

**COMMONWEALTH GRANTS COMMISSION**

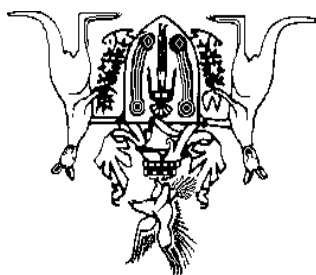
**INDIGENOUS FUNDING INQUIRY**

**FINAL SUBMISSION**

**From: Northern Territory Treasury**

Submission No.: **IFI/SUB/0082**

Date Received: **23/01/2001**



NORTHERN TERRITORY

SUPPLEMENTARY

SUBMISSION

FOR THE

COMMONWEALTH GRANTS COMMISSION

INDIGENOUS FUNDING INQUIRY

JANUARY 2001

## **INTRODUCTION**

Thank you for this opportunity to provide comment on the Indigenous Funding Inquiry draft report. The Territory hopes that the further comments within this supplementary submission will assist in the construction of the final report.

While the Territory understands that no direct recommendations have been included in the draft report the implications of some of the possible alternative processes/options articulated are of concern.

Further comment is provided in the areas of Health and Education and a brief discussion of the treatment of Specific Purpose Payments (SPPs) is included. The Territory remains concerned that further restrictions imposed on SPPs will further limit the ability of States and Territories to address local priorities and will impose onerous reporting and financial burdens.

It is understood that the final report will differ quite substantively in content, options and recommendations as further information is provided and further analysis is completed.

## **EDUCATION**

The present levels of outcome reporting for the IESIP programs constitute a significant level of schools, community and departmental effort. Whilst it is agreed that there is room for more precision in reporting for example Years 3, 5 and 7 literacy and numeracy MAP results, the benefits of increasing the reporting requirements for SPPs is unclear.

The rationale for distribution of resources along ATSIC district boundaries is understood although currently funding is allocated on a mixture of schools, regional or program basis not, ATSIC boundaries. Freeing up the current regime of SPPs and imposing a requirement to report against outcomes on an aggregated level, such as in the recent NIELNS initiative being funded by DETYA, might provide a more workable solution for resource distribution.

Throughout the report comment is made that indigenous need is higher in urban regions than remote. This assumption appears to be based upon a headcount only, and does not recognise the effects of isolation and lack of alternative infrastructure. For example, the community reliance upon a school library at, say, Docker River, may be deemed significantly higher than a similar reliance on a school library in Darwin. Accordingly, it could be argued that remote need is greater because of restricted choice, lack of alternatives and the general lower levels of availability of services. Alternatively the relationship could be more in terms of consumption utility, however, this can be equally difficult to quantify. Current information indicates that higher urban need does not apply necessarily in the Northern Territory.

The experimental index of indigenous socio-economic disadvantage is an averaged labelling of individual need. Northern Territory Department of Education (NTDE) has yet to establish how this would be reflective of greater needs than their current use IRSED. There will continue to be more (or less) needy individuals within specifically labelled districts. Outlays provision should be flexible enough to recognise these and enable NTDE to provide required resources accordingly. Outcomes based provision is a more realistic regime than the present per capita provisions.

One of the key impediments under present programs is the short-term nature of funding. For example, IESIP funding to NTDE in 2000 was in two 6-month blocks, and was significantly disruptive to continued delivery of programs in most schools. There are no simple links between changes in funding and outcomes achieved, therefore, outlays could be NTDE assessed and in response to negotiated need. This bottom-up approach would be more likely to produce more meaningful funding and program delivery levels than present top-down outlays, but would need to be provided within achievable funding levels.

The effects of climate in the Top End, particularly in the wet season, adversely impact upon the provision of services and the continued ability to conduct year-round schooling. Apart from the increased costs of cyclone-coded infrastructure, there is also the need for more expensive four wheel drive vehicles, higher operational costs because of increased cleaning requirements and the need to operate air conditioning (evaporative coolers do not perform in the humid tropics). There is the added problem of keeping enrolled students in school during the good weather periods when families return to out stations. Climatic conditions adversely impact upon maintenance costs, mainly for office machines and computers, where service call-out costs are significant, particularly in the wet season where the only means of movement is by air once rivers flood. Measures are being investigated to conduct concentrated teaching with extended hours of operation in the wetter seasons, when students are more likely to attend. However, it is anticipated this may increase costs in service provision through skewed staffing needs, infrastructure required to meet peak student numbers and the associated costs of provision. Hence there will be a need to pilot this concept and quantify costs and benefits.

The Territory agrees strongly with the suggestion of long-term program requirements to address Indigenous disadvantage. To be effective this must be translated into program delivery timeframes – the present IESIP six-month agreements have proved disruptive and administratively cumbersome.

Strong support is given to a requirement for schools based programs. Core policy in the Territory is currently concentrating efforts to increase the input of communities in the determination of schools outcomes. The processes must still follow core NTDE principles, such as basic curriculum needs, OH and S requirements, ongoing attendance and other fundamentals. It is suggested that more emphasis could be given to this issue within the final report.

The acknowledgment of IESIP funding allocation deficiencies is welcomed and it is thought that a more specific break-up of per capita allowances might better reflect needs and costs variances across the different jurisdictional conditions.

Grants allocation inefficiencies are presently being addressed in order to reduce timeframe and administrative costs of funds distribution. The need for this process is a result of focusing on outcomes rather than activity and process – there now appears to be an enhanced understanding by DETYA of realistic allocate and outcomes reporting requirements. These give NTDE greater flexibility to improve the reporting (and allocate) mechanisms.

The Commission requested the provision of the numbers of Indigenous staff within the Territory. Details of *identified* Indigenous staff within the NTDE teaching stream from the August 2000 census are provided in the following table.

<b>Teaching Level</b>	<b>Number of Indigenous Staff</b>	<b>Percentage of Indigenous Staff at Level</b>
TC	38/2065	1.9%
ET2	14/411	2.7%
ET3	1/35	2.7%
ET4	1/75	1.3%
ET5	5/65	7.7%
ET6	1/4	25.0%

Additionally, there are 52 Aboriginal and Indigenous Education Workers (AIEW) and 298 Indigenous Assistant Teachers<sup>1</sup>. This makes a total of 410 indigenous teaching or associated staff in NTDE schools out of 3008 teaching staff – 13.6%. Please note that numbers may not be truly reflective because not all indigenous teachers identify as such.

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<sup>1</sup> There are 301 Assistant Teachers of which 298 have been identified as Indigenous – 99% |

## **HEALTH**

Of particular significance and frustration to the Territory is Commonwealth expenditure on primary health care. The Territory Health Service (THS) and its Partners are progressing the Primary Health Care Access Program faster than the Commonwealth is able to proceed. This is delaying the implementation and the injection of new money into Aboriginal health.

The Commonwealth needs to be encouraged to risk manage and implement programs at prior to full completion, say 80%, while acknowledging that the remaining outstanding issues, say 20%, will be difficult and time consuming to complete and may require retrospective adjustment to deliver the desired outcome.

Acknowledging that cost shifting is an unintended legacy of previous Commonwealth/State relations, the Commonwealth's current attitude to THS on this matter is not helpful. The Commonwealth by building protective mechanisms into funding agreements is imposing requirements upon THS are very difficult to comply with.

The Territory would propose the inclusion of the following statement in Paragraph 6 of Chapter 4 as follows;

*“The Northern Territory has developed a whole of Government approach titled ‘Foundations for our Future’ in consultation with individuals, business, industry representatives and community groups. This is a comprehensive series of initiatives addressing lifestyle, resource development, transport and logistics centre, Aboriginal partnerships, Industries for a new century and strong regions.”*

The statement that “Indigenous people should have authority to make decisions” does not acknowledge that communities have varying capacity's to make decisions in respect of their own health needs.

Within the Commonwealth, small grants are often negotiated by program areas that are not experienced in grant administration. They seek to use very legalistic agreements often containing clauses that are inappropriate for government to government arrangements and without the experience to be able to understand that the requirements they are seeking are unreasonable. For the State negotiating these agreements this is very resource intensive. This generally does not apply to the negotiations for significant funding or policy change.

With respect to residential aged care provided through the States on a regional basis the Territory queries whether a figure of 18% could be a true representation of spending.

The statement that the Commonwealth “has greatest influence on the regional allocation of funds when it allocates them direct to service providers” is a concern for the following reasons;

- it may lead to policy and funding fragmentation as Commonwealth priorities may not mirror jurisdiction’s needs or planned service outcomes;
- should Commonwealth funding cease it can lead to a services’ expectation that the jurisdiction will maintain that funding initiative; and
- this may contravene the COAG initiative for the Commonwealth to ease back its service delivery role

States are already very concerned that the reporting terms and conditions under some Commonwealth agreements are already overly burdensome in comparison to the funding available. Rather than change the general structure of existing arrangements by adding additional conditions, the Commonwealth should be urged to move to explicitly defining the health need and the quantifiable outcome with States reporting against their achievement of the stated outcome.

When discussing the measurement of need within the mental health and substance abuse areas it is of concern that legal substance abuse should also be considered. Of significant national health and social importance is the abuse of substances that are not illegal and are cheap. Of particular importance in the Territory is the use of inhalants, especially petrol.

While the extension of section 19(2) arrangements are welcomed to improve Indigenous access to Medicare funds, the practical issues of enrolling Indigenous people and maintaining their Medicare data, name, date of birth, and address current to enable the HIC to action MBS claims is problematic.

It is agreed that the pooling of funds is a strategic methodology to resource community health services. However, the Commission would need to qualify *pooling* to ensure that where States partially pool a service there is not an expectation for full per capita contribution as full contribution may require States to find additional resources to maintain services that are not pooled.



## **SPECIFIC PURPOSE PAYMENTS**

The draft report canvasses the possibility of increased use of SPPs to target more funding at indigenous needs.

The States and Territories have argued strongly elsewhere that specific purpose payments are not an arrangement of choice because of the onerous nature of restrictions and conditions dictated by the agreements and the loss of control of policy decisions that they imply. Whereas for the Commonwealth specific purpose payments are a preferred funding mechanism as they provide more control in the application of resources.

The States and Territories reluctance for SPPs and for even further restrictions to be imposed on them is borne out of experience that has shown them to create a significant administrative burden in negotiation, monitoring and acquittal, and reduced fiscal flexibility due to matching requirements or Commonwealth withdrawal. The imposition of Commonwealth priorities also creates tension by issuing prescriptive operational requirements which, perversely, often have the unintended effect of stifling innovation and efficiency in service delivery.

While the States can acknowledge the validity of some SPPs, many that are in place merely result in duplication, reduced flexibility and misdirected effort. In light of these issues, the merits of SPP arrangements that place decision making further away from the point of service delivery should be questioned.

The States and Territories are arguing for a more coordinated approach to negotiation and renegotiation of SPPs between the Commonwealth and the States and Territories. The Heads of Treasuries' SPP Working Party includes representatives from each jurisdiction, including the Commonwealth. The Working Party has developed a set of best practice principles and guidelines to address concerns held by all Governments. These principles and guidelines have been endorsed by Heads of Treasuries, and endorsement by each Government is being progressed. A copy of the principles and guidelines have been provided to the Commission.