

# CHAPTER 1

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## THE APPROACH TO THE INQUIRY

1. In September 1998, Senator John Herron, the then Minister for Aboriginal and Torres Strait Islander Affairs, released a document titled *Beyond Welfare*<sup>1</sup>, which outlined the Government's intentions in relation to Aboriginal and Torres Strait Islander affairs. Among other things, it committed the Government to 'working with the indigenous community and ATSIC to develop appropriate regional models and to devolve, where possible, decision-making and management to the local level'. It also said that the Government intended to:

- (i) work with the Indigenous community and ATSIC<sup>2</sup> to develop and adopt appropriate arrangements to improve the allocation of funding; and
- (ii) ask the Commonwealth Grants Commission to develop measures of relative disadvantage that could be used to target resources more effectively towards those groups within the Indigenous population that are in the greatest need.

2. On 21 November 1999, the Minister for Finance and Administration gave the Commission terms of reference to conduct that inquiry. A copy of them is at the front of this report. They asked the Commission to 'develop measures of relative disadvantage that can be used to target resources more effectively to areas of greatest need'.

3. More specifically, the reference asked us to use existing or readily available data where possible to:

- (i) devise a method for measuring the relative needs of Indigenous people in different geographic regions for both recurrent services and capital facilities;
- (ii) use that method to measure the relative needs of Indigenous people in each region;

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<sup>1</sup> *Beyond Welfare*, Statement by Senator John Herron, Minister for Aboriginal and Torres Strait Islander Affairs in Darwin, 23 September 1998.

<sup>2</sup> Throughout this report, the abbreviation ATSIC refers to The Aboriginal and Torres Strait Islander Commission.

- (iii) prepare indexes of relative need that could be used to allocate resources to the regions; and
- (iv) consider how well the existing distribution of Commonwealth resources accords with the relative needs in each region.

4. We were also asked to distinguish between the needs of Aboriginal people and Torres Strait Islanders (including those living outside the Torres Strait region), if that were possible.

5. These might appear to be straightforward statistical tasks. However, the terms of reference asked us to take account of:

- (i) all the sources from which funding could be obtained, including mainstream and Indigenous-specific programs, and the interactions between them;
- (ii) the methods presently used to distribute funds;
- (iii) the roles of the Commonwealth and State<sup>3</sup> governments in providing services to Indigenous people<sup>4</sup>, and the implications of interactions between them for the level of services for Indigenous people or Commonwealth-State financial relations;
- (iv) the likelihood that meeting recurrent needs in some regions may involve higher initial investments; and
- (v) the nature and timing of existing approaches to the delivery of works and services intended to meet the needs of Indigenous people.

6. The mention of these issues indicated that responding to the terms of reference required an understanding of what services are provided to meet the needs of Indigenous people, and how those services are provided. It also required an understanding of how funds flow between the Commonwealth and State Governments, what funds are made available by each funding agency, and how decisions are made on what services will be provided and where they are to be provided.

7. The terms of reference asked for needs to be reported on a regional basis, preferably using ATSI regions<sup>5</sup>. We have used ATSI regions where data are available. Where ATSI regional data are not available, we have used other definitions of location such as urban, rural and remote areas.

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<sup>3</sup> In this report, the word State(s) should be read to include the ACT and the Northern Territory, unless the context indicates otherwise.

<sup>4</sup> The term 'Indigenous people' has been used in this report to refer to Aboriginal people and Torres Strait Islanders.

<sup>5</sup> Unless the context indicates otherwise, we have used the term ATSI regions to mean the 35 ATSI regions and the area covered by the Torres Strait Regional Authority.

***Views of Other Parties to the Inquiry***

8. Most of the organisations and people who contributed to the Inquiry argued that addressing the large gap between Indigenous and non-Indigenous people is more important than redistributing existing funding by reference to differences in need between groups of Indigenous people. They thought we should estimate the total level of resources required to provide Indigenous people with services comparable to those received by non-Indigenous people.

9. It is, however, clear that the terms of reference did not ask us to estimate the total resources required to remove Indigenous disadvantage. They asked us to ‘determine the needs of groups of Indigenous Australians relative to one another’. By asking for relative need, they sought a ranking of groups of Indigenous people from highest to lowest need, and an indication of the gaps between each group. This implied that achieving equity within the Indigenous community, interpreted broadly as the people in each region being treated equally and the more effective targeting of Commonwealth funds, should be guiding principles for the Inquiry.

**SCOPE OF THE INQUIRY**

10. The terms of reference asked us to concentrate on the functions of health, housing, infrastructure, education, training and employment. However, we were given discretion to add extra functions if considered appropriate.

11. Parties to the Inquiry suggested the inclusion of several other functions including law and order, community services, child care, disability services, welfare services, services related to social and cultural matters, and land management.

12. Those functions, especially the ones related to culture and land, are very important to Indigenous people. They are relevant to the wellbeing of Indigenous people, they impact on some of the key functions examined in the Inquiry, and the need for them does vary between regions. However, we concluded that they did not have the priority of the functions we were specifically asked to examine. Consequently, the scope of the Inquiry has not been expanded beyond the functions listed in the terms of reference.

13. We have, however, interpreted the functions specified in the terms of reference broadly. We have given some consideration to child care and related services as an extension of education services. The coverage of the health category includes some public health and aged care services delivered in a community setting.

**INQUIRY PROCESSES**

14. The terms of reference asked us to provide Indigenous people and their organisations, and all relevant agencies, with adequate opportunities for input into the

Inquiry. As well as speaking to government agencies that fund or provide services, we placed a high level of importance on speaking with Indigenous organisations, communities and individuals.

15. Features of the process we followed were:

- (i) the distribution of an Information Paper in February 2000 that: provided information on the issues to be covered during the Inquiry; set out how organisations and individuals could take part; and asked for written submissions;
- (ii) a workshop of researchers in Indigenous affairs, co-ordinated by the Centre for Aboriginal Economic Policy Research (CAEPR) at the Australian National University, to discuss possible approaches to the measurement of Indigenous needs;
- (iii) receipt of written submissions — we received over 50 initial submissions;
- (iv) meetings with Commonwealth and State government organisations in May and June 2000 to discuss: their submissions; how they fund, plan for and deliver services aimed at meeting the needs of Indigenous people; and the merits of needs indicators we were considering;
- (v) wide ranging visits to discuss Indigenous needs and the services provided to meet them, with ATSIC Commissioners and representatives of ATSIC Regional Councils, with State and local government agencies that provide services to Indigenous people, and with Indigenous organisations and communities (in total, we held over 150 meetings involving about 250 organisations — we visited 24 of the 35 ATSIC regions and the Torres Strait);
- (vi) the circulation of a draft report in October 2000;
- (vii) conferences in Canberra, every State capital city and a regional centre in most States to obtain feedback on the draft report; and
- (viii) final written submissions — about 35 submissions were received.

16. As well as the formal Commission consultations and conferences, Inquiry staff consulted extensively with ATSIC, other Commonwealth agencies, State government departments and Indigenous organisations.

17. To get independent advice and access to specialist skills, we also engaged some organisations as consultants to conduct specialised research. They were:

- (i) the Australian Bureau of Statistics (ABS) — which prepared an experimental index of Indigenous socio-economic disadvantage;

- (ii) the ABS — which analysed data from the 1999 Community Housing and Infrastructure Needs Survey (CHINS); and
- (iii) the Office of Aboriginal Health in the Health Department of Western Australia — which analysed data to advise on a possible approach to measuring relative need for health services.

## **STRUCTURE OF THE REPORT**

18. In brief, this report addresses the terms of reference as follows.
- (i) Chapter 2 directly addresses the core issues by detailing our analysis of the measurement of needs and providing some of the indexes we calculated. To the extent possible, it also answers the question about the separate identification of Torres Strait Islanders.
  - (ii) Chapter 3 outlines the conceptual issues involved in using measures of needs in the allocation of resources.
  - (iii) Chapter 4 considers some practical aspects of existing funding and service delivery processes and compares the distribution of funds with the measures of relative need that have been made.
  - (iv) Chapter 5 discusses issues that should be examined if funds are to be better targeted to meet the needs of Indigenous people.
  - (v) Chapters 6 to 11 look at specific issues relating to the measurement of needs, resource allocation and service delivery in the health, housing, infrastructure, education, training and employment functions.

19. We have also prepared a separate volume of Supporting Material that contains more descriptive material, analysis and data relating to the measurement of needs, how services are provided and the resource allocation processes adopted by Commonwealth and State agencies. A third volume contains the reports of consultants.

## **ACKNOWLEDGMENTS**

20. We acknowledge the assistance provided by Commonwealth, State and local government agencies.

21. We also acknowledge the ready participation, openness and hospitality of the many organisations, communities and individuals we met during our consultation visits. While their contributions may not be readily visible in the report, they have been invaluable in helping us understand the issues and providing an appreciation of what confronts service providers and their Indigenous clients.

## *Chapter 1*

22. Finally, we must thank the staff of the Commission. Without their dedication and professional attitude to getting the work done, we would not have been able to complete the Inquiry.