



Department of Treasury and Finance
Government of Western Australia



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Dr Jeannine Purdy
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Education and Health Standing Committee
Parliament House
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Dear Dr Purdy

**WHERE FROM? WHERE TO? A DISCUSSION PAPER ON REMOTE
ABORIGINAL COMMUNITIES**

Thank you for providing the Western Australian Department of Treasury and Finance (DTF) with the opportunity to comment on the abovementioned report, which provided an interesting summary of the history of remote Indigenous communities and notes major changes currently taking place in the governance arrangements for Indigenous affairs.

Our major comments on the report are outlined below.

Focus on Outcomes (Chapter 3)

Although the Committee's intention is to highlight initiatives that are bringing positive outcomes to remote Aboriginal communities, it is noted that the report only briefly refers to health and education outcomes, choosing instead to focus on housing and infrastructure. The DTF suggests that a wider range of outcomes be focused on and that greater emphasis be placed on initiatives that can/are improving the desired outcomes for Indigenous people living in remote areas.

The DTF recognises that there is a lack of quality data and that this is especially true in gathering information about remote Indigenous communities. There are also inherent difficulties in measuring improvements to Indigenous outcomes. In particular, it is difficult to determine how much each individual initiative contributes to the achievement of long-term outcomes. For example, the construction of houses in a remote community may reduce the immediate overcrowding problem, but it is not necessarily certain that this will improve outcomes relating to education, employment, health and economic participation.

However, since the Committee released this report, the Productivity Commission has published its latest *Overcoming Indigenous Disadvantage: Key Indicators* report (2007), which highlights current outcome gaps between Indigenous and non-Indigenous Australians. It would be worthwhile for the Committee to be appraised of the Productivity Commission report for the latest information on key outcome gaps, particularly given that the report highlights programs and initiatives that have worked in recent years to improve outcomes for Indigenous Australians.

It is also worth noting that successive reports from researchers have pointed to the critical nature of early childhood development (especially 0-3 years) in securing positive health and education outcomes for Indigenous people. Clearly, initiatives that work in one community may not work in another. However, as the Productivity Commission Chairman stated in a recent speech at an Organisation for Economic Cooperation and Development Conference, the 'things that work' in Indigenous communities all have in common:

- cooperative approaches between Indigenous people and government (and the private sector);
- community involvement in program design and decision-making;
- good governance; and
- ongoing government support (human as well as financial).

State-Commonwealth Funding Arrangements (Chapter 4)

Chapter 4 of the report contains two significant misconceptions regarding the current State-Commonwealth funding arrangements.

First, page 76 criticises the equal per capita distribution of local government financial assistance grants (FAGs) between States. However, please note that there is also a Commonwealth requirement that the fiscal equalisation distribution of local government FAGs within States be subject to a 30% per capita minimum (i.e. no local government may receive less than 30% of its population share of FAGs).

All Perth metropolitan local governments receive the 30% minimum. Fully implementing fiscal equalisation between Western Australian local governments would significantly increase funding for most non-metropolitan local governments, and would require negative grants for some wealthy metropolitan councils. This 30% minimum almost certainly has a far greater impact on rural and remote Western Australian local governments than the equal per capita distribution between the States.

It is also important to note that a fiscal equalisation distribution between States may not result in increased funding for Western Australia.

Secondly, page 70 quotes the Commonwealth Grants Commission (CGC) as providing an additional \$195 million in Goods and Services (GST) revenue grants to the Western Australian State Government in recognition of Indigenous influences. However, this funding is not exclusively for Indigenous specific programs, as it also covers the additional usage of mainstream services (e.g. the relatively high admission rates of Indigenous persons into Western Australian hospitals).

The report refers to the high Western Australian health expenditure on Indigenous persons, but then appears to compare the CGC allocation with specific Indigenous housing and infrastructure spending.

The Western Australian Government has estimated that it spends around \$1.2 billion per annum on Indigenous service delivery. Relating this expenditure to the CGC allocation would be a complex exercise. However, a simple indicative calculation suggests that Western Australia's spending on Indigenous persons is roughly in line with the CGC allocation.

The DTF agrees with the report that local governments should be putting more effort into providing services to Indigenous communities (although in principle the DTF is opposed to placing conditions on untied funding). The DTF also has a lot of sympathy for the report's criticism of the administrative requirements that the CGC places on small grants.

However, the State Government's position of not assuming responsibility for small, less permanent communities can be justified on the basis that the Government would not provide services to non-Indigenous communities of similar size and permanence.

Furthermore, the CGC process does not address the level of spending on Indigenous services that should be committed. The process is based on the current average level of service to Indigenous communities across all the States and Territories. Western Australia receives 'additional' funding largely because this State has an above average share of the remote Indigenous population. Western Australia could be spending more or less than the Australian average on particular areas of Indigenous disadvantage, however, there is nothing to say that the Australian average level of service is the benchmark that the State should be aiming for in its level of expenditure.

Housing and Infrastructure (Chapter 4)

The report does not provide a significant level of comment on the lack of coordination and strategic direction between and within the three levels of government, which has clearly contributed to the inability of government to improve Indigenous outcomes. 'Reform' of Commonwealth funding for essential services to remote communities is mentioned. However, there appears to be a cost shifting exercise from the Commonwealth to the State/Local Government.

The concerns raised by the Minister for Housing and Works (mentioned in the report) have already started to eventuate, with the State having to provide approximately \$9 million per annum to town-based communities as a result of the Commonwealth withdrawing this funding under its new approach to Indigenous housing and infrastructure.

Furthermore, the report does not mention the State's approach to Native Title. It is recommended that discussion on future directions should include reference to the substantial amount of money that has been earmarked from native title settlement packages for improving economic and other outcomes for Indigenous people (e.g. Burrup, Ord Stages 1 and 2).

The DTF is unclear as to what the proposed recommendation 2 is intended to achieve. The State will be hard pressed to maintain current Commonwealth funding levels in future negotiations. In terms of funding for housing, the renegotiation of the Commonwealth-State Housing Agreement in 2008 is likely to be of more relevance to Indigenous housing than the current bilateral agreement. It is also unclear where the Commonwealth's current 'Strategic Intervention Funding Package' fits in the overall findings.

Future Directions and Whole-of-Government Issues (Chapter 4)

An important point is made in the report regarding the lack of homogeneity within remote Indigenous communities. There is no "one size fits all" solution to the problems besetting remote Indigenous communities in Western Australia and it will take a combined effort from local partnerships between all levels of Government, Indigenous communities, businesses and non-profit sectors to develop effective strategies to build economic and social wellbeing.

To achieve improved outcomes, there is a need for whole-of-government planning and coordination, project evaluation and assessment, and an alignment of various Indigenous initiatives. There is a need to develop an overarching accountability and governance framework across Government. This would help to ensure better cross-government coordination and accountability for improving Indigenous outcomes.

Concluding Comments

I trust that you will find these comments useful. If you have any queries in relation to these comments, please do not hesitate to contact either myself on (08) 9222 9324 or Marny Marsh (our Indigenous Issues Coordinator) on (08) 9222 9432. We look forward to seeing the rest of your reports in relation to your inquiry into successful initiatives in remote Aboriginal communities.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Timothy Marney', with a long horizontal flourish extending to the right.

Timothy Marney
UNDER TREASURER

8 August 2007