

COMMONWEALTH GRANTS COMMISSION

INDIGENOUS FUNDING INQUIRY

FINAL SUBMISSION

From: Victoria Department of Treasury and Finance

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Chairman
Commonwealth Grants Commission
Cypress Court
5 Torrens Street

Thank you for the opportunity to comment on the draft report of the Inquiry, both at the Conference in Melbourne on 7 December, and now in writing. We welcome the opportunities that have been given to represent Victoria's views to the Commission.

We believe that the Conference on 7 December was well-organised. Thank you again for your hospitality.

I wish to take the opportunity to make some written comments to you on the draft report by the requested date of 22 December. Victoria also wishes to make some more portfolio-specific comments in early January (somewhere around 10 January). In particular, it is likely that the Koori Health Unit in the Department of Human Services will make some comments directly by e-mail to Malcolm Nicholas at that time (I will be on leave for much of January).

COMMENTS

As emphasised by Tony Cahir at the 7 December Conference, it is very important to take account of the cultural dimension in understanding indigenous disadvantage, particularly in an urban setting. The draft report should give more attention to this issue. Without the cultural dimension, the report runs the danger of being interpreted as a statistical-technical exercise in fund allocation.

With respect to incorporating a cultural dimension into an assessment of needs, Victoria reiterates that a survey was conducted by the ABS in 1994 which attempted to measure cultural disintegration in the indigenous population. Victoria believes that the inquiry panel should commission another survey of indigenous people to determine how they identify their disadvantage.

Partnership with indigenous people is very important. At the Conference, Mr Cahir described the varying patterns of partnership that are present in Victoria. There is not a single template. The important point is that it has be left to the local indigenous communities to decide the type of partnership that they wanted. The model could not be imposed from above. Indigenous people have to be empowered in a real sense. It was pleasing to see at the Conference that the Inquiry panel is very interested in partnership arrangements.

Victoria welcomes the draft report's emphasis on the need for nationally consistent data and its support for the involvement of indigenous people in decision-making.

A problem with the draft report is that it basically accepts CGC HFE methodology as a given and there is no attempt to look at funding outcomes or to do a cost-benefit analysis of current funding. The report tends to analyse indigenous disadvantage and needs in terms of conventional socio-economic criteria such as housing, education, health and employment. In terms of these criteria, indigenous people living in remote areas may, in some cases, be worse off than their urban cousins, but given that they are living in their traditional communities and close to their traditional land, their overall well-being may be greater than indigenous people living in an urban environment since the cultural moorings of the latter have been totally undermined. There needs to be a balance between notions of cultural deprivation and conventional measures of socio-economic disadvantage.

Victoria is very disappointed that the terms of reference of the report seem to restrict the Inquiry to reporting on relative need involving the redistribution of given resources to areas of greater need, rather than addressing the obvious need of indigenous people around Australia for greater total funding.

The language of the report could be more accessible. This would be assisted by a section on HFE methodology so that readers of the report could understand the conceptual basis of the report.

Victoria is concerned about the possible use by the Inquiry of the index of socio-economic disadvantage, as partly developed by the ABS. Victoria recalls that the ABS stated at its October presentation that this index requires considerably more work, and that it provides a ranking of needs and should not be used to indicate the level of absolute need. It therefore should not be used as a basis for allocating funding. In addition, the index does not take into account cultural factors and their impact on relative well-being, a point which was forcefully made by an ATSIC representative at the ABS presentation of the index in October.

This was reinforced by the ATSIC representative at the 7 December conference in Melbourne. He stated that land ownership needed to be taken into account in assessing indigenous disadvantage. Where widespread land ownership was present as in the NT, the affordability of housing might be greater than in a State such as Victoria where land had to be purchased. Ownership of land also conferred benefits in terms of royalties and ability to generate other income. Victoria recalls the response from the panel that it has decided not to take into account such private sources of income – Victoria does not understand this decision.

Victoria takes heart from the statement made by the Inquiry Chairman in Melbourne that the ABS index will be used only as a cross-check. Nevertheless, we would counsel caution about even putting much weight upon it in this regard.

Victoria also considers that the indigenous people policies of the different jurisdictions have to be taken into account in order to see what outputs resulted from funding inputs. If another body were undertaking the Inquiry, it would take into account the policies of the

various jurisdictions. Victoria questions why the panel cannot examine State and Territory policies (and outcomes) in this instance, as the Inquiry is not a normal CGC reference and the panel should feel freed from the constraints which the CGC normally places upon itself in terms of commenting on policy and efficiency.

In the area of health, the draft report emphasises the importance of primary health care as opposed to acute health care. Victoria believes that the emphasis should be on an holistic approach to health care, taking into account indigenous cultural sensitivities and attitudes. Because of these cultural aspects, indigenous communities are often loath to access mainstream health services, even when they were available, because they did not feel comfortable. In some cases, mainstream health care could not be accessed because of environmental and infrastructure factors – indigenous communities living in areas which were not serviced by public transport.

Victoria reiterates that the cost of providing Koori education in Victoria is high, because there are over 900 schools with between 1 and 5 Kooris, and services need to be provided to those students, including the appropriate training of teachers.

In the area of housing, Victoria reiterates that there is a need to examine the issue of unmet need, and welcomes the comments made by the panel that the report can shed some public light onto this issue by covering such matters as persons living in temporary housing and the number of persons per room.

Finally, Victoria recalls that at the May Conference in Canberra, the Inquiry panel indicated that it would not take into account employment under CDEP programs, as in some way this source of employment did not diminish underlying needs. Victoria has remained troubled by that train of logic, as there are many instances in the Australian community where people owe their employment in particular activities to government intervention. Furthermore, CDEP employment fulfils real work that has to be done in Aboriginal communities, and its non-recognition by the panel could have adverse impacts on the regard in which the CDEP program is held.

In this regard, I draw your attention to a study in the ‘Australian Economic Review’ of December 2000 (JC Altman, MC Gray and WG Sanders, CAEPR, ANU: “Indigenous Australians Working for Welfare: What Difference Does It Make?). This study concludes that:

“The CDEP scheme does clearly make a difference to the socioeconomic status of individual participants and to the labour market characteristics of indigenous communities in which it operates, at least in rural and remote areas. It appears to increase the employment to population ratio and the labour force participation rates, and decrease unemployment. For individual participants, it provides opportunities to raise income above that of the unemployed and those not in the labour force.”

Finally, please allow me the opportunity to wish a Merry Christmas to the panel members and the CGC staff.

Yours sincerely,

Andrew Trembath
Acting Director, Revenue Policy Branch

cc. Malcolm Nicholas