

A Practical Critique of Practical Reconciliation or What is the reality of Indigenous funding

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What is “practical Reconciliation”?

Probably the best place to start with an explanation of the Commonwealth Government’s perspective on practice reconciliation is the Prime Minister’s speech in the Menzies lecture series, *Perspectives on Aboriginal and Torres Strait Islander Issues*, on 13 December 2000 (available on the Prime Minister’s website). This speech was given a few days after the Government received the final report of the Council for Aboriginal Reconciliation. Some of the key points made in the speech can be summarised as follows:

- Australia’s social cohesion, born out of a distinctive form of egalitarianism, is the crowning achievement of the Australian experience during the last 100 years;
- We can never feel satisfied, nor can we feel complete, until that cohesion is extended to all sections of the community and specifically until indigenous Australians enjoy the same opportunities and the same plentiful lives as any other Australian;
- There are many paths to reconciliation;
- We are determined to design policy and structure administrative arrangements to address a number of issues and ensure standards in education and employment, health and housing improve to a significant degree; and
- Symbolic expressions of support are important, however, they are given real meaning when backed with improvements in living standards – this is why we place a great degree of emphasis on practical reconciliation.

“True reconciliation is, in our view, to be best found within practical means to improve the well-being and happiness of indigenous Australians and raising standards to levels enjoyed and expected by all of us ... In this, as in other important national endeavours, the things that unite us are far stronger than those that divide us”.

The words “practical reconciliation” are now used liberally in speeches and press releases by Commonwealth Government ministers. It is not necessary to quote any further as most of you will be familiar with these announcements and the current Commonwealth Government’s position. In essence, the Government’s position is that the past treatment of Indigenous people, and the issues of rights and social justice have no relevance to achieving so-called practical outcomes in Indigenous health, housing, education and employment. No one can disagree that greater efforts need to be put into health, housing and the like for Indigenous Australians. But there is

actually more to the Government's position than this: the Government is saying that it is achieving practical outcomes and that discussions about Indigenous rights or treaties will not achieve practical outcomes. If anyone would care to see the practicalities of treaty discussions and their centrality in dealing with practical outcomes – health, housing, education, land management, fisheries management, water management, policing, financial issues, taxation etc. it is worth looking at the information on the websites of the Department of Indian Affairs and Northern Development in Canada (www.inac.gc.ca) or the Department of Aboriginal Affairs in the Canadian province of British Columbia (www.gov.bc.ca/aaf).

Some perspectives from the Royal Commission into Aboriginal Deaths in Custody

To bring some sense of perspective to the current discussion, it is worth revisiting the *Final Report of the Royal Commission into Aboriginal Deaths in Custody*, published in 1991. Reconciliation was not part of the debate about indigenous affairs when the final report was completed although in the final volume of the National Report there are three rather brief chapters under the heading “Towards Reconciliation”. That report, and the accompanying State and Territory reports, provided a comprehensive overview and summary of government policy and practices towards Indigenous people.

The final chapter of volume 2 of the National Report was on “Self Determination” and it includes a discussion of governments and the concept of self determination. The Report summarised the broad policy approaches of governments since the adoption of the assimilation policy in 1937. For a variety of reasons, the Commonwealth and State authorities did not adopt a common definition of that policy until 1961, and that was:

“The policy of assimilation means that all Aborigines and part-Aborigines are expected eventually to attain the same manner of living as other Australians and to live as members of a single Australian community enjoying the same rights and privileges, accepting the same responsibilities, observing the same customs and influenced by the same beliefs, as other Australians” (Johnston 1991, volume 2, 511).

As Royal Commissioner Johnston observed:

“This statement created a nationalistic fiction. By setting up a false model of Australia as an ‘imagined community’ of shared interests, beliefs etc., it was casting Aboriginal people as something *other*, something outside this ... unlike its antecedents, this policy was based not on ‘race’ or related scientific theory, but on a notion of culture and shared values ... while Aboriginal culture was not being encouraged to survive, their physical needs were slowly being addressed” (Johnston 1991, volume 2, 511).

The next policy phase was the integration phase, which responded to criticism that Aboriginal people were being denied the basic human right to live in their own way under the assimilation policies. The referendum in 1967 and various changes at the State level, including changes to alcohol laws, followed. Royal Commissioner Johnston noted, however, that despite the referendum “the commitment to

assimilation remained strong”, and reform was “modest” until the change of Commonwealth Government in 1972. He also highlighted the broadening of the Aboriginal agenda:

“To the demands for citizens’ rights, for equality of opportunity and improvement in living standards which had characterised the agenda of reform advanced by and on behalf of Aboriginal people in the decade before 1972 was added a new dimension of demand. Aboriginal activists, inspired by the success of indigenous and minority groups overseas, especially in the USA, and buoyed by the reassertion of Aboriginal culture and solidarity in Australia, began to press for more than equality of opportunity; their agenda included an agenda for land rights, reparation, compensation and self-determination” (Johnston 1991, volume 2, 519).

He went on:

“... Aboriginal people campaigned for their just entitlement as citizens. This campaign emphasised the poverty of their people and the inequality of basic services of health, education, housing etc. which typified their relationship with government. Government, in turn, committed itself to meeting the challenge to improve the delivery of those basic citizens’ services, but because they were regarded by government as citizen’s rights, it was assumed that the provision of such services was simply part of its responsibility to ensure equality of treatment to all citizens ... Aboriginal people feel, quite justifiably, that no amount of equality now in the delivery of citizens’ entitlements will make up for the failure to deliver such entitlements over the past century or so” (Johnston 1991, volume 2, 525).

What’s changed?

Ten years on from the Royal Commission, an overwhelming impression one gets of today’s debate is the similarities with the positions taken when assimilation was the official policy. That is not necessarily to say that current Government policy is based on assimilation, but it is clear that some prominent commentators on Indigenous affairs have exactly that position in mind. According to some of these commentators, the so-called era of “self determination” has failed and a “new” approach is needed.

It could be argued that “practical reconciliation” represents little more than the continuation of the official Commonwealth Government policy towards indigenous people that has been in place now for three decades. That policy, and its most explicit manifestation, spending by the Commonwealth Government on programs and services for Indigenous people for the delivery of what are, generally speaking, mainstream citizenship-type services and programs, has rarely been underpinned by a rights agenda. To the extent that it has, it has often been as a response to external events (outside government), such as the Blackburn Gove decision (the political response to this decision ultimately led to the introduction to the *Aboriginal Land Rights (Northern Territory) Act*) and the High Court’s Mabo and Wik decisions. Certainly in recent years, the closest the Commonwealth Government has come to a broader Indigenous rights agenda was the Social Justice Package being developed for the

Keating Government's as a third stage response to the Mabo decision (after the original *Native Title Act* and the establishment of the Indigenous Land Corporation).

Commonwealth policy towards Indigenous people since the late 1960s has heavily focussed on spending on the delivery of what are essentially mainstream services to Indigenous people. It has only rarely been underpinned by a rights agenda. "Practical reconciliation" represents more of the same.

Commonwealth spending on Indigenous programs and services

What then is the practical implementation of "practical reconciliation" since there is so much emphasis about spending more government money to solve Indigenous problems? Where can you see it? Many of the Government's statements on practical reconciliation since the budget have highlighted one key fact: that \$2.39 billion is being spent on "Indigenous-specific programs" this year.

The first Commonwealth Minister to publish information on the overall spending by the Commonwealth Government on indigenous programs and services was Robert Tickner. In part, this was in response to the concerns raised by the Royal Commission of the difficulties of precisely identifying what Governments were spending on Indigenous programs and services. There was a lot of concern expressed to the Royal Commission, and in the years since, that Governments say they are spending a lot of money on Indigenous programs and services but no one could quantify how much was being spent. There was also the issue that considerable amounts of money were being spent on programs that could hardly be said to be of assistance to, nor in the interests of, Indigenous people (such as spending on prisons and police).

One example from the early 1990s from research we did for the Kimberley Land Council might assist here. The Independent Commission to Review Public Sector Finances reported to the Western Australian Government in 1993 that the estimated expenditure by mainstream government departments and agencies that was attributable to Aboriginal people in 1992-93 was \$442 million. Included in that figure was \$66 million of spending by the Police Department, \$76 million by the Department of Corrective Services and \$6 million by the Crown Law Department. The figures were calculated by estimating the number of Aboriginal "clients" of each of the departments and agencies (see Crough and Christophersen 1993).

Social justice for Indigenous Australians?

The Commonwealth included Budget Related Paper No 7, titled *Social Justice for Indigenous Australians*, with the 1991-92 budget papers. That paper identified total Commonwealth outlays on Aboriginal and Torres Strait Islander programs in 1990-91 as \$987 million. Some of the State and Territory Governments also published data on their identified spending for a number of years but this initiative soon fell away.

The title of the budget paper, *Social Justice for Indigenous Australians*, continued until the change of Commonwealth Government. The next statement, titled *Commonwealth Programs for Aboriginal and Torres Strait Islander Peoples*, for 1995-96 was published in 1998, and the 1996-97 report was not published until 1999.

We no longer have a budget paper summarising the Government's "social justice" initiatives towards Indigenous people – we have budget papers that emphasise the Government's commitment to "practical reconciliation". The new titles for some of the papers released with the budget are *Our Path Together* (2001-2002) and *The Future Together* (2000-2001). Much of the spending outlined in these documents refers to the same (or very similar) programs and are administered through the same agencies that the previous Government's "social justice" papers referred to. Broadly speaking, however, each year the numbers get a bit larger than they were last year.

In 2001-2002 the identified Commonwealth Government spending is budgeted to be \$2.39 billion. As the Government indicated, this is the largest ever level of spending on identified Indigenous programs and services. It should be noted that, according to Minister Ruddock, the budget:

"... contains a comprehensive and integrated set of initiatives which build on our record of providing more employment opportunities, appropriate housing, improved health and better educational outcomes for Indigenous people".

The pattern and type of Commonwealth spending on Indigenous programs and services has remained remarkably stable for three decades, whether it has been labelled "social justice" or "practical reconciliation".

ATSIC's expenditure

But if we go back to the first of these statements, we find that ATSIC's expenditure of \$543 million in 1990-91 was even then (prior to "practical reconciliation", or any indeed any other type of reconciliation) dominated by spending on CDEP (\$194 million) and Housing and Community Amenities (\$196 million). Of the total identified Commonwealth spending of \$987 million in 1990-91, \$306 million (31 per cent) was spent on Labour and Employment, \$291 million (29 per cent) on Housing and Community Services, \$203 million on Education (21 per cent), and \$52 million (5 per cent) on Health. Spending on these programs today is labelled as "practical reconciliation". In 2001-2002 expenditure on Employment and Training accounted for 27 per cent, Education 19 per cent, Housing and Infrastructure 18 per cent and Health 10 per cent. There has been a significant increase in health funding since 1996.

ATSIC's budget in 2001-2002 of \$1.15 billion still represents around half of the total Commonwealth "Indigenous budget", as ATSIC refers to it. Up to two thirds of the ATSIC budget is, in effect, quarantined for CDEP, the Community Housing and Infrastructure Program (CHIP) to achieve "practical reconciliation", and Native Title (spending on native title cannot, almost by definition, and given this Government's criticism of the Indigenous land and sea rights agenda, be seen to be furthering the interests of "practice reconciliation"). CDEP and CHIP were there in the budget papers in the early 1990s, in fact the 1980s and for much of the 1970s. Native title is of course a significant new program, as was expenditure under the *Aboriginal Land Rights (Northern Territory) Act* from the late 1970s onwards. But without wanting to be critical of the new spending in the most recent Howard budget, and some of the new initiatives announced recently, it can safely be said, as the Chairman of ATSIC pointed out in the ATSIC 1999-2000 *Annual Report*:

“Practical reconciliation amounts to little more than support for Indigenous programs – “business as usual” in other words. But business as usual is not enough ... Indigenous programs are under-resourced and not benchmarked”.

Is anything improving as a result of this expenditure?

There is little doubt that the spending on Indigenous programs and services is leading to improvements in some areas, as the Government argues (see *Our Path Together* and *The Future Together* on the Minister’s website). It has for a decade or so. It is easy to become overly gloomy but there are some improvements. But at a high level the program of spending, with the label “practical reconciliation” – as distinct from the Labor Government’s description “social justice”, is really only chipping away at the housing, educational and other social problems affecting significant numbers of Indigenous people.

If you travel to any of the larger Aboriginal communities in the Northern Territory, for example, you will see some new buildings and housing, perhaps a few hundred metres or so of newly sealed road. Some improvements. But you still won’t see any secondary schools in the remote communities, you will clearly see remnants of buildings constructed over the past 20 years that have fallen into disrepair, and you will see large numbers of people living in those houses that are habitable. The sheer number of people, particularly the children, in each house is putting such pressure on the physical structures (notably the water supply systems and the sewerage facilities) that the houses are not fit for habitation within a short time period. Everyone recognises the importance of sport to many Aboriginal people, but the football and basketball facilities in most Central Australian communities are little more than dustbowls. But if you travel to Darwin you will be astounded by the government-funded infrastructure that has been built in the past two decades. Darwin has sporting and recreational facilities (and every sport has to have its own facilities) that some larger cities and towns in Australia do not have.

Some of the improvements cited by the Commonwealth Minister in his latest budget paper really only highlight the size of the problems and the limited progress being made in addressing some of these issues. For example, *only* 33 per cent of houses in discrete Indigenous communities were in need of major repairs or replacement compared with 39 per cent in 1992. What is difficult to establish from the statistics produced by the Government is whether the gap between the living conditions and access to services between Indigenous and non-Indigenous Australians is narrowing, widening or staying the same. Anecdotally, it is blindingly obvious to anyone in the Northern Territory that the gap, simply in terms of quality of infrastructure and access to services, between Darwin (and to a lesser extent Alice Springs) and the remote areas is widening inexorably.

Why then does it surprise anyone that there are increasing numbers of Indigenous people living as itinerants in Darwin and Alice Springs. It is not just the access to alcohol in these places, important as this is for some Indigenous people. There is a complex variety of other reasons for this development, including poor access to basic services in the remote communities, the economics of living there, the lack of

secondary schooling for children, being with family in the major hospitals to name but a few. However, according to a former Minister for Aboriginal Affairs (Howson):

“The movement away from the more isolated communities, and the situations within them, indicates that the proponents of a treaty and reliance on customary law are out of touch with reality” (paper on The Bennelong Society website www.bennelong.com.au).

Improvements are occurring as a result of the expenditure on Indigenous programs and services, but major ongoing efforts are required and the gap between Indigenous Australians and other Australians in terms of living conditions and access to basic services is probably widening.

Infrastructure inequities

There is another element to the current funding arrangements and the inequities built into some of the funding. The more infrastructure that is in place in a community (any community, not just an Indigenous community), generally speaking the more (local) government funding you will receive in order to maintain that infrastructure. This has long been a problem with the funding for roads – the level of funding each council receives is heavily dependent on the type and length of road in each local government area. The longer the length of sealed roads in any local government area, the more funding the council will receive. Most Indigenous communities are lucky if they have a couple of hundred metres of sealed road in the community – and certainly none to and from the community. If a council has a swimming pool then it will receive funding to maintain it (not necessarily cover all of its costs). The experience of most Australians is that we live in environments where the physical infrastructure has been built up over at least a century – the roads, the government facilities, the swimming pools, the parks and gardens. Local government funding assists local councils to maintain their infrastructure. The remainder comes from their own sources of revenue. The problem for many Indigenous communities is that they are relatively new, have never had proper infrastructure and facilities, and the communities have a very limited economic base to fund and the construction and maintenance of such infrastructure (other than the social security-based CDEP program in most cases). The current levels of government funding cannot overcome this backlog in the foreseeable future.

In the Northern Territory the *Aboriginal Land Rights (Northern Territory) Act* has enabled many Aboriginal people to successfully claim back their land and has facilitated many of them either staying on their land, or moving back to their land. That Act, despite its problems, has been a significant achievement in terms of social justice. But, as Commissioner Woodward, in his landmark report that led to the introduction of the Act suggested more than 25 years ago, while the Act (and the Land Councils) has helped Aboriginal people get back their land; the Act did not, in itself, provide them with the resources to live sustainably on that land. It many respects that is why the Central Land Council has taken on a role of advocating improvement in funding levels to the communities in its area. Its role is to assist Aboriginal people to get their land back and manage it and to assist them to get the resources to live on that land in a sustainable manner. But, according to some commentators, because not all Aboriginal people live on their land, the land rights agenda and self determination

have failed. Some even argue that the Land Rights Act has failed because it has not led to improvements in the economic conditions of many Aboriginal people.

Infrastructure deficiencies are glaring in many Indigenous communities and current levels of spending will do little to address the decades long structural backlog that now exists.

Role of the States and Territories and ATSIC

It also needs to be remembered that the Commonwealth is only one of the players in Indigenous affairs, much as the States and Territories would try to offload their funding and service responsibilities on to the Commonwealth, and ATSIC in particular. As the 1967 referendum confirmed, there is a shared responsibility for Indigenous issues and in many key respects (certainly in terms of the “practical reconciliation” agenda of health, education and housing), the State and Territory Governments have a much more direct responsibility for the delivery of these types of citizenship services. ATSIC has a very important role to play, but:

- despite its budget increases (and reverses), it is responsible for less than half of Commonwealth Indigenous-specific spending;
- much of its budget is quarantined to programs that it has been managing for a decade (indeed many are programs that pre-date ATSIC by many years), one of which (CDEP) has a sizable component of offset funding included in it (in 1999-2000 63 per cent of the CDEP scheme’s budget (\$249 million) represents an offset against the participant’s unemployment benefits);

ATSIC has attempted to argue these points for many years – with other Commonwealth agencies and the States and Territories – but it is still represented by many commentators as a wasteful billion dollar organisation that is not contributing to improvements in the lives of Indigenous people.

Part of the problem with the debate at the moment is when the Commonwealth announces that it is spending \$2.39 billion on Indigenous specific programs and services, that sounds like an enormous amount of money. Many ask: why isn’t the situation improving more dramatically?

An example from CDEP

CDEP can be looked at as an example, ATSIC’s single largest program. CDEP has been reviewed many times and has been the subject of considerable academic study (see for example, numerous publications of the ANU’s Centre for Aboriginal Economic Policy Research). Clearly the program offers a number of benefits to the communities that are funded, particularly the block grants and the relatively untied nature of the funding. However, given the basis of the payments to the individuals concerned (social security payments), the CDEP program cannot make major inroads into poverty levels. The payments to each individual are simply too small to make any significant difference to their living standards, particularly given the dependency ratios in most communities. It is the major, often the only source of income for thousands of Indigenous people and their families. But given the remote locations

where many of these people live, it is not surprising that the census figures continue to show very low per capita incomes in these areas. Why then, would anyone expect the expenditure on this program to significantly contribute to reducing poverty in Indigenous communities? In fact, I am not sure anyone even pretends that it will do this. Without CDEP, many communities would be in an even worse situation than they are now.

The reality for many of these remote communities is that outside of the CDEP program there is no, or only a very limited, formal economy. When you add in the high costs of living in such areas (I was in Lake Nash recently, which is 700 kms drive from Alice Springs and 180 kms from Camooweal, and fuel cost \$1.39 a litre); surveys undertaken by the Department of Health in Western Australian consistently show the very high prices of an average basket of goods in a typical community store in the Kimberley region – sometimes more than twice the price of Perth), it is not surprising that poverty and all of the accompanying social problems that come with it are so endemic. Welfare dependency, as some commentators have highlighted, is of course a problem – building a more sustainable economic base in the areas where many of these people live to achieve an alternative to welfare dependency – is a huge undertaking. Given the restructuring of the rural economy, and the globalisation of the Australian economy, the economic future of many of these remote communities seems very bleak indeed, and almost no amount of government funding will be able build a sustainable economic base.

Anyone who has travelled to remote Indigenous communities can see, at the very least, the infrastructure deficiencies – the housing and roads are obvious. Indigenous people themselves can see this. You will hear repeatedly in the Northern Territory Aboriginal people complain about the lack of facilities in their own communities and the over-abundance of facilities in a place like Darwin. They understand that older and larger cities will have well developed infrastructure – but many of them have seen what largesse from the entrenched Northern Territory Government has done in the past twenty or so years in Darwin.

Some issues relating to the Commonwealth Grants Commission

Which leads me to the Commonwealth Grants Commission. I can talk about this from my experience in the Northern Territory. In the early 1990s the Northern Territory Government started to introduce charges for electricity in remote Aboriginal communities. It was done in a totally incompetent and insensitive manner, but it raised the issue of how the Northern Territory Government is funded by the Commonwealth – which accounts for about 80 per cent of its budget. The role of the Commonwealth Grants Commission and its funding assessments of the States and Territories became quite prominent in the debate over the introduction of power charges. The question that was being asked then (and which led to Robert Tickner publishing the original report on Commonwealth Indigenous-specific spending) was: how much did the Northern Territory Government spend on Aboriginal people, and where did this money come from?

It became clear that the Northern Territory Government had become very adept at obtaining Commonwealth funding. The Government put considerable efforts into identifying the costs of delivering services to Aboriginal people, and it wanted to

demonstrate to the Commonwealth Grants Commission as much as it could the high level of spending on Aboriginal people by the Government. Hence its claims of a high level of commitment to Aboriginal health – a significant proportion of which has always been made up of spending on emergency admissions to the major hospitals in Alice Springs and Darwin. Spending on police, prisons and other law enforcement programs were routinely classified as spending on (and by implication, for the benefit of) Aboriginal people. The particular disability factors used by the Commission, including Aboriginality, remoteness and population dispersion, work in the Northern Territory Government's favour in the sense that they lead to the very high levels of per capita funding received by that Government compared to the other States and the ACT.

So what Aboriginal people saw was a Government that was quite hostile to their interests, which focussed much of its expenditure on Darwin and to a lesser extent Alice Springs, receiving high levels of Commonwealth support because of the social and economic features of the Aboriginal population – relatively poor, poor health, living in small remote locations, with high costs of service delivery. Part of the problem with the issue is identifying where the Government does spend its money and how it is funded to do so.

This issue is less important in the other States due to small impact that Indigenous people have on the Commonwealth Grants Commission's funding assessments – the Indigenous population, while relatively large in New South Wales and Queensland, is only a small proportion of each of these States' populations. In the Northern Territory the Aboriginal population has a significant impact on the level of funding received by the Northern Territory Government since they represent close to 30 per cent of the population.

In answering some of the questions posed for this seminar, one inherent difficulty is obtaining accurate information that is objective. An opportunity to obtain such information has recently presented itself through the Commonwealth Grants Commission's Indigenous Funding Inquiry. That Inquiry was to examine the distribution of Commonwealth funding for Indigenous programs and services, and the Government requested the CGC to finalise its report by March 2001. Despite the limitations of the terms of reference, and some criticism from ATSIC, the CGC's draft report for the first time presented comprehensive analytical data on Commonwealth spending (as distinct from the more factual material included in the budget papers).

This is a complex area. The CGC, which has long experience in the highly complex set of funding assessments for the distribution of general revenue assistance to the States and Territories, found this to be a complex task. Only a draft report is publicly available – the CGC has completed its work and the final report has been presented to the Commonwealth.

For the purposes of the discussion at today's seminar, it is worth highlighting some of the key points raised in the CGC's draft report.

The Government quite explicitly ensured that the CGC did not examine what level of funding was required to ensure that the services delivered to Indigenous Australians

was brought up to the same standard as other Australians. It asked the CGC to inquire into better ways of distributing the existing funding – that is, to compare Indigenous communities with each other and achieve a “ranking of groups of Indigenous people from highest to lowest needs and an indication of the gap between the groups”. As the CGC observed:

“The vast majority of organisations and people who contributed to the inquiry (regardless of whether they were Commonwealth, State or local government representatives; community-based service providers; Indigenous organisations; or Indigenous communities) argued that we should compare the situation of Indigenous Australians with that of other Australians. Many participants argued that we should estimate the total level of resources required to provide Indigenous people with services comparable with those achieved by other Australians. They argued that addressing the gap between Indigenous and non-Indigenous Australians is more important than redistributing existing funding by reference to differences between groups of Indigenous Australians”.

It is interesting to note that the CGC was asked by the Commonwealth in 1986 to:

“Identify and report on the principles, methodology and procedures for a review to be undertaken in 1989 of (i) the relationship to Australian levels of the services and standard of living enjoyed by the residents of the Cocos (Keeling) Islands; of (ii) the measures then necessary to ensure that the services and standard of living meet Australian levels by 1994; and noting that the Government has in mind that the standard of a comparable community in another remote Australian location might be appropriate, report at an early date on a suitable standard, having regard to the Government’s broad commitment to achieve, within ten years, the raising of services and standard of living to Australian levels”.

If such a review were done, even for only the larger discrete Indigenous communities, it is likely that the estimate of the financial costs of implementing an equivalent commitment would make the current Commonwealth Indigenous-specific budget of \$2.39 million seem insignificant.

The CGC had some other observations in its draft report:

“Overall, we think that the existing arrangements do not:

- (i) acknowledge and adequately address the long-term disadvantage of the Indigenous population;
- (ii) help build long-term capacity of Indigenous communities to plan and manage services;
- (iii) encourage Indigenous participation, priority setting and decision-making; or
- (iv) deal effectively with non-funding issues such as co-ordination, fragmentation and cross-functional issues”.

The Commonwealth publicly criticised the work of the Commonwealth Grants Commission in its Indigenous Funding Inquiry. Why has the Government failed to

release the final report of the Commonwealth Grants Commission's Indigenous Funding Inquiry that it received in March 2001?

The Australia Institute research for ATSIC

The Australia Institute was also commissioned by ATSIC to examine some alternatives to the current funding regime. That report is available on ATSIC's web site. The Institute's assessment of the current funding regime for Indigenous organisations confirmed the problems with the current funding arrangements. In essence, the "practical reconciliation" agenda of the Howard Government, and the funding that it describes, is more or less a continuation of the same model of funding relationships that have existed for many years.

Funding arrangements are a critical part of the relationship with Indigenous peoples. This was explained clearly by the Canadian Department of Indian and Northern Affairs at the time it began to restructure its relationships with Indigenous people in that country (1993):

"Recent developments show that funding arrangements are not simply administrative means for transferring federal moneys to First Nations and related organizations; they are a centrally important forum through which the policy, administrative and financial roles and relationships of the Canadian parliamentary government, DIAND and First Nations are being worked out".

The Australia Institute described the current funding arrangements for Indigenous organisations as a "directed community services model". The arrangements are directed in that it is the various Commonwealth, State and Territory government agencies that decide the functional areas and guidelines for expenditure. The agencies also determine whether particular applicants proposed projects are of high enough priority within those guidelines to warrant funding and if funded, they hold the grantees accountable for the expenditure of the funds according to those guidelines.

The current arrangements constitute a directed community services model in at least two other senses. First, the arrangements envisage that the major purpose of the funding is the provision of services to people within the community, and second, when the arrangements direct resources to incorporated bodies they conceive of those bodies as non-government community service organisations.

Because most of the current funding arrangements are based on a directed community services model, it is in many ways a misnomer to refer to them, as is often the case, as 'resourcing Indigenous development and self-determination'. This statement requires some elaboration, both in relation to the term self-determination and in relation to the term development.

The idea of self-determination is intimately linked with that of a political community, or people, having a right and ability to determine its own priorities and design its own instruments of communal regulation and provision. It is not furthered by the present system of highly externally directed arrangements for funding Indigenous organisations in Australia, nor service delivery by non-government organisations. Self-determination requires that there should be at least some aspects of the funding

arrangements that allow Indigenous incorporated bodies to determine their own priorities and strategies, and recognise them as political communities of peoples with their own governance arrangements. It has often been argued that, following this line of reasoning, that funding current arrangements in Indigenous affairs only amount to community self-management of individual programs, rather than self-determination.

The current funding arrangements provide little encouragement to Indigenous economic development since the resourcing of Indigenous organisations does not increase with increases in economic activity in their local area (with the exception of the funding under the *Aboriginal Land Rights (Northern Territory) Act*). Without such a linkage, the idea of development gets reduced to one of community development, devoid of any economic dimension. Service delivery, in large part, itself brings few economic benefits.

Current funding arrangements represent a directed community services model that does little to further Indigenous self determination and economic development.

Some issues for NGO's

The purpose of this workshop is to consider what action each of the NGO's might take in support of Indigenous positions for overcoming disadvantage.

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