on Census night which may differ from the characteristics of the usually resident population of the region.

The available and selected data items do not equally address all aspects of the four functional areas. For example:

- Health – no health data in the experimental general index
- Housing and infrastructure – no explicit data on cost, condition or crowding; no infrastructure data
- Education – no data on breaks in education or levels of achievement in literacy or numeracy
- Employment and training – limited input data only on labour force participation; no explicit data on training.

The available and selected data items do not address all aspects of the potentially wider dimensions of Indigenous disadvantage. For example, the index does not contain information on:

- Strength of social networks
- Membership of community
- Loyalty
- Responsibility to family
- Cultural and ceremonial wealth

Once again, the further work by ABS (Stage 2.) to develop specific indexes of different aspects of socio-economic disadvantage will begin to address some of these issues. The specific indexes will draw on data sources additional to the Census and include health and infrastructure data where available.

Interpretation and use

In the absence of an over-arching conceptual framework about Indigenous socio-economic rights, interpretation of the experimental general index rests on the statistical methodology used to produce it and expert opinion that the results conform to expectations.

Principal Components Analysis is a robust statistical method. It is essentially an exploratory tool that examines relationships among different data items to indicate whether or not these might be associated with an underlying principle or cause. However, the method does not provide a measure of how well a particular set of data may fit a model of the state of affairs in the real world.

The experimental general index developed in Stage 1 does offer insight into the socio-economic disadvantage of Indigenous people in ATSIC regions. CGC report that the results are consistent with expert opinion. The specific indexes to be produced in Stage 2 will provide a broader context for analysis and debate. Interpretation of the indexes may evolve over time as they are accepted and used in a legitimate way. The following sections summarise points already made in the CGC Draft Report and ABS draft paper on Stage 1.

What the experimental general index does:

- Summarises available and selected Census data that measure characteristics of Indigenous people.
- Uses a well-accepted and robust mathematical technique.
- Calculates a preliminary, indicative measure of relative socio-economic disadvantage for wider comment among government and social analysts.
- Ranks ATSIC regions from 1 to 36 according to their index score.
- Appears to associate disadvantage with degree of remoteness from urban centres so that urbanised regions in the south-east corner of Australia are generally ranked higher than more remote regions to the north and west.
- Provides general insights into differences in the socio-economic characteristics of Indigenous people in ATSIC regions.
- Guides those making judgements about funding.

- Provides a global measure for comparison with indexes of specific elements of disadvantages (Stage 2.).
- Provides a check on individual indicators of relative need within each of the functional areas.

What the experimental general index does not do:

- Measure the socio-economic rights of individual people.
- Measure the absolute need of an ATSI region.
- Measure the socio-economic disadvantage of Indigenous people relative to non-Indigenous people.
- Provide a mathematical basis for a funding formula.
- Measure how much more or less one region is disadvantaged compared with another.
- Identify pockets of extreme disadvantage within a region of otherwise moderate socio-economic well-being.
- Contain measures of health or infrastructure.
- Contain measures of Indigenous language, culture, religion or community.

ATSI feels that objective measures of needs in different communities have been used very little in allocation of funds between Indigenous service delivery organisations. It has been difficult to get agreement between funding governments and delivery organisations about which measures of need should be used. This in turn is because the best measures of need may well differ between different parts of the country; for example overcrowding of housing in remote and northern areas and lack of affordability in the more densely-settled south. Further, the limitations on the available funds mean that even with the most objective measures for distributing these funds, large unmet needs will remain.

An acceptable allocation of funds that is seen by both funding governments and funded Indigenous organisations as being fair is desirable in its own right and necessary for the political stability of any funding arrangements. Taking account of the above reservations, estimates of need can be made for individual services by using the kinds of measures for housing developed by Jones *et al* which the TOR require.

It is not easy, however, to convert a set of measures of *needs* for individual services to a general measure of need, appropriate for Indigenous governance arrangements with multiple responsibilities. In addition, measures of *capacity* to meet their own needs are relevant to decisions about the fair allocation of funds and the ability to administer them fairly. General measures of capacity to pay, such as weighted income per head, by themselves are inadequate because they ignore the quality and quantity of services already available to residents and take no account of differences in living costs of services in different locations. Measures of unmet needs are required.

It is particularly difficult to distribute funding in a way that reflects need and also provides incentives for Indigenous organisations to develop their own sources of funding. Among the policy options available for resolving such difficulties are: long lags between when own-source revenues are obtained and when they are taken into account in assessments of capacity to meet need; only a fraction of such revenues being taken into account; and multiple year grants.

Concepts such as fiscal effort used by the CGC in distribution of funds between states and territories will be useful, though any measure of fiscal capacity that includes sources other than taxes and charges will be complex and difficult to assess.

Opportunities for earning and raising own-source revenue vary greatly between different parts of Australia. Also, as Jones *et al* showed, some aspects of need are of much greater significance in some parts of Australia than in others. Nevertheless, an assessment of need based in part on a range of transparent measures is likely to be better informed and more influential than the current system of assessment of grant proposals.

A particular problem occurs in assessing Indigenous need in different parts of Australia between discrete Indigenous communities and those living in predominantly non-Indigenous communities. In the latter, most collective services to Indigenous people are provided by general rather than Indigenous-specific suppliers and measures of need must be adjusted accordingly.

To the extent that funding becomes a matter of entitlement, there will remain a need for negotiation about the nature and size of those entitlements, the terms of funding from government and the measures of need to be used in its allocation.

Estimates of Funding

Comment is sought on the principle being considered by the CGC that estimates of funding on the basis that the cost per Indigenous person served is the same as the average cost per person served.

In this regard, a report was commissioned some time ago by the Western Australian Aboriginal Affairs Department on *Comparative Study of Essential Services Delivered to Selected Aboriginal Communities and Remote Townships*. The broad purpose of the study was to provide information on the levels, accessibility and costs of services of three Aboriginal communities (Burringurrah, Jigalong and Oombulgurri) as compared to three remote mainstream townsites (Gascoyne Junction, Marble Bar and Wyndham). The key findings of the study were:

- the great disparity in the provision of power, water, housing, roads and Shire services in the three Aboriginal communities as compared to the mainstream townsites
- the inadequate provision of these critical essential services has direct implications for community health and there is a need therefore to establish equitable standards and levels of services to ensure that the health status of Aboriginal communities is not jeopardised
- the inadvisability in generalising the cost of normalisation based on a sample of communities due to the variation in needs (including cultural requirements), current infrastructure and population trends within each community
- a detailed inventory of each community's requirements in relation to essential services is necessary to assess the cost implications of normalisation.

It can be seen from the above that poor access to services in non-urban areas has a greater impact on Indigenous people. Similar reports abound which highlight

comparable problems and recommend an expansion of state responsibility in the provision of services to Indigenous communities to achieve 'normalisation' yet too often this is disputed.

GST Ramifications

In regard to Commonwealth General Revenue Payments to the States, it is understood that the 2000/01 Commonwealth Budget provides estimates of GST revenue from 2001 to 2004. Table 1 provided details of the estimated GST revenue and compares this with the Guaranteed Minimum Amount (GMA), which is the amount the States would have received under the previous arrangements, including allowance for revenue lost from requirements to abolish certain State taxes. The Table shows that, at the time of the last budget, the GST receipts were not expected to fully compensate States until at least 2004/05.

The Budget Balancing Assistance provided to compensate States is not expected to be necessary for all States over this period. Queensland is expected to achieve greater GST distribution in 2002/03 than the guaranteed minimum amount. A State receiving more GST revenue than its GMA is entitled to retain the excess from 2002/03.

Table 1: GST Revenue Provision, Guaranteed Minimum Amount and Budget Balancing Assistance

	2000/01	2001/02	2002/03
Estimated GST	\$24,053	\$28,029	\$29,083
Estimated FAG revenue (previous arrangements)	\$26,745	\$31,142	\$30,648
Difference	(\$2,693)	(\$3,112)	(\$1,633)

Source: Federal Budget Papers 2000/01

Table 2 provides details of the anticipated general revenue funding to each state from 2000/01 to 2003/04 as well as the past levels of general revenue support. The table includes GST revenue and other general payments (Budget Balancing assistance, National Competition Payments and ACT Special Assistance) as well as Financial Assistance Grants (FAG) for the period to 1999/00.

Table 2: General Revenue Assistance to States 1996/97 to 2003/04 - \$m

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	Total
1996/97	\$4,485	\$3,314	\$3,053	\$1,579	\$1,535	\$680	\$280	\$935	\$15,861
1997/98	\$4,618	\$3,392	\$3,139	\$1,589	\$1,568	\$686	\$275	\$972	\$16,239
1998/99	\$4,806	\$3,586	\$3,236	\$1,636	\$1,684	\$742	\$307	\$1,025	\$17,021
1999/00	\$5,190	\$3,634	\$3,336	\$1,637	\$1,716	\$797	\$364	\$1,079	\$17,752
2000/01	\$7,645	\$5,393	\$4,945	\$2,471	\$2,359	\$1,009	\$511	\$1,235	\$25,567
2001/02	\$10,268	\$6,969	\$5,441	\$3,021	\$2,914	\$1,212	\$627	\$1,419	\$31,871
2002/03	\$9,918	\$6,762	\$5,690	\$2,952	\$2,891	\$1,198	\$656	\$1,462	\$31,464
2003/04	\$10,167	\$6,960	\$6,010	\$2,985	\$2,985	\$1,232	\$656	\$1,554	\$32,547

Source: Federal Budget Papers 2000/01

The table reveals a significant increase in the general revenue funding flowing from the Commonwealth to the states from 2000/01. However, this increased general funding is a result of the requirement for States to abolish a number of taxes. Based on current budget estimates, budget balancing assistance is required through to

2003/04 (other than for Queensland). This implies that the budget positions of the states will not improve as a result of the new arrangements until around 2004/05. The impact on Indigenous constituents is not known.

Specific Purpose Payments to the States

SPPs have increased as a percentage of total Commonwealth payments to the States by around 12 percentage points over the last twenty years. Most of this increase occurred in the period to the early 1990s. In recent years, SPPs have declined as a percentage of gross payments to the States.

In the Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations which was signed by the Commonwealth and the States at the 1999 Premiers' Conference, the Commonwealth has indicated that it has no intention of cutting aggregate SPPs as part of the reform process set out in the Agreement.

In 2000/01, SPPs 'to' States (this excludes SPPs passed through State Governments) will amount to some \$13.9 billion, which compares with the \$25.6 billion of general revenue funding from the Commonwealth to the states. Under the new financial arrangements, SPPs will therefore represent around 35% of Commonwealth funding to the States.

Table 3 provides estimates of SPPs and general revenue funding for the period from 1998/99 to 2003/04.

Table 3: SPP & General Revenue Funding to States

	SPPs \$m	General Revenue	Total Funding to States	SPP as % Total
1998/99	\$12,751	\$17,021	\$29,772	42.8%
1999/00	\$13,460	\$17,752	\$31,212	43.1%
2000/01	\$13,877	\$25,567	\$39,444	35.2%
2001/02	\$14,505	\$31,871	\$46,376	31.3%
2002/03	\$14,732	\$31,464	\$46,196	31.9%
2003/04	\$15,129	\$32,547	\$47,676	31.7%

Source: 2000/01 Budget Papers

The reduced proportion of funding to states coming from SPPs from 2000/01 is not a result of any reduction in SPPs. It is simply the result of additional general funding to compensate states for abolition of specific taxes as noted earlier in this paper. However, the estimates shown for SPPs through to 2003/04 reveal that SPPs will not be maintained in real terms per capita. This suggests that over time, the proportion of funds from the Commonwealth to the States that are untied will increase. If this is the result, ATSIC is concerned that there will be an impact on Indigenous people.

Accordingly, ATSIC endorses the principle suggested by the CGC to introduce and enforce additional conditions for SPPs such as mandating performance reporting, Indigenous specific performance criteria, greater Indigenous involvement in state level decision-making and requirements for data collection; moving to insert needs based regional allocation requirements into Indigenous specific SPPs; and, seeking extra conditions on some general SPPs so that some of the expenditure is directed to aspects of the services that are important to Indigenous people.

In this regard, the CGC's investigations in calculating state requirements for general revenue assistance also are worth comment. It has been noted that under Aboriginal Community Services, the CGC has allowed for: the higher costs of providing community government services in remote compared with non-remote areas; the differences between the states in the distribution of their Indigenous populations between remote and non-remote areas; and the relatively higher number of small remote communities requiring essential services in some states. It is also noted that in the measurement of disability factors, there have been many changes. Most of these have resulted from the availability of additional data. In particular, the more comprehensive information on Aboriginal and Torres Strait Islander population has led the CGC to differentiate within the Indigenous population to reflect the different requirements for state-type services of people from different socio-economic and regional backgrounds. Is it feasible that these principles could be applied to the current inquiry for Commonwealth funding? How would the proposed socio-economic disadvantage index differ in its application to the current CGC approach?

It is useful to consider the National Principles which underpin the allocation of Financial Assistance Grants to Local Government which are to be allocated in such a way which recognises Indigenous needs. The methodologies applied by some State Local Government Grants Commissions attempt to take into account the specific issues to Indigenous communities via disability factors. However, these do not significantly change the amount of funding going to a particular local governing body as there is always a significant shortfall in addressing unmet needs. The CGC should recommend to all SLGGCs that they take into account the special needs of Aboriginal peoples and Torres Strait Islanders.

Greater Regional Autonomy

It is pleasing that the CGC has recognised the importance of Indigenous decision making in its draft report. A fundamental principle in the establishment of ATSIC was, and is, to place decision making in Indigenous affairs in the hands of elected representatives of the Indigenous community. This principle is clearly stated in the preamble to *Aboriginal and Torres Strait Islander Commission Act 1989* (the ATSIC Act). It is a fact that should be, but is not, well known.

In April 1997, the ATSIC Board of Commissioners determined that a review of the operation of the ATSIC Act (section 26 review) should be undertaken. The review was conducted by a Steering Committee comprising representatives of ATSIC, the Office of Indigenous Affairs (Department of Prime Minister and Cabinet) and the Office of the Minister for Aboriginal and Torres Strait Islander Affairs.

In the report provided to the Minister on 23 February 1998, it was noted that:

One of the strongest messages to come from the consultative meetings and submissions has been the desire of Aboriginal peoples and Torres Strait Islanders to see more authority devolved from the centre to the local and regional levels.

The report made a number of recommendations directed at increasing the capacity of Regional Councils to accurately reflect and give effect to the needs and aspirations of Aboriginal peoples and Torres Strait Islanders, taking into account the diversity of social, cultural and economic conditions in which they live. These included:

- specific empowerment to enter into agreements, on a regional or sub-regional basis, with Aboriginal and Torres Strait Islander organisations and communities, and Commonwealth, State, Territory and local governments and their agencies, for the co-ordinated provision of services to the Indigenous people of the region;
- a requirement that Councils include in their annual reports information about the distribution of ATSIC funds to the Indigenous communities of the region, including reference to smaller communities.
- provide for the Board of Commissioners to issue guidelines to Regional Councils for the development of regional agreements, including reporting arrangements;
- provide a broad definition of the matters to be covered in a regional agreement, such as "to assist in the protection and advancement of the economic, social and cultural interests of the Aboriginal peoples and Torres Strait Islanders of the region";
- the proposals received for a regional authority form of structure will be examined in detail, with regular reports on the feasibility of the proposals to be provided to the Board of Commissioners;
- the issues relating to the possible establishment of regional authorities that have been identified during the course of the review, will be taken into account in the pursuit of this further work; and
- provision should be made in the Act for the establishment of regional authorities after the Commission has considered and reported on the outcomes of the studies.

As appropriate, effect is being given to these recommendations. Amendments to the ATSI Act are being drafted that will give specific powers to Regional Councils regarding agreement making and reporting requirements.

ATSI is assisting with the development of regional autonomy models and to promote further discussion and interest in this issue. Some limited funding has been made available where a long-term commitment to this issue is evident, such as the Murdi Paaki Regional Council in New South Wales (NSW), the Kimberley area of Western Australia (WA) and the Miwatj Regional Council in the Northern Territory (NT).

There can be no 'one size fits all' solution. Those seeking more autonomous structures strongly believed that there should be opportunity for community consultation before any legislative changes were considered. Generally, regional authority structures were more favoured by remote communities, where there was limited existing governance and service infrastructure and where Aboriginal peoples and Torres Strait Islanders formed a greater proportion of the resident population.

In metropolitan and urban areas, there appeared to be a greater tendency to explore partnership agreements with existing government structures and service providers (including business and industry groups).

Devolution has been a core objective of successive Commissions. In recent years in particular, ATSI's capacity to make any real progress in this direction has been severely hampered by the impact of funding cuts and of Government quarantining of a major proportion of ATSI's program funds. As noted earlier, of the program funds made available to ATSI, some 60% is currently 'quarantined' by the Minister for particular purposes. A third of program funds are allocated by the Board of Commissioners for national level/multi-regional projects. This leaves only a small proportion of funds (currently around 6%) available for allocation by Regional Councils. This severely hampers the capacity of Regional Councils to produce satisfactory 'big picture' outcomes and places considerable emphasis on the need to develop effective planning and partnership arrangements.

Involvement in Decision-making

The CGC recommendations in this regard are welcomed. The principles espoused under "Possible Alternative Processes" are an excellent starting point. They complement ATSI's views as follows:

- As a first principle Aboriginal peoples and Torres Strait Islanders and their service organisations, should be represented in all decision-making fora for the purposes of having Indigenous peoples positively influence policy development and service delivery to Indigenous peoples.
- Renewed efforts by all Australian governments to engage with Aboriginal peoples and Torres Strait Islanders to deliver outcomes within an agreed framework as outlined in the *National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders*.

- Support for the development of governance structures that strengthen the decision-making power of Aboriginal peoples and Torres Strait Islanders.

State level Indigenous-controlled bodies

The alternative process suggested in the report for Commonwealth Indigenous specific funds being allocated to state level Indigenous-controlled bodies who in turn would be responsible for allocating funds to regional or local service delivery processes has some merit. The suggested representation of spheres of government must be complemented by the addition of Indigenous representation, drawn primarily from ATSIC Commissioner and Regional Council Chairperson level. The IHANT (Indigenous Housing Agreement Northern Territory) uses this process with some success at a territory level. At the community level, the use of funding resources under NAHS achieves effective outcomes. ATSIC can demonstrate its best practice in the coordination, allocation and management of program funds in various jurisdictions. These existing decision making bodies provide the potential for streamlining grant processes and eliminating individual departmental administrative charges resulting in savings which should be passed on to services for Indigenous peoples. The issues surrounding Regional Autonomy also support the benefits of such an approach.

It is not clear from the draft report whether an Indigenous-controlled body would be funded through a state/territory government and what level of Ministerial control would exist over the body in its decisions, including funding decisions.

Models of Governance

Further to strengthening Indigenous decision-making, the structure of Aboriginal and Torres Strait Islander affairs in this country has been moulded by non-Indigenous governance arrangements. Funding and services are provided to Indigenous peoples as a category of 'disadvantaged' Australians. Funding is at the discretion, and very often the direction, of Commonwealth, State, Territory and local government agencies. Special purpose payments and ministerial approval of ATSIC's budget against specific estimate items are clear examples of tied funding.

The ideal of self-determination is Aboriginal peoples and Torres Strait Islanders setting their own priorities and controlling the timing and direction of their lives. For this to be a truly positive experience Aboriginal peoples and Torres Strait Islanders require involvement in both the forms of governance under which they operate and the funding arrangements. Only then will Indigenous governing bodies be determining their own priorities and strategies and developing the capacity for a sustainable future.

Indigenous peoples are exploring new forms of governance which would provide them with a guaranteed income stream rather than the current direct community services model. To date discussions on greater regional autonomy have focussed on more effective utilisation of existing resources and structures. Any new approach must improve financial flexibility and genuine partnership arrangements. Innovations might range from control over income from natural resources, to regular economic enterprise development. An intermediate form of self-determination could be an

expansion of ‘cashing in individual citizenship benefits’ as has been done with the Community Development and Economic Program (CDEP) for in excess of 20 years. Aboriginal peoples and Torres Strait Islanders should be able to influence, if not determine, the use of resources available to them for the maximum benefit of our peoples.

Under the current financial arrangements, Indigenous organisations have neither the means nor the incentive to develop the economic base of communities. Sustainable development is a long-term process that requires assured funding over a number of years and the involvement of Indigenous peoples at the centre of decision making rather than the passive recipients of successive governments and their agencies.

Partnerships

ATSIC places very strong emphasis on the need to establish partnerships at all levels and in all areas to bring about positive change in Indigenous circumstances. Advocating for Indigenous rights is a core function of our elected representatives. However, the Act establishing ATSIC leaves us in an ambivalent position. We are not a department of State with a minister representing us in Parliament, nor are we outside government. ATSIC has quite legitimately sought and received Category II non-government organisation (a nationally representative NGO) status in consultation with the Economic and Social Council of the United Nations. This means that ATSIC may independently attend, speak at, and submit papers to the UN for meetings conducted by the Council. This status however is used as a tool to exclude us from involvement in government decision-making – while simultaneously ATSIC is held responsible for the circumstances of Indigenous Australians.

ATSIC believes there is a need for change and the current Inquiry can provide a partial catalyst for this. Many communities are keen to investigate the possibilities of providing greater regional autonomy to Aboriginal peoples and Torres Strait Islanders to improve their access to local and regional decision making. Be they in rural encapsulated communities or dispersed urban settings, Aboriginal peoples and Torres Strait Islanders have a right to culturally appropriate and responsive policy and service delivery. Cultural maintenance and development may require different responses but it must always be in accord with local community wishes. This again can only be achieved through partnerships. The *National Commitment to Improved Outcomes in the Delivery of Programs and Services for Aboriginal Peoples and Torres Strait Islanders* can provide the means and framework.

The ATSIC Act provides for the Commission to have, inter alia, the functions of developing and implementing programs, monitoring of programs, including programs conducted by bodies other than the Commission and, more broadly, to develop policy proposals to meet national, State, Territory and regional needs and priorities of Indigenous peoples. These functions go beyond the programs funded directly by ATSIC itself. In fact, ATSIC is a relatively minor funding agency for programs benefiting Indigenous peoples, compared to the responsibilities of Commonwealth Departments such as Education, Training and Youth Affairs, Family and Community Services, or Health and Aged Care. ATSIC has a strong interest in program monitoring of other Commonwealth Departments and agencies, and an over-arching

policy interest in the strategic contribution of specific functional policies to Indigenous development and well-being. The potential also exists for program partnerships.

Commonwealth and State Partnerships

Under the possibilities for giving effect to the principles for alternative processes, the CGC states that the Commonwealth has limited ability to: target needs; influence aggregate allocation of funds; ensure Indigenous participation in decision making; create a focus on regional or cross-functional issues; eliminate cost-shifting or influence the responsiveness of the states' mainstream services. ATSIC would argue that greater utilisation of the *National Commitment* provides the framework for this to occur. The Commonwealth has a responsibility to actively promote these principles. The political will to do so would ensure that the Commonwealth could be a leader in providing direction to other spheres of government.

The current Commonwealth government and State and Territory governments have endorsed the *National Commitment* as the continuing basis for Indigenous affairs collaboration. This has been the basis for a wide range of bilateral arrangements and agreements between ATSIC Regional Councils, the various state and territory governments, local government and Commonwealth Departments and agencies. Often, the agreements have been executed at the local level or on a regional basis. Some agreements, most notably in the provision of public housing and health services, have been made at the state or territory level. In regard to rental housing, bilateral agreements have been concluded in three states and the Northern Territory. The N.T. agreement was the first signed, in 1995. South Australia, New South Wales and Western Australia have concluded agreements, with the latter focussed on housing planning. In the other three states, agreements are under negotiation. Generally, the agreements "pool" ATSIC, State and some Commonwealth funds for the purchase or construction of housing for rent to Indigenous people, and provide for Indigenous decision-making about priorities for the program.

Also in the Northern Territory, ATSIC, Centrelink and the Department of Employment, Workplace Relations and Small Business have developed an agreement to support regional and local plans and initiatives throughout the Territory, to expand job opportunities for CDEP participants and other Indigenous jobseekers. A Joint Action Plan provides a framework for maximising Indigenous employment and training through coordinated, targeted programs and services.

State government departments, local governments and ATSIC Regional Councils have made agreements concerning the provision of community infrastructure facilities and/or maintenance for nominated Indigenous communities in South Australia and Western Australia. These address the high priority need in remote area communities for reliable arrangements for the ongoing maintenance of infrastructure in the face of shortage of skilled tradesmen and other high costs.

Local Government Partnerships

The density of Indigenous populations has a direct implication for the provision of services to communities and issues concerning governance and representation. Although the bulk of the Indigenous population is located within urban centres, LGAs with the highest density of Indigenous populations tend to be located in rural agricultural and rural remote areas. The number of Aboriginal and Torres Strait Islander elected members in local governments with encapsulated communities has increased in recent years. However, there are still few, if any, Indigenous councillors in many mainstream LGAs with a significant Indigenous population.

The Australian Local Government Association recognises the need for a partnership with Aboriginal peoples and Torres Strait Islanders as part of addressing the needs of whole communities throughout Australia and acknowledges that this must include the direct participation of Aboriginal and Torres Strait Islander communities and organisations in local and regional, economic and strategic planning and development. Local Government and ATSIC work together to meet the needs of Indigenous communities, including through the integration of management plans.

Government Issues

Commonwealth/State Relations

This Inquiry provides the opportunity to consider reform of existing Commonwealth-State financial relations. In the key areas of health, education, housing and essential service delivery and the provision of basic community infrastructure, Aboriginal peoples and Torres Strait Islanders remain largely dependent on programs and services which fall within the jurisdiction of state, territory and local governments.

SPPs provide a recognised and legitimate mechanism for the Commonwealth to exert a national policy influence and encourage spheres of government to provide a more equitable servicing of Indigenous communities needs. However, little of their potential is used.

ATSIC recommends that conditions be attached to all SPPs that have the potential to affect service delivery to Aboriginal peoples and Torres Strait Islanders to ensure that Indigenous people have full access and equity in programs funded under those arrangements.

It is understood that the Commonwealth allocates general revenue grants to States / Territories based on assessments of their expenditure requirements to enable each state or territory to provide an average level of services to all their citizens. It is a system based on the principle of equity. This system does not necessarily result in equity at a community level. The grants are untied and there is no requirement for governments to provide equitable levels of service, nor for effective monitoring of resource allocation. In this process the capital deficit which underlies the appalling state of Indigenous communities is mostly disregarded, a disregard that perpetuates inequity.

ATSIC has serious concern that the normal citizenship entitlements of Indigenous people will continue to be neglected while States / Territories/Local governments are not accountable for the equitable distribution of general purpose funding.

ATSIC recommends that funds identified for essential service provision to predominantly Indigenous communities not be part of untied general revenue grants. It is recommended these payments be made as SPPs. It is also recommended that a further new category of SPPs be established to address the capital deficit of Indigenous communities.

Many Indigenous communities see direct funding by the Commonwealth as a major step in achieving self-determination which will also ensure that adequate resources are provided for servicing Indigenous community needs.

Local Government

ATSIC makes a significant contribution in providing Local Government services to Indigenous communities across Australia. The total ATSIC contribution to these services was in excess of \$354 million in the 1996/97 year. This includes the provision of basic municipal services, which the ATSIC Charter states should only be

considered supplementary to other sources of funding, and the expanded range of services that Local Governments across Australia perform, such as youth and community services.

The extent to which ATSIC, through National Projects as well as Regional Council Expenditure, contributes to Local Government services can be seen below in *Table 1*. It should be noted that this funding is not applied to all Local Government areas.

Table 1 - Comparison of total per capita spending by Local Government Councils with the additional Indigenous per capita subsidisation of Local Government Services by ATSIC

	Average total per capita council expenditure	Additional per Indigenous capita ATSIC funding for Indigenous Services
New South Wales	\$790.70	\$740.01
Queensland	\$1,287.00	\$1,114.46
South Australia	\$792.00	\$1210.00
Tasmania	\$844.01	\$279.07
Victoria	\$551.82	\$309.35
Western Australia	\$745.87	\$1,721.00

The above demonstrates ATSIC’s commitment to working with local government – what is required is a formalisation through partnering agreements.

Commonwealth and State Policy Implications

The distribution patterns of socio-economic disadvantage of Aboriginal and Torres Strait Islander populations, the location, size and capacity of the Local Government Area, the physical proximity of State and Commonwealth agencies, and the economic capacity of the Local Government Area are all critical factors in planning the level of services Aboriginal peoples and Torres Strait Islanders access from Local Governments.

In most regions and Local Government Areas the options for economic growth are limited. To realise the potential of these opportunities, State and Commonwealth Governments must develop stronger coordination mechanisms that are based on a whole-of-government approach and to look to whole-of-community outcomes as key indicators.

The capacity to establish intergovernmental coordination arrangements at the local level will be more difficult in situations where the Local Government Area is located at some distance from ATSIC or State Government agency regional offices. In situations where State Government agencies do not maintain regional arrangements, the likelihood of establishing coordinated intergovernmental relationships will be problematic.

The above factors also impact upon the structure of any intergovernmental and inter-community coordination of funding, planning and service delivery.

The local government implications are pronounced in areas with high proportions of Aboriginal peoples and Torres Strait Islanders. There are difficulties administering any revenue policy that is based upon user-pays or individual charges. This is because the generally high levels of unemployment, low levels of participation, high levels of chronic illness, as well as other social disabilities, mean that Aboriginal peoples and Torres Strait Islanders have lower and more variable levels of income and, therefore, have a lesser capacity to pay such charges consistently.

Local Government Areas with high proportions of Aboriginal and Torres Strait Islander populations, small total populations and large areas of leasehold or vacant Crown land will have limited own-source revenue capacity to meet the infrastructure needs of Aboriginal peoples and Torres Strait Islanders, particularly where those people experience high levels of social disability.

Aboriginal and Torres Strait Islander communities with high levels of social disability are unlikely to significantly reduce those disabilities unless the Local Government Area or region within which they live experiences increased economic growth. Of greatest urgency are communities' housing and infrastructure needs which are nationally experiencing a backlog of service delivery.

Efficiencies in service delivery

There are three forms of inefficiencies in Local Government service delivery. First is a lack of capacity to meet community requirements for service delivery. This can derive from an inability to raise sufficient funds to address service backlogs, either through deficiencies in own-source revenue bases or lack of ability to successfully access other sources of funding. Another issue that falls within this category is the limited number of programs that can be undertaken with the current level of funding. It should be noted that the only consistent source of additional funding across all LGAs are Financial Assistance Grants (FAGs) and all other funding sources, including ATSIC programs are targeted at specific areas.

Second are duplications of existing services. It can be argued that the level of this type of inefficiency is relatively low, given that a belief of a relatively severe backlog of services still exists in many communities. Gaps in service delivery have been found due to insufficient resources to address backlog issues. It should be noted however that those States which have adopted a whole-of-government approach are much more likely to achieve an improvement in need identification and resource allocation than those which have not adopted such a policy. A whole-of-government approach, as has been adopted in New South Wales and Western Australia, is necessary to address anomalies in regard to Local Government service delivery to Aboriginal and Torres Strait Islander populations.

Third, structural inefficiencies, such as a lack of coordination mechanisms at the State level or a policy focus that excludes particular segments of the Indigenous community will also prevent the effective delivery of services.

Indigenous communities across Australia are subject to varying degrees of each type of service delivery inefficiency. In relation to the first type, there are a number of issues. First, the gap in service delivery, though identifiable, is not easily quantifiable.

The difficulty in identifying the gap relates to the range and type of Local Government Areas within an ATSIC Regional Council as well as the unevenness of data collected by the different spheres of government.

There is no objective measure of the existing deficit in national service delivery. It can be argued that the combination of Commonwealth FAGs money and ATSIC programs are clearly meant to address this deficit without a clear measure of either the amount needed to meet the backlog nor a clear measure of the impact that these monies are having on the underlying deficiencies in service delivery. Moreover, the money required to attend to a specific issue is not necessarily consistent between communities, particularly in relation to social and cultural infrastructure.

State and Northern Territory data sources are currently inadequate in terms of specifying the level of demand for Local Government service delivery for Aboriginal peoples and Torres Strait Islanders and communities. In order to improve the data a greater level of coordination is necessary.

ATSIC provides a higher per capita allocation for Local Government service delivery than either the amounts allocated under the State Local Government Grants Commissions or by local councils. This supports the contention that ATSIC is now a primary financier of Local Government service delivery rather than a supplementary source of funds. On average, ATSIC Regional Councils contribute up to half again as do Local Government councils. This is deceptive as the number of Regional Council programs is unevenly distributed over the Local Government Areas within a Regional Council's borders and, as a consequence, some Local Government Areas receive substantial subsidisation from ATSIC.

Table 3 details per capita spending by Local Government councils, the amount that ATSIC Regional Councils are providing in relation to per capita Aboriginal and Torres Strait Islander funding, and an indicator of how the ATSIC contribution would impact per capita on the total population if the funds needed to be found by Local Government councils.

Table 3 - Subsidisation of Local Government Services

	Average total per capita council expenditure	Additional Indigenous per capita ATSIC funding for Indigenous Services	Average total per capita contribution necessary to meet the ATSIC contribution
New South Wales	\$790.70	\$740.01	\$19.86
Queensland	\$1,287.00	\$1,114.46	\$35.36
South Australia	\$792.00	\$1210.00	\$10.28
Tasmania	\$844.01	\$279.07	\$8.36
Victoria	\$551.82	\$309.35	\$1.53
Western Australia	\$745.87	\$1,721.00	\$110.33

As can be seen, the additional contribution that ATSIC makes per capita to the Indigenous population, on average, adds an additional 25-250% funding resource. Conversely, the individual funding burden, per capita total, would range between \$1.55 and \$760.33 – the difference being between States with a high proportion of

remotely located Aboriginal peoples and Torres Strait Islanders, and those which have a predominantly urbanised population.

Statistical Data on Aboriginal peoples and Torres Strait Islanders

In reference to pages 6-13 of the draft report, the range of available information about the social and economic characteristics of Indigenous Australians is not as large as that for the Australian population as a whole. This is due in part to the relatively small number of national surveys which produce reliable estimates for Indigenous people. However, the lack of available information is also due to concerns about the quality of data that is already collected. Among the most important issues requiring further statistical development to improve data quality are the estimation of the size and composition of the Indigenous population, the identification of Aboriginal peoples and Torres Strait Islanders in administrative data collections and issues related to the collection of survey data about Indigenous people.

In addition to identifying Indigenous people in data collections, it is important to distinguish among Aboriginal peoples and Torres Strait Islanders. The Census is the major source of data on Torres Strait Islander people. The small population of Torres Strait Islanders on the mainland means that only limited information can be obtained from sample surveys, even those targeted to Indigenous people. However, progress towards increasing use of the ABS standard question on Indigenous status in administrative collections, such as Centrelink claims forms and Medicare records, will allow for monitoring of program and service use by Torres Strait Islanders.

ABS has a national leadership role in collecting and publishing statistics on Aboriginal peoples and Torres Strait Islanders including development of best practice for data collected both by ABS and other agencies. The National Centre for Aboriginal and Torres Strait Islander Statistics in Darwin coordinates these activities.

Major data sources

Sources of data include the Census, sample surveys and administrative data.

Five-yearly Census of Population and Housing

For both the Indigenous and total population alike, the Census is the main source of small area data. The content of the Census is necessarily broad and does not cover issues of social concern and well-being in depth. Features of the Census which affect the availability and/or quality of data about Indigenous people include:

- Changing levels of identification associated with self-perception as Aboriginal or Torres Strait Islander
- Possible under-enumeration of the Indigenous population because they are missed by Census enumeration altogether.

Sample surveys

In general, standard national surveys do not deliver reliable estimates of the characteristics of Indigenous people since the proportion of Indigenous people in the population (and therefore in standard samples) is very small (around 2%). Other features of surveys which affect data quality include the relatively high proportion of the Indigenous population in remote areas and the cultural appropriateness of survey questions. ABS is also aware of the respondent burden that surveys may place on Indigenous people; it endeavours to minimise the burden and to gain community support for its survey activity.

ABS national surveys which provide estimates of Indigenous people include the National Health Survey, the Indigenous Social Survey (under development) and the Community Housing and Infrastructure Needs Survey (in partnership with ATSIC).

In general these surveys are designed to provide national and state level estimates, but not estimates for small areas such as ATSIC regions.

Administrative data

Administrative data generated from the use of programs and services are potentially valuable sources of information about Indigenous people. These data may be coded to locations and thus provide information for small areas and they may entail less burden on respondents, in this case uses of the service, than a survey.

Unfortunately, the usefulness of administrative data collections is currently limited by the quality of identification of Indigenous people. The completeness with which Indigenous people are recorded is likely to vary from collection to collection and place to place and is often unknown. Although most collections are moving toward the use of the ABS standard question on Indigenous status, there are still differences in the questions used and the way in which the question is applied (for example, whether the relevant person is actually asked the question). The quality of the identification of Indigenous people in these and other collections is not always adequate to allow for reporting.

Data quality issues

Data collections that are moving toward a common approach to identifying Indigenous people include the Census (which provides the basis for population estimates), ABS surveys, birth and death registrations, and some other administrative collections of health and welfare programs. On-going development is occurring in many areas, such as health, education, and law and justice administrative collections.

ABS standard question

The standard ABS question asks:

Are you of Aboriginal or Torres Strait Islander origin?

For persons of both Aboriginal and Torres Strait Islander origin, mark both 'Yes' boxes.

- No
- Yes, Aboriginal
- Yes, Torres Strait Islander .

Collecting information

The completeness of the identification of Indigenous people in administrative collections depends upon procedures for obtaining information. In order to address the high variability in collection practices, ABS has been promoting training to ensure that hospital staff correctly ask the question about Indigenous status when interviewing patients.

Commonwealth and State/Territory issues

There is considerable variation in the identification of Indigenous people in administrative collections. In some ways, uniform practice can be achieved more easily in national collections, such as the introduction of a voluntary question of Indigenous status in Centrelink forms from September 2000. Similarly, plans to introduce Indigenous status on Medicare records were endorsed by the ATSIC Board in August 2000 and the Department of Health and Aged Care is undertaking further development work.

Agreements among the States and Territories often entail long periods of negotiation and the redevelopment of collection procedures and record keeping systems. National information plans and data committees have been established to progress the quality of Indigenous data in administrative collections. The standard approach for identifying Indigenous people has been adopted by Registrars –General throughout Australia, and is included in the National Health Data Dictionary and the National Community Services Data Dictionary.

Education, Training, Employment and Opportunities for Economic Independence

ATSIC is of the opinion that training, education, employment and economic development are inextricably linked. Training and education are necessary prerequisites to employment and business development. Employment outcomes are necessary to support education. Children are unlikely to see the worth of education if their life experience shows that it only leads to unemployment. Unless Aboriginal peoples and Torres Strait Islanders can control these linkages there is a danger that education, training and economic development, when operating in isolation, will assume the guise of assimilation by stealth.

Education

ATSIC plays an active policy and advocacy role in education for Indigenous students. ATSIC has a mandate to monitor educational outcomes for Indigenous students and to monitor the programs of Commonwealth, State and Territory government agencies on behalf of Aboriginal peoples and Torres Strait Islanders.

This role has been encouraged by the vacuum created by the demise of the National Aboriginal Education Consultative Committee (NAEC) in 1996 and concerns expressed by Indigenous communities about education for Aboriginal peoples and Torres Strait Islanders.

The Education Policy role of ATSIC focuses on:

- Policy advocacy and targeted research;
- Having a national position and view on various aspects of education;
- Monitoring education outcomes and programs of Commonwealth, State and Territory government agencies;
- Supporting the Board and portfolio Commissioner on education and advice to Minister

There is strong commitment by Aboriginal peoples and Torres Strait Islanders to advancing their educational outcomes. Indigenous communities recognise that education can significantly improve their economic and social well-being.

Aboriginal peoples and Torres Strait Islanders have achieved many positive educational outcomes over the last few decades. Much of this can be attributed to the tremendous efforts by Indigenous people in overcoming their disadvantages and many barriers, combined with greater commitments by Governments towards Indigenous education.

However, there is still much more to be done. Participation in education by Aboriginal peoples and Torres Strait Islanders is still very low at all educational levels, in absolute terms, as well as in comparison with other Australians. The levels of literacy and numeracy are not adequate to equip many Indigenous people for the labour market. ATSIC supports the general findings that the education system is

failing to deliver the outcomes Indigenous people expect and that outcomes are poor and are not improving quickly enough.

ATSIC acknowledges the renewed focus on performance requirements recently put into place by the Hon David Kemp MP, Minister for Education, Training and Youth Affairs through the Indigenous Education (Targeted Assistance) Bill 2000. The Commission supports this move towards greater transparency, accountability and responsibility for outcomes by state governments and the emphasis that has been placed on improving literacy and numeracy for Indigenous peoples, through the Commonwealth's National Indigenous Literacy and Numeracy Strategy (NIELNS).

The Commission is very supportive of the CGC's finding that Indigenous education needs are compounded by health and housing needs, and are overlaid by generations of social and economic disadvantage. ATSIC would like to stress the importance of a holistic approach to education being taken as a means of addressing Indigenous educational disadvantage.

ATSIC supports the key indicators of need highlighted by the CGC and emphasises that greater focus must be given to issues such as:

- greater community involvement in decision making processes
- greater Indigenous representation within schools at both teacher and Indigenous Education Worker levels
- improved professional development opportunities and incentives for Indigenous staff
- cultural awareness training as a core subject for students undertaking undergraduate degrees in Education and for all staff in schools where there is an Indigenous population
- culturally appropriate curricula, and
- a strong cross-portfolio emphasis which takes into account education, health, housing, employment, and provision and access of schools.

Resource allocation processes

ATSIC is not directly involved in the distribution of funds for Indigenous education. However, it supports the comments made in paragraphs 94-100, and highlights the need for greater flexibility in funding.

ATSIC would encourage the CGC to recognise that the Commonwealth Department of Education, Training and Youth Affairs can have a large influence on the decisions made by the states. It recommends that the performance measures recently put in place by the current government should be followed up by DETYA, with negotiated targets against each measure for individual states agreements. ATSIC considers it important that each state and territory performance are measured against their own individual state and territory expectations, as well as being compared against other state and territories.

ATSIC is often hampered by the lack of transparency in funding arrangements and a general lack of information on education for Indigenous students. In its inquiry into the effectiveness of education and training programs for Indigenous peoples, titled

“*Katu Kalpa*” (March 2000), the Senate Employment, Workplace Relations, Small Business and Education References Committee, made several recommendations specifically relating to funding.

Recommendation 2, states: “The Committee recommends to MCEETYA that agreement be reached on the uniform tabulation of expenditure on Indigenous education in all states and territories”. ATSIC is very supportive of this recommendation given the lack of available information nationwide in relation to funding of Indigenous education.

A further recommendation of the inquiry, Recommendation 32, states that: “The Committee recommends that funds under special purpose grants be provided to schools over a triennium”. This would provide greater stability and flexibility in the delivery of programs.

Key Findings

ATSIC supports the Key Findings of the report, and would like to highlight paragraph 61 (i-iii p135). This paragraph discusses the key findings based on the Indicators and Needs Analysis and the potential demand for education by Indigenous students as being greatest in urban regions compared to the potential demand for schools education for Indigenous students in more remote regions because of low population estimates.

ATSIC wishes to point out that whilst the demand is lower in remote areas, the need for schooling is just as great. Every Indigenous child, regardless of their geographic location, has a right to education services equal to that of mainstream students.

Whilst the demand for educational services in remote communities is less, satisfying that demand is often more difficult than in urban environments. Issues including provision and access to services, teacher retention, issues of language, housing, health and unemployment are often even more exacerbated in remote regions, making the ability to meet the demand of education services extremely difficult.

ATSIC suggests the CGC explores the Human Rights and Equal Opportunity Commission’s (HREOC) National Inquiry into Rural and Remote Education, “Emerging Themes” of March 2000, which provides a comprehensive overview of issues affecting students in rural and remote locations. The report covers issues such as numbers of students living in remote areas by state, access and support, barriers to participation and success, outcomes, Indigenous cultural studies and languages, and makes recommendations in relation to students living in rural and remote locations.

It is important to recognise that funding issues have a tremendous impact on the ground for Indigenous peoples. ATSIC holds the belief that while the level of education of Aboriginal peoples and Torres Strait Islanders remains below the level of attainment of mainstream Australian students, the current level of funding remains inadequate.

It appears that there is clearly a lack of funding in the provision of education services, especially in the Independent Aboriginal Schools sector. ATSIC has been made

aware of one school in a remote location, which is having to take a 20% reduction in staff wages to facilitate the employment of another teacher as student numbers have increased. The importance of schools within Indigenous communities should not be underestimated.

ATSIC supports the establishment of Aboriginal Independent schools as a viable alternative to mainstream schooling. Furthermore, ATSIC supports pursuing the transfer of government controlled schools to community controlled schools (in remote areas) where appropriate. ATSIC is of the view that some government run schools could be remodelled to operate along similar lines to Aboriginal Independent Schools, providing appropriate funding was made available and community leaders were actively involved in the transformation process.

A broader view of the role of schools within Indigenous communities must be taken into account, especially in rural and remote communities, where often the school provides services and plays a role within the community which goes beyond the education of students. It is vital that these schools are funded adequately.

Pilot funding is another concern. Pilot project funding has a large impact on Indigenous communities and, as it only lasts the term of the project, there is no capacity for extended funding under current arrangements. Pilot projects generally assess the relative needs of the community for further development, however the experience of most communities is that the funding ceases at the end of the project and the communities are left without a capacity for further development.

ABSTUDY

The CGC report recommends that a review of the 1999 changes to ABSTUDY be undertaken to determine the extent to which there are problems with the administration of payments and the extent to which students have been significantly disadvantaged by the realignment of the scheme.

ATSIC recently engaged a consultant to identify the effects of the changes to ABSTUDY on Indigenous students. The changes came into effect in January 2000 and it was determined that the study should focus on mature age Indigenous students because these were the students where the changes were deemed to have the greatest impact. It is a follow up report on the *Analysis of the Proposed Changes to ABSTUDY on Indigenous Students (May 1999)*.

The final report has been completed, and suggests that whilst there has been little significant impact to students receiving ABSTUDY under the age of 21 years of age, the study found that the growth in Indigenous student participation in Higher Education has slowed considerably over the past four years and there has been a decline in the enrolments of Indigenous students, with many experiencing financial difficulties. Indigenous mature age students were found to be the most severely disadvantaged by the changes to ABSTUDY.

Further findings suggest that:

- there is an average decrease in living allowances of \$95 per fortnight, while the average increase reported was \$78 per fortnight. 53% of students have traded in their ABSTUDY entitlements, 75% of whom are female
- With the realignment of ABSTUDY to other mainstream student support schemes, the classification now used in ABSTUDY for student eligibility does not reflect the realities of Indigenous family and community life styles and cultures
- The Administration of ABSTUDY 2000 has proven to be difficult for Indigenous students, as the forms are unduly complicated, inconsistency in advice from Centrelink staff, and some students have been shifted off ABSTUDY onto mainstream student support schemes again due to administration within Centrelink
- Pensioner students have been affected by the changes more than any other group because of the 50% reduction in pension benefits and the increase in the number of hours they have to do in their courses
- Old age pensioners have been severely disadvantaged as they are no longer able to receive any assistance for study unless they are continuing students. There has been a gradual increase in the number of old age pensioners studying over a period of years, which is likely to be reversed with the new arrangements.

ATSIC would like to stress the wider implications of the new arrangements to ABSTUDY. With a large number of mature age students being negatively impacted upon, and a number of students opting out of ABSTUDY altogether, the flow on effects to the Indigenous community are considerable.

Indigenous tertiary students have often had to work harder and against greater odds than many mainstream students to be accepted into university, having experienced racism, financial difficulties, language barriers, family and cultural responsibilities which impede educational learning within the current schooling system where there is very little flexibility to allow for cultural difference.

The findings of the report suggest that remaining at university and completing a degree is being made more difficult due to the changes made to ABSTUDY, therefore less Indigenous students are likely to complete their studies. This will result in a decrease in employment opportunities with considerable flow-on effects to Indigenous families and communities in terms of fewer role models and mentors for younger people, the importance of mature age people within Indigenous community leadership and decision making structures, less opportunity in the labour market, which in turn impacts upon quality of housing and health and the overall well-being of Indigenous families.

Training

ATSIC generally agrees with the CGC's findings. However clarification is sought on 'potential demand for training'. While there is recognition of the higher population in many urban areas attention should also be given to the higher level of qualifications in urban areas.

ATSIC is also concerned that despite relatively high levels of participation in Vocational Education and Training (VET), the unemployment levels remain so high.

The *Partners in a Learning Culture* report as identified by the CGC is a very important strategy under VET but anomalies occur in its interpretation and implementation at jurisdictional level. Tighter measures would assist in ensuring consistent improvements.

VET has an element of the right to work as well as the right to education. This statement was made by the Committee on Economic, Social and cultural Rights and ATSIC fully supports this statement.

The training agenda as set by the National Training Framework emphasises increased flexibility to meet industry needs. Training packages can be customised and contextualised to suit the circumstances of individual enterprise or industry in particular regions.

Also refer to the entry under CDEP.

Employment

ATSIC agrees with the CGC's findings in Chapter 10 (Employment).

The ATSIC Board has recently discussed employment and has now endorsed the following general principles:

1. Aboriginal peoples and Torres Strait Islanders have a right to meaningful employment
2. Aboriginal peoples and Torres Strait Islanders have a right to obtain employment in their own environment ie on their own communities whether they be urban, rural or remote areas. Furthermore, the diversity of our peoples (not just where we live) needed to be taken into account when developing strategies to increase employment opportunities
3. For a host of reasons, many of our people require assistance to bring them to the job ready stage
4. Strategies developed to increase employment opportunities should:
 - 4.1 seek to address impediments to meaningful participation

- 4.2 focus on sustainable, long-term employment
 - 4.3 wherever possible, be pursued (or negotiated) at the regional level
 - 4.4 include incentives to encourage Industry to invest in Indigenous projects and/or employ and partner with Indigenous people and/or Indigenous communities
 - 4.5 target both existing and new employment markets and employment opportunities
5. Education and training (both formal and on-the-job) are critical factors to employability. In addition, that pre-apprenticeship programs are a viable alternative to general employment training programs
 6. The lack of employment opportunities and the resultant boredom, frustration and sense of helplessness, combined with the ills of substance abuse, manifests itself into the many social problems that plague our communities ie the impact of poverty on health, violence and conflict, inter and intra family disputes and general community unrest
 7. The Indigenous rights platform has led (and can continue to lead) to the creation of employment/business opportunities, particularly in rural and remote communities
 8. The needs of Torres Strait Islanders (particularly those living on the mainland) must be considered when developing strategies to increase Indigenous employment
 9. In order to create new business, particularly links with industry, Aboriginal peoples and Torres Strait Islanders needed to take stock of what they have to offer (what bargaining 'chips' they possess to contribute to a business), and
 10. Greater effort needs to be made to maximise employment opportunities for Aboriginal peoples and Torres Strait Islanders from existing government programs (not just the employment specific programs - but rather, all major programs).

Community Development Employment Program (CDEP)

The findings and conclusions contained in the Indigenous Funding Inquiry draft report have the potential to impact on Indigenous employment, and in particular Aboriginal peoples and Torres Strait Islanders currently participating on the CDEP Scheme. ATSIC supports the research and findings contained in the draft report in respect to employment and training matters.

As outlined in the Interim Report, the Commonwealth's largest program addressing Indigenous unemployment is the CDEP Scheme, administered by ATSIC. The CDEP Scheme has several objectives including income support, community development

and skills training. In essence, the terms of reference of the Indigenous Funding Inquiry recognises the diversity of the CDEP Scheme and acknowledges the importance of the Scheme in addressing the acute disadvantages faced by many Indigenous job-seekers. ATSIC would maintain that the objective of the Scheme is broader than just employment.

The scheme is not directly funded to provide accredited training or employment assistance and therefore relies heavily on linkages with the government's Indigenous Employment Program, the Job Network and State Training agencies.

Indigenous Employment Program

ATSIC supports the elements of the Government new Indigenous Employment Program (IEP) however notes that the performance of the IEP to date will not meet the gap in Indigenous employment generation required to achieve employment equity with other Australians. ATSIC considers that the administrative and financial arrangements for some elements of the IEP need to be reviewed to ensure better Indigenous employment outcomes. The data provided by DEWRSB to date on the performance of the IEP focuses on initial placement/commitments and fails to address the fundamental issues of retention and employment outcomes for participants.

ATSIC notes the indicators of Indigenous employment need developed in the draft report and considers that a further indicator which should be represented in Table 10-4 is the movement to mainstream employment from the Job Network and the IEP. DEWRSB should be able to provide the CGC with data in this regard.

Job Network

DEWRSB maintains that, generally, it is too early to measure the impact of changes to the second Employment Services Contract on the Job Network. ATSIC is of the view that many of the performance concerns previously raised in respect Indigenous access to the Job Network remain and that sufficient time has transpired to evaluate the performance outcomes of the Job Network to date. ATSIC is concerned that publicly available outcome data for Indigenous Australians accessing the Job Network is poor.

ATSIC proposes to consult Indigenous employment specialists (including representatives from four Indigenous controlled Job Network members), CDEP organisations and Indigenous jobseekers early in the new year to consider the effectiveness of the Job Network and to develop strategies to improve performance

ATSIC considers that the important issue is not whether the Job Network benchmark of 6.2% of Intensive Assistance commencements for Indigenous people is now being met but how many of these individuals are being successfully referred, what are their retention rates in placements and what employment outcomes are being achieved. Achievement of the 6.2% registration target may indicate that the target is too low and may warrant review.

Evidence from a Job Network Services to Indigenous Job Seekers workshop in March 1999 coordinated by ATSIC recognises that:

- Indigenous peoples have a poor understanding of the Job Network and how it operates
- Lack of responsiveness by Job Network providers – several respondents cited lack of interest by Job Network members in providing services to Indigenous clients
- Lack of field visits and lack of community agents
- Cultural insensitivity of some providers and the need for cultural-awareness training
- Lack of Indigenous specific providers
- Lack of accessible information – generally the processes and procedures are not understandable to many Indigenous customers, particularly those with low literacy or whose first language is not English
- Lack of financial incentive for Job Network members may mitigate against the provision of full service to Indigenous clients. With members paid per outcome “quality may be sacrificed for quantity”
- Several remote area respondents felt that the Job Network could not provide any meaningful assistance because there are simply no employment prospects within the region (locational disadvantage)
- Other remote locations have a low Indigenous unemployment rate due to the high rate of participation on CDEP. One respondent commented that there is no awareness by the Job Network of CDEP and that links needed to be developed.

ATSIC is of the view that many of these issues remain in respect of the performance of the Job Network. In this context we support the Inquiry’s Findings and Conclusions that *‘because of its mainstream nature, focussed approach and relative flexibility, Job Network is less likely to be effective in addressing the employment needs of Indigenous people than it is likely for other people’*.

ATSIC supports the draft report conclusions regarding the need to use Intensive Assistance funding to provide financial incentives within Job Network to encourage providers to make greater efforts in finding employment for Indigenous people.

ATSIC also endorses the draft report finding of engaging Vocational Officers with Job Network providers to liaise with employers, employer groups, including CDEPs, funded from job outcomes. This approach is similar to the engagement of employment coordinators currently being trialed by DEWRSB and ATSIC through the CDEP Scheme.

Distribution of CDEP places

ATSIC acknowledges that further work needs to be done in reviewing the allocation of both existing and new CDEP participant places with the view of developing a more effective model for the allocation of future places on the basis of relative Indigenous need which takes into account the factors of:

- Indigenous unemployment rates
- income support rate
- geographic location, and
- existing CDEP participation rates.

ATSIC will be progressing this work during 2001.

CDEP and Training

ATSIC supports the finding of the report which indicates that the Commonwealth will need to consider how to provide funds for training for CDEP.

Practical issues in targeting resources to Indigenous needs in the context of the CDEP Scheme - Infrastructure and Service Delivery (Chapter 4)

ATSIC is broadly supportive of the comments and recommendations made in the draft CGC Review. In particular, we support the comments of the CGC Funding Inquiry in respect of the issue of targeting government resources to Indigenous programs and the potential for cost shifting between governments and CDEP organisations¹ of particular note was the observation that local governments are shifting the provision of services to ATSIC, where CDEP participants provide vital community services.

ATSIC supports the observation in the report that, while the CDEP scheme enables grantee organisations to undertake activities which the community considers important, it is often seen and used as a substitute, or at least a supplement, of local government services. The interim report argues that the existing local government funding arrangements do not always achieve satisfactory outcomes in meeting the needs of Indigenous people. The report also states that:

- in many areas, CDEP funds substitute to a considerable extent for local government services
- mainstream local government is not always providing Indigenous communities with its normal range of functions, and this is not always due to legal impediments, and
- mainstream local government does not always recognise that its Commonwealth funding is for all council residents, even though there are sometimes specific loadings for Indigenous population in the allocation formula.

ATSIC considers that Indigenous communities continue to experience neglect in relation to access to services and facilities, including those provided by local government. For example, there are currently 1,345 CDEP participants involved in activities relating to the provision of essential services.

However, CDEPs have the potential to provide appropriate infrastructure for the delivery of mainstream services to discrete Aboriginal communities and the broader community, including local government services, under contract or some other equitable arrangement. From an individual perspective, CDEP participants would gain further training and skills. Linkages to other programs and services could enhance the CDEP scheme by adding value to the employment and training opportunities offered to participants and providing improved services to the community.

Whilst the information in the CGC's Report is anecdotal there is potential for the further development and documentation of cost shifting in this area, in particular for example through analysing funding arrangements between Indigenous communities

¹ Page 40 of the interim report

and local government authorities in the Northern Territory and Queensland. ATSIC considers that all levels of government, particularly at the local level must be directed toward either directly providing necessary social services into the community or to meet the full costs of CDEPs providing these services on their behalf.

The Inquiry acknowledged the need for funding changes at the regional level by stating² that:

If governments and Indigenous leaders so desire, regional arrangements could have a place in future arrangements. They could emerge as a means of linking state level decision making with local community control over service delivery matters. In some circumstances regional decision making might even develop as an alternative to the state level processes. Such regional level collaborative decision-making arrangements might be established by building on the present ATSIC structure. – Explore the potential to move decision making closer to the grassroots Indigenous communities and to further promote community control of service provision.

ATSIC supports the CGC's suggestion that more authority should be given to Indigenous people and a political commitment given by governments to work in partnership with Indigenous people and share in decision making relating to planning, resources allocation and delivery of services to Indigenous people.

Training (Chapter 11)

ATSIC endorses the reports finding that there is a need for greater integration for training in CDEP and the acknowledgment that additional resources need to be provided to allow training to be a more integrated part of the scheme. ATSIC supports the conclusion regarding the need for stronger partnerships between RTOs and CDEP organisations and notes that this integration will be underpinned by the development of VET projects in the National Strategy for Aboriginal peoples and Torres Strait Islanders in VET, *Partners in a Learning Culture*.

ATSIC agrees that training needs to be outcome focused and that there is a need for greater Indigenous influence in training priorities.

² Page 61 of the interim report

Opportunities for Economic Independence

Community Development Perspective

ATSIC is encouraged by the mention in the Draft Report of issues concerned with sustainability, although not enough attention is given to this concept. Sustainability implies the development of capacity within Indigenous communities and organisations, and would appear particularly short-sighted to ignore this vital element when highlighting future funding arrangements.

Capacity development is tough and time-consuming. It focuses on sustainability, it is far-sighted and it demands long-term commitment from both funding agencies and funding recipients.

Para 96 states that funding alone cannot eliminate Indigenous disadvantage, and concludes that program design and appropriate delivery methods are important. ATSIC would add a further dimension to this, the dimension of sustainable development. It is ATSIC's view that periodic funding reviews and adjustments to allocation formulae are 'tinkering at the edges' and failing to acknowledge the extent of the inter-relatedness of the endemic social and economic problems confronting Indigenous people. Whilst accepting the limits of the Terms of Reference of the Inquiry, ATSIC believes that these 'other issues' deserve more attention. An improved funding distribution process which does not address the concept of sustainability may simply result in the need for a further inquiry sometime in the future.

The concept of capacity building, or capacity development, should be integral to any shifts in policy direction which impact on Indigenous peoples. This Inquiry has concentrated on aspects of service delivery; what distinguishes capacity development from service delivery is its holistic approach. Sustainable social, economic, cultural and political development is a complex system of inter-related elements. It requires change in the way the 'problems' are addressed. The traditional service delivery mode, which breaks a large issue into separate chunks (such as housing, education, etc) ignores the 'whole' – and ignores the relationship between the inter-related elements.

Para 97 points out just some of the difficulties facing Indigenous organisations in terms of government funding practices. There is not so much the need to rationalise programs, rather the need is for agencies to understand that restrictive guidelines are counterproductive in terms of development. As the inquiry states in para 98, a lack of flexibility can prevent the best solutions for local conditions. And it is at this local level where appropriately designed long-term funding arrangements should be made.

Economic Development

There are a diverse range of issues that need to be considered when funds are allocated to the states to deliver services to Aboriginal and Torres Strait Islander communities. Effective development requires partnerships amongst different levels of Government, the private sector, donor groups and other bodies. When we talk of partnerships, in this case it means Governments at all levels establishing strong partnerships with Indigenous communities to achieve sustainable economic outcomes for communities.

A comprehensive strategy is simply too demanding for any one level or area of Government to implement. Strategies for the effective delivery of services need to be flexible and encompass an overall requirement for long-term economic development. Too often the different spheres of governments focus on providing funds or delivering services for specific needs. Whilst this is important, a balance needs to be achieved.

Apart from health, education, training and employment, a focus on how communities can be self-sustaining and generate wealth in their respective regions must be considered. Governments not only need to negotiate and/or discuss with communities on specific needs and wants, such as those mentioned, but also where funds can be utilised for wealth generation and long term economic development.

The Commonwealth needs to provide the guidance for all spheres of government to better coordinate their efforts to remove bottlenecks to development and recommend that a strategic approach be taken towards wealth creation and economic development in Aboriginal and Torres Strait Islander Communities.

Apart from funding for special purposes, local governments should seek to divert their funding to assist communities to raise their own revenue. This will enable communities to control their expenditure and be in a strong position to establish and/or negotiate agreements with local governments and the private sector. This provides the impetus for local empowerment ie Indigenous communities taking control of their destiny. Raising revenue gives people a sense of pride and a sense of belonging.

Due consideration must be given to change the culture of local governments when allocating funds to communities for essential services.

This means that some part of the Federal Government's allocation to the States must be diverted to recognise the assets, skills and abilities of low income communities, thereby reinforcing and igniting residents to aspire for a better life.

Significant 'economic development' can only take place when Indigenous communities are committed to investing themselves and their resources in this effort. As mentioned previously funding should be two tiered, ie for essential services and economic development. All spheres of governments should commit to funding with the intention of identifying community assets and development opportunities. Funding should be internally focused so as to increase the capacity of communities to invest in income generating ventures, create economic opportunities with other stakeholders and investors, thus increasing hope and control in communities.

No single funding methodology is appropriate for every community, nor in most cases will a single funding process serve to bring a community the economic future it desires. As Indigenous Communities consider the way forward, it is important that they consider a full array of options and ideas when funding is provided to them.

Housing and Infrastructure

ATSIC believes that the draft report provides a generally sound overview of both current housing and infrastructure programs and the broad policy issues that are relevant to improving Indigenous housing outcomes.

In particular ATSIC agrees that the inter-governmental arrangements reflected in bilateral agreements on housing and infrastructure are important examples of the use of partnership approaches which empower Indigenous people to be centrally involved in priority setting, needs based planning, improving transparency of funding and delivery arrangements and strengthening accountability of programs to governments and Indigenous people.

While ATSIC believes that the arrangements under Indigenous housing bilateral agreements are generally sound, there are two major dimensions in which ATSIC believes the current agreements could be further strengthened.

The first is that Indigenous housing agencies established under bilateral agreements should be supported to develop stronger roles advising on mainstream housing policies and programs, including issues such as Indigenous access to public housing and state/territory assistance for home ownership.

Secondly, ATSIC believes there is considerable scope for improving indigenous housing and infrastructure outcomes through closer integration of the systems for planning and delivery of housing and infrastructure programs at the jurisdictional level. For many rural and remote communities in particular, integration of planning and delivery of housing and infrastructure is a critical factor in overall community outcomes. Integrated approaches at the local level may be better facilitated through closer integration of policy and planning among relevant agencies at the jurisdictional level.

These two issues will be a specific focus for ATSIC in its dealing with State and Territory governments over coming years and is likely to be a specific focus in periodic reviews of bilateral agreements covering housing and infrastructure.

ATSIC believes that the draft report's discussion of methodological and policy issues in developing an effective needs-based approach to allocation of housing and infrastructure funds is generally sound, with the following qualifications:

- The general conceptual approach to housing need is fairly "static", in that there is little focus on policy interests in issues associated with transitions (or lack of them) of families and individuals between tenures over time. This limitation is reflected in the draft report's consideration of home-ownership. The draft notes that ATSIC's Home Ownership Program is demand driven and generally does not consider whether there is a broader policy interest in including home ownership assistance in needs-based approaches to improving Indigenous housing status. ATSIC believes that effective needs based planning in the housing and infrastructure area should consider the range of government assistance across all

tenures and the extent to which assistance in various tenures provides more or less effective strategies to respond to diverse needs.

- The discussion of specific models of needs-based allocation is heavily focussed on social provision of rental accommodation. ATSIC believes that attempting to factor in varying levels of availability of the range of housing tenures is necessary in an overall needs-based approach to housing demand while adding further policy and methodological complexity.
- There is little discussion of recurrent funding dimensions of infrastructure and essential services or needs-based approaches to such funding and ATSIC believes that this dimension is essential in the final report is to helpfully identify the full range of Indigenous housing and infrastructure needs and assist government in understanding the challenges in improving needs-based planning approaches.

The CGC has noted that needs-based approaches to housing allocations and the elements to support such approaches (improved data etc) has been a major focus of the work of the Commonwealth State Working Group on Indigenous Housing. This Group's report is due to be considered by Housing Ministers in the first half of 2001 and seeks Ministers' agreement to the further development of a specific needs-based approach to future allocations both between and within jurisdictions. ATSIC supports this process and agrees with the CGC's comments that needs-based approaches need to be based on policy judgements on relative priorities.

The draft report foreshadows further work on "training" provided to community housing providers. ATSIC believes this focus could usefully be broadened to look at "management support" which would include training but also include ongoing support to providers and the use of performance based approaches to management and funding. This broader approach would reflect the range of initiatives currently being undertaken by ATSIC and state and territory agencies to support the Indigenous community housing sector to improve its operations and more fully reflects the range of elements necessary for performance- and needs-based program management arrangements to provide housing through the community-based sector. Initiatives in this area have been outlined in overview material on the work of the Commonwealth State Working Group on Indigenous Housing, provided to the CGC under separate cover.

The current draft foreshadows further work on policy and program issues related to outstations/homelands. ATSIC believes that substantial progress has been made in recent years in improving policy and program responses to the complex phenomena of homeland/outstations movements. In early 1999, ATSIC adopted a national policy framework on the provision of housing and related infrastructure to homelands/outstations and has asked relevant Regional Councils to undertake policy development and service delivery review processes to adapt and adopt the national policy framework to their region. Separate briefing material on the current state of these processes has been provided under separate cover.

ATSIC believes issues associated with need for housing and infrastructure for outstation/homelands communities will substantially further complicate possible models of needs-based allocation. This is partly because:

- state and territory governments have generally not accepted that Indigenous peoples' aspirations to reside at homelands/outstations should receive their assistance;
- the costs and benefits of homelands/outstations to governments, communities, families and individuals are not well understood, and while there is increasingly academic and anecdotal evidence of positive health and social impacts associated with homeland/outstation living, this evidence will only support quite localised assessments.

The current draft report does not consider policy implications of some distinctive demographic characteristic of Indigenous populations – eg higher rates of geographic mobility; generally larger family size; and, distinctive “living patterns” such as wide fluctuations in house occupancy in many remote communities. ATSIC believes this is a limitation in the analysis and urges the CGC to consider such issues in its final report.

Health

The CGC has comprehensively encapsulated issues surrounding Indigenous health and the difficulty in . In relation to measuring need, *The Second Report on Expenditures on Health Services for Aboriginal and Torres Strait Islander People* (the Deeble report) provides an overview of collection quality in each jurisdiction. The use of the multi-factor approach for primary health care is welcomed despite the weaknesses identified (Table B-1, page 197). The principles espoused under para 67 of greater involvement of Indigenous people in service delivery and improved funding processes would create an environment for positive changes to occur are welcomed.

Comment is also sought on the possibility that the CGC will use estimates of funding on the basis that the cost per Indigenous person served is the same as the average cost per person served. The Deeble report provides the opportunity to estimate with some precision the additional costs of treating Indigenous patients, particularly within the hospital system. It is known that in a comparison of DRG to DRG, the treatment of an Indigenous patient is 5% greater on average throughout Australia a figure which has been endorsed by all states. (DRG is the code used to classify diseases or medical procedures). Per hospital stay, the cost of treating Indigenous patients is less, but this is because Indigenous hospital admissions are distorted by the very large number but low cost visits for renal dialysis. For example, 48% of the renal dialysis patients in Brisbane are Indigenous, but Indigenous people are only about 3% of the city's total population. The additional cost comes from a greater average length of stay - the result of more clinical complexity in treating Indigenous patients, and the fact that early release is not possible due to patient travel or to a lack of a suitable situation for early release. Accordingly, from a health perspective, ATSIC suggests that it is not feasible to use the assumption that cost per Indigenous person is the same as a non-Indigenous person.

Mainland Torres Strait Islander issues

The report appears to address issues as provided by in the Terms of Reference (TOR), however, it does relate to provisions in respect of mainland Torres Strait Islanders, nor does it fully cover provisions for Aboriginal peoples.

Points 19 & 20 of the *Scope of the Inquiry* do not reflect comments passed on by organisations representing mainland Torres Strait Islanders, who have made strong representations about the difficulties experienced in accessing or being provided with services.

These points highlight the major difficulty ATSIC has in measuring the needs of mainland Torres Strait Islanders. Government agencies have failed to appropriately measure the needs of mainland Torres Strait Islanders and to develop programs that target these needs.

ATSIC considers that, within the scope of their respective functions, government agencies need to be held accountable for:

collecting statistics and data to determine the needs of Torres Strait Islanders residing on the mainland;

developing programs that service the needs of Torres Strait Islanders residing on the mainland;

reporting on how their programs address the needs of Torres Strait Islanders residing on the mainland.

ATSIC considers that the CGC should devote greater attention to the needs of Torres Strait Islanders and the role government agencies play in address these needs.