

**COMMONWEALTH GRANTS COMMISSION**  
**INDIGENOUS FUNDING INQUIRY**  
**FINAL SUBMISSION**

**From: Australian Local Government Association**

Submission No.: **IFI/SUB/0066**  
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# **ALGA response to Indigenous Funding Inquiry**

## **Discussion Paper**

**December 2000**

## **Brief Introduction**

The Commission is acquainted with the role of the ALGA. In the preparation of this submission we have received input: from our member State Associations; responses from individual Councils; and input from the recently formed National Indigenous Local Government Advisory Committee.

The ALGA has adopted a position of leadership on reconciliation within Local Government which was recognised by the Council for Aboriginal Reconciliation in a reconciliation award presented at the National General Assembly on 5 December.

The ALGA recognises the extent of the challenge facing the Commission in the terms of reference set for the indigenous funding inquiry and acknowledges the considerable expertise within the Commission in grappling with the questions posed.

## **Executive Summary**

The issues and barriers facing the nation in seeking to ensure an equitable share of resources are applied appropriately to the needs of indigenous Australians are considerable. Local Government nationally believes there are few issues of similar importance in demonstrating leadership. It is pleased to support the Commission in seeking to find ways to address the issues and move through the barriers.

**It is important to recognise however that given the complex nature of the issues, there is no single “quick fix”. The ALGA acknowledges and supports the view that indigenous need and resource allocations in relation to those needs cannot be calculated mechanically or managed via one model. The participation and support of State Governments will be crucial to ensuring improvements in targeting and management of Specific Purpose Payments.**

The ALGA supports the thrust of the discussion paper towards ensuring **greater indigenous participation**, decision-making and management of services aimed at indigenous communities and individuals. Caution should be exercised however in methods recommended to achieve this outcome. Governments must remain accountable for the achievement of intended outcomes and responsible for applying the considerable knowledge and skills built within agencies. Issues such as economies of scale apply throughout indigenous programs.

**Local Government provides important services** to indigenous communities and its responsibility to ensure equity to indigenous Australians across service areas is acknowledged. However it should be noted that in most areas, these do not encompass areas of greatest need, such as education, health, infrastructure and employment. It is important to understand the diversity of legislative roles given to Local Government and the confusion which can be used by the mis-application of the term “municipal services”.

A common role however which is often overlooked is that of community planner and co-ordinator. **All Local Governments around Australia have a responsibility to plan for their communities** and to seek to co-ordinate and facilitate activities within their communities. In some States this role is codified in Local Government Acts and other legislation. The ALGA submits that Local Government's capacity to assist in the planning and co-ordination of services in communities has grown dramatically over the past decade. The value of community leadership on these issues cannot be underestimated, and should not be blocked by a failure to involve Local Government in strategic processes at State or National levels.

One of the most significant barriers to improving Local Government's leadership in this area is the ongoing confusion around its roles and responsibilities and perhaps most significantly the **myths surrounding Financial Assistance Grants**. The Commission has heard itself comments to the effect that "Councils are receiving funds for Aboriginal people and not passing it on to those people". Any assistance in clarifying and correcting such myths would significantly promote relationships at all levels.

In our experience, **Local Government responds to leadership** and recognises the roles of the Commonwealth and State/Territory governments. So often however, poor communication and co-ordination and lack of understanding about Local Government result in failure. Exclusion of Local Government from key bodies at the State and National level will inevitably lead to poorer communication to Local Government at the local level. The ALGA and its State Associations stand ready, within their resources, to provide input on key issues and to communicate to local Councils.

### **1) Indigenous participation, decision-making and management of services;**

The ALGA supports the thrust of the discussion paper towards ensuring greater indigenous participation, decision-making and management of services aimed at indigenous communities and individuals. This can occur at all levels, however we believe the greatest benefits lie in greater devolution to the local level.

However it is important that in the interests of "autonomy", communities are not "abandoned" and then subsequently "blamed" for any failures. In many instances State and National governments resist devolution from a fear that any local communities are "not ready" to take on a particular role. In some instances this may be true, in others it is not, but some transitional support and/or ongoing advice is often required. Exactly the same dynamic operates in relation to Aboriginal communities with the added complexities of smaller size and multiple disadvantage.

The issue of economies of scale also needs to be considered. In many instances the most efficient and effective result for a service would be for a Local Government Council to manage it on behalf of the community. Examples have been seen of tiny communities managing their own plant for road-making, which sits idle for much of the year when it could be employed by the Local Government Council at other times. Sharing such

arrangements could result in cost savings for both bodies and much needed relationship building and skills transfer.

It should also be recognised that on some issues, central agencies do not have the skills or resources to provide much needed support to local communities. The skills required to manage a particular service are often quite different to those required to support communities managing such services locally. Often local management of services is a desirable outcome, but this will only work effectively where some or all of: purchases, training, advice and support, information and networking of those managing the same tasks can be provided collaboratively or centrally.

Refer section 3 for more discussion regarding local co-ordination and integration of services.

## **2) The role of Local Government and “municipal services”**

Local Government provides important services to indigenous communities and its responsibility to ensure equity to indigenous Australians across service areas is acknowledged. However it should be noted that in most areas, these do not encompass areas of greatest need, such as education, health, housing and employment. There are of course some important exceptions to this however generally and in most States the benefits of Local Government do not lie in specific high priority services.

It is argued here however that Local Government can have a significant positive impact on those and other key areas via community leadership and via indirect mechanisms, such as planning and development controls.

Within Australia Local Government has performed what can be described as a “gap filling” role in relation to many service areas. State legislation tends not to have prescribed specific service roles and hence Councils have sought to interpret the service decisions of State and Commonwealth governments and to avoid duplication, to focus effort on areas identified as gaps in services needed in the local community. The vast majority of services provided involve Councils exercising powers rather than carrying out responsibilities.

It follows therefore that there is considerable variation from State to State in services provided. Increasingly State Local Government Acts provide broader headpowers and less specification of Local Government’s role. Most services provided by Councils by far are by local choice exercising powers rather than mandated responsibilities. [“Performance Measures for Councils” prepared by the then Industry Commission in provides an analysis of services commonly provided by Councils in each State as an appendix - although this report is now dated and the appendix contained some errors at the time]

It is important to understand the diversity of legislative roles given to Local Government and the confusion which can be used by the mis-application of the term “municipal

services”. The SA LGA’s submission deals with this issue well. In essence, a dictionary definition of a municipal service is a service provided by a municipality. If municipalities in all or in particular States/Territories do not have a legislative role in a service area then it is inappropriate to describe it as a “municipal service”. Such description is only likely to add to confused understanding of roles and relationships.

Again however, Local Government can provide significant leadership and co-ordination regarding services provided locally. This leadership has the potential to lobby for changes to central programs and to create efficiencies locally by linking service provision arrangements.

### **3) Co-ordinated strategies for communities/regions**

A common role however which is often overlooked is that of community planner and co-ordinator.

While service responsibilities do vary, all Local Governments around Australia have a responsibility to plan for their communities and to seek to co-ordinate and facilitate activities within their communities. In some States this role is codified in Local Government Acts and other legislation.

The ALGA submits that Local Government’s capacity to assist in the planning and co-ordination of services in communities has grown dramatically over the past decade. The value of community leadership on these issues cannot be underestimated, and should not be blocked by a failure to involve Local Government in strategic processes at State or National levels.

Often Local Government involvement at the local level is determined by its involvement (or lack thereof) in actual service delivery. For example, States/Territories preclude Local Government from involvement in some key housing forums on the basis that in most States, Local Government is not directly involved in the provision or subsidy of Aboriginal housing. This however discourages innovative Councils from involvement in the area and denies them a say in program development. It further denies Councils important information and can lead to failures in planning decisions, open space development, planning of other local services, and co-ordinated approaches as a result.

The ALGA is wary therefore of the use of language such as “Local Government, where appropriate” or “and Local Government” in parentheses.

The ALGA undertook considerable work in the early 1990s identifying problems with specific purpose grant programs and solutions to those problems. The result of the work was published as:

- “*Better Services for Local Communities*,” ALGA Canberra, November 1990; and
- “*A Guide to Integrated Local Area Planning*,” ALGA Canberra, July, 1993.

Both of these publications have been provided to the Commission.

The ALGA believes Local Government should be a key player in integrated planning in relation to Aboriginal communities and urges the Commission to advocate this approach.

#### **4) Barriers to improvements in services**

One of the most significant barriers to improving Local Government's leadership in this area is the ongoing confusion around its roles and responsibilities and perhaps most significantly the myths surrounding Financial Assistance Grants. The Commission has heard itself comments to the effect that "Councils are receiving funds for Aboriginal people and not passing it on to those people".

In some States it is apparent that consultants and government agencies have, possibly inadvertently, compounded a view that Local Government Financial Assistance Grants are in part paid to a Council "for" its Aboriginal population. Understandably, many individuals hold a grievance believing Councils to be holding back or misusing such funds. Aside from the inaccuracy of this widespread view, it tends to obscure the fact that, based on legislation, the public should expect 100% of Councils' outlays to be managed equitably, not just the 10-15% derived from the Commonwealth in untied grants.

This myth has created a barrier which can prevent Councils and their Aboriginal communities developing stronger relationships. Any assistance in clarifying and correcting such myths would significantly promote relationships at all levels.

While there are many examples of innovative Councils striking new relationships with their Aboriginal communities, other barriers exist within Local Government. They include ignorance and misunderstanding. In most instances, these barriers derive from ignorance and misunderstanding in communities. The Commission's report will play an important role in continuing to roll back ignorance in this area.

The ALGA also believes however that investment by the Commonwealth in the Local Government system is a sound investment in reconciliation and community building which will support and lead to better service delivery. This is particularly apparent in relation to the ALGA's Native Title program and in relation to the Aboriginal Policy Officer program which should be reinstated in relation to officers placed in State Local Government Associations and extended in relation to the ALGA.

#### **5) Communication and Co-ordination**

In our experience, Local Government responds to leadership and recognises the roles of the Commonwealth and State/Territory governments. So often however, poor communication and co-ordination and lack of understanding about Local Government

result in failure. In relation to the Local Capital Works Program (LCWP) for example, the then Minister professed a strong desire to promote regional approaches, however information with allocations was provided to individual Councils long before any thought was given to informing Local Government Regional Organisations. Hence, while most Councils are amenable to considering regional approaches, their local expenditure planning had been triggered and in some instances finalised before their own regional organisations had been informed. Had the information first come to the regional organisations along with a request to pass the information to Councils and facilitate a debate about regional priorities, the result would have been quite different.

The ALGA and its member State Local Government Associations are well skilled in communication options and while each has its own mechanisms, relationships and expertise, involving them in program planning can only have a beneficial effect on program implementation.

Exclusion of Local Government from key bodies at the State and National level will inevitably lead to poorer communication to Local Government at the local level. The housing example has been given above. Effectively the message to Local Government from its exclusion from such bodies is: “your role in planning and other areas may influence housing but we do not see it as important when housing decisions are made.”

The ALGA and its State Associations stand ready, within their resources, to provide input on key issues and to communicate to local Councils.

The Commission has an opportunity in its final report to ensure that the existing and potential leadership which Local Government can bring to the planning and co-ordination of services at the local level is given a high priority in any recommendations. We urge you ensure this is the case and that any references to Local Government do not allow other Governments or Councils themselves to avoid responsibility for leadership in this area.