

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr Ah Kit

to Minister for Aboriginal Development

Aboriginal Services, Measurement by Commonwealth Grants Commission

I refer the Minister to the Commonwealth Grants Commission Report on General Revenue Grant Relativities 1996 Update and specifically to the assessments of the various states' performances on Aboriginal community services (p256):

1. Why is the actual expenditure for the Northern Territory falling.
2. Why is it that in none of the last four years has the actual expenditure on this item been equivalent to the needs as calculated by the Commission.
3. Do you accept that you are the only state which makes no effort to meet these needs or to justify why it does not.
4. Do you perceive electoral benefit in not meeting these needs.

ANSWER

When answering please return 2 copies to The Clerk of the Legislative Assembly

See attachment.

RESPONSE TO WRITTEN QUESTION NO. 53

1. Outlays on Aboriginal Community Services (ACS) in the northern Territory are not declining. Total net expenditure in 1991-92 was \$57.673 million compared to \$62.195 million in 1996-97. The following table details total net expenditure on ACS for the period 1991-92 to 1996-97.

Table 1: Net Outlays on Aboriginal Community Services

State	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)	(\$m)
NSW	3.499	4.361	3.670	3.824	6.255	n/a
VIC	0.225	0.535	1.006	0.757	0.541	n/a
QLD	41.175	43.079	44.685	56.035	45.010	n/a
WA	22.873	18.935	18.965	20.276	25.023	n/a
SA	9.359	9.703	13.302	10.438	11.183	n/a
TAS	0.479	0.492	0.131	0.187	0.567	n/a
ACT	0.000	0.000	0.000	0.000	0.000	n/a
NT	57.673	63.451	58.963	56.984	61.071	*62.195

Source: CGC 1997 Update of General Revenue Grant Relativities.

** Figure for 1996-97 is a preliminary estimate and may be subject to minor revision*

As Table 1 illustrates, Territory expenditure varies from year to year. This can be attributed to environmental factors, timing of major expenditures and the complex and diverse nature of services provided.

Cultural and language factors and affiliation with traditional land often necessitates extensive consultation with Aboriginal Community members before community government support, minor new works and/or repairs and maintenance can proceed. Additionally, the remote location of many Aboriginal communities and the associated limited access during the wet season often disrupts the pattern of expenditure on community services.

An analysis of expenditure in the Commonwealth Grant Commission's (CGC) Aboriginal Community Services category does not provide an accurate appraisal of services provided to Aborigines living on remote communities in the Northern Territory. The ACS category, as assessed by the CGC, is limited to expenditure on essential services and the establishment and support of Community Government. It does not include expenditure on items such as education, community health or remote area housing.

Actual Territory expenditure in the primary education and community health categories greatly exceeds standardised expenditure (needs based expenditure as assessed by the CGC). According to NT Budget Paper No. 2, Territory expenditure on non urban primary education has increased from \$35.037 million in 1992-93 to \$45.072 million in 1996-97 while expenditure on non urban primary health care increased from \$33.717 million to \$54.376 million over the same period. Also, in July 1996 a bilateral agreement between the Commonwealth and the Northern Territory for the provision of remote area Aboriginal housing became operational. Housing funds are now pooled and administered by the Indigenous Housing Authority of the Northern Territory (IHANT). This agreement was the first of its kind in Australia. In 1996-97, 180 new houses, 140 major upgrades and 350 minor renovations were funded through IHANT.

Finally, it is worth noting that the Territory spends more in the Aboriginal Community Services category than any other jurisdiction. In 1995-96, Territory expenditure comprised 41 per cent of total State expenditure on Aboriginal Community Services, while only 13 per cent of the total Aboriginal and Torres Strait Islander population reside in the Territory.

2. Due to large variations in the type of services provided between jurisdictions in the ACS category, the Commission assesses needs by a variant of the Actual Per Capita Method, ie. a jurisdictions' needs are assessed on the basis of the actual per capita expenditure averaged out over the five year review period.

Therefore, the Territory's standardised expenditure for the ACS category, for any given year, is based on the average of the preceding five years actual per capita expenditures. Given the significant yearly variations in outlays on ACS, actual and standardised expenditures will rarely equate.

3. The CGC's assessments are based on the principle of horizontal fiscal equalisation, ie. the process is committed to providing all jurisdictions the fiscal capacity to supply a national average level of services. States are equalised on the basis of capacity, not performance. State Governments retain the discretion as to how resources are actually allocated.

In 1995-96 the Territory's actual per capita expenditure on ACS was \$346.48 compared to the standard (national average) of \$8.24. This indicates Territory actual per capita expenditure is approximately 42 times the national average. The following table compares standard per capita expenditure with all jurisdictions actual per capita expenditures on ACS.

Table 3: Actual Per Capita Expenditure on Aboriginal Community Services

State	1991-92 (\$)	1992-93 (\$)	1993-94 (\$)	1994-95 (\$)	1995-96 (\$)
NSW	0.59	0.73	0.61	0.63	1.02
VIC	0.05	0.12	0.23	0.17	0.12
QLD	13.74	14.01	14.15	17.32	13.57
WA	13.88	11.36	11.23	11.82	14.32
SA	6.44	6.64	9.07	7.09	7.58
TAS	1.02	1.05	0.28	0.40	1.20
ACT	0.00	0.00	0.00	0.00	0.00
NT	345.93	376.68	345.91	330.51	346.48
<i>Standard</i>	7.78	8.00	7.93	8.28	8.24

Source: CGC 1997 Update of General Revenue Grant Relativities

Due to the large proportion of the Territory population that is Aboriginal, actual expenditure per Aboriginal population provides a more appropriate comparison. The following table details State expenditure on ACS per head of Aboriginal population.

Table 4: Actual Expenditure per Head of Aboriginal Population

State	1991-92	1992-93	1993-94	1994-95	1995-96
	(\$)	(\$)	(\$)	(\$)	(\$)
NSW	46.64	58.13	48.92	50.97	83.37
VIC	12.57	29.91	56.23	42.31	30.24
QLD	554.81	580.47	602.11	755.05	606.49
WA	518.87	429.54	430.22	459.96	567.65
SA	542.90	562.85	771.62	605.49	648.71
TAS	50.63	52.01	13.85	19.76	59.93
ACT	0.00	0.00	0.00	0.00	0.00
NT	1 332.77	1 466.30	1 362.58	1 316.85	1 411.30
<i>Standard</i>	<i>478.38</i>	<i>497.02</i>	<i>497.61</i>	<i>525.12</i>	<i>529.18</i>

Source: CGC 1997 Update of General Revenue Grant Relativities and CGC 1997 Update Report.

The data shown in tables 3 and 4 highlights the Territory's commitment to addressing needs in the ACS category. Territory expenditure exceeds the national average and all other jurisdictions in absolute and relative terms, by a substantial margin.

The CGC's assessment methods are not precise and are subject to five yearly reviews. The CGC's next major review is scheduled for 1999. At the 1993 Review, the Commission adopted a method for ACS which, in the Commission's own assessment, was not as robust as assessment methodologies applied to other categories. This was due to the significant variation in expenditure levels between jurisdictions, differing State and Commonwealth responsibilities and the technical difficulties associated with the identification of disability factors. For the 1999 Review, the CGC has proposed to adopt a more rigorous method of assessment for the ACS category and has allocated substantial resources to this task. This should provide a more accurate assessment of needs in the Territory, relative to other jurisdictions.

4. No, the data provided here refutes any claim that the Territory is not committed to providing an adequate level of community services for Territorians residing on Aboriginal communities.