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## COMMONWEALTH INDIGENOUS BUDGET BULLETIN

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This is an abridged version of our Indigenous Budget Bulletin - June 2008 which is a free publication for Macroeconomics subscribers and is intended to engender discussion and debate on indigenous policy. Your feedback and suggestions for improving the Bulletin are appreciated.

In the event of any enquiries please contact:

**Dr Lesley Russell\***

T: 02 6161 3542

E: [lesley.russell@macroeconomics.com.au](mailto:lesley.russell@macroeconomics.com.au)

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*The Indigenous Budget Bulletin is prepared by the Macroeconomics health team headed by Dr Lesley Russell (pictured below) on a voluntary basis to help engender public debate and scrutiny of indigenous budget policy. The bulletins are published at least twice a year (coinciding with the release of the Budget and the Mid Year Economic and Fiscal Outlook) along with supplementary features which are supplied as issues arise in relevant portfolios.*



*Dr Russell is a senior adviser to Macroeconomics on health economics and policy including program analysis. She is the inaugural Menzies Foundation Fellow at the Menzies Centre for Health Policy which is co-located at the University of Sydney and the Australian National University. She is actively involved in health policy research, analysis and commentary.*

*To be included in the mailing distribution for future Macroeconomics policy releases please contact our office manager during business hours on (02) 6161 3542 or by emailing [office.manager@macroeconomics.com.au](mailto:office.manager@macroeconomics.com.au).*



## Table of Contents

<b>IN THIS BULLETIN..</b>	<b>6</b>
<b>1 BUDGET 2008-09: OVERVIEW &amp; COMMENTARY</b>	<b>8</b>
1.1 The Intervention	8
1.2 The Apology	9
1.3 The Budget	9
1.4 The Aftermath	9
<b>2 THE INTERVENTION</b>	<b>11</b>
<b>3 A FRESH APPROACH</b>	<b>13</b>
3.1 Labor's Election Commitments	13
3.2 'Closing the Gap' targets	14
3.3 A whole-of-government approach	14
3.4 New community representation	15
<b>4 HEADLINE BUDGET STORY</b>	<b>16</b>
4.1 2008-09 Commonwealth Budget	16
<b>5 BUDGET MEASURES DIRECTED AT THE NT EMERGENCY RESPONSE</b>	<b>18</b>
5.1 NT Aboriginal Interpreter Service (NTAIS) to assist Indigenous people to obtain information and advice regarding the Emergency Response (\$800,000 in 2008-09)	19
5.2 Commonwealth Ombudsman support (\$200,000 in 2008-09)	19
5.3 Community engagement (\$3.8 million in 2008-09)	19
5.4 Legal assistance for Indigenous Australians	19



	(\$2.0 million in 2008-09).....	19
5.5	Leadership and coordination (\$32.4 million in 2008-09) .....	19
5.6	Accommodation for government personnel in remote communities (\$7.0 million in 2008-09).....	20
5.7	Centrelink funding (\$5.8 million in 2008-09) .....	20
5.8	Income management (\$69.2 million in 2007-08 and 2008-09) .....	20
5.9	Further welfare and employment reform (\$75.5 million in 2007-08 and 2008-09).....	21
5.10	Continuation of early childhood program (\$400,000 in 2008-09) .....	21
5.11	Creches (\$2.3 million in 2008-09) .....	22
5.12	Playgroups (\$700,000 in 2008-09).....	22
5.13	Family support package (\$9.8 million in 2008-09) .....	22
5.14	Enhancing education (\$19.1 million in 2008-09).....	22
5.15	School nutrition programs (\$7.4 million in 2008-09) .....	23
5.16	Follow-up care for problems identified through health checks (\$13.6 million in 2008-09).....	23
5.17	Youth alcohol diversion activities (\$9.5 million in 2008-09).....	27
5.18	National Indigenous Violence and Child Abuse Intelligence Task Force (\$4.2 million in 2008-09).....	27
5.19	Night patrol services and night patrol operational equipment (\$21.6 million in 2007-08 to 2008-09) .....	28
5.20	Promoting law and order (\$11.6 million in 2008-09) .....	28
5.21	Government business managers (\$30.8 million in 2008-09).....	29
<b>6</b>	<b>OTHER SPENDING COMMITMENTS IN THE BUDGET .....</b>	<b>30</b>
6.1	Bringing Them Home counsellors and Link-Up services (\$15.7m / 4 years).....	31
6.2	Child and maternal health services (\$90.3 million / 5 years).....	32



6.3	Reducing rheumatic fever (\$11.2 million / 5 years).....	33
6.4	Expansion of drug and alcohol services (\$49.3 million / 4 years).....	34
6.5	Indigenous tobacco initiative (\$14.5 million / 4 years) .....	35
6.6	Indigenous boarding colleges (\$28.9 m / 4 years).....	35
6.7	Expansion of literacy and numeracy programs and individual learning plans (\$56.4 million/ 4 years).....	36
6.8	Getting remote Aboriginal children to enrol in school (\$98.8 million / 5 years).....	36
6.9	Indigenous early development and learning services – parenting support (\$16.6 million / 4 years from 2007-08) .....	36
6.10	Indigenous mothers' accommodation fund (\$10 million / 3 years).....	37
6.11	Closing the evidence gap (\$1.7 million / 2 years).....	37
6.12	APS Indigenous employment strategy (\$2.6 million in 2008-09).....	38
6.13	National arts and crafts industry support program (\$7.6 million / 4 years).....	38
6.14	Extension of Business Ready program for Indigenous tourism (\$1.8 million in 2008-09).....	38
6.15	Reconciliation between Indigenous and non Indigenous Australians (\$1.2 million / 2 years).....	38
	<b>IN OUR NEXT BULLETIN.. .....</b>	<b>40</b>



## In this Bulletin..

The Rudd Government has set ambitious targets for closing the gap on Indigenous disadvantage with respect to life expectancy, child mortality, access to early childhood education, educational attainment and employment outcomes and stated that this will be done in a new partnership with our Indigenous people.

Since coming to power the new Government has committed \$1.2 billion in new and redirected funding to Indigenous initiatives, including **\$718.7 million / 5 years** in the 2008-09 Budget. The majority of the funding allocated in the Budget (**\$426.6 million / 5 years**) is provided for activities in the Northern Territory (NT), including \$320.9 million in 2008-09 for activities that are part of the Northern Territory Emergency Response (NTER). But 'closing the gap' will require a focus well beyond the NT and substantial new long-term resources for a range of national programs.

Allowance should be made for the consultative and review processes currently in train that will inform the ongoing funding requirements of the NTER and other policies. There is also an important commitment to building the evidence base to support evidence-based policy, albeit with minimal funding at this point.

However future Budgets will need to demonstrate this ongoing commitment with new policies and additional resources. Given the Government's long-term goals for Indigenous disadvantage, especially in areas such as health, housing and education and training, and the predicted funding levels required, this is an area which should be included in future Intergenerational Reports and be subject to review by the Productivity Commission.

**The highlight of the 2008-09 Indigenous Budget** is the recognition, through a number of programs to improve maternal and child health and children's early development that investing in giving children the best start in life provides them with the greatest opportunities in the future. The link between how well most children develop and their future health, wellbeing and social participation is clearly demonstrated in all recent long-term studies of child development.

**The lowlight of the 2008-09 Indigenous Budget** is the list of small one-off grants - \$700,000 for playgroups, \$400,000 for early childhood programs, \$1.7 million for surveys and an information clearing house. This is no way to solve an entrenched problem.



In this Bulletin we provide some overall Budget context and analysis and then focus on examining the impact of the Budget measures on policy and programs.

We hope that this Bulletin and future editions will help bring a higher profile to Indigenous policy and funding commitments over time, engender discussion and debate and go some way towards holding the Government to account on its important commitments in this area.

And look out for our next Bulletin in which we provide estimates of Commonwealth spending on Indigenous issues over the last thirty years and examine the adequacy of existing fiscal, economic and social policy initiatives to help raise living standards for Indigenous people.



## 1 Budget 2008-09: Overview & Commentary

The new Rudd Government's performance on indigenous policy in relation to the 2008-09 Budget must be judged against the backdrop of the continuing commitment, at least in the short-term, to the NT intervention and the promise to 'close the gap' on Indigenous disadvantage.

### 1.1 The Intervention

This month marks the first anniversary of the Northern Territory Emergency Response (NTER). As a response to the *Little Children are Sacred* report into the protection of Indigenous children from child abuse in the NT, **the former Howard Government** implemented a raft of emergency measures that went well beyond ensuring the protection of Indigenous children from harm to encompass the acquisition of township leases, the abolition of the permit system and the introduction of market-based rents.

The focus was solely on the NT, despite concerns about the welfare of children in communities in other states, and ignored the huge unmet needs of Indigenous people of all ages in both remote and urban communities around Australia.

The Howard Government, through legislation supported by the Labor Opposition, made a special appropriation to support the NTER of \$587.3 million for 2007-08. No funding commitments were made beyond June 2008. More than half this appropriation (\$320.8 million) was for departmental expenditure and capital items to meet the costs of increased personnel, staff accommodation, infrastructure upgrades and improved IT capacity. A total of \$266.4 million was for administered expenses to implement welfare payment measures (\$52.2 million), child-health check teams, follow-up medical teams and drug and alcohol teams (\$72.7 million), improved childhood support services and alcohol diversionary programs (\$91.2 million), improved teacher workforce capacity and increased classrooms (\$16 million), and extra legal services and night patrols (\$10.7 million).

Despite the hype, the roll-out of the emergency response was slow. Questions in Senate Estimates in February this year revealed that only \$168.6 million of the \$587 million allocated for the NTER had been spent in the six months since the appropriations legislation was passed.



## 1.2 The Apology

The Rudd Labor Government came to power in November 2007 having committed to continue the Emergency Response for at least 12 months. But the overall tone and focus was different, as exemplified when the Prime Minister said Sorry and then when the Government pledged to 'Close the Gap' on Indigenous disadvantage.

So it is interesting to analyse the new Government's spending on Indigenous initiatives as a very concrete way to assess their commitment to addressing the needs of Indigenous people.

In the 2007-08 February Additional Estimates, the Rudd Government committed \$580.0 million / 5 years in new funding and \$222.5 million / 5 years in redirected funding to Indigenous issues. Of this, \$313.5 million was specifically for the NTER, and another \$21.9 million was for an election commitment to boost hospital and community health in the NT.

## 1.3 The Budget

The 2008-09 Budget provides additional funding of **\$718.7 million / 5 years** for a package of 37 initiatives and programs across eight departments that are described as being about 'closing the gap for Indigenous Australians'. Some of this funding was previously announced in February. The majority of the funding allocated in the budget (**\$426.6 million / 5 years**) is provided for activities in the NT, including \$320.9 million in 2008-09 for activities that are part of the NTER.

In total, new and re-directed funding for Indigenous measures following the 2007 election and the 2008-09 Budget is **\$1.2 billion/ 5 years**. Just over half this (\$637.4 million) is specifically for the NTER. In this \$1.2 billion package there is **\$335.0 million / 5 years** for health, nutrition, alcohol and drugs, and related programs, and \$151.5 million of this is for specific programs within the NTER.

## 1.4 The Aftermath

Much of the focus - and the cynicism - has been on the children's health checks done as part of the NTER. A recent report finds that these have been done for 63 per cent of the 17,182 children who are eligible. Only 0.5 percent of children were referred to Family and Community Services on the basis of suspected instances of abuse, but physical health



problems were very common and 67 percent of children were referred for at least one type of follow-up service.

Dr Bill Glasson, a member of the NTER Taskforce wrote:

*"We already knew that the children in many of these communities had very high rates of chronic diseases, but have found that the situation is even worse than the official picture. ... Probably 80 per cent of the Indigenous children have middle-ear diseases. Intestinal parasites and skin infections are rife. An absence of water for washing — taps don't run, toilets don't flush, there is no soap — has led to skin hygiene so poor that pathogens thrive. This in turn contributes to the devastating levels of renal disease and heart disease, the latter particularly associated with rheumatic fever. Type 2 diabetes is also increasingly common in children."*

[http://www.mja.com.au/public/issues/187\\_11\\_031207/gla11279\\_fm.html](http://www.mja.com.au/public/issues/187_11_031207/gla11279_fm.html)

Most of the health checks thus far completed were done by volunteer medical professionals flown into the NT for brief periods. The call has now gone out for health professionals, doctors, specialists and nurses, to help out with the follow-up, but this type of approach to the delivery of needed health services is truly an emergency response and is not sustainable.

Only 11 percent of the Indigenous population lives in the Northern Territory, but new spending on national programs for Indigenous health in the 2008-09 Budget averages less than \$40 million a year over the next five years. This level of commitment is not sufficient to make any great inroads into the Prime Minister's commitment to 'close the gap'.

The Centre for Aboriginal Economic Policy Research at ANU estimates that the funding required to achieve 'normalisation' and sustainable improvements in outcomes in education, housing, health and employment for Indigenous people in the Northern Territory is \$4 billion / 5 years. Gavin Mooney, Professor of Health Economics at Curtin University, says that if the Government is prepared to pay up to \$40,000 on pharmaceuticals to extend an Australian's life by one year, then logic, fairness and justice would suggest that the Government is prepared to spend up to \$340 billion to bridge the 17 year mortality gap for all Indigenous people.

The fact is that a lot of money, manpower, effort and goodwill over a time-frame that spans more than one generation will be needed from all levels of government and from both black



and white communities if we are to finally to close the gap and eliminate endemic Indigenous disadvantage.

On that basis, this Budget makes a very small down-payment on a major debt.

## 2 The Intervention

On 21 June 2007 Prime Minister John Howard and his Minister for Families, Community Services and Indigenous Affairs, Mal Brough, announced an 'emergency intervention' into the Northern Territory (NT). The intervention came following a report on child sexual abuse commissioned by the Northern Territory government, and another by the Cape York Institute recommending radical reform to the welfare system as it affects Indigenous people.

As part of the Northern Territory Emergency Response (NTER), a raft of measures were announced which applied to 73 communities and 5 town camps:

- Widespread alcohol restrictions on Indigenous land.
- Medical examinations of all Indigenous children under the age of 16.
- Quarantining of 50 percent of welfare payments to parents of children for the purchase of food and other essentials.
- Enforcing school attendance by linking income support and family assistance payments to school attendance.
- Taking control of communities through 5-year leases to ensure that property and housing are improved.
- Requiring an intensive clean-up of communities to make them safer and healthier.
- Scrapping the permit system for Indigenous lands.
- Banning the possession of pornography.
- Increasing police levels and making law and order a central focus.
- Amending land rights legislation.

While some of these measures were later modified, the legislation to quarantine welfare payments and to take control of Aboriginal land was passed in the Federal Parliament in August 2007 with the support of the Opposition.

The total funding provided in 2007-08 by the Howard Government under the *Appropriation (Northern Territory National Emergency Response) Bill (no 1) 2007-2008* and the *Appropriation (Northern Territory National Emergency Response) Bill (no 2) 2007-2008* was **\$587.3 million**.